

**BANK HANDLOWY W WARSZAWIE S.A.**  
**2Q 2011 consolidated financial results**

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August 2011

**EFFICIENCY**

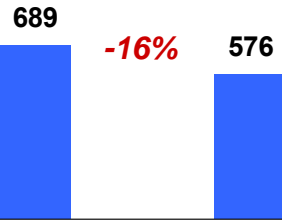
**BUSINESS MODEL**

**INNOVATION**

**QUALITY**

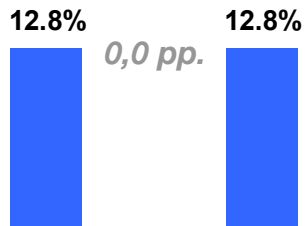
**Second quarter of 2011 – summary**

Revenue (PLN MM)



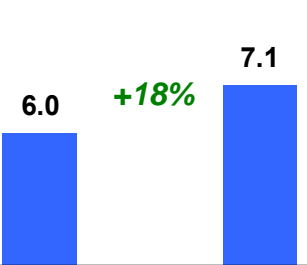
2Q 2010      2Q 2011

ROE



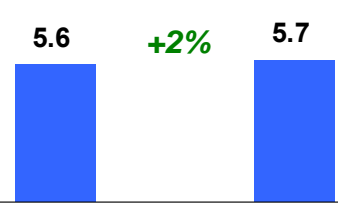
2Q 2010      2Q 2011

Corporate loans (PLN B)



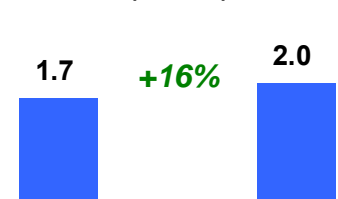
2Q 2010      2Q 2011

Corporate demand deposits (PLN B)



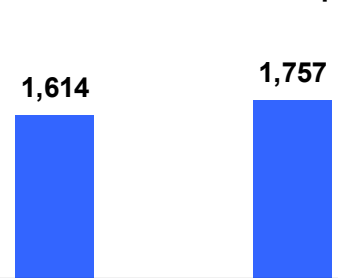
2Q 2010      2Q 2011

Retail demand deposits (PLN B)



2Q 2010      2Q 2011

Number of customer touchpoints



2Q 2010      2Q 2011

Elite credit card - MasterCard World Signia Ultime



The first Payment Travel Card in Wrocław



The first Payment Travel Card in the Tri-city



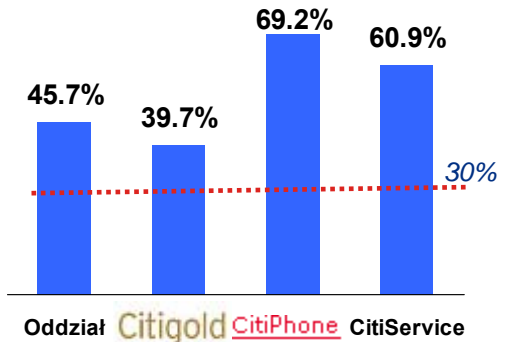
Opening of the first R&D Center in the Polish banking sector



Improvement of quality perceived by customers – 2011 goal



NPS ratios in 2Q 2011 significantly above financial sector benchmark (30%)



**EFFICIENCY**

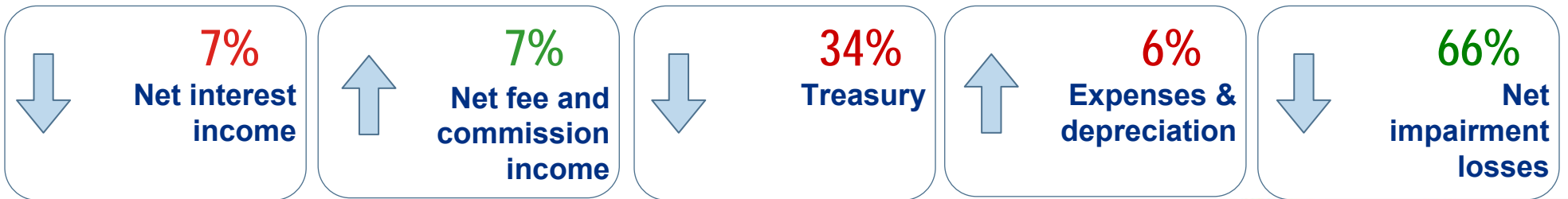
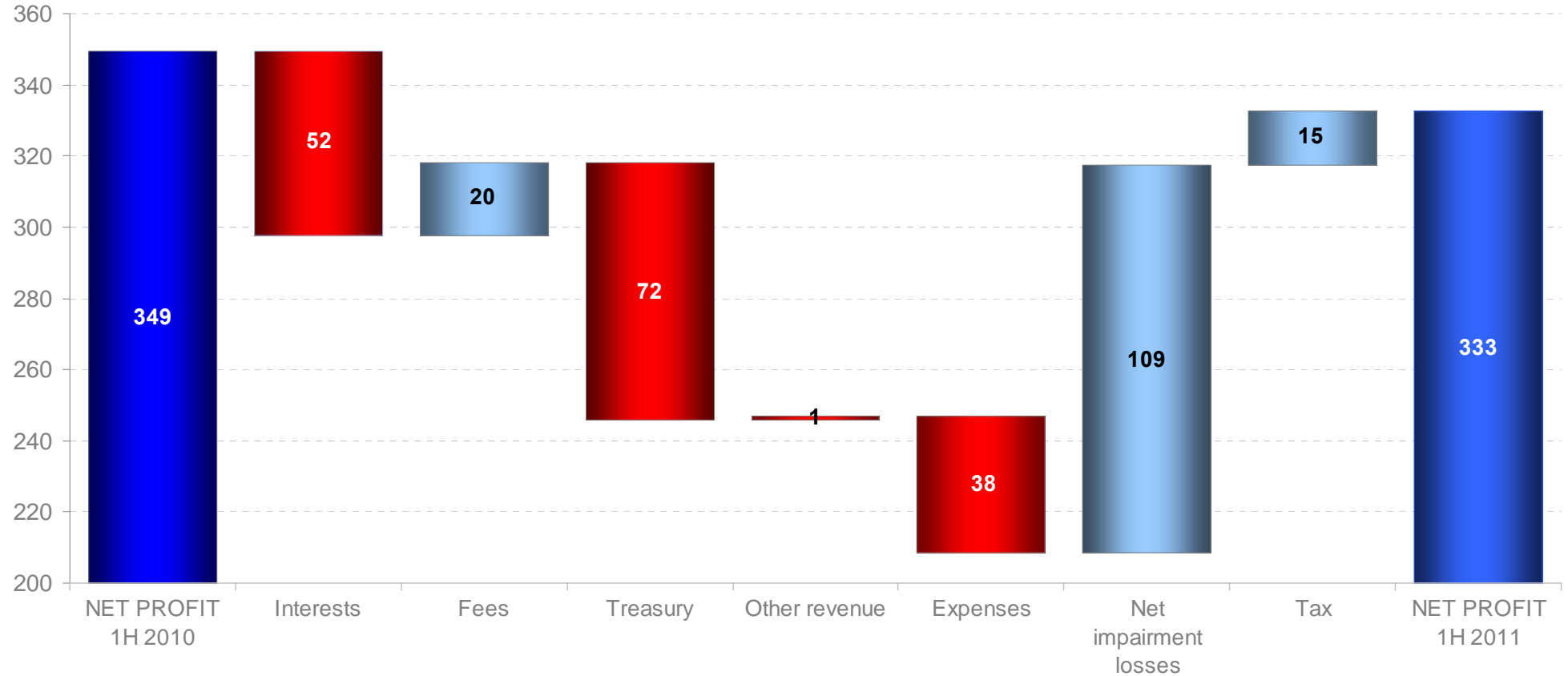
**BUSINESS MODEL**

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**QUALITY**

# Net profit 1H 2011 vs. 1H 2010

/PLN MM/



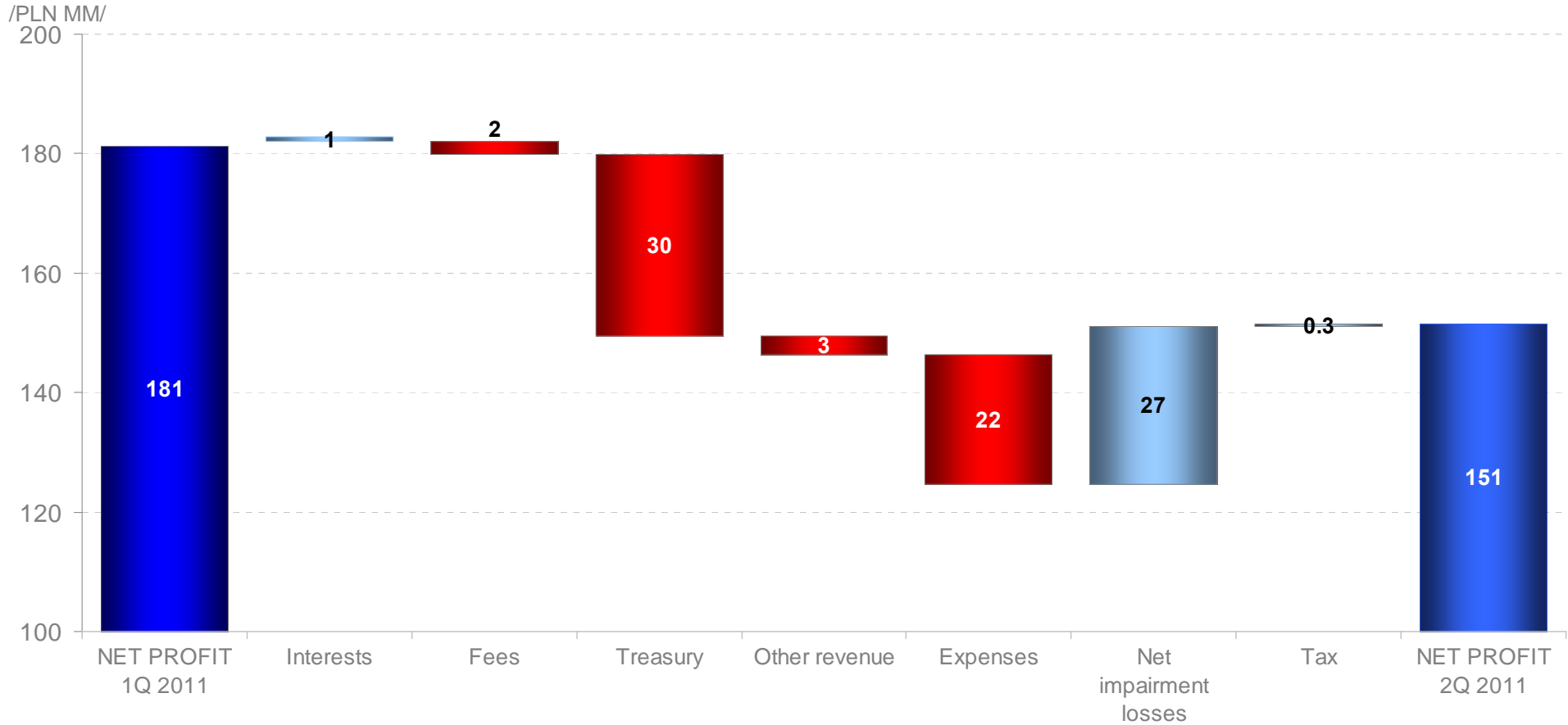
**EFFICIENCY**

**BUSINESS MODEL**

**INNOVATION**

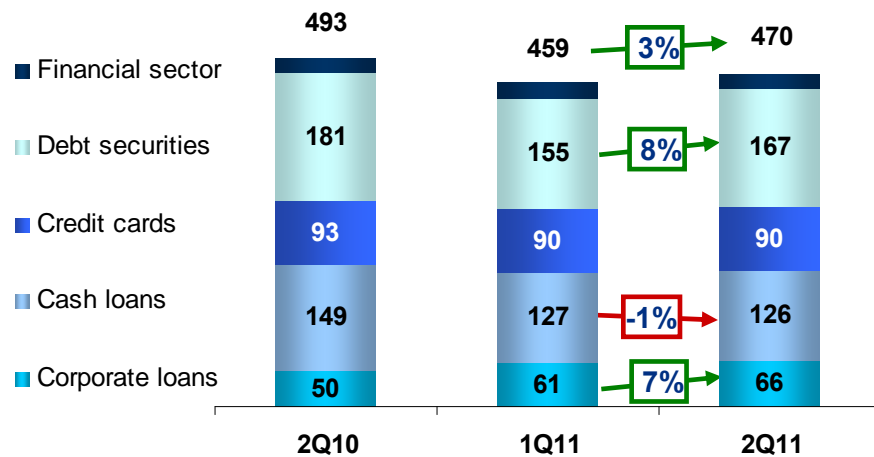
**QUALITY**

# Net profit 2Q 2011 vs. 1Q 2011

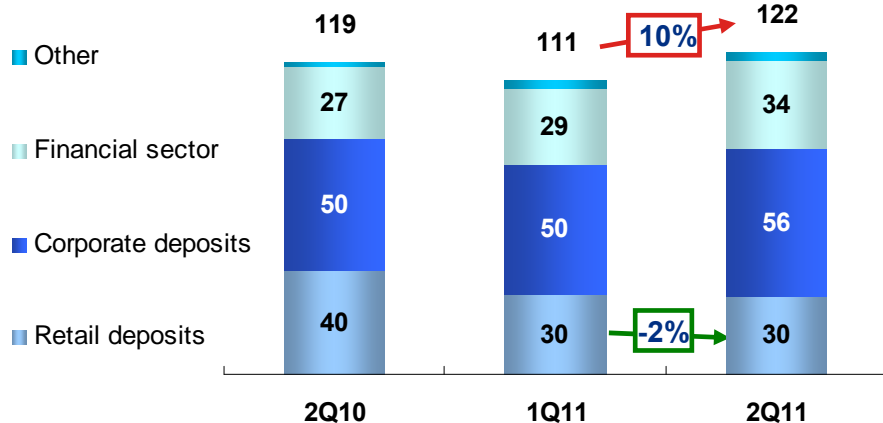


# Interest margin under pressure

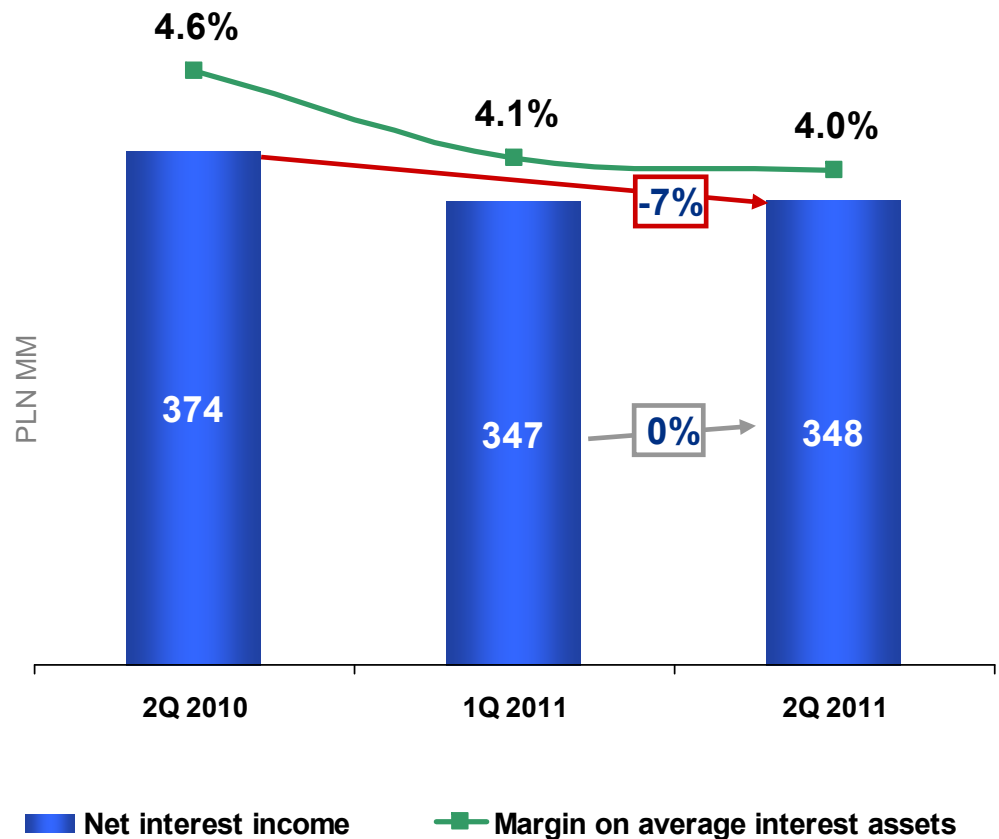
Interest income (PLN MM)



Interest expenses (PLN MM)

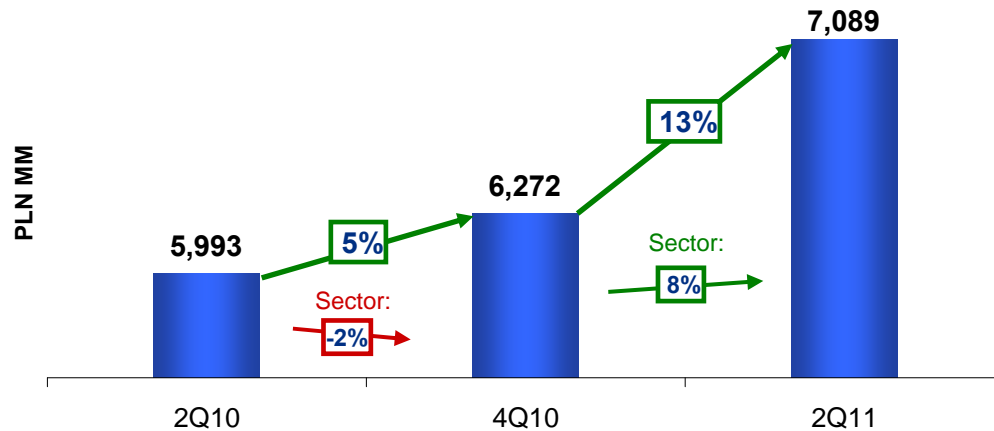


Still one of the highest margins in the sector



# Loans – corporate banking volumes still in the upward trend

## Corporate loans

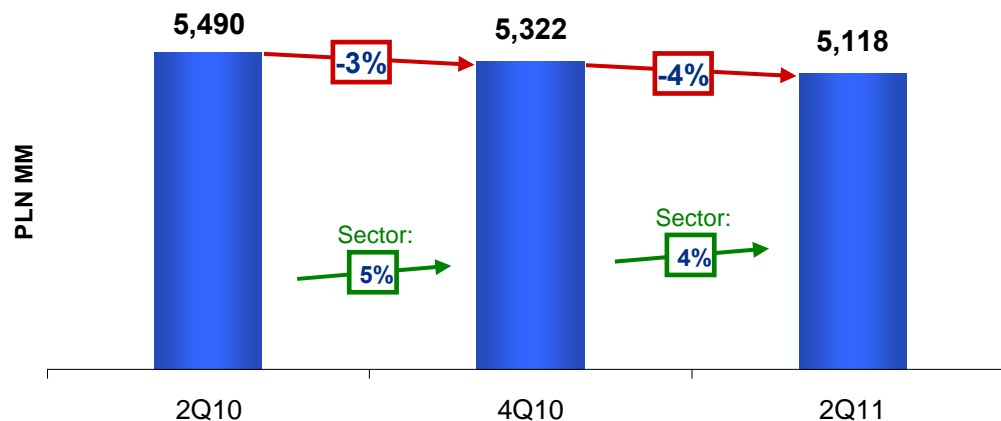


↑ 13%

Significant growth of corporate loans in 1H 2011

*Growth beating the sector dynamics*

## Retail loans



↓ 4%

Decrease of retail loans

*More stringent credit policy criteria  
(implementation of T Recommendation)*

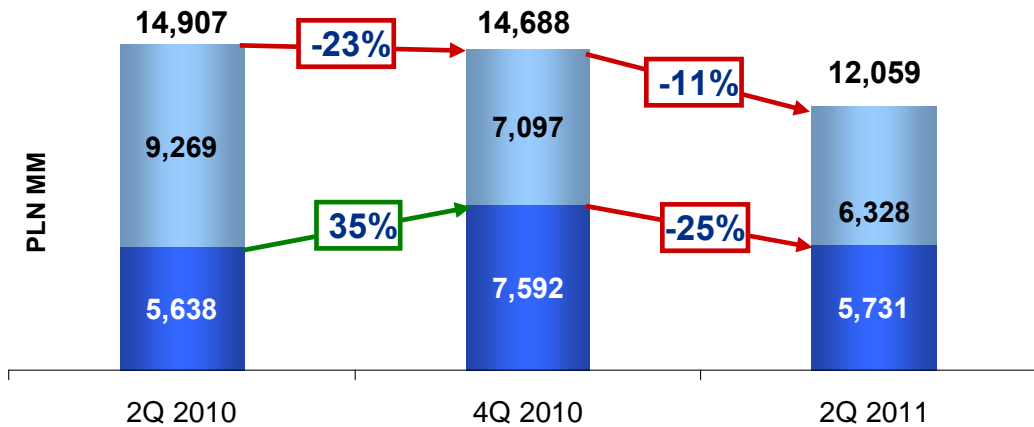
↑ 35%

Increase of mortgage loans' balance to PLN 431 MM

*Growth in the sector: +8%*

## Deposits – focus on operating accounts

### Corporate deposits

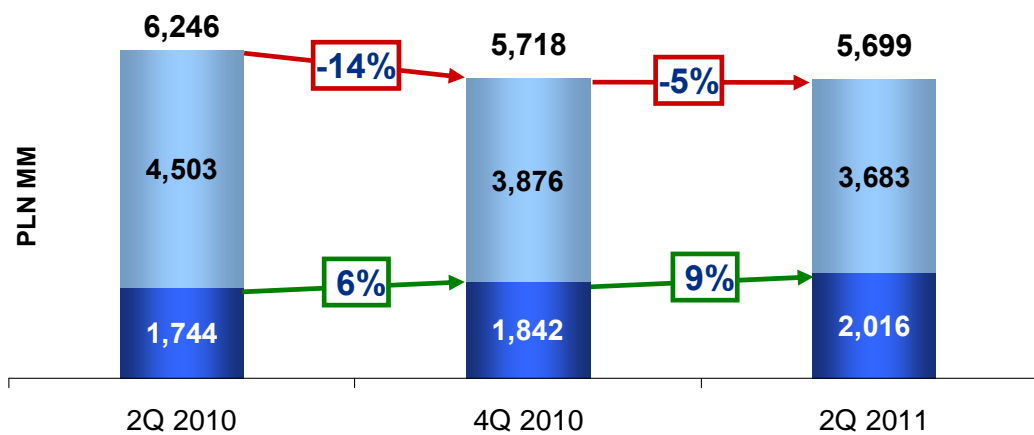


↓ 25%

Drop of demand deposits in 1H 2011, however there was a growth as compared to 2Q 2010

*Seasonal decrease, in line with market trend (-4%)*

### Retail deposits



↑ 9%

Growth of demand deposits in 1H 2011

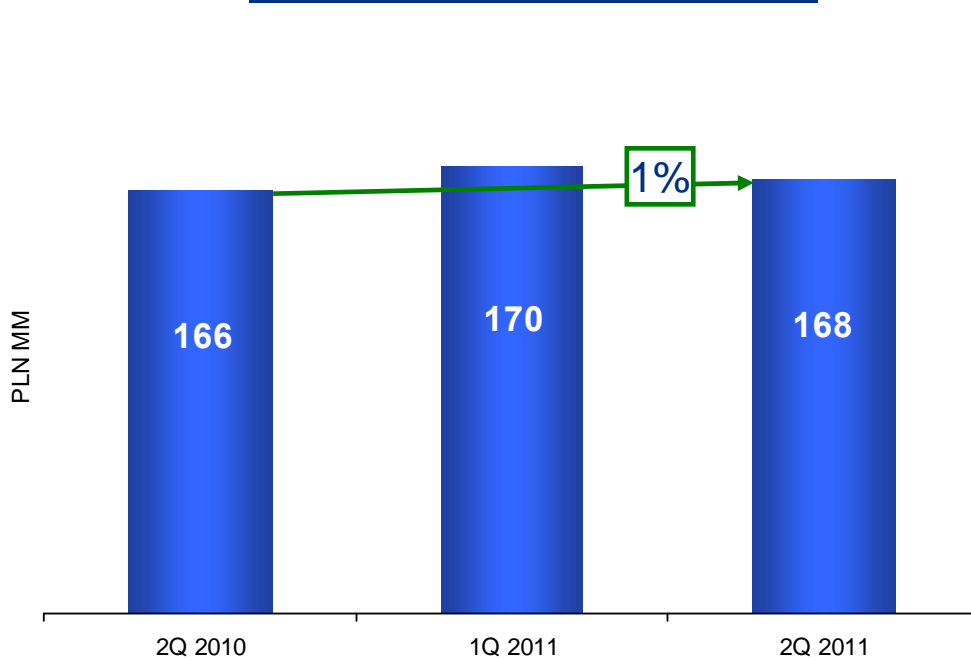
*Effect of focus on operating accounts  
Growth beating the sector dynamics (+5%)*

■ Demand deposits

■ Time deposits

# Stable net fee and commission income

Net fee and commission income



**44%**  
(2Q 2011/ 2Q 2010)

## Brokerage

**DMBH market share: 10%**  
*Value of equity turnover*

Market position

# 2

**9%**  
(2Q 2011/ 2Q 2010)

## Custody services

**Citi Handlowy market share: 41%**  
*Value of assets under custody*

# 1

**2%**  
(2Q 2011/ 2Q 2010)

## Credit and payment cards

**Citi Handlowy market share<sup>1</sup>: 22%**  
*Value of transactions*

# 1

*Sales of cards higher by 50% than average sales in 4 recent quarters*

Key transactions of 2Q 2011

### Initial Public Offering



PLN 5.37 B

### Syndicated loan



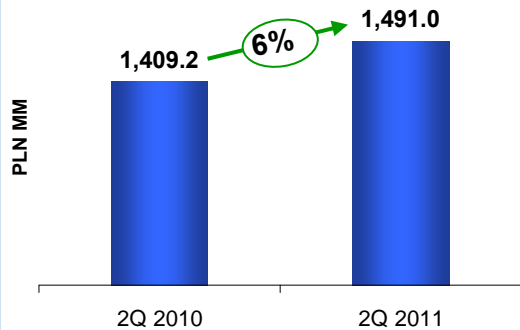
EUR 2.6 B

<sup>1</sup> Data for 1Q 2011

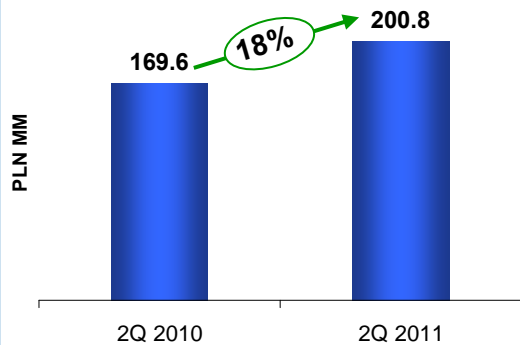


# Breakdown of net fee and commission income

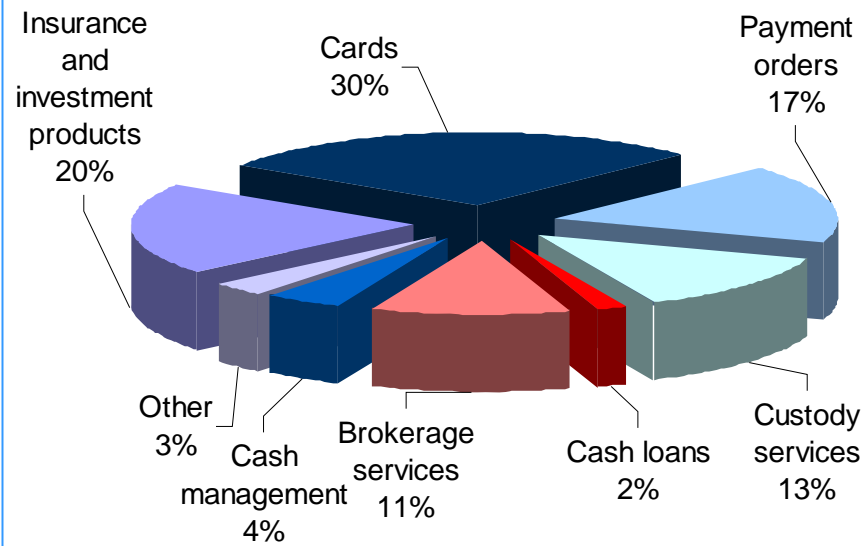
## Credit cards – retail sales



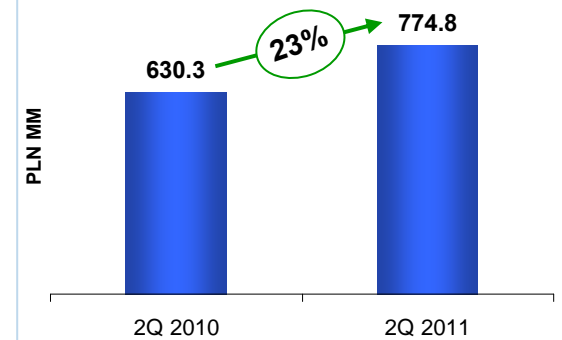
## Credit cards – international sales



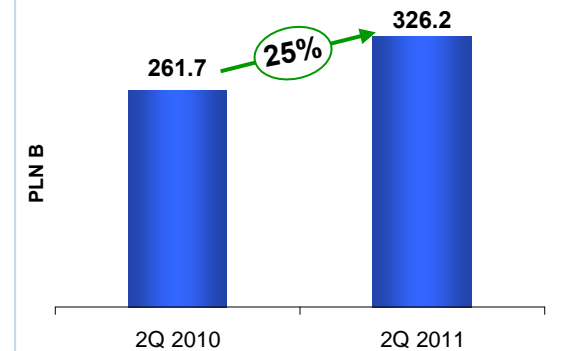
## Net fee & commission income



## Investment products' sales



## Assets under custody



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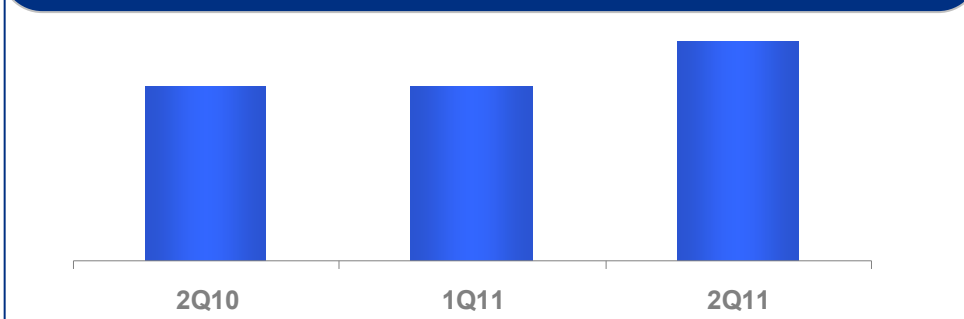
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# Treasury

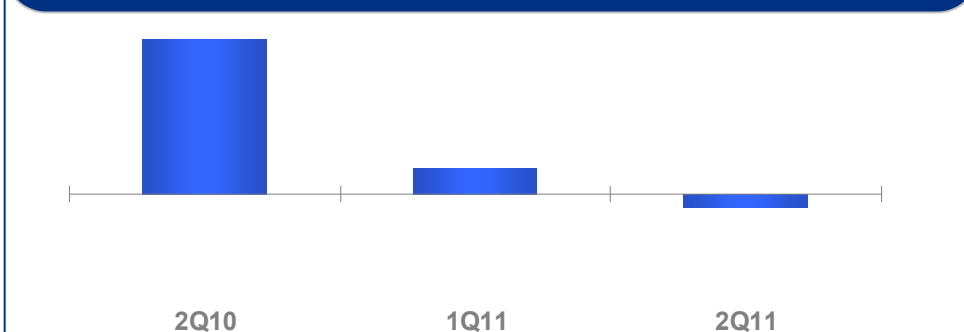
## Income from Treasury



## Income on customer activity



## Proprietary management



## Leading position on the FX market

#1

*In the category of FX trading with corporate clients according to the ranking published by Euromoney*

+24% YoY

*growth in the volume of FX transactions with corporate clients*

## CitiFX Pulse – third generation platform



75%

*share of online transactions in total FX transactions concluded through the platform*

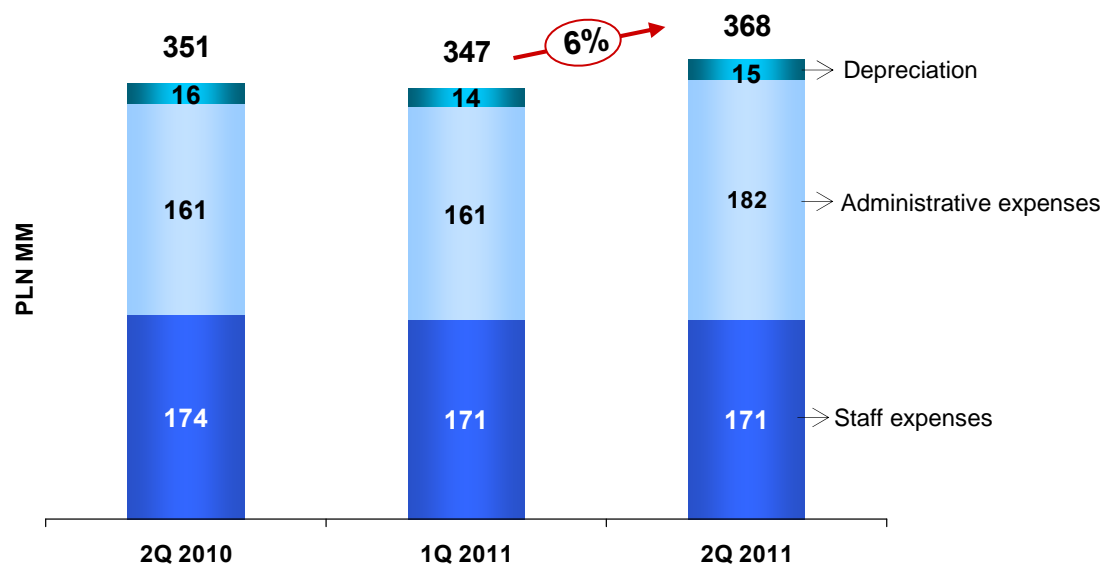
### 'Order' transactions

*Citi Handlowy was the first bank on the market that offered possibility to place 'currency buy' or 'currency sell' order under the specified FX rate*

Pro – forma data, scales on charts are not comparable

# Growth of expenses as a result of expansion of business

## General administrative expenses and depreciation



**↑ 5% YoY**

Increase of expenses in 2Q 2011:

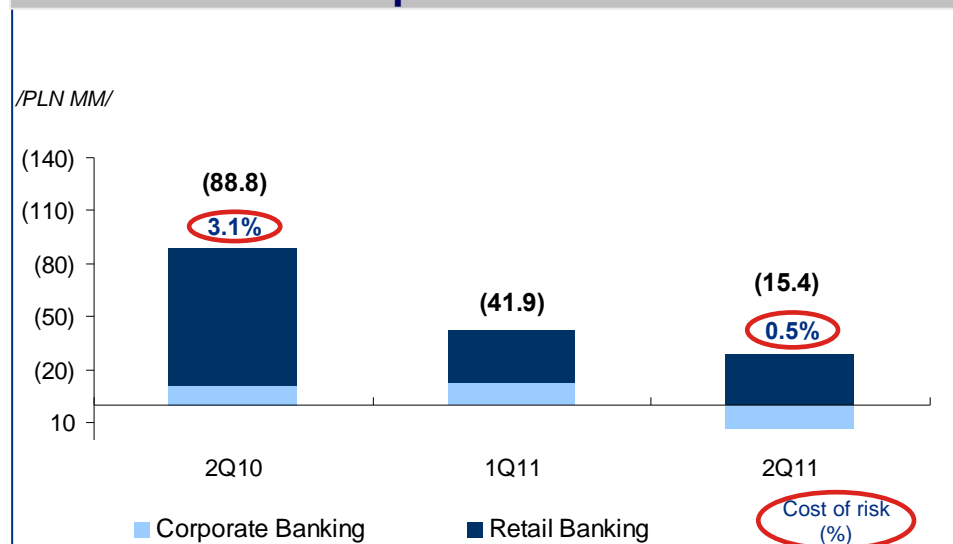
*Increase mainly in retail banking as an effect of:*

- *higher costs of sales agencies following increased acquisition of credit cards,*
- *higher spending on marketing and advertising (campaign promoting operating accounts and credit cards - Citibank MasterCard World and Travel Payment Cards).*

<u>Cost / Income</u>	2Q10	1Q11	2Q11	Change (QoQ)
Corporate Banking	42%	45%	54%	↑
Retail Banking	62%	72%	74%	↑
Bank	51%	57%	64%	↑

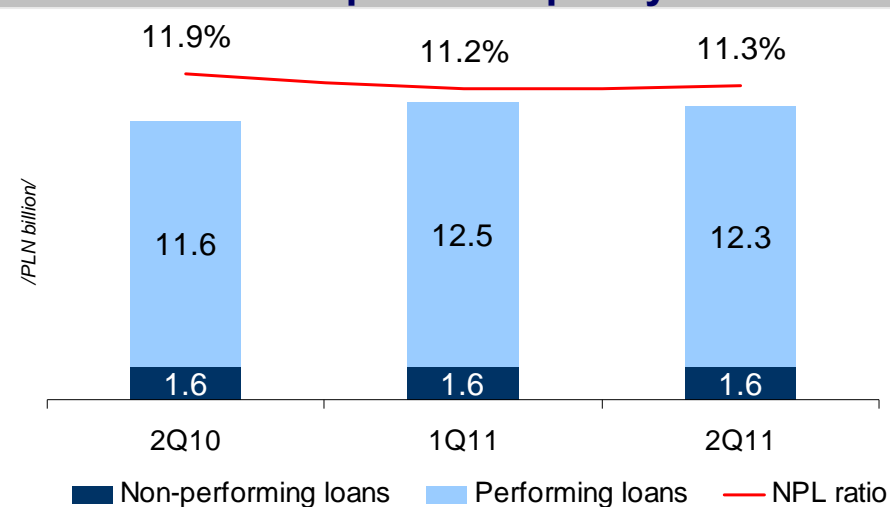
## Decrease of credit risk costs

### Net impairment losses



<u>Net impairment losses (PLN MM)</u>	2Q10	1Q11	2Q11	Change YoY
<b>Corporate Banking</b>	(10.7)	(12.3)	<b>13.5</b>	↓
<b>Retail Banking</b>	(78.1)	(29.6)	<b>(28.9)</b>	↓

### Loan portfolio quality



<u>NPL ratio</u>	2Q10	1Q11	2Q11	Change YoY
<b>Corporate Banking</b>	12.9%	9.8%	<b>9.2%</b>	↓
<b>Retail Banking</b>	11.6%	13.9%	<b>14.5%</b>	↑
<b>Non-banking sector</b>	11.9%	11.2%	<b>11.3%</b>	↓

- Retail Banking: Further decline of net impairment losses coupled with slower growth of impaired loans
- Corporate Banking: Improvement of loan portfolio quality along with drop of net impairment losses thanks to stabilization of customers' financial standing

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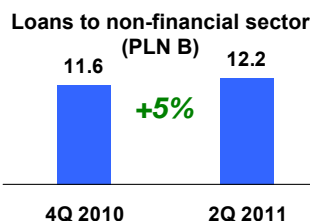
## Citi Handlowy's priorities for 2011

### 2011 Priorities

### 1H 2011 - execution

### 2H 2011 - plans

- **Volumes – focus on growth of loans**  
*(corporate – double digit increase; retail – double digit increase propped up by mortgage loans and credit cards)*

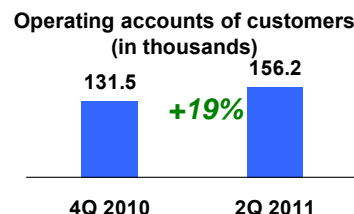


corporate +13%  
mortgage +35%  
credit cards -4%

33 thousand credit cards acquired in 1H 2011

- **Volumes**  
- corporate – further growth  
- retail – higher sales of credit cards – 50 thousand cards to be acquired in 2H 2011

- **Operating account:**  
*increase in the number of operating accounts (both retail and corporate)*



corporate +1%  
retail +19%

57 thousand retail accounts acquired in 1H 2011

- **Operating account:**  
- 43 thousand retail accounts to be acquired in 2H 2011  
- 500 corporate accounts to be acquired in 2H 2011

- **Investment Banking:**  
*participation in key transaction on the capital market*



- **Investment Banking:**  
*participation in a few public offerings and M&A transactions*

**Innovations:** 10% increase of gross income from innovations



**Quality:** 80% of customers will notice a positive change



## Appendix

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## Retail banking operational data

(in thousands)	2Q 2010	1Q 2011	2Q 2011	change YoY	% change YoY
<b>Current accounts including:</b>	607	605	628	21	4%
Operational accounts	114	139	154	40	35%
<b>Saving accounts</b>	199	214	218	18	9%
<b>Credit cards including:</b>	951	884	871	(79)	(8%)
co-brand cards	542	485	484	(58)	(11%)
<b>Debit cards including:</b>	457	458	469	12	3%
PayPass cards	76	235	270	193	253%

## Retail banking volumes

(PLN million)	1Q 2011	2Q 2011	change QoQ	% change QoQ
<b>Deposits</b>	5,855	5,699	(156)	(3%)
<b>demand deposits including:</b>	4,460	4,504	44	1%
volumes on savings accounts	2,531	2,461	(70)	(3%)
<b>time deposits</b>	1,395	1,195	(200)	(14%)
<b>Loans</b>	5,133	5,118	(15)	(0%)
<b>credit cards</b>	2,248	2,277	30	1%
<b>cash loans</b>	2,425	2,323	(102)	(4%)
<b>mortgage loans</b>	360	431	71	20%