13 May 2009

Update

BRE Bank Securities

Pekao

Accumulate

BAPE.WA; PEO.PW

(Reiterated)

Banks

Poland

Current price	**PLN 118.0**
Target price	**PLN 133.2**
Market cap	PLN 30.9bn
Free float	PLN 12.6bn
Avg daily trading volume (3M)	PLN 161.35m

Shareholder Structure

UniCredit	59.36%
Other	40.7%

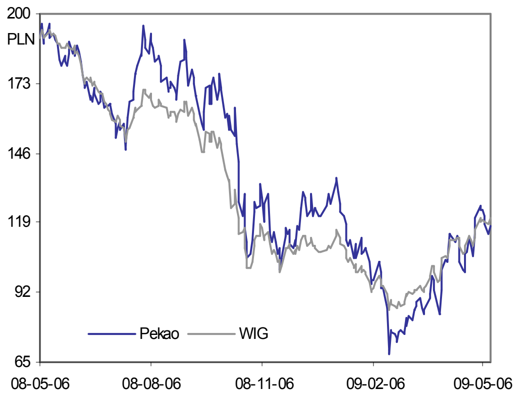
Sector Outlook

In the worst-case scenario (GDP growth at 0% in 2009), the earnings of the banking industry will drop by two-thirds this year. The banks themselves are more optimistic in their outlook. We believe that the current market valuations have already discounted the negative scenario: bank valuations already factor in the expected surge in costs of financing (negative deposit spread on new sales, costs of risk above 2%, operating income before provisions down over 20% vs. 2008). The ratios of assets to equity are 12.7 for the banking industry as a whole, 10.4 for listed banks, and 18 for the Eurozone. There is no need for Polish banks to deleverage. The market is not discounting any growth prospects for the industry, whose assets constitute 83% of GDP (Eurozone 315%, CEE 137%).

Company profile

After the merger with BPH, Pekao became one of the biggest banks in the CEE region in terms of volumes (assets, loans, deposits). The operational integration of both banks was completed in 2008. At present, in Poland Pekao trails only PKO BP in terms of loans and deposits. At the end of Q1'09, its loans/deposits ratio stood at 91% and its Tier 1 capital adequacy ratio at 13.1%.

Pekao vs. WIG



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Market Standing Affirmed

The Bank's Q1 2009 earnings show several strengths: it has kept a liquid balance sheet (91%, unchanged from the previous quarter), it has remained an active lender (with focus on the retail segment), it has kept its expenses in check (-0.5% y/y) and its capital adequacy ratio is high (13.07%, Tier 1). Pekao's provisions are also very low compared to its peers (-PLN 92m, 43bps of the net loan portfolio). For now, asset quality indicators suggest that the Bank's condition is good (NPL/ gross loans up from 5.5% to 5.8%, NPL coverage ratio down from 87% to 83%). Pekao's professed conservative approach to credit risk entails much lower losses on loans. We believe nonetheless that in the following quarters, the Bank will need to create more provisions. The weak point was interest income, which suffered due to the aggressive pricing across the sector (term deposits) and the decline in market interest rates (current deposits). Higher level of provisions and lower interest income will have a negative impact on the Bank's FY2009 earnings, but at the same time it appears that there are no risks as far as equity is concerned. In fact we believe that at its current levels the Bank would be able to pay dividends, but the decision to retain the entire profit for FY2008 has already been taken. We are making the conservative assumption that the same will be the case with FY2009 profits, but a payout cannot be precluded, given the Bank's good standing. This factor will support Pekao's valuation in the future. We set our target price at PLN 133.2 per share (+2.5% vs. our last valuation) and we reiterate an accumulate rating.

Contingency Plan for Expenses

Although current expenses are closely monitored, the Bank is preparing further cost-cutting plans, mostly for non-payroll expenses. As far as personnel expenses are concerned, the Bank is not going to go beyond a freeze on recruitment for now. Throughout Q1'09, headcount across the group decreased by 185 people through natural rotation. For FY2009 as a whole, we project a reduction in employment by 650 people. The increased focus on expenses is supposed to help the Bank's defend its operating earnings in case revenues decline.

Ukraine: Reduced Exposure in the Books

In Q1 2009, Ukraine's UniCredit Bank recorded a net income of PLN 3.3m. Pekao has once again stressed that its subsidiary's loan portfolio is of much better quality than the average for the local market. Loan loss provisions were once again moderate (PLN 25-30m), and loan exposure decreased by more than UAH 800m. At present, the Ukrainian loan portfolio amounts to UAH 8.3bn, and there are plans to reduce it further.

(PLN m)	**2007**	**2008**	**2009F**	**2010F**	**2011F**
Net interest income	4 323	4 509	3 792	4 241	4 572
Net interest margin	3.6%	3.5%	2.8%	3.1%	3.1%
Income f/ bank oper	8 314	7 578	6 686	7 409	7 919
Operating income*	4 510	4 535	3 127	3 731	4 109
Pre-tax income	4 342	4 346	1 963	2 588	3 798
Net income	3 547	3 528	1 577	2 083	3 063
ROE	23.1%	23.0%	9.4%	11.2%	14.9%
P/E	8.7	8.8	19.6	14.9	10.1
P/BV	1.3	1.9	1.8	1.6	1.4
D/PS*	9.60	0.00	0.00	3.97	6.43
Dividend Yield	8.1%	0.0%	0.0%	3.4%	5.4%

**before provisions; ** dividends from profits for the current year, paid out the next year*

Q1 2009 Earnings

At PLN 566m, net income exceeded our expectations, mostly due to much lower-than-expected cost of credit risk, i.e. 43bps of the net loan portfolio. This is much less than the market expected and much less than what the other banks have reported. As far as operating income before provisions is concerned, the Bank undershot our forecast by over 12%, due to lower-than-expected revenues (costs were in line). The Bank remained an active lender, increasing its net loans by 5% q/q, while its deposits started to expand, primarily in the retail segment.

Conclusions After Q1 2009 Earnings

- We believe that the Bank is very well-prepared to absorb the much higher loan loss provisions we expect to see in the upcoming quarters. This is shown, among other things, by its very high (compared to peers) capital adequacy ratio (13.07%, consolidated). This confirms our view of Pekao –we have considered it capable of coping with much higher provisions without any harm to its future growth potential.

- The loans/deposits ratio reached 91%, without a change q/q. The Bank has managed to keep its balance sheet liquid, while being an active lender. Its focus is on the retail segment, which is also driving its deposits.

- We are increasing our FY2009 net income forecast by lowering the cost-of-risk projection. In our previous report, we forecasted provisions in the amount of PLN 1.95bn; our current figure is PLN 1.24bn, i.e. a 2% cost of risk in the next three quarters, and 155bps of net loans in FY2009.

- We were somewhat disappointed by revenues, which were dampened by the weaker-than-expected interest income (stronger pressure on interest margin). We believe this will continue to be the case through Q3 2009; i in Q4'09 we will finally see the impact of loan margin hikes.

Reported vs. forecasted results

(PLN m)	1Q09F	difference	1Q09	change	1Q08	2009F	1Q09/2009F
Net interest income	1 056	-13.9%	910	-19.0%	1 123	3 792	24.0%
Net fee income	551	-4.1%	529	-13.5%	611	2 201	24.0%
NIM	3.2%		2.7%		3.6%	2.8%	
Income from banking operations	1 824	-7.1%	1 694	-8.0%	1 841	6 686	25.3%
Operating expenses	-928	-0.3%	-925	-0.5%	-929	-3 693	25.0%
Operating income*	916	-13.8%	789	-44.1%	1 412	3 127	25.2%
Provisions	-409	-77.6%	-92	82.6%	-50	-1 238	7.4%
Pre-tax income	516	37.8%	711	-49.2%	1 399	1 963	36.2%
Net income	415	36.4%	566	-50.8%	1 150	1 577	35.9%

Source: BRE Bank Securities, Pekao
** before provisions*

Interest income, excluding derivative valuation (hedges), amounted to PLN 910m, i.e. it was below our forecast. At the same time, the valuation of hedges shown in trading income surged (PLN 113.5m vs. PLN 14.2m in Q1 2008). With swaps added to interest income, it would amount to PLN 1023m, i.e. without a significant divergence vs. our expectations.

The Bank has changed its presentation method, adding into interest income dividends from subsidiaries consolidated under the equity method and its share in their profits. In our forecast, these items can be found in the line "equity in income of associates"; we left this unchanged so as to facilitate comparisons.

Fee income was PLN 529m, i.e. it was slightly below our forecasts and market expectations due to the decline in client activity, both in Poland and in Ukraine. Exposure to equity markets is still generating a y/y decline in earnings, but we can see a slight improvement on the previous quarter. This is, however, in line with market expectations. The Bank, just as its competitors, increased the fees it charges for transfers etc. (the entire fee schedule was changed). We can therefore expect the impact of declining client activity to be offset by the rising prices in the upcoming quarters.

Trading income reached the staggering PLN 256m, which is much above expectations. It was driven by the high valuation of interest-rate hedges (PLN 113.5m, as mentioned above). We expected a good trading income (PLN 216m), due to the advantageous situation in financial markets.

Income from banking operations was PLN 1.7bn, which is 7% below our forecast of PLN 1.8bn and the market consensus (nearly PLN 1.8bn). The roots of this discrepancy lay in interest and fee income.

Operating expenses were in line with our expectations at PLN 925m; Pekao is watching its costs well. Employee headcount decreased by 185. The Bank is continuing its downsizing activities, but at a much slower rate than in the two preceding quarters. We believe there will be layoffs in the next two quarters as well. We like the decline in non-payroll expenses from PLN 400m in Q4'08 to PLN 354m. In the ensuing quarters, if the pressure on revenues persists, we will probably see the impact of the Bank's restructuring program.

The costs of risk were much below our expectations despite the fact that the NPLs increased by PLN 549m (with the NPL/gross loan ratio increasing from 5.5% to 5.8%), while NPL coverage ratio dropped from 87% to 83%. These figures are still very good. We agree with the opinion that Pekao’s better loan quality may be a consequence of its selective approach to lending during the previous boom, but given what was going on in the preceding quarter and the Bank's exposure to troubled companies (as per information appearing in the press), Pekao's provisions appear relatively low. We believe this is not sustainable; we expect higher provisions in the quarters to come.

Overview of quarterly earnings

(PLN m)	Q108	Q208	Q308	Q408	Q109	Q/Q	Y/Y
Loans	70576	73071	74757	82515	86553	4.9%	22.6%
Deposits	87031	86688	86661	90889	95147	4.7%	9.3%
Assets	122400	120942	127102	132030	133884	1.4%	9.4%
Net interest income	1123	1142	1135	1109	910	-18.0%	-19.0%
Net fee income	611	619	559	553	529	-4.4%	-13.5%
Trading income	108	245	167	207	256	23.3%	137.0%
Income from banking operations	1841	2006	1861	1870	1694	-9.4%	-8.0%
Other net operating income	499	20	149	76	20	-73.3%	-95.9%
Banking Income	2341	2026	2010	1946	1714	-11.9%	-26.8%
Operating expenses	-929	-964	-945	-949	-925	-2.6%	-0.5%
Operating income before provisions	1412	1062	1065	996	789	-20.8%	-44.1%
Provisions	-50	-72	-38	-134	-92	-31.7%	82.6%
Operating income	1361	990	1028	862	698	-19.1%	-48.8%
Equity in income of associates	37	31	25	12	13	9.2%	-65.1%
Pre-tax income	1399	1021	1052	874	711	-18.7%	-49.2%
Tax	-245	-176	-207	-152	-141	-7.1%	-42.6%
Minority interests	-3	-3	-3	-3	-3	19.6%	0.1%
Net income	1150	842	841	719	566	-21.3%	-50.8%

Source: BRE Bank Securities, Pekao

Valuation

We have not changed our valuation methodology vs. our previous research report on Pekao of 5 March 2009. We based our valuation on the Gordon model formula P/BV=(ROE-g)/(COE-g), which we used to calculate the implied Price-to-Book Value multiple. The P/BV ratio depends on our assumed return on equity (ROE), cost of equity (COE) which is the sum of the risk-free rate and the risk premium entailed in the purchase of the bank's shares, and a long-term growth rate (g). Our valuation methodology has not changed since our previous research report. Our earnings forecast horizon ends in FY2017. Long-term ROE is the ROE we expect the bank to reach in the last forecast year (2017).

Dividends

We have not changed our assumptions concerning dividends. We expect dividends will not be paid out until from FY2010 profits. We expect a increasing payout ratio, from 50% in 2010 to 75% in 2017.

With the Bank's excellent equity position, there may be potential for dividends already from FY2009 earnings. A payout amounting to half of the net income we project for FY2009 would boost our target price by PLN 3/share.

Cost of Equity

The risk-free-rate is equal to the yield on 10Y T-bonds prevailing on the date of valuation. The risk premium is an unchanged 5%, and beta equals 1. This has not been changed since our last report.

The yield on ten-year T-bonds at the close of day on 11 May 2009 was 6.265%. The resulting COE is 11.27%. In our previous research report, the risk-free rate of Pekao was 6.3%.

Valuation Revision

We increased our DDM-based valuation by 6% after taking into account the following factors:

- Slight change in the long-term ROE forecasts (16.3% vs. 16.4%). Slight revision to our long-term earnings projection, by 14% and 7% in 2009 and 2010, respectively. This has an impact on the Bank's equity, which brings the ROE down somewhat, but it does increase book value.
- The risk-free rate fell from 6.3% to 6.27%.
- The new valuation was prepared in May vs. March.

DDM Summary

(PLN/share)	2008	2009F	2010F	2011F	2012F	2013F	2014F	2015F	2016F	2017F	+
Risk-free rate	6.27%	6.27%	6.27%	6.27%	6.27%	6.27%	6.27%	6.27%	6.27%	6.27%	6.27%
Risk premium	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%
Beta	1	1	1	1	1	1	1	1	1	1	1
Cost of equity	11.27%	11.27%	11.27%	11.27%	11.27%	11.27%	11.27%	11.27%	11.27%	11.27%	11.27%
EPS	13.5	6.0	7.9	11.7	13.4	15.0	16.2	17.3	18.2	19.0	13.5
EPS (Y/Y pct change)	-0.7%	-55.3%	32.1%	47.1%	14.4%	12.0%	8.6%	6.3%	5.2%	4.5%	-0.7%
BVPS	60.9	66.8	74.8	82.5	89.4	96.4	102.9	108.8	114.0	119.4	60.9
BVPS (Y/Y pct change)	8.6%	9.8%	11.9%	10.3%	8.4%	7.8%	6.8%	5.7%	4.8%	4.7%	8.6%
ROE	23.0%	9.4%	11.2%	14.9%	15.5%	16.1%	16.3%	16.3%	16.3%	16.3%	23.0%
Long-term ROE											16.3%
Growth rate											4.0%
Implied P/BV											1.69
Equity at year-end 2017											201.8
Equity at year-end 2016											181.4
Equity at year-end 2015											163.0
Equity at year-end 2014											146.5
Equity at year-end 2013											131.7
Equity at year-end 2012											118.4
Equity at year-end 2011											106.4
Equity at year-end 2010											95.6
Equity at year-end 2009											85.9
Equity at year-end 2008											77
DPS	0.0	0.0	4.0	6.4	8.0	9.7	11.4	13.0	13.6	14.3	
DPS/EPS	0.0%	0.0%	50.0%	55.0%	60.0%	65.0%	70.0%	75.0%	75.0%	75.4%	
Discounted DPS	0.0	0.0	3.1	4.5	5.0	5.5	5.7	5.9	5.6	5.2	
Total discounted DPS											40.39
Fair value, end of May 2009											123.0
9MTP											133.2
Current price:											118
Upside potential											12.9%

Source: BRE Bank Securities
** risk–free rate = 10Y Treasury yield as of 11 May 2009*

Overview of bank earnings

	P/BV				P/E				PBV/ROE			
	2008	2009F	2010F	2011F	2008	2009F	2010F	2011F	2008	2009F	2010F	2011F
BZ WBK	**1.4**	**1.4**	**1.3**	**1.1**	**8.2**	**42.9**	**18.5**	**8.0**	**7.7**	**42.2**	**17.9**	**7.5**
discount/premium to median	*15.5%*	*18.3%*	*15.0%*	*7.4%*	*-4.8%*	*0.0%*	*0.0%*	*0.0%*	*-3.1%*	*0.0%*	*0.0%*	*0.0%*
discount/premium to average	*10.9%*	*13.0%*	*13.2%*	*11.1%*	*1.6%*	*-32.1%*	*-6.2%*	*2.9%*	*0.0%*	*-32.6%*	*-6.9%*	*1.8%*
B. Handlowy	**1.2**	**1.2**	**1.1**	**1.0**	**11.5**	**21.2**	**16.2**	**10.3**	**11.5**	**20.6**	**15.8**	**9.9**
discount/premium to median	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*33.3%*	*-50.6%*	*-12.7%*	*28.4%*	*44.4%*	*-51.1%*	*-11.5%*	*32.7%*
discount/premium to average	*-4.0%*	*-4.5%*	*-1.5%*	*3.4%*	*42.4%*	*-66.4%*	*-18.0%*	*32.1%*	*49.0%*	*-67.1%*	*-17.5%*	*35.0%*
ING BSK	**0.9**	**0.9**	**0.8**	**0.8**	**9.0**	**48.1**	**10.0**	**6.4**	**8.6**	**47.6**	**9.5**	**6.1**
discount/premium to median	*-23.1%*	*-20.3%*	*-23.8%*	*-27.9%*	*3.7%*	*12.1%*	*-46.2%*	*-19.5%*	*7.4%*	*12.9%*	*-46.6%*	*-19.0%*
discount/premium to average	*-26.2%*	*-23.8%*	*-25.0%*	*-25.4%*	*10.7%*	*-23.9%*	*-49.5%*	*-17.1%*	*10.8%*	*-23.9%*	*-50.3%*	*-17.5%*
Kredyt Bank	**0.7**	**0.7**	**0.6**	**0.6**	**5.4**	**164.7**	**35.5**	**5.2**	**5.0**	**164.4**	**35.1**	**4.9**
discount/premium to median	*-46.6%*	*-43.7%*	*-42.3%*	*-45.0%*	*-38.1%*	*284.1%*	*91.5%*	*-35.2%*	*-37.6%*	*289.6%*	*96.5%*	*-34.6%*
discount/premium to average	*-48.8%*	*-46.2%*	*-43.2%*	*-43.1%*	*-33.9%*	*160.7%*	*79.7%*	*-33.3%*	*-35.6%*	*162.7%*	*83.0%*	*-33.4%*
Millennium	**0.8**	**0.8**	**0.7**	**0.6**	**5.2**	**119.0**	**22.9**	**5.6**	**4.9**	**118.6**	**22.5**	**5.3**
discount/premium to median	*-38.0%*	*-34.8%*	*-34.1%*	*-37.7%*	*-39.9%*	*177.6%*	*23.4%*	*-30.3%*	*-38.2%*	*181.2%*	*25.8%*	*-29.8%*
discount/premium to average	*-40.5%*	*-37.7%*	*-35.1%*	*-35.5%*	*-35.8%*	*88.4%*	*15.8%*	*-28.3%*	*-36.3%*	*89.6%*	*17.1%*	*-28.6%*
Pekao	**1.9**	**1.8**	**1.6**	**1.4**	**8.8**	**19.6**	**14.9**	**10.1**	**8.4**	**18.7**	**14.1**	**9.6**
discount/premium to median	*57.4%*	*51.7%*	*41.7%*	*37.5%*	*1.3%*	*-54.2%*	*-19.8%*	*26.2%*	*5.4%*	*-55.6%*	*-21.4%*	*28.5%*
discount/premium to average	*51.1%*	*45.0%*	*39.5%*	*42.2%*	*8.2%*	*-68.9%*	*-24.8%*	*29.8%*	*8.8%*	*-70.1%*	*-26.8%*	*30.7%*
PKO BP	**2.0**	**1.9**	**1.7**	**1.5**	**8.6**	**26.7**	**20.3**	**8.9**	**8.0**	**25.8**	**19.5**	**8.2**
discount/premium to median	*64.1%*	*61.5%*	*54.4%*	*42.4%*	*0.0%*	*-37.6%*	*9.7%*	*10.6%*	*0.0%*	*-38.8%*	*8.8%*	*10.0%*
discount/premium to average	*57.5%*	*54.3%*	*52.0%*	*47.3%*	*6.8%*	*-57.7%*	*3.0%*	*13.8%*	*3.2%*	*-58.8%*	*1.3%*	*12.0%*
median	**1.2**	**1.2**	**1.1**	**1.0**	**8.6**	**42.9**	**18.5**	**8.0**	**8.0**	**42.2**	**17.9**	**7.5**
average	**1.3**	**1.2**	**1.1**	**1.0**	**8.1**	**63.2**	**19.7**	**7.8**	**7.7**	**62.6**	**19.2**	**7.4**

Source: BRE Bank Securities

INCOME STATEMENT

(PLN m)	2007	2008	2009F	2010F	2011F	2012F
Net interest income	4 323	4 509	3 792	4 241	4 572	5 064
Non-interest income	3 991	3 069	2 894	3 168	3 347	3 563
Net fee income	2 932	2 342	2 201	2 320	2 455	2 600
F/X gains/losses	1 059	727	693	848	892	962
Income from banking operations	8 314	7 578	6 686	7 409	7 919	8 626
Other net operating income	0	745	134	89	89	89
Total banking income	8 314	8 323	6 820	7 498	8 007	8 715
Non-interest expense	-3 805	-3 788	-3 693	-3 767	-3 899	-4 030
Payroll expenses	-1 933	-1 853	-1 823	-1 828	-1 897	-1 972
Amortization and depreciation	-393	-413	-424	-449	-468	-477
Other expenses	-1 496	-1 522	-1 446	-1 489	-1 534	-1 580
Operating income before provisions	4 510	4 535	3 127	3 731	4 109	4 685
Provisions	-320	-294	-1 238	-1 222	-395	-435
Equity in income of associates	153	105	75	79	84	91
Pre-tax income	4 342	4 346	1 963	2 588	3 798	4 341
Tax	-800	-805	-373	-492	-722	-825
Minority interests	-13	-13	-13	-13	-13	-13
Net income	3 547	3 528	1 577	2 083	3 063	3 503
Dividends paid	2 514	0	0	1 042	1 685	2 102

CORE RATIOS

Net interest margin (total assets)	3.6%	3.5%	2.8%	3.1%	3.1%	3.1%
Net interest margin (interest-bearing assets)	3.8%	3.8%	3.1%	3.3%	3.3%	3.3%
Interest spread	3.5%	3.6%	2.9%	3.1%	3.1%	3.2%
Costs / Income	49%	46%	54%	50%	49%	46%
Costs / Assets	-3.6%	-3.0%	-2.8%	-2.7%	-2.6%	-2.5%
Personnel costs / Income	-26%	-22%	-27%	-24%	-24%	-23%
Provisions / Operating income	-7%	-6%	-40%	-33%	-10%	-9%
Provisions / Loans	-0.5%	-0.4%	-1.5%	-1.6%	-0.5%	-0.5%
Non-interest income / Total income	51%	46%	44%	43%	43%	42%
Operating income / Assets	3.7%	3.5%	2.3%	2.7%	2.8%	2.9%
ROE	23.1%	23.0%	9.4%	11.2%	14.9%	15.5%
ROA	3.0%	2.8%	1.2%	1.5%	2.1%	2.2%

ANNUAL GROWTH RATE

Net income	18%	-1%	-55%	32%	47%	14%
Operating income before provisions	13%	1%	-31%	19%	10%	14%
Total banking income	11%	0%	-18%	10%	7%	9%
Net interest income	6%	4%	-16%	12%	8%	11%
Non-interest income	14%	-23%	-6%	9%	6%	6%
Non-interest expense	9%	0%	-2%	2%	4%	3%

BALANCE SHEET

(PLN m)	2007	2008	2009F	2010F	2011F	2012F
Cash and Central Bank balances	5 122	10 004	12 817	13 544	13 147	12 758
Receivables from financial institutions	16 960	7 909	14 241	16 930	18 781	21 263
Debt securities	24 563	22 586	21 189	21 934	24 329	26 837
Loans	69 702	82 515	77 290	80 041	88 834	97 980
Shares and other equity, derivatives	1 964	4 598	4 314	4 466	4 953	5 464
Fixed assets	2 710	2 652	2 651	2 809	2 926	2 984
Other assets	3 075	1 766	1 867	1 930	2 136	2 351
Total assets	124 096	132 030	134 369	141 654	155 105	169 636
Liabilities to financial institutions	9 942	14 993	13 788	14 437	15 823	17 366
Deposits	89 944	90 889	93 977	98 402	107 848	118 362
Securities outstanding	3 717	2 471	2 322	2 183	2 052	1 929
Subordinated debt	0	0	0	0	0	0
Other debt	5 746	7 641	6 663	6 926	7 649	8 423
Equity	14 667	15 947	17 524	19 608	21 629	23 447
Share capital	262	262	262	262	262	262
Total equity and liabilities	124 096	132 030	134 369	141 654	155 105	169 636

NPL / Loans	8%	6%	10%	12%	11%	11%
NPL /Assets	4%	4%	6%	7%	7%	6%
Provisions / NPL	85%	87%	71%	66%	67%	67%
Provisions / Total loans	7%	5%	7%	8%	8%	7%
Provisions / Assets	4%	3%	4%	5%	4%	4%

ASSET ANALYSIS

Equity /Assets	13%	12%	13%	14%	14%	14%
Loans /Assets	51%	62%	58%	57%	57%	58%
Deposits / Assets	77%	69%	70%	69%	70%	70%
Loans / Deposits	67%	91%	82%	81%	82%	83%
Loan CAGR	11%	18%	-6%	4%	11%	10%
Deposit CAGR	2%	1%	3%	5%	10%	10%
Asset CAGR	1%	6%	2%	5%	9%	9%

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List of abbreviations and ratios contained in the report:
EV *– net debt + market value*
EBIT *– Earnings Before Interest and Taxes*
EBITDA *– EBIT + Depreciation and Amortisation*
P/CE *– price to earnings with amortisation*
MC/S *– market capitalisation to sales*
EBIT/EV *– operating profit to economic value*
P/E *– (Price/Earnings) – price divided by annual net profit per share*
ROE *– (Return on Equity) – annual net profit divided by average equity*
P/BV *– (Price/Book Value) – price divided by book value per share*
Net debt *– credits + debt papers + interest bearing loans – cash and cash equivalents*
EBITDA margin *– EBITDA/Sales*

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Rating	Hold	Hold	Hold	Suspended	Accumulate	Buy	Buy	Accumulate
Date issued	2008-09-30	2008-10-07	2008-11-13	2009-01-06	2009-01-12	2009-02-03	2009-03-05	2009-05-06
Price on rating day	167.00	160.00	115.00	134.90	123.00	104.10	81.70	123.60
WIG on rating day	36854.78	34832.29	27590.59	28331.88	27680.04	23908.36	22719.61	29777.06