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Warsaw School of Economics
Al. Niepodległości 164
02-554 Warszawa, Poland

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Corporate governance ratings and the performance of listed companies in Poland

Marek Gruszczyński
Warsaw School of Economics

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Marek Gruszczyński
Warsaw School of Economics
marek.gruszczyński@sgh.waw.pl

Abstract

Recent ratings of corporate governance for the companies listed on Warsaw Stock Exchange are presented: the Polish Corporate Governance Forum (PFCG) ratings and Polish Institute of Directors (PID) ratings. The association between PFCG and PID ratings, measured by the rank correlation coefficient, is significant for the years 2004 and 2005 with the indication of stronger association for 2005 than for 2004. This may mean that rating criteria and the assessment methods for the two ratings are converging. It can also be confirmed that PID ratings are more stable and more rigid in assessing the corporate governance level in Polish listed companies. Results of the attempt to find out the relationship between the financial performance of companies and their ratings are mixed and disappointing. The representative ordered logit models for explaining the rating level of companies in terms of financial indicator variables have been estimated, with reasonable interpretation and, as expected, poor *ex post* forecast accuracy. The inconclusive results are mainly due to small sample sizes and the heterogeneity of samples. It is also possible that currently, and probably temporarily, Poland does not experience significant connection between the corporate governance level and the financial performance of companies listed on Warsaw Stock Exchange.

Keywords: corporate governance, rating, ordered logit

JEL codes: C10 and O57 and G30

1. Introduction

The corporate governance ratings of companies listed on Warsaw Stock Exchange have been published since 2001. The study aims at comparing the ratings offered by two institutions and at finding out whether the ratings of the companies are related to their financial performance.

Two ratings are taken into account:

- 1) Polish Corporate Governance Forum (PFCG) ratings and
- 2) Polish Institute of Directors (PID) ratings.

The PFCG uses term „ranking” but this in fact is „rating” since to a given company one category out of only a few quality categories is assigned. The PFCG and PID ratings differ methodologically. Major distinction lies in the philosophy of designing the relevant survey and in arriving at the final rating. In the first part of the paper the two ratings approaches are compared. The second part presents the attempt to quantify the relationships between the financial results of rated companies and their actual ratings assigned by the two bodies: PFCG and PID.

2. What ratings?

Both ratings make use of the degree of compliance with *Best practices in public companies* (2002, 2005) – the Warsaw Stock Exchange corporate governance code, as well as with the OECD *Principles of Corporate Governance* (1999, 2004). However, not all principles are equally important for the two rating institutions: PFCG and PID. They also differ in the methodology of collecting and assessing the data on governance.

PFCG rating

Polish Corporate Governance Forum (PFCG), allied with the Gdansk Institute for Market Economics (IBnGR), since 2001 publishes corporate governance ratings of the companies quoted on Warsaw Stock Exchange. The Forum’s webpage (www.pfcg.org.pl) indicates three ratings: for 2001, 2003 and 2005, published in Tamowicz et al. [2001], Dzierzanowski et al. [2004] and Dzierzanowski et al. [2006]. The ratings were also published in *Rzeczpospolita* daily. In addition, IBnGR prepared the rating for 2004, in the unpublished research paper by Aluchna et al. [2005].

Since the second rating for 2003, the methodology of PFCG ratings is somehow standardized and is based on the index constructed from 60 variables covering the following nine areas: "the general characteristics of supervisory board (competence, number of members, etc.), the institution of the independent members, functioning of the management board, regulations concerning the general shareholders' meeting, strengthening the function of audit, exposition to the external control (i.e. the lack of defences against a hostile take-over), regulations on trading in own shares, companies' declared goals and intentions, transparency of information" (Dzierzanowski et al. [2004]).

For the 2005 rating, the important change has been introduced, namely 30% of the final score is due to the additional "assessment provided by investment portfolio managers and analysts of the largest open-end pension funds, investment fund companies and asset management companies". (Dzierzanowski et al. [2006]).

Data are collected on the basis of analysing the disclosed documents (such as statutes, companies' internal regulations, by-laws of the supervisory boards and the general meetings of shareholders) including statements of compliance with the *Best practices in public companies* (with companies' comments), as well as the companies' webpages. The formal declarations on compliance are additionally monitored by checking whether the appropriate provisions are included in the companies by-laws.

It is not clear, who sets up the rules and makes the final decision on PFCG ratings. Most likely, these are the authors of PFCG rating publications.

The PFCG rating attributed to a company is based on the final score obtained from nine governance areas, with the appropriate weighing and, since 2005, with the 30% worth addition of the fund managers and analysts assessment. The range of PFCG rating so far covers six categories: A (highest), A-, B+, B, B-, C+.

PID rating

The corporate governance rating by the Polish Institute of Directors (PID) is based on the criteria set by the Rating Chapter of Institutional Investors. The Chapter is currently

composed by 7 executives representing institutional investors operating in Poland. The Chapter is independent from PID. Rating methodology uses the provisions of OECD *Principles of Corporate Governance* (see: *Raport...* [2006]). The PID published the ratings for the years 2002, 2004 and 2006.

The PID rating criteria are founded on 12 areas which can be grouped as follows:

1. Company's ownership structure:

- transparency of ownership structure,
- ownership concentration and the owners' influence.

2. General meeting of shareholders, relationships between the shareholders and the other interest groups:

- information ensuring equal treatment of shareholders on general meetings,
- voting and procedures on general meetings,
- shareholders' rights.

3. Financial transparency and the accessibility of information:

- quality and content of the information disclosed by the company,
- timeliness and accessibility of information disclosed,
- independence and the status of the auditor.

4. Composition of the supervisory board and the processes occurring within the board:

- composition and structure of supervisory board,
- efficiency of board's activities,
- functioning and the role of independent board members,
- remuneration of management board.

The method of collecting data is different than in the PFCG rating. The PID rating uses questionnaire addressed to all domestic institutional investors. PID office collects the answers (currently via internet) and calculated the results. The company is assessed if at least 5 institutional investors provide the answers on the company's corporate governance characteristics. In the last survey (for 2005) PID received the evaluations from the institutions representing 82% of the domestic market of institutional investors.

For each of the 12 areas the assessing investor may give the company the grade from „-5” to „5”. The total translates into the rating, in this case conveyed in the number of “stars”. The best companies get 5 stars and are distinguished with the title “The trustworthy company”. The PID rating uses 5 quality categories (stars).

The ratings

Tables Z1 and Z2 in the Appendix present both PFCG and PID ratings.

3. Level of association between PFCG and PID ratings

Is it sensible to compare PFCG and PID ratings?

As one can judge from the above, PFCG and PID ratings differ to a large extent, despite of the common objective. The technique of collecting data is different. Also, the different body designs the rating rules: for the PFCG rating these are the “market observers” while in the PID ratings we have the “market participants”. From this latter point of view, perhaps PID rating is closer to the market than PFCG rating. On the other hand, the PFCG ratings were present as the first on the Polish “ratings market” (i.e. since 2001) and, as such, they initially created a kind of benchmark.

So, can we sensibly compare the ratings? In my opinion, yes. Mainly – due to common objective of ratings, which is finding out how the companies listed on the Polish stock exchange comply to the rules of corporate governance. Besides, it may be worth to uncover whether the direct market impression on that matter is similar to the impression of the market (passive) observers.

Rank correlation between ratings

The ratings results for companies are conveyed by rating categories – from the lowest to the highest. The distances between neighbouring categories are unknown. One can possibly assume that these distances are equal, but testing such an idea might not be possible. Therefore, comparing the ratings is difficult, especially because the ratings order is important. If the companies X,Y,Z are given categories 3,2,1 in one rating and B,B-,C+ in the second

rating, one can say that in this case both ratings give the same result: the order of companies is maintained.

Composite comparison of ratings can be accomplished by using the Spearman rank correlation coefficient between the ratings results, separately for each year. This is possible only for the companies being assessed in both ratings simultaneously. Table 1 shows that there are 31 such companies for the 2002(2003) ratings, 33 for the 2004 ratings and 44 for the 2005 ratings.

The relevant ratings have been specified as numerical codes from 1 to 6 for PFCG rating and from 1 to 5 for PID rating. Table 1 presents the appropriate values of Spearman rank correlation.

Table 1. Correlation of PFCG and PID ratings

PFCG rating for the year	2005	2004	2003
Number of companies	55	51	51
PID rating for the year	2005	2004	2002
Number of companies	65	43	35
Both ratings	2005	2004	2002-3
Number of “common” companies	44	33	31
Spearman rank correlation coefficient	0.5401 **	0.3150 *	0.2343

Significantly different from zero with $p= 0.01(**)$ or $p= 0.1(*)$

The rank correlations suggest that the association of PFCG and PID ratings for Polish listed companies in 2004 and 2005 may be considered as significant and positive. Both ratings assess the quality of corporate governance in the same direction. Moreover, the significance of this association seems to be increasing in time.

The „severity” of ratings may be compared by means of the average values of numerical codes. Table 2 presents these averages, where in addition both codes are scaled on the same range of 1 to 5.

Table 2. Mean values for the PFCG and PID ratings
(only for „common” companies, as in Table 1)

PFCG rating for the year	2005	2004	2003
Average in the range of 1 to 6	3.80	3.61	3.13
Average in the range of 1 to 5	3.16	3.01	2.61
<hr/>			
PID rating for the year	2005	2004	2002
Average in the range of 1 to 5	2.98	3.03	3.16

Table 2 shows that PID ratings are more stable and, perhaps, also more „severe” in assessing the corporate governance level in Polish listed companies.

4. Governance level and the financial performance of listed companies

Methodology

The attempt to examine the relationship between the financial performance of companies and their rating has been undertaken with the use of methodology introduced earlier studies (Gruszczyński [2003, 2006]). The idea is to employ the ordered logit model in which the endogenous variable represents rating categories while exogenous variables are various financial characteristics of companies.

It is assumed that the company rating for given year (e.g. 2005) may exhibit the association with the financial performance in that year (i.e. 2005). This is because the most recent ratings in Poland were prepared during the year following the rated one (here: during 2006), usually in the first half of this subsequent year. Thus, the explanatory variables in the logit model are the financial indicators (ratios) calculated from the financial statements for the year of the rating (i.e. 2005). Gruszczyński [2006] considered the PFCG rating for 2003, prepared in fact in November 2003. Therefore, in that case only 2002 financial results were taken into account as the source of explanatory variables.

In this study the PFCG and PID ratings for 2004 and 2005 are modelled against financial results. Only “common” companies are taken into account, i.e. 33 companies for 2004 and 44 companies for 2005. Moreover, banks and other financial institutions have been excluded, so the final number of companies in the sample is 25 for 2004 and 34 for 2005. Hence, the

samples are small. For this reason, the original 5- or 6-categories for endogenous variables were additionally expressed in 3-categories setup, as explained below in Tables 3a and 3b.

Table 3a. Structure of the sample for 2004

Rating PFCG 04	Code	No. of comp.	Rating 3PFCG 04	Code	No. of comp.	Rating PID 04	Code	No. of comp.	Rating 3PID 04	Code	No. of comp.
C+	1	2									
B-	2	4	C+,B-	1	6	*	1	4	*,**	1	11
B	3	5				**	2	7			
B+	4	11	B,B+	2	16	***	3	5	***	2	5
A-	5	2				****	4	3			
A	6	1	A-,A	3	3	*****	5	6	*****, *****	3	9
Total		25			25			25			25

Table 3b. Structure of the sample for 2005

Rating PFCG 05	Code	No. of comp.	Rating 3PFCG 05	Code	No. of comp.	Rating PID 05	Code	No. of comp.	Rating 3PID 05	Code	No. of comp.
C+	1										
B-	2	4	B-, B	1	18	*	1	6	*,**	1	16
B	3	14				**	2	10			
B+	4	10	B+	2	10	***	3	8	***	2	8
A-	5	5				****	4	7			
A	6	1	A-,A	3	6	*****	5	3	*****, *****	3	10
Total		34			34			34			34

The potential explanatory variables represent 20 financial ratios calculated on the basis of the companies' 2004 and 2005 financial statements (source of the data is *Notoria Serwis*). These are:

1. Profitability ratios: P1 gross profit from sales margin, P2 operating profit margin, P3 gross profit margin, P4 net profit margin, ROE return on equity, and ROA return on assets.
2. Liquidity ratios: L1 current ratio, L2 quick ratio, and L3 acid test.
3. Activity ratios: A1 amount due turnover, A2 inventory turnover, A3 operating cycle, A4 liabilities turnover, A5 cash conversion cycle, A6 current assets turnover, and A7 assets turnover.
4. Debt ratios: D1 fixed assets cover ratio (shareholders' equity / fixed assets), D2 debt margin, D3 EBITDA / financial expenses, and D4 debt / EBITDA.

Associations of ratings and financial indicators

Simple correlation coefficients between the numerical codes of endogenous variables (PFCG04, 3PFCG04, PID04, 3PID04, PFCG05, 3PFCG05, PID05, 3PID05) and the relevant financial ratios indicated the following possible associations (the sign, + or – indicates the direction, double sign indicates the association significant on the level of 10%):

2004:

Endogenous variable	Potential explanatory variables
PFCG04	L1(+), L2(+), L3(+), A2(--), A3(--), A4(--), A6(--), D2(-)
3PFCG04	ROE(+), A3(--), A4(--), A6(--), D4(+)
PID04	ROE(+), A1(--), A5(+)
3PID04	P1(+), A1(-), D4(+)

2005:

Endogenous variable	Potential explanatory variables
PFCG05	P2(-), A1(-), A3(--), D1(-)
3PFCG05	L2(-), A1(--), D1(--), D2(++)
PID05	A1(--), A3(--), D4(-)
3PID05	P3(-), P4(-), A1(--), A3(--), A4(--), A6(--), A7(--)

It is hardly possible to indicate any pattern of relationship between financial indicators and the rating variables (PFCG, 3PFCG, PID oraz 3PID). Moreover, some of the directions suggested by the correlation signs seem to be counterintuitive.

Such outcome is due to small sample sizes, as well as to heterogeneity of samples. The samples include companies from diverse branches in manufacturing and services sectors, companies of various size and from the broad range of activity profiles. The elements influencing such non-homogeneity of the sample are so many that, given sample size, it is not possible to account for them in properly extracting the relationship under study.

If one insists on spelling out the association “disclosed by the data”, it can be said that with significant degree of confidence the ratios A1, A3, A4 are negatively correlated with the corporate governance rating of listed companies in Poland for 2004 and 2005. Perhaps, this might indicate that companies with higher level of receivables turnover and liabilities turnover are regarded as the inferior ones from the perspective of corporate governance.

Due to such meager results of introductory data analysis, below we present only the examples of estimated ordered logit models. The details of the approach may be found in Gruszczynski [2006]. Models include at most two explanatory variables. The τ_j are thresholds (cutpoints) indicating the real numbers intervals for categories: from the first to the fifth (or sixth) for the model with five (or six) rating categories, and from the first to the third for the model with three rating categories. Due to multicollinearity of explanatory variables and the low level of their association with the endogenous variables, models have poor statistical characteristics.

Models for PFCG and PID for 2004

Tables 4 and 5 present the estimation results for representative models constructed for 2004.

Table 4. Ordered logit estimation results for PFCG and PID ratings for 2004: variables PFCG04 i PID2004 (six and five rating categories)

Endogenous variable→ Explanatory variable↓	PFCG04		PFCG04		PID04		PID04	
	Parameter estimate	<i>p</i>	Parameter estimate	<i>p</i>	Parameter estimate	<i>p</i>	Parameter estimate	<i>p</i>
ROE					5.109	0.07	5.245	0.09
L1	0.973	0.05						
A1					-0.019	0.07		
A4			-0.018	0.01				
A5					0.018	0.10	0.017	0.13
A6	-0.016	0.01						
τ_1	-3.725	0.02	-5.157	0.00	-2.451	0.02	-0.957	0.16
τ_2	-2.018	0.15	-3.192	0.00	-0.655	0.48	0.686	0.28
τ_3	-0.912	0.49	-2.121	0.01	0.293	0.74	1.577	0.02
τ_4	1.746	0.23	0.399	0.62	1.005	0.28	2.212	0.00
τ_5	3.035	0.07	1.650	0.15				
Log likelihood	-33.047		-32.974		-34.857		-36.603	
Forecast accuracy (%)	48		44		40		28	

Table 5. Ordered logit estimation results for PFCG and PID ratings for 2004:
variables 3PFCG04 i 3PID2004 (three rating categories)

Endogenous variable→ Explanatory variable↓	3PFCG04		3PFCG04		3PID04		3PID04	
	Parameter estimate	<i>p</i>	Parameter estimate	<i>p</i>	Parameter estimate	<i>p</i>	Parameter estimate	<i>p</i>
P1					2.932	0.33		
ROE	0.949	0.11						
A4	-0.016	0.05					-0.012	0.24
A6			-0.012	0.07				
D4			0.116	0.24	0.112	0.30		
τ_1	-4.949	0.11	-2.861	0.03	0.944	0.39	-1.120	0.17
τ_2	0.016	0.05	0.796	0.48	1.824	0.10	-0.261	0.74
Log likelihood	-18.432		-19.506		-25.027		-25.509	
Forecast accuracy (%)	72		72		52		44	

Models for PFCG and PID for 2005

Tables 6 and 7 present the estimation results for representative models constructed for 2005.

Table 6. Ordered logit estimation results for PFCG and PID ratings for 2005:
variables PFCG04 i PID2004 (six and five rating categories)

Endogenous variable→ Explanatory variable↓	PFCG05		PFCG05		PID05		PID05	
	Parameter estimate	<i>p</i>	Parameter estimate	<i>p</i>	Parameter estimate	<i>p</i>	Parameter estimate	<i>p</i>
A1					-0.015	0.07		
A3	-0.010	0.02	-0.006	0.09	-0.004	0.36	-0.006	0.13
D1	-1.271	0.03						
τ_1	-5.311	0.00	-2.960	0.00	-3.356	0.00	-2.378	0.00
τ_2	-2.717	0.01	-0.736	0.25	-1.921	0.02	-1.055	0.10
τ_3	-0.985	0.35	0.773	0.26	-0.647	0.39	0.120	0.85
τ_4	0.910	0.51	2.582	0.02	1.270	0.18	0.955	0.02
Log likelihood	-37.928		-40.873		-44.223		-45.972	
Forecast accuracy (%)	42		39		48		26	

Table 7. Ordered logit estimation results for PFCG and PID ratings for 2005:
variables 3PFCG04 i 3PID2004 (three rating categories)

Endogenous variable→ Explanatory variable↓	3PFCG05		3PFCG05		3PID05		3PID05	
	Parameter estimate	<i>p</i>	Parameter estimate	<i>p</i>	Parameter estimate	<i>p</i>	Parameter estimate	<i>p</i>
A1	-0.014	0.09	-0.017	0.06	-0.013	0.19		
A3					-0.007	0.19	-0.010	0.07
D1			-1.716	0.04				
D2	3.859	0.07						
τ_1	0.719	0.54	-3.136	0.01	-2.197	0.02	-1.628	0.05
τ_2	2.371	0.06	-1.378	0.21	-0.925	0.29	-0.419	0.59
Log likelihood	-30.608		-28.952		-29.855		-30.658	
Forecast accuracy (%)	56		62		55		52	

5. Conclusions

Ratings of corporate governance for the companies listed on Warsaw Stock Exchange have been presented. Two institutions which make their ratings public are Polish Corporate Governance Forum (PFCG) and Polish Institute of Directors (PID). The concordance of recent ratings, i.e. for 2005, 2004 and 2003 has been analyzed. The association between PFCG and PID ratings, measured by means of rank correlation coefficient is distinct for the years 2004 and 2005 and the significance of this relationship is higher for 2005 than for 2004. This may mean that rating criteria and the assessment methods for the two ratings somehow converge. Moreover, the adopted simple measures show that PID ratings are more stable and also more „severe” in assessing the corporate governance level in Polish listed companies.

Results of the attempt to find out the relationship between the financial performance of companies and their ratings are mixed and rather disappointing. The correlations between ratings and the performance indicated negative significant association for the activity ratios. For example, this might indicate that companies with higher level of receivables turnover and liabilities turnover are regarded as the inferior ones from the perspective of corporate governance.

Significant correlations between rating level and the financial indicators are scarce and sometimes counterintuitive. Therefore, the effort to construct ordered logit models for explaining the rating level was at the outset designed as only the methodological example.

Nevertheless, the representative simple models which have been estimated, have reasonable interpretation and, as it can be expected, have rather poor *ex post* forecast accuracy. It turned out that the models for PID ratings are harder to specify and have worse fit than the models for PFCG ratings.

The reasons of such results are mainly due to small sample sizes and the heterogeneity of samples (samples include companies from diverse branches, of various size etc.). On the other hand, the corporate governance rating is based on homogenous set of criteria, applied to each company in the same manner, independently of company's particular characteristics.

The solution for future research are larger, more homogeneous samples, as well as more refined research hypotheses and more appropriate methodologies. Right now, the corporate governance ratings in Poland are confined to the companies listed on Warsaw Stock Exchange, so the major increase of the samples is not possible.

One final note: it may well be that currently (and probably temporary) Poland does not experience significant connection between the corporate governance level and the financial performance of companies.

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Appendix

Table Z1

PFCG ratings for the year	2005	2004	2003
Agora	A	A	A-
Amica	B+	A-	A-
Bioton	B	-	-
Boryszew	B	-	-
BPH PBK	A	A-	B+
BRE	B+	B+	B+
BSK (ING BSK)	A-	A-	B
Budimex	B	B-	B-
BZ WBK	A	A	A-
CCC	B	-	-
Cersanit	B-	C+	C+
Ciech	B	-	-
Citibank Handlowy	B+	B	B-
Comarch	B	B+	B-
ComputerLand	A-	B+	B+
Dębica	B-	B-	B
Echo	B-	C+	C+
Eldorado	A-	B+	B+
Elektrim	-	B-	B
Farmacol	B	B+	B-
Forte	B+	A-	B+
Getin	B+	-	-
Grajewo	B+	B+	B-
Groclin	B+	B	B
Grupa Lotos	B	-	-
GTC	B+	-	-
Hoop	B	B+	C+
Impexmetal	B	B	B
Jelfa	B	B	B
Kęty	A-	B	B
KGHM	B+	B+	B+
Kogeneracja	B-	B-	B-
Kredyt Bank	B+	B+	B-
Krosno	B-	B-	B-
Kruszwica	B-	B	B
Lentex	-	B-	B-
LPP	B+	B+	B+
Mennica	B-	B-	B
Millennium (BIG BG)	B+	B+	B-
Mondi (Świecie)	B	B-	C+
Mostostal Siedlce	B+	B-	B-
Netia	B	B+	B+
Orbis	B	B	A-

ORFE	-	B-	B-
PEKAO	A-	B+	B+
PGF	A-	B	B
PKN Orlen	A-	A-	B
PKO BP	B+	-	-
Polfa Kutno	-	B	B+
Polifarb CW	-	B	B
Polmos Białystok	B	-	-
Prokom	B+	B+	B+
Rafako	B	B	B
Rolimpex	B-	B-	B-
Softbank	B	B	B
Sokołów (Farm Food)	B-	B	B-
Sterprojekt	B-	B-	B-
Stomil Sanok	A-	B+	B+
TPSA	B+	B+	B+
TVN	B+	-	-
Żywiec	-	B-	B-
Number of companies	55	51	51

Table Z2

PID ratings	for the year	2005	2004	2002
ABG (Sterprojekt)		**	*	
Agora		*****	*****	*****
Alchemia		*		
Amrest		****		
Apator		*****	**	
Asseco Poland		****		
ATM		****		
BACA		***	****	
Bank BPH		***	*****	*****
Bank Handlowy		***	**	***
Barlinek		***		
Bioton		*		
Boryszew		***	**	*
BRE		***	***	**
Budimex		*	**	***
BZ WBK		****	****	****
CCC		****		
Cersanit		***	***	****
Ciech		***		
Comarch		*	**	***
Computerland		***	*****	*****
Debica		**	**	**
Duda		**	****	****
Dwory		***		

Echo	**	***	****
Eldorado	****	*****	*****
Elektrobudowa	****	*****	*****
Eurocash	**		
Farmacol	*	**	**
Forte	**	****	***
Getin	****	***	
Graal	****		
Grajewo	****	****	**
Groclin	**	**	****
GTC	**	**	
ING BSK	****	**	**
Kety	*****	*****	*****
KGHM	*	*	*
Koelner	*****		
Kredyt Bank	****	**	**
Kruk	*****	****	
Lotos	***		
LPP	****	*****	*****
Millennium	*****	*	*
MOL	*****		
Netia	**	**	****
Nowa Gala	****	*****	
Opoczno	*		
Orbis	**	**	**
PBG	*****		
Pekao	*****	*****	*****
PGF	****	*****	*****
PGNiG	*		
PKN Orlen	****	**	*
PKO BP	***		
Polimexms	*****		
Polmos Białystok	***		
Prokom	*	*	*
Rafako	****	***	
Softbank	**	*	*
Stalprofil	***	****	***
Swiecie	***	**	***
TP S.A.	**	****	***
TVN	***		
Vistula	****		
Number of companies	65	43	35