

# Bank Handlowy

Banking

23 Nov 2013

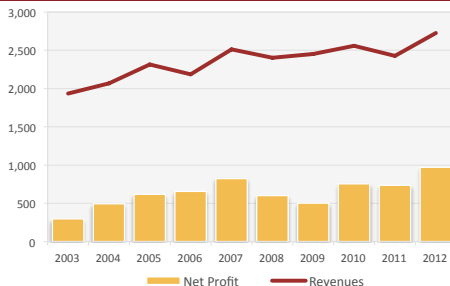


Poland

## COMPANY DESCRIPTION

Bank Handlowy is a Poland-based commercial bank. It offers its products and services under Citibank Handlowy brand such as checking, or savings accounts, loans, insurance, and credit cards specifically targeted to individuals, small companies, and large companies. At the end of 2012, the bank operated 88 branches and 115 own ATMs across Poland with concentrations in Warsaw and Kraków. The bank was created by the 2001 merger of Bank Handlowy w Warszawie, Poland's oldest bank founded in 1870, and Citibank (Poland). The Bank's parent entity is Citibank Overseas Investment Corporation (COIC) holding 75% in the bank.

## REVENUES & PROFIT, PLN mil



Main Shareholders: Citibank (75%)

## INCOME STATEMENT

PLN mil	2008	2009	2010	2011	2012
Interest Income	2,319	2,099	1,972	1,927	2,076
Interest Cost	953	594	475	493	588
<b>Net Interest Income</b>	<b>1,366</b>	<b>1,505</b>	<b>1,497</b>	<b>1,434</b>	<b>1,488</b>
Net Fee Income	619	556	655	643	599
Other Income	418	391	407	349	640
<b>Total Revenues</b>	<b>2,402</b>	<b>2,452</b>	<b>2,559</b>	<b>2,427</b>	<b>2,727</b>
Staff Cost	697	646	666	681	720
Depreciation	97	79	62	60	65
Other Cost	702	654	647	691	645
<b>Operating Cost</b>	<b>1,496</b>	<b>1,379</b>	<b>1,375</b>	<b>1,432</b>	<b>1,430</b>
<b>Operating Profit</b>	<b>906</b>	<b>1,073</b>	<b>1,183</b>	<b>995</b>	<b>1,297</b>
Provisions	153	546	243	77	58
Extra and Other Cost	-6	-127	-2	-4	-1
<b>Pre-Tax Profit</b>	<b>759</b>	<b>655</b>	<b>943</b>	<b>921</b>	<b>1,240</b>
Tax	159	151	188	185	269
Minorities	0	0	0	0	0
<b>Net Profit</b>	<b>601</b>	<b>504</b>	<b>755</b>	<b>736</b>	<b>970</b>
Dividends	0	493	747	361	757

## BALANCE SHEET

PLN mil	2008	2009	2010	2011	2012
Cash	3,531	4,113	3,207	980	1,357
Interbank Loans	3,696	4,803	2,950	548	1,462
<b>Customer Loans</b>	<b>13,886</b>	<b>11,975</b>	<b>11,593</b>	<b>14,719</b>	<b>16,221</b>
Debt Securities	18,700	13,687	17,025	23,430	21,841
Fixed Assets	1,855	1,788	1,761	1,750	1,790
<b>Total Assets</b>	<b>42,550</b>	<b>37,633</b>	<b>37,518</b>	<b>42,278</b>	<b>43,509</b>
<b>Shareholders' Equity</b>	<b>5,626</b>	<b>6,199</b>	<b>6,493</b>	<b>6,444</b>	<b>7,391</b>
Of Which Minority Interest	0	0	0	0	0
<b>Liabilities</b>	<b>36,925</b>	<b>31,434</b>	<b>31,025</b>	<b>35,834</b>	<b>36,117</b>
Interbank Borrowing	7,922	5,716	6,007	6,011	2,356
<b>Customer Deposits</b>	<b>19,935</b>	<b>20,572</b>	<b>20,423</b>	<b>24,096</b>	<b>26,852</b>
Issued Debt Securities	6,807	4,161	2,816	4,866	5,846
Other Liabilities	2,260	985	1,778	861	1,062
Employees	5,701	5,208	5,678	5,807	5,263
Non-Performing Loans	1,979	2,465	1,991	1,589	1,408
Loan Provisions	1,425	1,439	1,337	1,236	1,131

## Growth Rates

Revenues	-4.4%	2.1%	4.3%	-5.2%	12.4%
Operating Profit	-8.4%	18.4%	10.3%	-16.0%	30.4%
Net Profit	-27.1%	-16.1%	49.8%	-2.4%	31.7%

Loans	11.2%	-13.8%	-3.2%	27.0%	10.2%
Deposits	0.6%	3.2%	-0.7%	18.0%	11.4%
Assets	9.4%	-11.6%	-0.3%	12.7%	2.9%

## RATIOS & OTHER

	2008	2009	2010	2011	2012
ROE	10.7%	8.5%	11.9%	11.4%	14.0%
ROA	1.5%	1.3%	2.0%	1.8%	2.3%
Net Interest Margin	3.4%	3.8%	4.0%	3.6%	3.5%
Costs (As % Of Assets)	3.7%	3.4%	3.7%	3.6%	3.3%
Costs (As % Of Income)	62.3%	56.2%	53.8%	59.0%	52.4%
NPLs (As % Of Loans)	12.9%	18.4%	15.4%	10.6%	8.6%
Provisions (As % Of NPLs)	72.0%	58.4%	67.2%	77.8%	80.3%
Equity (As % Of Assets)	13.2%	16.5%	17.3%	15.2%	17.0%
Loans (As % Of Deposits)	69.7%	58.2%	56.8%	61.1%	60.4%
Capital Adequacy Ratio	12.1%	16.7%	18.8%	16.4%	18.1%
Payout Ratio	0.0%	97.7%	99.0%	49.0%	78.0%
Market Share in Loans	2.3%	1.9%	1.7%	1.9%	2.0%
Market Share in Deposits	4.0%	3.6%	3.3%	3.4%	3.7%
Shares Outstanding (Average)	130.7	130.7	130.7	130.7	130.7
Share Price, Year-End PLN	48.0	71.5	93.5	67.9	98.3
Market Capitalisation (USD mil)	509	795	1,044	577	1,016
P/E	10.4	18.5	16.2	12.0	13.2
P/BV	1.11	1.51	1.88	1.38	1.74

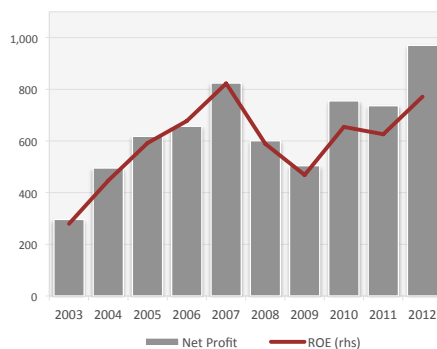
Source: Company data, Helgi Analytics calculation, Valuation multiples are based on year-end share price



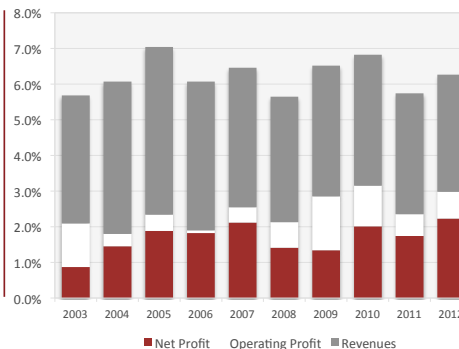
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## Financials

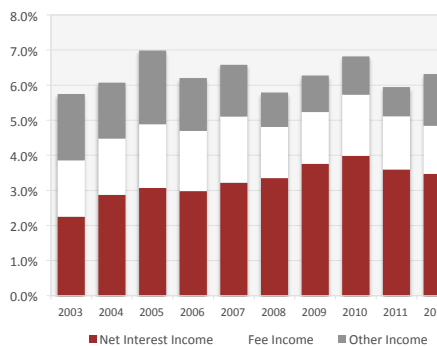
### PROFITABILITY (PLN mil)



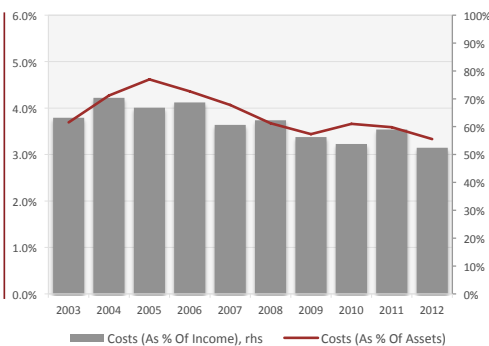
### RETURN ON ASSETS



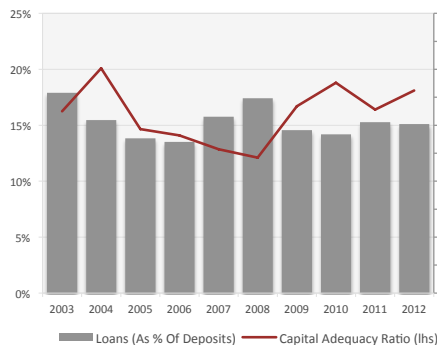
### REVENUE BREAKDOWN (AS OF ASSETS)



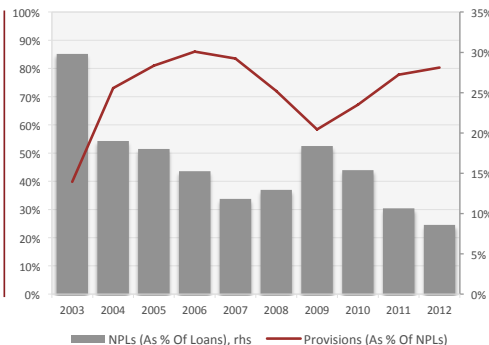
### COST EFFICIENCY



### LIQUIDITY & CAPITALIZATION



### ASSET QUALITY



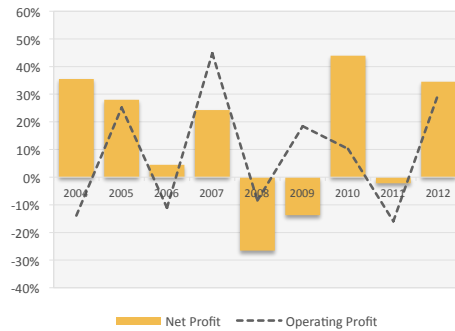
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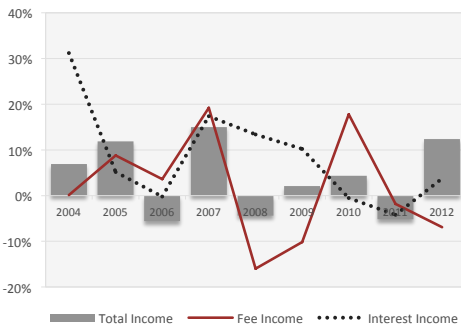
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## Momentum

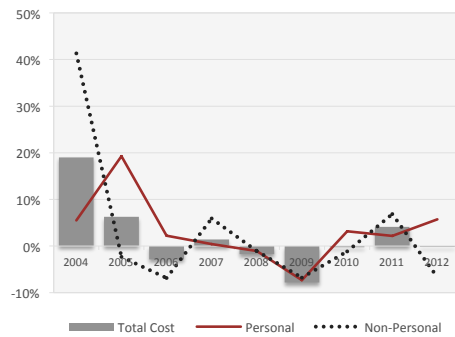
### PROFIT GROWTH



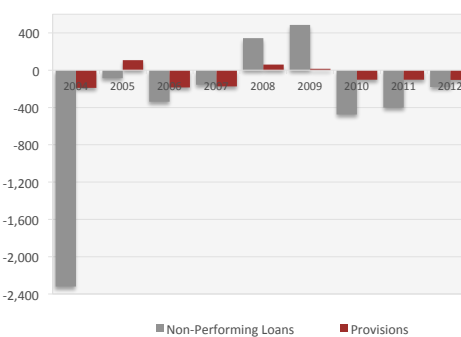
### SALES GROWTH



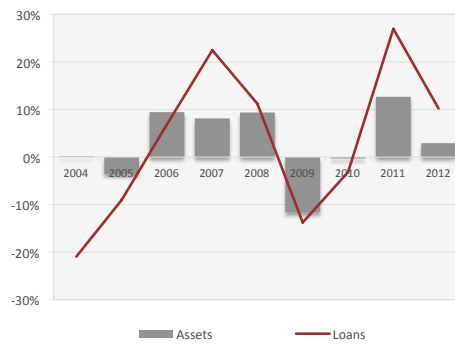
### COST GROWTH



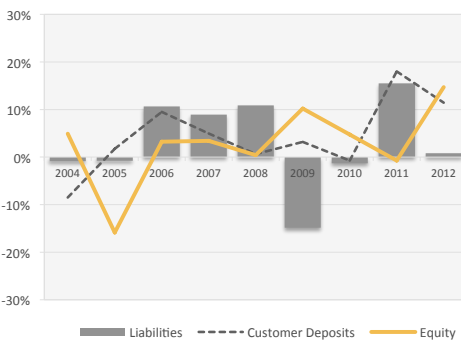
### INCREASE IN NON-PERFORMING LOANS (PLN mil)



### ASSET GROWTH



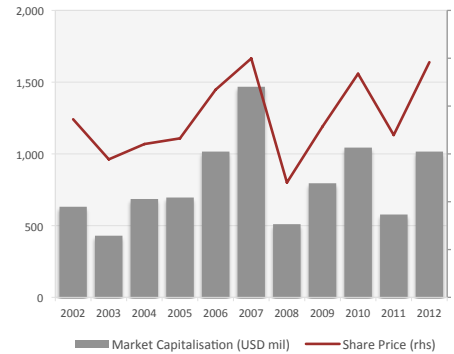
### EQUITY & LIABILITIES GROWTH



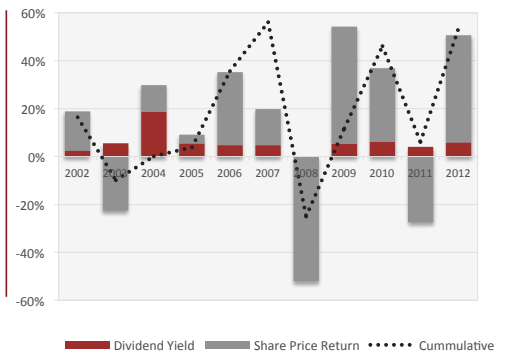
Source: Company data, Helgi Analytics calculation, Valuation multiples are based on year-end share price

## Valuation

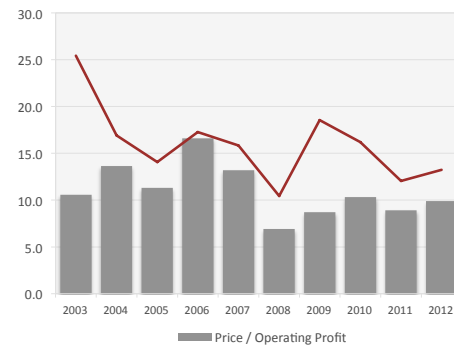
### MARKET CAPITALISATION & SHARE PRICE



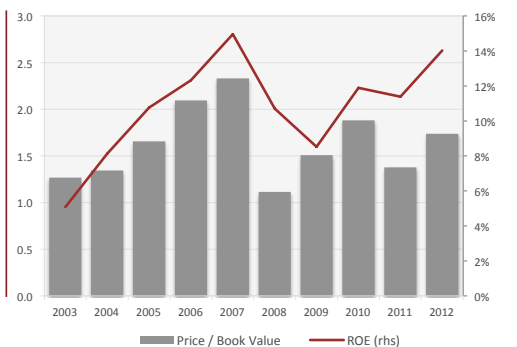
### TOTAL RETURN FROM HOLDING COMPANY SHARES



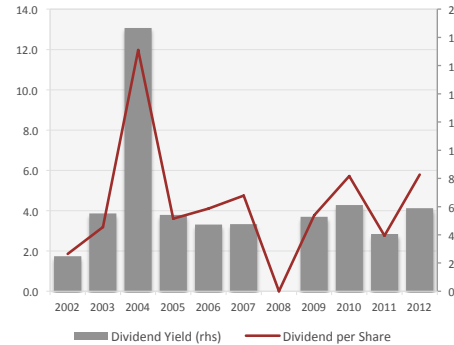
### PRICE TO EARNINGS & OPERATING PROFIT



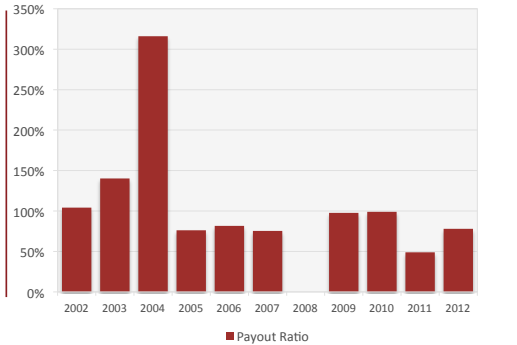
### PRICE TO BOOK VALUE



### DIVIDEND PER SHARE & DIVIDEND YIELD



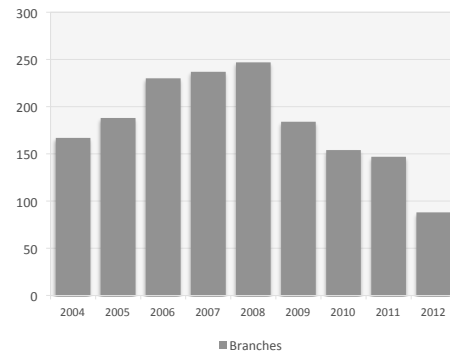
### DIVIDEND PAYOUT



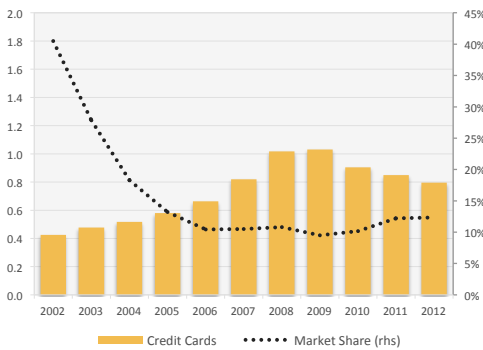
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## Business Specifics

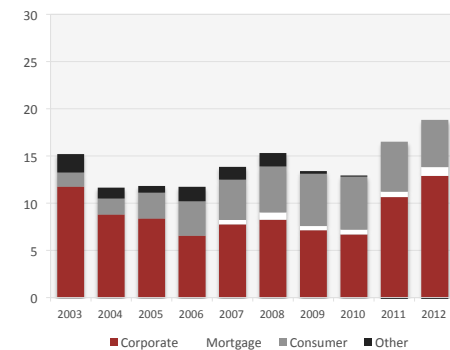
### BRANCH NETWORK



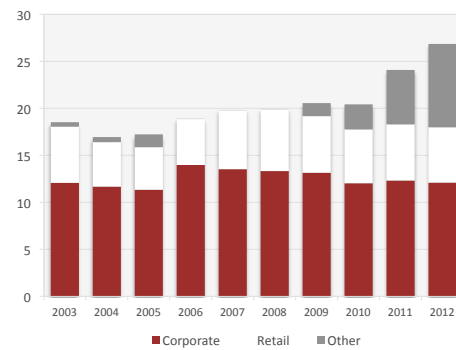
### CREDIT CARDS (mil)



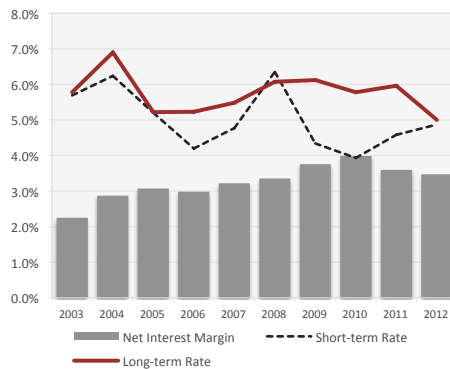
### LOAN BOOK (PLN bil)



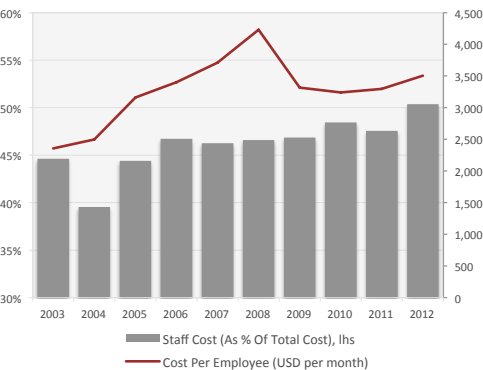
### DEPOSIT STRUCTURE (PLN bil)



### INTEREST RATES & NET INTEREST MARGIN



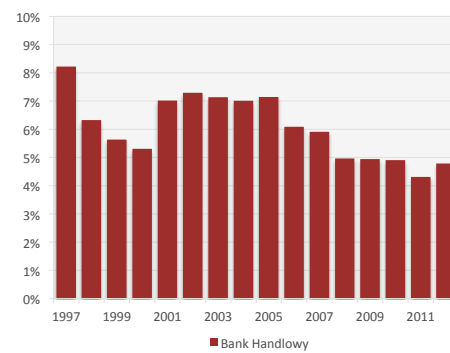
### STAFF COSTS



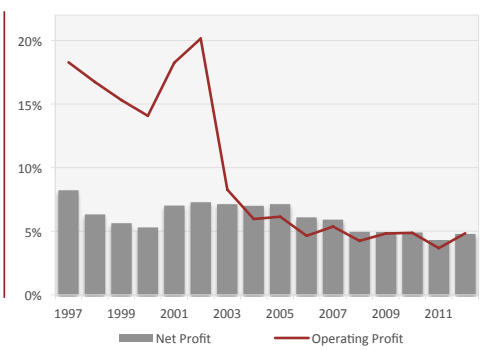
Source: Company data, Helgi Analytics calculation, Valuation multiples are based on year-end share price

## Market Share

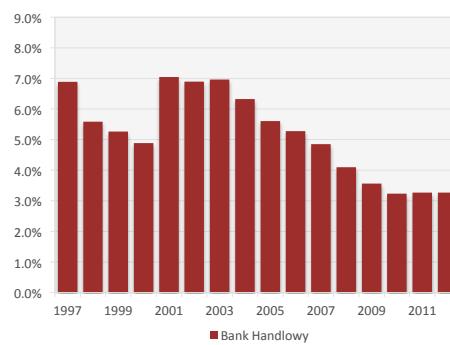
### TOTAL INCOME



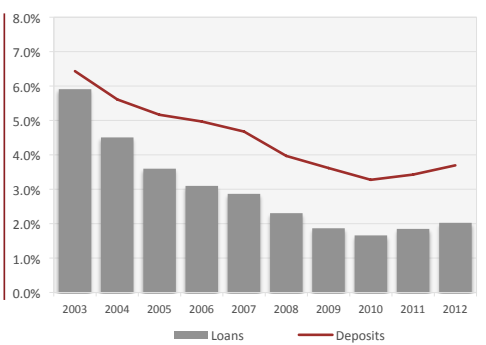
### PROFITABILITY



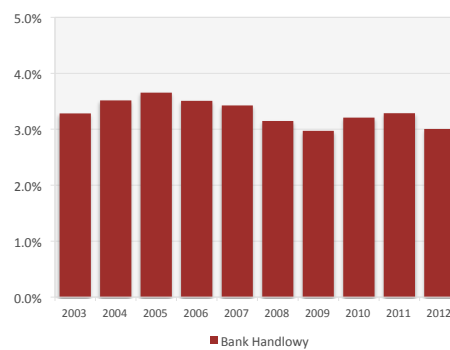
### ASSETS



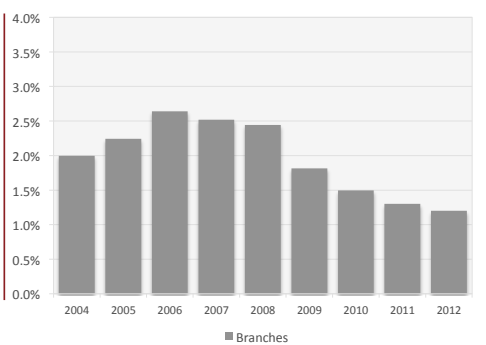
### LOANS & DEPOSITS



### EMPLOYEES



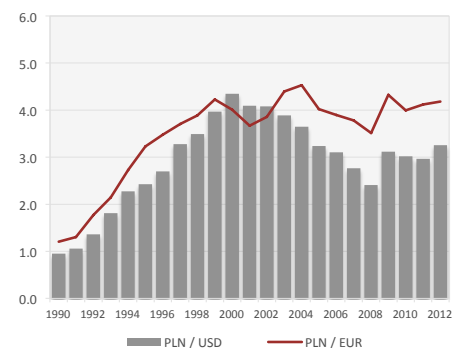
### BRANCHES



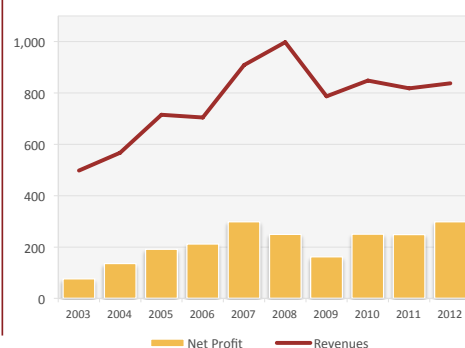
Source: Company data, Helgi Analytics calculation, Valuation multiples are based on year-end share price

## Financials (USD)

### FX RATES (Annual Average)



### REVENUES & PROFIT (USD mil)



### INCOME STATEMENT

USD mil	2008	2009	2010	2011	2012
Interest Income	674	654	650	638	638
Interest Cost		190	157	166	181
<b>Net Interest Income</b>	<b>567</b>	<b>483</b>	<b>496</b>	<b>484</b>	<b>457</b>
Net Fee Income	257	178	217	217	184
Other Income	173	125	135	118	197
<b>Total Revenues</b>	<b>998</b>	<b>787</b>	<b>848</b>	<b>818</b>	<b>838</b>
Staff Cost	289	207	221	230	221
Depreciation	40	25	21	20	20
Other Cost	291	210	214	233	198
<b>Operating Cost</b>	<b>621</b>	<b>443</b>	<b>456</b>	<b>483</b>	<b>439</b>
<b>Operating Profit</b>	<b>377</b>	<b>344</b>	<b>392</b>	<b>335</b>	<b>399</b>
Provisions	64	175	80	26	18
Extra and Other Cost	-2	-41	-1	-1	0
<b>Pre-Tax Profit</b>	<b>315</b>	<b>210</b>	<b>312</b>	<b>311</b>	<b>381</b>
Tax	66	48	62	62	83
Minorities	0	0	0	0	0
<b>Net Profit</b>	<b>249</b>	<b>162</b>	<b>250</b>	<b>248</b>	<b>298</b>
Dividends	0	158	248	122	232

### BALANCE SHEET

USD mil	2008	2009	2010	2011	2012
Cash	1,190	1,436	1,084	285	439
Interbank Loans	1,245	1,677	997	159	473
<b>Customer Loans</b>	<b>4,679</b>	<b>4,181</b>	<b>3,918</b>	<b>4,275</b>	<b>5,243</b>
Debt Securities	6,301	4,779	5,753	6,805	7,060
Fixed Assets	625	624	595	508	579
<b>Total Assets</b>	<b>14,336</b>	<b>13,139</b>	<b>12,679</b>	<b>12,279</b>	<b>14,063</b>
<b>Shareholders' Equity</b>	<b>1,895</b>	<b>2,164</b>	<b>2,194</b>	<b>1,872</b>	<b>2,389</b>
Of Which Minority Interest	0	0	0	0	0
<b>Liabilities</b>	<b>12,441</b>	<b>10,974</b>	<b>10,484</b>	<b>10,407</b>	<b>11,674</b>
Interbank Borrowing	2,669	1,995	2,030	1,746	762
<b>Customer Deposits</b>	<b>6,717</b>	<b>7,182</b>	<b>6,902</b>	<b>6,998</b>	<b>8,679</b>
Issued Debt Securities	2,293	1,453	952	1,413	1,890
Other Liabilities	762	344	601	250	343
Employees	5,701	5,208	5,678	5,807	5,263
Non-Performing Loans	667	861	673	461	455
Loan Provisions	480	503	452	359	366

### Growth Rates (USD-denominated)

Revenues	9.8%	-21.1%	7.8%	-3.5%	2.4%
Operating Profit	5.2%	-8.5%	13.9%	-14.5%	18.8%
Net Profit	-16.3%	-35.2%	54.7%	-0.7%	20.0%

Loans	-7.4%	-10.6%	-6.3%	9.1%	22.6%
Deposits	-16.3%	6.9%	-3.9%	1.4%	24.0%
Assets	-9.0%	-8.4%	-3.5%	-3.2%	14.5%

### RATIOS & OTHER

	2008	2009	2010	2011	2012
ROE	10.7%	8.5%	11.9%	11.4%	14.0%
ROA	1.5%	1.3%	2.0%	1.8%	2.3%
Net Interest Margin	3.4%	3.8%	4.0%	3.6%	3.5%
Costs (As % Of Assets)	3.7%	3.4%	3.7%	3.6%	3.3%
Costs (As % Of Income)	62.3%	56.2%	53.8%	59.0%	52.4%
NPLs (As % Of Loans)	12.9%	18.4%	15.4%	10.6%	8.6%
Provisions (As % Of NPLs)	72.0%	58.4%	67.2%	77.8%	80.3%
Equity (As % Of Assets)	13.2%	16.5%	17.3%	15.2%	17.0%
Loans (As % Of Deposits)	69.7%	58.2%	56.8%	61.1%	60.4%

	2008	2009	2010	2011	2012
Capital Adequacy Ratio	12.1%	16.7%	18.8%	16.4%	18.1%
Payout Ratio	0.0%	97.7%	99.0%	49.0%	78.0%
Market Share in Loans	2.3%	1.9%	1.7%	1.9%	2.0%
Market Share in Deposits	4.0%	3.6%	3.3%	3.4%	3.7%
Shares Outstanding (Average)	130.7	130.7	130.7	130.7	130.7
Share Price, Year-End PLN	48.0	71.5	93.5	67.9	98.3
Market Capitalisation (USD mil)	509	795	1,044	577	1,016
P/E	10.4	18.5	16.2	12.0	13.2
P/BV	1.1	1.5	1.9	1.4	1.7

Source: Company data, Helgi Analytics calculation, Valuation multiples are based on year-end share price



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## ABOUT HELGI ANALYTICS

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Helgi Analytics also runs a web application called Helgi Library, which is a database/library offering data and analyses on more than 95% of the world's economy and population. The Library aims to bring interesting statistical data and analyses to a wide audience under affordable conditions. If you wish to get more details, please visit [www.helgilibrary.com](http://www.helgilibrary.com) or contact us at [info@helgianalytics.com](mailto:info@helgianalytics.com).

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