

Warsaw, 20 August 2021

Quarter marked by growing client activity

In Q2 2021, Citi Handlowy recorded growths in key business areas. For the third time in a row, the bank saw a significant increase in its fee and commission income as well as lending activity in export-oriented industries. By developing its activity along with its clients, Citi Handlowy has been consistently building value for its shareholders – its strong capital base allows the bank to distribute 100% of the 2020 profit.

We believe that the recovery in the economy, which has been progressing quite ahead of forecasts, will translate into development for our clients. We will support them on that path by offering advanced solutions that make it easier for them to run their businesses in Poland and in international markets, said **Elżbieta Czetwertyńska**, Vice President of the Management Board managing the work of the bank's Management Board.

The growth in the Polish economy in Q2 2021, including industrial output and exports, translated into vigorous activity of business clients in the areas of Foreign Exchange (FX volumes of global clients up by 84% y/y; and of Corporate Bank clients – up by 32% y/y) and International Funds Transfers (up by 16% q/q), as well as on higher lending activity in export-oriented industries.

The returning optimism of our clients translated in our case into higher fee and commission income, both in the Institutional Banking Group (up by 18% y/y) and services to individual clients. It gives us great pleasure to have a stable and responsible business model that allows us to consistently continue our dividend policy toward our shareholders, said **Natalia Bożek**, Vice President of the Management Board for finance.

The bank has significantly extended its share among new economy companies by, among others, using its experience from cooperating with global companies on that market to create a unique offer for domestic e-commerce companies. As at the end of June, the deposits of global “digital” companies at the bank were more than 50% higher than as at the end of December 2020.

In order to address the digital needs of its clients, Citi Handlowy established cooperation with PayU, which will help businesses implement fast and convenient online payments with the support of experts from both institutions. Businesses will also be able to use financial solutions for e-commerce – automation in handling receivables, facilitation of costs control and support of international business development.

The bank's efforts to support Polish companies in their expansion, including activities to arrange both IPOs in Poland or other countries and financing for mergers & acquisitions, were recognized by Euromoney magazine, which granted Citi Handlowy its prestigious award for the "Best Investment Bank in Poland" in July. In Q2, the bank was active in debt securities by participating in the issue of corporate bonds on the local market in the amount of PLN 500 million and, together with Citigroup, in the issue of Eurobonds in the amount of EUR 513 million. Moreover, the bank obtained mandates for the IPO of businesses from the segment of smaller enterprises and tech companies.

Greater optimism of retail clients was reflected in the return of the pre-pandemic shopping habits as well as a good trend in the fee and commission income (up by 12% q/q) and more transactions on Credit Cards, especially in the hospitality industry. OBI, the bank's partner, recorded an over 120% growth in the sales of credit cards. The bank strengthened its position in the wealth management segment and recorded a record-high amount of managed funds. The sales of investment products increased by 34%, and the balance of investment products – by 39xx% y/y.

The net profit in Q2 amounted to PLN 73 million due to the bank's low activity on the T-bonds market and treasury operations carried out in the first three months of the year. Treasury operations were the main contributor behind the growth of profits in the first half of the year – up to PLN 468 million, which means a threefold increase in profit as compared to the prior year period.

Financial highlights for Q2 (y/y):

- Net profit of PLN 79 million (-19%) due to the bank's low activity on the T-bonds market
- Cost-to-Income Ratio of 67%
- Loan to deposit ratio of 48%
- TCR of 20,8%