



# Merkur Bank

Germany | Banks

Investment Research

## Company Flash Note

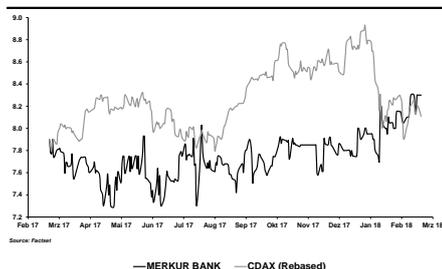
Reason: Company newsflow

20 March 2018

<b>Buy</b>			
Recommendation unchanged			
<b>Share price: EUR</b>	<b>8.30</b>		
closing price as of 19/03/2018			
<b>Target price: EUR</b>	<b>10.00</b>		
from Target Price: EUR 9.30			
<b>Upside/Downside Potential</b>	<b>20.5%</b>		
Reuters/Bloomberg		MBKG.DE/MBK GY	
<b>Market capitalisation (EURm)</b>	<b>47</b>		
Current N° of shares (m) 6			
<b>Free float</b>	<b>65%</b>		
Daily avg. no. trad. sh. 12 mth 2			
Daily avg. trad. vol. 12 mth (m) 25.90			
Price high/low 12 months 7.29 / 8.30			
Abs Perfs 1/3/12 mths (%) 3.11/4.96/3.75			
<b>Key financials (EUR)</b>	<b>12/17p</b>	<b>12/18e</b>	<b>12/19e</b>
Total Revenue (m)	35	35	36
Pre-Provision Profit (PPP) (m)	11	12	12
Operating profit (OP)	9	9	10
Earnings Before Tax (m)	7	7	8
Net Profit (adj.) (m)	3	4	4
Shareholders Equity (m)	47	49	51
Tangible BV (m)	47	49	51
RWA (m)	856	742	764
ROTE	7.4%	7.6%	7.7%
Total Capital Ratio (B3)	11.3%	15.3%	15.4%
Cost/Income	61.9%	61.3%	60.9%
Price/Pre-Prov Prof	4.0	4.1	4.0
P/E (adj.)	13.0	12.9	12.2
P/BV	0.9	1.0	0.9
P/TBV	0.9	1.0	0.9
Dividend Yield	3.4%	3.9%	4.1%
Pre-Prov Prof per share	1.95	2.03	2.09
EPS (adj.)	0.60	0.64	0.68
BVPS	8.33	8.66	9.00
TBVPS	8.33	8.66	9.00
DPS	0.28	0.32	0.34

### Shareholders

Magnus 25%; HEGE 10%;



### Analyst(s)

Philipp Hässler, CFA  
 philipp.haessler@equinet-ag.de  
 +49 69 58997 414

## 2017 results in line with expectations, strong capital development as key surprise

Yesterday Merkur Bank published 2017 results which were above our forecast on a pretax profit level but fully in line on net profit level. Net profit was up by 10% yoy to EUR 3.5m (equinet: EUR 3.4m), EPS amounted to EUR 0.60 (equinet: EUR 0.60). Positively, the bank's total capital ratio increased by 510 bps yoy to solid 15.3% at the end of 2017. As MB's relatively low capital ratio has been one of its key weak spots in the past, this is particularly good news and bodes well for the future. Thus Merkur Bank should be able to increase its payout ratio and/or to further increase its loan portfolio. For 2018 the bank is confident to further increase its earnings (equinet EPS forecast: +6% yoy). We have increased our target price from EUR 9.30 to EUR 10.0 due to a slightly higher peer group valuation, a slightly higher EPS (2018e & 2019e: +1%) and expected higher payout ratios.

We stick to our Buy recommendation with a new target price of EUR 10.00 as we see Merkur Bank well positioned to benefit from an expected ongoing positive residential developer real estate market environment while successfully growing its assets under custody in the retail unit. With an adjusted '19e ROE of 8% Merkur Bank has an above average profitability while offering a dividend yield of well above 3% for 2017e. Shares are trading below adj. book value at a 2018e P/B of 0.7x. Importantly, the CEO is a personally liable partner and should therefore be highly committed to the bank and make sure that the bank pursues a cautious and risk adverse strategy.

✓ **2017 results:** Net interest income was up down by 1% yoy to EUR 23.0m in 2017 which was slightly below our forecast of EUR 23.3m. Net interest margin was down by 13 basis points yoy to 2.11%. This development was however more than offset by a stronger than expected increase of the net commission income which increased by 19% yoy to EUR 12.0m. Risk provisions were with EUR 0.4m (in the table below we show the HGB P&L figure which includes write-downs on securities) on a very low level and below our forecast of EUR 2m. Merkur Bank seems to have benefited once again from the very benign economic environment in Germany. At the same time Merkur Bank has once again booked high other general banking provisions of EUR 3.6m. This explains why the pretax profit is well above our forecast and net profit is only in line with our expectation.

### Merkur Bank - 2017

EUR m	2017	2017e	2016	yoy	Consensus	delta
<b>Revenues</b>	<b>35.0</b>	<b>34.6</b>	<b>34.7</b>	<b>1%</b>	<b>na</b>	<b>na</b>
<i>of which NII</i>	<i>23.0</i>	<i>23.3</i>	<i>23.1</i>	<i>-1%</i>	<i>na</i>	<i>na</i>
<b>Expenses</b>	<b>na</b>	<b>22.3</b>	<b>22.1</b>	<b>na</b>	<b>na</b>	<b>na</b>
<i>CIR</i>	<i>na</i>	<i>64.5%</i>	<i>63.8%</i>	<i>n.a.</i>	<i>na</i>	<i>na</i>
<b>Risk provis.</b>	<b>0.1</b>	<b>2.0</b>	<b>-2.0</b>	<b>na</b>	<b>na</b>	<b>na</b>
<b>EBT</b>	<b>14.0</b>	<b>9.1</b>	<b>13.4</b>	<b>5%</b>	<b>na</b>	<b>na</b>
<b>Net income</b>	<b>3.5</b>	<b>3.4</b>	<b>3.2</b>	<b>10%</b>	<b>na</b>	<b>na</b>

Sources: Merkur Bank, equinet Research

Produced by:

**equinetBank**  
 AKTIENGESELLSCHAFT

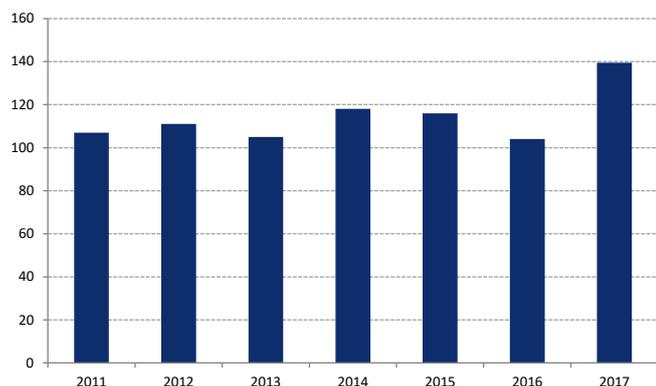
For important disclosure information, please refer to the disclaimer page of this report.

All ESN research is available on Bloomberg, "ESNR", Thomson-Reuters, S&P Capital IQ, FactSet



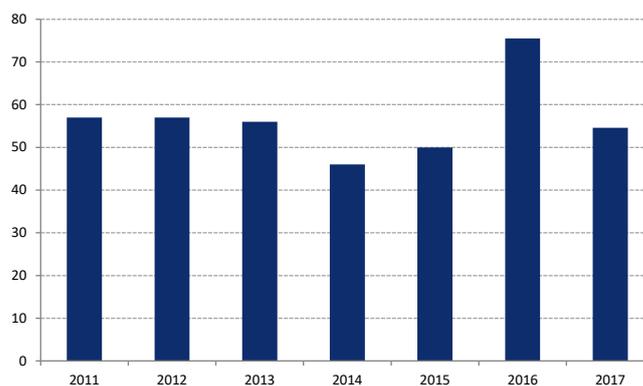
**Development of KPIs:** Merkur Bank's new loan business was up by 9% yoy to EUR 1.04bn in 2017, loan volume was up by 5% yoy to EUR 888m. In Merkur Bank's core business unit, residential real estate development business, new business was up by 9% yoy to EUR 841m, Merkur Bank obviously benefiting from the positive real estate markets in Munich, its home market. In Leasing new business was up by 34% yoy to EUR 140m and in SME new business was down by 23% yoy to EUR 55m.

**Exhibit 1: New business leasing (EUR m)**



Source: Merkur Bank, equinet Research

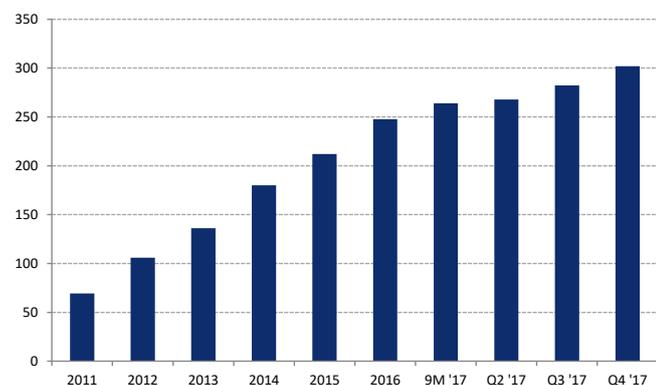
**Exhibit 2: New business SME lending (EUR m)**



Source: Merkur Bank, equinet Research

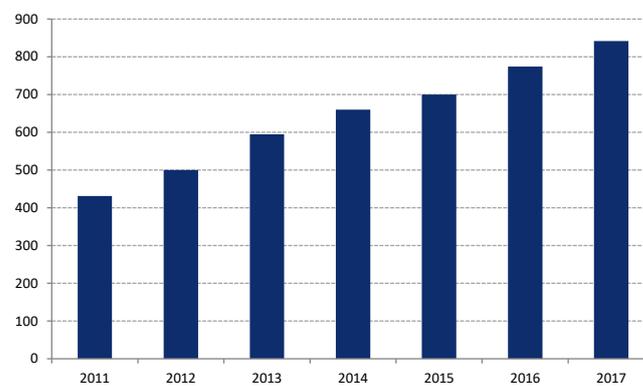
In Merkur Bank's retail business it managed to increase its assets under custody by 22% yoy to EUR 302m. Brokerage fees were up by 56% yoy to EUR 1.4m, the commission income generated with retail customers increased to 14% of total commission income (+ 7%-pts. yoy).

**Exhibit 3: Dev. of Assets under Custody (EUR m)**



Source: Merkur Bank, equinet Research

**Exhibit 4: New business in real estate dev finance (EUR m)**



Source: Merkur Bank, equinet Research

**Capital development as key positive surprise:**

Main positive surprise was clearly the strong increase of the regulatory capital by 25% yoy to EUR 110m which was due to various reasons like earnings retention, the 2016 capital increase (which has now been taken fully into account) and the issuance of another Tier 1 bond. With a total capital ratio of 15.3% and an estimated CT1 ratio of 10% (12 2017) we see Merkur Bank sufficiently capitalized. Hence, we expect MB to increase its payout ratio to 50% next year. Additionally Merkur Bank should be able to further increase its loan portfolio which should have a positive impact on its profitability.



## Financials

We have slightly increased our EPS estimates from EUR 0.63 to EUR 0.64 and from EUR 0.67 to EUR 0.68 for 2018e and 2019e, respectively as we have become slightly more optimistic for the development of Merkur Bank's revenue development. We have also slightly increased our payout ratio estimate from 2018e forward to 50% given Merkur Bank's solid capitalization. Having an estimated CT1 ratio of 10% we clearly see higher flexibility for the bank regarding dividend payouts and/or higher loan growth.

### Valuation: TP increased to EUR 10.0 (EUR 9.30)

Our TP is derived from the average fair values calculated from 3 different valuation methods: Peer Group analysis, Gordon Growth Model & Dividend Discount Model. We increase our TP from EUR 9.30 to EUR 10.0 on the back of a slightly higher peer group valuation and a higher expected payout ratio from 2018e going forward. Note that we have also reduced the cost of equity from 9.0% to 8.5% due to Merkur Bank's significantly improved capital position. With a CT1 ratio of 10% we see the bank sufficiently capitalized.

### Exhibit 5: Gordon Growth Model

		Growth (g)						
		0.5%	1.0%	1.5%	2.0%	2.5%	3.0%	3.5%
COE	7.0%	15.15	15.37	15.62	15.93	16.30	16.77	17.37
	7.5%	14.07	14.18	14.32	14.48	14.67	14.91	15.20
	8.0%	13.13	13.17	13.22	13.27	13.34	13.42	13.51
	8.5%	12.31	12.29	12.27	12.25	12.23	12.20	12.16
	9.0%	11.58	11.52	11.46	11.38	11.29	11.18	11.06
	9.5%	10.94	10.85	10.74	10.62	10.48	10.32	10.13
	10.0%	10.37	10.24	10.11	9.95	9.78	9.58	9.35

Source: equinet Research

### Exhibit 6: Dividend Discount Model

EUR m	Phase I				Phase II						Phase III
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	
EBT	9.1	9.4	9.8	10.3	10.8	11.3	11.9	12.5	13.1	13.8	
CIR	64.5%	63.9%	63.4%	63.0%	62.1%	61.1%	60.2%	59.3%	58.4%	57.5%	
Tax	-3.6	-3.8	-3.9	-4.1	-4.3	-4.5	-4.8	-5.0	-5.2	-5.5	
Tax rate	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	
Minorities/Others	-2.0	-2.0	-2.0	-2.0	-2.0	-2.0	-2.0	-2.0	-2.0	-2.0	
growth rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Net profit	3.4	3.7	3.9	4.2	4.5	4.8	5.1	5.5	5.9	6.3	
growth rate	8.0%	6.2%	6.1%	7.6%	7.4%	7.2%	7.1%	6.9%	6.8%	6.7%	
Total dividend	1.6	1.8	1.9	2.1	2.2	2.4	2.6	2.7	2.9	3.1	49
payout ratio	46.3%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	
PV Phase I	6										
PV Phase II	9										
PV Phase III	23										
Total Fair Value	39										
# shares	6										
Fair value per share	6.79										
					Risk premium	4.0%			Beta	1.0	
					Risk free rate	4.5%			Cost of equity	8.5%	
					Sensitivity	Growth in phase III					
						1.0%	1.5%	2.0%	2.5%	3.0%	
					7.7%	7	7	8	8	9	
					8.1%	7	7	7	8	8	
					8.5%	6	6	7	7	8	
					8.9%	6	6	6	7	7	
					9.4%	6	6	6	6	7	

Source: equinet Research



### Exhibit 7: Peer Group Valuation

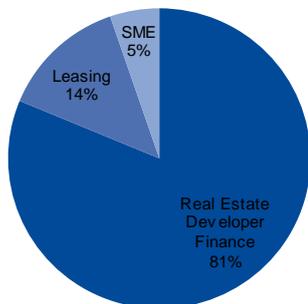
Company	Share Price (LC)	MC (LC m)	PER 2018e	PER 2019e	P/B 2018e	P/B 2019e	ROE 2018e	ROE 2019e	Yield 2017e	1M Perf	12M Perf
Aareal Bank AG	39.42	2,360	13.7x	12.0x	0.9x	0.8x	6.3%	7.0%	6.2%	1%	10%
comdirect	11.72	1,655	25.7x	22.8x	2.5x	2.4x	9.6%	10.3%	2.1%	1%	27%
Commerzbank AG	11.93	14,936	16.2x	11.8x	0.5x	0.5x	3.2%	4.2%	0.0%	-7%	44%
Deutsche Bank AG	12.55	25,930	11.5x	8.6x	0.4x	0.4x	3.5%	4.5%	0.8%	-5%	-17%
Deutsche Pfandbriefb	13.00	1,748	12.3x	12.2x	0.6x	0.6x	4.9%	4.8%	7.7%	-7%	15%
Umweltbank	8.82	246	8.9x	8.6x	2.4x	2.3x	26.2%	26.8%	15.9%	0%	-35%
<b>Average</b>	<b>Share Price</b>		<b>PER 2018e</b>	<b>PER 2019e</b>	<b>P/B 2018e</b>	<b>P/B 2019e</b>	<b>ROE 2018e</b>	<b>ROE 2019e</b>	<b>Yield 2017e</b>	<b>1M Perf</b>	<b>12M Perf</b>
<b>MERKUR BANK</b>	8.30	47	12.9x	12.2x	1.0x	0.9x	7.6%	7.7%	3.4%	-5%	-17%

Source: equinet Reseach, FactSet



**Exhibit 8: Investment Case in Charts**

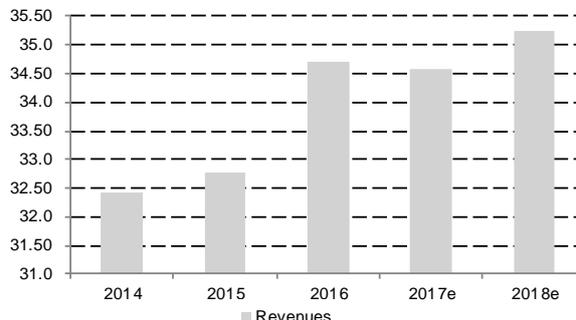
**Loan new business split by business unit**



Commercial Real Estate Developer Financing business is Merkur Bank's key revenue pillar.

Source: Merkur Bank, equinet Research

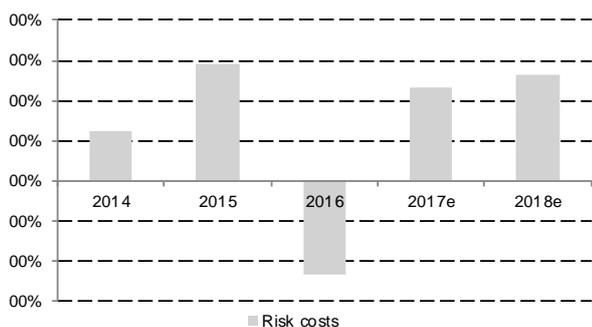
**Revenues should further rise...**



As Merkur Bank should continue to benefit from the positive market environment we forecast revenues to increase in 2018e.

Source: Merkur Bank, equinet Research

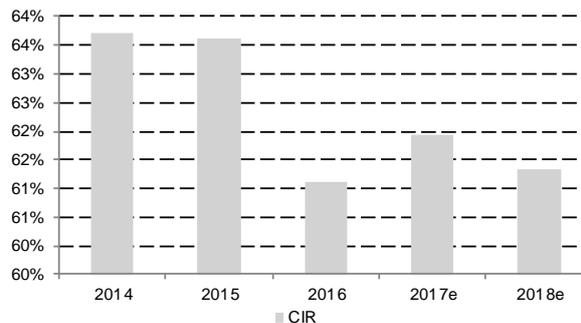
**... while risk costs should remain low**



Risk costs should remain on low level as we expect the benign commercial real estate environment to continue.

Source: Merkur Bank, equinet Research

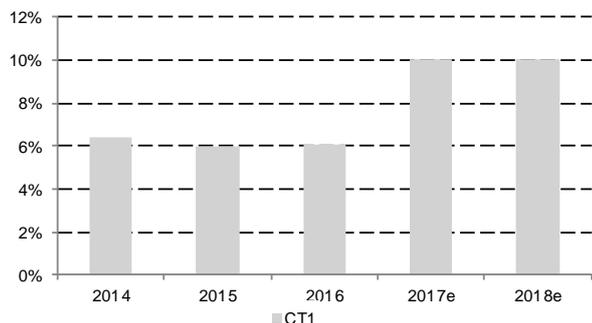
**Efficiency is solid with a CIR of slightly above 60%**



CIR is at relatively low level. We see however no room for further improvement as Merkur Bank is already operating quite efficiently.

Source: Merkur Bank, equinet Research

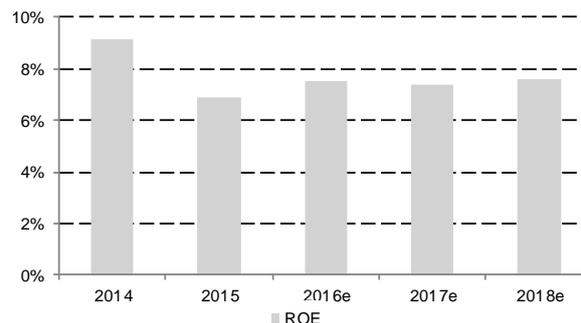
**Capitalization with positive development in 2017**



Due to various measures (e.g. capital increase) MB has increased its CT1 ratio to sufficient 10% in 2017.

Source: Merkur Bank, equinet Research

**Solid Profitability**

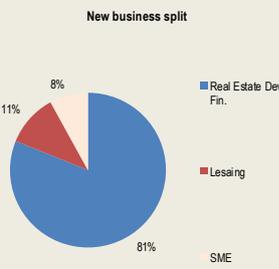
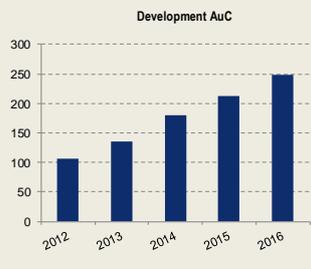
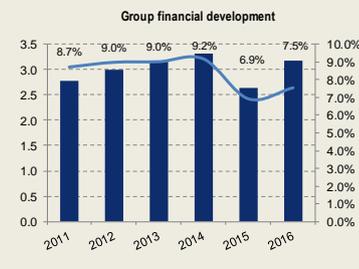
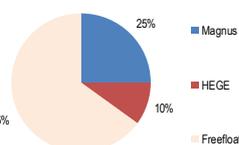


With an expected ROE of more than 7% for 2018e Merkur Bank has a solid profitability.

Source: Merkur Bank, equinet Research



Exhibit 9: At a Glance

Business Areas	Corporate Banking	Retail / Private Banking	
Company Profile	 <p>MERKUR BANK</p> <p>MERKUR Bank is a private bank, located in Munich, focusing on corporate and retail banking. While it has expanded its retail banking activities in recent years, residential real estate developer finance remains its most important business. MERKUR Bank has the legal status of a KGaA and is listed on the Munich stock exchange.</p>		
Business Focus	MERKUR Bank offers residential real estate developer finance, leasing and classical loans to its customers with a clear focus on developer loans. Total corporate loans amount to around EUR 900m.	In Retail / Private Banking MERKUR Bank offers retail banking services both online and through its four branches to its customers. It has around EUR 260m assets under custody.	
Customers	MERKUR Bank's customer are SME customers. While in real estate financing they comprise different real estate investors, they include traditional SME in the other segments.	MERKUR Bank's customers are classical retail customers which should be somewhat more affluent than the average retail customer.	
Regional Focus	Regional Focus in real estate developer finance is Munich and to a lesser extent Stuttgart and Nuremberg.	Regional Focus is Bavaria, Thuringia and Saxony with the branches being located in Munich, Jena, Plauen and Auerbach.	
Market share/positioning	MERKUR Bank's market share should be insignificant overall but in its core market Munich MERKUR Bank should be among the established players in its niche.	MERKUR Bank's market share in the German retail banking market insignificant.	
Drivers	Apart from the general macroeconomic development in Germany, the overall demand for housing in Munich and thus new construction activity is the key driver for MERKUR Bank's revenues.	We see two developments which should be beneficial for MERKUR Bank: 1) The ongoing branch closures of the market leaders (savings and mutual banks) should continue to be beneficial for MERKUR Bank as it should help it to further grow its assets under custody. 2) The low interest rate environment forces people to invest its assets into riskier assets which should be beneficial for banks/asset managers offering asset management services.	
Asset Quality	We do not have any NPL figures for MERKUR Bank but based upon the current very favorable housing market in Munich, particularly the high demand for new housing, and the company's statement we assume that NPLs are currently on low levels. Clearly, a deterioration of the housing market in Munich should lead to rising NPLs.		
Capitalization	With a CT 1 ratio of 7.0% (2016; equinet estimate) and total capital ratio of 11.1% MERKUR Bank fulfills the regulatory requirements but capitalization, particularly the CT 1 ratio, clearly remains a weak spot for MERKUR Bank, as it limits future growth opportunities somewhat.		
Strategy & Guidance	<p><b>Strategy:</b></p> <p>(I) MERKUR Bank intends to further increase its AuC to increase revenues in retail/private banking to become less dependent from the real estate business</p> <p>(II) Further improve its capitalization to be able to make use of the business opportunities in the housing market in Munich</p>	<p><b>Guidance 2017:</b></p> <p>no concrete earnings guidance published</p> <p>EPS y/y: 0.60</p> <p>equinet Estimates: 18.8%</p> <p>Consensus: na</p>	
2016	<p>Revenues (EURm) 34.7</p> <p>y/y 6.0%</p> <p>CIR 63.8%</p>	<p>Net Profit (EURm) 3.2</p> <p>ROE 7.5%</p> <p>EPS 5Y hist. CAGR 2.6%</p>	
New bus. & Portfolio Split	  		
Shareholder structure & management	<p><b>CEO</b> <u>Dr. Marcus Lingel</u> CEO &amp; personal liability partner</p> <p>• Dr. Lingel joined MERKUR Bank's management board in 2005</p> <p>• He joined MERKUR Bank in 2000 after having finished his studies and having worked for a large private bank in the corporate banking unit</p>	<p><b>Board member</b> <u>Claus Hermann</u></p> <p>• Mr. Hermann joined MERKUR Bank in 1999 and became a board member in 2002</p> <p>• Mr. Hermann has gained bank experience in different savings banks and other mid-sized banks</p>	<p><b>Shareholder structure</b></p> 
# of employees FY 2016	188		

Source: Merkur Bank, equinet Research



## Merkur Bank : Summary tables

<b>PROFIT &amp; LOSS (EURm)</b>	<b>12/2014</b>	<b>12/2015</b>	<b>12/2016</b>	<b>12/2017p</b>	<b>12/2018e</b>	<b>12/2019e</b>
<b>Net Interest Income</b>	<b>21.2</b>	<b>21.6</b>	<b>23.1</b>	<b>23.3</b>	<b>23.6</b>	<b>23.9</b>
Commissions	9.8	10.4	10.1	10.7	11.2	11.4
Trading income						
Dividends	0.0	0.0	0.0	0.0	0.0	0.0
Other Operating Income	<b>1.5</b>	<b>0.7</b>	<b>1.5</b>	<b>0.5</b>	<b>0.5</b>	<b>0.5</b>
<b>Non-Interest Income</b>						
<b>Total Income from Banking Business</b>						
<b>Revenues from Insurance Business</b>						
<b>Total Revenue</b>	<b>32.4</b>	<b>32.8</b>	<b>34.7</b>	<b>34.6</b>	<b>35.2</b>	<b>35.8</b>
Operating Costs	<b>-20.7</b>	-20.8	-21.2	-21.4	-21.6	-21.8
-of which Personnel Expenses	-12.6	-13.1	-13.4	-13.6	-13.8	-13.9
Other Operating Provisions	-3.0	-2.0	-2.1	-2.1	-2.1	-2.1
<b>Pre-Provision Profit (PPP)</b>	<b>8.7</b>	<b>9.9</b>	<b>11.4</b>	<b>11.1</b>	<b>11.5</b>	<b>11.9</b>
Loan Impairment Charge (LIC)	-0.9	-2.2	2.0	-2.0	-2.1	-2.1
<b>Operating profit (OP)</b>	<b>7.8</b>	<b>7.7</b>	<b>13.4</b>	<b>9.1</b>	<b>9.4</b>	<b>9.8</b>
Associates						
Other Income/Loss(Exceptional)	-1.1	-1.8	-6.1	-2.0	-2.0	-2.0
Results from Financial Investments						
<b>Earnings Before Tax (EBT)</b>	<b>6.8</b>	<b>5.9</b>	<b>7.3</b>	<b>7.1</b>	<b>7.4</b>	<b>7.8</b>
Tax	-3.2	-3.3	-4.1	-3.6	-3.8	-3.9
<i>Tax rate</i>	<i>n.m.</i>	<i>n.m.</i>	<i>n.m.</i>	<i>n.m.</i>	<i>n.m.</i>	<i>n.m.</i>
Discontinued Operations						
Minorities	-0.3	0.0	0.0	0.0	0.0	0.0
Preference Dividends						
<b>Net Profit (Reported)</b>	<b>3.3</b>	<b>2.6</b>	<b>3.2</b>	<b>3.4</b>	<b>3.7</b>	<b>3.9</b>
Earnings Before Tax (Adj.) (1)						
Net Profit (Adj.)	3.3	2.6	3.2	3.4	3.7	3.9
<b>BALANCE SHEET (EURm)</b>	<b>12/2014</b>	<b>12/2015</b>	<b>12/2016</b>	<b>12/2017p</b>	<b>12/2018e</b>	<b>12/2019e</b>
Due from Banks	78.0	62.5	42.1	50.0	50.0	50.0
Customer Loans	694	813	847	873	890	908
Securities	0.0	0.0	0.0	0.0	0.0	0.0
<b>Interest Earning Assets (IEA)</b>	<b>772</b>	<b>876</b>	<b>889</b>	<b>923</b>	<b>940</b>	<b>958</b>
Unit Linked Investments						
Goodwill						
Other Assets	67.4	96.7	144	156	157	161
<b>Total Assets</b>	<b>839</b>	<b>973</b>	<b>1,033</b>	<b>1,079</b>	<b>1,097</b>	<b>1,119</b>
Due to Banks	62.6	83.7	74.4	65.0	63.0	63.0
Customer Deposits	688	800	846	899	908	926
Bonds & Debt Capital	28.8	26.8	35.9	35.8	45.8	45.8
Technical Provisions Insurance (Life and Non-Life)						
Other Liabilities	18.5	18.7	26.0	26.9	25.8	27.5
<b>Shareholders Equity</b>	<b>37.2</b>	<b>38.8</b>	<b>45.6</b>	<b>47.4</b>	<b>49.2</b>	<b>51.2</b>
Minorities Equity	4.4	4.6	5.1	5.1	5.1	5.1
<b>Total Liabilities</b>	<b>839</b>	<b>973</b>	<b>1,033</b>	<b>1,079</b>	<b>1,097</b>	<b>1,119</b>
<b>Tangible Book Value (2)</b>	<b>37.2</b>	<b>38.8</b>	<b>45.6</b>	<b>47.4</b>	<b>49.2</b>	<b>51.2</b>
<b>REGULATORY CAPITAL (EURm)</b>	<b>12/2014</b>	<b>12/2015</b>	<b>12/2016</b>	<b>12/2017p</b>	<b>12/2018e</b>	<b>12/2019e</b>
Risk Weighted Assets	703	816	862	856	742	764
<b>CT1 ratio (B3 fully loaded)</b>	<b>6.4%</b>	<b>6.0%</b>	<b>6.1%</b>	<b>7.2%</b>	<b>10.0%</b>	<b>10.3%</b>
<b>CT1 ratio (B3 phased-in)</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Total Capital Ratio (B3)</b>	<b>10.4%</b>	<b>9.2%</b>	<b>10.2%</b>	<b>11.3%</b>	<b>15.3%</b>	<b>15.4%</b>
<b>Leverage Ratio (fully loaded)</b>	<b>7.1%</b>	<b>6.1%</b>	<b>6.6%</b>	<b>7.1%</b>	<b>8.7%</b>	<b>8.9%</b>
<i>Tangible equity as % of Assets</i>	<i>4.4%</i>	<i>4.0%</i>	<i>4.4%</i>	<i>4.4%</i>	<i>4.5%</i>	<i>4.6%</i>



## Merkur Bank : Summary tables

GROWTH RATES %	12/2014	12/2015	12/2016	12/2017p	12/2018e	12/2019e
Revenue Growth	1.3%	1.0%	6.0%	-0.4%	1.9%	1.6%
Operating Cost Growth	8.0%	0.9%	1.8%	1.0%	1.0%	1.0%
Interest Income Growth	-1.8%	2.1%	6.8%	1.0%	1.0%	1.5%
Non Interest Income Growth						
<b>Pre-Provision Profit Growth</b>	<b>-23.2%</b>	<b>13.2%</b>	<b>15.4%</b>	<b>-2.9%</b>	<b>4.1%</b>	<b>3.2%</b>
Customer Loan Growth	-5.8%	17.2%	4.1%	3.0%	2.0%	2.0%
Deposits Growth	-4.1%	16.4%	5.7%	6.2%	1.0%	2.0%
Change in NPLs						

KEY RATIOS %	12/2014	12/2015	12/2016	12/2017p	12/2018e	12/2019e
Interest Income/Avg. IEA	2.7%	2.6%	2.6%	2.6%	2.5%	2.5%
Interest Income/Avg. RWA	2.9%	2.8%	2.8%	2.7%	3.0%	3.2%
Total Revenue/Avg. RWA	4.5%	4.3%	4.1%	4.0%	4.4%	4.8%
<b>Cost/Income ratio (4)</b>	<b>63.7%</b>	<b>63.6%</b>	<b>61.1%</b>	<b>61.9%</b>	<b>61.3%</b>	<b>60.9%</b>
LIC/Avg. Customer Loans	0.12%	0.29%	-0.24%	0.23%	0.24%	0.23%
LIC/Avg.RWA	0.12%	0.29%	-0.23%	0.23%	0.26%	0.28%
Loan Loss Provisions (Balance Sheet)/Loans	0.1%	0.3%	-0.5%	0.2%	0.2%	0.2%
NPL Ratio (gross)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
NPL Coverage	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Loans/Deposits Ratio	100.9%	101.7%	100.1%	97.1%	98.0%	98.0%
ROE	9.2%	6.9%	7.5%	7.4%	7.6%	7.7%
ROTE or ROE (adj.) (5)	9.2%	6.9%	7.5%	7.4%	7.6%	7.7%
Payout Ratio	31.2%	43.2%	42.6%	46.3%	50.0%	50.0%
Dividend Yield (gross)	3.3%	3.7%	3.9%	3.4%	3.9%	4.1%

VALUATION (x)	12/2014	12/2015	12/2016	12/2017p	12/2018e	12/2019e
P/Pre-Provision Profit per Share	3.6	3.1	3.1	4.0	4.1	4.0
P/E (reported)	9.6	11.6	10.9	13.0	12.9	12.2
<b>P/E (adj.)</b>	<b>9.6</b>	<b>11.6</b>	<b>10.9</b>	<b>13.0</b>	<b>12.9</b>	<b>12.2</b>
P/BV	0.8	0.8	0.8	0.9	1.0	0.9
P/TBV	0.8	0.8	0.8	0.9	1.0	0.9

PER SHARE DATA (EUR)(6)	12/2014	12/2015	12/2016	12/2017p	12/2018e	12/2019e
Average diluted number of shares	5.2	5.2	5.7	5.7	5.7	5.7
Pre-Provision Profit per Share	1.69	1.91	2.19	1.95	2.03	2.09
EPS (reported)	0.64	0.51	0.61	0.60	0.64	0.68
<b>EPS (adj.)</b>	<b>0.64</b>	<b>0.51</b>	<b>0.61</b>	<b>0.60</b>	<b>0.64</b>	<b>0.68</b>
BVPS	7.20	7.51	8.01	8.33	8.66	9.00
TBVPS (2)	7.20	7.51	8.01	8.33	8.66	9.00
DPS	0.20	0.22	0.26	0.28	0.32	0.34

PRICE & SHARES & MKT CAP (EURm)	12/2014	12/2015	12/2016	12/2017p	12/2018e	12/2019e
Price** (EUR) (7)	6.1	5.9	6.7	7.9	8.3	8.3
Outstanding number of ordinary shares (m)	5.2	5.2	5.7	5.7	5.7	5.7
<b>Total Market Cap (8)</b>	<b>31.6</b>	<b>30.5</b>	<b>38.0</b>	<b>44.7</b>	<b>47.2</b>	<b>47.2</b>
Assets Under Management (bn)						

Source: Company, equinet Bank estimates.

Notes

(1) Earnings Before Tax (adj.) = EBT +/- Exceptional Items

(2) Tangible Book Value = Shareholders Equity less Goodwill

(3) Core Tier1 Ratio (ESN adj.) = Tier1 capital less Tier1 Hybrid capital and less preference capital divided by risk weighted assets

(4) Cost/Income = Operating Costs divided by Banking Revenues

(5) ROTE or ROE (adj.) = Net Profit (adj) divided by the two-years (according to fiscal year end) average of Shareholders Equity excluding Goodwill

(6) EPS (adj.) diluted= Net Profit (adj.)/Avg DIL. Ord. (+ Ord. equivalent) Shs. EPS (reported) = Net Profit reported/Avg DIL. Ord. (+ Ord. equivalent) Shs.

(7) Price (in local currency): Historical Price for Historical Years and Current Price for current and forecast years

(8) Total Market Cap includes also other categories of shares (preferred and/or savings)

Sector: Banks/Banks

Company Description: Merkur Bank is a small bank, located in Munich, focusing on real estate financing, leasing, SME lending and retail banking in Germany, mainly in Bavaria.



## Recommendations and Disclosures

Coverage	Analyst	Target	Rating	Disc.	Coverage	Analyst	Target	Rating	Disc.
2G Energy	Rüzgar	19.50	Neutral	2/3/5	Metro AG	Bruns	29.00	Buy	2
Aareal Bank	Häßler	42.00	Accumulate		MLP	Häßler	7.50	Buy	2/3
adidas	Josefson	211.00	Accumulate		MTU Aero Engines	Rüzgar	130.00	Reduce	2
Adler Modemaerkte	Josefson	6.00	Neutral	7	Munich Re	Häßler	210.00	Accumulate	
ADLER Real Estate	Mayer	15.70	Buy		Nemetschek SE	Mildner	47.00	Reduce	5
Aixtron	Sen	11.60	Accumulate	2/3	Nexus AG	Drost	28.00	Buy	
Allianz	Häßler	200.00	Neutral		Norma Group	Schuldt	61.00	Neutral	
Axel Springer	Josefson	66.50	Reduce		OHB SE	Rüzgar	40.00	Neutral	7
Bayer	Miemietz	118.00	Buy		OVH Holding AG	Häßler	20.00	Accumulate	2/5/7
BB Biotech	Miemietz	73.00	Buy	7	Patrizia	Mayer	21.50	Accumulate	
Biotest	Miemietz	18.00	Neutral	2/3	Pfeiffer Vacuum	Sen	162.00	Accumulate	5
BMW	Schuldt	100.00	Accumulate		Procredit Holding	Häßler	15.60	Buy	2/3/5
Brenntag	Hinkel	59.80	Buy	2	PSI SOFTWARE AG	Mildner	20.00	Accumulate	2/3
Ceconomy AG	Bruns	10.70	Reduce		Puma	Josefson	430.00	Buy	
Cenit	Drost	22.50	Buy		PWO	Schuldt	51.00	Buy	2/3
comdirect	Häßler	11.20	Neutral		Rheinmetall	Rüzgar	110.00	Accumulate	
Commerzbank	Häßler	13.00	Neutral		RIB Software	Mildner	16.50	Buy	2/3
Continental	Schuldt	270.00	Buy		RTL Group	Josefson	72.00	Accumulate	
CORESTATE Capital Holding S.A.	Mayer	72.00	Buy	2/5	S&TAG	Sen	21.00	Buy	2/3
CTS Eventim	Heilmann	41.00	Neutral		SAF-Holland	Schuldt	17.00	Accumulate	7
Daimler AG	Schuldt	80.00	Accumulate		SCOUT24	Heilmann	31.00	Reduce	2
Daldrup & Soehne	Becker	14.50	Buy	2/3/5	Siegfried Holding AG	Miemietz	295.00	Accumulate	
Demire	Mayer	4.55	Buy	2/5	SLM Solutions	Sen	24.00	Sell	
Deutsche Bank	Häßler	18.00	Buy		SMT Scharf AG	Rüzgar	16.70	Buy	2/3
Deutsche EuroShop	Mayer	33.00	Neutral		Software AG	Mildner	30.00	Sell	
Deutsche Pfandbriefbank	Häßler	13.50	Neutral		Stabilus	Tanzer	89.00	Buy	
Deutsche Telekom	Sen	13.30	Neutral		Suedzucker	Bruns	15.50	Reduce	
Drillisch	Sen	66.00	Buy		SuessMicroTec	Sen	14.30	Reduce	2/3
Duerr	Augustin	120.00	Buy		Surteco	Mildner	30.00	Buy	2/3
EringKlinger	Schuldt	12.40	Reduce		Symrise AG	Hinkel	67.00	Neutral	
elumeo SE	Josefson	10.90	Accumulate		Szygy AG	Heilmann	12.00	Accumulate	2/3
Epigenomics AG	Miemietz	4.72	Accumulate	2/3	TAKKTAG	Bruns	22.30	Neutral	2
Euromicron AG	Drost	13.00	Buy	2/3/5	Talanx Group	Häßler	40.00	Accumulate	
Eyemaxx Real Estate	Mayer	16.00	Buy	2/5/7	Technotrans	Becker	45.70	Neutral	2/3
Ferratum	Häßler	30.00	Buy		TELECOLUMBUS	Sen	11.00	Buy	
Fielmann	Heilmann	79.00	Accumulate		Telefonica Deutschland	Sen	3.40	Sell	
Freenet	Sen	36.00	Buy	2	United Internet	Sen	63.00	Buy	
Fuchs Petrolub	Hinkel	47.00	Neutral		Vapiano	Bruns	26.50	Buy	2/7
Gea Group	Augustin	39.00	Neutral		va-Q-tec	Sen	17.00	Neutral	2/3/5
Gerrheimer AG	Rüzgar	75.00	Neutral		Viscom	Rüzgar	29.50	Accumulate	2/3
Gerry Weber	Josefson	8.00	Neutral		Volkswagen	Schuldt	170.00	Neutral	
Gasco	Becker	36.00	Accumulate	2/3/5	Wacker Neuson SE	Becker	27.20	Neutral	
GFT Technologies	Mildner	15.50	Buy	2/3	windeln.de	Josefson	3.10	Buy	2
Gigaset	Sen	0.85	Accumulate	2/3	XING AG	Heilmann	315.00	Buy	
Grenke	Häßler	90.00	Neutral		Zalando	Josefson	44.50	Neutral	
Hannover Re	Häßler	110.00	Neutral						
Heidelberg Pharma	Miemietz	3.50	Buy	2/3					
Heidelberger Druck	Augustin	3.60	Buy						
HELLA GmbH & Co. KGaA	Tanzer	57.00	Accumulate						
Hornbach Holding	Bruns	89.00	Buy						
Hugo Boss	Josefson	80.00	Buy						
Hypoport AG	Häßler	164.00	Buy	2/7					
INDUS Holding AG	Becker	64.50	Neutral						
K+S AG	Hinkel	24.40	Accumulate						
Koenig & Bauer	Augustin	67.00	Accumulate						
Krones AG	Augustin	121.00	Accumulate						
KWSSAAT	Hinkel	348.00	Neutral						
Lanxess	Hinkel	83.00	Buy						
Leoni	Schuldt	57.00	Neutral						
Linde	Hinkel	175.00	Neutral						
Logwin	Mildner	148.00	Neutral	2/3/5					
Manz AG	Rüzgar	35.00	Neutral	2/3					
MAX Automation AG	Becker	9.40	Buy	2/3/5					
Merck	Miemietz	112.00	Buy						
Merkur Bank	Häßler	10.00	Buy	2/7					

\* = Coverage suspended

Source: equinet Recommendations



## Notice according to § 34 b (German) Securities Trading Act ("Wertpapierhandelsgesetz")

This document is issued by Equinet Bank AG ("Equinet Bank"). It has been prepared by its authors independently of the Company, and none of Equinet Bank, the Company or its shareholders has independently verified any of the information given in this document.

Equinet Bank possesses relations to the covered companies as detailed in the table on the previous page. Additional information and disclosures will be made available upon request and/or can be looked up on our website <http://www.Equinet-Bank-ag.de>

1 - Equinet Bank and/or its affiliate(s) hold(s) more than 5% of the share capital of this company calculated under computational methods required by German law.

2 - Equinet Bank acts as a designated sponsor for this company, including the provision of bid and ask offers. Therefore, we regularly possess shares of the company in our proprietary trading books. Equinet Bank receives a commission from the company for the provision of the designated sponsor services.

3 – The designated sponsor services include a contractually agreed provision of research services.

4 – Within the last twelve months, Equinet Bank was involved as a lead or co-lead manager in the public offering of securities which are/whose issuer is the subject of this report.

5 – Within the last twelve months, Equinet Bank and/or its affiliate(s) provided investment banking- and/or other consultancy services for this company and/or its shareholders.

6 - Equinet Bank and/or its affiliate(s) has/have other substantial financial interests in relation to this issuer.

7 – Equinet Bank has entered into an agreement with this company about the preparation of research reports and – in return – receives a compensation.

Companies of the Equinet Bank group and/or its directors, officers and employees or clients may take positions in, and may make purchases and/or sales as principal or agent in the securities or related financial instruments discussed in our reports. The Equinet Bank group may provide investment banking and other services to and/or serve as directors of the companies referred to in our reports.

In compliance with Para 5 Sec. 4 of the Ordinance on the Analysis of Financial Instruments (FinAnV) Equinet Bank has realized additional internal and organizational measures, such as specific research guidelines, to prevent or manage conflicts of interest.

Neither the company nor its employees are allowed to receive donations from third parties with a special interest in the content of the analysis.

The salary of the research analysts of Equinet Bank AG does not depend on the investment banking transactions of the company. Nevertheless, this does not rule out the payment of a bonus which depends on the overall financial performance of the bank.

Particular care is taken that the individual performance of each research analyst of Equinet Bank AG is not being assessed by a manager of another business division with similar or same interests.

To assure a highest degree of transparency Equinet Bank AG regularly provides - on a quarterly basis – a summary according to Para 5 Sec. 4 No. 3 of the Ordinance on the Analysis of Financial Instruments (FinAnV). It informs about the overall analysts recommendations and sets them in a relationship to those companies, for which Equinet Bank provided investment banking services within the last twelve months. This summary is published via our website <http://www.Equinet-Bank-ag.de>.

Furthermore, we refer to our conflict of interest policy as well as the German Securities Trading Act (WpHG) and the Ordinance on the Analysis of Financial Instruments (FinAnV) provided in the download area of our website <http://www.Equinet-Bank-ag.de>.

### Remarks

#### Recommendation System

Buy - The stock is expected to generate a total return of over 20% during the next 12 months time horizon.

Accumulate - The stock is expected to generate a total return of 10% to 20% during the next 12 months time horizon.

Hold - The stock is expected to generate a total return of 0% to 10% during the next 12 months time horizon

Reduce - The stock is expected to generate a total return of 0 to -10% during the next 12 months time horizon

Sell - The stock is expected to generate a total return below -10% during the next 12 months time horizon

#### Basis of Valuation

Equinet Bank uses for valuation purposes primarily DCF-Valuations and Sum-Of-The-Parts-Valuations as well as peer group comparisons.

#### Share prices

Share prices in this analysis are the German closing prices of the last trading day before the publication.

#### Sources

Equinet Bank has made any effort to carefully research all information contained in the analysis. The information on which the analysis is based has been obtained from sources which we believe to be reliable such as, for example, Reuters, Bloomberg and the relevant press as well as the company which is the subject of the analysis. Only that part of the research note is made available to the issuer, who is the subject of the analysis, which is necessary to properly reconcile with the facts. Should this result in considerable changes a reference is made in the research note.

#### Actualizations

Opinions expressed in this analysis are our current opinions as of the issuing date indicated on this document. We do not commit ourselves in advance to whether and in which intervals updates are made.



## DISCLAIMER

THE PREPARATION OF THIS DOCUMENT IS SUBJECT TO REGULATION BY GERMAN LAW. THIS DOCUMENT IS BEING SUPPLIED TO YOU SOLELY IN YOUR CAPACITY AS A PROFESSIONAL INSTITUTIONAL INVESTOR FOR YOUR INFORMATION AND MAY NOT BE REPRODUCED OR PASSED ON, DIRECTLY OR INDIRECTLY, TO ANY OTHER PERSON OR PUBLISHED, IN WHOLE OR IN PART, FOR ANY PURPOSE. NEITHER THIS DOCUMENT NOR ANY COPY OF IT MAY BE TAKEN OR TRANSMITTED INTO AUSTRALIA, CANADA OR JAPAN OR DISTRIBUTED, DIRECTLY OR INDIRECTLY, IN AUSTRALIA, CANADA OR JAPAN OR TO ANY RESIDENT THEREOF.

THE DELIVERY OF THIS RESEARCH REPORT TO U.S. PERSONS IN THE UNITED STATES OF AMERICA IS MADE BY AND UNDER THE RESPONSIBILITY OF GSN NA, INC. (REGISTERED WITH THE SEC). THIS RESEARCH REPORT IS ONLY INTENDED FOR PERSONS WHO QUALIFY AS MAJOR U.S. INSTITUTIONAL INVESTORS, AS DEFINED IN SECURITIES EXCHANGE ACT RULE 15A-6, AND DEAL WITH GSN NA, INC. HOWEVER, THE DELIVERY OF THIS RESEARCH REPORT OR SUMMARY TO ANY U.S. PERSON SHALL NOT BE DEEMED A RECOMMENDATION OF GSN NA, INC. TO EFFECT ANY TRANSACTIONS IN THE SECURITIES DISCUSSED HEREIN OR AN ENDORSEMENT OF ANY OPINION EXPRESSED HEREIN. GSN NA, INC. MAY FURNISH UPON REQUEST ALL INVESTMENT INFORMATION AVAILABLE TO IT SUPPORTING ANY RECOMMENDATIONS MADE IN THIS RESEARCH REPORT. ALL TRADES WITH U.S. RECIPIENTS OF THIS RESEARCH SHALL BE EXECUTED THROUGH GSN NA, INC.

THIS DOCUMENT IS FOR DISTRIBUTION IN THE U.K. ONLY TO PERSONS WHO HAVE PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS AND FALL WITHIN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005 (THE "ORDER") OR (ii) ARE PERSONS FALLING WITHIN ARTICLE 49(2)(A) TO (D) OF THE ORDER, NAMELY HIGH NET WORTH COMPANIES, UNINCORPORATED ASSOCIATIONS ETC (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS "RELEVANT PERSONS"). THIS DOCUMENT MUST NOT BE ACTED ON OR RELIED UPON BY PERSONS WHO ARE NOT RELEVANT PERSONS. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS DOCUMENT RELATES IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS.

THE DISTRIBUTION OF THIS DOCUMENT IN OTHER JURISDICTIONS OR TO RESIDENTS OF OTHER JURISDICTIONS MAY ALSO BE RESTRICTED BY LAW, AND PERSONS INTO WHOSE POSSESSION THIS DOCUMENT COMES SHOULD INFORM THEMSELVES ABOUT, AND OBSERVE, ANY SUCH RESTRICTIONS. BY ACCEPTING THIS REPORT YOU AGREE TO BE BOUND BY THE FOREGOING INSTRUCTIONS. YOU SHALL INDEMNIFY EQUINET BANK AGAINST ANY DAMAGES, CLAIMS, LOSSES, AND DETRIMENTS RESULTING FROM OR IN CONNECTION WITH THE UNAUTHORIZED USE OF THIS DOCUMENT.

This report is for informational purposes only and has no regard to the specific investment objectives, financial situation or particular needs of any specific recipient. This publication is intended to provide information to assist institutional investors in making their own investment decisions, not to provide investment advice to any specific investor. Therefore, investments discussed and recommendations made herein may not be suitable for all investors: readers must exercise their own independent judgment as to the suitability of such investments and recommendations in the light of their own investment objectives, experience, taxation status and financial position.

The information herein is believed by Equinet Bank to be reliable and has been obtained from sources believed to be reliable, but Equinet Bank makes no representation as to the accuracy or completeness of such information. The information given in this report is subject to change without notice; it may be incomplete or condensed and it may not contain all material information concerning the Company. Opinions expressed herein may differ or be contrary to opinions expressed by other business areas of the Equinet Bank group as a result of using different assumptions and criteria. Equinet Bank is under no obligation to update or keep the information current. Equinet Bank provides data concerning the future development of securities in the context of its usual research activity. However, if a financial instrument is denominated in a currency other than an investor's currency, a change in exchange rates may adversely affect the price or value of, or the income derived from, the financial instrument, and such investor effectively assumes currency risk. In addition, income from an investment may fluctuate and the price or value of financial instruments described in this report, either directly or indirectly, may rise or fall. Furthermore, past performance is not necessarily indicative of future results. Neither the author nor Equinet Bank accepts any liability whatsoever for any loss howsoever arising from any use of this publication or its contents or otherwise arising in connection herewith, except as provided for under applicable regulations.

Equinet Bank shall only be liable for any damages intentionally caused or which result from any gross negligence of Equinet Bank. Further Equinet Bank shall be liable for the breach of a material obligation of Equinet Bank, however, limited to the amount of the typical foreseeable which shall in no event exceed the amount of EUR 10,000. German law shall be applicable and court of jurisdiction for all disputes shall be Frankfurt/Main (Germany).

**Competent Supervisory Authority:**  
Bundesanstalt für Finanzdienstleistungsaufsicht  
-BaFin- (Federal Financial Supervisory Authority)  
Graurheindorfer Straße 108, 53117 Bonn and  
Marie-Curie-Str. 24-28, 60439 Frankfurt am Main

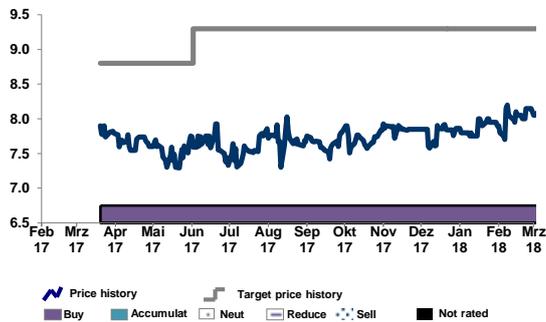


Recommendation history for MERKUR BANK

Date	Recommendation	Target price	Price at change date
20. Mrz 18	Buy	10.00	8.30
02. Jun 17	Buy	9.30	7.59
17. Nov 16	Buy	8.80	6.23
02. Aug 16	Buy	8.20	5.72
17. Feb 16	Buy	7.80	6.01

Source: Factset & ESN, price data adjusted for stock splits.

This chart shows equinet Bank continuing coverage of this stock; the current analyst may or may not have covered it over the entire period. Current analyst: Philipp Häßler, CFA (since 17/02/2016)





## ESN Recommendation System

The ESN Recommendation System is **Absolute**. It means that each stock is rated on the basis of a **total return**, measured by the upside potential (including dividends and capital reimbursement) over a **12 month time horizon**.



The ESN spectrum of recommendations (or ratings) for each stock comprises 5 categories: **Buy (B)**, **Accumulate (A)**, **Neutral (N)**, **Reduce (R)** and **Sell (S)**.

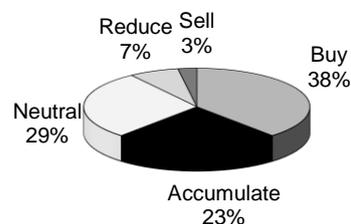
Furthermore, in specific cases and for a limited period of time, the analysts are allowed to rate the stocks as **Rating Suspended (RS)** or **Not Rated (NR)**, as explained below.

### Meaning of each recommendation or rating:

- **Buy:** the stock is expected to generate total return of **over 15%** during the next 12 months time horizon
- **Accumulate:** the stock is expected to generate total return of **5% to 15%** during the next 12 months time horizon
- **Neutral:** the stock is expected to generate total return of **-5% to +5%** during the next 12 months time horizon
- **Reduce:** the stock is expected to generate total return of **-5% to -15%** during the next 12 months time horizon
- **Sell:** the stock is expected to generate total return **under -15%** during the next 12 months time horizon
- **Rating Suspended:** the rating is suspended due to a change of analyst covering the stock or a capital operation (take-over bid, SPO, ...) where the issuer of the document (a partner of ESN) or a related party of the issuer is or could be involved
- **Not Rated:** there is no rating for a company being floated (IPO) by the issuer of the document (a partner of ESN) or a related party of the issuer

Certain flexibility on the limits of total return bands is permitted especially during higher phases of volatility on the markets

### Equinet Bank Ratings Breakdown



For full ESN Recommendation and Target price history (in the last 12 months) please see ESN Website [Link](#)

Date and time of production: 20 March 2018: 17:31 **CET**

First date and time of dissemination: 20 March 2018: 17:36 **CET**

## Disclaimer:

These reports have been prepared and issued by the Members of European Securities Network LLP ("ESN"). ESN, its Members and their affiliates (and any director, officer or employee thereof), are neither liable for the proper and complete transmission of these reports nor for any delay in their receipt. Any unauthorised use, disclosure, copying, distribution, or taking of any action in reliance on these reports is strictly prohibited. The views and expressions in the reports are expressions of opinion and are given in good faith, but are subject to change without notice. These reports may not be reproduced in whole or in part or passed to third parties without permission. The information herein was obtained from various sources. ESN, its Members and their affiliates (and any director, officer or employee thereof) do not guarantee their accuracy or completeness, and neither ESN, nor its Members, nor its Members' affiliates (nor any director, officer or employee thereof) shall be liable in respect of any errors or omissions or for any losses or consequential losses arising from such errors or omissions. Neither the information contained in these reports nor any opinion expressed constitutes an offer, or an invitation to make an offer, to buy or sell any securities or any options, futures or other derivatives related to such securities ("related investments"). These reports are prepared for the clients of the Members of ESN only. They do not have regard to the specific investment objectives, financial situation and the particular needs of any specific person who may receive any of these reports. Investors should seek financial advice regarding the appropriateness of investing in any securities or investment strategies discussed or recommended in these reports and should understand that statements regarding future prospects may not be realised. Investors should note that income from such securities, if any, may fluctuate and that each security's price or value may rise or fall. Accordingly, investors may receive back less than originally invested. Past performance is not necessarily a guide to future performance. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related investment mentioned in these reports. In addition, investors in securities such as ADRs, whose value are influenced by the currency of the underlying security, effectively assume currency risk. ESN, its Members and their affiliates may submit a pre-publication draft (without mentioning neither the recommendation nor the target price/fair value) of its reports for review to the Investor Relations Department of the issuer forming the subject of the report, solely for the purpose of correcting any inadvertent material inaccuracies. Like all members employees, analysts receive compensation that is impacted by overall firm profitability. For further details about the analyst certification, the specific risks of the company and about the valuation methods used to determine the price targets included in this report/note, please refer to the specific disclaimer pages prepared by the ESN Members. In the case of a short note please refer to the latest relevant published research on single stock or contact the analyst named on the front of the report/note for detailed information on the valuation methods, earning estimates and risks. A full description of all the organisational and administrative measures taken by the Members of ESN to manage interest and conflicts of interest are available on the website of the Members or in the local disclaimer of the Members or contacting directly the Members. Research is available through the ESN Members sales representative. ESN will provide periodic updates on companies or sectors based on company-specific developments or announcements, market conditions or any other publicly available information. Unless agreed in writing with an ESN Member, this research is intended solely for internal use by the recipient. Neither this document nor any copy of it may be taken or transmitted into Australia, Canada or Japan or distributed, directly or indirectly, in Australia, Canada or Japan or to any resident thereof. This document is for distribution in the U.K. Only to persons who have professional experience in matters relating to investments and fall within article 19(5) of the financial services and markets act 2000 (financial promotion) order 2005 (the "order") or (ii) are persons falling within article 49(2)(a) to (d) of the order, namely high net worth companies, unincorporated associations etc. (all such persons together being referred to as "relevant persons"). This document must not be acted on or relied upon by persons who are not relevant persons. Any investment or investment activity to which this document relates is available only to relevant persons and will be engaged in only with relevant persons. The distribution of this document in other jurisdictions or to residents of other jurisdictions may also be restricted by law, and persons into whose possession this document comes should inform themselves about, and observe, any such restrictions. By accepting this report you agree to be bound by the foregoing instructions. You shall indemnify ESN, its Members and their affiliates (and any director, officer or employee thereof) against any damages, claims, losses, and detriments resulting from or in connection with the unauthorized use of this document. For disclosure upon "conflicts of interest" on the companies under coverage by all the ESN Members, on the "interests" and "conflicts" of the analysts and on each "company recommendation history", please visit the ESN website ([http://www.esnpartnership.eu/research\\_and\\_database\\_access/insite](http://www.esnpartnership.eu/research_and_database_access/insite)), or refer to the local disclaimer of the Members, or contact directly the Members:

[www.bancaakros.it](http://www.bancaakros.it) regulated by the CONSOB - Commissione Nazionale per le Società e la Borsa

[www.caixabi.pt](http://www.caixabi.pt) regulated by the CMVM - Comissão do Mercado de Valores Mobiliários

[www.cmcioms.com](http://www.cmcioms.com) regulated by the AMF - Autorité des marchés financiers

[www.equinet-ag.de](http://www.equinet-ag.de) regulated by the BaFin - Bundesanstalt für Finanzdienstleistungsaufsicht

[www.ibg.gr](http://www.ibg.gr) regulated by the HCMC - Hellenic Capital Market Commission

[www.nibc.com](http://www.nibc.com) regulated by the AFM - Autoriteit Financiële Markten

[www.op.fi](http://www.op.fi) regulated by the Financial Supervision Authority

[www.valores.gvcgaesco.es](http://www.valores.gvcgaesco.es) regulated by the CNMV - Comisión Nacional del Mercado de Valores

## Members of ESN (European Securities Network LLP)



**Banca Akros S.p.A.**  
Viale Eginardo, 29  
20149 MILANO  
Italy  
Phone: +39 02 43 444 389  
Fax: +39 02 43 444 302



**Caixa-Banco de Investimento**  
Avenida João XXI, 63  
1000-300 Lisboa  
Portugal  
Phone: +351 21 313 73 00  
Fax: +351 21 389 68 98



**CM - CIC Market Solutions**  
6, avenue de Provence  
75441 Paris  
Cedex 09  
France  
Phone: +33 1 53 48 81 93



**equinet Bank AG**  
Gräfststraße 97  
60487 Frankfurt am Main  
Germany  
Phone: +49 69 - 58997 - 212  
Fax: +49 69 - 58997 - 299



**GVC Gaesco Beka, SV, SA**  
C/ Marques de Villamagna 3  
28001 Madrid  
Spain  
Phone: +34 91 436 7813



**Investment Bank of Greece**  
32 Aigialeias Str & Paradissou,  
151 25 Maroussi,  
Greece  
Phone: +30 210 81 73 383



**NIBC Bank N.V.**  
Gustav Mahlerlaan 348  
P.O.Box 235  
1082 ME Amsterdam  
The Netherlands  
Phone: +31 20 550 8500  
Fax: +31 20 626 8064



**OP Corporate Bank plc**  
P.O.Box 308  
Teollisuuskatu 1, 00013 Helsinki  
Finland  
Phone: +358 10 252 011  
Fax: +358 10 252 2703

