



November 10th, 2023

Bank Handlowy w Warszawie S.A. Consolidated financial results for 3Q'23

3Q'23 | Financial results summary

Net income for 9 months of 2023 at the level of PLN 1.8 B – above record high net income for FY 2022

Financial results for 3Q'2023

Revenue PLN 1,136 MM	Net profit PLN 592 MM	ROE 30.7%
-------------------------	--------------------------	--------------

Balance sheet YoY dynamics

Loans (excl. reverse repo) (6%)	Deposits +8%
------------------------------------	-----------------

Total Capital Ratio

TCR 23.0%

Business segments' performance in 3Q'23

Institutional Banking

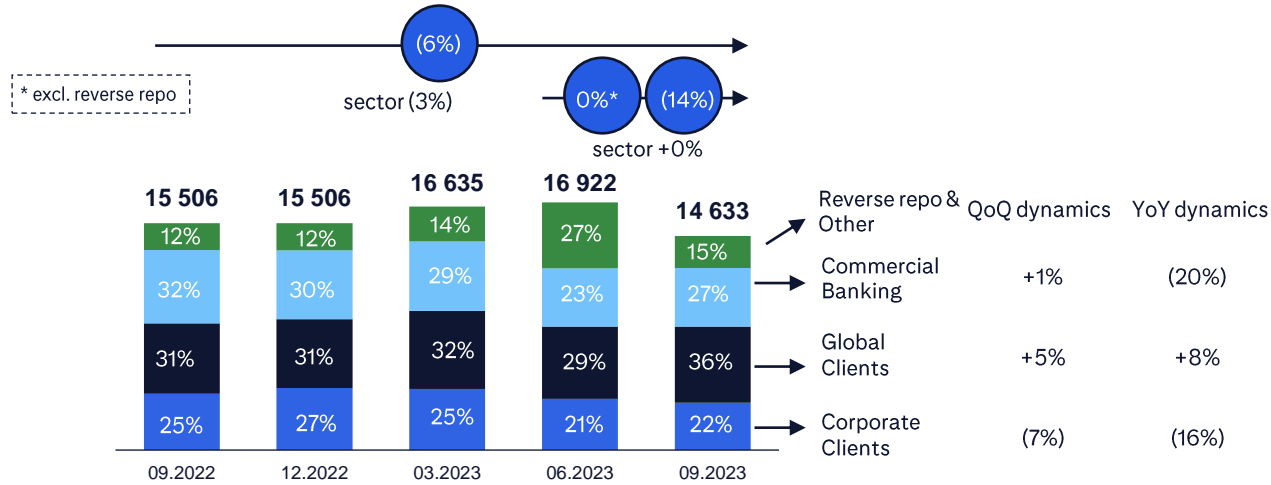
- **Revenue:** stable level compared to 2Q'23
- **Loans:** loan volumes unchanged QoQ, rebound observed in assets of Global Clients' (+5% QoQ) and Commercial Banking (+1% QoQ). Positive sentiment for investment projects observed – PLN 1 B out of granted loans were long-term loans
- **Key transactions:** return of activity on the commercial securities market, bonds issue for European Investment Bank (EBI) with the value of PLN 400 MM
- **Commercial Banking Clients' activity:** focus on "new economy" companies and sharing knowledge with clients through organization of industry meetings (e.g. Digital Leaders' Summit). Payment transaction volumes in this segment increased by +6% QoQ
- **Transactional Banking:** growth of operating accounts reflected in good dynamics of business volumes – domestic transactions volume increased by +10% QoQ. At the same time, fees and commissions income from payment transactions increased by 4% QoQ

Consumer Banking

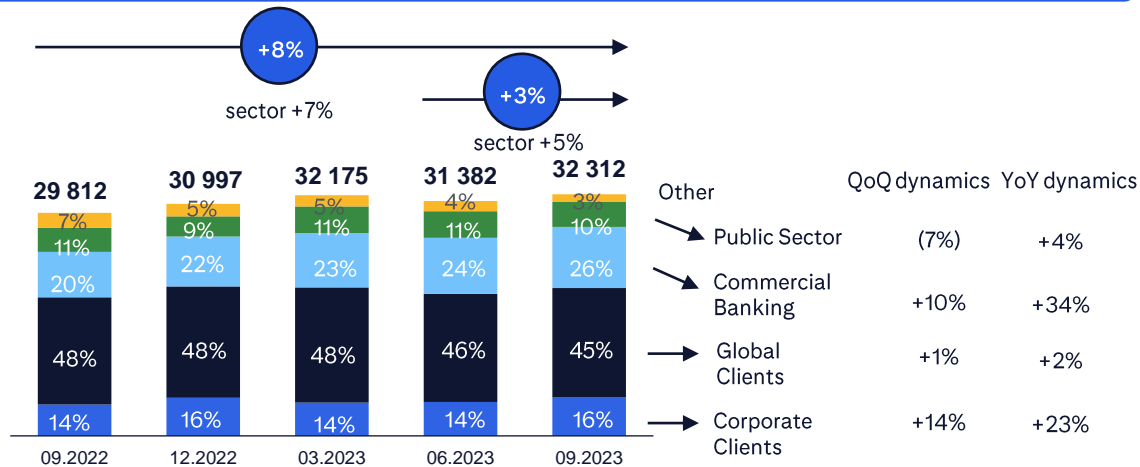
- **Revenue:** decrease by 5% QoQ as a result of one-off events in 2Q'23. On the other hand, core client revenue (net interest income, net fees and commission income, income on clients' FX) grew by 2% QoQ
- **Private Banking:** increase in number of Citigold Private Client by 13% QoQ and Citigold by 5% QoQ. As a result, sale of investment products increased by 18% QoQ – record high quarterly sale volumes since 1Q'22
- **FX:** number of transactions processed via CitiKantor grew by 10% QoQ. FX volumes increased slightly by 1% QoQ
- **Unsecured loans:** improvement of individual clients' sentiment towards lending products, higher credit cards transaction volumes by 2% QoQ with strong acquisition of cards. Sale of cash loans increased by 18% QoQ

Institutional Banking | Business volumes

Loan volume (PLN MM)

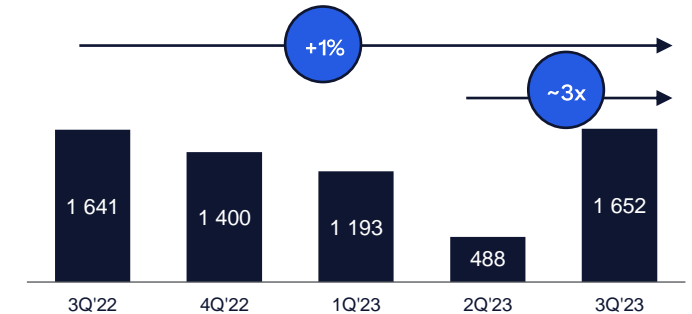


Deposit volume (PLN MM)



3Q'23 transaction volumes

1. New loans to Institutional Clients (MM)



* New financing granted, increase in current financing volume or prolongation of financing time horizon

2. FX Volumes

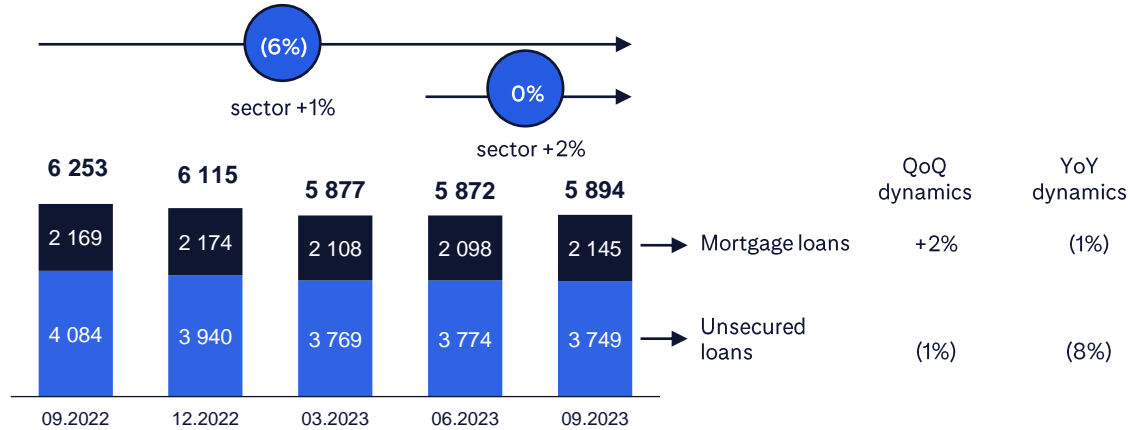
- FX volumes dropped by 39% YoY, against the background of high volatility in 2022
- Increase of margin on FX products

3. Transaction Banking

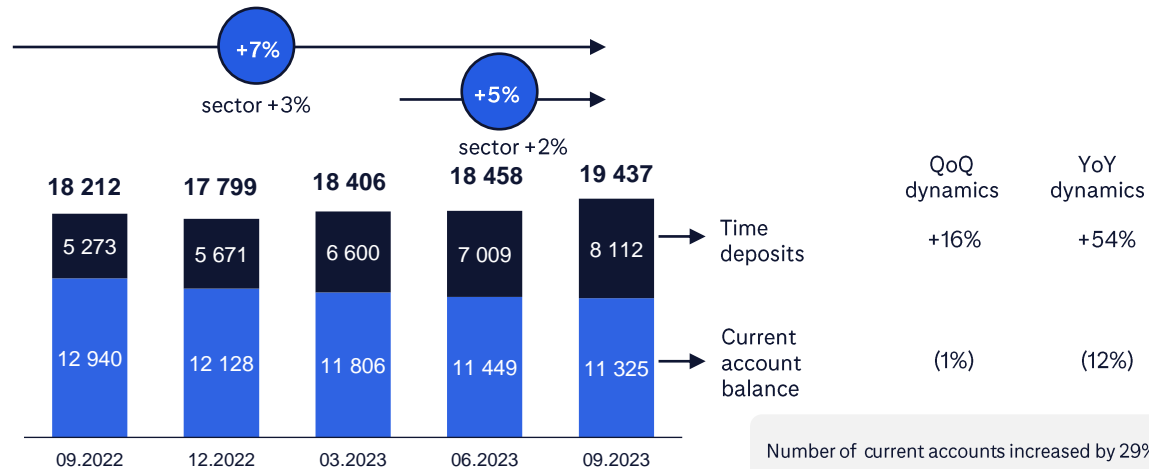
- **↑4%** YoY - number of crossborder money transfers
- **↑12%** YoY - Corporate Cards transaction value
- **↑8%** YoY - number of transactions processed online

Consumer Banking | Business volumes

Loan volume (PLN MM)



Deposit volume (PLN MM)



Number of current accounts increased by 29% YoY

3Q'23 transaction volumes

1. FX volumes

- FX volumes decrease by **19% YoY**
- **56% of FX volumes** processed via **CitiKantor**
- **Number of transactions in CitiKantor** grew by **39% YoY**
- **42.5 thousands of Clients** used CitiKantor since the platform was launched

2. Private Banking

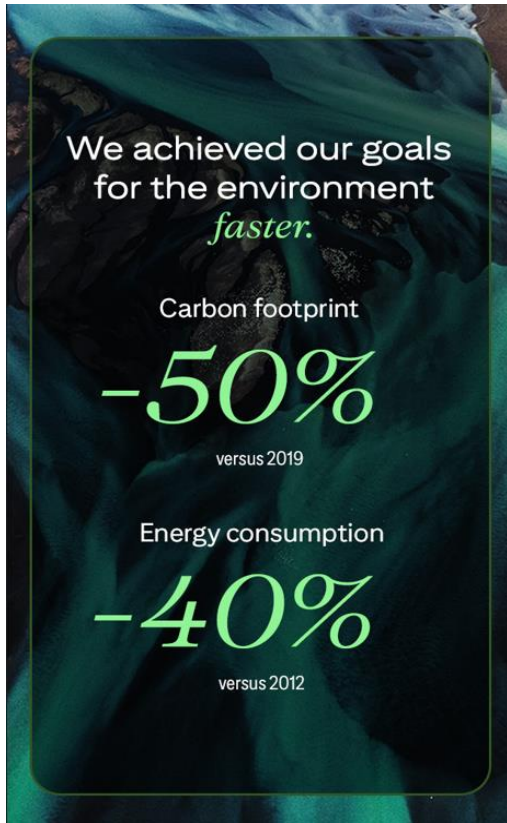
- **↑11%** YoY - average Total Relationship Balance
- **↑23%** YoY - number of Citigold Private Clients

3. Cards

- **↑4%** YoY - card transaction value (domestic)
- **↑1%** YoY - card transaction value (crossborder)

Citi Handlowy climate neutral to 2030

Last year we already achieved our „goals for 2024”



New goals for 2030

- ✓ We want to use 100 percent energy from renewable sources
- ✓ We will increase the energy efficiency of our buildings

Val Smith, Citi Chief Sustainability Officer in Poland



Citi
4 405 361 obserwujących
2 d · 🌐

– Odpowiedź na wyzwania społeczne i skutki zmian klimatycznych są ze sobą nierozdzielnie związane. Chodzi o zmierzenie się zarówno ze skutkami zmian klimatu dla ludzi, jak i ich skutkami gospodarczymi – mówi Valeria Smith, Chief Sustainability Officer w Citi w wywiadzie dla *Rzeczpospolita*.

Cały wywiad można przeczytać tutaj <http://spr.ly/6040uwSar>

Zielona transformacja to szansa na wzrost

rp.pl · Do przeczytania w 2 min

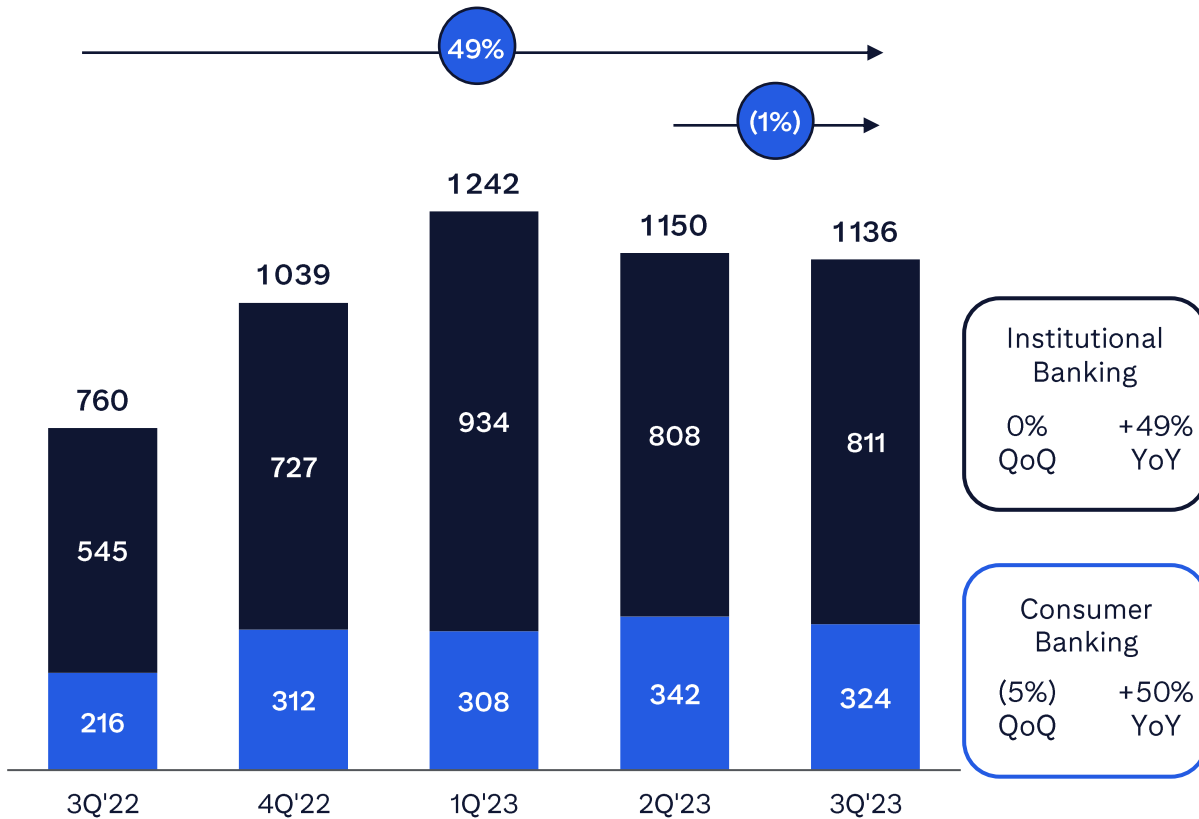


Consolidated financial results

Total revenue

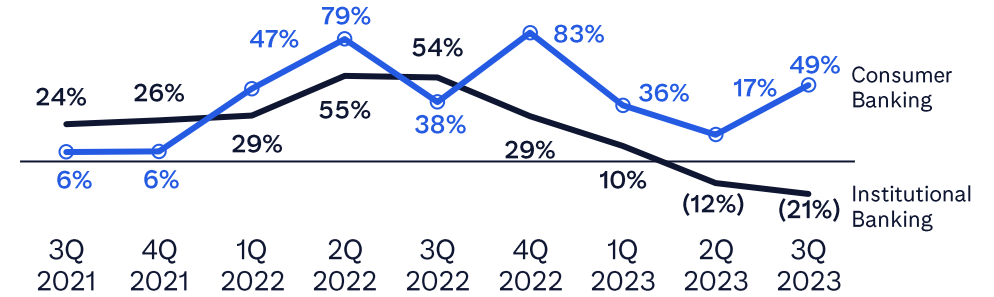
Revenue – segment split (PLN MM)

High revenue maintained as a result of strong business volumes, reflected in net fee and commission income growth and good result in treasury.

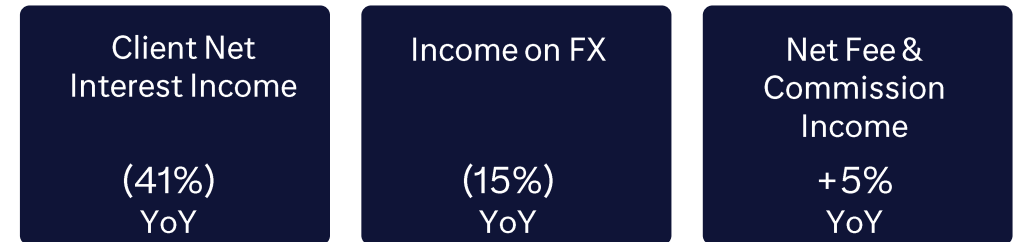


Client Revenue

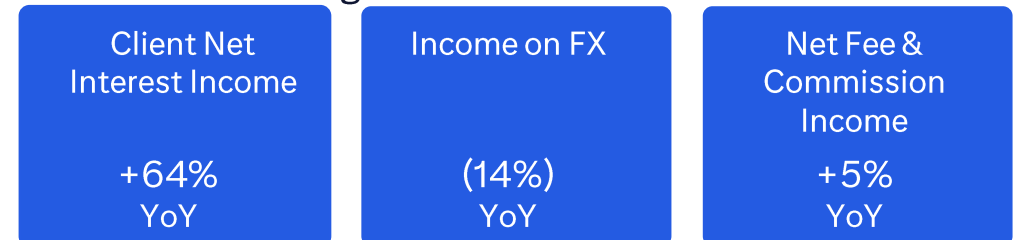
Institutional and Customer Banking



Institutional Banking

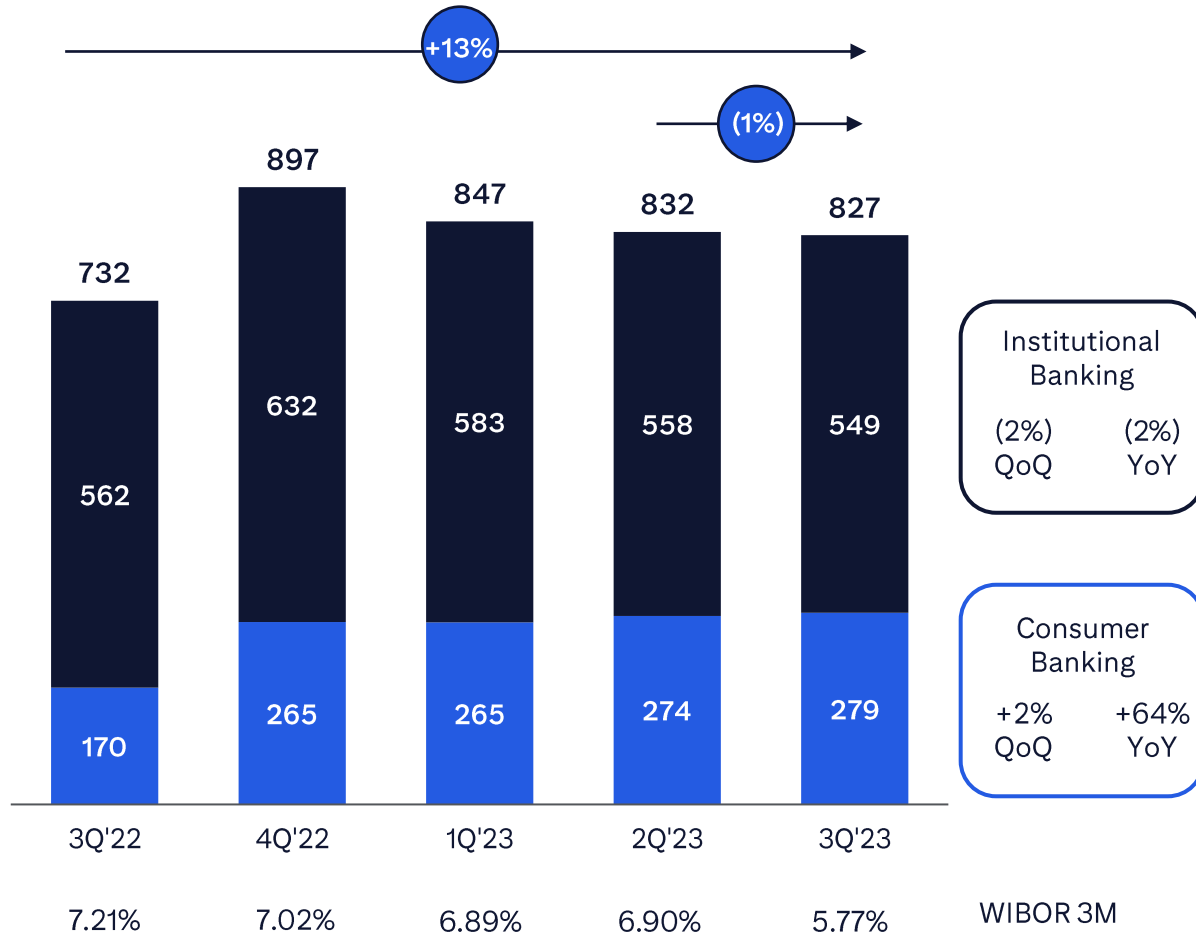


Consumer Banking



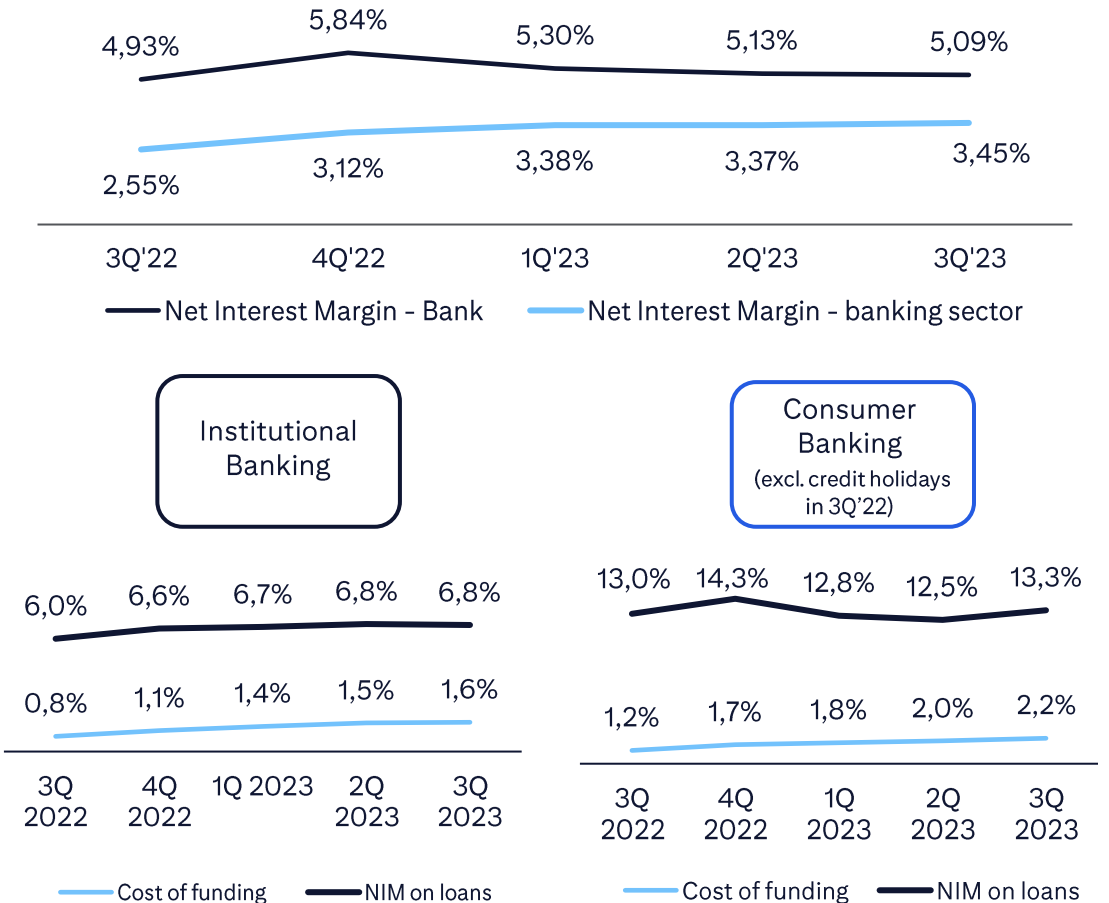
Net Interest Income

Net Interest Income – segment split (PLN MM)



Net Interest Margin

Consistently the Bank's net interest margin higher than in the banking sector



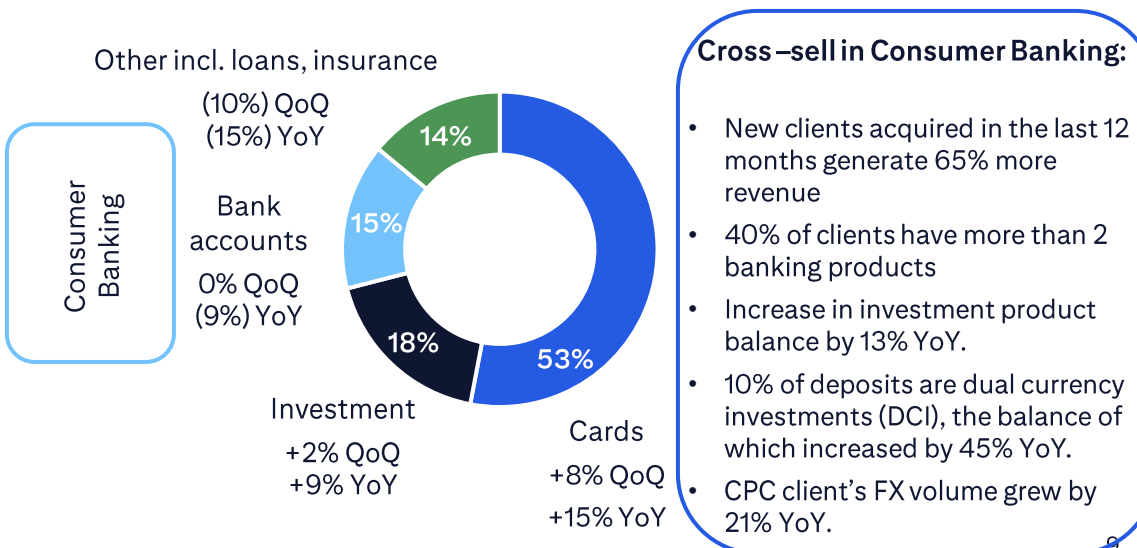
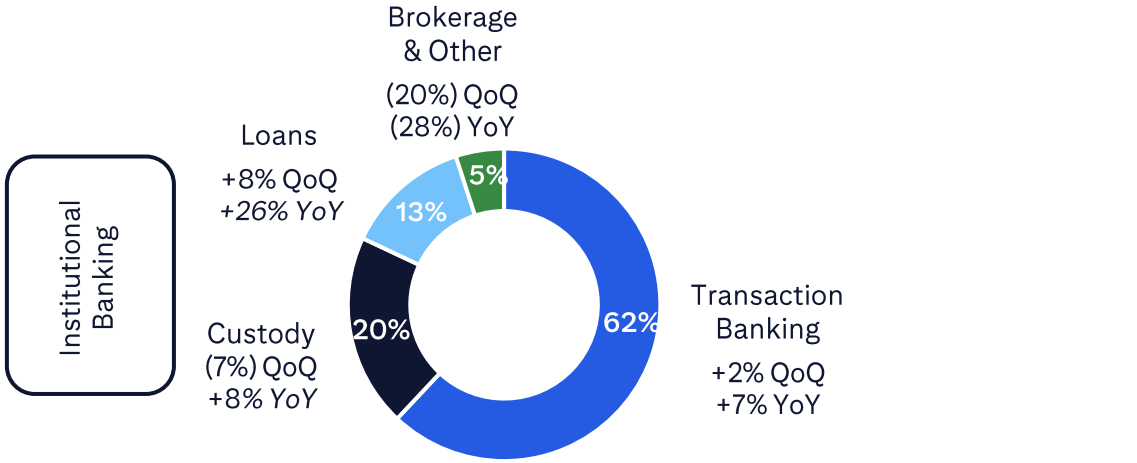
Net Fee & Commission Income

NF&CI – segment split (PLN MM)

Very good results in credit cards in the Consumer Banking segment as well as results on custody and payment services in Institutional Banking segment



NF&CI structure and dynamics

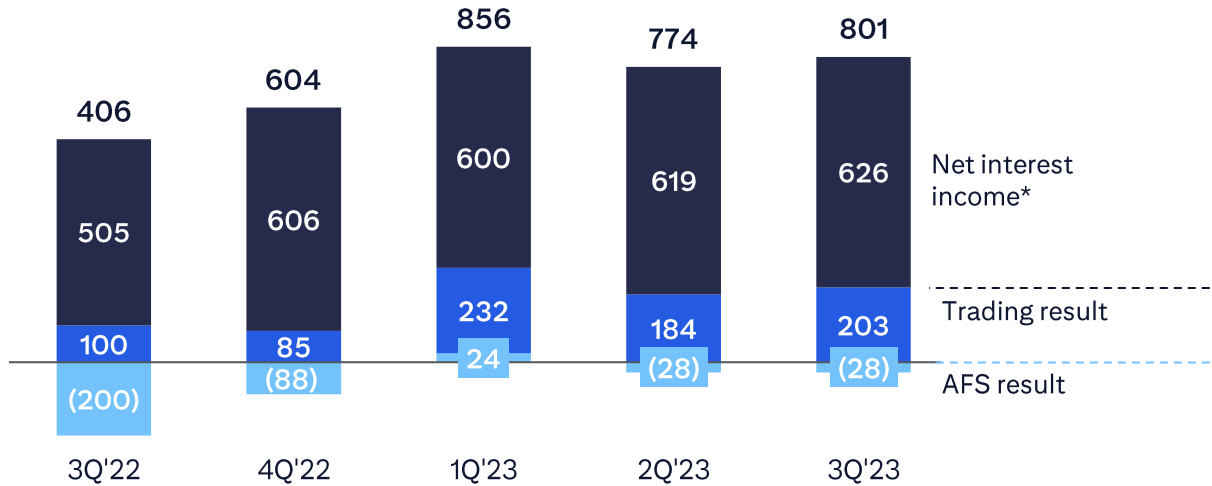


- Cross-sell in Consumer Banking:**
- New clients acquired in the last 12 months generate 65% more revenue
 - 40% of clients have more than 2 banking products
 - Increase in investment product balance by 13% YoY.
 - 10% of deposits are dual currency investments (DCI), the balance of which increased by 45% YoY.
 - CPC client's FX volume grew by 21% YoY.

Treasury

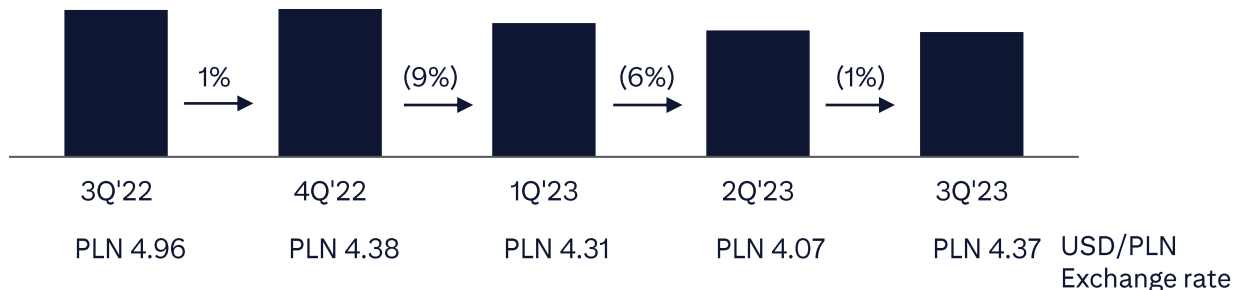
Treasury result (PLN MM)

Active management of liquidity and currency position in the context of a persistently high deposit balance and a decrease in demand for loans



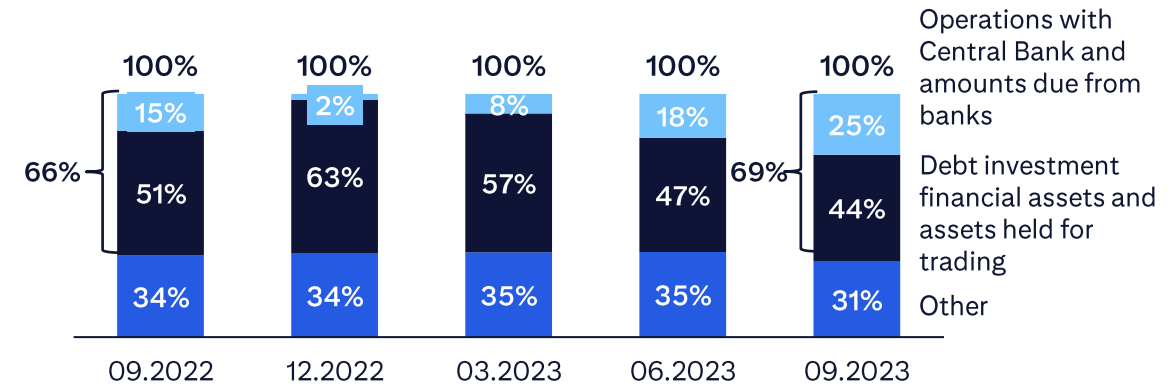
* Sum of net interest income on debt securities, receivables from banks and derivatives in hedge accounting

Income on FX – client activity (Institutional Banking)

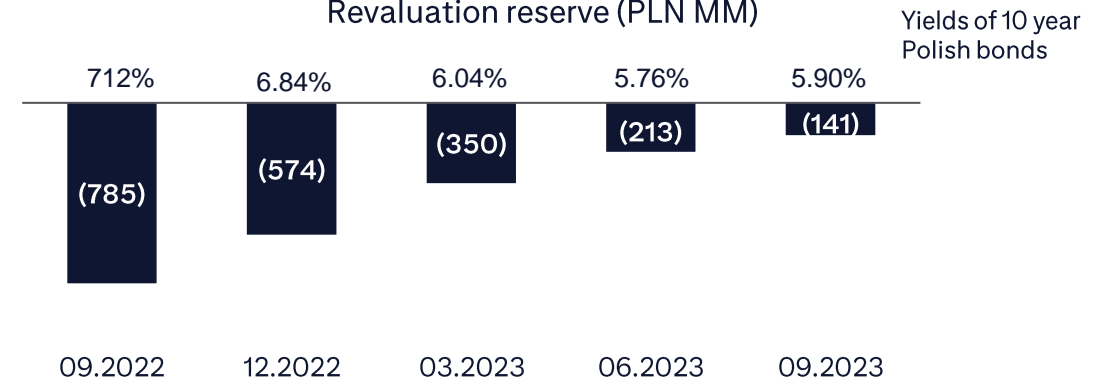


Balance sheet structure

The decrease in the volume of money market bills offset by the increase in the balance of reverse repo amounts due from banks

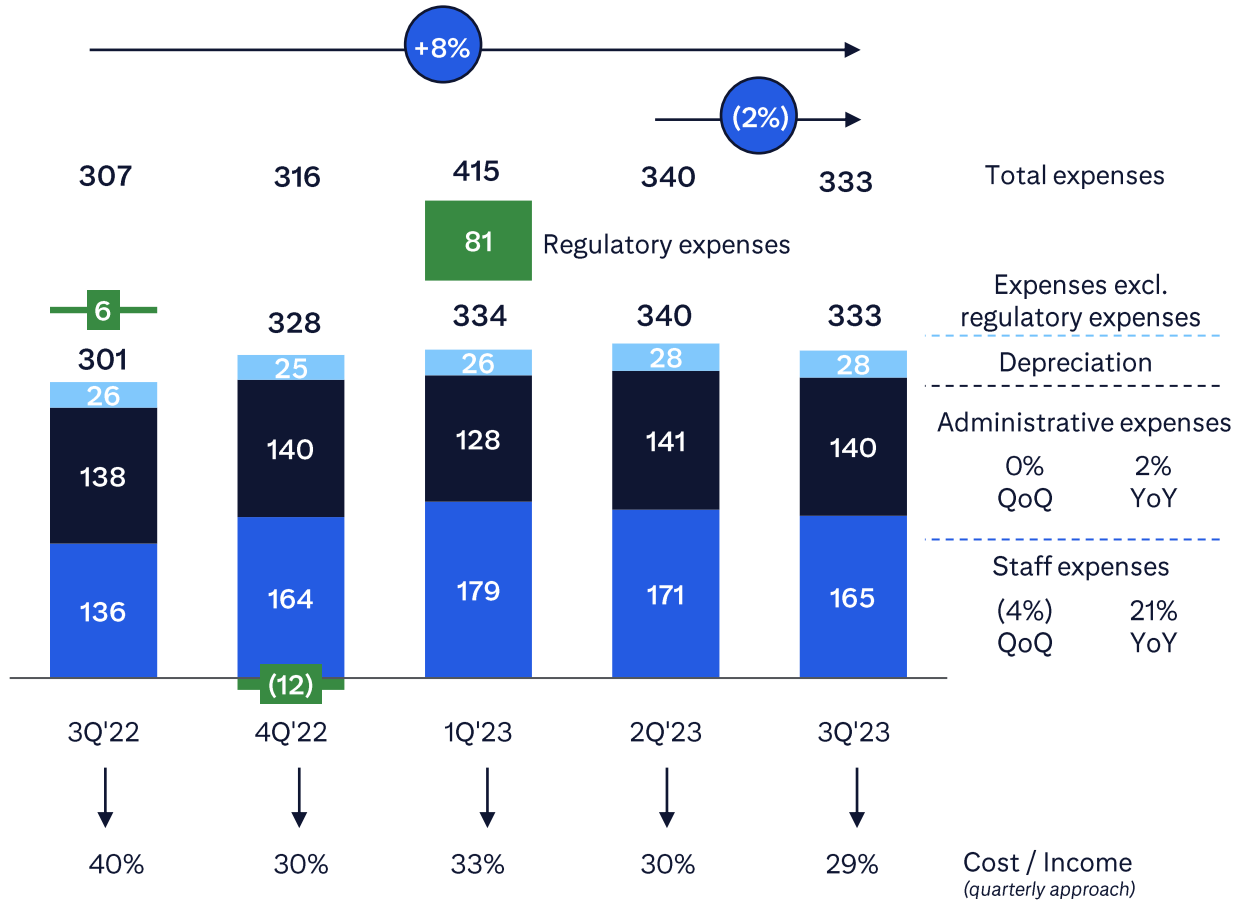


Revaluation reserve (PLN MM)



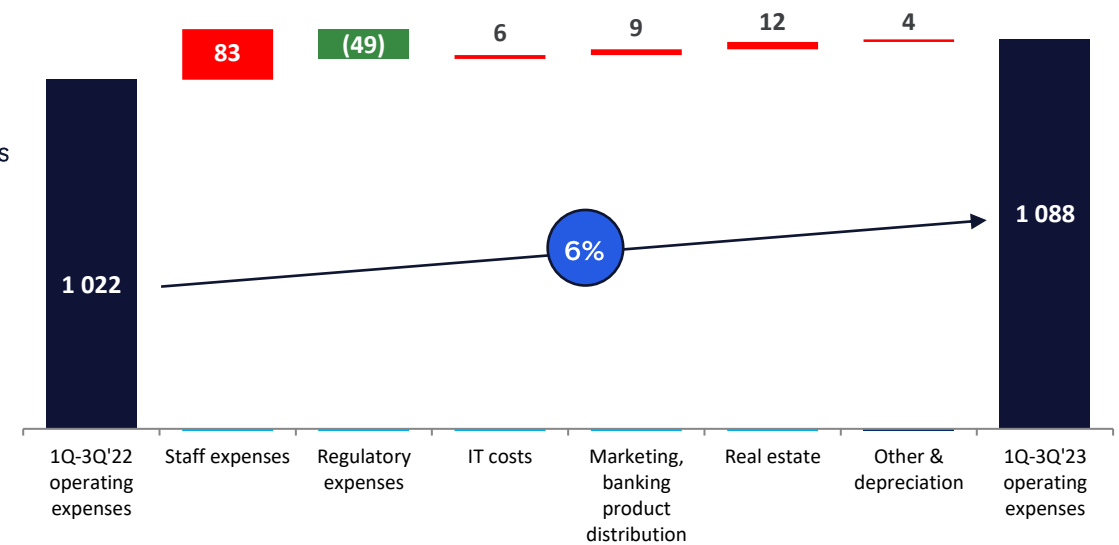
Expenses

Operating expenses (PLN MM)



1-3Q'23 expenses by type (PLN MM)

Higher Staff expenses mainly due to the increased of average salary in line with market trends and higher real estate costs related to the investment in the reconstruction of the Bank's headquarter.

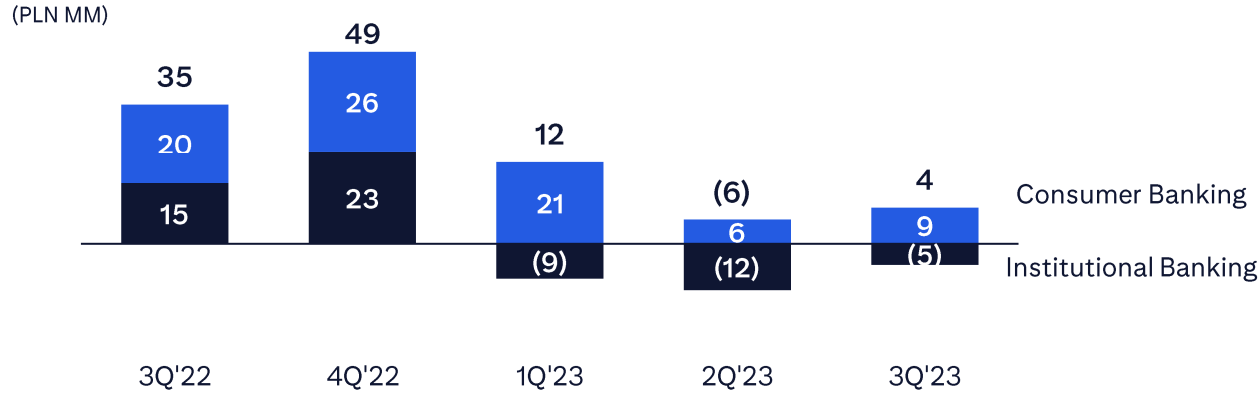


Cost of Risk

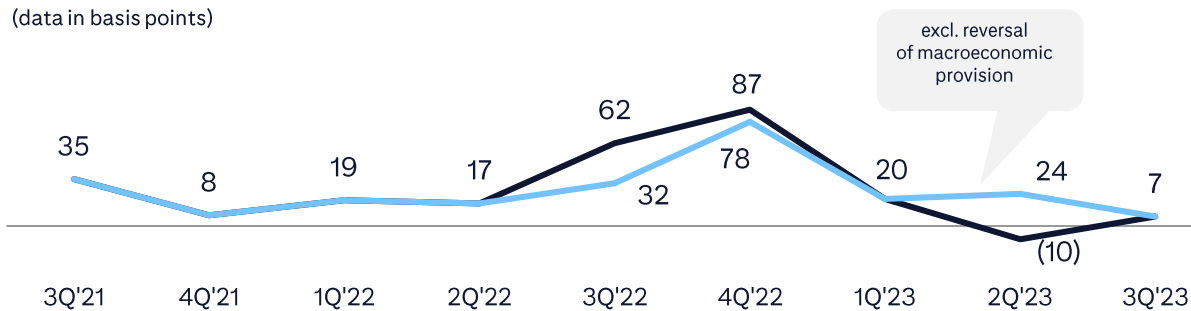
Cost of Risk

Institutional Banking: lower loans volume and no one-off events

Consumer Banking: stabilization of the loan portfolio

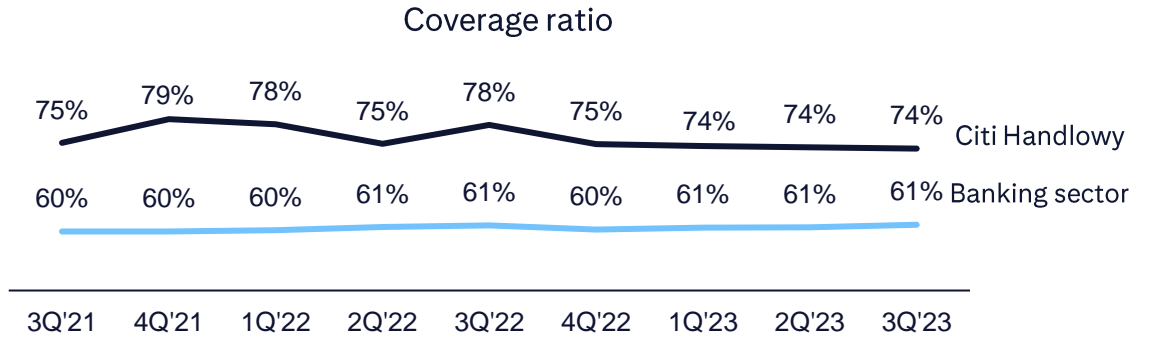


*Increase of provisions presented with the sign (+), decrease with the sign (-)

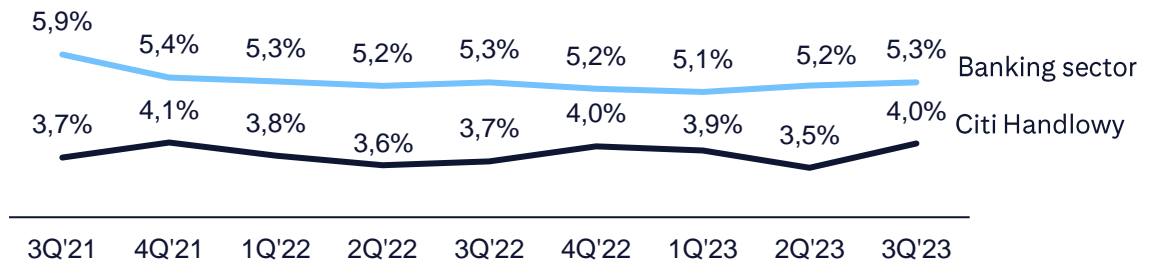


Coverage ratio and NPL

Citi Handlowy's loan portfolio quality ratios significantly better compared to the banking sector



Share of stage 3 in loan portfolio

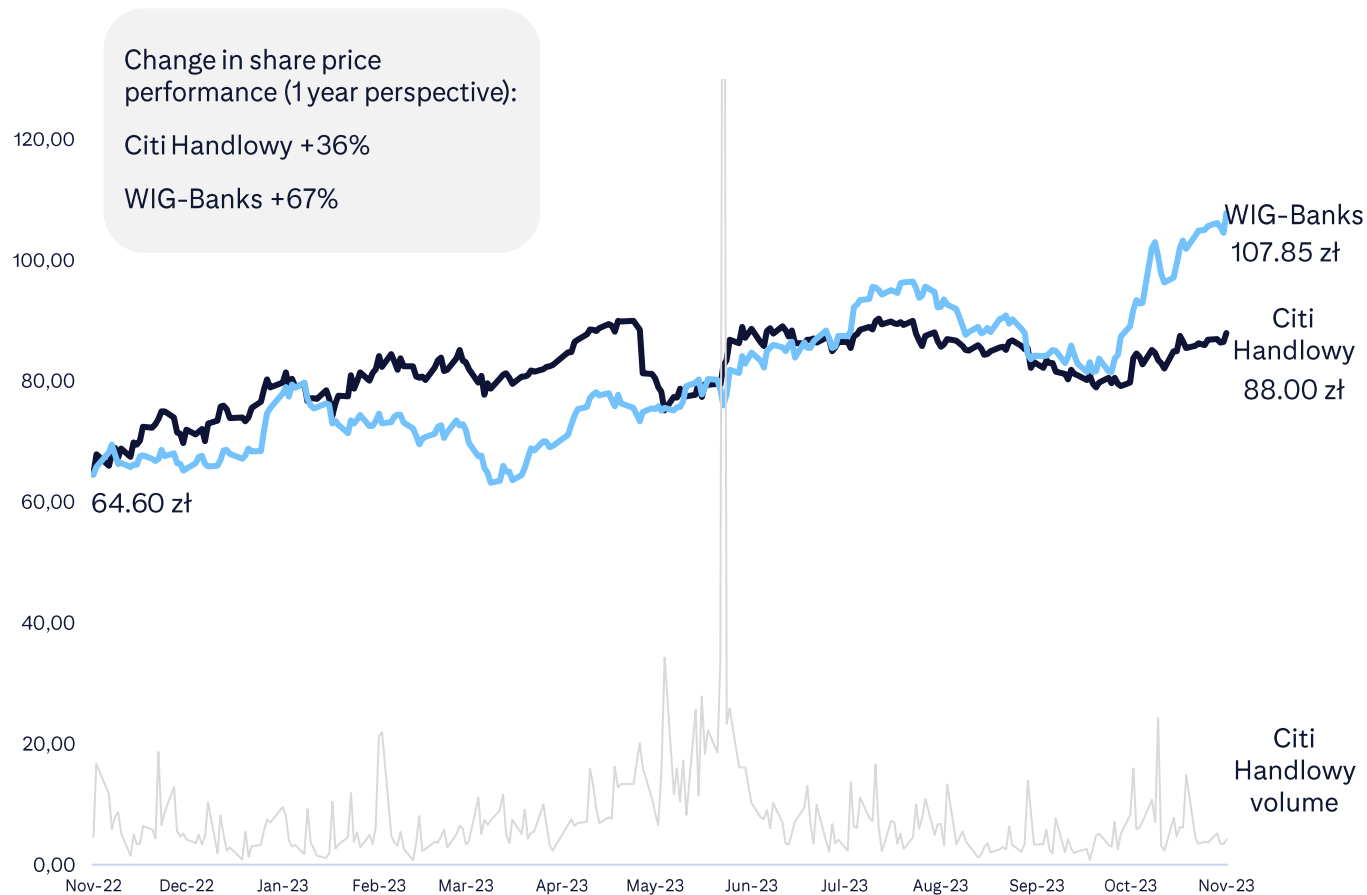


Summary of the Capital Group financial results

	3Q'23	2Q'23	ΔQoQ	3Q'22	ΔYoY	1-3Q'23	ΔYoY
Net interest income	827	832	(1%)	732	13%	2,507	36%
Net fee and commission income	143	142	0.4%	136	5%	425	(3%)
Core revenue	970	974	(0%)	868	12%	2,932	28%
Treasury	175	155	12%	(100)	-	586	79%
Other revenues	(9)	21	-	(8)	13%	10	-
Total revenue	1,136	1,150	(1%)	760	49%	3,528	35%
Expenses	(333)	(340)	(2%)	(307)	8%	(1,088)	6%
Operating margin	803	810	(1%)	453	77%	2,440	54%
Provisions	(4)	6	-	(35)	(89%)	(10)	(82%)
Profit before tax	749	771	(3%)	365	105%	2,289	66%
Corporate income tax	(158)	(160)	(1%)	(81)	94%	(482)	56%
Bank levy	(50)	(45)	12%	(53)	(7%)	(142)	(10%)
Net income	592	612	(3%)	284	108%	1,807	69%
ROE	30.7%	28.3%	2.4 pp.	18.8%	12.0 pp.		
ROA	3.2%	2.8%	0.4 pp.	1.8%	1.4 pp.		
Revaluation reserve	(141)	(213)	(34%)	(785)	(82%)	(141)	(82%)
Assets	72,377	71,583	1%	72,238	0%	72,377	0%
Net loans	20,527	22,794	(10%)	21,759	(6%)	20,527	(6%)
Deposits	51,749	49,840	4%	48,024	8%	51,749	8%
Loans / Deposits	40%	46%		45%			
TCR	23.0%	23.0%		17.8%			

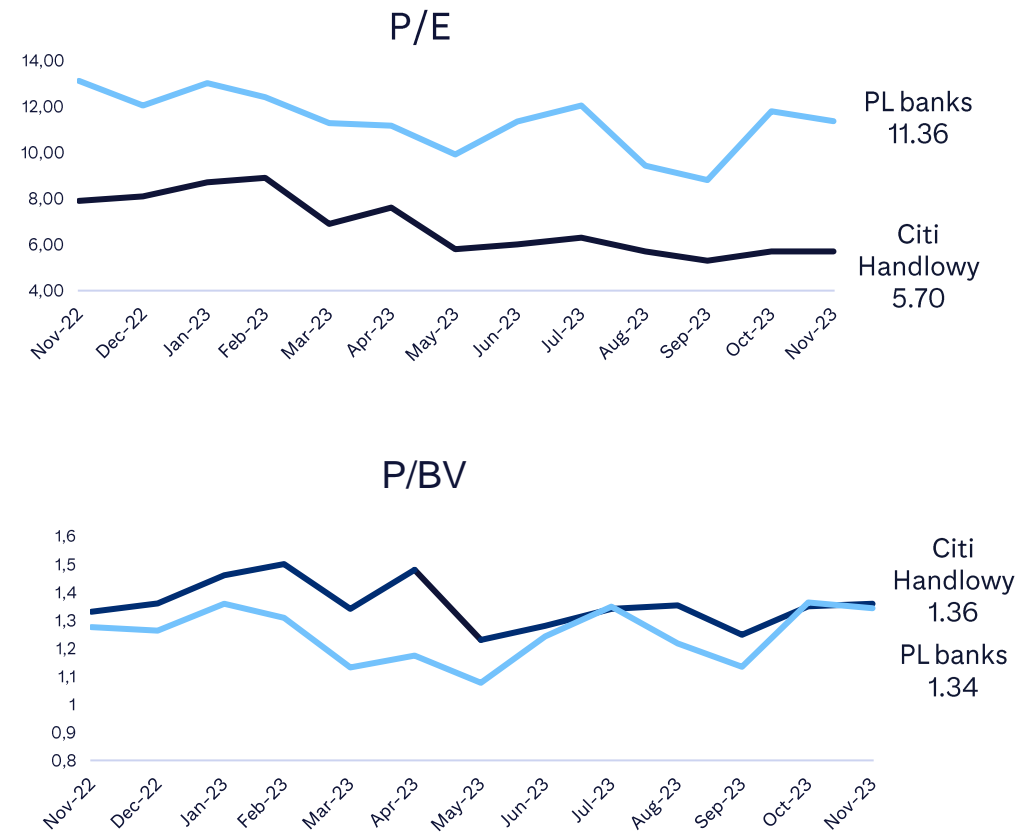
Citi Handlowy – change in share price

Change in Bank's share price vs. WIG-Banks index



Last quotation as of November 9, 2023 (Citi Handlowy: PLN 88.00)

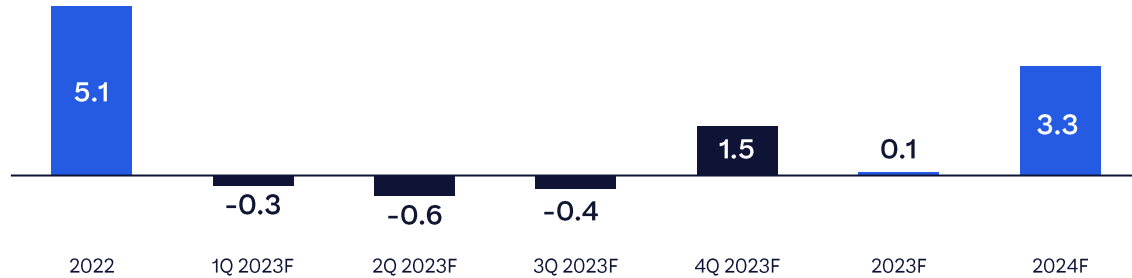
BHW valuation vs. other banks



Appendix

Forecasts for Polish economy

Polish GDP (% YoY)

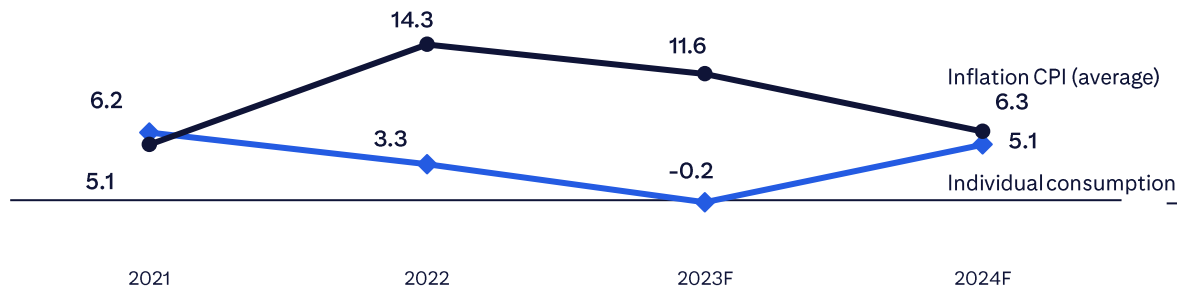


Based on Citi analyst forecast (data as of 28/08/2023)

- Strong rebound in the Polish economy. Retail sales increased in September, inter alia due to an increase in real wages and the payment of additional pensions (14 th pension).
- The increase in real wages will be important in the coming months and will contribute to further improvement in retail sales.
- A high budget deficit is expected, which will make space for extending one-off events limited and therefore the inflation path will remain high.
- Unlocking EU funds has already been included in the budget act for 2024.

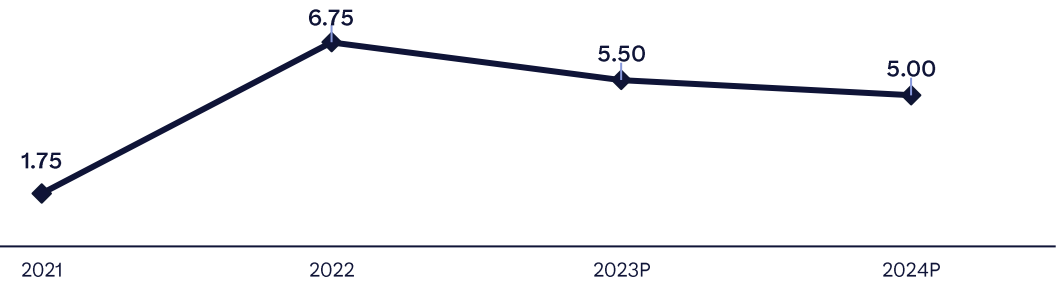
Consumption and inflation CPI (% YoY)

Core inflation (excluding food, fuel and energy prices) is above the CPI, indicating that inflationary pressures still persist



Based on Citi analyst forecast (data as of 28/08/2023)

NBP reference rate (% end of period)



Based on Citi analyst forecast (data as of 28/08/2023)

Capital Group – profit and loss account

PLN MM	3Q22	4Q22	1Q23	2Q23	3Q23	3Q23 vs. 2Q23		3Q23 vs. 3Q22	
						PLN MM	%	PLN MM	%
Net interest income	732	897	847	832	827	(5)	(1%)	95	13%
Net fee and commission income	136	141	141	142	143	1	0%	7	5%
Dividend income	1	0	0	10	1	(8)	(87%)	(0)	(12%)
Net gain on trading financial instruments and revaluation	100	85	232	184	203	19	10%	103	103%
Net gain on debt investment financial assets measured at fair value through other comprehensive income	(200)	(88)	24	(28)	(28)	(0)	0%	171	(86%)
Hedge accounting	0	(0)	(3)	(2)	(3)	(0)	17%	(3)	-
Treasury	(100)	(3)	253	153	172	19	12%	271	-
Net gain on other equity instruments	4	3	1	14	2	(12)	(88%)	(3)	(62%)
Net other operating income	(14)	1	(0)	(1)	(9)	(8)	917%	5	(35%)
Revenue	760	1039	1242	1150	1136	(14)	(1%)	375	49%
Expenses	(281)	(291)	(389)	(312)	(305)	7	(2%)	(24)	8%
Depreciation	(26)	(25)	(26)	(28)	(28)	0	(0%)	(2)	8%
Expenses and depreciation	(307)	(316)	(415)	(340)	(333)	7	(2%)	(26)	8%
Operating margin	453	723	827	810	803	(7)	(1%)	349	77%
Profit/(loss) on sale of tangible fixed assets	(0,1)	(0,1)	(0,0)	(0,1)	0,0	0,1	-	0,1	-
Provision for expected credit losses on financial assets and provisions for off-balance sheet commitments	(35)	(49)	(12)	6	(4)	(9)	-	31	(89%)
Tax on certain financial institutions	(53)	(55)	(47)	(45)	(50)	(5)	12%	4	(7%)
EBIT	365	619	768	771	749	(22)	(3%)	384	105%
Corporate income tax	(81)	(140)	(165)	(160)	(158)	2	(1%)	(76)	94%
Net profit	284	479	604	612	592	(20)	(3%)	308	108%
C/I ratio	40%	30%	33%	30%	29%				

Institutional Banking – profit and loss account

PLN MM	3Q22	4Q22	1Q23	2Q23	3Q23	3Q23 vs.2Q23		3Q23 vs3Q22	
						PLN MM	%	PLN MM	%
Net interest income	562	632	583	558	549	(9)	(2%)	(13)	(2%)
Net fee and commission income	94	99	102	100	99	(1)	(1%)	5	5%
Dividend income	1	0	0	2	1	(0)	(23%)	(0)	(12%)
Net gain on trading financial instruments and revaluation	89	75	224	174	193	19	11%	104	117%
Net gain on debt investment financial assets measured at fair value through other comprehensive income	(200)	(88)	24	(28)	(28)	(0)	0%	171	(86%)
Hedge accounting	0	(0)	(3)	(2)	(3)	(0)	17%	(3)	-
Treasury	(111)	(13)	245	144	162	19	13%	273	-
Net gain on other equity instruments	5	4	(0)	2	1	(1)	(54%)	(4)	(79%)
Net other operating income	(8)	5	5	3	(1)	(4)	-	7	(92%)
Revenue	545	727	934	808	811	3	0%	267	49%
Expenses	(135)	(140)	(214)	(142)	(141)	2	(1%)	(6)	5%
Depreciation	(6)	(6)	(6)	(6)	(6)	(0)	0%	(0)	2%
Expenses and depreciation	(141)	(147)	(220)	(149)	(147)	2	(1%)	(6)	5%
Operating margin	404	581	714	660	664	5	1%	260	64%
Profit/(loss) on sale of tangible fixed assets	0.0	-0.1	0.0	0.0	0.0	0	-	0	-
Provision for expected credit losses on financial assets and provisions for off-balance sheet commitments	(15)	(23)	9	12	5	(6)	(54%)	21	-
Tax on certain financial institutions	(45)	(48)	(34)	(31)	(34)	(2)	8%	11	(25%)
EBIT	343	509	689	640	636	(4)	(1%)	293	85%
C/I ratio	26%	20%	24%	18%	18%				

Consumer Banking – profit and loss account

PLN MM	3Q22	4Q22	1Q23	2Q23	3Q23	3Q23 vs.2Q23		3Q23 vs.3Q22	
						PLN MM	%	PLN MM	%
Net interest income	170	265	265	274	279	5	2%	109	64%
Net fee and commission income	42	41	39	42	44	1	3%	2	5%
Dividend income	-	0	-	8	-	(8)	(100%)	-	-
Net gain on trading financial instruments and revaluation	11	10	8	9	10	0	2%	(2)	(13%)
Net gain on other equity instruments	(1)	(1)	1	12	1	(11)	(95%)	2	-
Net other operating income	(6)	(4)	(5)	(4)	(8)	(4)	98%	(2)	40%
Revenue	216	312	308	342	324	(17)	(5%)	108	50%
Expenses	(147)	(151)	(175)	(170)	(164)	5	(3%)	(18)	12%
Depreciation	(20)	(19)	(20)	(22)	(22)	0	(1%)	(2)	9%
Expenses and depreciation	(166)	(170)	(195)	(191)	(186)	5	(3%)	(19)	12%
Net impairment allowances on non-financial assets	-	-	-	-	-	-	-	-	-
Operating margin	49	142	113	150	138	(12)	(8%)	89	180%
Provision for expected credit losses on financial assets and provisions for off-balance sheet commitments	(20)	(26)	(21)	(6)	(9)	(3)	50%	10	(53%)
Tax on certain financial institutions	(8)	(7)	(13)	(13)	(16)	(3)	23%	(8)	90%
EBIT	21	110	79	131	113	(18)	(14%)	92	427%
C/I ratio	77%	54%	63%	56%	57%				

Balance sheet – assets

	End of period					3Q23 vs. 4Q22		3Q23 vs. 3Q22	
	3Q22	4Q22	1Q23	2Q23	3Q23	PLN B	%	PLN B	%
PLN B									
Cash and balances with the Central Bank	9.1	0.6	1.8	2.6	0.5	(2.0)	(79%)	(8.5)	(94%)
Amounts due from banks	1.8	1.0	3.9	10.5	17.3	6.8	64%	15.5	842%
Financial assets held-for-trading	10.7	7.0	4.5	6.2	5.2	(1.0)	(16%)	(5.5)	(51%)
Debt financial assets measured at fair value through other comprehensive income	26.4	37.2	36.2	27.1	26.3	(0.8)	(3%)	(0.1)	(0%)
Customer loans	21.8	21.6	22.5	22.8	20.5	(2.3)	(10%)	(1.2)	(6%)
Financial sector entities	3.1	3.8	4.0	6.3	4.5	(1.8)	(29%)	1.4	44%
including reverse repo receivables	0.2	-	0.4	2.6	0.2	(2.3)	(90%)	0.1	46%
Non-financial sector entities	18.6	17.8	18.5	16.5	16.0	(0.4)	(3%)	(2.6)	(14%)
Institutional Banking	12.4	11.7	12.6	10.6	10.1	(0.5)	(4%)	(2.3)	(18%)
Consumer Banking	6.3	6.1	5.9	5.9	5.9	0.0	0%	(0.4)	(6%)
Unsecured receivables	4.1	3.9	3.8	3.8	3.7	(0.0)	(1%)	(0.3)	(8%)
Credit cards	2.2	2.2	2.1	2.1	2.1	(0.0)	(2%)	(0.1)	(6%)
Cash loans	1.8	1.7	1.6	1.6	1.6	0.0	1%	(0.2)	(11%)
Other unsecured receivables	0.0	0.1	0.0	0.0	0.0	(0.0)	(11%)	(0.0)	(17%)
Mortgage	2.2	2.2	2.1	2.1	2.1	0.0	2%	(0.0)	(1%)
Other assets	2.5	2.3	2.3	2.4	2.5	0.1	3%	(0.0)	(0%)
Total assets	72.2	69.8	71.2	71.6	72.4	0.8	1%	0.1	0%

Balance sheet – liabilities and equity

	End of period					3Q23 vs. 4Q22		3Q23 vs. 3Q22	
	3Q22	4Q22	1Q23	2Q23	3Q23	PLN B	%	PLN B	%
PLN B									
Liabilities due to banks	3.7	4.8	4.7	3.3	3.4	0.1	2%	(0.3)	(9%)
Financial liabilities held-for-trading	9.4	4.9	3.6	4.6	4.1	(0.5)	(12%)	(5.3)	(56%)
Financial liabilities due to customers	50.3	50.5	52.5	52.1	53.9	1.8	3%	3.5	7%
Financial sector entities - deposits	3.4	3.6	3.4	3.5	3.6	0.1	2%	0.2	5%
Non-financial sector entities - deposits	44.6	45.2	47.2	46.3	48.2	1.8	4%	3.5	8%
Institutional Banking	26.4	27.4	28.8	27.9	28.7	0.8	3%	2.3	9%
Consumer Banking	18.2	17.8	18.4	18.5	19.4	1.0	5%	1.2	7%
Other deposits	2.3	1.7	1.9	2.2	2.1	(0.1)	(5%)	(0.2)	(9%)
Other liabilities	1.6	1.6	1.7	3.2	2.0	(1.2)	(37%)	0.5	31%
Total liabilities	65.0	61.8	62.4	63.2	63.4	0.1	0%	(1.6)	(2%)
Share capital	0.5	0.5	0.5	0.5	0.5	-	0%	-	0%
Supplementary capital	3.0	3.0	3.0	3.0	3.0	-	0%	0.0	0%
Revaluation reserve	(0.8)	(0.6)	(0.3)	(0.2)	(0.1)	0.1	(34%)	0.6	(82%)
Other reserves	2.8	2.8	2.8	3.2	3.2	0.0	0%	0.4	13%
Retained earning	1.7	2.2	2.8	1.8	2.4	0.6	32%	0.7	44%
Total Equity	7.3	8.0	8.8	8.4	9.0	0.7	8%	1.8	24%
Total liabilities & equity	72.2	69.8	71.2	71.6	72.4	0.8	1%	0.1	0%
Loans / Deposits ratio	45%	44%	45%	46%	40%				

Contact



Investor Relations:
relacjeinwestorskie@citi.com

Adam Piotrak
Investor Relations Head
adam.piotrak@citi.com

Monika Paczuska
Investor Relations Analyst
monika.paczuska@citi.com