

Press release

location: Prague, Czech Republic

date: 21.05.2015

PPF banka announces Results for FY 2014

Highlights:

- Total assets grew 3% on 2013 and reached a record level of CZK 108.2 billion.
- Net profit amounted to CZK 700 million, up 22% on 2013.
- PPF banka contributed CZK 193 million in income tax for the year.
- Total interest income grew by 2.6% year-on-year to CZK 2.866 billion and net interest income grew by as much as 10.1% to CZK 2.133 billion.
- Total net income from banking operations was in excess of CZK 2 billion, similar to the 2013 figure.
- Return on average equity (ROAE) in 2014 stood at 12.19% and return on average assets (ROAA) stood at 0.66%.
- Overall capital adequacy was 14.73% as at 31 December 2014.

“Although the Czech banking market is tackling cuts in interest rates, growing competition and pressures on margins, last year PPF banka was able to increase its net interest income by 10% to more than CZK 2.1 billion”, Petr Jirásko, PPF banka’s CEO commented on the results, adding: “Because of its significant exposure to Russia, the economic crisis there was a real challenge for PPF banka. It is thanks to our conservative approach and quick response that we were able to keep the losses from our Russian exposure at acceptable levels and succeed in growing our total net profit by one fifth to CZK 700 million”.

Financial results:

Key indicators, CZK million

	2013	2014
Total assets	104,818	108,237
Total equity	5,132	5,894
Profit before tax	783	893
Profit after tax	572	700

In 2014, PPF banka continued to grow both in terms of total assets and net profit. In 2014, total assets rose by CZK 3.4 billion reaching CZK 108.2 billion. Net profit amounted to CZK 700 million, up by CZK 128 million on 2013.

Total interest income grew by 2.6% year-on-year to CZK 2,866 million and net interest income grew by 10.1% to CZK 2,133 million. Net income from fees and commissions slightly declined in 2014 by 2.8% to CZK 280 million. In 2014, PPF banka reported a loss of CZK 333 million from financial operations. This is attributable to interest income hedging and also a drop in the results of trading in securities, which is related to the high volatility of the Russian market.

Total net income from banking operations (excluding the cost of provisions for loans provided and reflecting other operating costs and revenue) exceeded CZK 2 billion, broadly similar to the 2013 level despite the drop in profit/loss from financial operations.

In 2014, classified loans rose by CZK 1.2 billion to CZK 5.7 billion. Provisions for receivables and guarantees increased by CZK 460 million by the end of 2014 due to PPF banka's very prudent approach to loan classification and provisioning.

In spite of the tough conditions described above, PPF banka generated a profit before tax of CZK 893 million in 2014, up CZK 109 million on 2013. PPF banka paid a total of CZK 193 million in income taxes for 2014.

Receivables from clients fell 33% year-on-year to CZK 23.4 billion and accounted for 22% of total assets. This drop was largely attributable to the lower volumes in structured and export financing, impacted by the Russian market.

Liabilities to clients, which rose by CZK 3 billion to CZK 79 billion in 2014 and accounted for 73% of the balance sheet total, continued to be the key source of funding for the company. Return on average equity (ROAE) stood at 12.19% and return on average assets (ROAA) stood at 0.66% in 2014. Overall capital adequacy stood at 14.73% as at 31 December 2014.

Notes for editors

PPF Group invests into multiple market segments such as banking and financial services, telecommunications, insurance, real estate, metal mining, agriculture, retail and biotechnology. PPF's reach spans from Central and Eastern Europe to Russia and across Asia. PPF Group owns assets of EUR 24 billion (as at 30 June 2014).

PPF banka a.s. is an integral part of the PPF international investment group. It provides services to municipal and corporate clients, as well as investment services, including trading in financial instruments on the Czech and international markets. PPF Banka is authorised to act as PPF Group's central treasury bank and is responsible for managing the balance sheet structure of all Group companies by raising funds on the bond and capital markets and for financing companies within the Group. The Bank is also a key place of business for the Group's financial market transactions.

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