

Subject: Information on the preliminary unaudited consolidated financial statements of the Capital Group of Bank Handlowy w Warszawie S.A. for 2019

Bank Handlowy w Warszawie S.A. (hereinafter referred to as “the Bank”, “Citi Handlowy”) hereby presents the preliminary unaudited consolidated financial results of the Capital Group of Bank Handlowy w Warszawie S.A. (hereinafter referred to as “the Group”) for 2019.

In 2019 the Group posted a preliminary net profit of PLN 486.5 million, down by PLN 152.3 million (or 23.8%) versus the net profit for 2018. The decrease in net profit was primarily due to the extraordinary items associated with higher net write-offs in the Institutional Banking segment and a higher contribution to the Bank Guarantee Fund’s obligatory Resolution Fund.

On the other hand, the Group’s customer business in 2019 was characterized by strong growth as follows:

- **Revenues** grew by PLN 56.8 million (or 2.6%) compared to 2018 to the level of PLN 2,216.8 million, primarily due to higher net interest income (+4.2% YoY) and net fee and commission income (+2.7% YoY);
- Another year of a double-digit growth of **Institutional Banking assets** (+11% YoY), mainly due to growing volumes of Global Clients and Corporate Clients loans, which reached their historic high of PLN 16.4 billion;
- **High transaction volumes of Institutional Banking clients:** average balance of operating accounts +24% YoY and FX volumes +9% YoY;
- Continued strong growth of **Consumer Banking deposits** (+13% YoY), thanks to the acquisition of new customers in the strategic target group (+30% YoY).

The above business volumes growth was achieved with **continued cost discipline**. Excluding the higher BFG’s Resolution Fund charge, operating costs dropped slightly by 0.9% YoY.

At the same time, in 2019 the Group maintained a strong and secure capital position, with a capital adequacy ratio at the level of 17.2%.

Consolidated income statement

| PLN '000 | 2019 | 2018 | Change | |
|---|------------------|------------------|------------------|----------------|
| | | | PLN '000 | % |
| Net interest income | 1,153,727 | 1,107,574 | 46,153 | 4.2% |
| Net fee and commission income | 564,876 | 549,948 | 14,928 | 2.7% |
| Dividend income | 11,080 | 9,533 | 1,547 | 16.2% |
| Net income on trade financial instruments and revaluation | 379,525 | 364,204 | 15,321 | 4.2% |
| Net gain/(loss) on debt investment financial assets measured at fair value through other comprehensive income | 97,969 | 112,631 | (14,662) | (13.0%) |
| Net gain/(loss) on equity and other instruments measured at fair value through income statement | 17,392 | 6,522 | 10,870 | 166.7% |
| Net gain on hedge accounting | (3,493) | 3,682 | (7,175) | (194.9%) |
| Net other operating income | (4,322) | 5,901 | (10,223) | (173.2%) |
| Total income | 2,216,754 | 2,159,995 | 56,759 | 2.6% |
| General administrative expenses and depreciation | (1,214,768) | (1,179,631) | (35,137) | 3.0% |
| Net gain on sale of other assets | (354) | (813) | 459 | (56.5%) |
| Provisions for expected credit losses on financial assets and provisions for off-balance sheet commitments | (237,796) | (63,511) | (174,285) | 274.4% |
| Share in net profits of entities valued at equity method | - | (22) | 22 | (100.0%) |
| Tax on some financial institutions | (97,722) | (87,350) | (10,372) | 11.9% |
| Profit before tax | 666,114 | 828,668 | (162,554) | (19.6%) |
| Corporate income tax | (179,573) | (189,816) | 10,243 | (5.4%) |
| Net profit | 486,541 | 638,852 | (152,311) | (23.8%) |

The main determinants of the net operating income of the Group in 2019 were the following:

- Net interest income was the main source of the Group’s revenue in the year 2019 (52.0% of total revenue). It amounted to PLN 1,153.7 million compared to PLN 1,107.6 million in 2018, up by PLN 46.2 million (or 4.2%).

Interest income in 2019 amounted to PLN 1,406.5 million, up by PLN 218.6 million (or 7.8%) versus 2018. Excluding “Interest income from derivatives in hedge accounting”, the comparable interest income grew in 2019 by PLN 86.9 million (or 6.7%). Interest income from amounts due from customers (in both financial and non-financial sectors) constituting the main source of interest income, amounted to PLN 971.9 million, up by PLN 22.4 million (or 2.4%)

compared to 2018. It was mainly due to an increase in the average volume of receivables from customers, partially offset by a lower margin on institutional clients' loans.

Interest expenses in 2019 increased by PLN 55.8 million (or 28.3%) compared to 2018. Excluding "Interest expense and similar charges for derivatives in hedge accounting", the comparable interest expenses in 2019 grew by PLN 43.7 million (or 22.6%). Interest expenses for amounts due to customers (both in the financial and the non-financial sectors), constituting the main source of interest expenses grew by PLN 19.6 million (or 13.3%) compared to 2018 due to a lower margin on client deposits and higher volumes from individual customers.

Net interest income

| PLN '000 | 2019 | 2018 | Change | |
|--|------------------|------------------|-----------------|--------------|
| | | | PLN '000 | % |
| Interest income from: | | | | |
| financial assets measured at amortized cost | | | | |
| Balances with Central Bank | 7,334 | 6,559 | 775 | 11.8% |
| Amounts due from banks | 17,831 | 22,941 | (5,110) | (22.3%) |
| Amounts from customers, including: | 971,919 | 949,496 | 22,423 | 2.4% |
| financial sector entities | 55,411 | 55,653 | (242) | (0.4%) |
| non-financial sector entities | 916,508 | 893,843 | 22,665 | 2.5% |
| credit cards | 281,531 | 286,435 | (4,904) | (1.7%) |
| Financial assets measured at fair value through comprehensive income | 303,062 | 270,773 | 32,289 | 11.9% |
| Debt investment financial assets measured at fair value through comprehensive income | 303,062 | 270,773 | 32,289 | 11.9% |
| Similar income from: | | | | |
| Debt securities held-for-trading | 77,607 | 44,802 | 32,805 | 73.2% |
| Liabilities with negative interest rate | 13,644 | 9,943 | 3,701 | 37.2% |
| Derivatives in hedge accounting | 15,082 | - | 15,082 | - |
| | 1,406,479 | 1,304,514 | 218,647 | 7.8% |
| Interest expense and similar charges for: | | | | |
| financial liabilities measured at amortized cost | | | | |
| Amounts due to banks | (64,131) | (43,021) | (21,110) | 49.1% |
| Amounts due to financial sector entities | (49,503) | (59,482) | 9,979 | (16.8%) |
| Amounts due to non-financial sector entities | (117,893) | (88,321) | (29,572) | 33.5% |
| Loans and advances acquired | (345) | (246) | (99) | 40.2% |
| Leasing | (4,336) | - | (4,336) | - |
| Assets with negative interest rate | (756) | (2,161) | 1,405 | (65.0%) |
| Derivatives in hedge accounting | (15,788) | (3,709) | (12,079) | 325.7% |
| | (252,752) | (196,940) | (55,812) | 28.3% |
| Net interest income | 1,153,727 | 1,107,574 | 46,153 | 4.2% |

- net fee and commission income of PLN 564.9 million versus PLN 549.9 million in 2018 – up by PLN 14.9 million (or 2.7%). The biggest change was observed in the "Other" item, which was impacted by the profit from the sale of the company held by the Bank. At the same time the Group reported positive dynamics in its core operations – transaction banking, custody operations, payment and credit cards due to higher transaction volumes. The above increases were partially offset by a decline in net fee and commission income on insurance and investment products as well as brokerage operations due to lower trading activity at the Warsaw Stock Exchange by 6% YoY and a negative mood of individual customers on the capital market.

Net fee and commission income

| PLN '000 | 2019 | 2018 | Change | |
|-----------------------------------|---------|---------|----------|---------|
| | | | PLN '000 | % |
| Fee and commission income | | | | |
| Insurance and investment products | 67,456 | 82,085 | (14,629) | (17.8%) |
| Payment and credit cards | 161,019 | 159,205 | 1,814 | 1.1% |
| Payment orders | 111,213 | 106,995 | 4,218 | 3.9% |
| Custody services | 94,805 | 85,086 | 9,719 | 11.4% |
| Brokerage operations | 36,206 | 42,665 | (6,459) | (15.1%) |
| Cash management services | 27,078 | 25,610 | 1,468 | 5.7% |

| PLN '000 | 2019 | 2018 | Change | |
|--|-----------------|-----------------|---------------|---------------|
| | | | PLN '000 | % |
| Guarantees granted | 18,895 | 19,194 | (299) | (1.6%) |
| Financial liabilities granted | 7,866 | 7,933 | (67) | (0.8%) |
| Other | 128,871 | 110,188 | 18,683 | 17.0% |
| installment products in credit card | 28,740 | 27,483 | 1,257 | 4.6% |
| Total | 653,409 | 638,961 | 14,448 | 2.3% |
| Fee and commission expense | | | | |
| Payment and credit cards | (32,896) | (36,685) | 3,789 | (10.3%) |
| Brokerage operations | (12,553) | (12,865) | 312 | (2.4%) |
| Fees paid to the National Depository for Securities (KDPW) | (20,820) | (18,928) | (1,892) | 10.0% |
| Brokerage fees | (4,184) | (4,516) | 332 | (7.4%) |
| Other | (18,080) | (16,019) | (2,061) | 12.9% |
| Total | (88,533) | (89,013) | 480 | (0.5%) |
| Net fee and commission income | | | | |
| Insurance and investment products | 67,456 | 82,085 | (14,629) | (17.8%) |
| Payment and credit cards | 128,123 | 122,520 | 5,603 | 4.6% |
| Payment orders | 111,213 | 106,995 | 4,218 | 3.9% |
| Custody services | 94,805 | 85,086 | 9,719 | 11.4% |
| Brokerage operations | 23,653 | 29,800 | (6,147) | (20.6%) |
| Cash management services | 27,078 | 25,610 | 1,468 | 5.7% |
| Guarantees granted | 18,895 | 19,194 | (299) | (1.6%) |
| Financial liabilities granted | 7,866 | 7,933 | (67) | (0.8%) |
| Fees paid to the National Depository for Securities (KDPW) | (20,820) | (18,928) | (1,892) | 10.0% |
| Brokerage fees | (4,184) | (4,516) | 332 | (7.4%) |
| Other | 110,791 | 94,169 | 16,622 | 17.7% |
| Net fee and commission income | 564,876 | 549,948 | 14,928 | 2.7% |

- other operating income (i.e. non-interest and non-commission income) of PLN 498.2 million compared to PLN 502.5 million in 2018. The slight decrease in other operating income was mainly due to a lower net gain on debt investment financial assets measured at fair value through other comprehensive income and on hedge accounting.
- general administrative and depreciation expenses in 2019 amounted to PLN 1,214.8 million, up by PLN 35.1 million (or 3.0%). Excluding the higher contribution to the BFG's obligatory Resolution Fund, the operating expenses declined slightly by 0.9% YoY. The biggest change was observed in staff expenses. In the reporting period the Group's total employment dropped by 252 FTE. On the other hand, the Bank heavily invested in technology (among others in remote biometric authentication for loan application processing and a number of solutions increasing the level of digitization of communication between the Bank and Institutional Banking clients).

General administrative expenses and depreciation expense

| PLN '000 | 2019 | 2018 | Change | |
|---|------------------|------------------|-----------------|---------------|
| | | | PLN '000 | % |
| Staff expenses | (520,548) | (529,500) | 8,952 | (1.7%) |
| Remuneration costs | (382,631) | (385,245) | 2,614 | (0.7%) |
| Bonuses and rewards | (73,319) | (81,241) | 7,922 | (9.8%) |
| Social security costs | (64,598) | (63,014) | (1,584) | 2.5% |
| Administrative expenses | (607,721) | (578,747) | (28,974) | 5.0% |
| Telecommunication fees and hardware purchase costs | (195,449) | (187,339) | (8,110) | 4.3% |
| Costs of external services, including advisory, audit and consulting | (50,159) | (55,169) | 5,010 | (9.1%) |
| Building maintenance and rent costs | (53,511) | (64,208) | 10,697 | (16.7%) |
| Advertising and Marketing costs | (46,324) | (47,213) | 889 | (1.9%) |
| Cash management services, clearing house (KIR) services and other transactional costs | (38,053) | (37,634) | (419) | 1.1% |
| Costs of external services concerning distribution of banking products | (44,779) | (40,402) | (4,377) | 10.8% |
| Postal services, office supplies and printmaking costs | (8,215) | (7,657) | (558) | 7.3% |
| Training and education costs | (1,451) | (1,409) | (42) | 3.0% |
| Banking and capital supervision costs | (5,902) | (4,316) | (1,586) | 36.7% |
| Bank Guarantee Funds costs | (102,292) | (61,720) | (40,572) | 65.7% |

| PLN '000 | 2019 | 2018 | Change | |
|--|--------------------|--------------------|-----------------|--------------|
| | | | PLN '000 | % |
| Other costs | (61,586) | (71,680) | 10,094 | (14.1%) |
| Depreciation/amortization of tangible and intangible assets | (86,499) | (71,384) | (15,115) | 21.2% |
| General administrative expenses and depreciation expense in total | (1,214,768) | (1,179,631) | (35,137) | 3.0% |

- provision for expected credit losses of PLN 237.8 million compared to PLN 63.5 million in 2018 (a worsening by PLN 174.3 million), which was related to the Institutional Banking segment. This was a result of the additional impairment provisions in the area of Commercial Banking. On the other hand, the Consumer Banking segment reported higher negative impairments of PLN 77.5 million compared to PLN 71.1 million in 2018. The slight change was due to the behavior of the loan portfolio and a new exposure.

Provision for expected credit losses on financial assets and provisions for off-balance sheet commitments

| PLN '000 | Change | | | |
|---|------------------|-----------------|------------------|----------------|
| | 2019 | 2018 | PLN '000 | % |
| Provision for expected credit losses on amounts due from banks | | | | |
| Provision creation | (3,244) | (5,664) | 2,420 | -42.7% |
| Provision reversals | 4,664 | 4,355 | 309 | 7.1% |
| | 1,420 | (1,309) | 2,729 | -208.5% |
| Provision for expected credit losses on amounts due from customers | | | | |
| Provision creation and reversals | (208,188) | (75,099) | (133,089) | 177.2% |
| Provision creation | (357,205) | (214,719) | (142,486) | 66.4% |
| Provision reversals | 151,861 | 140,690 | 11,171 | 7.9% |
| Other | (2,844) | (1,070) | (1,774) | 165.8% |
| Recoveries from sold debts | 4,293 | 2,373 | 1,920 | 80.9% |
| | (203,895) | (72,726) | (131,169) | 180.4% |
| Provision for expected credit losses on debt investment financial assets measured at fair value through other comprehensive income | | | | |
| Provision creation | (166) | - | (166) | - |
| Provision reversals | - | 1,069 | (1,069) | -100.0% |
| | (166) | 1,069 | (1,235) | -115.5% |
| Provision for expected credit losses on financial assets | (202,641) | (72,966) | (129,675) | 177.7% |
| Created provision for granted financial and guarantee commitments | (68,808) | (33,810) | (34,998) | 103.5% |
| Release of provision for granted financial and guarantee commitments | 33,653 | 43,265 | (9,612) | -22.2% |
| Provision for expected credit losses for granted off-balance sheet commitments | (35,155) | 9,455 | (44,610) | -471.8% |
| Provision for expected credit losses on financial assets and for off-balance sheet commitments | (237,796) | (63,511) | (174,285) | 274.4% |

Consolidated statement of comprehensive income

| PLN'000 | 2019 | 2018 |
|--|----------------|----------------|
| Net profit | 486,541 | 638,852 |
| Other comprehensive income, that might be subsequently reclassified to profit or loss: | | |
| Changes in value of financial assets measured at fair value through other comprehensive income | 30,521 | 94,286 |
| Currency translation differences | (47) | 162 |
| Other comprehensive income, that cannot be subsequently reclassified to profit or loss | | |
| Net actuarial profits on specific services program valuation | (4,026) | (2,842) |
| Other comprehensive income net of tax | 26,448 | 91,606 |
| Total comprehensive income | 512,989 | 730,458 |

Consolidated statement of financial position

As of December 31, 2019, total assets of the Group amounted to PLN 51,986.5 million, up by 5.4 % compared to the end of 2018.

As of the end of 2019 net amounts due from customers had the biggest share in the Group's total assets. As of the end of December 2019 they accounted for 45.7% of the Group's total assets. The value of net amounts due from customers as of the end of December 2019 amounted to PLN 23.7 billion, and was significantly higher by PLN 1.8 billion (or 8.2%) compared to 2018 and was driven mainly by increased lending to the financial sector clients (PLN +1.0 billion, or 46.8%). Amounts due from customers in the non-financial sector increased both on the institutional clients side (+PLN 0.6 billion, or 4.5%; increase was reported in global and corporate clients) and the individual customers side (+PLN 0.2 billion, or 3.1%; due PLN 453 million mortgage loans originated in 2019, up by 27% YoY).

As of December 31, 2019, total liabilities of the Group amounted to PLN 44.9 billion, up by PLN 2.7 billion (or 6.3%) compared to the end of 2018.

In 2019 amounts due to customers were the dominant source of financing of the Group's activity and accounted for 76.5% of the Group's liabilities and own funds. Total amounts due to customers as of the end of 2019 amounted to PLN 39.8 billion, up by PLN 1.5 billion (or 3.8%) compared to the end of 2018. The main driver of growth were deposits of non-financial sector clients, which grew by PLN 3.9 billion versus 2018. The biggest growth was reported mainly in current accounts of both Institutional and Consumer Banking clients, which was a result of a consistent strategy to focus on these accounts.

Consolidated statement of financial position

| PLN '000 | State as at | | Change | |
|---|-------------------|-------------------|------------------|-------------|
| | 2019 | 2018 | PLN '000 | % |
| ASSETS | | | | |
| Cash and balances with the Central Bank | 3,736,706 | 7,272,193 | (3,535,487) | (48.6%) |
| Amounts due from banks | 1,165,684 | 1,333,977 | (168,293) | (12.6%) |
| Financial assets held-for-trading | 5,446,511 | 2,237,076 | 3,209,435 | 143.5% |
| Debt financial assets measured at fair value through other comprehensive income | 15,484,578 | 14,241,363 | 1,243,215 | 8.7% |
| Equity investments valued at equity method | - | 10,399 | (10,399) | (100.0%) |
| Equity and other instruments measured at fair value through income statement | 62,638 | 48,768 | 13,870 | 28.4% |
| Amounts due from customers | 23,739,796 | 21,949,014 | 1,790,782 | 8.2% |
| Tangible fixed assets | 499,753 | 364,261 | 135,492 | 37.2% |
| Intangible assets | 1,443,139 | 1,418,794 | 24,345 | 1.7% |
| Income tax assets | 3,016 | 1,744 | 1,272 | 72.9% |
| Deferred income tax asset | 238,065 | 204,207 | 33,858 | 16.6% |
| Other assets | 166,579 | 222,918 | (56,339) | (25.3%) |
| Total assets | 51,986,465 | 49,304,714 | 2,681,751 | 5.4% |
| LIABILITIES | | | | |
| Due to banks | 2,125,495 | 1,402,233 | 723,262 | 51.6% |
| Financial liabilities held-for-trading | 1,877,898 | 1,609,382 | 268,516 | 16.7% |
| Hedging derivatives | 19,226 | - | 19,226 | - |
| Due to customers | 39,787,802 | 38,334,345 | 1,453,457 | 3.8% |
| Provisions | 65,199 | 29,984 | 35,215 | 117.4% |
| Current income tax liabilities | 43,230 | 66,297 | (23,067) | (34.8%) |
| Other liabilities | 986,543 | 805,723 | 180,820 | 22.4% |
| Total liabilities | 44,905,393 | 42,247,964 | 2,657,429 | 6.3% |
| EQUITY | | | | |
| Share capital | 522,638 | 522,638 | - | - |
| Share premium | 3,003,290 | 3,003,290 | - | - |
| Revaluation reserve | 114,893 | 84,372 | 30,521 | 36.2% |
| Other reserves | 2,867,358 | 2,883,838 | (16,480) | (0.6%) |
| Retained earnings | 572,893 | 562,612 | 10,281 | 1.8% |
| Total equity | 7,081,072 | 7,056,750 | 24,322 | 0.3% |
| Total liabilities and equity | 51,986,465 | 49,304,714 | 2,681,751 | 5.4% |

Amounts due from customers - credit risk classification

| PLN'000 | 31.12.2019 | 31.12.2018 | Change | |
|--|-------------------|-------------------|------------------|----------------|
| | | | PLN'000 | % |
| Loans without recognized impairment (Stage 1), including: | 21,225,119 | 20,246,985 | 978,134 | 4.8% |
| financial sector entities | 3,152,788 | 2,148,206 | 1,004,582 | 46.8% |
| non-financial sector entities | 18,072,331 | 18,098,779 | (26,448) | (0.1%) |
| institutional clients* | 11,659,740 | 11,752,193 | (92,453) | (0.8%) |
| individual customers | 6,412,591 | 6,346,586 | 66,005 | 1.0% |
| Loans without recognized impairment (Stage 2), including: | 2,355,543 | 1,642,100 | 713,443 | 43.4% |
| financial sector entities | 14 | - | 14 | 0.0% |
| non-financial sector entities | 2,355,529 | 1,642,100 | 713,429 | 43.4% |
| institutional clients* | 1,376,283 | 832,118 | 544,165 | 65.4% |
| individual customers | 979,246 | 809,982 | 169,264 | 20.9% |
| Loans with recognized impairment (Stage 3), including: | 831,720 | 669,671 | 162,049 | 24.2% |
| financial sector entities | - | - | - | - |
| non-financial sector entities | 831,720 | 669,671 | 162,049 | 24.2% |
| institutional clients* | 516,611 | 291,221 | 225,390 | 77.4% |
| individual customers | 315,109 | 378,450 | (63,341) | (16.7%) |
| Amounts due from matured transactions in derivative instruments (Stage 3) | 10,040 | 56,818 | (46,778) | (82.3%) |
| Total gross loans to customers, including: | 24,422,422 | 22,615,574 | 1,806,848 | 8.0% |
| financial sector entities | 3,152,802 | 2,148,206 | 1,004,596 | 46.8% |
| non-financial sector entities | 21,259,580 | 20,410,550 | 849,030 | 4.2% |
| institutional clients* | 13,552,634 | 12,875,532 | 677,102 | 5.3% |
| individual customers | 7,706,946 | 7,535,018 | 171,928 | 2.3% |
| Expected credit losses, including: | (682,626) | (666,560) | (16,066) | 2.4% |
| Amounts due from matured transactions in derivative instruments | (4,241) | (50,859) | 46,618 | (91.7%) |
| Total net amounts due from customers | 23,739,796 | 21,949,014 | 1,790,782 | 8.2% |
| Expected credit losses provisions coverage ratio | 65.8% | 72.4% | | |
| institutional clients* | 58.9% | 66.4% | | |
| individual customers | 77.1% | 77.0% | | |
| Non-performing loans ratio (NPL) | 3.4% | 3.0% | | |

* Institutional clients include enterprises, the public sector, state-owned and private companies, co-operatives, individual enterprises, non-commercial institutions acting for the benefit of households.

Customer net receivables

| PLN '000 | 31.12.2019 | 31.12.2018 | Change | |
|--|-------------------|-------------------|------------------|--------------|
| | | | PLN '000 | % |
| Receivables from financial sector entities | 3,150,586 | 2,146,815 | 1,003,771 | 46.8% |
| Receivables from non-financial sector entities including: | 20,589,210 | 19,802,199 | 787,011 | 4.0% |
| Institutional customers* | 13,209,363 | 12,644,282 | 565,081 | 4.5% |
| Individual customers, including: | 7,379,847 | 7,157,917 | 221,930 | 3.1% |
| Unsecured receivables | 5,490,546 | 5,508,151 | (17,605) | (0.3%) |
| Mortgage loans | 1,889,301 | 1,649,766 | 239,535 | 14.5% |
| Total net customer receivables | 23,739,796 | 21,949,014 | 1,790,782 | 8.2% |

* Institutional customers include enterprises, public sector, public and private companies, cooperatives, individual enterprises, non-commercial institutions operating for households.

Receivables from individual clients – management view

| PLN '000 | 31.12.2019 | 31.12.2018 | Change | |
|-----------------------------------|------------|------------|----------|---------|
| | | | PLN '000 | % |
| Unsecured receivables, including: | 5,490,546 | 5,508,151 | (17,605) | (0.3%) |
| Credit cards | 2,766,068 | 2,721,397 | 44,671 | 1.6% |
| Cash loans | 2,675,032 | 2,723,192 | (48,160) | (1.8%) |
| Other unsecured receivables | 49,446 | 63,562 | (14,116) | (22.2%) |
| Mortgage loans | 1,889,301 | 1,649,766 | 239,535 | 14.5% |

| PLN '000 | 31.12.2019 | 31.12.2018 | Change | |
|--|------------------|------------------|----------------|-------------|
| | | | PLN '000 | % |
| Total net individual clients' receivables | 7,379,847 | 7,157,917 | 221,930 | 3.1% |

Customer liabilities

| PLN '000 | 31.12.2019 | 31.12.2018 | Change | |
|--|-------------------|-------------------|--------------------|----------------|
| | | | PLN '000 | % |
| Current accounts of: | 28,512,209 | 25,692,030 | 2,820,179 | 11.0% |
| financial sector entities | 797,540 | 704,512 | 93,028 | 13.2% |
| non-financial sector entities, including: | 27,714,669 | 24,987,518 | 2,727,151 | 10.9% |
| institutional customers*, including: | 17,379,160 | 15,607,453 | 1,771,707 | 11.4% |
| budgetary units | 3,388,779 | 3,676,760 | (287,981) | (7.8%) |
| individual customers | 10,335,509 | 9,380,065 | 955,444 | 10.2% |
| Term deposits from: | 11,007,282 | 12,405,418 | (1,398,136) | (11.3%) |
| financial sector entities | 3,759,106 | 6,335,488 | (2,576,382) | (40.7%) |
| non-financial sector entities, including: | 7,248,176 | 6,069,930 | 1,178,246 | 19.4% |
| institutional customers*, including: | 4,121,754 | 3,546,663 | 575,091 | 16.2% |
| budgetary units | 66,653 | 69,706 | (3,053) | (4.4%) |
| individual customers | 3,126,422 | 2,523,267 | 603,155 | 23.9% |
| Total customers deposits | 39,519,491 | 38,097,448 | 1,422,043 | 3.7% |
| Other liabilities to customers | 268,311 | 236,897 | 31,414 | 13.3% |
| Total liabilities towards customers | 39,787,802 | 38,334,345 | 1,453,457 | 3.8% |

* Institutional customers include enterprises, public sector, public and private companies, cooperatives, individual enterprises, non-commercial institutions operating for households.

Financial ratios and employment data

In 2019 and 2018, the key financial ratios were as follows:

| Ratios | 2019 | 2018 |
|---|-------|-------|
| ROE | 7.3% | 10.0% |
| ROA | 0.9% | 1.4% |
| Cost/Income | 55% | 55% |
| Interest margin on total assets | 2.3% | 2.4% |
| Interest margin on interest-bearing assets | 2.5% | 2.6% |
| Non-financial sector loans/ Non-financial sector deposits | 59% | 64% |
| Capital adequacy ratio | 17.2% | 16.8% |

Employment in the Group

| In full time job equivalents (FTE) | 2019 | 2018 | Change | |
|------------------------------------|-------|-------|--------|------|
| | | | FTEs | % |
| Average employment in the period | 3,161 | 3,413 | (252) | (7%) |
| Employment at the end of quarter | 3,071 | 3,276 | (205) | (6%) |

Consolidated income statement of the Group by business segments

| PLN '000 | For the period | | | 2018 | | |
|---|-----------------------|------------------|-----------|-----------------------|------------------|-----------|
| | Institutional Banking | Consumer Banking | Total | Institutional Banking | Consumer Banking | Total |
| Net interest income | 514,992 | 638,735 | 1,153,727 | 499,331 | 608,243 | 1,107,574 |
| Net fee and commission income | 303,405 | 261,471 | 564,876 | 283,490 | 266,458 | 549,948 |
| Dividend income | 2,360 | 8,720 | 11,080 | 1,474 | 8,059 | 9,533 |
| Net income on trade financial instruments and revaluation | 351,856 | 27,669 | 379,525 | 335,714 | 28,490 | 364,204 |

| <i>PLN '000</i> | For the period | | | 2018 | | |
|---|-----------------------|------------------|----------------|-----------------------|------------------|----------------|
| | Institutional Banking | Consumer Banking | Total | Institutional Banking | Consumer Banking | Total |
| Net gain/(loss) on debt investment financial assets measured at fair value through other comprehensive income | 97,969 | - | 97,969 | 112,631 | - | 112,631 |
| Net gain/(loss) on equity and other instruments measured at fair value through income statement | 16,467 | 925 | 17,392 | 6,522 | - | 6,522 |
| Net loss on hedge accounting | (3,493) | - | (3,493) | 3,682 | - | 3,682 |
| Net other operating income | 9,915 | (14,237) | (4,322) | 9,199 | (3,298) | 5,901 |
| General administrative expenses | (533,086) | (595,183) | (1,128,269) | (490,817) | (617,430) | (1,108,247) |
| Depreciation and amortization | (19,846) | (66,653) | (86,499) | (18,326) | (53,058) | (71,384) |
| Profit on sale of other assets | (113) | (241) | (354) | (829) | 16 | (813) |
| Provisions for expected credit losses on financial assets and provisions for off-balance sheet commitments | (160,344) | (77,452) | (237,796) | 8,628 | (72,139) | (63,511) |
| Operating income | 580,082 | 183,754 | 763,836 | 750,699 | 165,341 | 916,040 |
| Share in net profits (losses) of entities valued at equity method | - | - | - | (22) | - | (22) |
| Tax on some financial institutions | (73,155) | (24,567) | (97,722) | (64,339) | (23,011) | (87,350) |
| Profit before tax | 506,927 | 159,187 | 666,114 | 686,338 | 142,330 | 828,668 |
| Income tax expense | | | (179,573) | | | (189,816) |
| Net profit | | | 486,541 | | | 638,852 |