Executive summary

- Poland:
  - the biggest and most stable economy in the region (nominal 2011 GDP: PLN 1,525 B, 50% of CEE GDP)
  - slowdown, but likely not a recession (GDP change in 2012F: 2.4%; in 2013F: 2.2%)

- Banking sector:
  - moderate growth in 1H 2012 (revenue +7% YoY, net income +3% YoY)
  - signs of slowdown in 2Q 2012 (net income -7% YoY, unsecured lending -3% YoY, mortgage loans sales -25% YoY, negative margins on retail time deposits, equity turnover on WSE -35% YoY)
  - 2012 results under pressure (growth of cost of credit driven by construction sector problems and consumer loans, expected decrease of nominal interest rates by 100 bp within 1 year)

- Citi Handlowy:
  - top 5 bank in Poland
    6% market share in terms of net profit
  - strong capital and liquidity positions
    CAR 18.3% - tier 1 only, loans/deposits 77%
  - high efficiency
    ROTE 18.7%, ROA 2.2%, C/I 55%
  - leading corporate & commercial bank
    #1 in FX, custody services and brokerage
    servicing 75 out of 100 top-tier local companies
  - leader in credit cards
    23% market share in transaction volumes
    19% market share in credit cards’ loans
  - commitment to community
    financial education, national heritage, environment protection

---

**BANK HANDLOWY W WARSZAWIE SA**

The oldest operating commercial bank in Poland with strong local relationships and well placed local network.

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**Shareholding structure**

- 75% Citibank Overseas Investment Corporation
- 25% Other shareholders

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**Commitment to community**

- Financial education, national heritage, environment protection
# Citi Handlowy strategic directions for 2012-2015

## CORE STRENGTHS
- Strong capital base and high liquidity (meeting Basel III requirements)
- Leading position in FX, Cash Mgmt, securities & custody services, brokerage and cards
- Access to Citi global network, product expertise and global clients
- Quality and Innovation culture
- Centralized and high-quality operations
- Talented and well-qualified employees

## KEY FOCUS AREAS
- Intensified efforts aimed at increasing efficiency both in retail and corporate segment
- Concentration on largest cities (G9) – branch network realignment
- Focus on affluent and emerging affluent customers
- Credit cards and operating accounts as key focus products
- Emerging Market Champions (in Poland and abroad)
- New clients acquisition within SME segment

## ASPIRATIONS
- #1 in Cards, global subsidiaries, FX, securities & custody services
- Top 3 in servicing largest Polish Corporates, Cash Management and Trade
- NPS >30% in leading products and clients segments
- Top 5 bank in Poland in terms of EBIT
- Operating Efficiency: C/I ~50%
- Assets Profitability (ROA): Top 3 bank in Poland
Diversified revenue stream

**Institutional Banking**
- **PLN 1.4 B**
- **Key drivers:**
  - Debt securities
  - Customer business
- **Components:**
  - Interests: 45%
  - Treasury: 38%
  - Fees: 16%
  - Other: 1%

**Retail Banking**
- **PLN 1.4 B**
- **Key drivers:**
  - Cash and mortgage loans
  - Credit cards
  - Operating accounts
- **Components:**
  - Interests: 68%
  - Fees: 30%
  - Other: 2%

**1H 2012**
- **Institutional Banking:** 59%
- **Retail Banking:** 41%

Diversified revenue stream – key drivers in Institutional Banking

PLN 1.4 B

Institutional Banking 59%

Local Corporates
Servicing 75 out of Top 100 companies in Poland

Global Subsidiaries
Access to Citi global network, products, relationships and expertise

Local Commercial
Focus on operating accounts and clients acquisition

PRODUCTS

Transaction Services
- Cash
- Trade
- Custody

Markets
- FX & Derivatives
- Debt Securities
- Equities

Investment Banking
- M&A advisory
- ECM

#1 in Custody services
44% market share

#1 in Equities turnover
11% market share

#1 in Customer FX
2012 Euromoney ranking

1H 2012 Revenue split
- Corporate 34%
- Global Subsidiaries 45%
- Local Commercial 21%

Debt securities
Polish government bonds and Central Bank bills

1H 2012

IPO of JSW
IPO of GPW
Joint Global Coordinator
Joint Global Coordinator

Tender offer
Santander
on BZ WBK shares
with acquisition of Quadra FNX

Was advising the Mgmt Board of
Diversified revenue stream – key drivers in Retail Banking

### Credit cards
- #1 in transaction volume
- 23% market share

### Wealth Management
- Investment and insurance products
- 40% of net fee income
- Focus on affluent customers
- +25% YoY in number of customers

### Retail Banking
- Cash loans
  - 55% of interest income of Retail Banking
- Operating accounts
  - +9% YoY in number of operating accounts
- Mortgage loans
  - +14% QoQ volumes growth

---

**1H 2012 Revenue split**

- Credit cards 45%
- Wealth Management 24%
- Retail Lending 29%
- Other 2%

---

**G-9 strategy**
- Focus on 9 largest cities in Poland

**Innovation and convenience**
- As the main differentiating factors supported by the new products

**Digitization**
- Actively developing mobile payment systems and technology
Citi Handlowy – financial results (PLN MM)

Revenues

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
<th>1H 2011</th>
<th>1H 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Institutional Banking</td>
<td>1,144</td>
<td>1,111</td>
<td>551</td>
<td>573</td>
</tr>
<tr>
<td>Retail Banking</td>
<td>1,414</td>
<td>1,316</td>
<td>633</td>
<td>835</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2,559</strong></td>
<td><strong>2,427</strong></td>
<td><strong>1,184</strong></td>
<td><strong>1,408</strong></td>
</tr>
</tbody>
</table>

Expenses

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
<th>1H 2011</th>
<th>1H 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Institutional Banking</td>
<td>-1,375</td>
<td>-1,432</td>
<td>-755</td>
<td>-809</td>
</tr>
<tr>
<td>Retail Banking</td>
<td>-621</td>
<td>-623</td>
<td>-307</td>
<td>-336</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>-715</strong></td>
<td><strong>-736</strong></td>
<td><strong>-304</strong></td>
<td><strong>-345</strong></td>
</tr>
</tbody>
</table>

Net profit

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
<th>1H 2011</th>
<th>1H 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Institutional Banking</td>
<td>755</td>
<td>736</td>
<td>333</td>
<td>474</td>
</tr>
</tbody>
</table>

Net impairment losses

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
<th>1H 2011</th>
<th>1H 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Institutional Banking</td>
<td>-243</td>
<td>-77</td>
<td>-270</td>
<td>-97</td>
</tr>
<tr>
<td>Retail Banking</td>
<td>-57</td>
<td>-35</td>
<td>1,2</td>
<td>-26</td>
</tr>
</tbody>
</table>

**Net Profit:**
- **2010:** 755
- **2011:** 736
- **1H 2011:** 333
- **1H 2012:** 474

**Net Impairment Losses:**
- **2010:** -243
- **2011:** -77
- **1H 2011:** -57
- **1H 2012:** -35
Liquidity position allowing for assets growth

**Loans (PLN B)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Corporate Loans</th>
<th>Retail Loans</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>11.6</td>
<td>5.3</td>
<td>16.9</td>
</tr>
<tr>
<td>2011</td>
<td>13.7</td>
<td>5.1</td>
<td>18.8</td>
</tr>
<tr>
<td>1H 2012</td>
<td>14.0</td>
<td>5.2</td>
<td>19.2</td>
</tr>
</tbody>
</table>

**Deposits (PLN B)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Corporate Deposits</th>
<th>Retail Deposits</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>20.4</td>
<td>5.7</td>
<td>26.1</td>
</tr>
<tr>
<td>2011</td>
<td>21.7</td>
<td>6.0</td>
<td>27.7</td>
</tr>
<tr>
<td>1H 2012</td>
<td>18.2</td>
<td>6.1</td>
<td>24.3</td>
</tr>
</tbody>
</table>

**Net interest margin**

<table>
<thead>
<tr>
<th>Year</th>
<th>Citi Handlowy</th>
<th>Sector</th>
<th>Net interest margin on total assets</th>
<th>Net interest margin on interest-bearing assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>4.6%</td>
<td>2.7%</td>
<td>4.6%</td>
<td>4.6%</td>
</tr>
<tr>
<td>2011</td>
<td>4.3%</td>
<td>2.8%</td>
<td>4.3%</td>
<td>4.3%</td>
</tr>
<tr>
<td>1H 2012</td>
<td>4.4%</td>
<td>2.8%</td>
<td>4.4%</td>
<td>4.4%</td>
</tr>
</tbody>
</table>

**Loans to deposits ratio**

<table>
<thead>
<tr>
<th>Year</th>
<th>Citi Handlowy</th>
<th>Sector</th>
<th>Handlowy Sector</th>
<th>Net interest margin on total assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>111%</td>
<td>111%</td>
<td>57%</td>
<td>3.8%</td>
</tr>
<tr>
<td>2011</td>
<td>116%</td>
<td>116%</td>
<td>63%</td>
<td>3.7%</td>
</tr>
<tr>
<td>1H 2012</td>
<td>115%</td>
<td>115%</td>
<td>77%</td>
<td>3.7%</td>
</tr>
</tbody>
</table>

Margin at 2011 excluding one-off transaction with Banco Santander
Cost of risk

Net impairment losses (PLN MM)

<table>
<thead>
<tr>
<th>Year</th>
<th>Institutional Banking</th>
<th>Retail Banking</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>-270</td>
<td>-20</td>
</tr>
<tr>
<td>2011</td>
<td>-77</td>
<td>-26</td>
</tr>
<tr>
<td>1H 2012</td>
<td>-35</td>
<td></td>
</tr>
</tbody>
</table>

Non-performing loans ratio (NPL)

<table>
<thead>
<tr>
<th>Year</th>
<th>Citi Handlowy</th>
<th>Sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>11.4%</td>
<td>8.8%</td>
</tr>
<tr>
<td>2011</td>
<td>8.9%</td>
<td>8.2%</td>
</tr>
<tr>
<td>1H 2012</td>
<td>8.7%</td>
<td>8.6%</td>
</tr>
</tbody>
</table>

Cost of risk

<table>
<thead>
<tr>
<th>Year</th>
<th>Citi Handlowy</th>
<th>Sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>2.1%</td>
<td>1.7%</td>
</tr>
<tr>
<td>2011</td>
<td>0.6%</td>
<td>1.2%</td>
</tr>
<tr>
<td>1H 2012</td>
<td>0.4%</td>
<td>1.2%</td>
</tr>
</tbody>
</table>

Provision coverage ratio

<table>
<thead>
<tr>
<th>Year</th>
<th>Citi Handlowy</th>
<th>Sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>67%</td>
<td>54%</td>
</tr>
<tr>
<td>2011</td>
<td>77%</td>
<td>55%</td>
</tr>
<tr>
<td>1H 2012</td>
<td>80%</td>
<td>55%</td>
</tr>
</tbody>
</table>

- Improvement of quality of retail loans portfolio reflecting changes in credit policies made in the previous years
- Continuous improvement of NPL ratio
- Provision coverage at a high level of 80%
Strong capital base

BHW Capital Adequacy Ratio* (Tier 1) 21.2%

Special dividend (decrease of equity)

Polish FSA recommended all banks to retain 2008 earnings

50% dividend payout in line with the Polish FSA recommendation

BHW Dividend Yield

NBP reference rate*

5-year T-bond yield*

BHW Dividend Yield

*End of year values
Citi Handlowy stock performance in 2012

An increase in the Bank’s share price of 32% (WIG Banks – increase of 15%, WIG20 – increase of 9%)

Management Board resolution on the proposed distribution of net profit for 2011

Announcement of branch network optimization plan

Announcement of an extension of employment restructuring process

For the fifth time ranked in RESPECT index

Dividend declaration day

Dividend day

Stock performance indicators

<table>
<thead>
<tr>
<th>Stock performance indicators</th>
<th>January 2012</th>
<th>September 2012</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market cap (PLN MM)</td>
<td>8.9</td>
<td>11.7</td>
<td>32%</td>
</tr>
<tr>
<td>Free float (PLN MM)</td>
<td>2.2</td>
<td>2.9</td>
<td>32%</td>
</tr>
<tr>
<td>P/E</td>
<td>12.5</td>
<td>13.3</td>
<td>6%</td>
</tr>
<tr>
<td>P/BV</td>
<td>1.4</td>
<td>1.7</td>
<td>21%</td>
</tr>
</tbody>
</table>

The latest share price as at 20 Sep 2012 (Citi Handlowy: PLN 89.40)
Another quarter of solid net profit

**NET PROFIT**

<table>
<thead>
<tr>
<th>Year</th>
<th>PLN MM</th>
<th>Changes</th>
</tr>
</thead>
<tbody>
<tr>
<td>2Q 2011</td>
<td>151,4</td>
<td>+52%</td>
</tr>
<tr>
<td>1Q 2012</td>
<td>243,6</td>
<td>-5%</td>
</tr>
<tr>
<td>2Q 2012</td>
<td>230,8</td>
<td>-5%</td>
</tr>
</tbody>
</table>

**ROE 14.8%**
- 1.1 p.p. QoQ
- 1.9 p.p. YoY

**ROA 2.2%**
- 0.2 p.p. QoQ
- 0.5 p.p. YoY

**Cost/Income 54%**
- 1.9 p.p. QoQ
- 9.7 p.p. YoY

**Loans/Deposits 77%**
- 9.0 p.p. QoQ
- 8.0 p.p. YoY

**CAR 18.3%**
- 0.3 p.p. QoQ
- 0.4 p.p. YoY

Gains on sale of AFS securities
Net interest income

Net interest income (PLN MM)

+6%
-7%

348,1
397,9
368,8

2Q 2011
1Q 2012
2Q 2012

Net interest margin

Bank vs. sector

348,1
397,9

368,8

Corporate Banking
47%

Retail Banking
53%

2Q 2011
1Q 2012
2Q 2012

Net interest margin on total assets

QoQ

Debt securities
12%

Customer activity
2%
Corporate & commercial loans

- **Public sector and others** (+97% QoQ; +24% YoY)
- **SMEs & MMEs** (+5% QoQ; +18% YoY)
- **Global Clients** (+4% QoQ; +8% YoY)
- **Corporate Clients** (-5% QoQ; +71% YoY)

Double-digit annual growth of total loans volume (24% YoY vs. 12% YoY in sector)

An increase of loans volume in 2Q 2012 after a decline in 1Q 2012

Retail loans

- **Mortgage loans** (+14% QoQ; +76% YoY)
- **Cash loans** (-1% QoQ; -7% YoY)
- **Credit cards** (+0.1% QoQ; -5% YoY)

Downward trend in retail loans stopped – growth by 2% QoQ

Maintained double-digit growth of mortgage loans (+14% QoQ)
**Deposits – focus on operating accounts**

### Corporate deposits

<table>
<thead>
<tr>
<th>Period</th>
<th>Corporate deposits</th>
<th>Term deposits (-8% r./r.)</th>
<th>Demand deposits (+10% YoY)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1Q 2011</td>
<td>11 470 (6 046 / 5 425)</td>
<td>+0.5% (Sector: +2%)</td>
<td>5 855 (3 929 / 1 926)</td>
</tr>
<tr>
<td>2Q 2011</td>
<td>12 059 (6 328 / 5 731)</td>
<td>+12% (Sector: -0.8%)</td>
<td>6 099 (3 667 / 2 033)</td>
</tr>
<tr>
<td>1Q 2012</td>
<td>13 828 (7 544 / 6 285)</td>
<td>-23%</td>
<td>6 819 (3 785 / 2 296)</td>
</tr>
<tr>
<td>2Q 2012</td>
<td>12 119 (5 819 / 6 301)</td>
<td>0%</td>
<td>6 113 (3 721 / 2 392)</td>
</tr>
</tbody>
</table>

- Decline of term deposits with demand deposits remaining stable in 2Q 2012
- Total deposits volume nearly unchanged in annual terms

### Retail deposits

<table>
<thead>
<tr>
<th>Period</th>
<th>Retail deposits</th>
<th>Term deposits (+1% YoY)</th>
<th>Demand deposits (+18% YoY)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1Q 2011</td>
<td>5 855 (3 929 / 1 926)</td>
<td>+1% (Sector: +1.5%)</td>
<td>2 296 (2 033 / 239)</td>
</tr>
<tr>
<td>2Q 2011</td>
<td>5 699 (3 667 / 2 033)</td>
<td>-2%</td>
<td>2 296 (2 033 / 239)</td>
</tr>
<tr>
<td>1Q 2012</td>
<td>6 081 (3 785 / 2 296)</td>
<td>+4%</td>
<td>2 296 (2 033 / 239)</td>
</tr>
<tr>
<td>2Q 2012</td>
<td>6 113 (3 721 / 2 392)</td>
<td>-2%</td>
<td>2 296 (2 033 / 239)</td>
</tr>
</tbody>
</table>

- Stable growth of retail deposits (+1% QoQ, +7% YoY)
- Another quarter of demand deposits increase – the effect of consistent focus on operating accounts
Net fee and commission income maintained at a stable level

Corporate Banking -2% QoQ and -19% YoY
- Brokerage: -65% YoY, -36% QoQ
- Custody: +4% YoY, +13% QoQ
- Payment orders & cash management: -5% YoY, -4% QoQ
- Other: -6% YoY, +62% QoQ

Retail Banking 0% QoQ and -2% YoY
- Credit cards: +4% YoY, +10% QoQ
- Cash loans: -30% YoY, -9% QoQ
- Investment & insurance: -9% YoY, -10% QoQ
- Other: +12% YoY, -2% QoQ

Other
- 167,6
- 152,1
- 151,2

/PLN MM/
Treasury result

Treasury result (PLN MM)

+164%

-23%

189,9

72,9

147,2

55,8

117,0

101,0

2Q 2011

1Q 2012

2Q 2012

Result on customer operations

Result on proprietary management

Trading and result on customer activity

Gains on AFS securities sale

Note: The scales on the graphs are not comparable

For the fourth year in a row the Bank placed 1st in the corporate FX trading category in a ranking published by the prestigious Euromoney magazine.
General administrative expenses and depreciation

Cost/Income

<table>
<thead>
<tr>
<th></th>
<th>2Q 2011</th>
<th>1Q 2012</th>
<th>2Q 2012</th>
<th>Change QoQ</th>
<th>Change YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate Banking</td>
<td>52%</td>
<td>37%</td>
<td>45%</td>
<td>↑</td>
<td>↓</td>
</tr>
<tr>
<td>Retail Banking</td>
<td>76%</td>
<td>86%</td>
<td>67%</td>
<td>↓</td>
<td>↓</td>
</tr>
<tr>
<td>Bank</td>
<td>64%</td>
<td>56%</td>
<td>54%</td>
<td>↓</td>
<td>↓</td>
</tr>
</tbody>
</table>
Consistent credit risk policy

NPL ratio went down to 8.7% due to improved quality of corporate loans portfolio

Provision coverage ratio at a high level of 80%

Cost of risk maintained at a low level – 0.6% in 2Q 2012 vs. 0.4% in 1Q 2012 and 0.5% in 2Q 2011
Liquidity and capital adequacy – stable and safe position

Capital adequacy ratio vs. equity level

Loans to deposits ratio: Bank vs. banking sector

Source: Data for sector based on the Polish Central Bank data.
## Retail banking operational data

<table>
<thead>
<tr>
<th></th>
<th>2Q 2011</th>
<th>1Q 2012</th>
<th>2Q 2012</th>
<th>Change YoY</th>
<th>% change YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current accounts including:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>628</td>
<td>663</td>
<td>667</td>
<td>39</td>
<td>6.2%</td>
</tr>
<tr>
<td><strong>Operating accounts</strong></td>
<td>169</td>
<td>183</td>
<td>184</td>
<td>14</td>
<td>8.6%</td>
</tr>
<tr>
<td><strong>Saving accounts</strong></td>
<td>218</td>
<td>222</td>
<td>221</td>
<td>3</td>
<td>1.3%</td>
</tr>
<tr>
<td><strong>Credit cards, including:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>871</td>
<td>834</td>
<td>820</td>
<td>(52)</td>
<td>(5.9%)</td>
</tr>
<tr>
<td><strong>Co-brand cards</strong></td>
<td>484</td>
<td>477</td>
<td>471</td>
<td>(12)</td>
<td>(2.6%)</td>
</tr>
<tr>
<td><strong>Debit cards including:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>469</td>
<td>479</td>
<td>462</td>
<td>(6)</td>
<td>(1.4%)</td>
</tr>
<tr>
<td><strong>PayPass cards</strong></td>
<td>270</td>
<td>351</td>
<td>378</td>
<td>108</td>
<td>40.1%</td>
</tr>
</tbody>
</table>
## Retail banking volumes

<table>
<thead>
<tr>
<th>(PLN million)</th>
<th>1Q 2012</th>
<th>2Q 2012</th>
<th>Change QoQ</th>
<th>% change QoQ</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Deposits</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Demand deposits</td>
<td>2,296</td>
<td>2,392</td>
<td>96</td>
<td>4.2%</td>
</tr>
<tr>
<td>Other deposits, including:</td>
<td>3,785</td>
<td>3,721</td>
<td>(64)</td>
<td>(1.7%)</td>
</tr>
<tr>
<td><strong>Saving accounts</strong></td>
<td>2,535</td>
<td>2,507</td>
<td>(28)</td>
<td>(1.1%)</td>
</tr>
<tr>
<td><strong>Loans</strong></td>
<td>5,090</td>
<td>5,176</td>
<td>86</td>
<td>1.7%</td>
</tr>
<tr>
<td>Credit cards</td>
<td>2,168</td>
<td>2,170</td>
<td>2</td>
<td>0.1%</td>
</tr>
<tr>
<td>Cash loans</td>
<td>2,177</td>
<td>2,165</td>
<td>(12)</td>
<td>(0.5%)</td>
</tr>
<tr>
<td>Mortgage loans</td>
<td>664</td>
<td>759</td>
<td>95</td>
<td>14.4%</td>
</tr>
</tbody>
</table>
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