

Citi Handlowy Implements New Strategy; Profits Affected By High Regulatory Costs

The standardized net profit of the bank (excluding the record-high contributions to the Bank Guarantee Fund) for the first quarter amounted to PLN 155 million, i.e. it continued at a stable level from prior periods. Business volumes are on the rise and the digital transformation is producing its first effects.

- The reported net profit was PLN 59 million due to an additional regulatory charge of PLN 95 million (nearly twice as high as in the same period last year) and changes in the attitudes of central banks, which affected revenues from treasury operations.
- At the same time, the bank is continuing its positive trends in the area of revenues from transactional banking (+18% year over year) and custody operations (+14% y/y).
- Citi Handlowy has further reinforced its position of the leader in Poland's credit card market, with revenues from that business segment higher by 6% y/y.
- New cash loans granted via digital channels posted the record-high growth of 77% y/y, while the share of online sales of credit cards reached 42%
- The Bank is on the way to its strategic goal to increase the number of individual clients by 50% to 2021 and to sell new retail loans for PLN 2 billion.

'The regulatory and economic environment was a serious detractor to the financial results of Poland's banking sector in the first three months of 2019 and had a significant impact on the predictability of business. In Citi Handlowy, we are focused on the implementation of our strategy, which is based on digital transformation, continued improvement of the clients' experience and creation of a modern work environment. After the first quarter, I can see progress and high commitment of our personnel,' said Sławomir S. Sikora, President of the Management Board. *'The current market conditions confirm the importance of security and stability of banks and, in this context, will support those institutions that can meet these conditions'.*

As at the end of March, deposits rose by 15% and 13% in the segments of individual and institutional clients, respectively. The loan portfolio was higher by 11% as compared with the balance achieved a year ago, mainly as a result of the rapid growth of institutional loans (+14%). This confirms that Citi Handlowy is still perceived by Polish companies as a trustworthy bank and a reliable partner for those who want to grow globally.

In the first quarter, the loan to deposit ratio declined by 1 percentage point, to 64%, one of the lowest levels in the sector. The total capital ratio (TCR) amounted to 16.2%