

Pekao Bank Hipoteczny SA

Ratings

Foreign Currency	
Long-Term IDR	A-
Short-Term IDR	F2
Support Rating	1
National	
Long-Term Rating	AA(pol)
Short-Term Rating	F1+(pol)
Sovereign Risk	
Foreign-Currency Long-Term IDR	A-
Local-Currency Long-Term IDR	A
Country Ceiling	AA-

Outlooks

Foreign-Currency Long-Term IDR	Negative
National Long-Term Rating	Negative
Sovereign Foreign-Currency Long-Term IDR	Stable
Sovereign Local-Currency Long-Term IDR	Stable

Financial Data

Pekao Bank Hipoteczny SA		
	30 Jun 10	31 Dec 09
Total assets (USDm)	565.0	644.1
Total assets (PLNm)	1,918.1	1,836.0
Total equity (PLNm)	270.5	287.3
Operating profit (PLNm)	8.4	33.5
Published net income (PLNm)	6.8	26.9
Comprehensive income (PLNm)	8.1	25.4
Operating ROAA (%)	0.90	1.79
Operating ROAE (%)	6.07	12.20
Internal capital generation (%)	5.07	0.73
Eligible capital/weighted risks (%)	18.62	20.81
Tier 1 ratio (%)	16.78	17.43
Capital adequacy (%)	16.78	17.43

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Related Research

Applicable Criteria

- [Global Financial Institutions Rating Criteria \(August 2010\)](#)

Other Research

- [UniCredit S.p.A. \(December 2009\)](#)
- [Bank Pekao SA \(June 2009\)](#)

Rating Rationale

- The ratings of Pekao Bank Hipoteczny SA (Pekao BH) reflect the potential support available from its ultimate majority shareholder, UniCredit S.p.A. (UC; rated 'A'/Negative/'F1') either directly or through Bank Pekao SA (Pekao; rated 'A-'/Negative/'F2'). No Individual Rating has been assigned.
- Mortgage loans in Pekao BH's portfolio are originated by the bank itself. However, since becoming part of the Pekao group, the bank has gradually been bringing its risk management procedures into line with those of its parent. At end-H110, Pekao BH's gross loan portfolio was evenly split between exposures to private and corporate customers and amounted to PLN1,860.7m, which accounted for 2.1% of Pekao's gross consolidated loan book. Exposures denominated in foreign currency (predominantly CHF) accounted for around 50% of Pekao BH's total lending at end-2009.
- Asset quality has deteriorated materially since end-2007, and at end-H110 impaired loans accounted for 9.07% of total gross loans. The inflow of impaired exposures in H110 was similar to that in 2009. The relatively high share of impaired loans in Pekao BH's portfolio is predominantly driven by commercial exposures. However, impaired lending in the housing mortgage portfolio also appears materially weaker than the market average for commercial banks.
- Pre-impairment profitability in 2009 came under pressure from tighter margins and shrinking gross lending, while the bottom line benefited from a material writeback (PLN11.3m) of provisions related to a single large exposure. Some recovery in lending volumes was recorded in H110, with gross loans rising by almost 5%. However, margins are likely to remain under pressure from a higher cost of refinancing maturing covered bonds.
- Funding included PLN906.7m of covered bonds issued, of which PLN203.5m was held by Pekao and PLN20.1m by other companies from the UC group. Funding also included PLN669.1m of unsecured borrowings, which were fully provided for by Pekao (PLN277.1m) and other UC group companies. The majority of covered bonds outstanding mature over the next 12 months (PLN400m in H210 and PLN200m in H111). The bank is currently in the process of launching a public offering of covered bonds within the PLN2bn programme.

Support

- In Fitch Ratings' view, there is an extremely high probability that, if needed, support would be provided to Pekao BH by UC either directly or through Pekao.

What Could Trigger a Downgrade?

- Changes in Pekao BH's ratings would be driven by changes in UC's ability or propensity to provide support.

Profile

Pekao BH is a specialised mortgage lender involved in financing residential and commercial real estate through lending to private individuals and corporate customers. The bank was established in 1998 as HypoVereinsbank Bank Hipoteczny SA and started operations in December 1999 as the first specialised mortgage bank operating in Poland. It subsequently became 100% owned by Bank BPH, and ultimately owned by HypoVereinsbank (HVB). Following the merger of UC and HVB, Pekao BH became a subsidiary of Pekao in November 2007.

Pekao Bank Hipoteczny SA

Income Statement

	30 Jun 2010			31 Dec 2009		31 Dec 2008		31 Dec 2007	
	6 Months - Interim	6 Months - Interim	As % of	Year End	As % of	Year End	As % of	Year End	As % of
	USDm	PLNm	Earning	PLNm	Earning	PLNm	Earning	PLNm	Earning
	Unaudited	Unaudited	Assets	Unqualified	Assets	Unqualified	Assets	Unqualified	Assets
1. Interest Income on Loans	12.1	41.1	4.36	98.3	5.41	118.2	6.25	107.4	6.36
2. Other Interest Income	1.8	6.1	0.65	13.3	0.73	12.1	0.64	8.6	0.51
3. Dividend Income	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
4. Gross Interest and Dividend Income	13.9	47.2	5.00	111.6	6.15	130.3	6.89	116.0	6.87
5. Interest Expense on Customer Deposits	0.0	0.1	0.01	0.2	0.01	0.3	0.02	19.3	1.14
6. Other Interest Expense	7.6	25.7	2.72	66.3	3.65	81.4	4.30	46.5	2.76
7. Total Interest Expense	7.6	25.8	2.73	66.5	3.66	81.7	4.32	65.8	3.90
8. Net Interest Income	6.3	21.4	2.27	45.1	2.48	48.6	2.57	50.2	2.97
9. Net Gains (Losses) on Trading and Derivatives	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
10. Net Gains (Losses) on Other Securities	n.a.	n.a.	-	n.a.	-	n.a.	-	0.0	0.00
11. Net Gains (Losses) on Assets at FV through Income Statement	0.3	0.9	0.10	2.4	0.13	5.9	0.31	5.7	0.34
12. Net Insurance Income	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
13. Net Fees and Commissions	0.1	0.4	0.04	1.2	0.07	2.6	0.14	2.6	0.15
14. Other Operating Income	0.6	2.1	0.22	5.4	0.30	8.2	0.43	4.1	0.24
15. Total Non-Interest Operating Income	1.0	3.4	0.36	9.0	0.50	16.7	0.88	12.4	0.73
16. Personnel Expenses	1.9	6.5	0.69	12.4	0.68	13.2	0.70	11.6	0.69
17. Other Operating Expenses	1.2	4.2	0.45	10.5	0.58	12.0	0.63	11.1	0.66
18. Total Non-Interest Expenses	3.2	10.7	1.13	22.9	1.26	25.2	1.33	22.7	1.35
19. Equity-accounted Profit/ Loss - Operating	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
20. Pre-Impairment Operating Profit	4.2	14.1	1.49	31.2	1.72	40.1	2.12	39.9	2.36
21. Loan Impairment Charge	1.7	5.7	0.60	-2.3	-0.13	16.8	0.89	19.1	1.13
22. Securities and Other Credit Impairment Charges	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
23. Operating Profit	2.5	8.4	0.89	33.5	1.85	23.3	1.23	20.8	1.23
24. Equity-accounted Profit/ Loss - Non-operating	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
25. Non-recurring Income	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
26. Non-recurring Expense	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
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	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
29. Pre-tax Profit	2.5	8.4	0.89	33.5	1.85	23.3	1.23	20.8	1.23
30. Tax expense	0.5	1.6	0.17	6.6	0.36	4.6	0.24	4.0	0.24
31. Profit/Loss from Discontinued Operations	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
32. Net Income	2.0	6.8	0.72	26.9	1.48	18.7	0.99	16.8	1.00
33. Change in Value of AFS Investments	0.0	0.0	0.00	0.9	0.05	-0.9	-0.05	-0.2	-0.01
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)	0.4	1.3	0.14	-2.4	-0.13	5.1	0.27	-0.1	-0.01
37. Fitch Comprehensive Income	2.4	8.1	0.86	25.4	1.40	22.9	1.21	16.5	0.98
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	2.0	6.8	0.72	26.9	1.48	18.7	0.99	16.8	1.00
40. Memo: Common Dividends Relating to the Period	n.a.	n.a.	-	24.8	1.37	15.4	0.81	27.6	1.64
41. Memo: Preferred Dividends Related to the Period	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-

Exchange rate

USD1 = PLN3.39460

USD1 = PLN2.85030

USD1 = PLN2.96180

USD1 = PLN2.43500

Pekao Bank Hipoteczny SA Balance Sheet

	30 Jun 2010			31 Dec 2009		31 Dec 2008		31 Dec 2007	
	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	274.4	931.6	48.57	867.6	47.25	888.1	46.37	553.1	32.31
2. Other Mortgage Loans	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Other Consumer/ Retail Loans	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
4. Corporate & Commercial Loans	268.0	909.6	47.42	892.7	48.62	954.8	49.85	1,010.4	59.03
5. Other Loans	5.7	19.5	1.02	19.1	1.04	15.9	0.83	23.2	1.36
6. Less: Reserves for Impaired Loans/ NPLs	17.3	58.6	3.06	53.0	2.89	56.0	2.92	39.9	2.33
7. Net Loans	530.9	1,802.1	93.95	1,726.4	94.03	1,802.8	94.12	1,546.8	90.37
8. Gross Loans	548.1	1,860.7	97.01	1,779.4	96.92	1,858.8	97.05	1,586.7	92.70
9. Memo: Impaired Loans included above	49.7	168.8	8.80	158.6	8.64	121.3	6.33	94.9	5.54
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	2.4	8.1	0.42	3.8	0.21	6.6	0.34	11.1	0.65
2. Trading Securities and at FV through Income	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Derivatives	0.3	1.0	0.05	3.2	0.17	2.8	0.15	28.2	1.65
4. Available for Sale Securities	27.0	91.6	4.78	82.2	4.48	75.4	3.94	96.6	5.64
5. Held to Maturity Securities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
6. At-equity Investments in Associates	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
7. Other Securities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
8. Total Securities	27.3	92.6	4.83	85.4	4.65	78.2	4.08	124.8	7.29
9. Memo: Government Securities included Above	27.0	91.6	4.78	82.2	4.48	75.4	3.94	96.6	5.64
10. Investments in Property	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
11. Insurance Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
12. Other Earning Assets	n.a.	n.a.	-	n.a.	-	4.8	0.25	4.8	0.28
13. Total Earning Assets	560.5	1,902.8	99.20	1,815.6	98.89	1,892.4	98.80	1,687.5	98.59
C. Non-Earning Assets									
1. Cash and Due From Banks	0.3	1.0	0.05	7.1	0.39	0.1	0.01	0.0	0.00
2. Memo: Mandatory Reserves included above	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Foreclosed Real Estate	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
4. Fixed Assets	0.5	1.6	0.08	1.5	0.08	0.6	0.03	0.8	0.05
5. Goodwill	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
6. Other Intangibles	0.1	0.3	0.02	0.4	0.02	0.1	0.01	0.4	0.02
7. Current Tax Assets	0.2	0.7	0.04	0.8	0.04	n.a.	-	n.a.	-
8. Deferred Tax Assets	3.0	10.2	0.53	9.7	0.53	14.7	0.77	13.4	0.78
9. Discontinued Operations	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
10. Other Assets	0.4	1.5	0.08	0.9	0.05	7.5	0.39	9.5	0.56
11. Total Assets	565.0	1,918.1	100.00	1,836.0	100.00	1,915.4	100.00	1,711.6	100.00
Liabilities and Equity									
D. Interest-Bearing Liabilities									
1. Customer Deposits - Current	n.a.	n.a.	-	n.a.	-	n.a.	-	0.0	0.00
2. Customer Deposits - Savings	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Customer Deposits - Term	4.1	13.9	0.72	12.0	0.65	12.5	0.65	11.3	0.66
4. Total Customer Deposits	4.1	13.9	0.72	12.0	0.65	12.5	0.65	11.3	0.66
5. Deposits from Banks	197.1	669.1	34.88	586.5	31.94	674.3	35.20	474.3	27.71
6. Other Deposits and Short-term Borrowings	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
7. Total Deposits, Money Market and Short-term Funding	201.2	683.0	35.61	598.5	32.60	686.8	35.86	485.6	28.37
8. Senior Debt Maturing after 1 Year	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
9. Subordinated Borrowing	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
10. Other Funding	267.1	906.7	47.27	922.2	50.23	925.8	48.33	951.4	55.59
11. Total Long Term Funding	267.1	906.7	47.27	922.2	50.23	925.8	48.33	951.4	55.59
12. Derivatives	15.6	52.8	2.75	24.0	1.31	35.6	1.86	0.8	0.05
13. Trading Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
14. Total Funding	483.9	1,642.5	85.63	1,544.7	84.13	1,648.2	86.05	1,437.8	84.00
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	1.0	3.3	0.17	2.5	0.14	1.5	0.08	0.3	0.02
4. Current Tax Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
5. Deferred Tax Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	2.3	0.13
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	0.5	1.8	0.09	1.5	0.08	4.0	0.21	17.0	0.99
10. Total Liabilities	485.4	1,647.6	85.90	1,548.7	84.35	1,653.7	86.34	1,457.4	85.15
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	78.7	267.0	13.92	285.0	15.52	261.7	13.66	254.8	14.89
2. Non-controlling Interest	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Securities Revaluation Reserves	1.0	3.5	0.18	2.3	0.13	n.a.	-	-0.1	-0.01
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.	-	-0.5	-0.03
6. Total Equity	79.7	270.5	14.10	287.3	15.65	261.7	13.66	254.2	14.85
7. Total Liabilities and Equity	565.0	1,918.1	100.00	1,836.0	100.00	1,915.4	100.00	1,711.6	100.00
8. Memo: Fitch Core Capital	79.6	270.2	14.09	286.9	15.63	261.6	13.66	253.8	14.83
9. Memo: Fitch Eligible Capital	79.6	270.2	14.09	286.9	15.63	261.6	13.66	253.8	14.83
Exchange rate	USD1 = PLN3.39460			USD1 = PLN2.85030		USD1 = PLN2.96180		USD1 = PLN2.43500	

Pekao Bank Hipoteczny SA

Summary Analytics

	30 Jun 2010	31 Dec 2009	31 Dec 2008	31 Dec 2007
	6 Months - Interim	Year End	Year End	Year End
A. Interest Ratios				
1. Interest Income on Loans/ Average Gross Loans	4.55	5.40	6.86	6.68
2. Interest Expense on Customer Deposits/ Average Customer Deposits	1.55	1.63	2.52	164.96
3. Interest Income/ Average Earning Assets	5.12	6.02	7.28	6.78
4. Interest Expense/ Average Interest-bearing Liabilities	3.26	4.17	5.29	4.48
5. Net Interest Income/ Average Earning Assets	2.32	2.43	2.72	2.93
6. Net Int. Inc Less Loan Impairment Charges/ Av. Earning Assets	1.70	2.56	1.78	1.82
7. Net Interest Inc Less Preferred Stock Dividend/ Average Earning Assets	2.32	2.43	2.72	2.93
B. Other Operating Profitability Ratios				
1. Non-Interest Income/ Gross Revenues	13.71	16.64	25.57	19.81
2. Non-Interest Expense/ Gross Revenues	43.15	42.33	38.59	36.26
3. Non-Interest Expense/ Average Assets	1.15	1.22	1.39	1.31
4. Pre-impairment Op. Profit/ Average Equity	10.19	11.37	15.54	16.22
5. Pre-impairment Op. Profit/ Average Total Assets	1.51	1.66	2.21	2.30
6. Loans and securities impairment charges/ Pre-impairment Op. Profit	40.43	-7.37	41.90	47.87
7. Operating Profit/ Average Equity	6.07	12.20	9.03	8.46
8. Operating Profit/ Average Total Assets	0.90	1.79	1.28	1.20
9. Taxes/ Pre-tax Profit	19.05	19.70	19.74	19.23
10. Pre-Impairment Operating Profit / Risk Weighted Assets	1.96	2.26	2.69	2.65
11. Operating Profit / Risk Weighted Assets	1.17	2.43	1.56	1.38
C. Other Profitability Ratios				
1. Net Income/ Average Total Equity	4.92	9.80	7.25	6.83
2. Net Income/ Average Total Assets	0.73	1.43	1.03	0.97
3. Fitch Comprehensive Income/ Average Total Equity	5.86	9.25	8.88	6.71
4. Fitch Comprehensive Income/ Average Total Assets	0.87	1.35	1.26	0.95
5. Net Income/ Av. Total Assets plus Av. Managed Assets	n.a.	n.a.	n.a.	n.a.
6. Net Income/ Risk Weighted Assets	0.95	1.95	1.25	1.12
7. Fitch Comprehensive Income/ Risk Weighted Assets	1.13	1.84	1.54	1.10
D. Capitalization				
1. Fitch Eligible Capital/ Fitch Adjusted Weighted Risks	18.62	20.81	17.55	16.88
2. Tangible Common Equity/ Tangible Assets	14.09	15.63	13.66	14.83
3. Tangible Common Equity/ Total Business Volume	10.26	11.65	8.36	9.02
4. Tier 1 Regulatory Capital Ratio	16.78	17.43	15.03	15.77
5. Total Regulatory Capital Ratio	16.78	17.43	15.03	15.77
6. Fitch Eligible Capital/ Tier 1 Regulatory Capital	104.00	111.42	109.87	107.04
7. Equity/ Total Assets	14.10	15.65	13.66	14.85
8. Cash Dividends Paid & Declared/ Net Income	n.a.	92.19	82.35	164.29
9. Cash Dividend Paid & Declared/ Fitch Comprehensive Income	n.a.	97.64	67.25	167.27
10. Net Income - Cash Dividends/ Total Equity	5.07	0.73	1.26	-4.25
E. Loan Quality				
1. Growth of Total Assets	4.47	-4.15	11.91	-2.80
2. Growth of Gross Loans	4.57	-4.27	17.15	-2.68
3. Impaired Loans(NPLs)/ Gross Loans	9.07	8.91	6.53	5.98
4. Reserves for Impaired Loans/ Gross loans	3.15	2.98	3.01	2.51
5. Reserves for Impaired Loans/ Impaired Loans	34.72	33.42	46.17	42.04
6. Impaired Loans less Reserves for Imp Loans/ Equity	40.74	36.76	24.95	21.64
7. Loan Impairment Charges/ Average Gross Loans	0.63	-0.13	0.98	1.19
8. Net Charge-offs/ Average Gross Loans	0.00	0.04	0.04	0.05
9. Impaired Loans + Foreclosed Assets/ Gross Loans + Foreclosed Assets	9.07	8.91	6.53	5.98
F. Funding				
1. Loans/ Customer Deposits	13,386.33	14,828.33	14,870.40	14,041.59
2. Interbank Assets/ Interbank Liabilities	1.21	0.65	0.98	2.34

Pekao Bank Hipoteczny SA

Reference Data

	30 Jun 2010			31 Dec 2009		31 Dec 2008		31 Dec 2007	
	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	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
6. Other Contingent Liabilities	210.5	714.6	37.26	626.5	34.12	1,215.5	63.46	1,102.7	64.43
7. Total Business Volume	775.6	2,632.7	137.26	2,462.5	134.12	3,130.9	163.46	2,814.3	164.43
8. Memo: Total Weighted Risks	427.4	1,451.0	75.65	1,378.8	75.10	1,490.8	77.83	1,503.2	87.82
9. Fitch Adjustments to Weighted Risks.	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
10. Fitch Adjusted Weighted Risks	427.4	1,451.0	75.65	1,378.8	75.10	1,490.8	77.83	1,503.2	87.82
B. Average Balance Sheet									
Average Loans	536.2	1,820.1	94.89	1,819.1	99.08	1,722.8	89.94	1,608.6	93.98
Average Earning Assets	547.7	1,859.2	96.93	1,854.0	100.98	1,790.0	93.45	1,710.7	99.95
Average Assets	553.0	1,877.1	97.86	1,875.7	102.16	1,813.5	94.68	1,736.3	101.44
Average Managed Assets (OBS)	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Average Interest-Bearing Liabilities	469.5	1,593.6	83.08	1,596.5	86.96	1,543.0	80.56	1,470.2	85.90
Average Common equity	81.3	276.0	14.39	273.4	14.89	258.3	13.49	246.5	14.40
Average Equity	82.2	278.9	14.54	274.5	14.95	258.0	13.47	246.0	14.37
Average Customer Deposits	3.8	13.0	0.68	12.3	0.67	11.9	0.62	11.7	0.68
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.	-	101.9	5.55	85.4	4.46	n.a.	-
Loans and Advances 1 - 5 Years	n.a.	n.a.	-	61.0	3.32	55.6	2.90	n.a.	-
Loans & Advances > 5 years	n.a.	n.a.	-	336.1	18.31	315.1	16.45	n.a.	-
Debt Securities < 3 Months	n.a.	n.a.	-	1,275.2	69.46	1,402.6	73.23	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.	-
Interbank < 3 Months	n.a.	n.a.	-	3.8	0.21	6.6	0.34	n.a.	-
Interbank 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Interbank 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Interbank > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Liability Maturities:									
Retail Deposits < 3 months	n.a.	n.a.	-	n.a.	-	4.0	0.21	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.	-	8.5	0.44	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.	-
Interbank < 3 Months	n.a.	n.a.	-	585.8	31.91	568.0	29.65	n.a.	-
Interbank 3 - 12 Months	n.a.	n.a.	-	n.a.	-	104.3	5.45	n.a.	-
Interbank 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Interbank > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Senior debt Maturing < 1 year	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Senior debt Maturing > 1 year	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Total Senior Debt on Balance Sheet	267.1	906.7	47.27	922.2	50.23	925.8	48.33	951.4	55.59
Fair Value Portion of Senior Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Subordinated Debt maturing < 1 year	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Subordinated Debt maturing > 1 year	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Total Subordinated Debt on Balance Sheet	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
Fair Value Portion of Subordinated Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
D. Equity Reconciliation									
1. Equity	79.7	270.5	14.10	287.3	15.65	261.7	13.66	254.2	14.85
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	79.7	270.5	14.10	287.3	15.65	261.7	13.66	n.a.	-
E. Fitch Eligible Capital Reconciliation									
1. Total Equity as reported (including non-controlling interests)	79.7	270.5	14.10	287.3	15.65	261.7	13.66	254.2	14.85
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	0.1	0.3	0.02	0.4	0.02	0.1	0.01	0.4	0.02
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. Embedded value of insurance business	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
9. 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
10. Fitch Core Capital	79.6	270.2	14.09	286.9	15.63	261.6	13.66	253.8	14.83
11. Eligible weighted Hybrid capital	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
12. Government held Hybrid Capital	0.0	0.0	0.00	0.0	0.00	0.0	0.00	0.0	0.00
13. Fitch Eligible Capital	79.6	270.2	14.09	286.9	15.63	261.6	13.66	253.8	14.83
14. Eligible Hybrid Capital Limit	34.1	115.8	6.04	123.0	6.70	112.1	5.85	108.8	6.36
Exchange Rate	USD1 = PLN3.39460			USD1 = PLN2.85030		USD1 = PLN2.96180		USD1 = PLN2.43500	

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