

mBank Hipoteczny SA

Update

Ratings

Foreign Currency

Long-Term IDR	BBB
Short-Term IDR	F2

National

National Long-Term Rating	AA-(pol)
National Short-Term Rating	F1+(pol)

Support Rating	2
----------------	---

Sovereign Risk

Long-Term IDR	A-
Short-Term IDR	F2
Long-Term Local-Currency IDR	A-
Short-Term Local-Currency IDR	F1

Country Ceiling	AA-
-----------------	-----

Outlooks

Long-Term Foreign-Currency IDR	Stable
National Long-Term Rating	Stable

Financial Data

mBank Hipoteczny SA

	30 Jun 17	31 Dec 16
Total assets (USDm)	3,058.4	2,548.2
Total assets (PLNm)	11,335.2	10,649.5
Total equity (PLNm)	1,036.6	903.7
Operating profit (PLNm)	28.3	46.8
Net income (PLNm)	10.3	23.4
Impaired loans ratio (%)	2.9	3.3
Operating profit/risk-weighted assets (%)	0.8	0.8
Operating ROAE (%)	5.9	5.8
Fitch Core Capital ratio (%)	14.6	13.6
CET 1 ratio (%)	13.0	11.5
Covered bonds/total funding (%)	50.7	54.5

Related Research

[Fitch Affirms 3 Polish Banks; Outlooks Stable \(December 2017\)](#)

[mBank SA - Ratings Navigator \(December 2017\)](#)

[mBank SA \(December 2017\)](#)

[Fitch 2018 Outlook: CEE Banks \(November 2018\)](#)

Analysts

Michal Bryks, ACCA
+48 22 338 6293
michal.bryks@fitchratings.com

Jakub Kopiec, CFA
+ 48 22 330 6702
jakub.kopiec@fitchratings.com

Key Rating Drivers

Support Drives IDRs: mBank Hipoteczny SA's (mBH) Issuer Default Ratings (IDRs) are equalised with those of its direct parent, mBank SA (BBB/Stable), based on Fitch Ratings' opinion of a high probability of support by mBank, if required. Support for mBH could come directly from its parent or flow from its ultimate parent, Commerzbank AG (BBB+/Stable). The Stable Outlook reflects that on mBank.

The high probability of support reflects mBH's core role in the mBank group. It is an integral part of mBank's business and there is a high level of management and operational integration, 100% ownership, and a long history of supporting the objectives of mBank group. Our opinion is underpinned by the significant funding support by mBank and the easily manageable potential cost of support, given mBH's small size (about 9% of mBank's assets at end-1H17).

Core Role Maintained: The bank's core role within the mBank group is based on its ability to issue stable long-term funding for the group in the form of covered bonds. mBH serves as a refinancing vehicle for its parent mortgage portfolio as underwriting of all retail mortgages was moved back to mBank in 2017. In commercial real estate financing, the bank remains the group's competence centre with the entire lending process performed at mBH.

Close Integration and Oversight: The bank is tightly supervised by the parent in both the business and risk-management functions. Underwriting standards are aligned with those of mBank and combined with mBH's in-house expertise on commercial real estate financing.

Funding Dependent on mBank: Total funding comprises covered bonds (end-1H17: 51%; end-2016: 55%) and a significant share of parent funding (end-1H17: 45%; end-2016: 46%). The bank's strategic focus remains on growing covered bond funding in 2018. It plans a net increase in covered bonds this year, similar to the level achieved in 2017. Covered bonds only represented about 4.6% of mBank group funding at end-1H17.

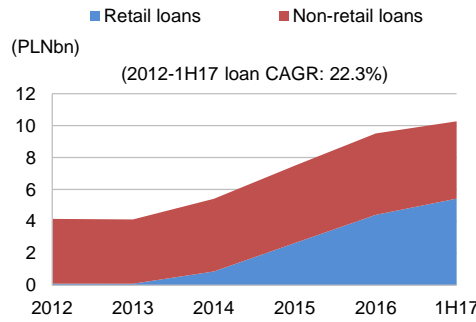
Parental Liquidity and Capital Support: The bank's refinancing risk is mitigated by on- and off-balance-sheet funding from mBank. It includes PLN680 million of unused credit lines (or 18% of non-parent funding at end-1H17). mBH has a strong capital position with a Fitch Core Capital ratio of 14.6% at end-1H17 that benefits from ordinary parent capital support, which Fitch expects to remain in place in the medium term.

Profitability Remains a Challenge: The bank's modest profitability is driven by its fairly low-margin business of mortgage lending funded with covered bonds. The latter is more expensive than customer deposits in the low-interest-rate environment. However, mBH's small profit contribution to the mBank group should be seen in light of its contribution to mBank's access to long-term and stable funding.

Rating Sensitivities

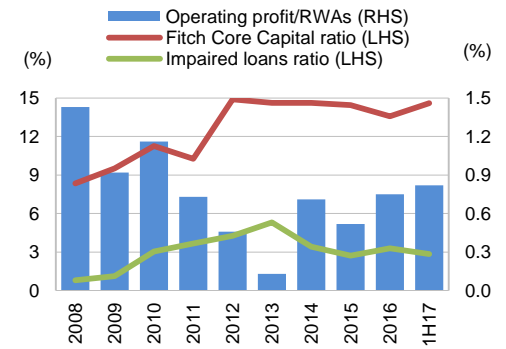
Change in Parent Support: The ratings of mBank and mBH are sensitive to changes in Commerzbank's IDRs or our assessment of its propensity to provide support. We believe that the latter is likely to remain unchanged.

Loan Book



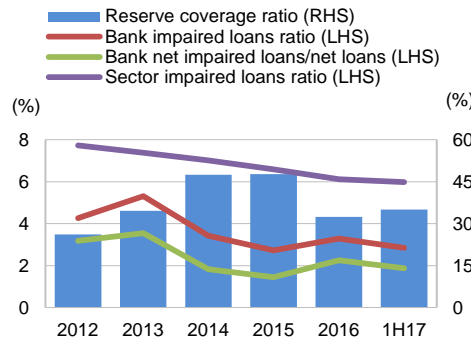
Source: Bank, Fitch

Performance Through the Cycle



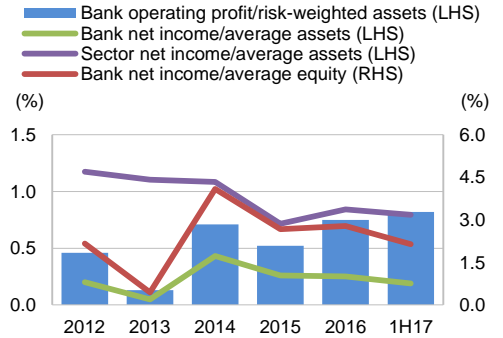
Source: Bank, Fitch

Asset Quality



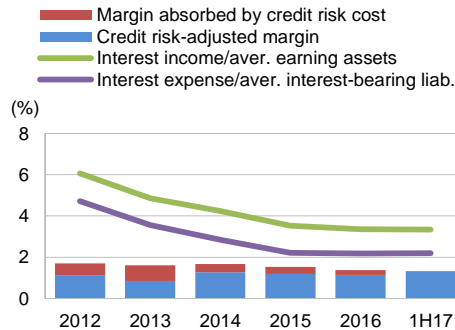
Source: Bank, Fitch

Profitability



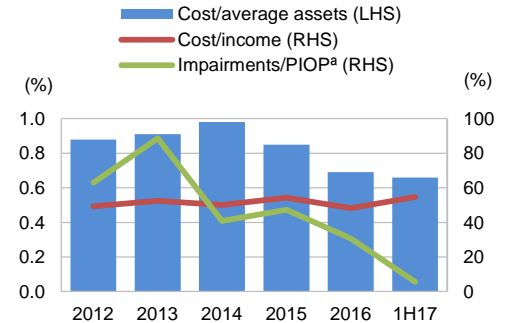
Source: Bank, Fitch, National Bank

Margins



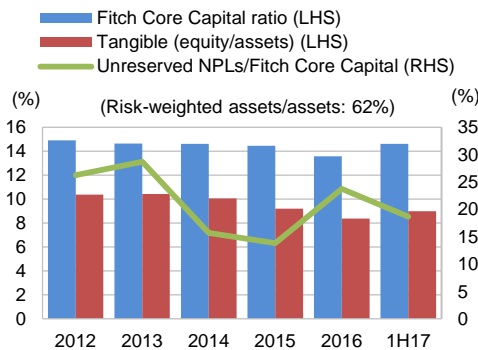
Source: Bank, Fitch

Cost Efficiency



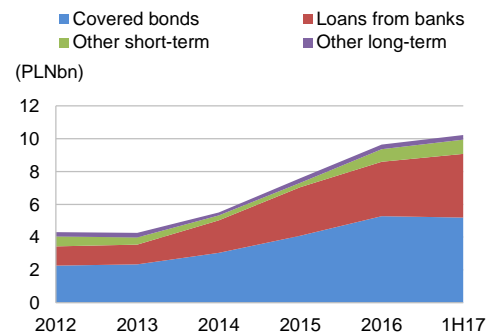
^a Pre-impairment operating profit
Source: Bank, Fitch

Capitalisation & Leverage



Source: Bank, Fitch

Funding Breakdown



Source: Bank, Fitch

Related Criteria

[Global Bank Rating Criteria \(November 2016\)](#)

mBank Hipoteczny
Income Statement

	30 Jun 2017			31 Dec 2016		31 Dec 2015		31 Dec 2014	
	6 Months - Interim USDm Reviewed - Unqualified	6 Months - Interim PLNm Reviewed - Unqualified	As % of Earning Assets	Year End PLNm Audited - Unqualified	As % of Earning Assets	Year End PLNm Audited - Unqualified	As % of Earning Assets	Year End PLNm Audited - Unqualified	As % of Earning Assets
1. Interest Income on Loans	42.8	158.8	2.85	278.6	2.63	227.0	2.71	183.2	2.99
2. Other Interest Income	6.0	22.1	0.40	40.0	0.38	29.3	0.35	35.8	0.58
3. Dividend Income	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
4. Gross Interest and Dividend Income	48.8	180.9	3.24	318.6	3.00	256.3	3.06	219.0	3.57
5. Interest Expense on Customer Deposits	0.0	0.0	0.00	0.9	0.01	0.9	0.01	1.7	0.03
6. Other Interest Expense	29.3	108.7	1.95	187.6	1.77	144.6	1.73	131.1	2.14
7. Total Interest Expense	29.3	108.7	1.95	188.5	1.78	145.5	1.74	132.8	2.17
8. Net Interest Income	19.5	72.2	1.29	130.1	1.23	110.8	1.32	86.2	1.41
9. Net Gains (Losses) on Trading and Derivatives	(0.9)	(3.4)	(0.06)	1.7	0.02	(0.4)	(0.00)	12.3	0.20
10. Net Gains (Losses) on Other Securities	n.a.	n.a.	-	0.0	0.00	0.0	0.00	n.a.	-
11. Net Gains (Losses) on Assets at FV through Income Statement	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
12. Net Insurance Income	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
13. Net Fees and Commissions	(0.8)	(3.1)	(0.06)	1.5	0.01	6.5	0.08	4.0	0.07
14. Other Operating Income	0.1	0.5	0.01	3.1	0.03	(2.2)	(0.03)	(0.3)	(0.00)
15. Total Non-Interest Operating Income	(1.6)	(6.0)	(0.11)	6.3	0.06	3.9	0.05	16.0	0.26
16. Personnel Expenses	4.7	17.5	0.31	34.6	0.33	32.7	0.39	28.4	0.46
17. Other Operating Expenses	5.0	18.7	0.34	31.3	0.30	29.6	0.35	22.7	0.37
18. Total Non-Interest Expenses	9.8	36.2	0.65	65.9	0.62	62.3	0.74	51.1	0.83
19. Equity-accounted Profit/ Loss - Operating	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
20. Pre-Impairment Operating Profit	8.1	30.0	0.54	70.5	0.66	52.4	0.63	51.1	0.83
21. Loan Impairment Charge	0.5	1.7	0.03	21.6	0.20	24.8	0.30	20.9	0.34
22. Securities and Other Credit Impairment Charges	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
23. Operating Profit	7.6	28.3	0.51	48.9	0.46	27.6	0.33	30.2	0.49
24. Equity-accounted Profit/ Loss - Non-operating	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
25. Non-recurring Income	0.0	0.0	0.00	n.a.	-	n.a.	-	n.a.	-
26. Non-recurring Expense	0.0	0.1	0.00	2.1	0.02	0.8	0.01	0.7	0.01
27. Change in Fair Value of Own Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
28. Other Non-operating Income and Expenses	(3.0)	(11.2)	(0.20)	(16.7)	(0.16)	n.a.	-	n.a.	-
29. Pre-tax Profit	4.6	17.0	0.30	30.1	0.28	26.8	0.32	29.5	0.48
30. Tax expense	1.8	6.7	0.12	6.7	0.06	8.0	0.10	7.1	0.12
31. Profit/Loss from Discontinued Operations	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
32. Net Income	2.8	10.3	0.18	23.4	0.22	18.8	0.22	22.4	0.37
33. Change in Value of AFS Investments	0.7	2.6	0.05	(2.0)	(0.02)	(0.9)	(0.01)	0.3	0.00
34. Revaluation of Fixed Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
35. Currency Translation Differences	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
36. Remaining OCI Gains/(losses)	0.0	0.0	0.00	0.0	0.00	0.0	0.00	(0.1)	(0.00)
37. Fitch Comprehensive Income	3.5	12.9	0.23	21.4	0.20	17.9	0.21	22.6	0.37
38. Memo: Profit Allocation to Non-controlling Interests	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
39. Memo: Net Income after Allocation to Non-controlling Interests	2.8	10.3	0.18	23.4	0.22	18.8	0.22	22.4	0.37
40. Memo: Common Dividends Relating to the Period	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
41. Memo: Preferred Dividends Related to the Period	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-

Exchange rate

USD1 = PLN3.7062

USD1 = PLN4.1793

USD1 = PLN3.9011

USD1 = PLN3.5072

mBank Hipoteczny
Balance Sheet

	30 Jun 2017		31 Dec 2016		31 Dec 2015		31 Dec 2014		
	6 Months - Interim USDm	6 Months - Interim PLNm	As % of Assets	Year End PLNm	As % of Assets	Year End PLNm	As % of Assets	Year End PLNm	As % of Assets
Assets									
A. Loans									
1. Residential Mortgage Loans	1,463.3	5,423.3	47.84	4,407.4	41.39	2,641.4	31.37	863.0	13.97
2. Other Mortgage Loans	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Other Consumer/ Retail Loans	0.0	0.0	0.00	n.a.	-	n.a.	-	n.a.	-
4. Corporate & Commercial Loans	1,270.7	4,709.5	41.55	4,957.2	46.55	4,701.3	55.84	4,375.5	70.84
5. Other Loans	35.8	132.6	1.17	140.5	1.32	146.4	1.74	174.9	2.83
6. Less: Reserves for Impaired Loans	27.7	102.7	0.91	101.4	0.95	97.4	1.16	87.7	1.42
7. Net Loans	2,742.1	10,162.7	89.66	9,403.7	88.30	7,391.7	87.80	5,325.7	86.23
8. Gross Loans	2,769.8	10,265.4	90.56	9,505.1	89.25	7,489.1	88.95	5,413.4	87.65
9. Memo: Impaired Loans included above	79.0	292.9	2.58	312.9	2.94	204.3	2.43	184.9	2.99
10. Memo: Loans at Fair Value included above	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
B. Other Earning Assets									
1. Loans and Advances to Banks	2.7	9.9	0.09	16.3	0.15	205.2	2.44	31.0	0.50
2. Reverse Repos and Cash Collateral	2.9	10.6	0.09	7.7	0.07	n.a.	-	n.a.	-
3. Trading Securities and at FV through Income	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
4. Derivatives	11.0	40.6	0.36	45.2	0.42	32.2	0.38	37.3	0.60
5. Available for Sale Securities	276.6	1,025.3	9.05	1,134.0	10.65	748.5	8.89	735.2	11.90
6. Held to Maturity Securities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
7. Equity Investments in Associates	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
8. Other Securities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
9. Total Securities	290.5	1,076.5	9.50	1,186.9	11.15	780.7	9.27	772.5	12.51
10. Memo: Government Securities included Above	276.6	1,025.3	9.05	1,134.0	10.65	748.5	8.89	735.2	11.90
11. Memo: Total Securities Pledged	30.1	111.5	0.98	90.7	0.85	68.4	0.81	202.7	3.28
12. Investments in Property	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
13. Insurance Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
14. Other Earning Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
15. Total Earning Assets	3,035.2	11,249.1	99.24	10,606.9	99.60	8,377.6	99.51	6,129.2	99.24
C. Non-Earning Assets									
1. Cash and Due From Banks	12.6	46.7	0.41	5.6	0.05	7.5	0.09	7.7	0.12
2. Memo: Mandatory Reserves included above	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Foreclosed Real Estate	n.a.	n.a.	-	3.4	0.03	6.8	0.08	8.2	0.13
4. Fixed Assets	2.2	8.3	0.07	7.6	0.07	7.5	0.09	7.2	0.12
5. Goodwill	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
6. Other Intangibles	4.9	18.3	0.16	13.4	0.13	8.2	0.10	5.1	0.08
7. Current Tax Assets	0.0	0.0	0.00	0.0	0.00	1.6	0.02	1.0	0.02
8. Deferred Tax Assets	1.6	5.8	0.05	8.6	0.08	7.2	0.09	11.4	0.18
9. Discontinued Operations	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
10. Other Assets	1.9	7.0	0.06	4.0	0.04	2.7	0.03	6.5	0.11
11. Total Assets	3,058.4	11,335.2	100.00	10,649.5	100.00	8,419.1	100.00	6,176.3	100.00
Liabilities and Equity									
D. Interest-Bearing Liabilities									
1. Customer Deposits - Current	0.0	0.0	0.00	0.0	0.00	243.5	2.89	194.2	3.14
2. Customer Deposits - Savings	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Customer Deposits - Term	0.0	0.0	0.00	0.0	0.00	20.7	0.25	55.8	0.90
4. Total Customer Deposits	0.0	0.0	0.00	0.0	0.00	264.2	3.14	250.0	4.05
5. Deposits from Banks	1,047.3	3,881.5	34.24	3,316.9	31.15	2,959.7	35.15	1,980.6	32.07
6. Repos and Cash Collateral	0.2	0.9	0.01	0.8	0.01	1.2	0.01	0.0	0.00
7. Commercial Paper and Short-term Borrowings	234.1	867.7	7.65	765.9	7.19	n.a.	-	50.1	0.81
8. Total Money Market and Short-term Funding	1,281.7	4,750.1	41.91	4,083.6	38.35	3,225.1	38.31	2,280.7	36.93
9. Senior Unsecured Debt (original maturity > 1 year)	21.7	80.6	0.71	80.6	0.76	80.6	0.96	80.6	1.30
10. Subordinated Borrowing	54.1	200.4	1.77	200.5	1.88	200.9	2.39	100.3	1.62
11. Covered Bonds	1,401.1	5,192.7	45.81	5,277.0	49.55	4,084.4	48.51	3,040.9	49.23
12. Other Long-term Funding	n.a.	n.a.	-	n.a.	-	n.a.	-	0.0	0.00
13. Total LT Funding (original maturity > 1 year)	1,476.9	5,473.7	48.29	5,558.1	52.19	4,365.9	51.86	3,221.8	52.16
14. Derivatives	6.7	25.0	0.22	38.9	0.37	25.3	0.30	35.2	0.57
15. Trading Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
16. Total Funding	2,765.3	10,248.8	90.42	9,680.6	90.90	7,616.3	90.46	5,537.7	89.66
E. Non-Interest Bearing Liabilities									
1. Fair Value Portion of Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
2. Credit impairment reserves	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Reserves for Pensions and Other	0.3	1.2	0.01	1.3	0.01	1.1	0.01	0.8	0.01
4. Current Tax Liabilities	1.0	3.7	0.03	2.8	0.03	0.0	0.00	n.a.	-
5. Deferred Tax Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
6. Other Deferred Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
7. Discontinued Operations	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
8. Insurance Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
9. Other Liabilities	12.1	44.9	0.40	61.1	0.57	19.4	0.23	13.3	0.22
10. Total Liabilities	2,778.7	10,298.6	90.86	9,745.8	91.51	7,636.8	90.71	5,551.8	89.89
F. Hybrid Capital									
1. Pref. Shares and Hybrid Capital accounted for as Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
2. Pref. Shares and Hybrid Capital accounted for as Equity	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
G. Equity									
1. Common Equity	279.3	1,035.1	9.13	904.9	8.50	781.5	9.28	622.8	10.08
2. Non-controlling Interest	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Securities Revaluation Reserves	0.4	1.5	0.01	(1.2)	(0.01)	0.8	0.01	1.7	0.03
4. Foreign Exchange Revaluation Reserves	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
5. Fixed Asset Revaluations and Other Accumulated OCI	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
6. Total Equity	279.7	1,036.6	9.14	903.7	8.49	782.3	9.29	624.5	10.11
7. Total Liabilities and Equity	3,058.4	11,335.2	100.00	10,649.5	100.00	8,419.1	100.00	6,176.3	100.00
8. Memo: Fitch Core Capital	274.8	1,018.3	8.98	890.3	8.36	774.1	9.19	619.4	10.03

Exchange rate

USD1 = PLN3.7062

USD1 = PLN4.1793

USD1 = PLN3.9011

USD1 = PLN3.5072

mBank Hipoteczny Summary Analytics

	30 Jun 2017 6 Months - Interim	31 Dec 2016 Year End	31 Dec 2015 Year End	31 Dec 2014 Year End
A. Interest Ratios				
1. Interest Income on Loans/ Average Gross Loans	3.24	3.28	3.52	4.00
2. Interest Expense on Customer Deposits/ Average Customer Deposits	n.a.	0.48	0.37	0.64
3. Interest Income/ Average Earning Assets	3.34	3.36	3.53	4.24
4. Interest Expense/ Average Interest-bearing Liabilities	2.20	2.18	2.21	2.85
5. Net Interest Income/ Average Earning Assets	1.33	1.37	1.53	1.67
6. Net Int. Inc Less Loan Impairment Charges/ Av. Earning Assets	1.30	1.14	1.19	1.27
7. Net Interest Inc Less Preferred Stock Dividend/ Average Earning Assets	1.33	1.37	1.53	1.67
B. Other Operating Profitability Ratios				
1. Non-Interest Income/ Gross Revenues	(9.06)	4.62	3.40	15.66
2. Non-Interest Expense/ Gross Revenues	54.68	48.31	54.32	50.00
3. Non-Interest Expense/ Average Assets	0.66	0.69	0.85	0.98
4. Pre-impairment Op. Profit/ Average Equity	6.24	8.36	7.45	9.34
5. Pre-impairment Op. Profit/ Average Total Assets	0.55	0.74	0.72	0.98
6. Loans and securities impairment charges/ Pre-impairment Op. Profit	5.67	30.64	47.33	40.90
7. Operating Profit/ Average Equity	5.88	5.80	3.92	5.52
8. Operating Profit/ Average Total Assets	0.52	0.51	0.38	0.58
9. Operating Profit / Risk Weighted Assets	0.82	0.75	0.52	0.71
C. Other Profitability Ratios				
1. Net Income/ Average Total Equity	2.14	2.78	2.67	4.09
2. Net Income/ Average Total Assets	0.19	0.25	0.26	0.43
3. Fitch Comprehensive Income/ Average Total Equity	2.68	2.54	2.54	4.13
4. Fitch Comprehensive Income/ Average Total Assets	0.24	0.22	0.25	0.43
5. Taxes/ Pre-tax Profit	39.41	22.26	29.85	24.07
6. Net Income/ Risk Weighted Assets	0.30	0.36	0.35	0.53
D. Capitalization				
1. FCC/FCC-Adjusted Risk Weighted Assets	14.60	13.57	14.45	14.62
2. Tangible Common Equity/ Tangible Assets	9.00	8.37	9.20	10.04
3. Tier 1 Regulatory Capital Ratio	12.96	11.49	11.94	10.95
4. Total Regulatory Capital Ratio	15.82	14.54	13.81	13.31
5. Common Equity Tier 1 Capital Ratio	12.96	11.49	11.94	0.00
6. Equity/ Total Assets	9.14	8.49	9.29	10.11
7. Cash Dividends Paid & Declared/ Net Income	n.a.	n.a.	n.a.	n.a.
8. Internal Capital Generation	2.00	2.59	2.40	3.59
E. Loan Quality				
1. Growth of Total Assets	6.44	26.49	36.31	29.15
2. Growth of Gross Loans	8.00	26.92	38.34	31.37
3. Impaired Loans/ Gross Loans	2.85	3.29	2.73	3.42
4. Reserves for Impaired Loans/ Gross Loans	1.00	1.07	1.30	1.62
5. Reserves for Impaired Loans/ Impaired Loans	35.06	32.41	47.67	47.43
6. Impaired loans less Reserves for Impaired Loans/ Fitch Core Capital	18.68	23.76	13.81	15.69
7. Impaired Loans less Reserves for Impaired Loans/ Equity	18.35	23.40	13.66	15.56
8. Loan Impairment Charges/ Average Gross Loans	0.03	0.25	0.38	0.46
9. Net Charge-offs/ Average Gross Loans	0.01	0.21	0.23	0.19
10. Impaired Loans + Foreclosed Assets/ Gross Loans + Foreclosed Assets	2.85	3.33	2.82	3.56
F. Funding and Liquidity				
1. Loans/ Customer Deposits	n.a.	n.a.	2,834.63	2,165.36
2. Interbank Assets/ Interbank Liabilities	0.26	0.49	6.93	1.57
3. Customer Deposits/ Total Funding (excluding derivatives)	0.00	0.00	3.48	4.54
4. Liquidity Coverage Ratio	n.a.	181.00	850.00	n.a.
5. Net Stable Funding Ratio	n.a.	n.a.	n.a.	n.a.

mBank Hipoteczny
Reference Data

	30 Jun 2017		31 Dec 2016		31 Dec 2015		31 Dec 2014		
	6 Months - Interim USDm	6 Months - Interim PLNm	As % of Assets	Year End PLNm	As % of Assets	Year End PLNm	As % of Assets	Year End PLNm	As % of Assets
A. Off-Balance Sheet Items									
1. Managed Securitized Assets Reported Off-Balance Sheet	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
2. Other off-balance sheet exposure to securitizations	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Guarantees	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
4. Acceptances and documentary credits reported off-balance sheet	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
5. Committed Credit Lines	388.8	1,440.8	12.71	1,269.9	11.92	980.0	11.64	1,077.0	17.44
7. Other Off-Balance Sheet items	1,172.9	4,346.9	38.35	3,568.2	33.51	2,700.5	32.08	3,809.7	61.68
8. Total Assets under Management	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
B. Average Balance Sheet									
Average Loans	2,667.2	9,885.3	87.21	8,501.0	79.83	6,451.3	76.63	4,577.6	74.12
Average Earning Assets	2,948.6	10,928.0	96.41	9,492.3	89.13	7,253.4	86.15	5,160.2	83.55
Average Assets	2,965.9	10,992.4	96.98	9,534.3	89.53	7,297.7	86.68	5,221.8	84.55
Average Managed Securitized Assets (OBS)	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Average Interest-Bearing Liabilities	2,688.7	9,964.7	87.91	8,648.5	81.21	6,577.0	78.12	4,658.8	75.43
Average Common equity	261.7	970.0	8.56	843.2	7.92	702.2	8.34	546.4	8.85
Average Equity	261.8	970.2	8.56	843.0	7.92	703.4	8.35	547.4	8.86
Average Customer Deposits	0.0	0.0	0.00	186.2	1.75	245.9	2.92	266.5	4.31
C. Maturities									
Asset Maturities:									
Loans & Advances < 3 months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Loans & Advances 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Loans and Advances 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Loans & Advances > 5 years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Debt Securities < 3 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Debt Securities 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Debt Securities 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Debt Securities > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Loans & Advances to Banks < 3 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Loans & Advances to Banks 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Loans & Advances to Banks 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Loans & Advances to Banks > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Liability Maturities:									
Retail Deposits < 3 months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Retail Deposits 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Retail Deposits 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Retail Deposits > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Other Deposits < 3 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Other Deposits 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Other Deposits 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Other Deposits > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Deposits from Banks < 3 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Deposits from Banks 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Deposits from Banks 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Deposits from Banks > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Senior Debt Maturing < 3 months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Senior Debt Maturing 3-12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Senior Debt Maturing 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Senior Debt Maturing > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Total Senior Debt on Balance Sheet	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Fair Value Portion of Senior Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Subordinated Debt Maturing < 3 months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Subordinated Debt Maturing 3-12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Subordinated Debt Maturing 1-5 Year	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Subordinated Debt Maturing > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Total Subordinated Debt on Balance Sheet	54.1	200.4	1.77	200.5	1.88	200.9	2.39	100.3	1.62
Fair Value Portion of Subordinated Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
D. Risk Weighted Assets									
1. Risk Weighted Assets	1,882.0	6,975.1	61.53	6,562.5	61.62	5,358.4	63.65	4,237.0	68.60
2. Fitch Core Capital Adjustments for Insurance and Securitisation Risk Weighted Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Fitch Core Capital Adjusted Risk Weighted Assets	1,882.0	6,975.1	61.53	6,562.5	61.62	5,358.4	63.65	4,237.0	68.60
4. Other Fitch Adjustments to Risk Weighted Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
5. Fitch Adjusted Risk Weighted Assets	1,882.0	6,975.1	61.53	6,562.5	61.62	5,358.4	63.65	4,237.0	68.60
E. Equity Reconciliation									
1. Equity	279.7	1,036.6	9.14	903.7	8.49	782.3	9.29	624.5	10.11
2. Add: Pref. Shares and Hybrid Capital accounted for as Equity	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Add: Other Adjustments	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
4. Published Equity	279.7	1,036.6	9.14	903.7	8.49	782.3	9.29	624.5	10.11
F. Fitch Core Capital Reconciliation									
1. Total Equity as reported (including non-controlling interests)	279.7	1,036.6	9.14	903.7	8.49	782.3	9.29	624.5	10.11
2. Fair value effect incl in own debt/borrowings at fv on the B/S- CC only	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
3. Non-loss-absorbing non-controlling interests	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
4. Goodwill	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
5. Other intangibles	4.9	18.3	0.16	13.4	0.13	8.2	0.10	5.1	0.08
6. Deferred tax assets deduction	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
7. Net asset value of insurance subsidiaries	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
8. First loss tranches of off-balance sheet securitizations	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
9. Fitch Core Capital	274.8	1,018.3	8.98	890.3	8.36	774.1	9.19	619.4	10.03

Exchange Rate

USD1 = PLN3.7062

USD1 = PLN4.1793

USD1 = PLN3.9011

USD1 = PLN3.5072

The ratings above were solicited and assigned or maintained at the request of the rated entity/issuer or a related third party. Any exceptions follow below.

ALL FITCH CREDIT RATINGS ARE SUBJECT TO CERTAIN LIMITATIONS AND DISCLAIMERS. PLEASE READ THESE LIMITATIONS AND DISCLAIMERS BY FOLLOWING THIS LINK: [HTTPS://FITCHRATINGS.COM/UNDERSTANDINGCREDITRATINGS](https://fitchratings.com/understandingcreditratings). IN ADDITION, RATING DEFINITIONS AND THE TERMS OF USE OF SUCH RATINGS ARE AVAILABLE ON THE AGENCY'S PUBLIC WEB SITE AT WWW.FITCHRATINGS.COM. PUBLISHED RATINGS, CRITERIA, AND METHODOLOGIES ARE AVAILABLE FROM THIS SITE AT ALL TIMES. FITCH'S CODE OF CONDUCT, CONFIDENTIALITY, CONFLICTS OF INTEREST, AFFILIATE FIREWALL, COMPLIANCE, AND OTHER RELEVANT POLICIES AND PROCEDURES ARE ALSO AVAILABLE FROM THE CODE OF CONDUCT SECTION OF THIS SITE. FITCH MAY HAVE PROVIDED ANOTHER PERMISSIBLE SERVICE TO THE RATED ENTITY OR ITS RELATED THIRD PARTIES. DETAILS OF THIS SERVICE FOR RATINGS FOR WHICH THE LEAD ANALYST IS BASED IN AN EU-REGISTERED ENTITY CAN BE FOUND ON THE ENTITY SUMMARY PAGE FOR THIS ISSUER ON THE FITCH WEBSITE.

Copyright © 2018 by Fitch Ratings, Inc., Fitch Ratings Ltd. and its subsidiaries. 33 Whitehall Street, NY, NY 10004. Telephone: 1-800-753-4824, (212) 908-0500. Fax: (212) 480-4435. Reproduction or retransmission in whole or in part is prohibited except by permission. All rights reserved. In issuing and maintaining its ratings and in making other reports (including forecast information), Fitch relies on factual information it receives from issuers and underwriters and from other sources Fitch believes to be credible. Fitch conducts a reasonable investigation of the factual information relied upon by it in accordance with its ratings methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security or in a given jurisdiction. The manner of Fitch's factual investigation and the scope of the third-party verification it obtains will vary depending on the nature of the rated security and its issuer, the requirements and practices in the jurisdiction in which the rated security is offered and sold and/or the issuer is located, the availability and nature of relevant public information, access to the management of the issuer and its advisers, the availability of pre-existing third-party verifications such as audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering reports, legal opinions and other reports provided by third parties, the availability of independent and competent third-party verification sources with respect to the particular security or in the particular jurisdiction of the issuer, and a variety of other factors. Users of Fitch's ratings and reports should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the information Fitch relies on in connection with a rating or a report will be accurate and complete. Ultimately, the issuer and its advisers are responsible for the accuracy of the information they provide to Fitch and to the market in offering documents and other reports. In issuing its ratings and its reports, Fitch must rely on the work of experts, including independent auditors with respect to financial statements and attorneys with respect to legal and tax matters. Further, ratings and forecasts of financial and other information are inherently forward-looking and embody assumptions and predictions about future events that by their nature cannot be verified as facts. As a result, despite any verification of current facts, ratings and forecasts can be affected by future events or conditions that were not anticipated at the time a rating or forecast was issued or affirmed.

The information in this report is provided "as is" without any representation or warranty of any kind, and Fitch does not represent or warrant that the report or any of its contents will meet any of the requirements of a recipient of the report. A Fitch rating is an opinion as to the creditworthiness of a security. This opinion and reports made by Fitch are based on established criteria and methodologies that Fitch is continuously evaluating and updating. Therefore, ratings and reports are the collective work product of Fitch and no individual, or group of individuals, is solely responsible for a rating or a report. The rating does not address the risk of loss due to risks other than credit risk, unless such risk is specifically mentioned. Fitch is not engaged in the offer or sale of any security. All Fitch reports have shared authorship. Individuals identified in a Fitch report were involved in, but are not solely responsible for, the opinions stated therein. The individuals are named for contact purposes only. A report providing a Fitch rating is neither a prospectus nor a substitute for the information assembled, verified and presented to investors by the issuer and its agents in connection with the sale of the securities. Ratings may be changed or withdrawn at any time for any reason in the sole discretion of Fitch. Fitch does not provide investment advice of any sort. Ratings are not a recommendation to buy, sell, or hold any security. Ratings do not comment on the adequacy of market price, the suitability of any security for a particular investor, or the tax-exempt nature or taxability of payments made in respect to any security. Fitch receives fees from issuers, insurers, guarantors, other obligors, and underwriters for rating securities. Such fees generally vary from US\$1,000 to US\$750,000 (or the applicable currency equivalent) per issue. In certain cases, Fitch will rate all or a number of issues issued by a particular issuer, or insured or guaranteed by a particular insurer or guarantor, for a single annual fee. Such fees are expected to vary from US\$10,000 to US\$1,500,000 (or the applicable currency equivalent). The assignment, publication, or dissemination of a rating by Fitch shall not constitute a consent by Fitch to use its name as an expert in connection with any registration statement filed under the United States securities laws, the Financial Services and Markets Act of 2000 of the United Kingdom, or the securities laws of any particular jurisdiction. Due to the relative efficiency of electronic publishing and distribution, Fitch research may be available to electronic subscribers up to three days earlier than to print subscribers.

For Australia, New Zealand, Taiwan and South Korea only: Fitch Australia Pty Ltd holds an Australian financial services license (AFS license no. 337123) which authorizes it to provide credit ratings to wholesale clients only. Credit ratings information published by Fitch is not intended to be used by persons who are retail clients within the meaning of the Corporations Act 2001.