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

One of the world’s largest financial institution with global clients, products and global network

Shareholding structure

Citibank Overseas Investment Corporation 75%
Other shareholders 25%

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

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

**1H 2012**
- **Institutional Banking**
  - Revenue stream
- **Retail Banking**
  - Revenue stream
- **Net Income**
  - Net Fee Income
  - Net Interest Income

**Key drivers**:
- Institutional Banking:
  - Customer result
  - Trading
  - AFS
- Retail Banking:
  - Credit cards
  - Investment & insurance products
Diversified revenue stream – key drivers in Institutional Banking

**PLN 1.4 B**

Institutional Banking 59%

1H 2012 Revenue split

- Local Commercial 21%
- Corporate 34%
- Global Subsidiaries 45%

**1H 2012**

**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

**Debt securities**
Polish government bonds and Central Bank bills

1H 2012 IPOs:
- IPO of JSW
- Joint Global Coordinator
- Tender offer on BZ WBK shares
- Joint Global Coordinator
- IPO of GPW
- Joint Global Coordinator

Citi Handlowy
was advising the Mgmt Board of
KGHM Polska Miedź S.A.
with acquisition of Quadra FNX
Diversified revenue stream – key drivers in Retail Banking

- **Credit cards**
  - #1 in transaction volume
  - 23% market share
  - #1 in credit cards loans
  - 19% market share
  - #1 in co-branded cards

- **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%

**1H 2012**

**Retail Banking**

41%
Citi Handlowy – financial results (PLN MM)

### Revenues

<table>
<thead>
<tr>
<th>Year</th>
<th>Institutional Banking</th>
<th>Retail Banking</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>1,144</td>
<td>1,316</td>
<td>2,559</td>
</tr>
<tr>
<td>2011</td>
<td>1,111</td>
<td>1,414</td>
<td>2,427</td>
</tr>
<tr>
<td>1H 2011</td>
<td>1,184</td>
<td>633</td>
<td>1,817</td>
</tr>
<tr>
<td>1H 2012</td>
<td>1,408</td>
<td>835</td>
<td>2,243</td>
</tr>
</tbody>
</table>

**Note:** 19% increase in Retail Banking.

### Expenses

<table>
<thead>
<tr>
<th>Year</th>
<th>Institutional Banking</th>
<th>Retail Banking</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>-1,375</td>
<td>-755</td>
<td>-2,130</td>
</tr>
<tr>
<td>2011</td>
<td>-1,432</td>
<td>-623</td>
<td>-2,055</td>
</tr>
<tr>
<td>1H 2011</td>
<td>-755</td>
<td>-621</td>
<td>-1,376</td>
</tr>
<tr>
<td>1H 2012</td>
<td>-778</td>
<td>-408</td>
<td>-1,186</td>
</tr>
</tbody>
</table>

**Notes:**
- 9% decrease in Institutional Banking.
- 3% decrease in Retail Banking.

### Net profit

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

**Note:** 43% decrease from 2010 to 2011.

### Net impairment losses

<table>
<thead>
<tr>
<th>Year</th>
<th>Institutional Banking</th>
<th>Retail Banking</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>-243</td>
<td>-270</td>
<td>-513</td>
</tr>
<tr>
<td>2011</td>
<td>-776</td>
<td>-97</td>
<td>-873</td>
</tr>
<tr>
<td>1H 2011</td>
<td>-57</td>
<td>-58</td>
<td>-115</td>
</tr>
<tr>
<td>1H 2012</td>
<td>-35</td>
<td>-26</td>
<td>-61</td>
</tr>
</tbody>
</table>

**Notes:**
- 39% decrease in Institutional Banking.
- 39% decrease in Retail Banking.
Liquidity position allowing for assets growth

Loans (PLN B)

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
<th>1H 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate loans</td>
<td>11,6</td>
<td>13,7</td>
<td>14,0</td>
</tr>
<tr>
<td>Retail loans</td>
<td>5,3</td>
<td>5,1</td>
<td>5,2</td>
</tr>
</tbody>
</table>

Corporate deposits

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
<th>1H 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate deposits</td>
<td>20,4</td>
<td>21,7</td>
<td>18,2</td>
</tr>
<tr>
<td>Retail deposits</td>
<td>5,7</td>
<td>6,0</td>
<td>6,1</td>
</tr>
</tbody>
</table>

Net interest margin

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
<th>1H 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Citi Handlowy</td>
<td>4,6%</td>
<td>4,3%</td>
<td>4,4%</td>
</tr>
<tr>
<td>Sector</td>
<td>2,7%</td>
<td>2,8%</td>
<td>2,8%</td>
</tr>
</tbody>
</table>

Loans to deposits ratio

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
<th>1H 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Citi Handlowy</td>
<td>111%</td>
<td>116%</td>
<td>115%</td>
</tr>
<tr>
<td>Sector</td>
<td>57%</td>
<td>63%</td>
<td>77%</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>Citi Handlowy</th>
<th>Sector</th>
<th>Institutional Banking</th>
<th>Retail Banking</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>-270</td>
<td>2.1%</td>
<td>-243</td>
<td>-20</td>
</tr>
<tr>
<td>2011</td>
<td>-97</td>
<td>0.6%</td>
<td>-77</td>
<td>-28</td>
</tr>
<tr>
<td>1H 2012</td>
<td>-35</td>
<td>0.4%</td>
<td>-35</td>
<td>-26</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

- 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

Polish FSA recommended all banks to retain 2008 earnings

50% dividend payout in line with the Polish FSA recommendation

Special dividend (decrease of equity)

*End of year values
Citi Handlowy stock performance in 2012

<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>11.6</td>
<td>30%</td>
</tr>
<tr>
<td>Free float (PLN MM)</td>
<td>2.2</td>
<td>2.9</td>
<td>30%</td>
</tr>
<tr>
<td>P/E</td>
<td>12.5</td>
<td>13.1</td>
<td>5%</td>
</tr>
<tr>
<td>P/BV</td>
<td>1.4</td>
<td>1.7</td>
<td>22%</td>
</tr>
</tbody>
</table>
Another quarter of solid net profit

**NET PROFIT**

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

| Gains on sale of AFS securities | 10 |

**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
**Net interest income**

**Net interest income (PLN MM)**

- **2Q 2011**: 348,1
- **1Q 2012**: 397,9
- **2Q 2012**: 368,8

- **+6%**
- **-7%**

**Net interest margin on total assets**

- **2Q 2011**: 4,0%
- **3Q 2011**: 3,7%
- **4Q 2011**: 3,7%
- **1Q 2012**: 4,4%
- **2Q 2012**: 4,4%

- **Citi Handlowy**
  - **2Q 2011**: 3,2%
  - **3Q 2011**: 3,7%
  - **4Q 2011**: 4,0%
  - **1Q 2012**: 4,4%
  - **2Q 2012**: 4,4%

- **Sector**
  - **2Q 2011**: 2,8%
  - **3Q 2011**: 2,8%
  - **4Q 2011**: 2,8%
  - **1Q 2012**: 2,8%
  - **2Q 2012**: 2,8%

**QoQ**

- **12%**
  - Debt securities
- **2%**
  - Customer activity
Corporate, commercial & retail loans

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

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

Retail deposits

- 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
- Other -30% YoY +62% QoQ
- Payment orders & cash management -5% YoY -4% 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

Net fee and commission income maintained at a stable level

167.6
-10%

152.1
-1%

151.2
-2%

Corporate Banking 43%
Retail Banking 57%
## Treasury result

### Treasury result (PLN MM)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Gains on AFS securities sale</th>
<th>Trading and result on customer activity</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2Q 2011</td>
<td>10,1</td>
<td>45,7</td>
<td>55,8</td>
</tr>
<tr>
<td>1Q 2012</td>
<td>117,0</td>
<td>101,0</td>
<td>218,0</td>
</tr>
<tr>
<td>2Q 2012</td>
<td>72,9</td>
<td>46,1</td>
<td>119,0</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Cost/Income</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>+1%</td>
<td>+11%</td>
</tr>
<tr>
<td>Retail Banking</td>
<td>76%</td>
<td>86%</td>
<td>67%</td>
<td>-22%</td>
<td>-10%</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

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

2. Provision coverage ratio at a high level of 80%

3. 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

Net impairment losses (PLN MM)

Non-performing loans ratio (NPL)

Provision coverage ratio
Liquidity and capital adequacy – stable and safe position

Capital adequacy ratio vs. equity level

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Equity (PLN B)</th>
<th>Capital Adequacy ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>2Q 2011</td>
<td>6.1</td>
<td>18.0%</td>
</tr>
<tr>
<td>3Q 2011</td>
<td>6.2</td>
<td>16.5%</td>
</tr>
<tr>
<td>4Q 2011</td>
<td>6.4</td>
<td>16.4%</td>
</tr>
<tr>
<td>1Q 2012</td>
<td>6.8</td>
<td>18.0%</td>
</tr>
<tr>
<td>2Q 2012</td>
<td>6.7</td>
<td>18.3%</td>
</tr>
</tbody>
</table>

Loans to deposits ratio: Bank vs. banking sector

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Citi Handlowy</th>
<th>Sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>2Q 2011</td>
<td>115%</td>
<td></td>
</tr>
<tr>
<td>3Q 2011</td>
<td>117%</td>
<td></td>
</tr>
<tr>
<td>4Q 2011</td>
<td>116%</td>
<td></td>
</tr>
<tr>
<td>1Q 2012</td>
<td>115%</td>
<td></td>
</tr>
<tr>
<td>2Q 2012</td>
<td>115%</td>
<td></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>(in thousands)</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>Operating accounts</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></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></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>Co-brand cards</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>PayPass cards</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>Deposits</td>
<td>6,081</td>
<td>6,113</td>
<td>32</td>
<td>0.5%</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>Saving accounts</td>
<td>2,535</td>
<td>2,507</td>
<td>(28)</td>
<td>(1.1%)</td>
</tr>
<tr>
<td>Loans</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>
Katarzyna Otko-Dąbrowska  
Investor Relations Head  
e-mail: katarzyna.otkodabrowska@citi.com 
tel: +48 (22) 692 91 37

Katarzyna Tatara  
Investor Relations Analyst  
e-mail: katarzyna.tatara@citi.com 
tel: +48 (22) 657 74 16