

PRESS RELEASE

CIB Group closed business year 2023 with outstanding results*

Loan and deposit growth several times above the market average, customer- and growth-oriented strategic construction, digitalisation, cost control

Budapest, 26 March 2024. CIB Group closed the second year of the 2022-2025 strategic cycle with outstanding results, and with a loan and deposit growth several times above the market average. 2023 was one of the most successful years in the history of CIB Group. Its balance sheet total, loan portfolio and revenues grew significantly, while its costs remained below the annual average inflation rate, at a sustainable level, so its cost efficiency continued to improve, with several rounds of salary increase for its employees. Backed by the full support of Intesa Sanpaolo's International Subsidiary Banks Division, CIB Group continued to increase its market share in strategically important segments, expanding the range of its digital services and the proportion of customers using them. As a result, cost efficiency continued to be excellent in 2023, and the Group closed the 2023 business year with profits of HUF 63.929 billion, 77.1% above the 2022 figure. Its balance sheet total was HUF 3,315.812 billion at the end of December 2023, 7.2% higher than in December 2022.

As a member of Intesa Sanpaolo, one of the world's strongest banking groups, and a key player of Hungary's bank sector, CIB Group is a stable financial institution with a strong capital and liquidity position, employing more than 2,000 workers. While the business environment was influenced by some very significant events in 2023, CIB Group considered its most important task in 2023 to support its customers in achieving their goals, as well as to contribute to the development of the real economy and to use its own resources to help its customers deal with the extraordinary challenges of the domestic and international economic environment. It did so with its favourable product offers, new subsidised loans, and numerous discounted offers, which, in an increasing number, also comply with ESG (environmental, social and governance) criteria in line with international and national guidelines. The Group further increased its market share in its strategically important segments, expanded the range of its services available via electronic signing, and its offering of products available through digital channels.

CIB Group's priorities include further developing the digital banking services, while transforming the role of the branch network, expanding sustainable lending, improving cost efficiency and increasing revenues, while maintaining a high-quality loan portfolio. With strong parent company support behind us, our main points of focus continue to be solidifying our position as a bank that provides consistently outstanding services to our discerning retail and corporate customers improving the customer experience, ensuring value creation, and implementing innovation and efficiency. We believe that we can only continue to operate successfully and sustainably in the long term by embracing these values and striving to achieve these goals.

CIB Group - under the guidance and coordination of Intesa Sanpaolo International Subsidiary Banks Division - has established stable positions to meet a wide range of challenges: it serves its customers as a well-capitalised, stable financial institution in excellent liquidity position, with a sound portfolio of above-average quality intending to be an active participant in the further development of Hungarian economy.

- In 2023, business developments continued to focus on value-added service offerings, investment and wealth management services, bank insurance products and, above all, digitalisation.
- In 2023, we also took a further step in addressing young target groups: in addition to the ECO account family, which is tailored to various life stages, parents can now apply for a CIB Csemete Savings Account for their newborn children, thus offering a solution for all age groups under 18.
- Thanks to numerous innovations introduced in the market, the range of our services available through digital channels has been further expanded, and now we can say that we have reached 84.1% in terms of digital penetration.

- **In 2023, we took further steps**
 - **to strengthen the Bank's ability to generate premium income.** This includes developing key business departments such as bank insurance, asset management and our factoring service Confirming.
 - **to simplify our activities** through automation, process redesign and prioritisation.
 - **to optimise our energy use, laying the foundations for our ESG strategy and integrating ESG considerations at the corporate governance level.**
 - **to ensure the wellbeing of our employees.** During our operations we continued our programmes aimed at retaining our staff, as well as at shaping our corporate culture in line with our business objectives. The Bank has made significant efforts to strengthen the commitment and motivation of our employees, and it has sought to involve them not only in the implementation of the strategy but also in the social and environmental programmes and energy saving initiatives launched by the banking group.

CIB Group, key results, 2023 (consolidated, IFRS)

	Value (HUF million)	Change from 2022
Balance sheet total:	3,315,812	+ 7.2 %
Consolidated gross customer loans:	1,597,637	+ 9.0 %
Customer deposits:	2,395,537	+ 12.3 %
CIB Group's shareholders' equity:	319,469	+ 16.1 %
CIB Group's revenues:	169,635	+ 25.1 %
CIB Group's profits:	63,929	+ 77.1 %
CIB Group's cost/income:	38.5 %	- 4.5 %

- CIB Group closed the business year 2023 **with profits of HUF 63,929 million, up 77.1% from 2022.**
- CIB Group's **balance sheet came to a total of HUF 3,315,812 million at the end of December 2023 (+7.2% compared to December 2022).** The increase in the balance sheet total was mainly due to an increase in customer and bank liabilities.
- At the end of December 2023, CIB Group's **consolidated gross customer loans amounted to HUF 1,597,637 million (+9.0%), compared to a market change of 0.0%; Customer deposits amounted to HUF 2,395,537 million (+12.3%) at the end of December, compared to a market change of -0.8%,** with mainly the corporate segments contributing to the increase.
- CIB Group's **equity at the end of the period was HUF 319,469 million (+16.1% compared to the end of 2022),** the increase mainly due to the profit for the period concerned.
- CIB Group's **revenues came to HUF 169,635 million (+25.1% compared to 2022).** The year-on-year increase in revenues was mainly driven by the rising interest rate environment and increasing business activity, especially in customer lending and savings.
- The **quality of CIB Group's loan portfolio remained very strong, with the ratio of loans over 90 days past due stagnating at 0.6% (-0.03%),** while the NPL ratio declined to 1.9%.
- CIB Group's **operating costs increased by 12.1% year-on-year,** mainly due to rising inflation and wage increases, and **amounted to HUF 65,388 million in 2023, excluding bank tax.**
- The **bank tax paid by the Group, including the extra profit tax, contributed HUF 20,215 million to the Hungarian budget in 2023.**
- CIB Group's **cost/income ratio continued to improve in 2023 (-4.5%), reaching 38.5%.**

Consolidated comprehensive income statement, CIB Group, 2023

(million HUF)

	Note	2023	2022
Interest income		302,216	179,586
<i>of which interest income calculated using effective interest rate method</i>		273,625	164,286
<i>of which interest income on transactions subject to interest rate cap regulations above the interest rate specified in the regulation</i>		10,801	4,054
Interest expense		(157,841)	(73,707)
Net interest income	7	144,375	105,879
Fee and commission income		54,404	46,843
Fee and commission expense		(20,589)	(17,441)
Net fee and commission income	8	33,815	29,402
Income from trading activities	9	(14,122)	8,341
Fair value adjustments in hedge accounting	10	606	851
Profits (losses) from derecognition of financial instruments	11	(1,393)	25
Net change in value of financial assets mandatorily measured at fair value through profit or loss	12	7,089	(7,646)
Other operating income	13	1,335	1,557
Other operating expense	13	(2,070)	(2,815)
Net operating income		169,635	135,594
Impairment profits (losses) and provisions for losses	14	(5,007)	(12,598)
Profits (losses) on changes in contracts without derecognition	14	(7,883)	(9,789)
Operating expenses without bank tax	15	(65,388)	(58,307)
Profit/(loss) before bank tax and extra-profit tax		91,357	54,900
Bank tax	16	(5,297)	(4,571)
Extra-profit tax	16	(14,918)	(9,621)
Profit/(loss) before income taxes		71,142	40,708
Income tax expense	17	(7,213)	(4,608)
Net profit/(loss) for the year		63,929	36,100
Items that may be reclassified to profit or loss		5,592	(2,377)
Items that may not be reclassified to profit or loss		(256)	(264)
Other comprehensive income for the year (net of tax)	19	5,336	(2,641)
Total comprehensive income for the year		69,265	33,459

Consolidated balance sheet, CIB Group, 2023

(million HUF)

	Note	31/12/2023	31/12/2022
Cash and current accounts with central banks	20	560,560	156,582
Financial assets measured at fair value through profit or loss	21	203,481	247,812
a) <i>securities held for trading</i>		14,661	15,288
b) <i>trading derivatives</i>		67,028	135,659
c) <i>financial assets mandatorily measured at fair value</i>		121,792	96,865
Financial assets measured at fair value through other comprehensive income	22	536,581	295,683
Financial assets measured at amortised cost		1,926,794	2,305,558
a) <i>loans to banks</i>	23	258,717	788,659
b) <i>loans to customers</i>	24	1,423,814	1,319,812
c) <i>debt securities</i>	25	244,263	197,087
Fair value changes of the hedged financial assets in portfolio hedge (+/-)	26	(5,338)	(12,340)
Hedging derivatives	26	17,791	33,133
Property, land and equipment	28	22,266	20,237
Intangible assets	29	13,304	12,146
Repossessed properties	27	506	2,617
Tax assets	17	1,430	1,734
a) <i>current</i>		113	171
b) <i>deferred</i>		1,317	1,563
Non-current assets held for sale		3,568	3,570
Other assets	30	34,869	26,842
Total assets		3,315,812	3,093,574

(million HUF)

	Note	31/12/2023	31/12/2022
Financial liabilities measured at amortised cost		2,867,754	2,636,832
a) <i>deposits from banks</i>	31	477,165	498,297
b) <i>deposits from customers</i>	32	2,390,589	2,138,535
Fair value changes of the hedged financial liabilities in portfolio hedge (+/-)	26	4,948	(4,967)
Trading derivatives	21	56,383	108,544
Hedging derivatives	26	22,224	37,486
Tax liabilities	17	2,971	2,655
a) <i>current</i>		2,971	2,655
b) <i>deferred</i>		-	-
Other liabilities	33	30,488	27,539
Provisions	34	11,575	10,281
Total liabilities		2,996,343	2,818,369
Share capital	36	50,000	50,000
Reserves	37	179,972	168,420
Retained earnings		89,497	56,784
Total shareholder's equity		319,469	275,204
Total liabilities and shareholder's equity		3,315,812	3,093,574

* The source of the data contained in this press release is the 2023 annual report and consolidated financial statements of CIB Bank Zrt. and its subsidiaries (CIB Leasing Zrt., CIB Rent Zrt., CIB Biztosítási Alkusz Zrt., Recovery Zrt.), (hereinafter: "CIB Group"). The consolidated annual financial statements were prepared in accordance with the International Financial Reporting Standards ("IFRS") and their respective interpretations as adopted by the European Union, and the requirements of Act C of 2000 on accounting for entities preparing annual financial statements in line with EU IFRS. References to the tables in this press release are included in the full consolidated financial statements. The consolidated financial statements for the year 2023 were approved by the Board of Directors of CIB Bank Zrt. on 23 February 2024. The consolidated financial statements are prepared for statutory disclosure purposes. The consolidated financial statements prepared by the parent bank can be viewed on the website www.intesasanpaolo.com. CIB Group's consolidated financial statements prepared in accordance with statutory requirements are available on the website www.cib.hu.

CIB Bank

CIB Bank is a subsidiary of the Intesa Sanpaolo Group. With a strong parent bank background and 45 years of experience as a universal credit institution, it offers a full range of commercial banking and investment services, complemented by the products and schemes of its subsidiaries (CIB Leasing, CIB Alkusz, CIB Rent and CIB Recovery). CIB Bank serves its nearly 455,000 clients through a nationwide network of branches, while constantly seeking innovative solutions tailored to its clients' needs. CIB Bank's services are available to corporate, institutional, municipal and individual entrepreneurs as well as retail customers. In addition to its branches, CIB Bank offers a wide range of electronic channels for fast and convenient financial management, such as CIB Bank Online, CIB Bank Mobile App and eBroker information and securities trading system.

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Intesa Sanpaolo

Intesa Sanpaolo is Italy's leading banking group – serving families, businesses and the real economy – with a significant international presence. Intesa Sanpaolo's distinctive business model makes it a European leader in Wealth Management, Protection & Advisory, highly focused on digital and fintech, in particular with Isybank, the Group's digital bank. An efficient and resilient Bank, it benefits from its wholly-owned product factories in asset management and insurance. The Group's strong ESG commitment includes providing €115 billion in impact lending by 2025 to communities and for the green transition, and €500 million in contributions to support people most in need, positioning Intesa Sanpaolo as a world leader in terms of social impact. Intesa Sanpaolo is committed to Net Zero by 2030 for its own emissions and by 2050 for its loan and investment portfolios. An engaged patron of Italian culture, Intesa Sanpaolo has created its own network of museums, the Gallerie d'Italia, to host the bank's artistic heritage and as a venue for prestigious cultural projects.

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