



150 years
of progress

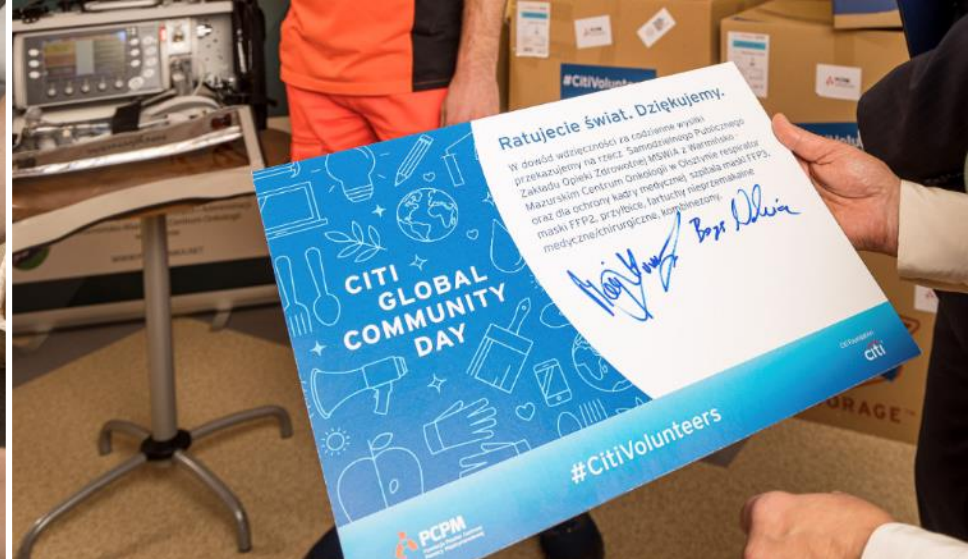
Bank Handlowy w Warszawie S.A.

Consolidated financial results
4Q 2020

February 11, 2021

www.citihandlowy.pl
Bank Handlowy w Warszawie S.A.

citi handlowy®



Business activity

150 years
of progress

citi handlowy®

4Q 2020 - summary



Priorities towards clients

- Continued trend of strong **clients activity** – the highest FX turnover with institutional clients in the last decade and further growth of active retail customers taking benefits from new Citi Kantor (FX platform);
- Institutional Banking segment less vulnerable to pandemic impact – growing market shares in Bank's strategic areas: FX volumes, investment banking and global clients segment;
- **Support** for Private Banking clients in **their wealth value protection** in demanding macroeconomic environment;
- **Acceleration of digitization processes** both in institutional banking: automation and digitization of contact with the Bank (e.g. eForms) and consumer banking: mobile banking and Wallet Pay transactions.



Financial results

- Net income excluding one-off* amounting to PLN 157 MM – **the best quarter in 2020**;
- **Another strong quarter in client revenues in Institutional Banking** +32% QoQ and 18% YoY;
- **Flexible structure of operating expenses** – total expenses flat YoY, despite significant growth of expenditures on digitization and automation;
- **Good quality of loan portfolio** – quarterly cost of risk at the level of 22 bps. (+11 bps. lower comparing to 4Q 2019)
- Balance sheet of the Bank **well prepared for economic revival**, as a result of high liquidity, capital surplus and lack of systematic risks. Further support for clients and willingness to fulfill the commitments made to shareholders.

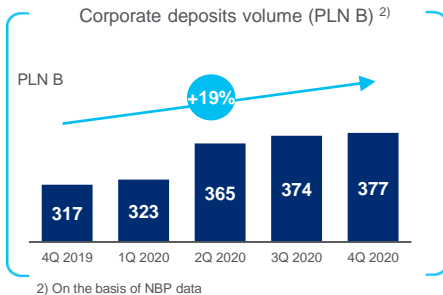
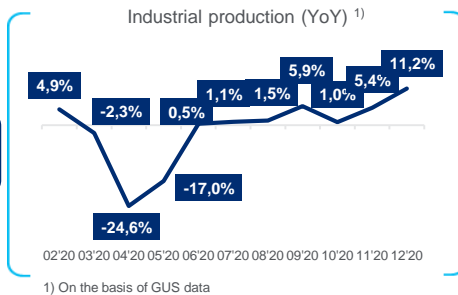
* One-off event: impairment of the Consumer Bank goodwill amounting to PLN 214.7 MM

Macroeconomic environment – 2021 perspective

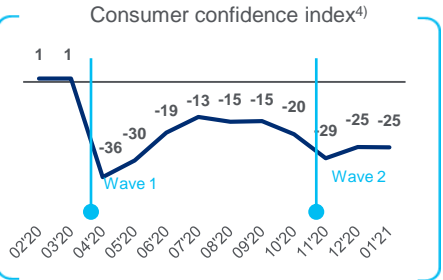
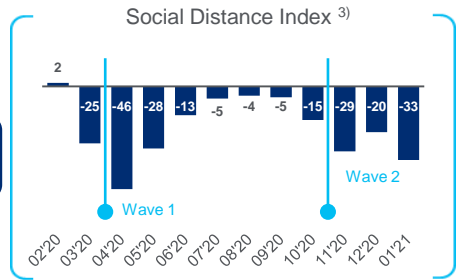
Households that adjusted their behavior to pandemic conditions will be the main driver of economic revival in 2021

2020

Liquidity of companies remains solid, mostly as a result of PFR and BGK support



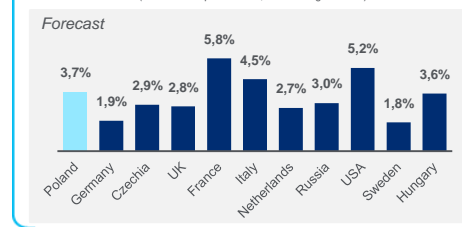
Household sentiment better compared to the first lockdown



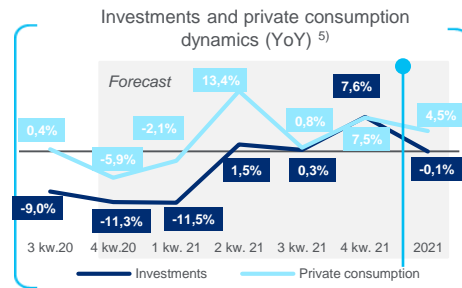
2021

Asymmetric economic growth

GDP growth forecast for Poland and its major trade partners (YoY) ⁵⁾
(in order of export volume, descending from left)



Signs of recovery in consumption will be visible earlier, recovery in investments may be delayed



Institutional Banking

The only Bank on the Polish market with global solutions for Corporates

Leading investment banking in Poland



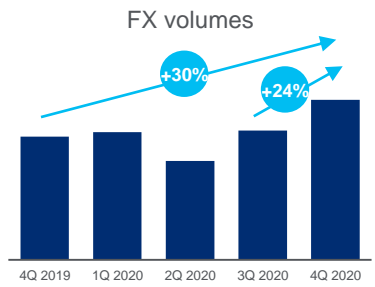
3 in general ranking for 2020* (the only Polish bank in Top-3)

IPO		Debt Capital Market	
 PLN 10.5 B citi handlowy Joint Book Runner	 EUR 3.2 B citi handlowy Co-Bookrunner	VW Financial Services Polska Sp.z.o.o. PLN 3 B citi handlowy Dealer	Toyota Bank Toyota Leasing PLN 1 B citi handlowy Agent of the Program

* According to Dealogic; 2020 vs 2019

FX market

Support for companies' global business activity



HUB FX

Settlement of payments in exotic currencies: Mexican peso, Singapore dollar



Support for foreign investments



- In 2020, South Korea and the United States were responsible for the largest investments in Poland *
- Investments from South Korea in the areas of advanced technologies
- The Bank offers solutions dedicated to Asian investors
- The Bank serviced investment of the world largest electronic devices producer, with total value of PLN 2 B

* According to Polish Trade and Investment Agency

Digitization

Solutions meeting clients' needs

+14%

Number of eForm applications in 2020.

41%

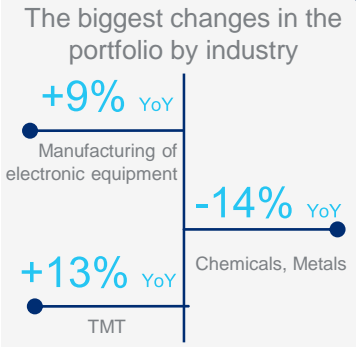
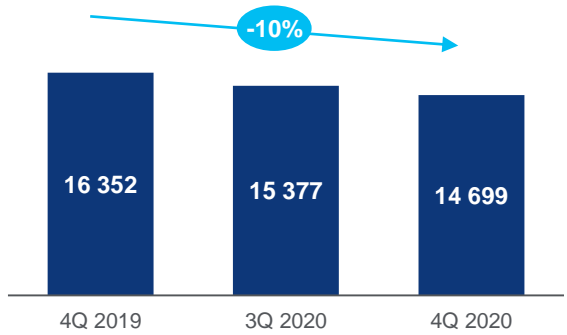
Number of biometric logins to CitiMobile BE application.

Institutional Banking – Loan and deposit volumes

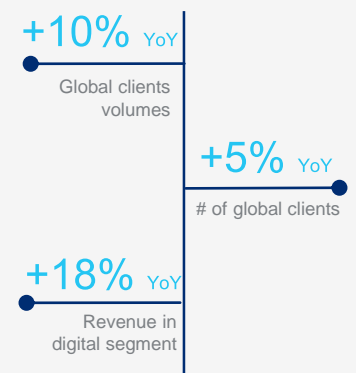
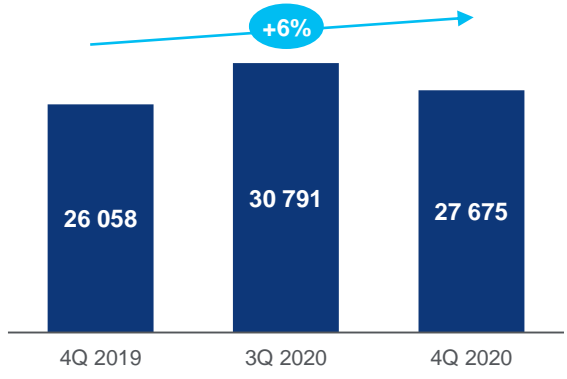


Volumes (PLN MM)

Loans



Deposits



FX volumes – 4Q 2020

Market shares growth in strategic areas



Global Clients
+32% YoY

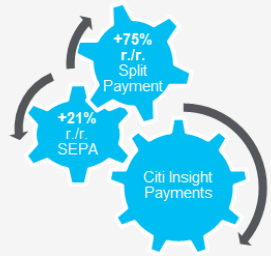
Corporate Clients
+45% YoY

Transactional Banking

Cash management

Number of money transfers

#1 in Poland

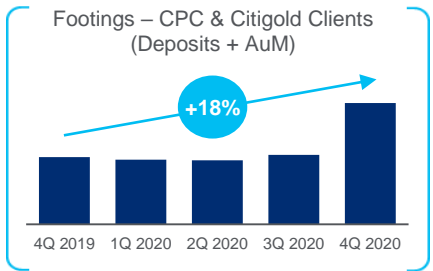


Consumer Banking

Acceleration in Wealth Management, very positive reception of Citi Kantor by Clients

Portfolio management

Despite social distancing rules in force – consequent growth of portfolio and clients number

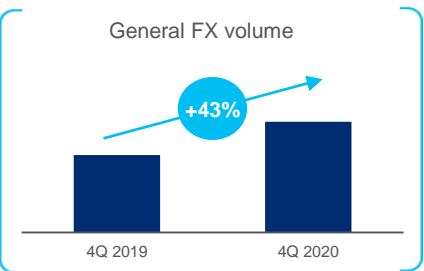


CPC Clients **+6% YoY**
 # Citigold Clients **+7% YoY**
 NPS **71% / +3 p.p. YoY**

Private banking Ecosystem

- Knowledge of certified experts
- Access to analyses and webinars
- Offers on preferential terms
- Citigold Lounge Pass Card
- 150 years of experience
- Citi Kantor

transactions **+7% QoQ**
 # of active Clients **+33% QoQ**



Citibank Global Wallet

Pay for your shopping in USD, EUR, GBP and CHF with no currency conversion costs.

Enjoy fee-free withdrawals at Citibank ATMs worldwide

Citi Kantor

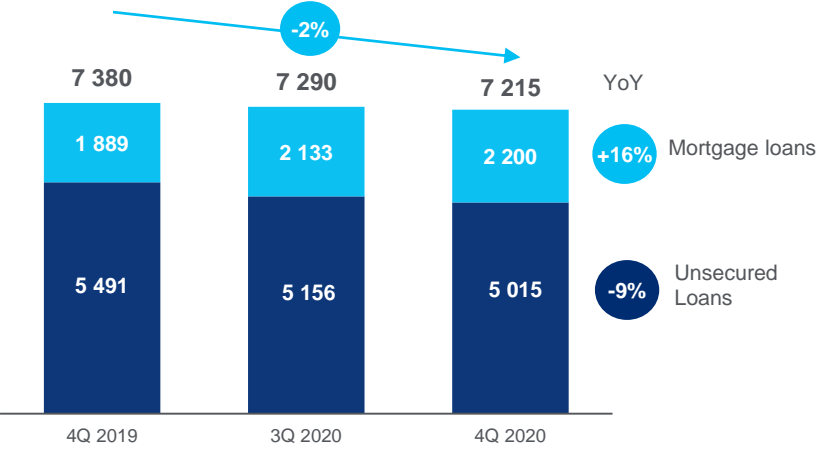


Consumer Banking – Loan and deposit volumes



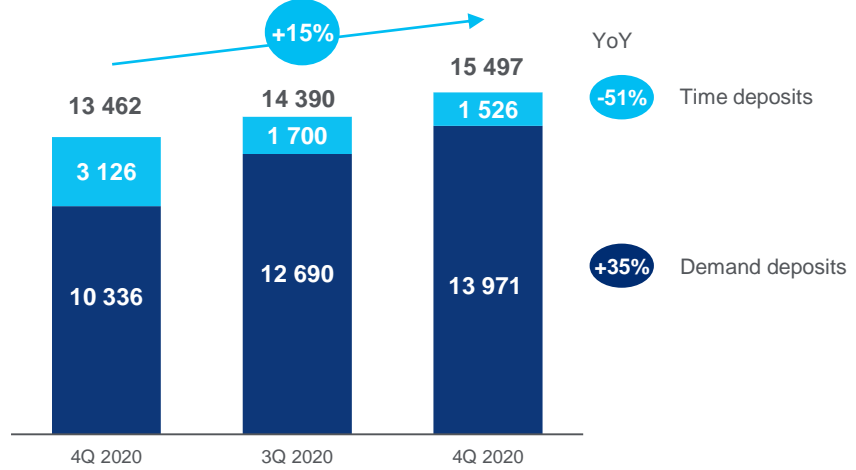
Loan volumes (PLN MM)

Strong mortgage loans sale maintained



Deposit volumes (PLN MM)

Citi Konto & Citi Kantor – growth of new customers base



Investment products (AuM)

+23% YoY

of investment accounts

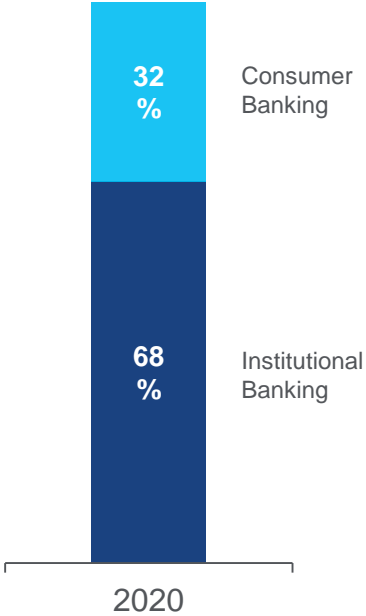
+8% YoY

Finansowa Rewolucja
Nowa odsłona CitiKonta

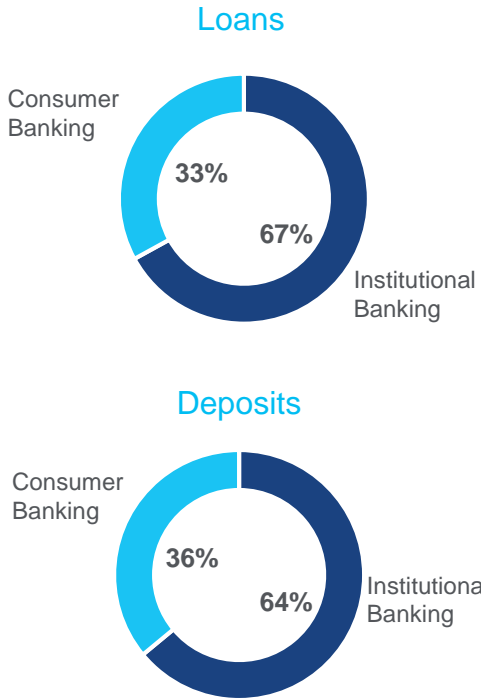


The Bank's business model

Revenue structure



Balance sheet structure



Building-up of market shares in Institutional Banking

- FX and FX derivatives;
- Investment Banking;
- Global Clients;
- Transactional Banking (TTS).

Path of return to profitability in Consumer Banking

- Leading position in Wealth Management;
- Citi Kantor – FX transactions platform for individual clients;
- Credit cards repositioning.



Environmental, Social and Governance

150 years
of progress

citi handlowy®

Relief activities during pandemic



Solidarity

- #CisiBohaterowie – support for healthcare
- Protective clothing (safety uniforms, masks, face shields) for hospitals in Warsaw and Olsztyn
- 2 mobile respirators for hospitals in Warsaw and Olsztyn
- 7 portable USG machines (first in Poland) and new video laryngoscope
- 8300+ meals for paramedics during initial, most difficult days of lockdown (Warsaw and Olsztyn)



Volunteering

- 2000+ #CitiVolunteers for over 13 thousand people in need
- 2 ha Forest for Ever - daily oxygen demand for 2.5 thousand people
- 100+ computers for orphanages and 1000+ packages for seniors



Knowledge

- 500+ teachers in CyberMocnaSzkoła
- 1000 participants of Firma Wirusoodporna conference
- +80 firms established with support from the Bank's programs
- Surveys regarding entrepreneurship among women and migrants





Financial results

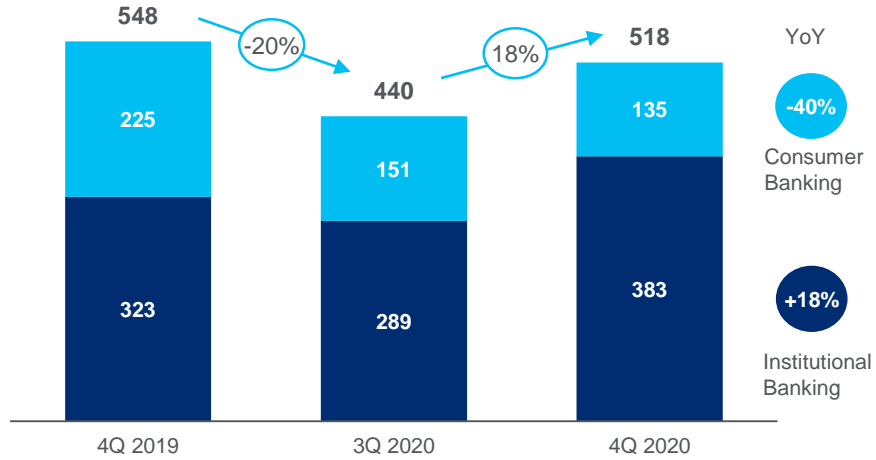
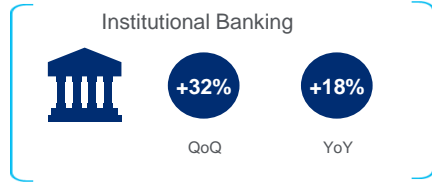
150 years
of progress

citi handlowy®

Revenue

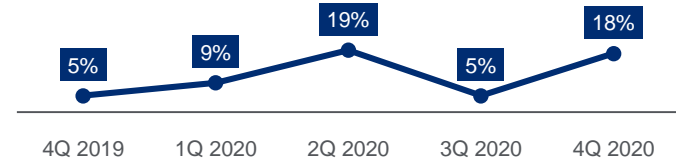
Revenue – segment split (PLN MM)

Strong dynamics continued in Institutional Banking



Institutional Banking revenue

Client revenue dynamics (YoY)



Business growth in Institutional Banking

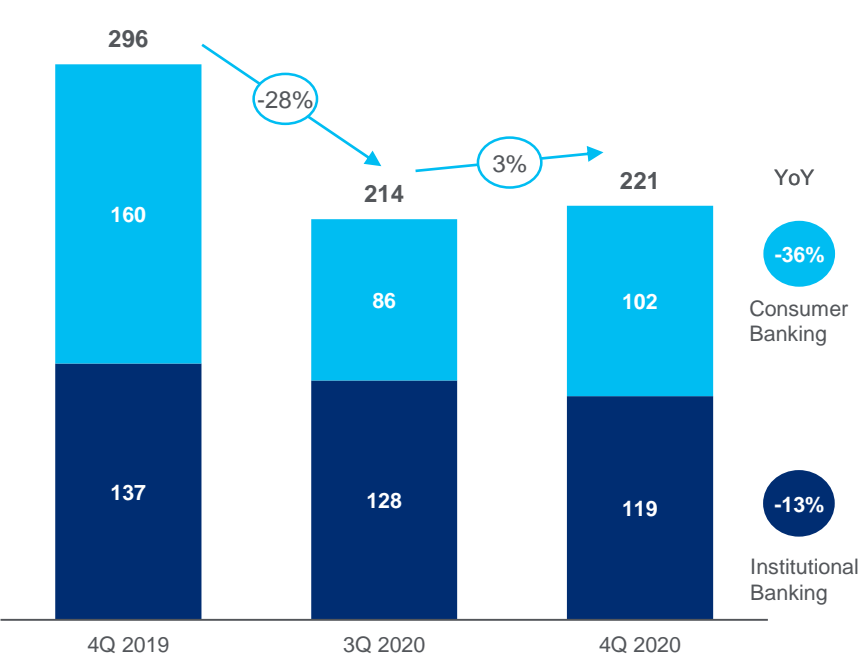
Institutional Banking client revenue split by business (YoY)
(Management view)



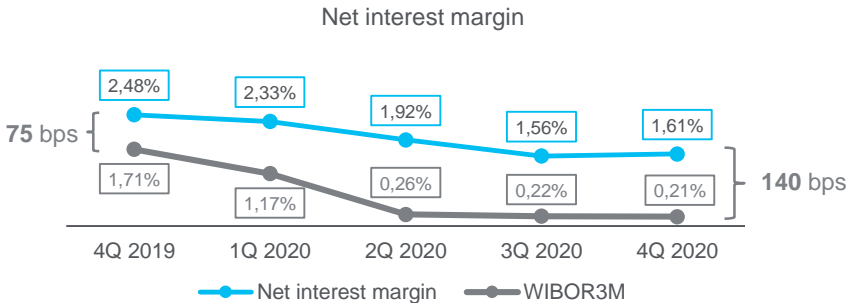
Net Interest Income

Net interest income – segment split (PLN MM)

Good dynamics of net interest income in Institutional Banking



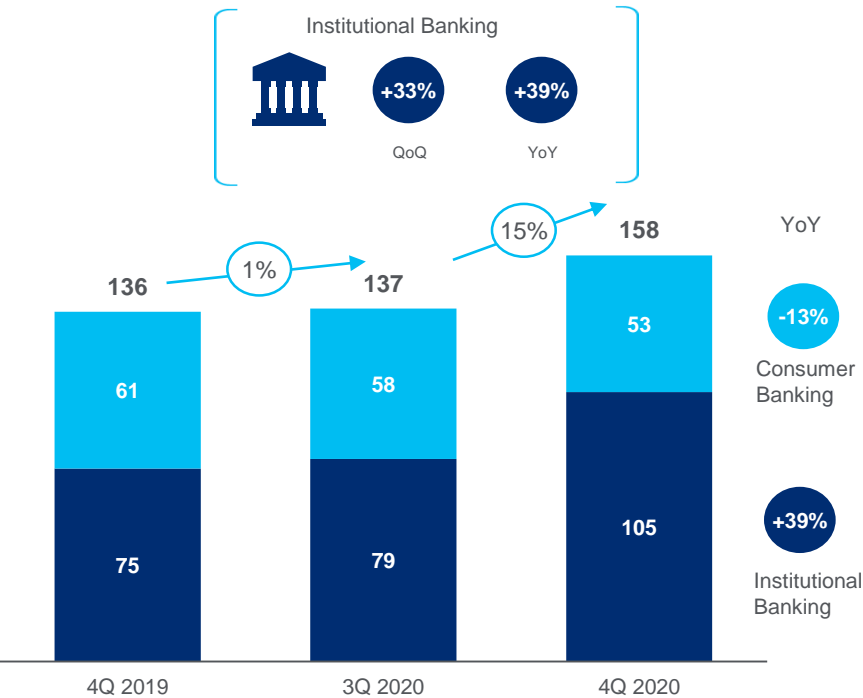
Net interest margin



Net Fee & Commission Income

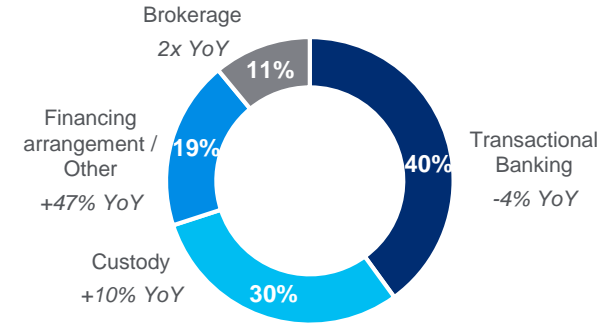
NF&CI – segment split (PLN MM)

Strong NF&CI result in Institutional Banking regular business: custody and financing arrangement

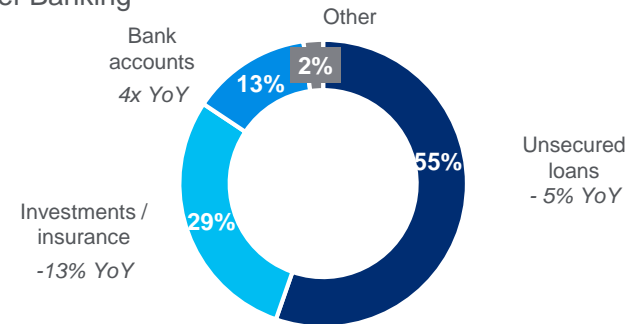


NF&CI structure and dynamics (FY 2020)

Institutional Banking



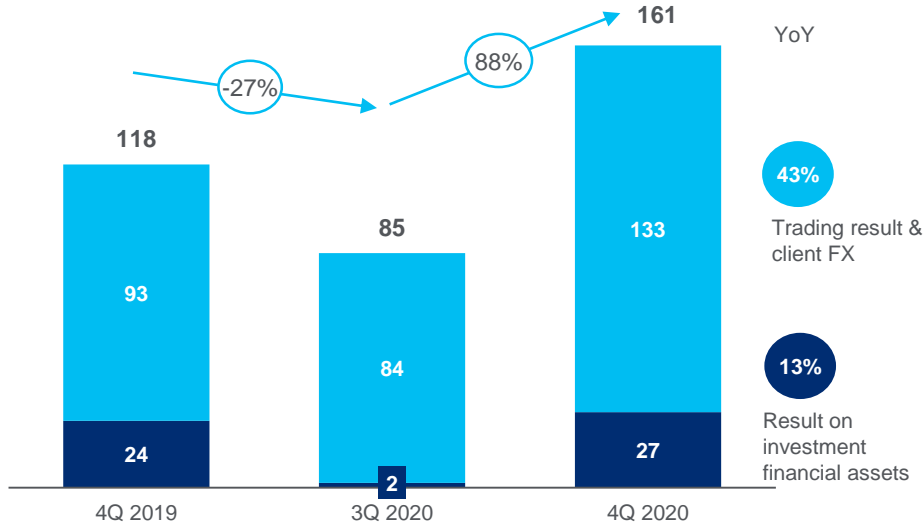
Consumer Banking



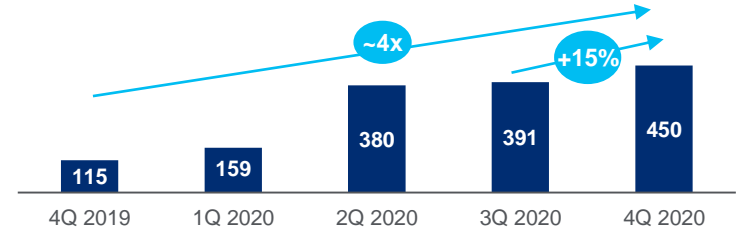
Treasury

Treasury result (PLN MM)

High income on bonds sale – taking advantage of financial markets volatility

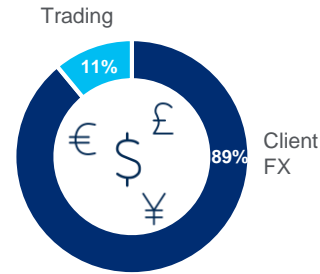


Equity revaluation reserve (PLN MM)

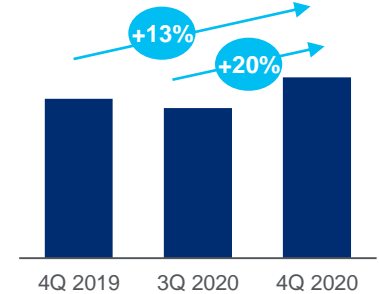


Trading & client FX result

2020 result structure



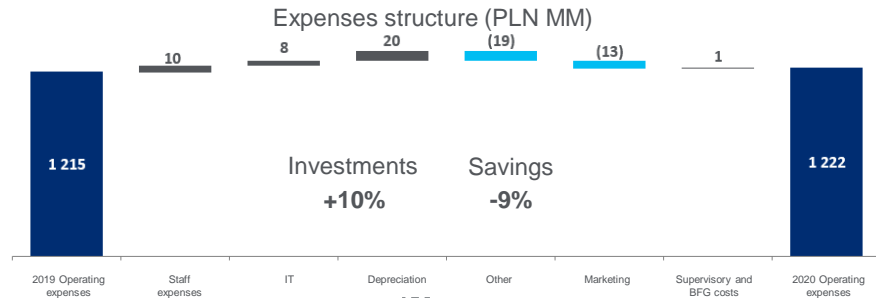
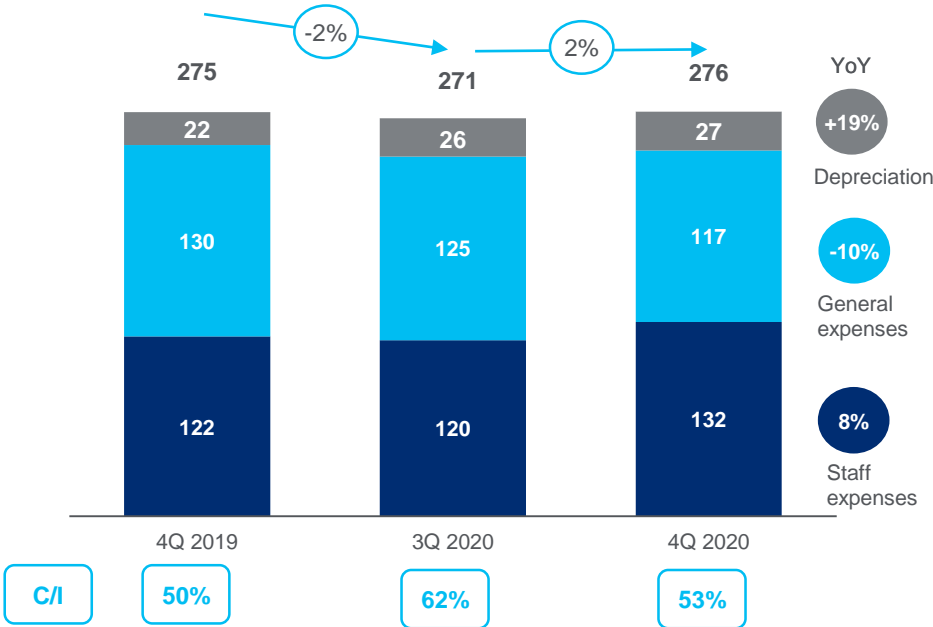
Client FX revenue



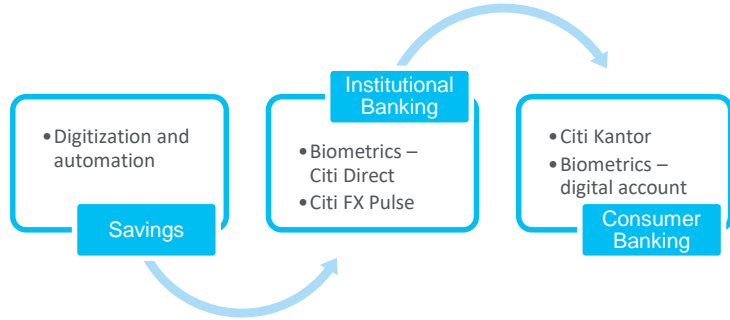
Expenses

Operating expenses (PLN MM)

Expenses under control despite permanent investments in client business development



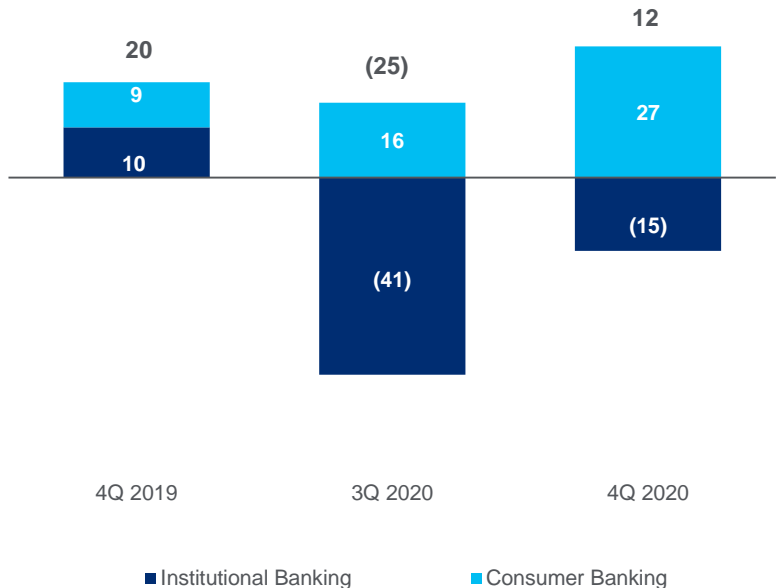
Expenses management model: transfer of savings resulting from digitization to investments in „front-end” technologies



Cost of Risk

Cost of Risk of the Group (PLN MM)

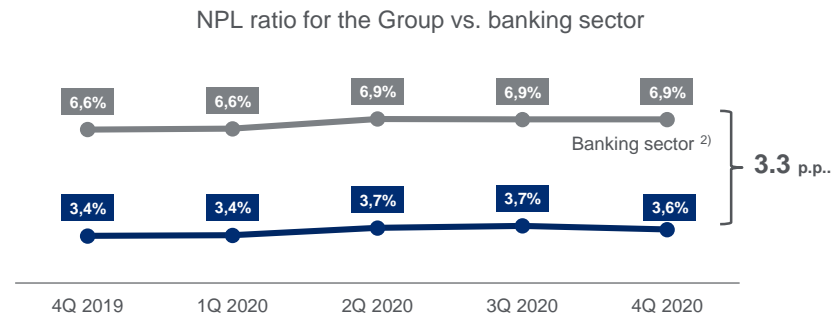
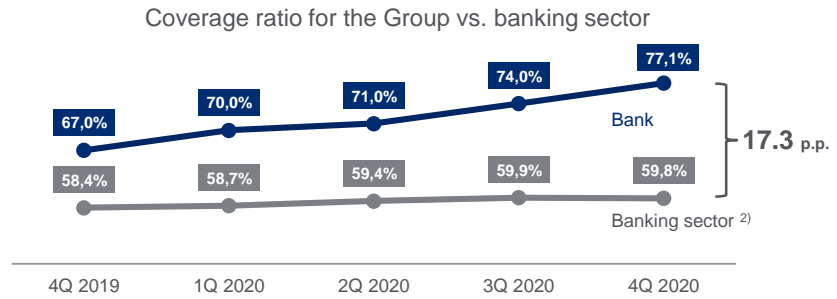
Significant portfolio quality improvement in Institutional Banking as a result of more optimistic macroeconomic forecasts



1) Positive number means net impairment creation (negative impact on P&L)

Loan portfolio quality ratios

The Bank's loan portfolio quality significantly better than sector



2) Data for banking sector (4Q) as end of November 2020

Financial result summary

	4Q20	3Q20	△QoQ	4Q19	△YoY	2020	△YoY
Net interest income	221	214	3%	296	(25%)	1,002	(13%)
Net fee and commission income	158	137	15%	136	16%	560	(1%)
Core revenue	379	351	8%	432	(12%)	1,562	(9%)
Treasury	161	85	88%	118	37%	515	8%
Other	(22)	4	-	(2)	-	(8)	(139%)
Total revenue	518	440	18%	548	(6%)	2,068	(7%)
Expenses*	276	271	2%	275	0%	1,222	1%
Operating margin	242	169	43%	273	(11%)	846	(16%)
Net impairment losses *	12	(25)	-	20	(39%)	190	(23%)
Impairment on goodwill *	215	-	-	-	-	215	-
Profit before tax	(16)	166	(110%)	225	(107%)	317	(52%)
Corporate income tax	42	51	(17%)	51	(18%)	145	(19%)
Bank levy	31	29	7%	28	11%	124	26%
Net profit	(58)	115	(151%)	174	(133%)	172	(64%)
Corrected by goodwill							
Profit before tax	199	166	20%	225	(11%)	532	(19%)
Net profit	157	115	37%	174	(10%)	387	(19%)
Assets	60,942	60,202	1%	51,979	17%		
Net loans	21,914	22,667	(3%)	23,732	(8%)		
Deposits	43,394	45,615	(5%)	39,788	9%		
Loans / Deposits	51%	50%		60%			
TCR	22%	20.4%		17.2%			

1) Negative number in net impairment losses means positive impact on P&L



Fundacja Kronenberga

citi handlowy

citi handlowy

CyberMocn@Szkola

powered by

Fundacja Kronenberga

citi handlowy



Appendix

150 years
of progress

citi handlowy®

Total Bank – profit and loss account

PLN MM	4Q19	1Q20	2Q20	3Q20	4Q20	4Q20 vs.3Q20		4Q20 vs.4Q19		2019	2020	2020 vs. 2019	
						PLN MM	%	PLN MM	%			PLN MM	%
Net interest income	296	302	265	214	221	7	3%	(76)	(25%)	1,154	1,002	(152)	(13%)
Net fee and commission income	136	141	124	137	158	21	15%	22	16%	565	560	(5)	(1%)
Dividend income	0	0	11	0	0	(0)	(75%)	(0)	(59%)	11	12	1	6%
Net gain on trading financial instruments and revaluation	93	(7)	102	84	133	50	59%	40	43%	380	311	(68)	(18%)
Net gain on debt investment financial assets measured at fair value through other comprehensive income	24	105	69	2	27	26	1487%	3	13%	98	203	105	108%
Hedge accounting	(2)	(3)	1	3	(0)	(3)	-	2	(80%)	(3)	1	4	-
Treasury	115	95	172	88	160	73	82%	45	39%	474	515	41	9%
Net gain on other equity instruments	1	(2)	6	8	3	(5)	(59%)	2	218%	17	16	(2)	(9%)
Net other operating income	(1)	(0)	(4)	(7)	(25)	(18)	244%	(24)	3614%	(4)	(36)	(32)	741%
Revenue	548	536	574	440	518	78	18%	(30)	(6%)	2,217	2,068	(148)	(7%)
Expenses	(253)	(353)	(269)	(245)	(249)	(4)	2%	4	(1%)	(1,128)	(1,115)	13	(1%)
Depreciation	(22)	(24)	(30)	(26)	(27)	(1)	3%	(4)	19%	(86)	(107)	(20)	23%
Expenses and depreciation	(275)	(376)	(299)	(271)	(276)	(5)	2%	(1)	0%	(1,215)	(1,222)	(7)	1%
Operating margin	273	159	276	169	242	73	43%	(31)	(11%)	1,002	846	(156)	(16%)
Net impairment allowances on non-financial assets		-	-	-	(215)	(215)	-	(215)	-	-	(215)	(215)	-
Profit/(loss) on sale of tangible fixed assets	(0.1)	(0.4)	(0.0)	(0.0)	(0.1)	(0)	69%	0	(7%)	(0)	(0)	(0)	36%
Provision for expected credit losses on financial assets and provisions for off-balance sheet commitments	(20)	(93)	(110)	25	(12)	(37)	-	8	(39%)	(246)	(190)	55	(23%)
Share in profits / (losses) of entities valued at the equity method	-	-	-	-	-	-	-	-	-	-	-	-	-
Tax on certain financial institutions	(28)	(31)	(33)	(29)	(31)	(2)	7%	(3)	11%	(98)	(124)	(26)	26%
EBIT	225	35	133	166	(16)	(181)	-	(241)	-	658	317	(341)	(52%)
Corporate income tax	(51)	(8)	(44)	(51)	(42)	9	(17%)	9	(18%)	(178)	(145)	33	(19%)
Net profit	174	26	89	115	(58)	(173)	-	(232)	-	480	172	(308)	(64%)
C/I ratio	50%	70%	52%	62%	53%					55%	59%		

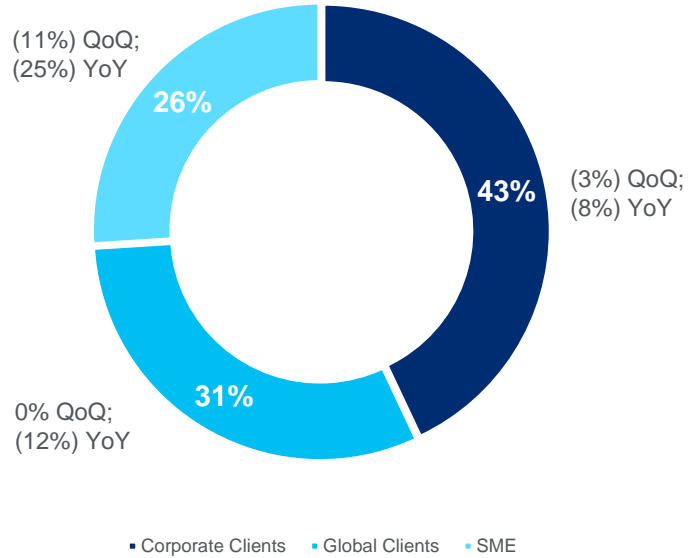
Institutional Banking – profit and loss account

PLN MM	4Q19	1Q20	2Q20	3Q20	4Q20	4Q20 vs. 3Q20		4Q20 vs. 4Q19		2019	2020	2020 vs. 2019	
						PLN MM	%	PLN MM	%			PLN MM	%
Net interest income	137	147	156	128	119	(8)	(7%)	(17)	(13%)	515	550	35	7%
Net fee and commission income	75	83	82	79	105	26	33%	30	39%	303	349	45	15%
Dividend income	0	0	1	0	0	(0)	(68%)	0	26%	2	1	(1)	(37%)
Net gain on trading financial instruments and revaluation	86	(16)	94	76	126	49	65%	39	46%	352	280	(72)	(21%)
Net gain on debt investment financial assets measured at fair value through other comprehensive income	24	105	69	2	27	26	1487%	3	13%	98	203	105	108%
Hedge accounting	(2)	(3)	1	3	(0)	(3)	-	2	(80%)	(3)	1	4	-
Treasury	108	86	165	80	152	72	89%	44	41%	446	484	37	8%
Net gain on other equity instruments	1	(2)	6	0	3	3	14004%	2	218%	16	8	(9)	(54%)
Net other operating income	2	3	(2)	2	3	1	39%	0	5%	10	6	(4)	(40%)
Revenue	323	317	409	289	383	93	32%	59	18%	1,293	1,397	104	8%
Expenses	(113)	(191)	(120)	(108)	(107)	1	(1%)	6	(6%)	(533)	(525)	8	(1%)
Depreciation	(5)	(6)	(5)	(5)	(5)	(0)	0%	(0)	4%	(20)	(22)	(2)	9%
Expenses and depreciation	(118)	(197)	(125)	(113)	(112)	1	(1%)	6	(5%)	(553)	(547)	6	(1%)
Operating margin	205	120	284	176	271	95	54%	65	32%	741	850	110	15%
Profit/(loss) on sale of tangible fixed assets	0.0	-0.1	0.0	0.0	0.0	(0)	-	(0)	-	0	0	(0)	59%
Provision for expected credit losses on financial assets and provisions for off-balance sheet commitments	(10)	(57)	(81)	41	15	(26)	(63%)	26	-	(168)	(82)	86	(51%)
Tax on certain financial institutions	(22)	(24)	(26)	(23)	(24)	(1)	5%	(2)	10%	(73)	(97)	(24)	33%
Share in profits / (losses) of entities valued at the equity method	-	-	-	-	-	-	-	-	-	-	-	-	-
EBIT	173	38	176	194	262	68	35%	89	51%	499	671	172	34%
C/I ratio	36%	62%	31%	39%	29%					43%	39%		

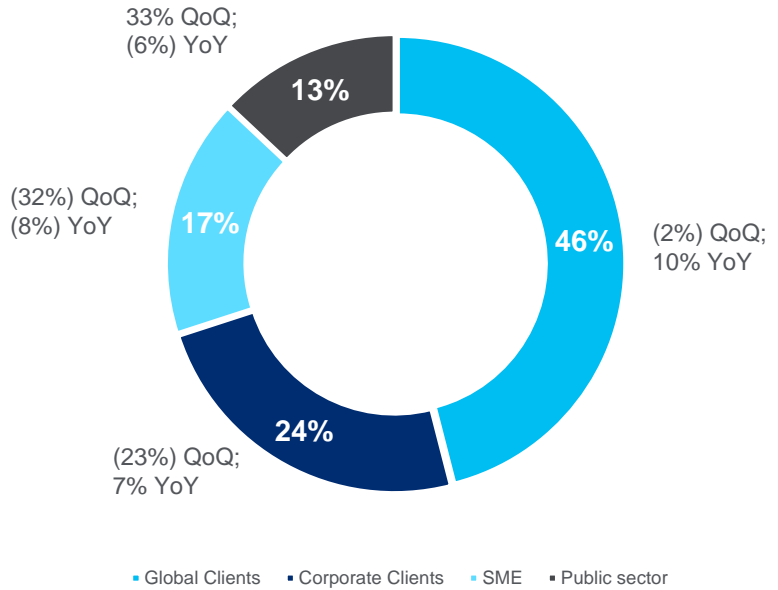
Institutional Banking – assets and liabilities

Management view

Assets



Liabilities



Consumer Banking – profit and loss account

PLN MM	4Q19	1Q20	2Q20	3Q20	4Q20	4Q20 vs. 3Q20		4Q20 vs. 4Q19		2019	2020	2020 vs. 2019	
						PLN MM	%	PLN MM	%			PLN MM	%
Net interest income	160	155	109	86	102	16	18%	(58)	(36%)	639	452	(187)	(29%)
Net fee and commission income	61	58	41	58	53	(5)	(9%)	(8)	(13%)	261	211	(50)	(19%)
Dividend income	0	0	10	0	-	(0)	(100%)	(0)	(100%)	9	10	2	18%
Net gain on trading financial instruments and revaluation	7	9	7	7	8	1	7%	1	12%	28	32	4	15%
Net gain on other equity instruments	-	-	-	8	-	(8)	(100%)	-	-	1	8	7	795%
Net other operating income	(3)	(4)	(2)	(9)	(27)	(18)	202%	(24)	776%	(14)	(42)	(28)	197%
Revenue	225	219	166	151	135	(16)	(10%)	(89)	(40%)	923	671	(252)	(27%)
Expenses	(140)	(161)	(149)	(137)	(142)	(5)	4%	(3)	2%	(595)	(590)	5	(1%)
Depreciation	(17)	(18)	(25)	(21)	(21)	(1)	3%	(4)	23%	(67)	(85)	(18)	28%
Expenses and depreciation	(157)	(179)	(174)	(158)	(164)	(6)	4%	(7)	4%	(662)	(675)	(13)	2%
Operating margin	68	40	(8)	(7)	(29)	(22)	312%	(96)	-	261	(4)	(265)	-
Net impairment allowances on non-financial assets	-	-	-	-	(215)	(215)	-	(215)	-	-	(215)	(215)	-
Provision for expected credit losses on financial assets and provisions for off-balance sheet commitments	(9)	(37)	(29)	(16)	(27)	(12)	75%	(18)	192%	(77)	(108)	(31)	40%
Tax on certain financial institutions	(6)	(7)	(6)	(6)	(7)	(1)	13%	(1)	11%	(25)	(26)	(2)	7%
EBIT	52	(4)	(43)	(29)	(278)	(249)	861%	(329)	-	159	(354)	(513)	-
C/I ratio	70%	82%	105%	105%	121%					72%	101%		

Balance Sheet – assets

PLN B	End of period					4Q20 vs. 4Q19	
	4Q19	1Q20	2Q20	3Q20	4Q20	PLN B	%
Cash and balances with the Central Bank	3.7	0.6	2.2	2.2	4.5	0.8	20%
Amounts due from banks	1.2	2.0	0.8	1.6	0.6	(0.6)	(51%)
Financial assets held-for-trading	5.4	9.2	6.7	5.5	4.4	(1.1)	(20%)
Debt financial asstes measured at fair value through other comprehensive income	15.5	23.5	25.3	25.7	27.3	11.8	76%
Customer loans	23.7	24.4	23.4	22.7	21.9	(1.8)	(8%)
Financial sector entities	3.2	3.5	4.0	3.7	3.7	0.6	19%
including reverse repo receivables	0.0	-	0.0	0.0	-	(0.0)	(100%)
Non-financial sector entities	20.6	20.8	19.4	19.0	18.2	(2.4)	(12%)
Institutional Banking	13.2	13.6	12.2	11.7	11.0	(2.2)	(17%)
Consumer Banking	7.4	7.2	7.2	7.3	7.2	(0.2)	(2%)
Unsecured receivables	5.5	5.3	5.2	5.2	5.0	(0.5)	(9%)
Credit cards	2.8	2.7	2.5	2.5	2.5	(0.3)	(10%)
Cash loans	2.7	2.8	2.6	2.6	2.5	(0.2)	(7%)
Other unsecured receivables	0.0	0.0	0.0	0.0	0.0	(0.0)	(4%)
Mortgage	1.9	2.0	2.0	2.1	2.2	0.3	16%
Other assets	2.4	2.5	2.5	2.5	2.3	(0.1)	(5%)
Total assets	52.0	62.3	60.9	60.2	60.9	9.0	17%

Balance Sheet – liabilities and equity

PLN B	End of period					4Q20 vs. 4Q19	
	4Q19	1Q20	2Q20	3Q20	4Q20	PLN B	%
Liabilities due to banks	2.1	3.7	2.5	2.3	5.1	3.0	141%
Financial liabilities held-for-trading	1.9	4.0	3.6	3.5	3.7	1.8	95%
Financial liabilities due to customers	39.8	46.0	45.9	45.6	43.4	3.6	9%
Financial sector entities - deposits	4.6	6.8	5.8	6.5	4.6	0.0	0%
Non-financial sector entities - deposits	35.0	38.7	39.8	38.7	38.6	3.6	10%
Institutional Banking	21.5	24.4	25.5	24.3	23.1	1.6	7%
Consumer Banking	13.5	14.3	14.3	14.4	15.5	2.0	15%
Other liabilities	1.1	1.4	1.4	1.2	1.2	0.1	7%
Total liabilities	44.9	55.1	53.4	52.6	53.4	8.5	19%
Share capital	0.5	0.5	0.5	0.5	0.5	0.0	0%
Supplementary capital	3.0	3.0	3.0	3.0	3.0	(0.0)	(0%)
Revaluation reserve	0.1	0.2	0.4	0.4	0.5	0.34	292%
Other reserves	2.9	2.9	2.8	2.8	2.8	(0.1)	(3%)
Retained earning	0.6	0.6	0.6	0.6	0.6	0.1	13%
Total Equity	7.1	7.1	7.5	7.6	7.6	0.5	7%
Total liabilities & equity	52.0	62.3	60.9	60.2	60.9	9.0	17%
Loans / Deposits ratio	60%	53%	51%	50%	51%		
Total Capital Ratio	17.2%	17.0%	20.0%	20.4%	22%		
NPL*	3.4%	3.4%	3.7%	3.7%	3.6%		