

Press Release



9 December 2009

Kredyt Bank's management board approves the transfer of its consumer finance company Żagiel to KBC Bank

On 9 December 2009, Kredyt Bank's management board approved the transfer of its consumer finance company Żagiel (Poland) to KBC Bank. Żagiel, which is a fully owned subsidiary of Kredyt Bank, offers consumer finance services in Poland through sales points and agents. Kredyt Bank's supervisory board still has to approve the transaction.

On 18 November 2009, KBC group announced its renewed strategy for the years ahead. As part of this strategy, KBC's priority will be to build on its existing bancassurance platforms within Belgium and in five selected Eastern European markets (the Czech and Slovak Republics, Poland, Hungary and Bulgaria), where KBC group will continue to target local retail and SME customers, including local mid-caps.

Under this new business plan, some activities are considered 'non-core' and will be divested, reduced or put into run-off. As far as consumer finance is concerned, the new strategic plan specifies that KBC will refocus its consumer finance activities in Poland, moving away from the stand-alone specialist model (via a complementary distribution channel) and towards an integrated bancassurance distribution model. As a result, KBC intends to divest the activities of Żagiel (with a share of around 3% in the Polish consumer finance market) and to sell consumer finance products through the Kredyt Bank distribution channel.

In order to make it easier for KBC to implement the planned divestment, an intra-group transaction is being carried out. KBC group will first transfer Żagiel from Kredyt Bank to KBC Bank, which will in turn look for another strategic partner for Żagiel, if and when market conditions permit. In the meantime, Żagiel remains fully committed to further developing its business activities, supporting its commercial partners, and catering for its customers. The transaction also offers Kredyt Bank the opportunity to focus on its own core activity – offering services through an integrated bancassurance distribution model – as decided on in KBC group's strategic plan.

Since this transaction is taking place entirely within the group, it will have no impact on the consolidated IFRS results and balance sheet of KBC Group NV. The proposed sales price, for which KPMG has provided a fairness opinion, amounts to 350 million PLN. Kredyt Bank has been designated the beneficiary should the external divestment by KBC Bank generate proceeds in excess of the proposed sales price, less the appropriate taxes and fees. Kredyt Bank's risk is limited to 10% of the proposed 350 million PLN sales price should KBC Bank divest Żagiel to an external buyer for less than this price.

The deal is still subject to approval from Kredyt Bank's supervisory board and is expected to be closed before year end.

KBC Group NV
Havenlaan 2 - 1080 Brussels
Viviane Huybrecht
General Manager Group
Communication / Spokesperson:
Tel (02) 429 85 45

Press Office:
Tel. (02) 429 65 01
Fax (02) 429 81 60
E-mail: pressofficekbc@kbc.be