



# Bank Handlowy w Warszawie S.A.

## Consolidated financial results for 1Q'24

May 9th, 2024

# 1Q'24| Financial results summary

## 1Q'24 Financial results

Revenue  
PLN 1.1 B

Net profit  
PLN 454 MM

ROE  
26.4%

## Balance sheet YoY dynamics

Loans  
(9%)

Deposits  
+5%

## Total capital ratio

TCR  
23.7%

## Business segments' performance in 1Q'24

### Institutional Banking

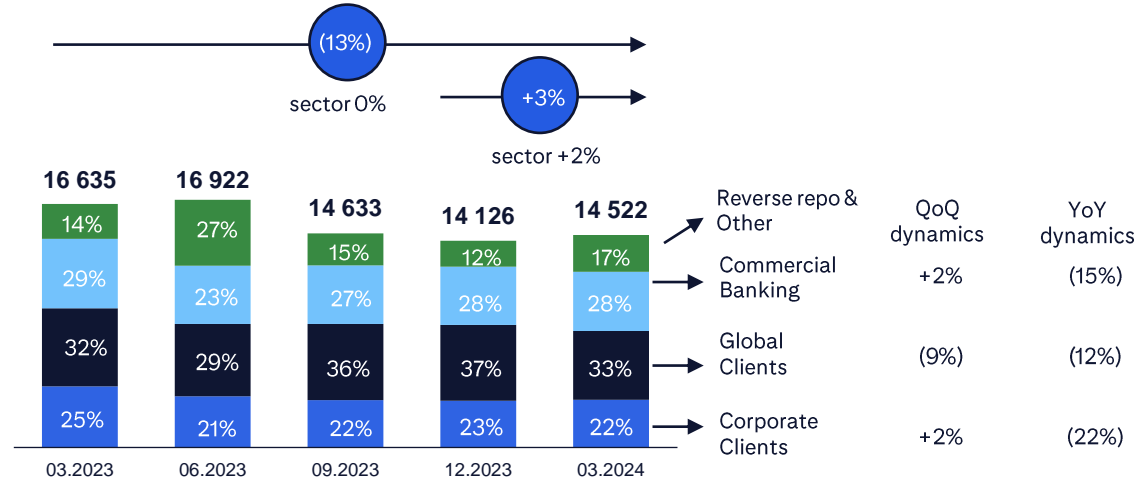
- **Revenue:** increase by 14% QoQ driven by strong results in transaction banking as well as custody and brokerage activities
- **Loans:** total volume growth by 3% QoQ driven by higher loan volumes in Commercial and Corporate Banking
- **Commercial debt securities:** bond issue arrangement for international finance institution in the amount of PLN 2.1 B (+63% YoY), issue of Eurobonds for BGK in the amount of EUR 400 MM to support the Ukraine Assistance Fund
- **FX:** FX volume decrease by 2% QoQ as a result of seasonal effect. On the other hand, FX volume increased for third consecutive quarter in the largest Polish companies segment – Corporate Clients
- **Transaction Banking:** continuation of positive trends in business volumes – growth especially observed in cash management

### Consumer Banking

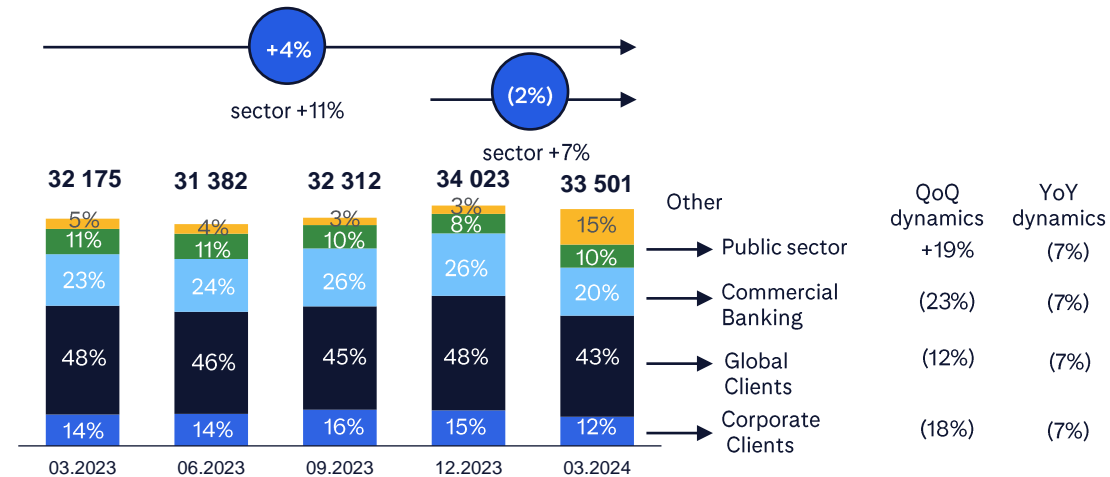
- **Revenue:** increase by 2% QoQ driven by satisfactory performance in Wealth Management
- **Loans:** flat in quarterly comparison, on the other hand the Bank recorded higher mortgage loans volumes by 3% QoQ and higher cash loans volumes by 3% QoQ
- **FX:** the number of FX transactions in Citi Kantor increased by 1% QoQ
- **Cards:** dynamic growth of credit cards acquisition by 14% QoQ driven by promotional offer for clients Citi Simplicity
- **Private Banking:** continuation of growth in the number of Citigold Private Clients by 3% QoQ. Increase in the portfolio of investment products by 3% QoQ

# Institutional Banking | Business volumes

## Loan volumes (PLN MM)

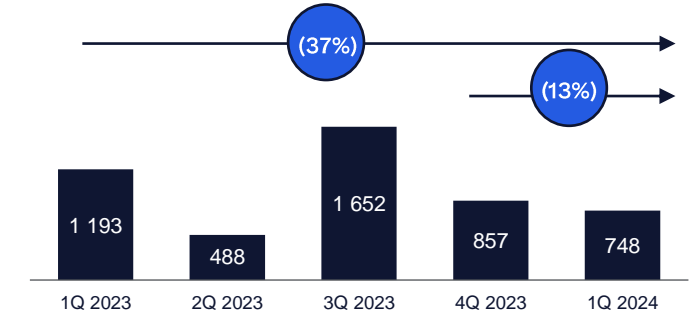


## Deposit volumes (PLN MM)



## 1Q 2024 transaction volumes

### 1. New loans to institutional clients (PLN MM)



\* New financing granted or increase in current financing volume or extension in maturity

### 2. FX volumes

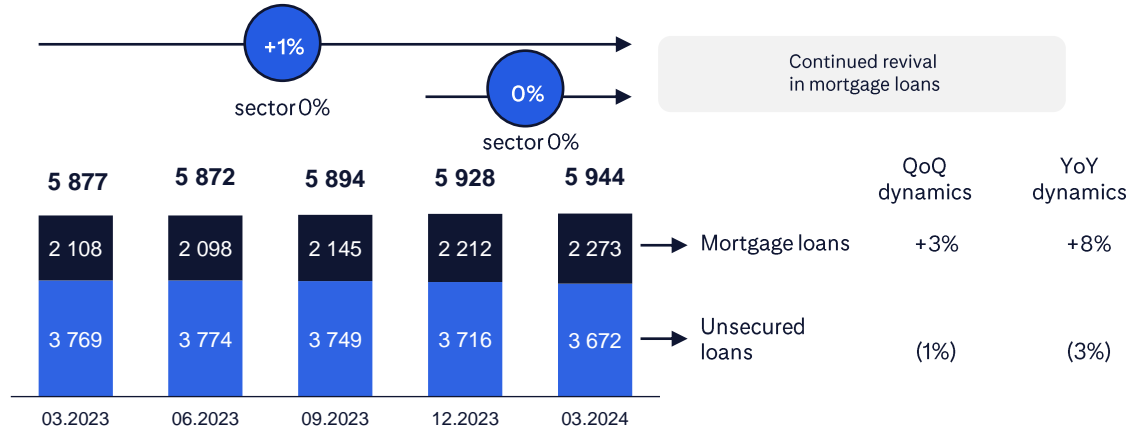
- FX volumes decreased by 17% YoY

### 3. Transaction Banking

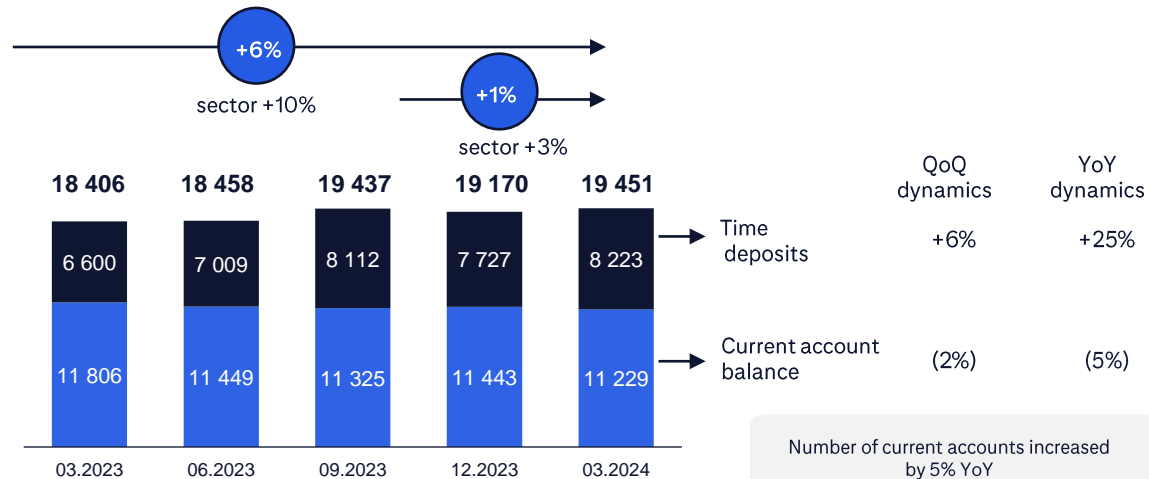
- ↑8% YoY - number of cross-border money transfers
- ↑5% YoY - value of corporate credit cards transactions
- ↑3% YoY - number of transactions processed online

# Consumer Banking | Business volumes

## Loan volumes (PLN MM)



## Deposit volumes (PLN MM)



## 1Q 2024 transaction volumes

### 1. FX volumes

- FX volumes decreased by **6% YoY**
- On the other hand FX volumes in **Citi Kantor grew by 9% YoY**
- **62% of FX volumes** are processed via **CitiKantor**
- **Number of transactions in CitiKantor** grew by **11% YoY**

### 2. Private Banking

- **↑12%** YoY - average Total Relationship Balance
- **↑22%** YoY - number of Citigold Private Clients

### 3. Cards

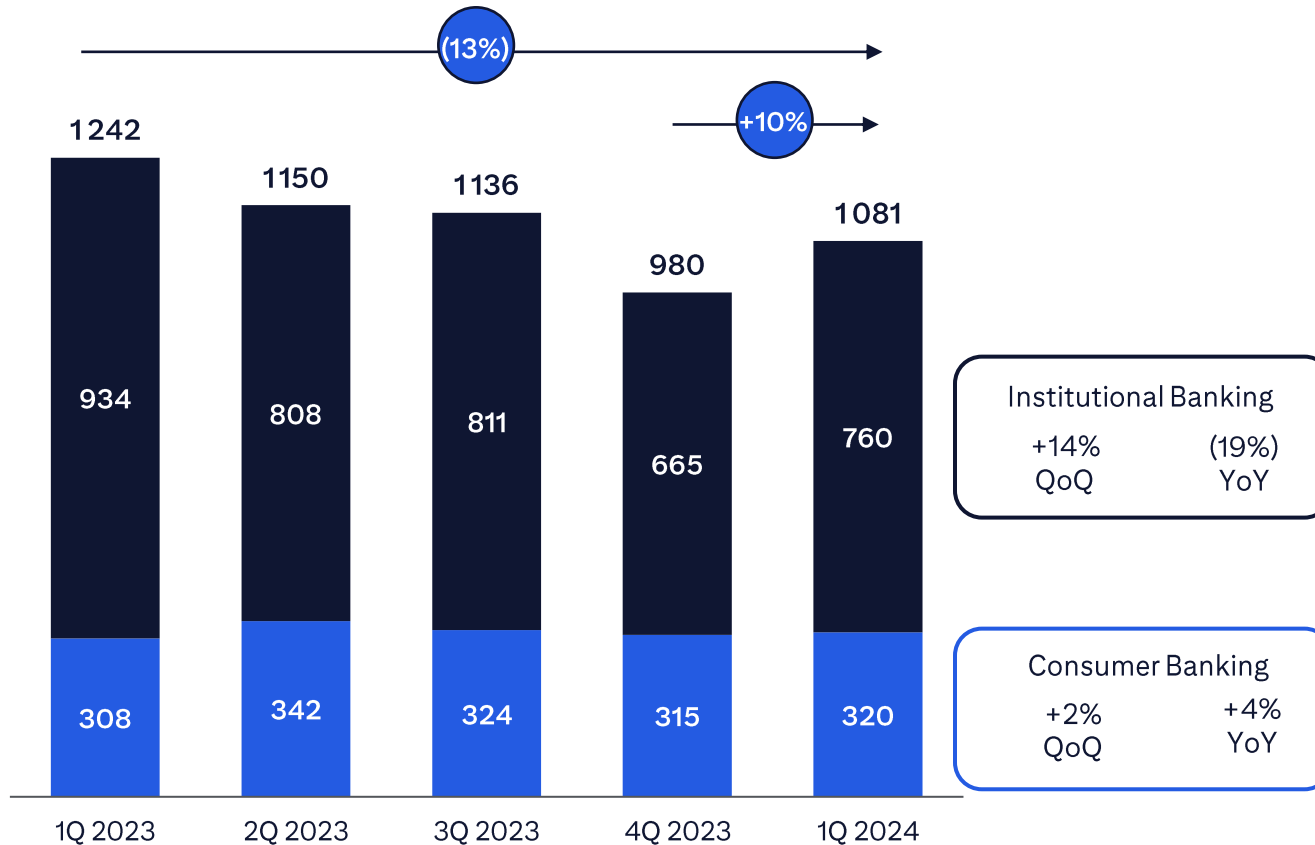
- **0% YoY** - card transaction value (domestic)
- **↓1%** YoY - card transaction value (crossborder)

# Consolidated financial results

# Total revenue

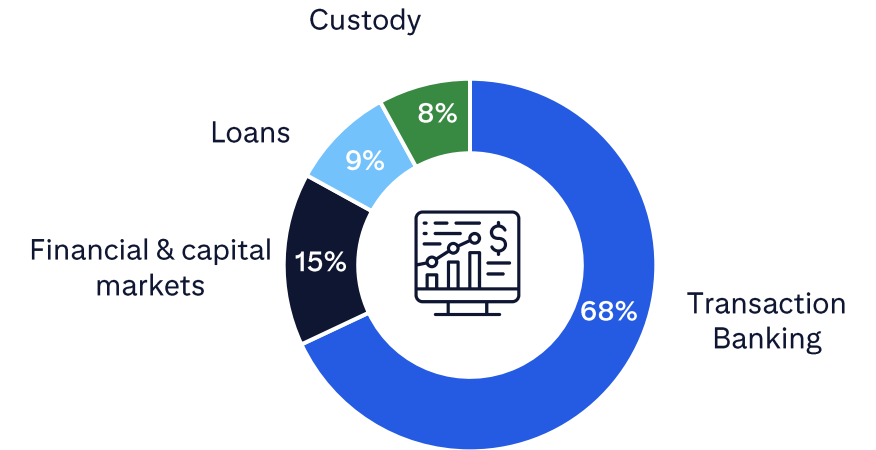
## Total revenue – segment split (PLN MM)

Increase in core revenues (sum of net interest income and net fee and commission income) driven by **higher interest income on treasury activity** and high business volumes in **transaction banking and wealth management**

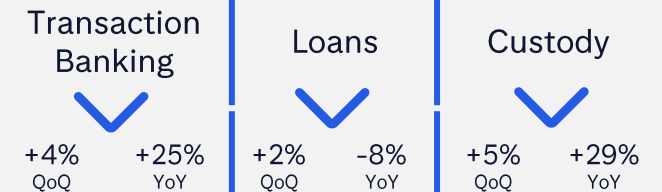


## Institutional Banking in 1Q'24

Client revenue – management view



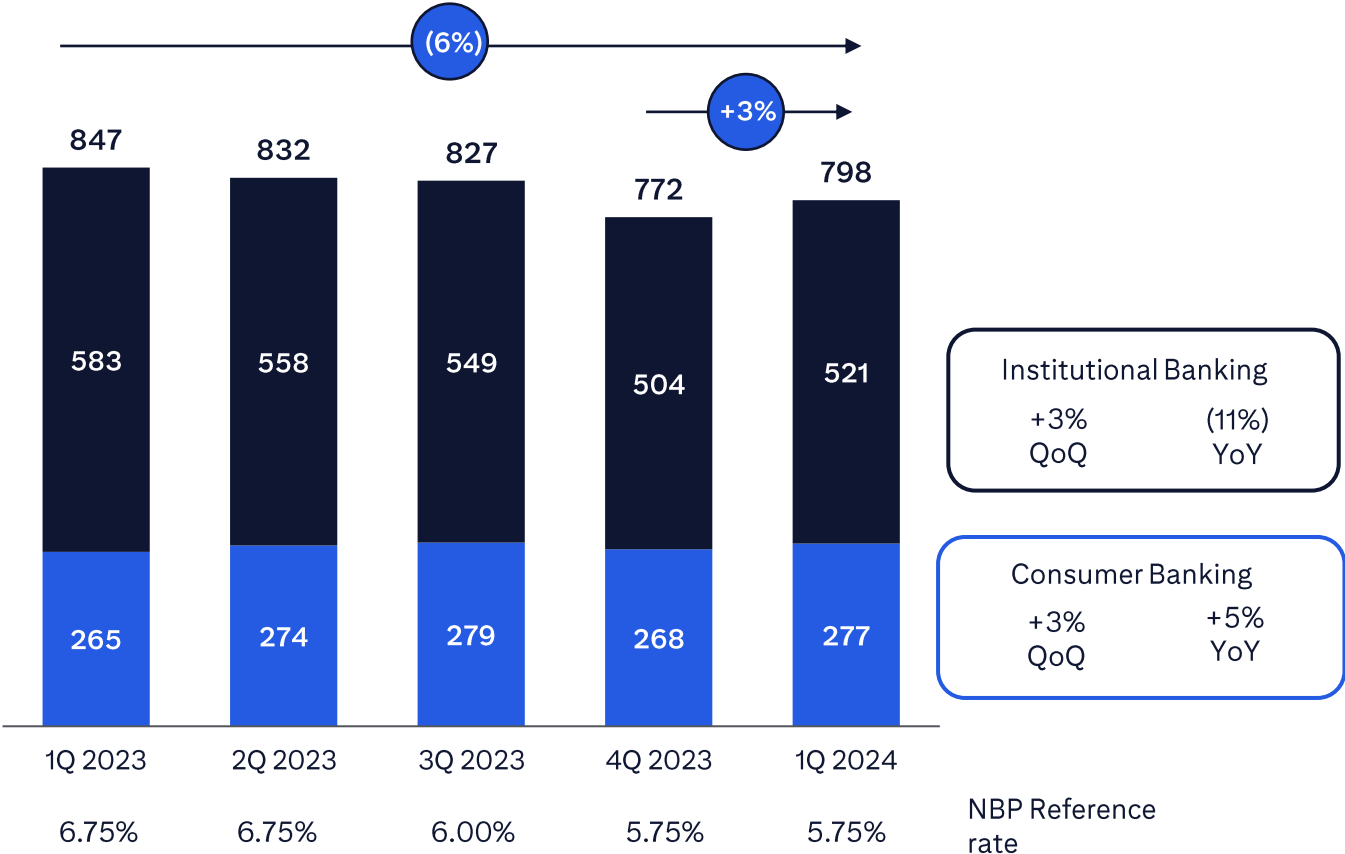
10 consecutive quarter of revenue growth in Transaction Banking



# Net interest income

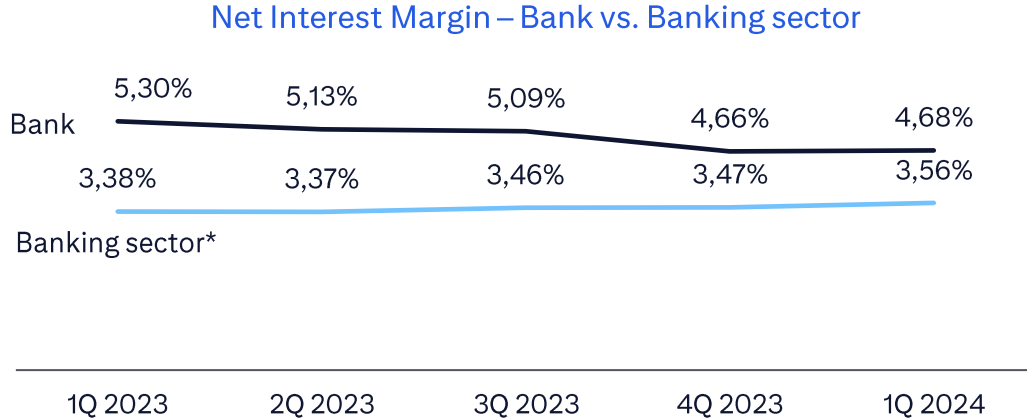
## Net interest income – segment view (PLN MM)

Net interest income growth driven by higher interest income on investment debt securities portfolio as well as lower interest expenses in Consumer Banking segment



## Net Interest Margin

NIM growth by 3 bps. is primarily the result of adjusting deposit interest rates to the Bank's current liquidity needs. The Bank is still offering attractive interests for strategic clients' group.

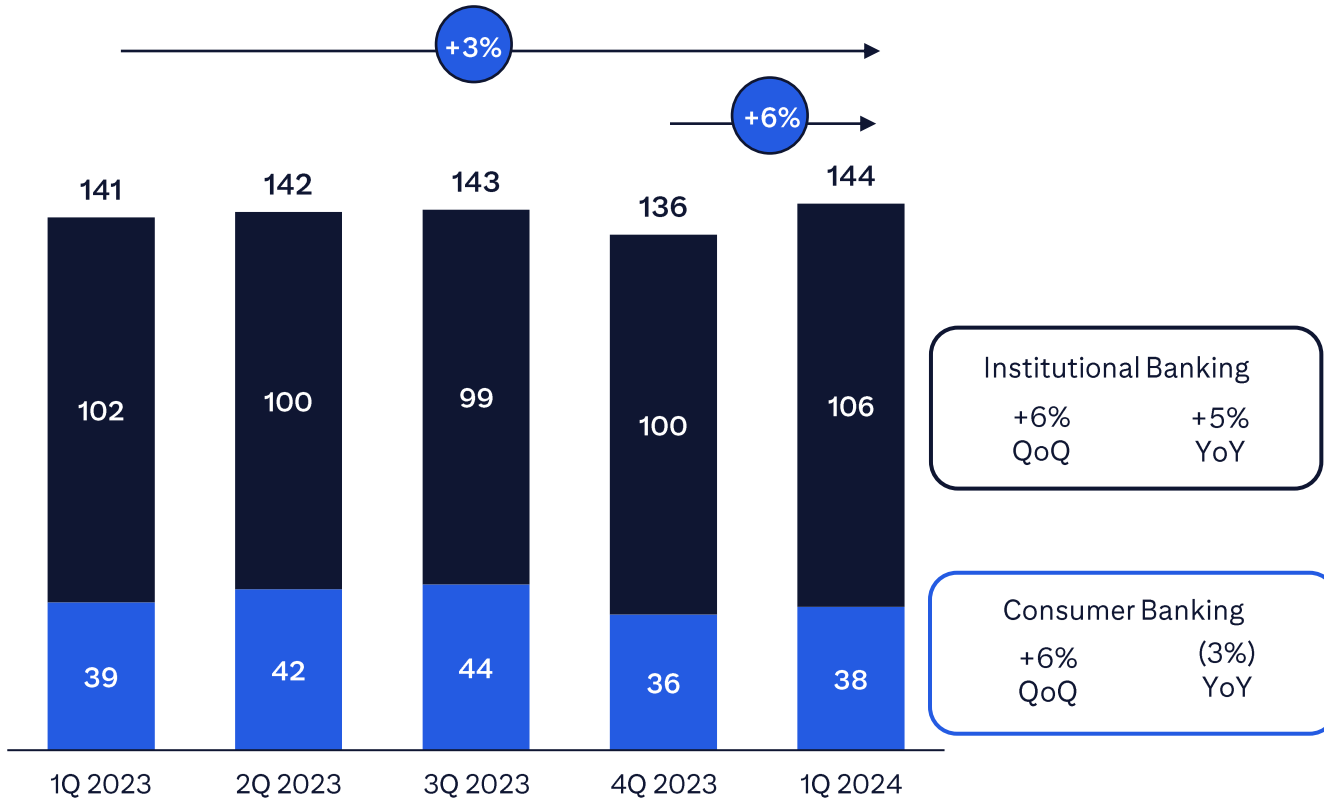


\*Banking sector data for 1Q'24 reflects last available data for February 2024

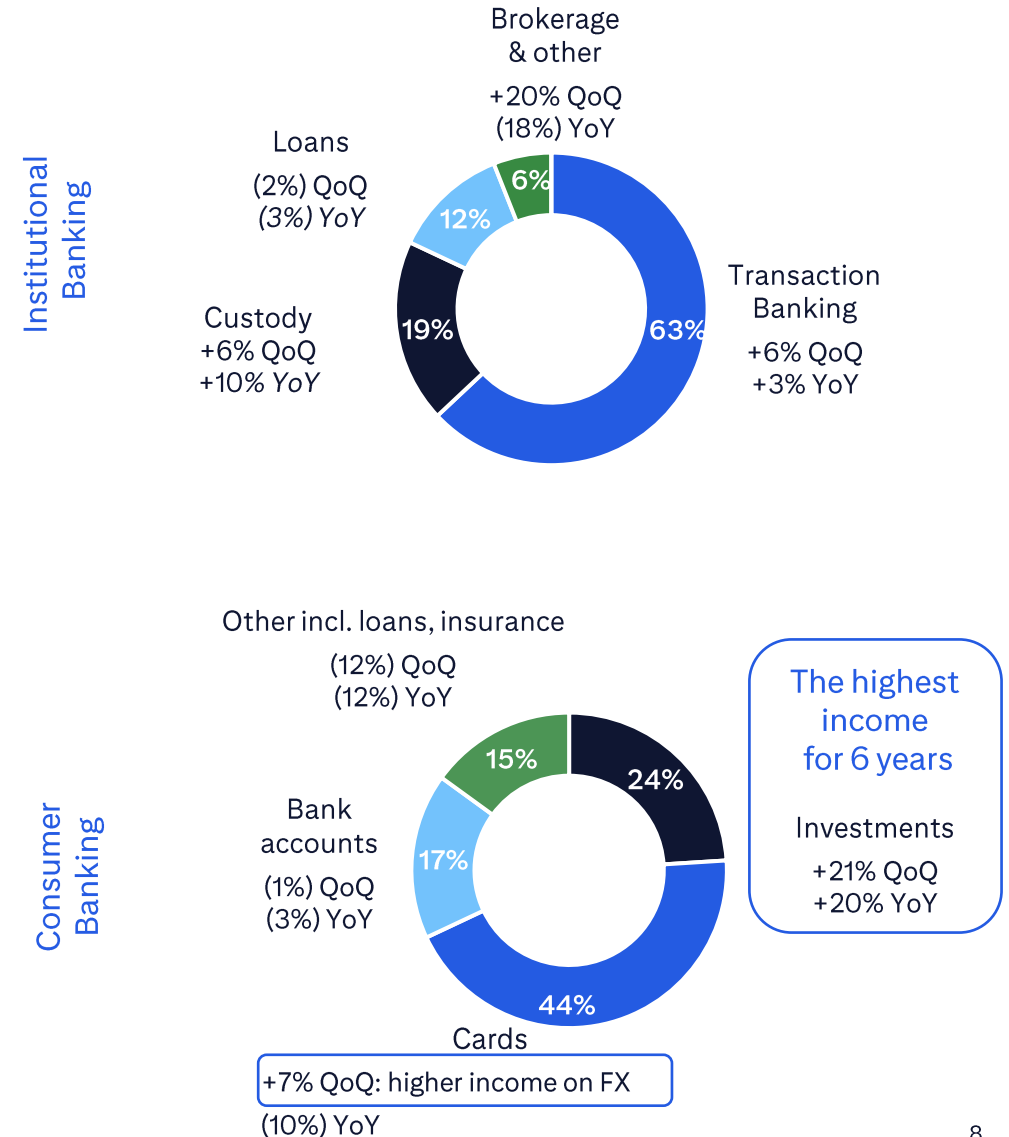
# Net fees and commission income

## Net fees and commission income – segment split (PLN MM)

NF&CI growth driven by higher income on cash management (transaction banking) as well as income related to capital markets (brokerage, custody and wealth management)



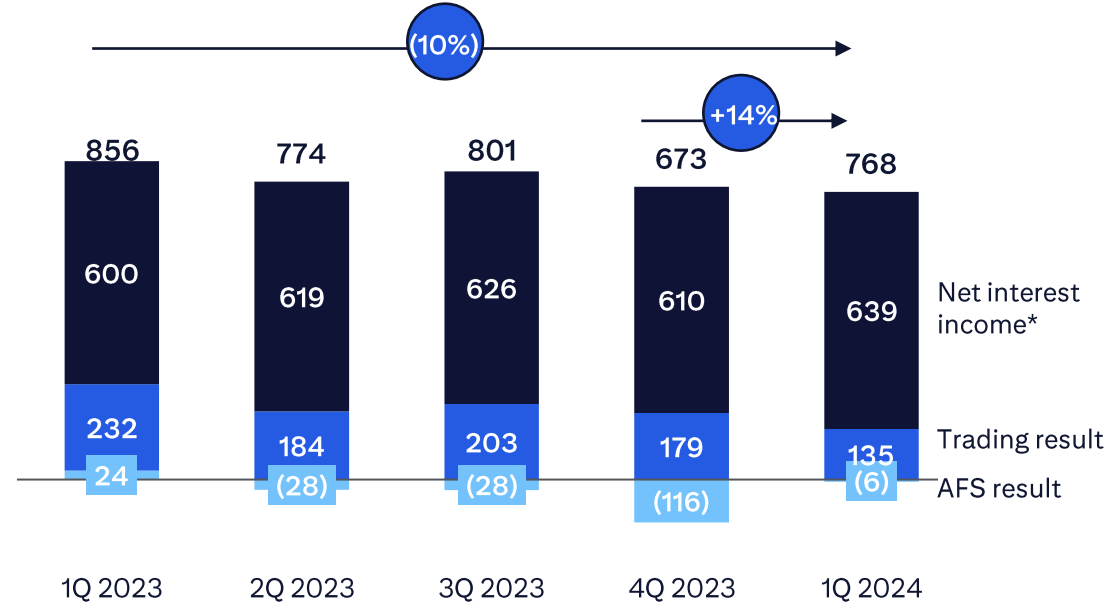
## 1Q'24 NF&CI structure and dynamics





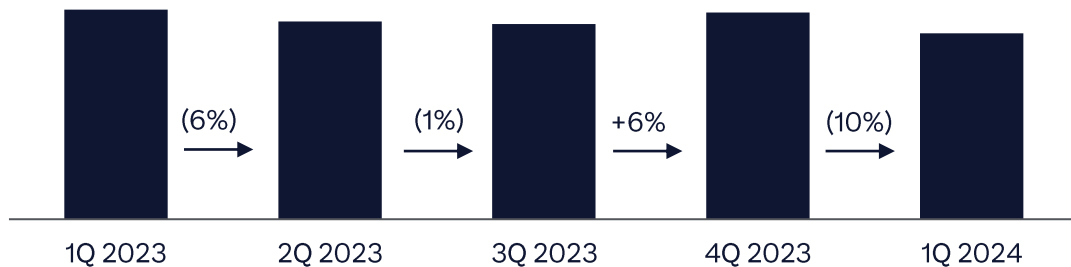
# Treasury

## Treasury result (PLN MM)



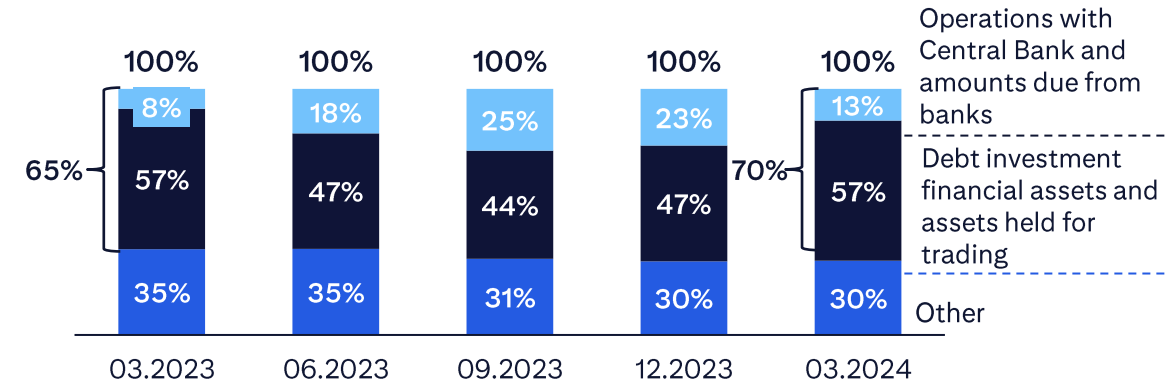
\* Sum of net interest income on debt securities, amounts due from banks and derivatives in hedge accounting

## Income on FX – client activity (Institutional Banking)

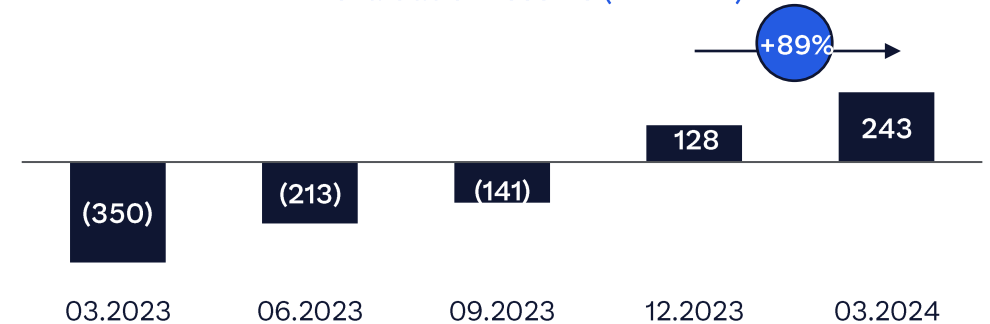


## Balance sheet structure (%)

Lack of demand for loan, the Bank increased engagement in investment debt assets. Despite that revaluation reserve almost doubled comparing to the volume as at the end of 2023

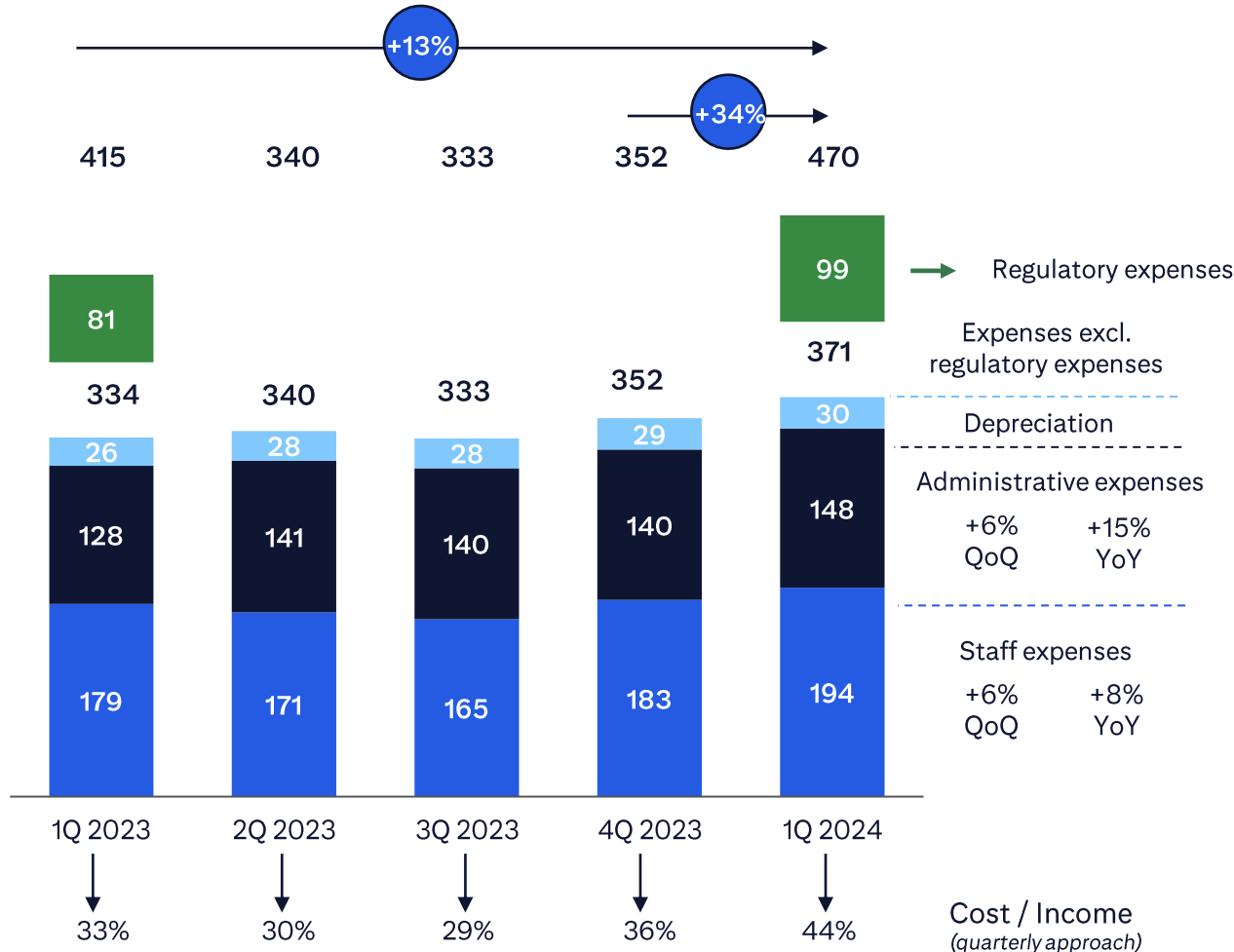


## Revaluation reserve (PLN MM)



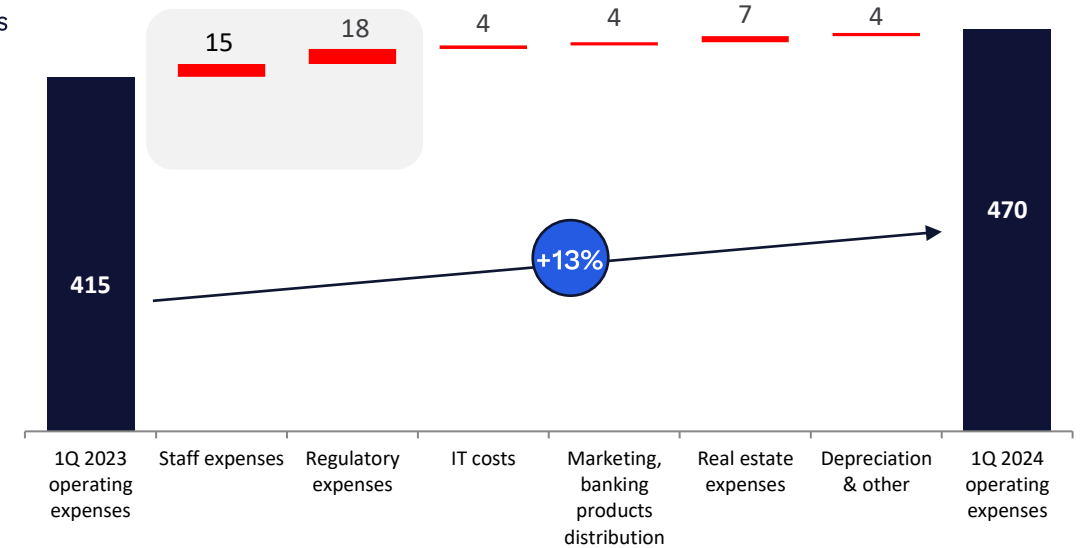
# Expenses

## Operating expenses (PLN MM)



## 1Q'24 Expenses by type (PLN MM)

1Q'24 operating expenses affected by higher regulatory expenses, mainly the **charge for Resolution Fund** (+22% YoY) as well as higher **staff expenses** fueled by growing remunerations expenses (+9% YoY)

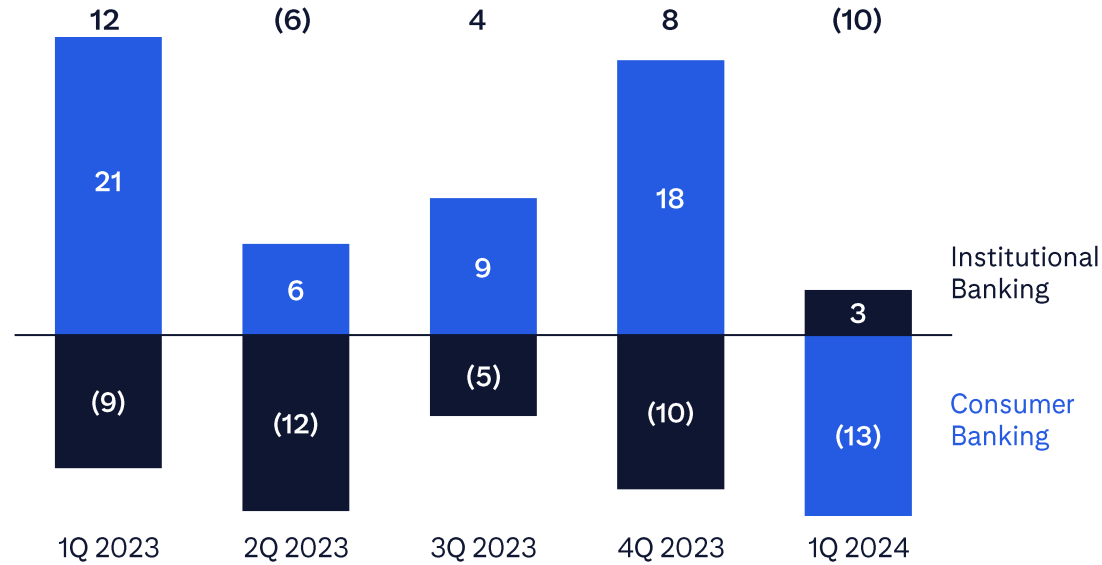


Higher sale of retail products i.a. cash loans

Consulting expenses related to implementation of regulatory projects

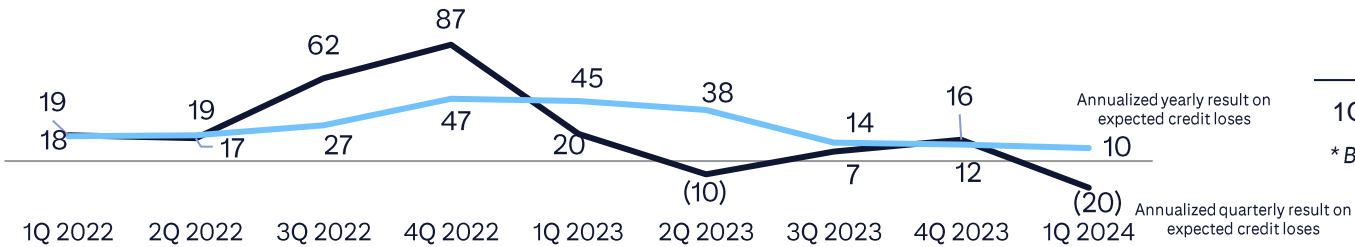
# Cost of Risk

## Cost of Risk



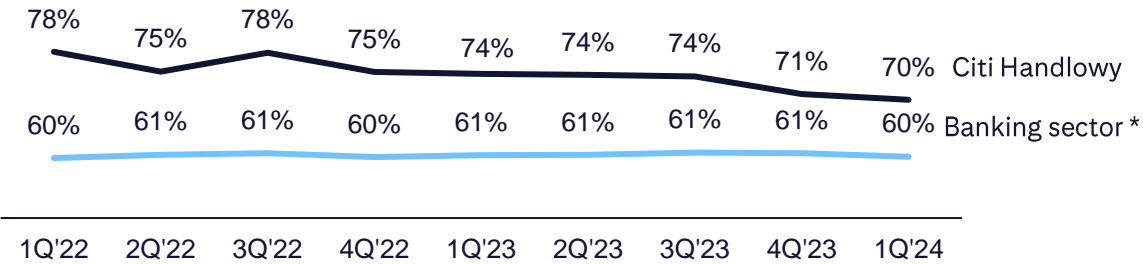
\* Increase of provisions presented with the sign (+), decrease with the sign (-)

(basis points)



## Coverage ratio and NPL

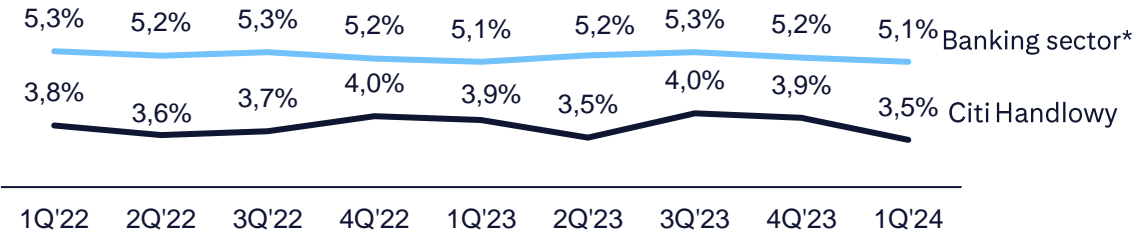
### Coverage ratio



\* Banking sector data as for 1Q'24 according to last available data as at end of February'24

### Share of stage 3 in loan portfolio

(for Citi Handlowy amounts due from financial sector and nonfinancial sector)



\* Banking sector data as for 1Q'24 according to last available data as at end of February'24

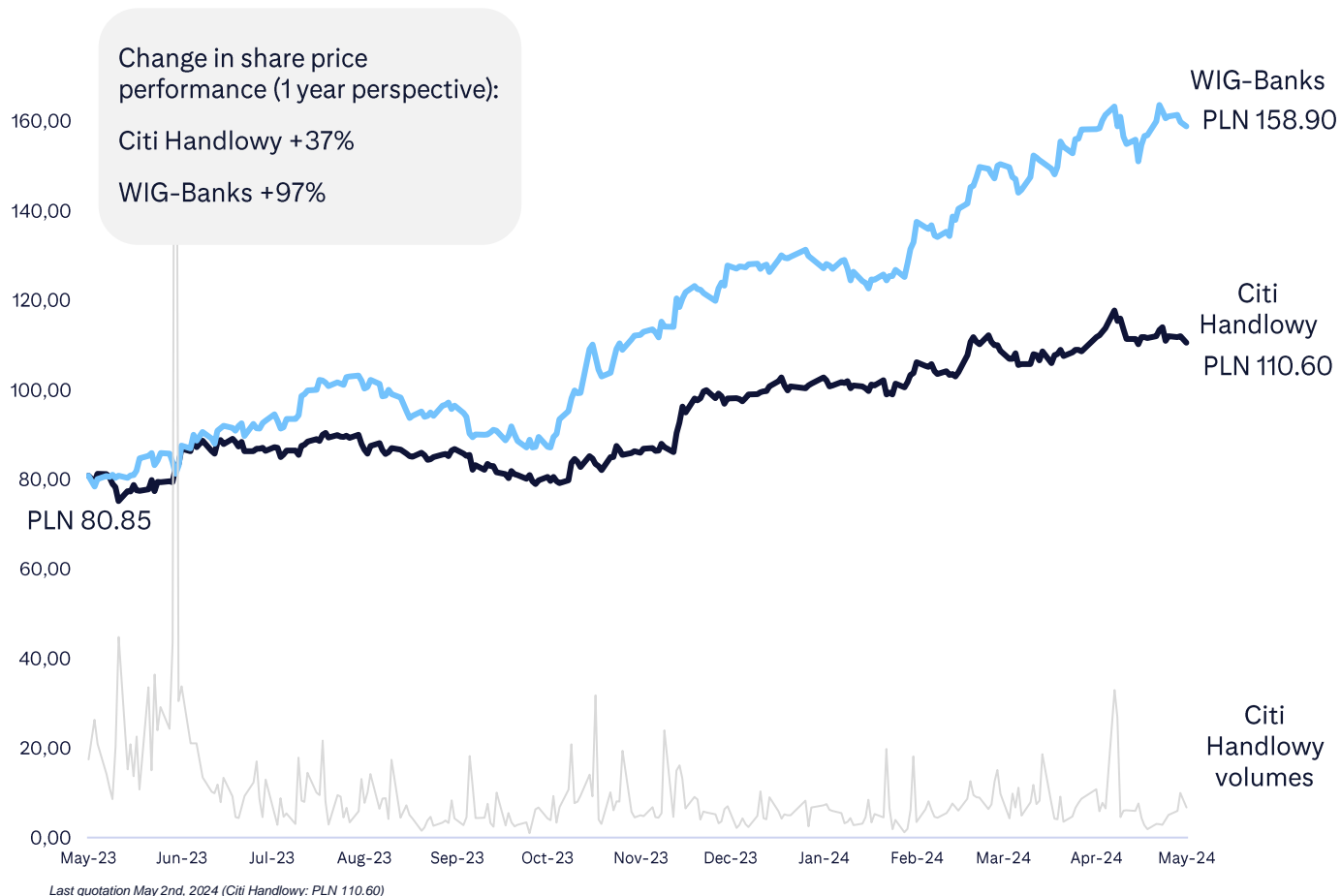
# Summary of the Capital Group financial results

	1Q24	4Q23	ΔQoQ	1Q23	ΔYoY
Net interest income	798	772	3%	847	(6%)
Net fee and commission income	144	136	6%	141	3%
<b>Core revenue</b>	<b>942</b>	<b>908</b>	<b>4%</b>	<b>988</b>	<b>(5%)</b>
Treasury	129	63	105%	256	(49%)
Other revenues	9	9	(2%)	(2)	(636%)
<b>Total revenue</b>	<b>1081</b>	<b>980</b>	<b>10%</b>	<b>1242</b>	<b>(13%)</b>
<b>Expenses</b>	<b>(470)</b>	<b>(352)</b>	<b>34%</b>	<b>(415)</b>	<b>13%</b>
<b>Operating margin</b>	<b>610</b>	<b>629</b>	<b>(3%)</b>	<b>827</b>	<b>(26%)</b>
<b>Provisions</b>	<b>10</b>	<b>(8)</b>	<b>-</b>	<b>(12)</b>	<b>-</b>
<b>Profit before tax</b>	<b>577</b>	<b>572</b>	<b>1%</b>	<b>768</b>	<b>(25%)</b>
Corporate income tax	(123)	(122)	1%	(165)	(25%)
Bank levy	(45)	(49)	(7%)	(47)	(4%)
<b>Net income</b>	<b>454</b>	<b>449</b>	<b>1%</b>	<b>604</b>	<b>(25%)</b>
ROE	26.4%	29.6%	(3.2 pp.)	29.0%	(2.6 pp.)
ROA	2.9%	3.1%	(0.2 pp.)	2.6%	0.2 pp.
<b>Revaluation reserve</b>	<b>243</b>	<b>128</b>	<b>89%</b>	<b>(350)</b>	<b>-</b>
<b>Assets</b>	<b>75 204</b>	<b>73 393</b>	<b>2%</b>	<b>71 180</b>	<b>6%</b>
<b>Net loans</b>	<b>20 466</b>	<b>20 054</b>	<b>2%</b>	<b>22 512</b>	<b>(9%)</b>
<b>Deposits</b>	<b>52 952</b>	<b>53 193</b>	<b>0%</b>	<b>50 581</b>	<b>5%</b>
Loans / Deposits	39%	38%		45%	
TCR	23.7%	23.6%		17.9%	

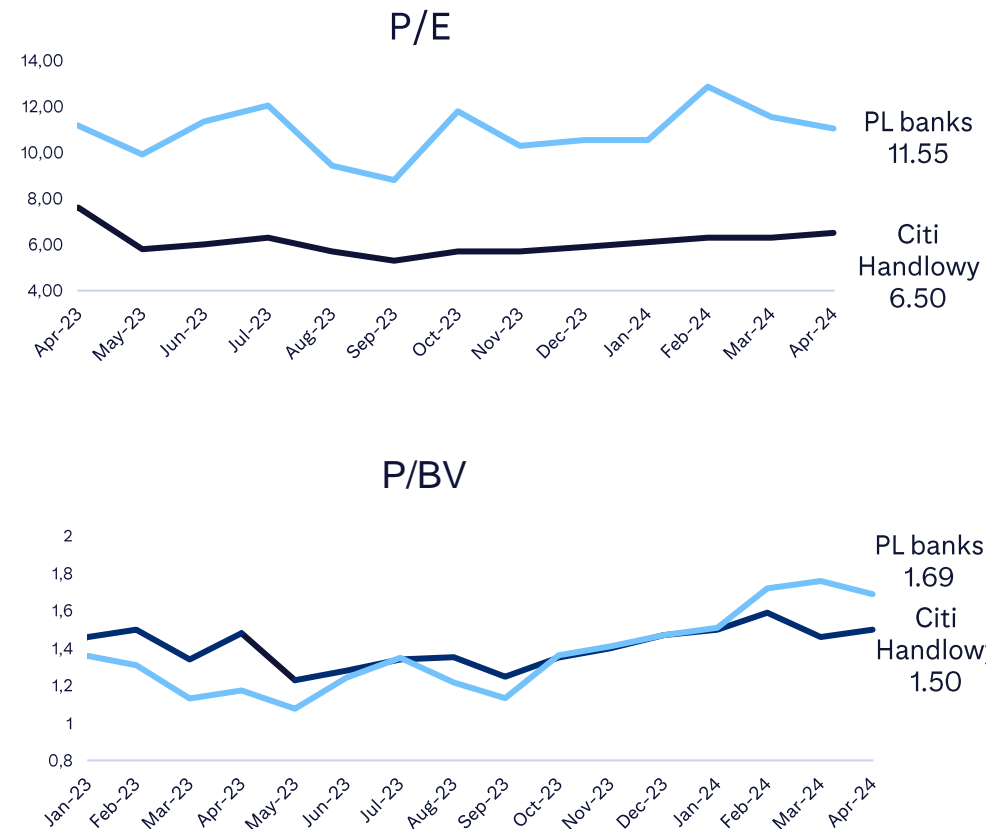
# Appendix

# Citi Handlowy – change in share price

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

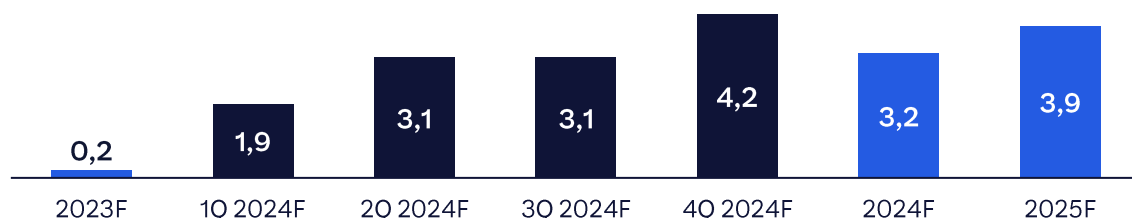


## BHW valuation vs. other banks



# Forecasts for Polish economy

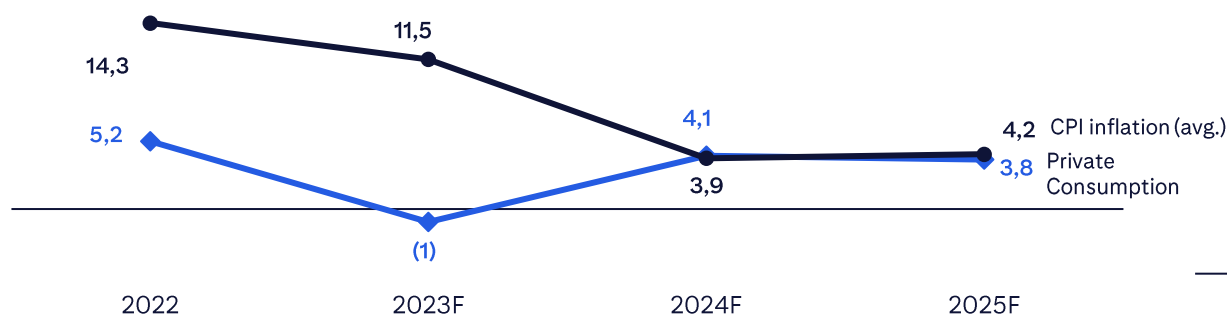
## GDP of Poland (% YoY)



Based on Citi analyst forecast (data as of 06/05/2024)

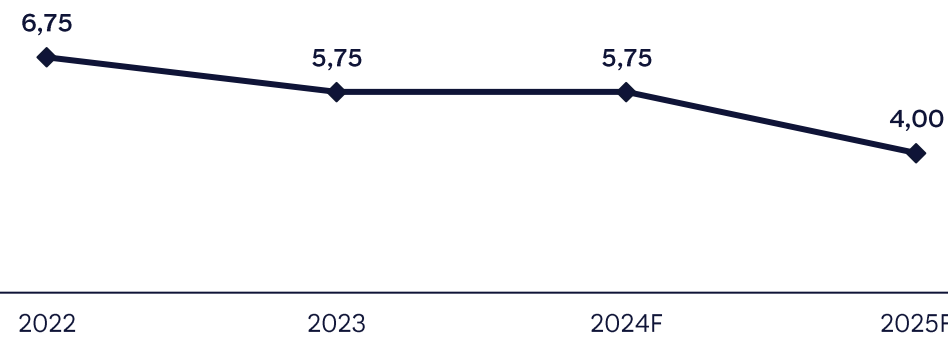
- The economy remains on track set in last months. The retail sales data are optimistic, providing prospect for a further recovery in private consumption. However the manufacturing and export are still under negative pressure from low demand in Western Europe.
- In base scenario, interest rates will remain unchanged until the end of 2024. It means that real interest rates will stay above the 0 level in the coming months which should contribute to inflation decrease (and weaken economic growth). Monetary Policy Council will not cut interest rates earlier than at the beginning of 2025.
- Inflation in March decreased to the level of 2% YoY, that is the lowest level for 5 years. However, in April VAT rate on food will be increased, at least part of this growth may be absorber by retail stores, nevertheless we believe, that even in this scenario, food prices in April will be higher than usual.

## Consumption and inflation CPI (% YoY)



Based on Citi analyst forecast (data as of 06/05/2024)

## NBP reference rate (% EoP)



Based on Citi analyst forecast (data as of 06/05/2024)

# Capital Group – profit and loss account

PLN MM	1Q23	2Q23	3Q23	4Q23	1Q24	1Q24 vs. 4Q23		1Q24 vs. 1Q23	
						PLN MM	%	PLN MM	%
<b>Net interest income</b>	847	832	827	772	798	26	3%	(49)	(6%)
<b>Net fee and commission income</b>	141	142	143	136	144	8	6%	4	3%
Dividend income	0	10	1	0	0	(0)	(72%)	0	2225%
Net gain on trading financial instruments and revaluation	232	184	203	179	135	(43)	(24%)	(96)	(42%)
Net gain on debt investment financial assets measured at fair value through other comprehensive income	24	(28)	(28)	(116)	(6)	109	(95%)	(30)	-
Hedge accounting	(3)	(2)	(3)	(2)	8	10	-	10	-
<b>Treasury</b>	<b>253</b>	<b>153</b>	<b>172</b>	<b>61</b>	<b>137</b>	<b>76</b>	<b>126%</b>	<b>(116)</b>	<b>(46%)</b>
Net gain on other equity instruments	1	14	2	18	3	(15)	(84%)	2	126%
Net other operating income	(0)	(1)	(9)	(7)	(2)	5	(75%)	(1)	332%
<b>Revenue</b>	<b>1 242</b>	<b>1 150</b>	<b>1 136</b>	<b>980</b>	<b>1 081</b>	<b>100</b>	<b>10%</b>	<b>(162)</b>	<b>(13%)</b>
Expenses	(389)	(312)	(305)	(322)	(441)	(118)	37%	(52)	13%
Depreciation	(26)	(28)	(28)	(29)	(30)	(0)	1%	(3)	12%
<b>Expenses and depreciation</b>	<b>(415)</b>	<b>(340)</b>	<b>(333)</b>	<b>(352)</b>	<b>(470)</b>	<b>(119)</b>	<b>34%</b>	<b>(55)</b>	<b>13%</b>
<b>Operating margin</b>	<b>827</b>	<b>810</b>	<b>803</b>	<b>629</b>	<b>610</b>	<b>(18)</b>	<b>(3%)</b>	<b>(217)</b>	<b>(26%)</b>
Profit/(loss) on sale of tangible fixed assets	(0,0)	(0.1)	0.0	(0.1)	1.8	1.9	-	1.9	-
<b>Provision for expected credit losses on financial assets and provisions for off-balance sheet commitments</b>	<b>(12)</b>	<b>6</b>	<b>(4)</b>	<b>(8)</b>	<b>10</b>	<b>19</b>	<b>-</b>	<b>22</b>	<b>-</b>
Tax on certain financial institutions	(47)	(45)	(50)	(49)	(45)	4	(7%)	2	(4%)
<b>EBIT</b>	<b>768</b>	<b>771</b>	<b>749</b>	<b>572</b>	<b>577</b>	<b>6</b>	<b>1%</b>	<b>(191)</b>	<b>(25%)</b>
Corporate income tax	(165)	(160)	(158)	(122)	(123)	(1)	1%	41	(25%)
<b>Net profit</b>	<b>604</b>	<b>612</b>	<b>592</b>	<b>449</b>	<b>454</b>	<b>5</b>	<b>1%</b>	<b>(150)</b>	<b>(25%)</b>
<b>C/I ratio</b>	<b>33%</b>	<b>30%</b>	<b>29%</b>	<b>36%</b>	<b>44%</b>				



# Institutional Banking – profit and loss account

PLN MM	1Q23	2Q23	3Q23	4Q23	1Q24	1Q24 vs. 4Q23		1Q24 vs 1Q23	
						PLN MM	%	PLN MM	%
<b>Net interest income</b>	583	558	549	504	521	17	3%	(62)	(11%)
<b>Net fee and commission income</b>	102	100	99	100	106	6	6%	5	5%
Dividend income	0	2	1	0	0	(0)	(70%)	0	775%
Net gain on trading financial instruments and revaluation	224	174	193	170	127	(42)	(25%)	(96)	(43%)
Net gain on debt investment financial assets measured at fair value through other comprehensive income	24	(28)	(28)	(116)	(6)	109	(95%)	(30)	-
Hedge accounting	(3)	(2)	(3)	(2)	8	10	-	10	-
<b>Treasury</b>	<b>245</b>	<b>144</b>	<b>162</b>	<b>52</b>	<b>129</b>	<b>77</b>	<b>149%</b>	<b>(116)</b>	<b>(47%)</b>
Net gain on other equity instruments	(0)	2	1	5	2	(3)	(61%)	2	-
Net other operating income	5	3	(1)	4	2	(2)	(49%)	(3)	(55%)
<b>Revenue</b>	<b>934</b>	<b>808</b>	<b>811</b>	<b>665</b>	<b>760</b>	<b>95</b>	<b>14%</b>	<b>(174)</b>	<b>(19%)</b>
Expenses	(214)	(142)	(141)	(150)	(244)	(94)	63%	(30)	14%
Depreciation	(6)	(6)	(6)	(7)	(6)	0	(2%)	(0)	5%
<b>Expenses and depreciation</b>	<b>(220)</b>	<b>(149)</b>	<b>(147)</b>	<b>(157)</b>	<b>(250)</b>	<b>(94)</b>	<b>60%</b>	<b>(31)</b>	<b>14%</b>
<b>Operating margin</b>	<b>714</b>	<b>660</b>	<b>664</b>	<b>509</b>	<b>510</b>	<b>1</b>	<b>0%</b>	<b>(204)</b>	<b>(29%)</b>
Profit/(loss) on sale of tangible fixed assets	0.0	0.0	0.0	0.0	1.9	2	-	2	-
<b>Provision for expected credit losses on financial assets and provisions for off-balance sheet commitments</b>	<b>9</b>	<b>12</b>	<b>5</b>	<b>10</b>	<b>(3)</b>	<b>(13)</b>	<b>-</b>	<b>(12)</b>	<b>-</b>
Tax on certain financial institutions	(34)	(31)	(34)	(34)	(30)	4	(12%)	4	(12%)
<b>EBIT</b>	<b>689</b>	<b>640</b>	<b>636</b>	<b>485</b>	<b>479</b>	<b>(6)</b>	<b>(1%)</b>	<b>(210)</b>	<b>(31%)</b>
<b>C/I ratio</b>	<b>24%</b>	<b>18%</b>	<b>18%</b>	<b>24%</b>	<b>33%</b>				

# Consumer Banking – profit and loss account

PLN MM	1Q23	2Q23	3Q23	4Q23	1Q24	1Q24 vs.4Q23		1Q24 vs.1Q23	
						PLN MM	%	PLN MM	%
<b>Net interest income</b>	265	274	279	268	277	9	3%	13	5%
<b>Net fee and commission income</b>	39	42	44	36	38	2	6%	(1)	(3%)
Dividend income	-	8	-	0	0	(0)	(73%)	0	-
Net gain on trading financial instruments and revaluation	8	9	10	9	8	(1)	(9%)	(0)	(2%)
Net gain on other equity instruments	1	12	1	13	1	(12)	(93%)	(1)	(34%)
Net other operating income	(5)	(4)	(8)	(11)	(4)	7	(66%)	1	(24%)
<b>Revenue</b>	<b>308</b>	<b>342</b>	<b>324</b>	<b>315</b>	<b>320</b>	<b>5</b>	<b>2%</b>	<b>12</b>	<b>4%</b>
Expenses	(175)	(170)	(164)	(172)	(197)	(24)	14%	(22)	12%
Depreciation	(20)	(22)	(22)	(23)	(23)	(0)	2%	(3)	15%
<b>Expenses and depreciation</b>	<b>(195)</b>	<b>(191)</b>	<b>(186)</b>	<b>(195)</b>	<b>(220)</b>	<b>(25)</b>	<b>13%</b>	<b>(25)</b>	<b>13%</b>
<b>Operating margin</b>	-	-	-	-	-	-	-	-	-
Profit/(loss) on sale of tangible fixed assets	113	150	138	120	100	(20)	(16%)	(13)	(11%)
<b>Provision for expected credit losses on financial assets and provisions for off-balance sheet commitments</b>	<b>(21)</b>	<b>(6)</b>	<b>(9)</b>	<b>(18)</b>	<b>13</b>	<b>32</b>	-	<b>34</b>	-
Tax on certain financial institutions	(13)	(13)	(16)	(15)	(15)	(1)	4%	(2)	16%
<b>EBIT</b>	<b>79</b>	<b>131</b>	<b>113</b>	<b>87</b>	<b>99</b>	<b>12</b>	<b>14%</b>	<b>19</b>	<b>24%</b>
<b>C/I ratio</b>	<b>63%</b>	<b>56%</b>	<b>57%</b>	<b>62%</b>	<b>69%</b>				

# Balance sheet – assets

	End of period					1Q24 vs. 4Q23		1Q24 vs. 1Q23	
	1Q23	2Q23	3Q23	4Q23	1Q24	PLN B	%	PLN B	%
<b>PLN B</b>									
<b>Cash and cash equivalents</b>	1.8	2.6	0.5	1.1	1.0	(0.0)	(3%)	(0.7)	(41%)
Amounts due from banks	3.9	10.5	17.3	15.5	8.6	(6.9)	(45%)	4.6	117%
Financial assets held-for-trading	4.5	6.2	5.2	4.9	5.5	0.6	12%	1.0	22%
<b>Debt financial assets measured at fair value through other comprehensive income</b>	36.2	27.1	26.3	29.6	37.2	7.6	26%	1.0	3%
<b>Customer loans</b>	22.5	22.8	20.5	20.1	20.5	0.4	2%	(2.0)	(9%)
<b>Financial sector entities</b>	4.0	6.3	4.5	4.2	5.1	0.9	22%	1.1	28%
including reverse repo receivables	0.4	2.6	0.2	0.2	0.7	0.5	273%	0.3	74%
<b>Non-financial sector entities</b>	18.5	16.5	16.0	15.9	15.4	(0.5)	(3%)	(3.2)	(17%)
<b>Institutional Banking</b>	12.6	10.6	10.1	10.0	9.4	(0.5)	(5%)	(3.2)	(25%)
<b>Consumer Banking</b>	5.9	5.9	5.9	5.9	5.9	0.0	0%	0.1	1%
Unsecured receivables	3.8	3.8	3.7	3.7	3.7	(0.0)	(1%)	(0.1)	(3%)
Credit cards	2.1	2.1	2.1	2.1	2.0	(0.1)	(4%)	(0.1)	(5%)
Cash loans	1.6	1.6	1.6	1.6	1.6	0.0	2%	0.0	1%
Other unsecured receivables	0.0	0.0	0.0	0.0	0.0	(0.0)	(20%)	(0.0)	(24%)
Mortgage	2.1	2.1	2.1	2.2	2.3	0.1	3%	0.2	8%
Other assets	2.3	2.4	2.5	2.3	2.5	0.2	8%	0.1	6%
<b>Total assets</b>	71.2	71.6	72.4	73.4	75.2	1.8	2%	4.0	6%

# Balance sheet – liabilities and equity

	End of period					1Q24 vs. 4Q23		1Q24 vs. 1Q23	
	1Q23	2Q23	3Q23	4Q23	1Q24	PLN B	%	PLN B	%
<b>PLN B</b>									
Liabilities due to banks	4.7	3.3	3.4	3.4	5.3	1.9	57%	0.6	14%
Financial liabilities held-for-trading	3.6	4.6	4.1	3.5	2.9	(0.6)	(18%)	(0.7)	(19%)
<b>Financial liabilities due to customers</b>	<b>52.5</b>	<b>52.1</b>	<b>53.9</b>	<b>55.0</b>	<b>54.5</b>	<b>(0.5)</b>	<b>(1%)</b>	<b>2.0</b>	<b>4%</b>
Financial sector entities - deposits	3.4	3.5	3.6	3.8	4.0	0.2	5%	0.6	18%
Non-financial sector entities - deposits	47.2	46.3	48.2	49.4	49.0	(0.4)	(1%)	1.8	4%
Institutional Banking	28.8	27.9	28.7	30.2	29.5	(0.7)	(2%)	0.7	2%
Consumer Banking	18.4	18.5	19.4	19.2	19.5	0.3	1%	1.0	6%
Other deposits	1.9	2.2	2.1	1.8	1.6	(0.2)	(14%)	(0.3)	(18%)
Other liabilities	1.7	3.2	2.0	1.8	2.1	0.4	22%	0.5	27%
<b>Total liabilities</b>	<b>62.4</b>	<b>63.2</b>	<b>63.4</b>	<b>63.7</b>	<b>64.9</b>	<b>1.2</b>	<b>2%</b>	<b>2.5</b>	<b>4%</b>
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%
Own shares	-	-	-	-	(0.0)	(0.0)	-	(0.0)	-
Revaluation reserve	(0.3)	(0.2)	(0.1)	0.1	0.2	0.1	89%	0.6	-
Other reserves	2.8	3.2	3.2	3.2	3.2	0.0	2%	0.4	14%
Retained earning	2.8	1.8	2.4	2.9	3.3	0.5	16%	0.6	20%
<b>Total Equity</b>	<b>8.8</b>	<b>8.4</b>	<b>9.0</b>	<b>9.7</b>	<b>10.3</b>	<b>0.6</b>	<b>6%</b>	<b>1.6</b>	<b>18%</b>
						-	-	-	-
<b>Total liabilities &amp; equity</b>	<b>71.2</b>	<b>71.6</b>	<b>72.4</b>	<b>73.4</b>	<b>75.2</b>	<b>1.8</b>	<b>2%</b>	<b>4.0</b>	<b>6%</b>
Loans / Deposits ratio	45%	46%	40%	38%	39%				

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