



GETIN NOBLE

BANK • SPÓŁKA AKCYJNA

IdeaBank®

Merger of Getin Noble Bank and Idea Bank

January 2019



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TRANSACTION HIGHLIGHTS

Transaction description

- Getin Noble Bank ("GNB") and Idea Bank ("IB") will merge to create #7 bank in Poland with a strengthened capital position

Transaction structure

- Transaction will be structured as a takeover with IB acquiring all assets and liabilities of GNB (jointly the "Banks") in an all-share deal ("Transaction")

Search for financial investor

- In parallel, in December 2018 banks have launched a process to find a financial investor to recapitalise the merged bank to cover capital shortfall and enable further growth
- In this respect, banks' financial advisor is in discussions with pre-selected group of private equity funds experienced in investing in financial institutions

Share exchange ratio

- Management Boards of the Banks have agreed share exchange ratio of 0.185 IB shares for 1 GNB share
- Agreed share exchange ratio reflects PLN 100m capital increase at GNB registered on 10 Jan 2019

Approval and timetable

- Following receipt of regulatory approvals, the Transaction is expected to close in Q3 2019

STRATEGIC RATIONALE

Complementary business segments

- Getin Noble is a bank of choice for mass and affluent retail clients as well as small and medium enterprises (SME)
- Idea Bank is focused on offering for individual entrepreneurs and has a strong leasing offer
- Combined bank would have an extended retail and SME offering

Cost synergies

- Significant synergy potential with cumulated pre-tax cost synergies in 2019-2021 of PLN 370m and fully phased pre-tax annual cost synergies of PLN 180m (c.13% of combined cost base*) by 2021
- Total integration costs amounting to PLN 220m pre-tax
- Expected relatively easy integration given many similarities in operational models and IT platforms of both Banks

Potential to reduce cost of funding

- Significant potential to reduce the cost of funding expected from the alignment of IB cost of funding to lower GNB level and change of funding mix, increased as a consequence of pressure visible in Q4 2018

Strengthened ability to improve capital position and return to profitability

- Quicker path to profitability for combined bank given economies of scale and synergies
- Larger bank better positioned to attract capital to cover shortfall and support growth given increased scale and achieved critical mass
- Financial investor search process launched in December 2018
- Capital position to be strengthened also via optimisation of balance sheet which is more easily achievable in a combined, larger bank
- Risks of each bank spread out over larger balance sheet, capital and earnings potential, improving bank's solidity
- Further simplification of the business model and its transformation toward relationship driven, universal banking one

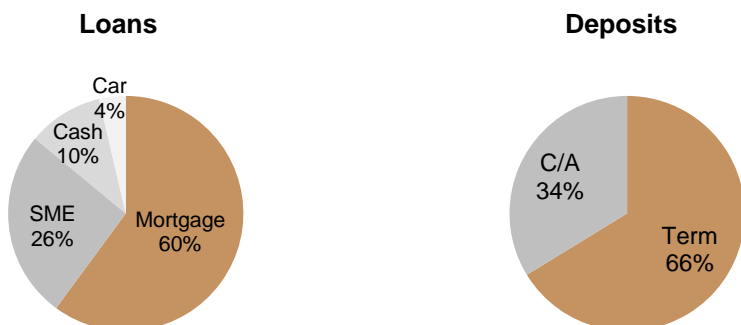
* Combined cost base as a sum of annualised operating costs of both Banks in Q3 2018

GETIN NOBLE BANK AT GLANCE

Business overview

- #9 bank in Poland focused on mass retail, affluent and SME clients:
 - c.1.4m retail clients
 - c.200k SME clients
- Omni-channel distribution
 - Nationwide branch network of 441 branches, of which 231 franchise
 - Leading internet and mobile banking
- Bank has successfully implemented a major transformation of business model from sales-oriented to relationship-driven customer approach as confirmed by customer quality awards

Business mix (Q3 2018)



Key figures Q3 2018 (PLNm)*

Loans	41,207
Deposits	46,131
Assets	54,995
Equity	3,372
Total banking income**	1,379
Operating costs**	(882)
Loan loss provisions**	(555)
Net profit**	(56)
Total Capital Ratio	12.10%
Market cap***	366
FTE	5,177

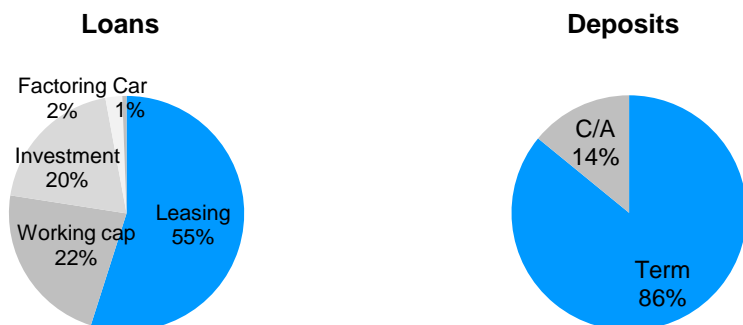
* Consolidated level data
 ** Annualized Q3 2018 data
 *** As of 16/01/2019

IDEA BANK AT GLANCE

Business overview

- #11 bank in Poland focused on entrepreneurs and small businesses
 - c.200k entrepreneur clients
 - c.300k retail deposits clients
- Strong presence in online channels with limited but modern branch network located mostly in large cities (43 own branches, incl. 7 multi-functional hubs)
- Full suite product offering including loans, leasing, factoring and tax and accounting services

Business mix (Q3 2018)



Key figures Q3 2018 (PLNm)*

Loans	17,296
Deposits	19,272
Assets	23,731
Equity	1,804
Total banking income**	698
Operating costs**	(496)
Loan loss provisions**	(288)
Net profit**	(131)
Total Capital Ratio	9.55%
Market cap***	192
FTE	2,531


* Consolidated level data
 ** Annualized Q3 2018 data
 *** As of 16/01/2019

COMBINED ENTITY HIGHLIGHTS

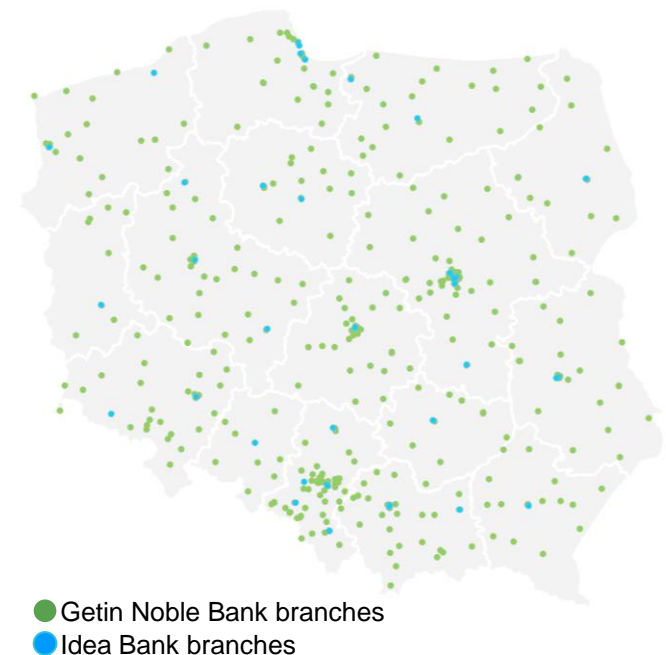
Combined bank highlights

- Universal bank focused on attractive segments: retail and SME lending
- Maintained culture of the highest quality services and consumer-centric approach
- Competitive advantage thanks to a right mix of scale of operations and specialisation
- Disciplined risk management, leveraging on Getin Noble Bank expertise in risk reduction / restructuring
- Leveraging existing lean cost base DNA with achieved economy of scale
- Mid-term targets focused on strengthening capital ratios thanks to optimisation of balance sheet, capital increase and regained profitability
- Leverage on Idea Bank specialisation in lending for entrepreneurs
- Leverage on Getin Noble Bank mobile platform for Idea Bank customers

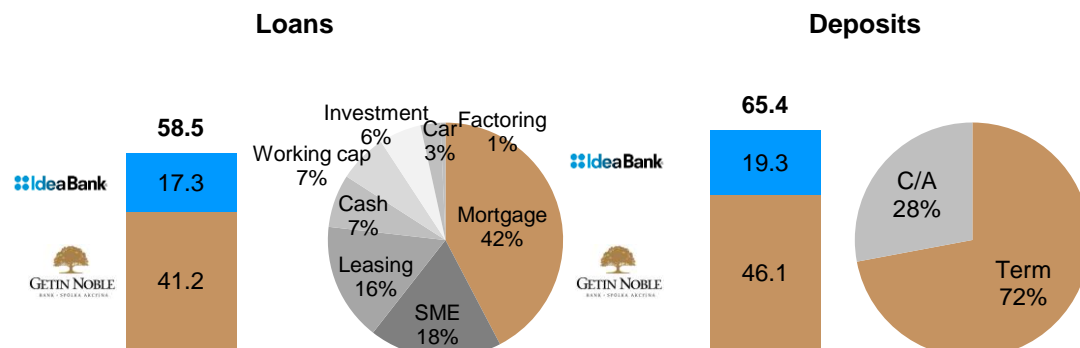
Strong retail franchise focused on high quality of service

Newsweek		1st 2016	3rd 2017	3rd 2018
„Złoty Bankier”			3rd 2017	2nd 2018

Combined branch network

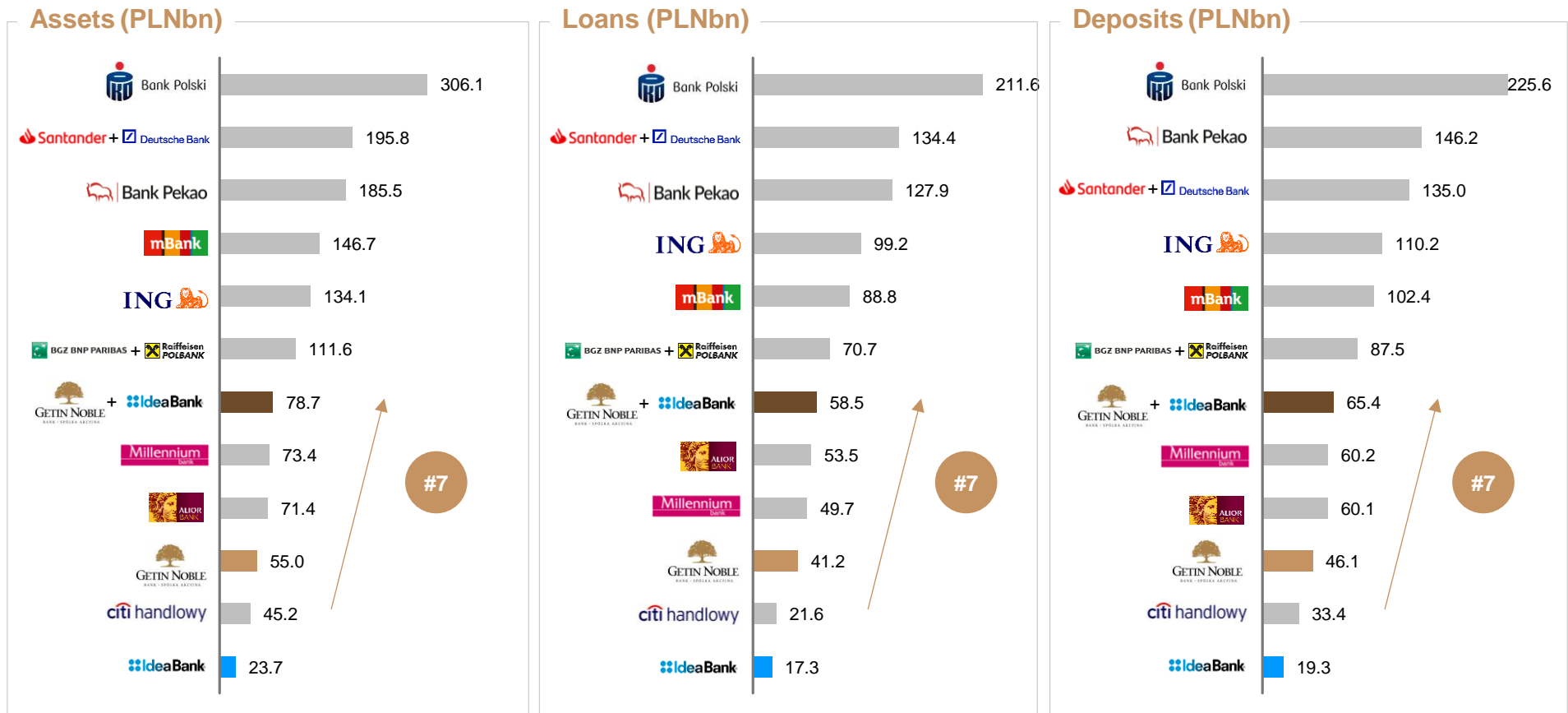


Business mix (pro forma Q3 2018)



COMBINED MARKET POSITION

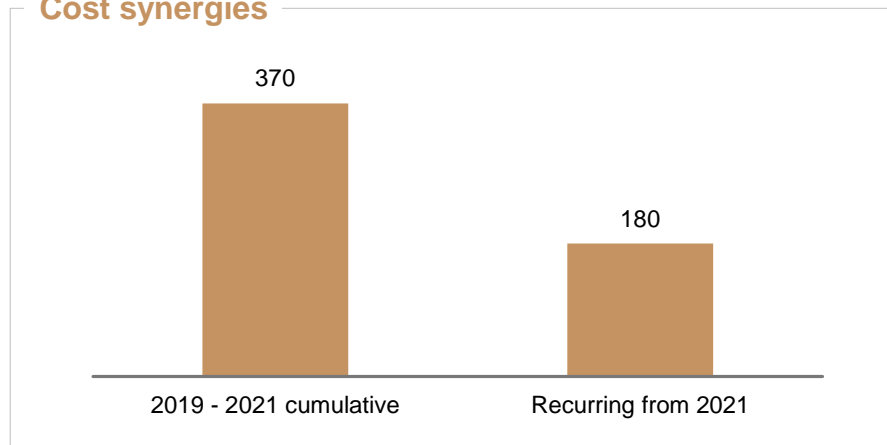
**GNB-IB merger would strengthen combined bank position in actively consolidating market
Combined bank would become #7 by all major metrics**



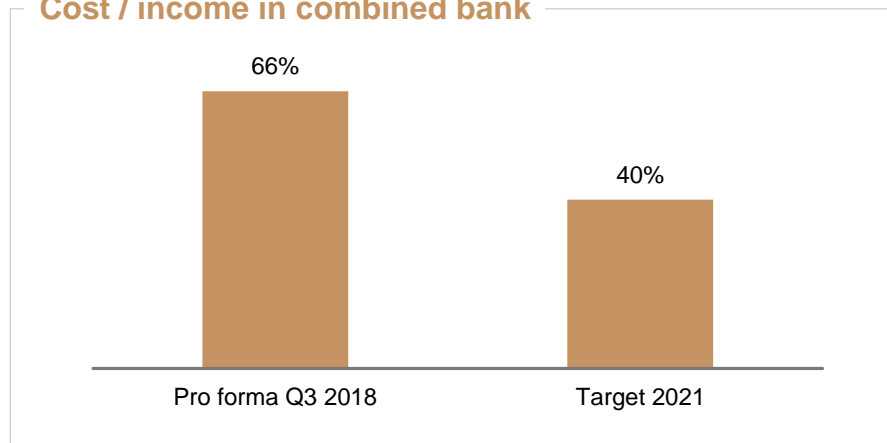
COST SYNERGIES

Expected relatively easy integration given many similarities in operational models of the Banks

Cost synergies



Cost / income in combined bank



Comments

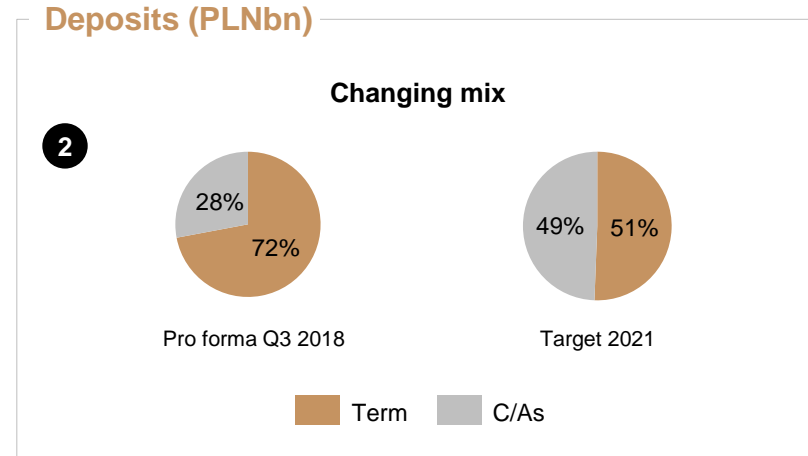
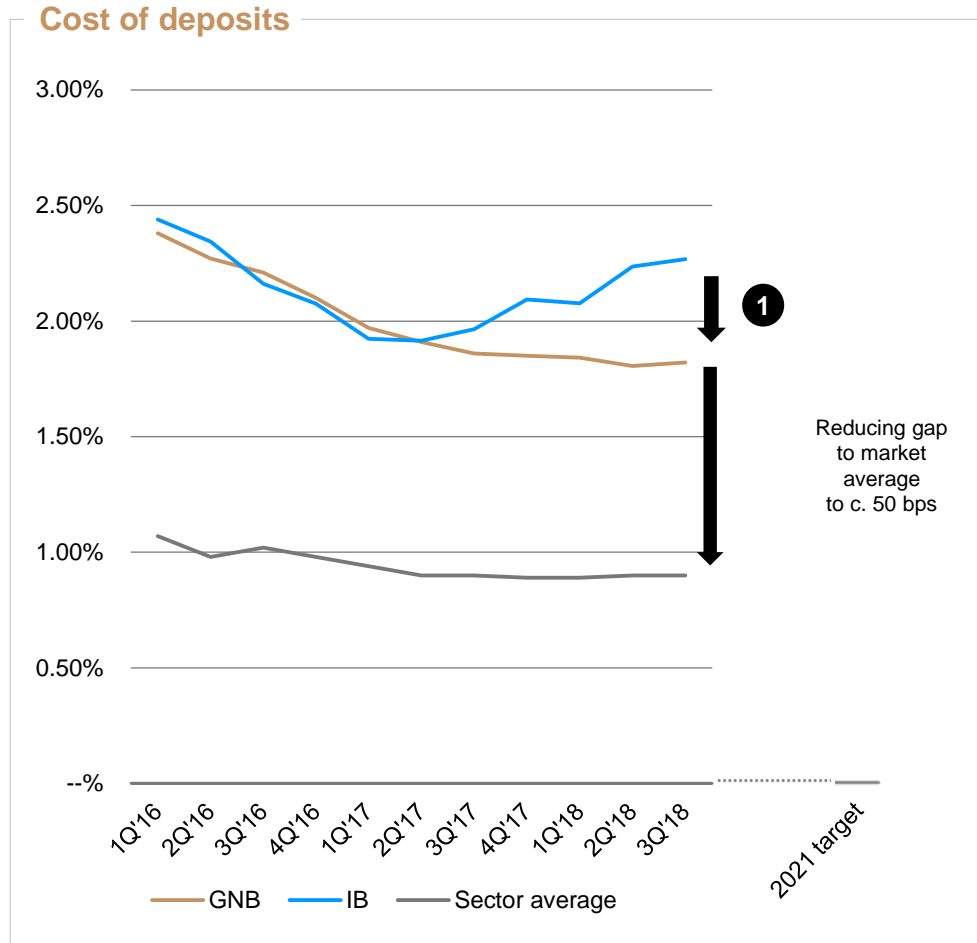
- Significant synergy potential with cumulated pre-tax cost synergies in 2019-2021 of PLN 370m and fully phased pre-tax annual cost synergies of PLN 180m (c.13% of combined cost base*) by 2021
- Total integration costs amounting to PLN 220m** pre-tax
- Cost synergies are expected mainly in the following areas:
 - Consolidation of headquarters
 - Optimisation of overlapping branches
 - IT integration (common IT systems)
- Expected relatively easy integration given many similarities in operational models between the Banks
- On top of cost synergies, Banks expect to realise revenue synergies
 - Cross-selling opportunities across both client bases
 - Complementary offering

* Combined cost base as a sum of annualised operating costs of both Banks in Q3 2018

** Integration costs include PLN 120m cash costs and PLN 100m non-cash costs (amortization and reserves)

POTENTIAL TO REDUCE COST OF FUNDING

Main factors of improvement: alignment of IB to lower GNB level and change of mix

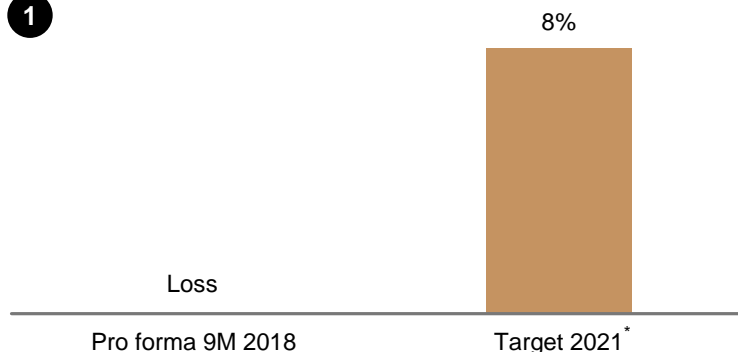


- Comments**
- Significant potential to reduce cost of funding expected from alignment of IB cost of funding to lower GNB level, and subsequently to market average level
 - Change of mix towards C/As
- Enhanced potential for improvement as a consequence of pressure on funding costs visible in Q4 2018

STRENGTHENED ABILITY TO IMPROVE CAPITAL POSITION AND RETURN TO PROFITABILITY

Profitability (ROE)

1





Improved ability to attract new capital

2

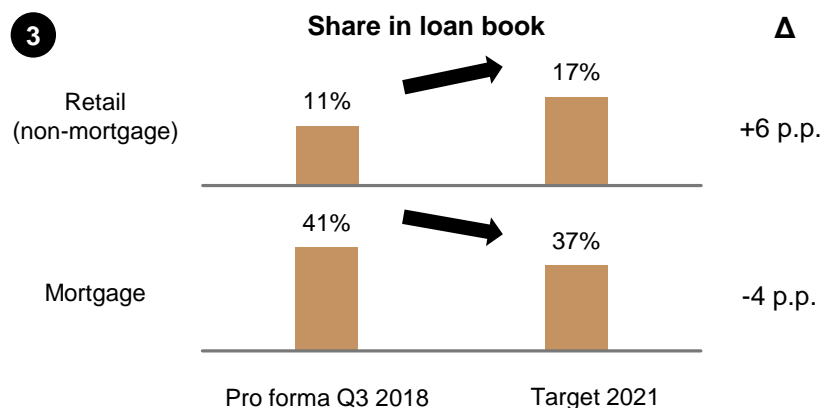
- Larger bank more attractive given sufficient scale / critical mass in consolidating marketplace
- Opportunity to deploy capital injection in transformed business model



- Cover capital shortfall 
- Provide capital for growth 

Optimisation of business mix

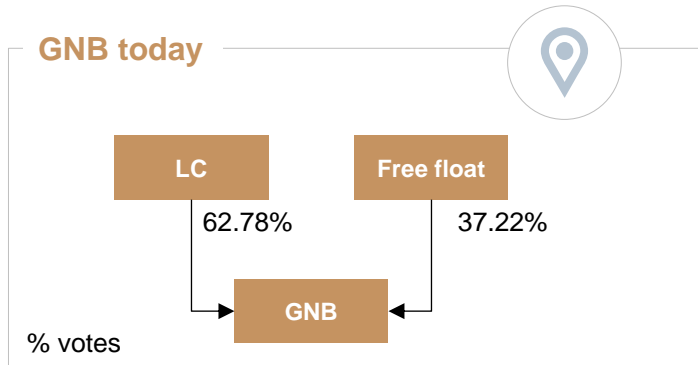
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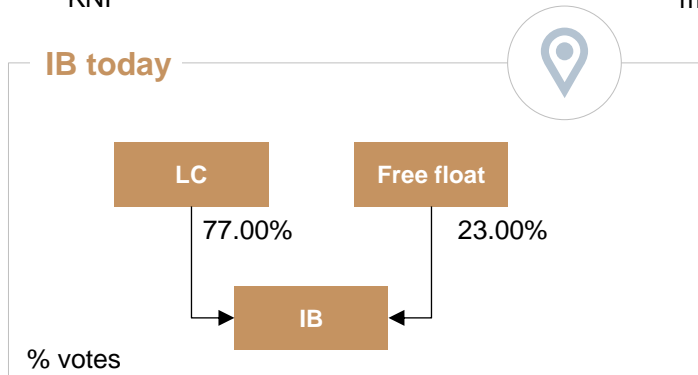
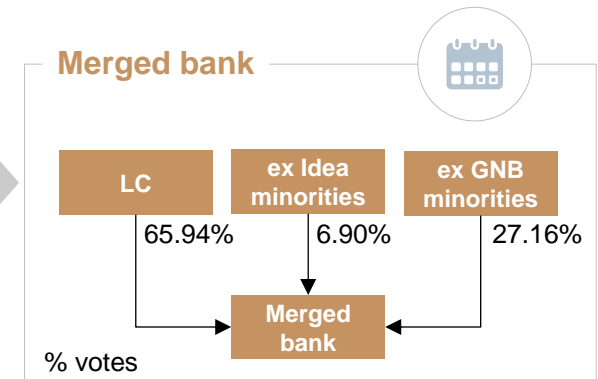
Comments

- 1 Return to profitability on the back of cost synergies, reduced cost of funding, optimized of cost of risk and focus on higher margin products. Target profitability levels expected to be maintained in the following years following resumption of payment of bank tax
- 2 Financial investor search process launched in December 2018
- 3 Optimisation of business mix driven by increase in higher margin products

TRANSACTION STRUCTURE AND TIMETABLE



- Signing of merger plan and filing to KNF
- KNF approval
- GNB and IB EGMs to approve merger
- Expected closing



Search for financial investor

- In parallel, banks will proceed with process of attracting financial investor to recapitalise the merged bank

KEY TAKEAWAYS

Merger to strengthen capital position

- Return to profitability
- Larger bank more attractive to gain capital to cover shortfall and support growth. Financial investor search process launched in December 2018
- Optimisation of business mix to support capital position
- Combined bank better placed to meet capital requirements

Strong strategic rationale

- Complementary business segments
- Highly synergistic deal with expected relatively easy integration given similarities in the operational model between the Banks
- Potential to reduce cost of funding

Transaction beneficial to shareholders of GNB and IB

- Significant value creation potential for both GNB and IB shareholders
- Stable restructured bank better positioned to compete in consolidating marketplace