

Warsaw, August 30, 2024

Citi Handlowy Second-Quarter Earnings



Citi Handlowy reported net income of 394 million zloty for the second quarter 2024 (-36% y/y) and was impacted by recognition of impairment loss reducing goodwill related to the Consumer Banking segment by 180 million zloty. Excluding this impairment, net income totaled 549 million zloty. The bank maintains high return on capital. At the end of June, ROE reached 22.8% and total capital ratio was at 23.6%.

Total revenues were at 1.1 billion zloty (-4% y/y). Net interest income dropped by 3% y/y because of one-off events including booked provision for “credit holidays”. Net fees and commission income rose by 4% compared to the previous year. Operating costs totaled 355 million zloty (+4% y/y). Non-performing loan ratio dropped to record-low level of 2.8%.

„This is another quarter of our revenues exceeding 1 billion zloty. It is also good to see a positive trend in institutional loans. Annual dynamics do not yet show a rebound, but we are seeing the second consecutive quarter of growing credit volumes. The change is particularly visible in our strategic segment of small and medium enterprises. We granted record of 2 billion zloty in new financing, supporting our clients in acquisitions and new investments. The bank achieved its goal of booking 1 billion zloty in financing for green transformation. We have strong results in consumer banking, including wealth management and card business” Citi Handlowy Chief Executive Officer **Elżbieta Czetwertyńska** said.

Among the flagship transactions, it is worth mentioning financing for Grupa Agora SA. Citi Handlowy, in a consortium of two banks, provided financing to Agora in the amount of 362 million zloty to finalize the acquisition of 100% of the Eurozet group. This is one of the largest transactions on the media market in recent years. The bank also acted as a global coordinator in the *Accelerated Equity Offering of Allegro.eu SA* worth 1.9 billion zloty. As part of a consortium of seven banks, Citi Handlowy provided financing to the CCC Group worth 1.8 billion zloty in connection with the refinancing of existing bank debt and financing of operations. The terms of the new loan agreement are linked to the implementation of sustainable development goals.

In the Consumer Banking segment, the number of affluent customers reached a historically high level – at the end of the second quarter, net growth amounted to 8% y/y. The investment activity of new and existing clients, including the use of the existing deposit base, contributed to an increase in the balance of investment products (including dual-currency investments) by 21% y/y at the end of the second quarter, with a simultaneous increase in the deposit balance by 3% y/y. The number of foreign currency accounts increased by 4% y/y during the past year, and at the same time the number of customers using the multi-currency card function increased by 35% y/y.

In the second quarter of 2024, the number of cards acquired and the value of credit card transactions remained at a similar level as in the corresponding period of 2023. The sales volume of cash loans in second quarter increased by 37% y/y. In this period, the sales of cash loans to new customers were higher by 48% y/y. The balance of cash loans increased by 6% y/y.

This year, as part of a regular impairment test, the bank recognized an impairment loss on goodwill in the Consumer Banking segment. The impairment mainly results from rising costs, driven by continuing wage pressure. This is a one-off event.

"I am pleased with the positive revenue trend and the decrease in operating expenses in the second quarter. This is seen in both client and investment activities. Businesses related to capital markets, such as brokerage and custody, continue to grow. This is reflected in the solid net income, which was achieved despite one-off events that reduced it, and were related to the goodwill impairment as well as the effect of "credit holidays". The bank's liquidity and capital position remains at very safe levels and allows for the continuation of the bank's dividend policy, which resulted in the payment of a record dividend in July," said Chief Financial Officer **Patrycjusz Wójcik**.

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Bank Handlowy w Warszawie SA to jedna z największych instytucji finansowych w Polsce, oferująca pod marką Citi Handlowy bogaty i nowoczesny asortyment produktów i usług bankowości korporacyjnej, inwestycyjnej i detalicznej. Bank Handlowy obsługuje niemal 5,5 tys. klientów korporacyjnych i ok. 567 tys. klientów indywidualnych poprzez nowoczesne kanały dystrybucji oraz sieć oddziałów. Przynależność do Citigroup, największej na świecie instytucji finansowej, zapewnia klientom Banku Handlowego dostęp do usług finansowych w ponad 100 krajach.

Citi jest wiodącym partnerem bankowym dla instytucji o potrzebach transgranicznych, globalnym liderem w zarządzaniu aktywami i cenionym bankiem dla klientów indywidualnych na rodzimym rynku w Stanach Zjednoczonych. Citi prowadzi działalność w ponad 180 krajach i jurysdykcjach, zapewniając korporacjom, rządowi, inwestorom, instytucjom i osobom prywatnym szeroką gamę produktów i usług finansowych. Dodatkowe informacje można znaleźć na stronie www.citigroup.com | X: @Citi | LinkedIn: www.linkedin.com/company/citi | YouTube: www.youtube.com/citi | Facebook: www.facebook.com/citi