

COMPANY Update

ACCUMULATE

previous: ACCUMULATE

TARGET PRICE 12M (RON)	11.36
Previous Target price	15.00
SHARE PRICE (RON)	10.80

Performance	1M	3M	12M	YTD
Absolute (%)	3.85%	-1.91%	-10.74%	-12.6%
Relative to BET (%)	5.54%	1.63%	5.56%	5.78%
RIC				BRDX.BX
Bloomberg				BRD RO
Index listed				BET, BET-C, BET-XT, ROTX
Market Cap (RON m)				7,526.54
Market Cap (EUR m)				1,745.28
Shares Out (m)				696.9
52 Week Range (RON)				10.10 / 15.80
% from 52 Week range				6.93% / -31.65%
Avg daily volume 6M (shares)				129,209
Shareholders				(%)
SOCIETE GENERALE PARIS				59.4
Other shareholders				40.6

(IFRS)	09A	10A	11E	12E
P/E(x) adj.	5.72	9.00	8.58	7.73
EPS adj. chg. (%)	-14.58%	-12.50%	-12.57%	11.04%
BVPS(x)	7.09	8.25	9.34	10.52
BVPS(x) adj.	7.09	8.24	9.33	10.51
P/BVPS(x) adj.	1.33	1.57	1.16	1.03
RoAE(%)	25.53%	18.77%	14.32%	14.09%
RoAA(%)	3.47%	3.07%	1.75%	1.89%
PEG (x)	-0.39	-0.72	-0.68	0.70
Div. Yield (%)	2.97%	1.39%	1.76%	1.95%
RON m				
Core revenues	3,049.74	3,102.91	3,151.63	3,282.91
Non-core revenues	643.48	560.63	327.36	411.49
NII	2,239.39	2,319.67	2,352.78	2,447.28
NIM (% in avg. IEAs)	4.70%	4.74%	4.68%	4.67%
Core Tier I Ratio	10.24%	11.58%	12.82%	14.01%
Total Assets chg (%)	-5.16%	2.85%	2.14%	3.08%
Loans net, chg. (%)	3.19%	-0.13%	0.10%	3.58%
Deposits chg. (%)	-3.32%	-10.69%	0.22%	3.51%

22 December 2011

Analyst: Roxana Dascalu
roxana.dascalu@iebatrust.ro

We update our view on BRD following not encouraging 9M'11 results and we maintain our cautious approach over FY11-12E. Weaker core lines trim our FY11-12E bottom line by 20% overall, but 10% lower provisions assumptions this year partially offset the decline. Lower peers multiples further on slashed our target price to 11.36 RON per share. Rating is kept Accumulate.

■ We maintain our cautious approach over FY11 and FY12 assets growth as we believe the local economy is still failing to support lending resumption. We now see flat numbers for both gross loans and total deposits this year, while for 2012 we expect 3.6% higher gross loans, while on deposits side we see a similar advance of 3.5%, with the NII landing 4% higher. However, we expect to re-evaluate conditions in H1'12 that we expect better visibility for 2012. We still believe that 2012 would be a difficult year, but with somehow smoother trends.

■ BRD reported Q3'11 RAS net profits down 6% YOY to RON 100.6m, slightly below our RAS expectations of RON 111m, as non-core income landed at RON 62.6m, 40% below our assumptions at RON 102.5m, following a lower than assumed trading income. The net interest income was trimmed by 4.4% YoY to RON 578.4m, due to faster than anticipated increase in the cost of funding (+14% YoY), while interest income advanced 9% YoY. However, this was partially offset by an unexpected 30% YoY drop in provisions during the third quarter. Despite the 17% YOY decline in provisions in the first nine months, we choose to remain conservative on the full year IFRS forecast and expect a 10% YoY decline to RON 1,391.4m.

■ The bank's balance sheet continued the negative pattern of the previous two quarters and declined by 2.2% YOY. Loans to customers posted a 1.7% YOY decline despite the market's gross growth of 6.9% YOY in October, while deposits to customers stood flat YOY against market's +6.3% YOY growth in October. The net loans to deposits ratio stood slightly higher at 102% vs. 100% in H1'11 and at the end of 2010. The market's lending activity has increased by 5.8% YTD at the end of 9M'11, reflecting slight improvement vs H1'11 (+2.1% YTD). However, this slight improvement comes mainly from the corporate activity.

■ We value BRD using a SOTP valuation exercise resilient on a GGM model with our base case scenario at 2011E and a targeted P/BV (11-12E) over developing and emerging peers at 1.3x (almost double than developed at 0.7x). BRD trades at P/BV(11E) of 1.2x, with a 13% discount over developing peers and a 71% premium to developed peers. We forecast a FY11E ROE for BRD of 14% slightly below developing peers at 18% and versus a ROE (11E) of 8% of peers in developed markets. Although the relative valuation returns a hefty 10% upside potential, the GGM model penalizes BRD's valuation since we remain cautious on 2011 and 2012. We arrive at a 27% lower target price of RON 11.36/share, implying a limited 5% upside potential to current price levels. Rating is maintained Accumulate.

■ In our opinion the lack of liquidity remains the main issue in the banking sector, and although we believe that BRD is currently a well capitalized bank, we feel that in case of a worsening of the European debt-crisis BRD may face the pressure of further financing need. Possible options: i) a share capital increase - hardly possible ; ii) increase deposits - currently losing market share; iii) borrowing from the interbank market - decreasing trend over last year; iv) other products - the limited liquidity and appetite in the market will make it difficult.

■ Currently BRD trades 32% lower than current year highs following a downward trend started at the end of March and accentuated in August.

Financials & Valuation (Summary)

Financial Statements (IFRS)

Profit & Loss (RON Mn)	2008A	2009A	2010A	2011E	2012E
Interest income	4,136	4,754	3,690	3,601	3,724
Interest expense	(2,240)	(2,515)	(1,370)	(1,248)	(1,277)
Net Interest Income	1,896	2,239	2,320	2,353	2,447
Net fees & commissions	774	810	783	799	836
Core Income	2,670	3,050	3,103	3,152	3,283
FX income	481	532	428	182	295
Other income	361	112	132	146	117
Non-Core Income	842	643	561	327	411
OPEX	1,429	1,637	1,553	1,607	1,694
Pre-provision profit (PPP)	2,082	2,056	2,111	1,872	2,001
Impairment losses on loans	(297)	(605)	(883)	(797)	(808)
EBT	1,785	1,450	1,228	1,075	1,192
Net income	1,573	1,146	1,008	882	979
IEBA net income	1,342	1,146	1,003	877	974
Dividend	508	195	125	132	147

Balance Sheet (RON Mn)	2008A	2009A	2010A	2011E	2012E
Cash & Central Bank Account	14,226	9,851	10,041	8,914	8,293
Interbank placements	584	585	662	705	749
Available for sale assets	866	2,275	4,082	6,262	7,184
Loans, net	31,935	32,680	32,243	32,234	33,387
Lease receivables	1,366	1,082	872	828	866
Investments in associates	83	79	78	78	78
Tangible Assets, net	1,211	1,206	1,177	1,192	1,213
Intangible Assets, net	106	130	148	153	157
Other assets	544	402	364	364	364
Total Assets	50,920	48,291	49,667	50,730	52,290
Demand Deposits & Current Acc.	17,261	14,619	13,965	13,674	14,133
Term Deposits	19,686	21,100	17,936	18,299	18,960
Borrowings	9,071	7,137	11,373	11,609	11,225
Other liabilities	634	491	644	644	644
Total liabilities	46,652	43,346	43,918	44,225	44,962
Shareholders equity	4,268	4,944	5,749	6,506	7,328
Minorities	47	40	41	42	43

Market Cap	11,752,547	6,552,268	9,029,753	7,526,536	7,526,536
No of shares Year End (000)	696,902	696,902	696,902	696,902	696,902
No of shares Diluted (000)	696,902	696,902	696,902	696,902	696,902

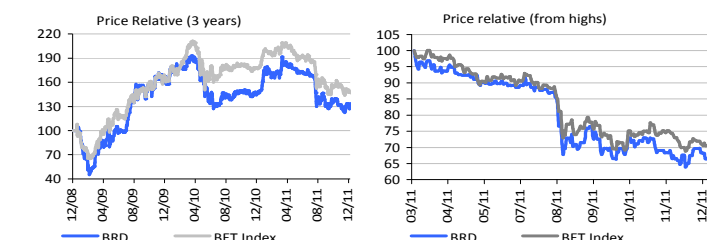
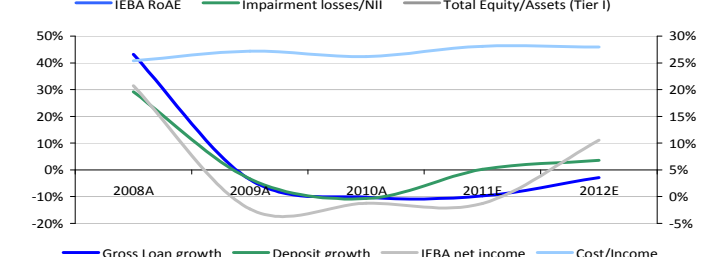
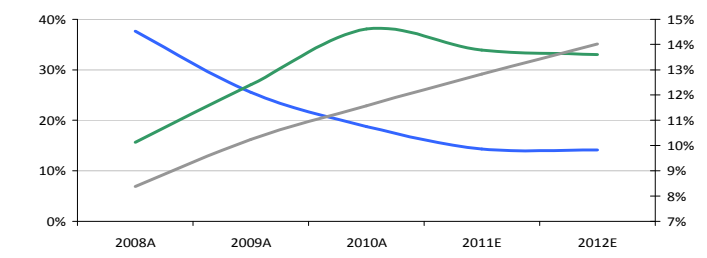
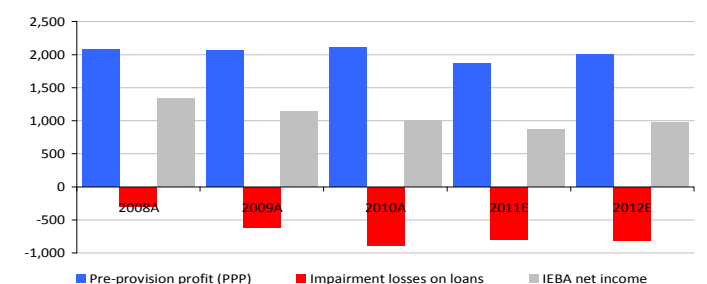
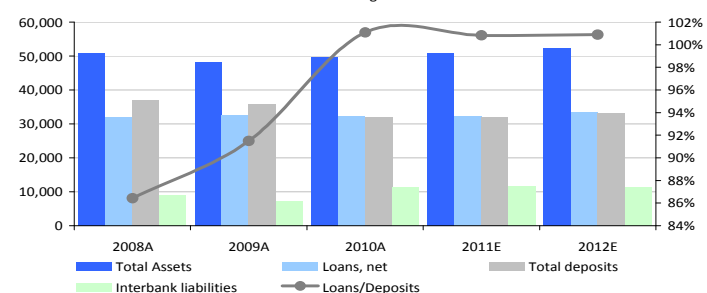
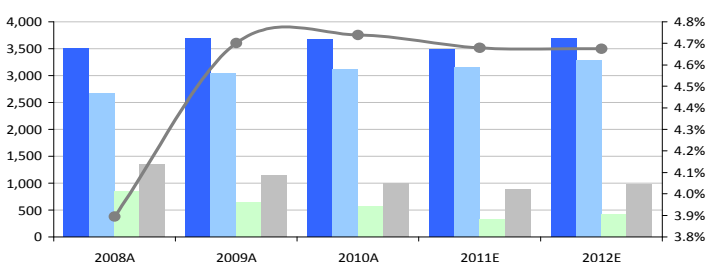
Per share	2008A	2009A	2010A	2011E	2012E
EPS	2.26	1.64	1.45	1.27	1.40
IEBA EPS	1.93	1.64	1.44	1.26	1.40
DPS	0.73	0.28	0.18	0.19	0.21
BVPS	6.12	7.09	8.25	9.34	10.52
IEBA BVPS	5.79	7.09	8.24	9.33	10.51

Growth rates	2008A	2009A	2010A	2011E	2012E
NII	26.4%	18.1%	3.6%	1.4%	4.0%
Core-Income	25.3%	14.2%	1.7%	1.6%	4.2%
Non-core income	125.5%	-23.5%	-12.9%	-41.6%	25.7%
Total Income	40.2%	5.2%	-0.8%	-5.0%	6.2%
OPEX	24.7%	14.5%	-5.2%	3.5%	5.4%
Pre-provision profit (PPP)	53.2%	-1.3%	2.7%	-11.3%	6.9%
EBT	46.9%	-18.8%	-15.3%	-12.5%	11.0%
Net income	53.9%	-27.1%	-12.1%	-12.5%	11.0%
IEBA net income	31.4%	-14.6%	-12.5%	-12.6%	11.0%
EPS	53.9%	-27.1%	-12.1%	-12.5%	11.0%
IEBA EPS	31.4%	-14.6%	-12.5%	-12.6%	11.0%
Gross Loan growth	26.5%	3.2%	-0.1%	0.1%	3.6%
Deposit growth	29.1%	-3.3%	-10.7%	0.2%	3.5%

Valuation multiples	2008A	2009A	2010A	2011E	2012E
P/E(x)	7.5	5.7	9.0	8.5	7.7
P/E(x) IEBA	8.8	5.7	9.0	8.6	7.7
P/E(x) IEBA at 52wks High	14.5	8.6	11.0	12.6	11.3
P/BV(x)	2.8	1.3	1.6	1.2	1.0
P/BV(x) IEBA	2.9	1.3	1.6	1.2	1.0
DY (%)	4.3%	3.0%	1.4%	1.8%	2.0%

Ratios	2008A	2009A	2010A	2011E	2012E
Net Loans/Assets	63%	68%	65%	64%	64%
Net Deposits/Assets	73%	74%	64%	63%	63%
Total Equity/Assets (Tier I)	8%	10%	12%	13%	14%
Loans/Deposits	86%	91%	101%	101%	101%
Total Equity/Loans	13%	15%	18%	20%	22%
Interbank liabilities/Liabilities	19%	16%	26%	26%	25%
IEBA RoAE	38%	26%	19%	14%	14%
IEBA RoAA	3%	3%	3%	2%	2%
NII/Total income	54%	61%	63%	68%	66%
Impairment losses/Pre-EBT	14%	29%	42%	43%	40%
Impairment losses/NII	16%	27%	38%	34%	33%
NII margin	3.9%	4.7%	4.7%	4.7%	4.7%
Cost/Income	40.7%	44.3%	42.4%	46.2%	45.8%
Provisions/Gross loans	2.9%	3.7%	4.9%	5.0%	5.0%

P&L and Balance Sheet Performance



Stock's information

Share price (RON)	10.80	Target price (RON)	11.36
52 weeks High price (RON)	15.80	Mkt Cap (RON 000)	7,526,536
52 weeks Low price (RON)	10.10		
Country	Romania	Reuters	BRDX. BX
Sector	Banking Sector	Bloomberg	BRD RO

Q311/9M11 RAS results

BRD reported recently 9M'11 RAS set of results posting a bottom line of RON 382.2m (-19% YOY), 5% below our forecast at RON 120m following halved trading income YoY in Q3'11 at RON 41.6m compared to RON 79.4m in our numbers while provisions dropped by 30% YoY to RON 305.3m in Q3'11 vs. an assumed decline of 10% to RON 390.2m in our numbers. Core lines landed at RON 2,209m, flat YoY and slightly below our estimate (-3% vs. forecast), while lower than assumed trading income trimmed our non-core line forecast by 13% (-45% YoY). On costs side, the strict cost containment measures continued and general administrative expenses advanced only by 3% YoY to RON 861m, in line with our estimates.

Loans reached RON 33.16bn during the first nine months, 3% lower YoY and flat YTD (vs. markets' advance of 6.9% YOY and 5.6% YTD in October), while on deposits side reached RON 29.8bn, flat both YoY and YTD (vs. markets' advance of 6.3% YoY and 1.2% YTD increase in October). Tier I ratio stood at 10.9% compared to 10.3% in the first semester of 2011 and 10% at the end of 2010. The balance sheet declined by 2.2% YOY continuing the negative pattern of previous quarters and year. BRD continued to invest in Government bonds and municipality loans (public instruments almost double YOY) rather than loans given due to low demand and slow economic recovery.

Table. BRD 9M'11 Results - Balance Sheet & FY11 Forecast

(RON m) - Parent RAS	9M10A	9M11A	YOY	IEBA FY11E RAS	YOY	FY11E (IFRS cons)	YoY
Interbank loans	1,726	937	-46%	1,803	6%	705	6%
Public instruments	3,649	5,505	51%	6,315	64%	8,280	-12%
Net Loans	30,823	30,297	-2%	29,746	0%	32,234	0%
Other	10,881	9,314	-14%	9,459	-22%	9,511	30%
Total assets	47,079	46,053	-2%	47,324	0%	50,730	2%
Intebank deposits	9,793	8,478	-13%	10,668	2%	11,609	2%
Deposits from customers	29,763	29,790	0%	30,524	3%	31,973	0%
Other Liabilities	1,936	1,892	-2%	462	-75%	644	0%
Equity	4,733	5,022	6%	4,813	1%	6,506	13%
Total liabilities and equity	47,079	46,053	-2%	47,324	0%	50,730	2%

Source: Company, SSIF IEBA Trust

Table. BRD Q3'11/9M'11 Results - P&L & FY11 Forecast

(RON m) - Parent RAS	Q311	YOY	IEBA Q311E	% vs. IEBA	9M11	YOY	H111 RAS	YOY	9M11 IEBA	% vs. IEBA	IEBA FY11E RAS	YOY	IEBA FY11E IFRS	YOY
Interest income	882	-1%	946	-7%	2,629	-6%	1,736	-6%	2,683	-2%	3,588	-2%	3,601	-2%
Interest expenses	307	-9%	302	2%	926	-16%	612	-16%	913	1%	1,218	-9%	1,248	-9%
Net interest income	575	3%	645	-11%	1,703	1%	1,125	1%	1,769	-4%	2,369	1%	2,353	1%
Net fee income	170	0%	170	0%	506	2%	329	2%	499	1%	671	2%	799	2%
Trading Income	82	-24%	79	3%	209	-48%	168	-48%	247	-15%	232	-58%	182	-58%
Other Income	25	30%	23	10%	65	23%	44	23%	37	77%	101	7%	145	10%
Core&Non-core Income	853	0%	917	-7%	2,484	-7%	1,665	-7%	2,582	-4%	3,373	-7%	3,479	-5%
Amort. and depreciation	34	7%	36	-5%	102	5%	68	5%	104	-1%	133	4%	136	4%
Opex	378	3%	348	9%	1,050	3%	701	3%	1,048	0%	1,407	4%	1,471	4%
Pre-provision profit	440	-3%	533	-17%	1,332	-14%	897	-14%	1,430	-7%	1,922	-10%	1,872	-11%
Loan allowances	257	-2%	390	-34%	-1	-7%	563	-7%	953	-100%	1,393	-10%	797	-10%
EBT	183	-5%	143	28%	1,333	-24%	334	-24%	477	179%	529	-12%	1,075	-12%
Tax on profit	23	-8%	32	-27%	0	-26%	52	-26%	84	-100%	90	-12%	192	-12%
Net profits	159	-5%	111	43%	382	-23%	282	-23%	393	-3%	438	-12%	882	-13%

Source: Company, SSIF IEBA Trust

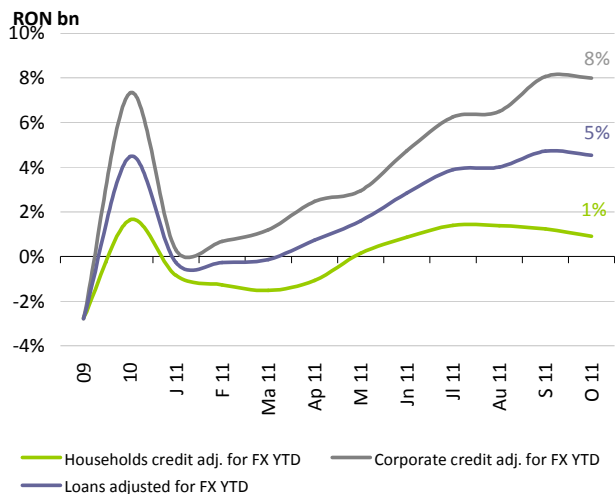
Please observe relevant disclosures at the end of the report

SSIF IEBA TRUST Research Department Email: research@iebatrust.ro December 22, 2011

The banking sector until 9M'11

Loans breakdown & growth YTD

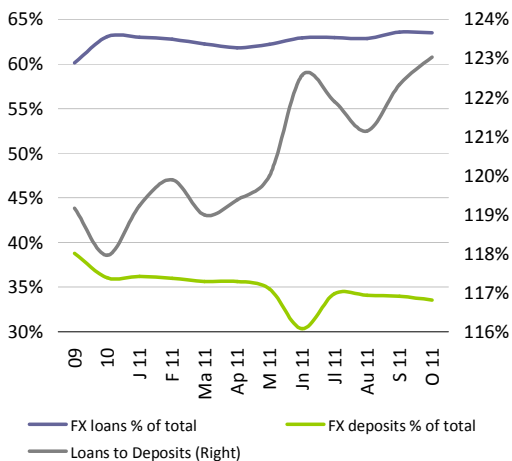
- started improving with first signs in H2'11



Source: NBR, NSI, Public Finance Ministry, SSIF IEBA Trust

FX loans & deposits % of total & Loans to Deposits ratio

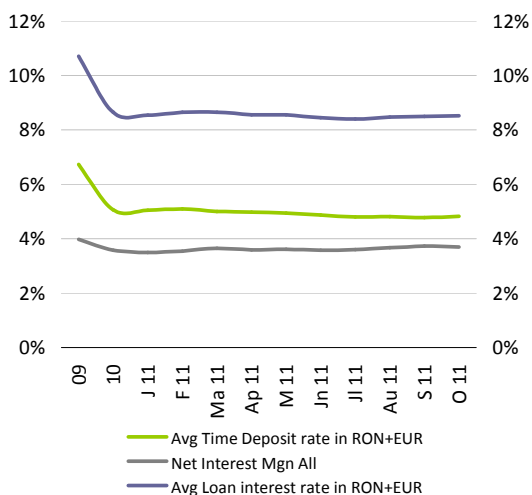
- no change with the loans-to -deposits ratio



Source: NBR, NSI, Public Finance Ministry, SSIF IEBA Trust

Average Interest rates (EUR+RON)

- almost no change in rates this year



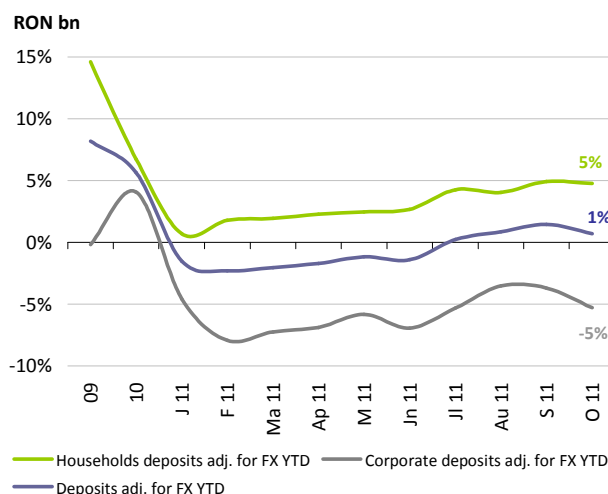
Source: NBR, NSI, Public Finance Ministry, SSIF IEBA Trust

Please observe relevant disclosures at the end of the report

SSIF IEBA TRUST Research Department Email: research@iebatrust.ro December 22, 2011

Deposits breakdown & growth YTD

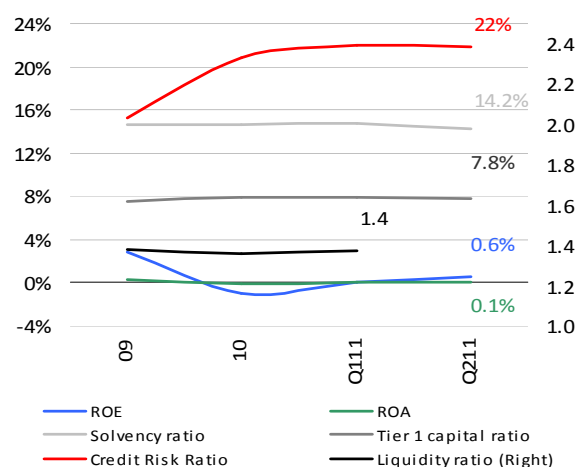
- almost flat evolution during H2'11



Source: NBR, NSI, Public Finance Ministry, SSIF IEBA Trust

Banking indicators (Capital risk, Credit risk, Liquidity & profitability)

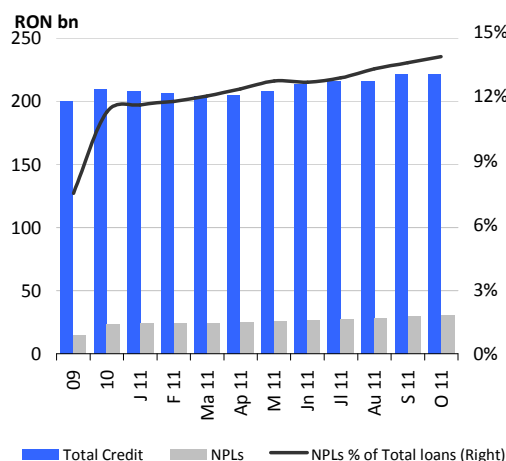
- provisions stabilized but remain high in September



Source: NBR, NSI, Public Finance Ministry, SSIF IEBA Trust

Provisions + Loss vs Total Loans

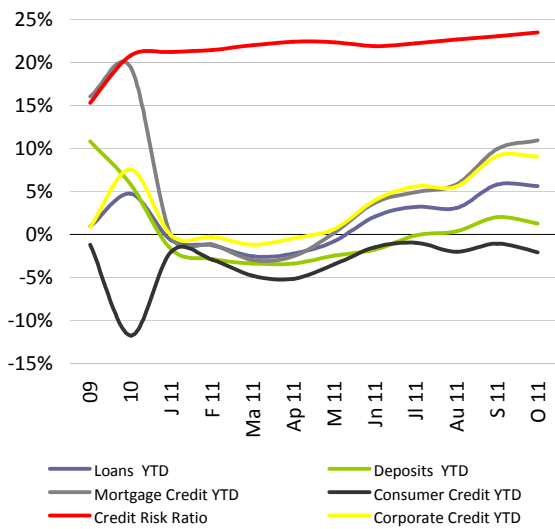
- solvency and tier ratio remain stable



Source: NBR, NSI, Public Finance Ministry, SSIF IEBA Trust

Loans, deposits & credit risk development YTD

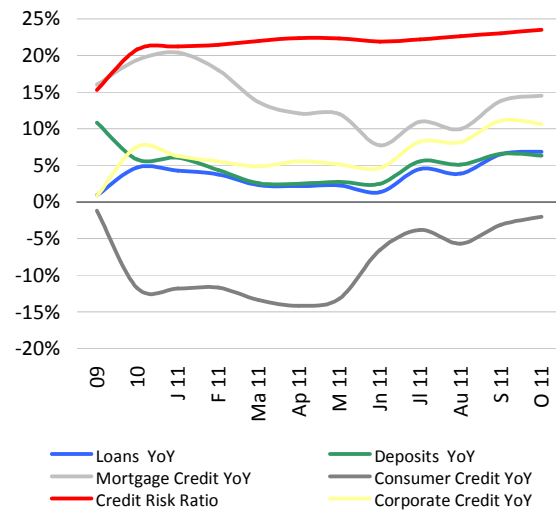
- corporate lending supported the advance YTD



Source: NBR, NSI, Public Finance Ministry, SSIF IEBA Trust

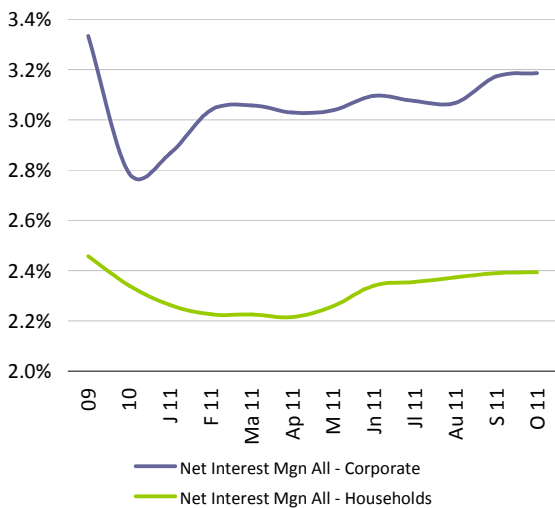
Loans, deposits & credit risk development YoY

- credit risk ratio remains high YoY in September



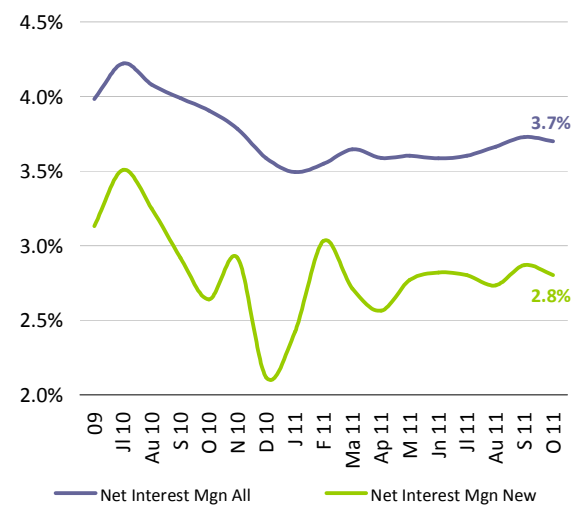
Source: NBR, NSI, Public Finance Ministry, SSIF IEBA Trust

Net interest margin (NIM) All business Corporate versus Households



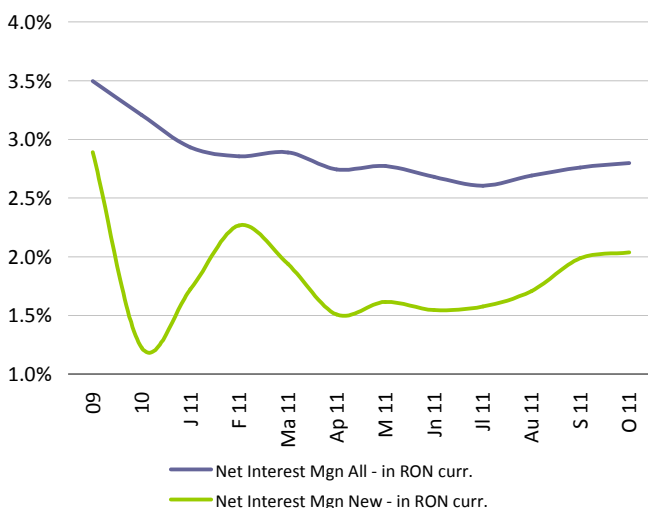
Source: NBR, NSI, Public Finance Ministry, SSIF IEBA Trust

Net interest margin (NIM) All versus New Business (EUR+RON)



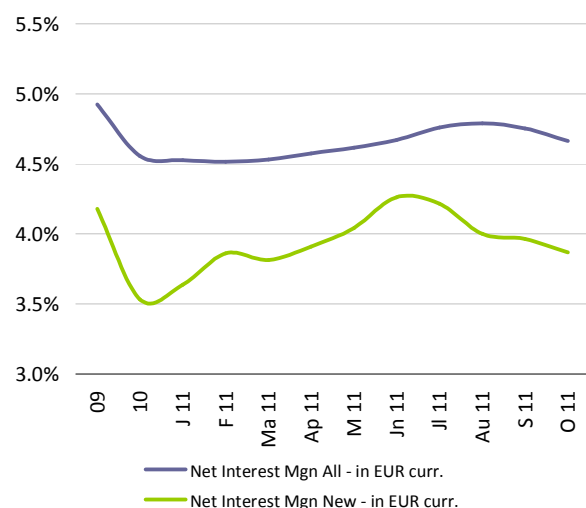
Source: NBR, NSI, Public Finance Ministry, SSIF IEBA Trust

NIM All versus New business (RON)



Source: NBR, NSI, Public Finance Ministry, SSIF IEBA Trust

NIM All versus New business (Euro)



Source: NBR, NSI, Public Finance Ministry, SSIF IEBA Trust

Change in our forecasts

Following not encouraging 9M'11 results, we revisited and downgraded our set of forecasts in a more conservative view both for 2011 and 2012. We see a FY11E EPS decline of 12.6% YoY versus the management guidance that expects flat or slightly higher EPS than last year and below our previous forecast of a 4.7% growth. For 2012, we see a slightly lower EPS growth rate than previously landing at 11% than +20% previously.

Our cautiousness lies mainly on the OPEX side, cost of funding and provisions, and the overall still stagnated environment that further decrease expectation for 2012 too. Despite almost flat opex in RAS during the first nine months, in our FY11E IFRS forecast we incorporate a 3.5% higher opex YoY especially under very unpredictable revenues gaining ground.

Overall, we maintain a more conservative view for 2012, expecting more concrete and apparent improvements in the economy and the banking sector in order to return to a significant optimism. For 2012, we estimate an EPS increase by 11% YOY on slightly higher NII (+4% YoY) and opex (+5.4% YoY) on somehow flat provisions.

We estimate assets CAGR(11/13) at an insignificant 2.5%. For the full year, we remain conservative by estimating flat gross loans and deposits at RON 33.93bn and RON 31.97bn, respectively, although during the first nine months BRD recorded a 1.7% decline in net loans and flat deposit YoY. We expect higher levels starting with 2012. In spite of the fact that we are reluctant regarding high growth rates in what regards lending resumption, NII CAGR(11/13) is forecasted at a mild 3%.

Our rating is maintained at ACCUMULATE

We value BRD using a SOTP exercise incorporating a GGM model absolute valuation (50% weight) and a relative targeted P/BV (11-12E) multiple of 1.3x. Lower profitability assumptions and peers' multiples decrease our target price by 27% to 11.36 RON/share. Given the 32% decline vs. March's highs following the intensive European debt worries and the limited upside of 5% upside potential to current price levels. Rating is maintained Accumulate.

Gordon Growth Model

Our Gordon Growth Model valuation exercise results to a lower absolute target price of RON 10.58/share, 4% below current price levels of BRD. In our valuation scenario, FY11E average ROAE on normalized earnings is seen at 14.3% and moderating to 14.1% in 2012 as we maintain our cautious approach over 2012.

Gordon Growth Model	2011E	2012E
Risk Free rate (Rf)	7.25%	7.00%
Risk Premium (Rm-Rf)	6.0%	6.0%
Beta (β)	1.0	1.0
Cost of Equity (Rf+ β *Rp)	13.3%	13.0%
ROAE	14.4%	14.1%
ROAE on normalised earnings	14.3%	14.1%
BV/Share	9.3	10.5
BV/Share on normalised earnings	9.3	10.5
Long-term growth rate	4.0%	4.0%
Fair P/BVPS Adj.	1.12	1.12
Fair Value (Gordon's)	10.41	11.78
(+) discounted DPS	0.17	0.19
Target price	10.58	11.97
Upside (+)/downside (-)	-2.1%	10.8%

Source: SSIF IEBA Trust

Relative valuation

For the relative valuation we use a relative targeted P/BV (11-12E) over developing and emerging peers moderating to 1.3x. Our relative valuation returns a much higher valuation at RON 12.14 per share, +12% from current price levels, compared to both GGM exercise and current price levels. BRD dropped 11% YTD versus the 27% decline of the developing peers. Developing peers trade at P/BV (11E) multiples of 1.3x, double than developed, while BRD trades at P/BV(11E) at 1.2x, with a 13% discount over developing peers and a 71% premium to the developed peers. We forecast a FY11E ROE for BRD of 14%, slightly below developing peers at 18% and versus an ROE of peers in developed markets of 8%.

Banks (Classified by region and sorted by mkt cap)	YTD (%) Performance	P/E (x)			EPS growth (%)		PEG		P/BV (x)			ROE (%)		Dividend Yield		
		2010A	2011E	2012E	2011E	2012E	2011E	2012E	2010A	2011E	2012E	2011E	2012E	2010A	2011E	2012E
Sberbank of Russia OJSC	-26%	9.8	5.5	5.7	81%	-4%	0.1	n/a	1.7	1.3	1.1	25%	20%	1%	3%	3%
Akbank T.A.S.	-28%	8.5	9.5	9.0	-10%	7%	n/a	1.2	1.4	1.3	1.2	14%	14%	2%	2%	3%
Türkiye Garanti Bankasi A.S.	-23%	8.0	8.4	8.0	-3%	5%	n/a	1.6	1.5	1.4	1.2	17%	16%	2%	2%	3%
Turkiye Is Bankasi A.S.	-38%	5.1	6.3	5.9	-17%	7%	n/a	0.8	0.9	0.8	0.8	13%	13%	4%	4%	4%
Powszechna Kasa Oszczednosci Bank Polski S.A.	-25%	12.6	10.5	9.8	20%	7%	n/a	1.3	1.9	1.8	1.6	17%	16%	4%	5%	5%
Bank Polska Kasa Opieki S.A.	-21%	14.7	13.0	12.4	13%	5%	1.0	2.7	1.9	1.8	1.7	14%	14%	4%	5%	6%
Yapi ve Kredi Bankasi A.S.	-43%	5.7	6.1	5.8	-4%	7%	n/a	0.9	1.1	1.0	0.8	16%	15%	0%	1%	1%
Komercni Banka A.S.	-29%	9.0	10.4	8.9	-20%	23%	n/a	0.4	1.6	1.5	1.4	15%	16%	8%	7%	8%
OTP Bank Nyrt.	-32%	7.3	7.6	6.3	-7%	24%	n/a	0.3	0.7	0.7	0.6	9%	10%	2%	3%	5%
Bank Zachodni WBK S.A.	6%	17.3	13.7	12.8	23%	9%	0.6	1.4	2.5	2.3	2.1	17%	17%	4%	4%	5%
Bank of Moscow	-36%	7.6	5.5	4.4	39%	26%	0.1	0.2	n/m	n/m	n/m	n/m	n/m			
BRE Bank S.A.	-22%	13.8	9.7	10.0	42%	-2%	0.2	n/a	1.5	1.3	1.2	13%	12%	0%	1%	3%
ING Bank Slaski S.A.	-17%	12.8	10.7	10.5	20%	5%	0.5	2.2	1.8	1.5	1.4	14%	13%	2%	3%	4%
Bank Handlowy w Warszawie S.A.	-28%	11.6	12.7	11.8	-7%	7%	n/a	1.6	1.4	1.4	1.3	11%	11%	8%	8%	8%
Getin Holding S.A.	-40%	13.2	11.8	8.0	2%	n/m	6.3	n/a	1.1	0.9	0.8	8%	10%	0%	0%	0%
Asya Katilim Bankasi A.S.	-42%	5.7	6.4	5.4	-9%	18%	n/a	0.3	0.8	0.7	0.6	11%	11%	0%	1%	1%
Türk Ekonomi Bankasi A.S.	-35%	9.0	14.5	8.5	-30%	n/m	n/a	n/a	0.8	0.8	0.7	5%	8%	0%	0%	1%
Kredyt Bank S.A.	-39%	13.0	7.1	9.0	90%	-9%	0.1	n/a	0.9	0.8	0.7	11%	8%	1%	4%	3%
St. Petersburg Bank	-59%	6.1	3.2	3.1	84%	6%	0.0	0.5	0.8	0.6	0.5	20%	17%	0%	0%	0%
Albaraka Turk Katilim Bankasi A.S.	-40%	6.5	5.1	4.6	16%	14%	0.3	0.3	1.0	0.9	0.7	17%	16%	2%	2%	3%
Sekerbank T.A.S.	-32%	5.0	7.5	5.7	-29%	42%	n/a	0.1	0.6	0.6	0.5	8%	9%	1%	1%	2%
Bank Vozrozhdeniye	-59%	n/m	8.1	5.1	n/m	n/m	n/a	n/a	0.8	0.7	0.6	9%	12%	0%	0%	0%
Banca Transilvania S.A.	-19%	9.5	8.5	6.4	3%	22%	3.0	0.3	0.7	0.6	0.6	7%	9%	0%	1%	1%
Nova Kreditna Banka Maribor d.d.	-69%	7.7	n/m	14.7	n/m	n/m	n/a	n/a	n/m	0.2	0.2	-1%	2%		2%	3%
Aik Banka AD	-52%	2.5	3.7	3.0	-45%	20%	n/a	0.2	0.3	0.3	0.3	8%	9%	0%	1%	1%
CB Corporate Commercial Bank AD	20%	8.1	7.7	6.9	6%	12%	1.3	0.6	n/m	n/m	n/m	n/m	n/m			
First Investment Bank AD	-22%	13.0	7.3	4.4	77%	n/m	0.1	n/a	n/m	n/m	n/m	n/m	n/m			
Weighted normalised average CEE, Russia and Turkey	-27%	9.9	8.0	7.6	32%	4%	0.2	0.8	1.5	1.3	1.2	18%	16%	2%	3%	4%

Source: SSIF IEBA Trust, FactSet

Banks (Classified by region and sorted by mkt cap)	YTD (%) Performance	P/E (x)			EPS growth (%)		PEG		P/BV (x)			ROE (%)		Dividend Yield		
		2010A	2011E	2012E	2011E	2012E	2011E	2012E	2010A	2011E	2012E	2011E	2012E	2010A	2011E	2012E
HSBC Holdings PLC	-26%	10.4	8.5	7.6	23%	10%	0.4	0.8	1.0	0.9	0.8	10%	11%	5%	5%	6%
Banco Santander S.A.	-25%	6.1	6.8	6.5	-7%	3%	n/a	2.0	0.7	0.7	0.7	10%	10%	10%	10%	10%
BNP Paribas S.A.	-37%	4.7	5.4	5.0	-14%	13%	n/a	0.4	0.5	0.5	0.5	10%	10%	7%	5%	6%
Barclays PLC	-34%	6.0	6.2	5.3	-2%	15%	n/a	0.3	0.4	0.4	0.4	6%	7%	3%	4%	5%
UniCredit S.p.A.	-52%	7.8	n/m	6.2	n/m	n/m	n/a	n/a	0.2	0.3	0.2	1%	4%	4%	1%	4%
Credit Suisse Group AG	-43%	5.3	9.1	7.0	-41%	34%	n/a	0.2	0.8	0.8	0.7	9%	10%	6%	3%	4%
Societe Generale S.A. (France)	-57%	3.4	4.3	3.8	-21%	15%	n/a	0.3	0.3	0.3	0.3	7%	7%	10%	2%	7%
Deutsche Bank AG	-27%	8.0	5.8	5.6	62%	5%	0.1	1.0	0.6	0.5	0.5	9%	9%	3%	3%	3%
Nordea Bank AB	-28%	8.8	8.9	7.8	-2%	15%	n/a	0.5	1.0	0.9	0.9	10%	11%	5%	5%	6%
Credit Agricole S.A.	-55%	5.1	5.8	3.4	38%	37%	0.2	0.1	0.2	0.2	0.2	4%	7%	10%	3%	9%
Danske Bank A/S	-45%	14.4	n/m	8.0	n/m	n/m	n/a	n/a	0.5	0.5	0.5	2%	6%	0%	1%	4%
Skandinaviska Enskilda Banken AB	-30%	10.9	7.3	8.3	41%	-10%	0.2	n/a	0.9	0.8	0.8	11%	9%	4%	5%	5%
Erste Group Bank AG	-64%	5.1	n/m	5.2	n/m	n/m	n/a	n/a	0.4	0.4	0.4	-5%	8%	5%	1%	4%
National Bank of Greece S.A.	-74%	3.2	n/m	7.7	n/m	n/m	n/a	n/a	0.2	0.2	0.2	-5%	3%	0%	0%	0%
Dexia S.A.	-86%	0.9	n/m	0.9	n/m	n/m	n/a	n/a	0.1	0.1	0.1	-45%	9%	4%	0%	17%
Banco Popular Espanol S.A.	-8%	9.6	11.5	11.6	-26%	-5%	n/a	n/a	0.6	0.6	0.6	5%	5%	6%	5%	5%
Banca Monte dei Paschi di Siena S.p.A.	-63%	6.0	7.8	6.6	-33%	33%	n/a	0.2	0.1	0.2	0.2	3%	3%	7%	3%	6%
Julius Baer Gruppe AG	-19%	14.7	16.4	13.3	-8%	17%	n/a	0.8	1.6	1.6	1.5	10%	12%	2%	2%	2%
Raiffeisen Bank International AG	-52%	4.4	5.2	5.1	-20%	13%	n/a	0.4	0.6	0.5	0.5	10%	10%	5%	2%	3%
Deutsche Postbank AG	14%	n/m	n/m	10.1	n/m	n/m	n/a	n/a	1.1	1.0	0.9	4%	9%	0%	0%	0%
Banco Espanol de Credito S.A.	-39%	5.7	7.1	6.7	-19%	7%	n/a	1.0	0.5	0.5	0.4	7%	7%	9%	7%	7%
Banco Espirito Santo S/A	-63%	2.6	5.1	6.1	-49%	-10%	n/a	n/a	0.2	0.2	0.2	4%	3%	12%	5%	3%
EFG Eurobank Ergasias S.A.	-92%	n/m	n/m	n/m	n/m	n/m	n/a	n/a	0.0	0.1	0.1	-4%	-4%	0%	0%	2%
Alpha Bank A.E.	-89%	n/m	n/m	n/m	n/m	n/m	n/a	n/a	0.1	0.1	0.1	-5%	0%	0%	0%	0%
Banco Popolare S.C.	-57%	5.2	10.1	7.6	-32%	37%	n/a	0.2	0.1	0.2	0.2	2%	3%	4%	2%	3%
Banco Comercial Portugues S/A	-80%	2.1	9.0	6.2	-81%	n/m	n/a	n/a	0.1	0.1	0.1	1%	2%	15%	0%	0%
Banque Cantonale Vaudoise	-6%	12.7	13.2	13.3	-3%	-2%	n/a	n/a	1.2	1.2	1.2	9%	9%	7%	7%	7%
Bank of Cyprus PCL	-81%	1.1	n/m	2.3	n/m	n/m	n/a	n/a	0.2	0.2	0.2	-19%	11%	19%	3%	11%
Pohjola Pankki Oyj	-16%	9.8	13.8	7.7	-21%	n/m	n/a	n/a	1.0	1.0	1.0	8%	13%	5%	5%	7%
Banca Popolare dell'Emilia Romagna S.C.A.R.L.	-34%	9.0	10.5	8.7	-12%	16%	n/a	0.5	0.5	0.5	0.5	5%	6%	3%	2%	3%
St. Galler Kantonalbank AG	-27%	11.8	13.0	12.0	-9%	-1%	n/a	n/a	1.0	1.0	1.0	8%	8%	5%	5%	5%
Luzerner Kantonalbank AG	1%	17.7	16.6	15.7	7%	6%	2.5	2.7	1.4	1.3	1.3	8%	8%	2%	4%	4%
Piraeus Bank S.A.	-88%	n/m	n/m	n/m	n/m	n/m	n/a	n/a	0.0	0.1	0.1	-36%	-11%	0%	0%	1%
Jyske Bank A/S	-42%	11.0	14.4	7.1	-11%	n/m	n/a	n/a	0.7	0.7	0.6	5%	9%	0%	0%	1%
Banca Popolare di Milano S.C.A.R.L.	-63%	6.8	14.0	9.3	-59%	n/m	n/a	n/a	0.1	0.2	0.2	2%	2%	11%	3%	4%
Marfin Popular Bank PCL	-76%	2.7	n/m	19.4	n/m	n/m	n/a	n/a	0.1	0.1	0.1	-9%	1%	8%	1%	1%
Liechtensteinische Landesbank AG	-42%	11.6	n/m	10.6	n/m	n/m	n/a	n/a	0.7	0.7	0.7	3%	7%	8%	7%	8%
Sydbank A/S	-41%	12.6	14.1	6.9	14%	n/m	1.0	n/a	0.7	0.7	0.6	5%	9%	1%	2%	4%
Bank Sarasin & Cie. AG	-35%	15.3	13.4	11.6	17%	16%	0.8	0.7	1.4	1.4	1.3	10%	11%	3%	3%	4%
EFG International AG	-50%	n/m	n/m	8.0	n/m	n/m	n/a	n/a	0.9	1.2	1.0	3%	13%	1%	2%	2%
SNS Reaal N.V.	-47%	n/m	4.6	2.1	-170%	n/m	n/a	n/a	0.2	0.2	0.2	4%	8%	0%	0%	1%
Banco Pastor S.A.	-10%	16.2	n/m	13.3	n/m	n/m	n/a	n/a	0.6	0.6	0.6	3%	4%	2%	2%	2%
Weighted normalised average Rest of Europe (Developed)	-33%	7.7	6.9	6.8	5%	10%	0.1	0.7	0.7	0.7	0.6	8%	9%	6%	5%	6%

Source: SSIF IEBA Trust, FactSet

At our target price, BRD will trade 9.0x P/E(11E) and 1.2x P/BV(11E) with a 12% premium and a 9% discount to developing peers, respectively.

Table. SOTP

SOTP	Main assumptions		Fair Value	Weight	Weighted Value	Upside (Downside)
GGM	Cost of equity	13.3%	10.58	50%	5.29	-2%
Relative to peers	P/BV(11-12E) of Developing & Emerging	1.3	12.14	50%	6.07	12%
				Fair Value	11.36	5.2%

Source: SSIF IEBA Trust

RECOMMENDATION SYSTEM

SSIF IEBA TRUST uses a Relative recommendation system. Such system indicates that each stock is rated on a basis of the excess return, measured by the relative value of the target (calculated) price and the current price, over a 12 months period of time.

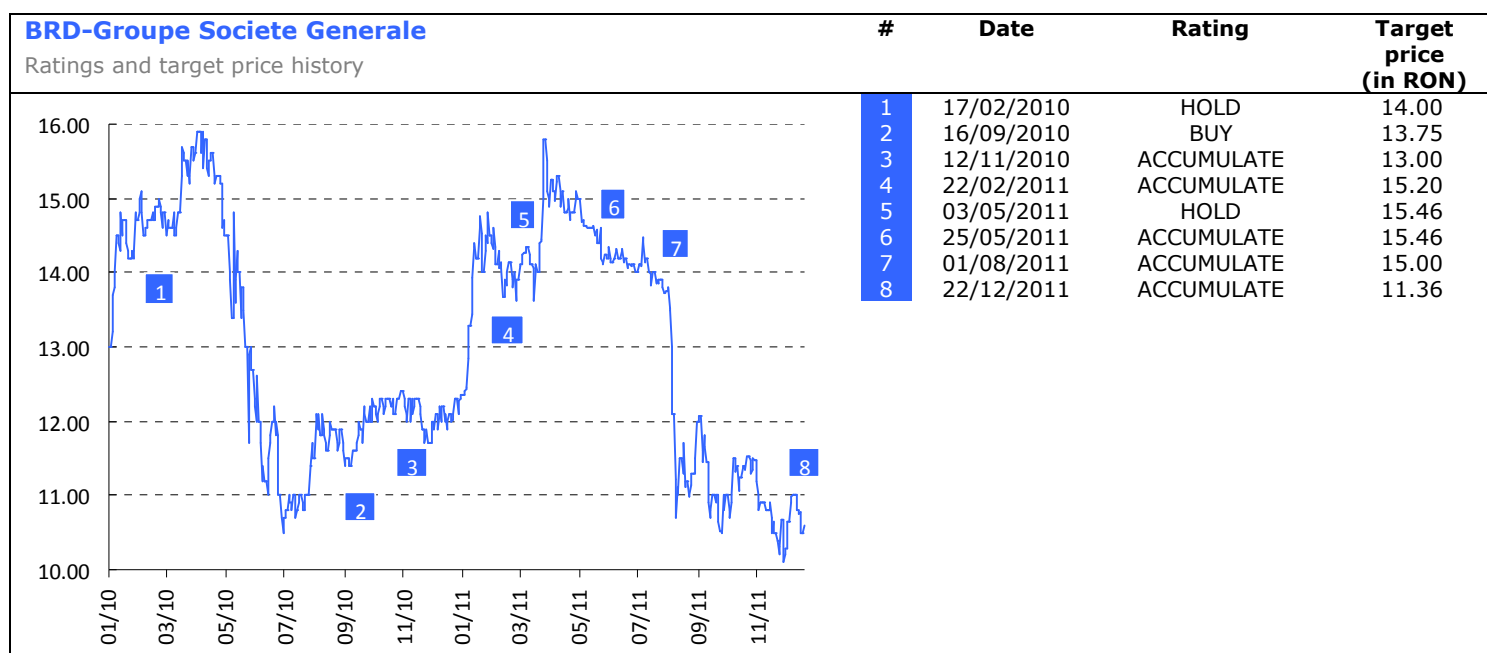
The range of recommendations for each stock consists of 4 elements: Buy (B), Accumulate (A), Hold (H), Reduce (R).

SSIF IEBA TRUST RATINGS

BUY	The stock is expected to generate potential excess return over 15%
ACCUMULATE	The stock is expected to generate potential excess return of 5 to 15%
HOLD	The stock is expected to generate potential excess return of -5% to 5%
REDUCE	The stock is expected to generate potential excess return below -5%

Excess return: Target price/current price – 1

For the cases of Initial Public Offering, the above-mentioned recommendation system is not applied. In such cases, the recommendation is based on the comparison between the price of the Offering, and the fair value estimated by SSIF IEBA TRUST.



Measures Definitions

IEBA Net Income	Adjusted Net Income for one-off items	
Net Cash Flow from operations	EBITDA (+/-) other provisions (+/-)(Increase)/Decrease in Working Capital	
FCF Equity	Net Cash Flow from operations (-) CAPEX	
Net debt	Total short-term and long-term bank debt (-) cash	
EV	Market Cap (avg historic or current) + book value of minorities + Net debt	
FCFPS	FCF Equity	Diluted no of shares
EPS (or IEBA)	Reported (or IEBA) Net Income	Diluted no of shares
BVPS	Total Equity	Year end no of shares
P/E (or IEBA)	Share Price (avg historic or current)	Reported (or IEBA) EPS
P/E IEBA at 52wks High	52 weeks High price (avg historic or current)	IEBA EPS / Diluted IEBA Earnings Per Share
P/BV	Share Price (avg historic or current)	BVPS
ROE	Reported Net Income	Average Total Equity
ROCE	Reported Net Income	Average (Total debt + Total Equity)
EV/EBITDA	EV (with avg historic or current)	Reported EBITDA
EV/EBITDA (x) at 52wks High	EV using 52 weeks High market cap (avg historic or current)	Reported EBITDA
EBITDA/Net financials	Reported EBITDA	Net financials: Net interest (+/-) Net financials
EV/CE (x)	EV (with avg historic or current)	CE: Total bank debt + Total Equity
FCF Yield	FCFPS	Share Price (avg historic or current)
Dividend Yield	DPS	Share Price (avg historic or current)
Dividend Payout	Dividend	Reported Net Income

DISCLAIMER

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in Romania or any other jurisdiction where such distribution, publication, availability or use would be contrary to a law or regulation or which would subject SSIF IEBA TRUST. All material presented in this report, unless specifically indicated otherwise, is under copyright to SSIF IEBA TRUST SA. None of the material, or its content, or any copy of it, may be altered in any way, transmitted to, copied or distributed to any other party, without the express written permission of SSIF IEBA TRUST SA. All trademarks, service marks, and logos used in this report are trademarks or service marks or registered trademarks of SSIF IEBA TRUST SA.

The information, tools, and materials presented in this report are provided to you for information purposes only and are not to be used or considered as an offer, the solicitation of an offer or suggestion to act upon the information presented, nor as grounds for an investment decision. Any other information not included in this material shall be provided to the beneficiary solely upon his request. SSIF IEBA TRUST SA will not treat recipients of this report as its customers by virtue of their receiving this report. The investments and services contained or referred to in this report may not be suitable for you, and it is recommended that you consult an investment advisor or lawyer if you are in doubt about such investments or services. Nothing in this report constitutes investment, service, legal, accounting, or tax advice, or a representation that any investment or strategy is suitable or appropriate to your individual circumstances, or otherwise constitutes a personal recommendation to you. SSIF IEBA TRUST SA does not advise on the tax consequences of investments or services, and you are advised to contact an independent tax adviser. Please note in particular that the bases and levels of taxation may change.

Information and opinions presented in this report have been obtained or derived from sources believed by SSIF IEBA TRUST SA to be reliable, but SSIF IEBA TRUST SA makes no representation as to their accuracy or completeness. The information, opinions and estimations presented in this material reflect the situation at the time of their drafting and can be changed without previous notice. SSIF IEBA TRUST SA accepts no liability for loss arising from the use of the material presented in this report, except that this exclusion of liability does not apply to the extent that such liability arises under specific statutes or regulations applicable to SSIF IEBA TRUST SA. The report was drafted without taking into consideration the financial situation and investment objectives of the beneficiary and is not meant to influence in any and all ways his/her investing decisions. The opinions and proposals presented within the material may be unsuitable to the beneficiary, depending upon the objectives, risk tolerance and financial situation of the beneficiary. This report is not to be relied upon in substitution for the exercise of independent judgment. SSIF IEBA TRUST SA may have issued, or may in the future issue, other reports that are inconsistent with, and reach different conclusions from, the information presented in this report. Those reports reflect the different assumptions, views, and analytical methods of the analysts who prepared them, and SSIF IEBA TRUST SA is under no obligation to ensure that such other reports are brought to the attention of any recipient of this report. SSIF IEBA TRUST SA holds no obligation in updating the material.

SSIF IEBA TRUST SA may, to the extent permitted by law, act upon or use the information or opinions presented herein, or the research or analysis on which they are based, before the material is published. Additional information is, subject to duties of confidentiality, available upon request. Some investments or services referred to in this report will be offered solely by a single entity and in the case of some investments or services, solely by SSIF IEBA TRUST SA or its affiliates. SSIF IEBA TRUST SA may as well participate, invest, effect trades or other operations with the issuers whose securities are the subject of the material.

Past performance should not be taken as an indication or guarantee of future performance, and no representation or warranty, express or implied, is made regarding future performance. Certain investments discussed in this report may have a high degree of volatility and may experience sudden and large falls in their value, causing losses when that investment is realized. Income yields from investments may fluctuate as well due to variation of the interest rate, foreign exchange rate, changes in the financials or operational circumstances of the companies and due to other microeconomic or macroeconomic factors. Information, opinions, and estimates contained in this report reflect a judgment at its original date of publication by SSIF IEBA TRUST and are subject to change without notice.

This report may provide the addresses of, or contain hyperlinks to websites. Except to the extent to which the report refers to SSIF IEBA TRUST SA own website material, SSIF IEBA TRUST SA has not reviewed any such site and takes no responsibility for the content contained therein. Such address or hyperlink (including addresses or hyperlinks to SSIF IEBA TRUST's own website material) is provided solely for your convenience and information, and the content of any such website does not in any way form part of this document. Accessing such website or following such link through this report or SSIF IEBA TRUST's website shall be at your own risk.

Important company disclosures

The following designations (a-e) next to a company covered in this publication highlight that one or more members of SSIF IEBA Trust:

- a) own more than 5% of the share capital of the company (as at the end of the month preceding this publication);
- b) managed or co-managed a public offering of the securities of the company in the last 12 months;
- c) has received compensation for financial investment services from the company within the last 12 months;
- d) is a market maker or stabilizing manager of the company's securities;
- e) has one or more members in the board of directors or supervisory board of the company

Analyst Certification

The analysts that have written this report certify that the views about the companies and securities contained in this report accurately reflect their personal views and that no part of their compensation was or will be directly or indirectly related to the specific recommendations or views in this report.

RESEARCH

Roxana Dascalu
roxana.dascalu@iebatrust.ro

Email:
research@iebatrust.ro

TRADING

Catalin Miron
catalin.miron@iebatrust.ro

George Nistor
george.nistor@iebatrust.ro

SSIF IEBA TRUST

18, Mircea Eliade Bvd, Part A,
District 1, Bucharest 012015,
Romania

Tel. : +4021 313 0102
Fax : +4021 313 1595