

# RECENT TRENDS IN POLAND'S BANKING SECTOR

Loose slides



March 2013

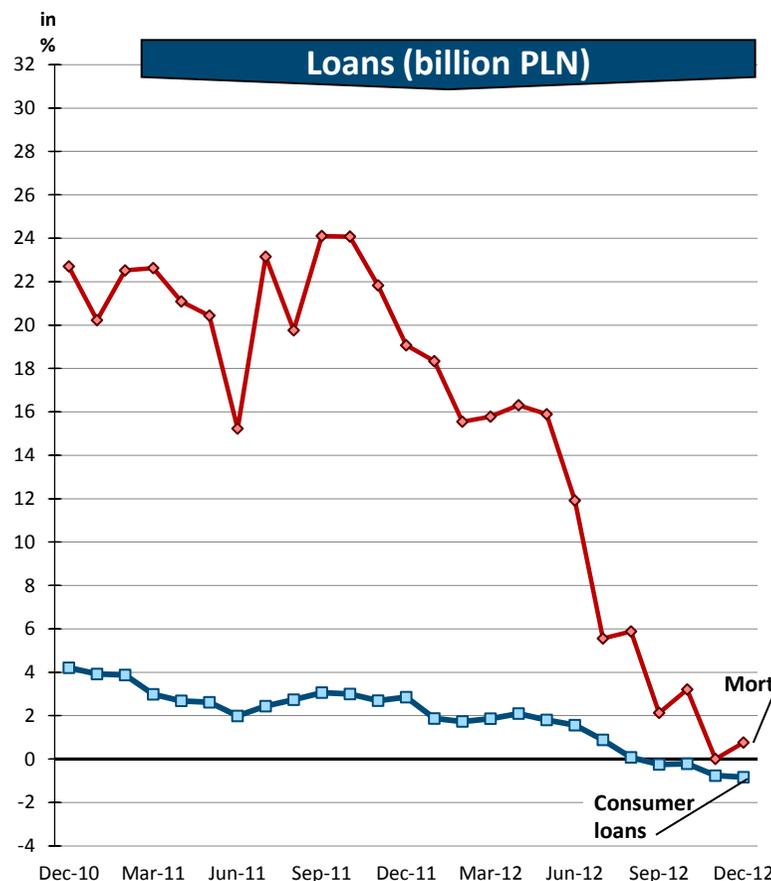
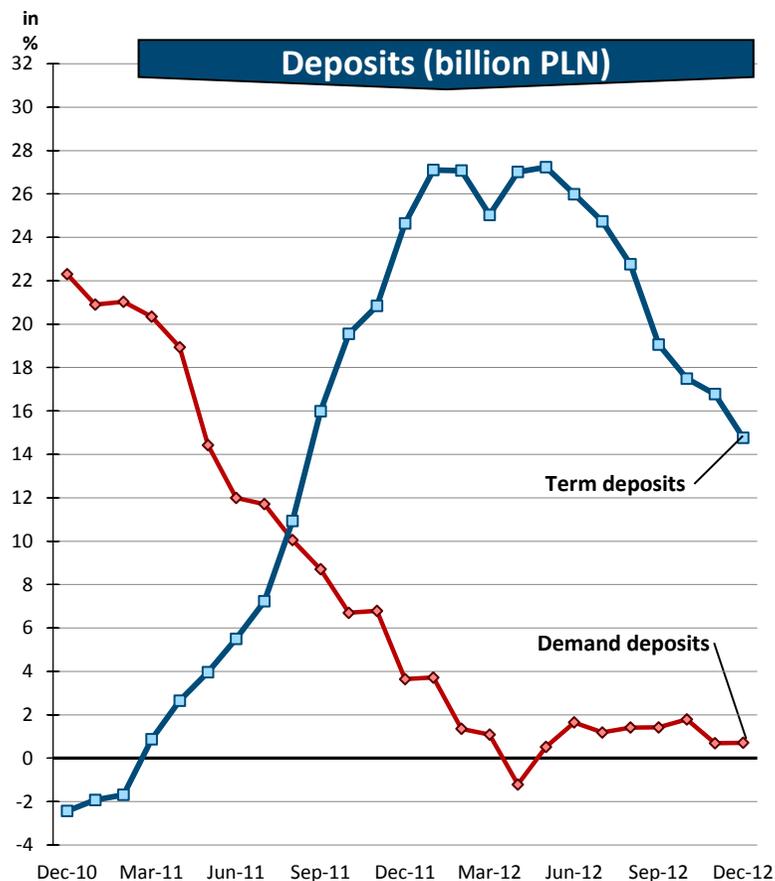
**Inteliace Research**

# THE GROWTH IN RETAIL DEPOSITS HAS SLOWED DOWN. RETAIL LENDING HAS STALLED



HOUSEHOLDS

Annual growth rate in outstanding loans / deposits at banks  
Dec.2010-Dec.2012



- The rate of growth in retail deposits is falling as the key recent driver - term deposits- are decelerating.
- A plunge in new mortgage loans has added to stagnating consumer loans in 2012.

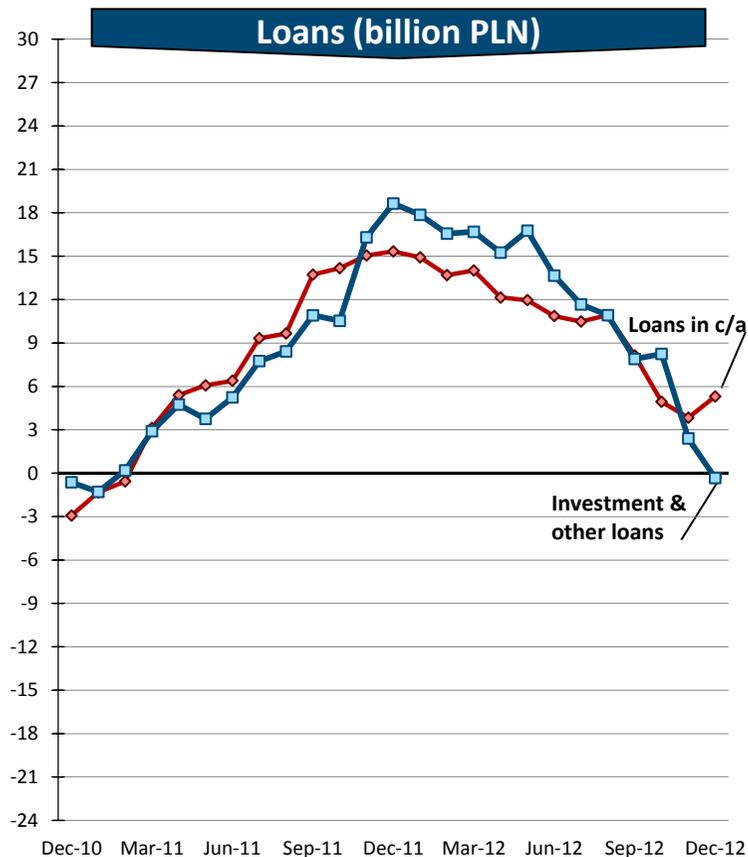
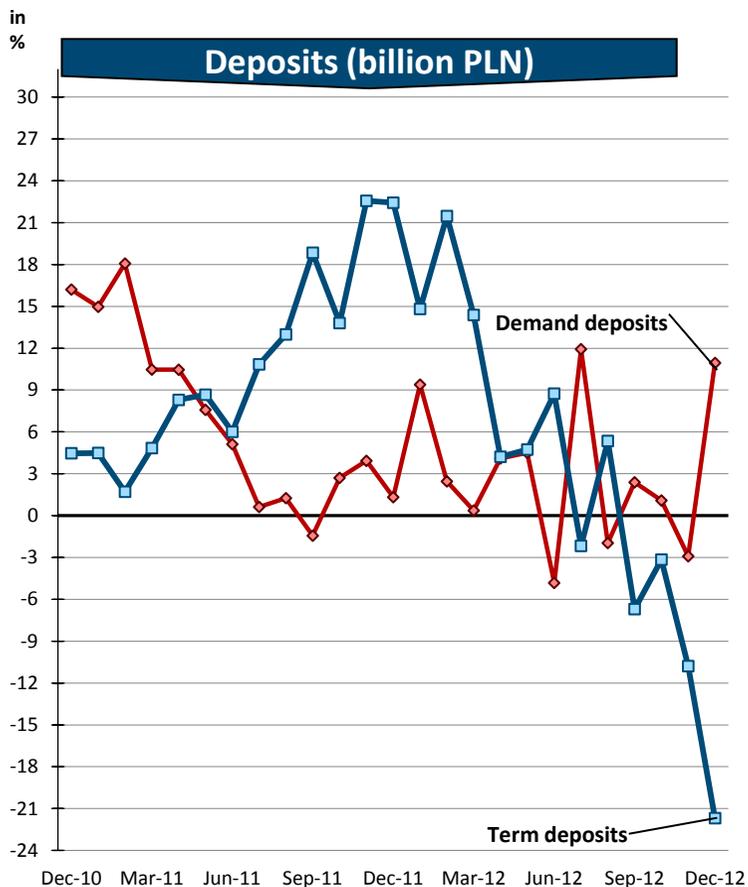
Bank Millennium, Nordea Bank and the banking sector in Poland

# CORPORATE LOANS AND DEPOSITS ARE STAGNATING



CORPORATE

Annual growth rate in outstanding loans / deposits at banks  
Dec.2010-Dec.2012

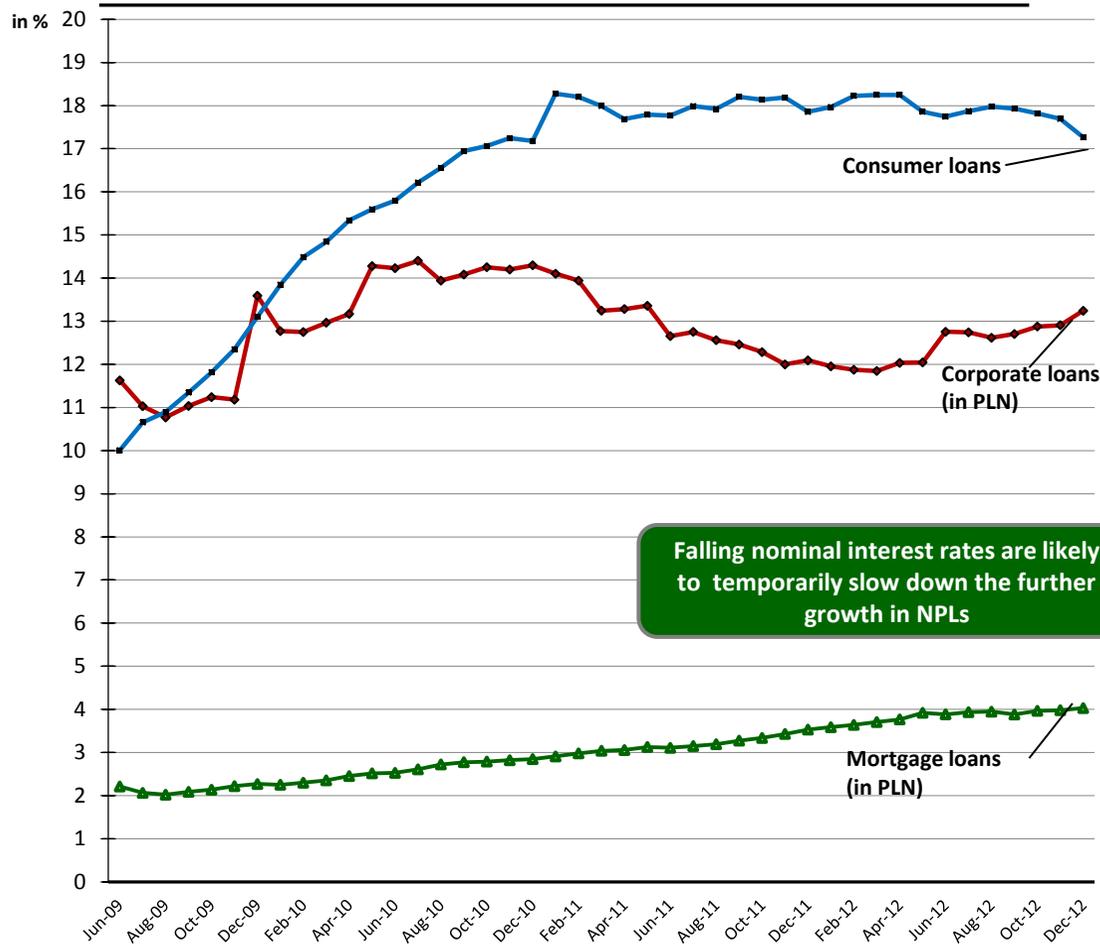


- Corporate deposits are not growing. However, their structure is changing significantly in favor of short term funds.
- Corporate lending has been decelerating since late 2011 and its current growth rates are close to zero.

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# THE QUALITY OF CONSUMER LOANS HAS STABILIZED. IN CONTRAST, MORTGAGE AND CORPORATE LOANS ARE STILL DETERIORATING

The share of non performing receivables in total lending portfolios, by segment/product, Jun.2009-Dec.2012



- Quality of lending portfolios of banks is still deteriorating
- While the share of NPLs in consumer lending business seems to stabilize, bad mortgage and corporate loans are on the rise.
- Stagnating new lending has cancelled the effect of dilution, that has partially overshadowed the falling quality of lending portfolios in the past

# MILLENNIUM AND NORDEA ARE AMONG TOP 15 BANKS OPERATING IN POLAND

UNCONSOLIDATED  
ACCOUNTS

## Top 12 commercial banks in Poland, as of 1H 2012

Bank	Assets, PLN billion	Share by Assets*, %	Major Shareholder
1  Bank Polski PKO	188.2	15.3	State Treasury
2  Bank Pekao Pekao	144.2	11.7	UniCredit
3  BRE	90.2	7.3	Commerzbank
4  ING ING BSK	67.1	5.4	ING
5  BZ WBK BZ WBK	58.6	4.8	Santander**
6  getin bank Getin Noble	56.9	4.6	Getin Holding (L.Czarnecki)
7  BGK	53.6	4.3	State Treasury
8  Millennium Millennium	50.7	4.1	Banco Comercial Português
9  KB Kredyt Bank	43.0	3.5	Santander**
10  citi handlowy CITI BH	40.9	3.3	Citibank Overseas
11  Bank BGZ BGŻ	35.1	2.8	Rabobank
12  Bank BPH BPH	34.6	2.8	GE Corporation
13  Nordea Nordea	34.5	2.8	Nordea

\* Market share among commercial banks and foreign bank branches (cooperative banks excluded)

\*\* In Feb. 2012, Santander and KBC agreed to merge Kredyt Bank and BZ WBK. Santander will become majority holder of the merged bank

Source: NBP, banks, press, Inteliace Research

Inteliace Research

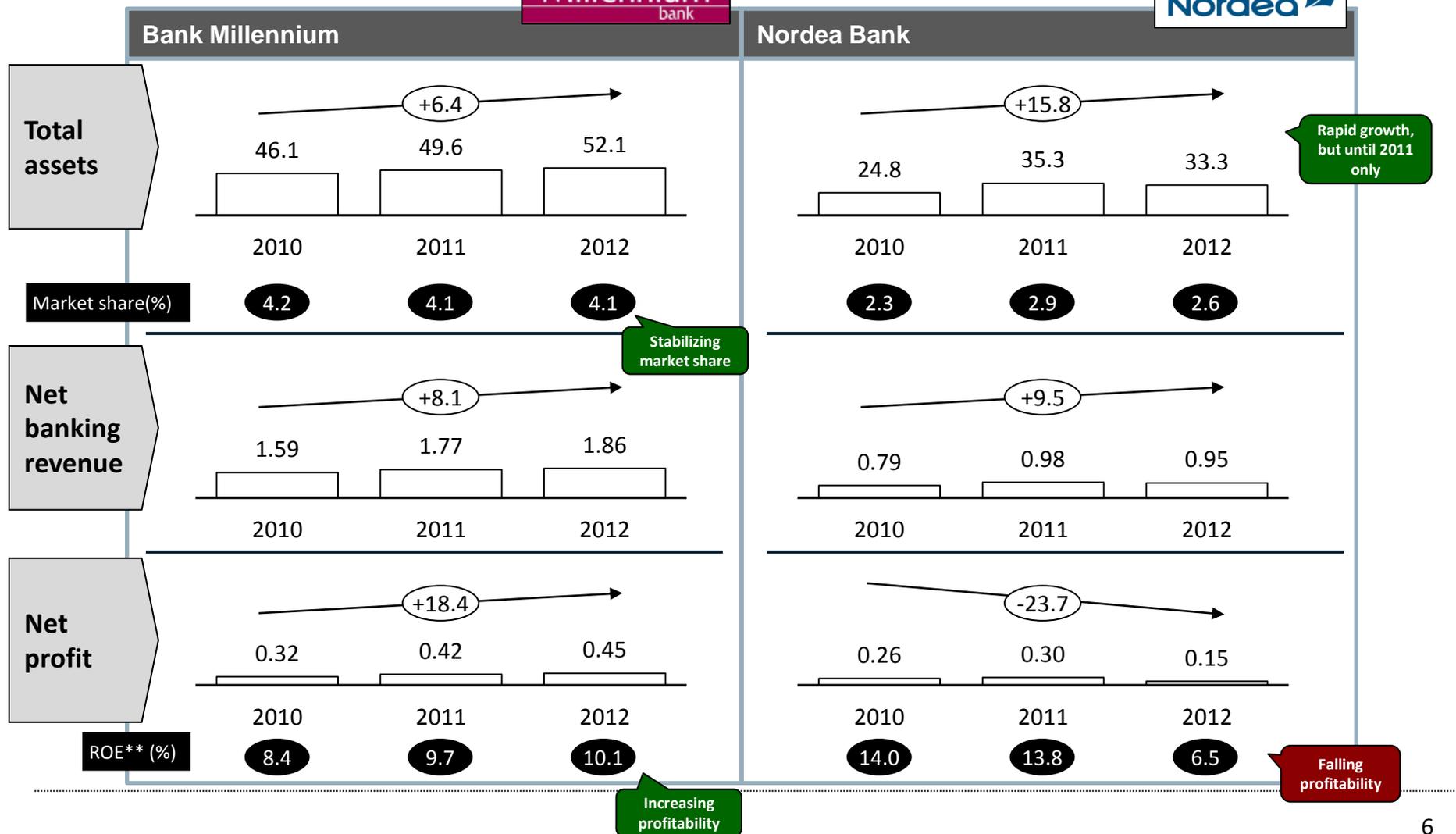
# BANK MILLENNIUM VS. NORDEA BANK

UNCONSOLIDATED ACCOUNTS

CAGR\*\*

## Financial results

In PLN billion, percent



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\* Share in term of assets

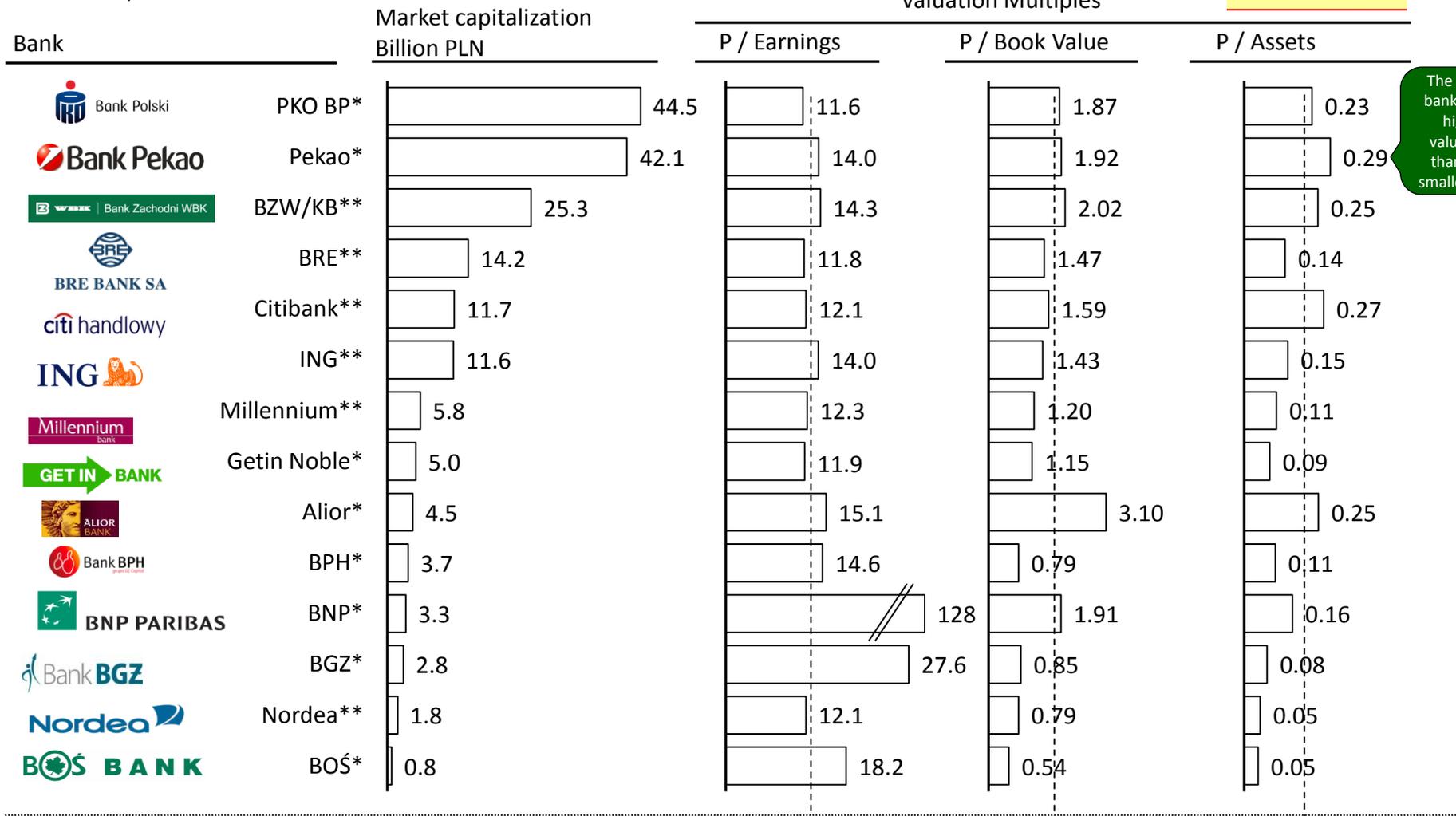
\*\* Return on equity (net profit to year's end equity)

Source: Banks, NBP, Press, Inteliace Research

# WHEN IT COMES TO VALUATION, SIZE DOES MATTER. AS A CONSEQUENCE FURTHER CONSOLIDATION AROUND TOP PLAYERS WILL BE ENCOURAGED

As of Feb 28, 2013

CONSOLIDATED ACCOUNTS



The largest banks enjoy higher valuations than their smaller peers

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Weighted average **13.2** **1.65** **0.19** 7

\* Multiples based on Q1-Q3 2012 results; Profits annualized

\*\* Multiples based on FY2012 results

Source: WSE, Banks, Inteliace Research

## About this report

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This report has been prepared using publicly available sources including: financial reports, press publications, industry magazines, directories, financial databases and expert opinions.

Views presented in this report reflect solely independent and unbiased opinion of Inteliace Research and the author.

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## About Inteliace Research

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Inteliace Research is an independent and privately owned research firm based in the heart of Eastern Europe in Warsaw / Poland.

Our company is specializing in value-added research services and tailored business intelligence solutions.

Through our customized research services we help our clients to better understand their consumers, competitors and overall market dynamics.

The lead researcher and founder of Inteliace Research is Marcin Mazurek.

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- April - Banking Market in Poland '11
- June - Insurance Market in Poland '11
- July - Banking outlets database '11
- September - Top 200 CEE banks '10
- October - Investment Funds and Asset Mgmt. '11
- October - Banking Market in Poland – Update 1H11
- November - Banking Market in Ukraine '11

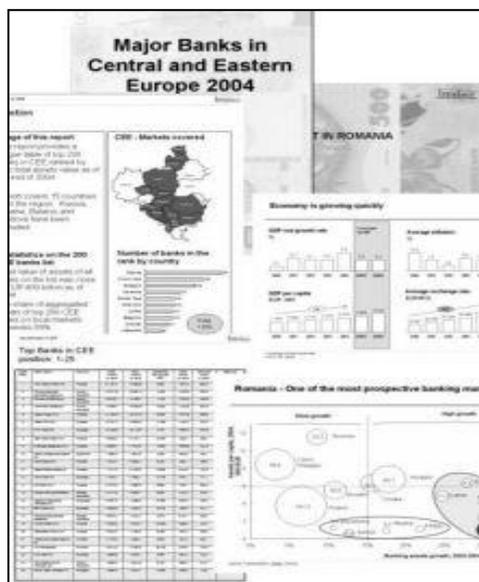
### 2012

- February - Mortgage Lending in Poland '12
- April - Banking outlets database '12
- April - Banking Market in Poland '12
- June - Insurance Market in Poland '12
- July - Investment Funds and Asset Management '12
- September - Top 200 CEE banks '12
- October - Banking Market in Poland – Update 1H12

### 2013

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*and many other ...*



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