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The date and the time stated on the front page is the date of the preparation of this document. The price used throughout the recommendation to calculate adequate ratios is the "last" price stated on the front page of this document.

The definitions of terms used in the document include:

NII – Net interest income – interest income minus interest expense.

Net F&C – Net fee and commission income – fee and commission income minus fee and commission expense.

Bank Pekao

LLP – loan loss provisions – an expense set aside as an allowance for bad loans.

NPL – non-performing loan – loans that are in default or close to be in default.

Cost/Income – operating expenses divided by total banking revenue.

ROE – return on equity – net income (or adjusted net income) divided by the average shareholders' equity.

ROA – return on assets – net income (or adjusted net income) divided by the average assets.

EBIT – earnings before interests and tax.

EBITDA – earnings before interests, tax, depreciation and amortization.

EPS – earnings per share – the net income (or adjusted net income) divided by the number of shares outstanding.

P/E – price to earnings ratio – price divided by earnings per share.

PEG – P/E ratio divided by the annual EPS growth, usually over a certain period of time.

CAGR – compound annual growth rate.

BVPS – book value per share, the book value of the Company's equity divided by the number of shares outstanding.

P/BV – price to book value - price divided by the BVPS.

DPS – dividend per share – dividend of a given year divided by the number of shares outstanding.

DY – dividend yield – dividend of a given year divided by the current price.

DDM – dividend discount model – a fundamental method of valuation based on the assumption that the value of stock equals the sum of all discounted future dividends.

FV – Fair Value, calculated based on valuation methods outlined in the document.

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Rating	Difference between FV and price at recommendation
Buy	Above 10%
Hold	In between (and including) -10% and 10%
Sell	Below -10%

IPOPEMA Research - Distribution by rating category (Jan 1 – Mar 31, 2020)

	Number	%
Buy	2	29%
Hold	1	14%
Sell	4	57%
Total	7	100%

Rating History – Bank Pekao

Date	Recommendation	Fair Value	Price at recommendation	Author
24.01.2017	SELL	PLN 107.70	PLN 128.65	Łukasz Jańczak
11.12.2017	HOLD	adjusted by DPS of PLN 8.68 to PLN 99.02 PLN 133.95	PLN 126.55	Łukasz Jańczak
19.09.2018	BUY	adjusted by DPS of PLN 7.90 to PLN 126.05 PLN 121.75	PLN 107.30	Łukasz Jańczak
18.01.2019	HOLD	PLN 119.60	PLN 116.80	Łukasz Jańczak
27.02.2019	HOLD	PLN 117.89	PLN 114.75	Łukasz Jańczak
12.08.2019	BUY	adjusted by DPS of PLN 6.60 to PLN 111.29 PLN 124.90	PLN 97.26	Łukasz Jańczak
09.09.2019	BUY	PLN 125.00	PLN 101.30	Łukasz Jańczak
29.04.2020	BUY	PLN 59.85	PLN 48.92	Łukasz Jańczak