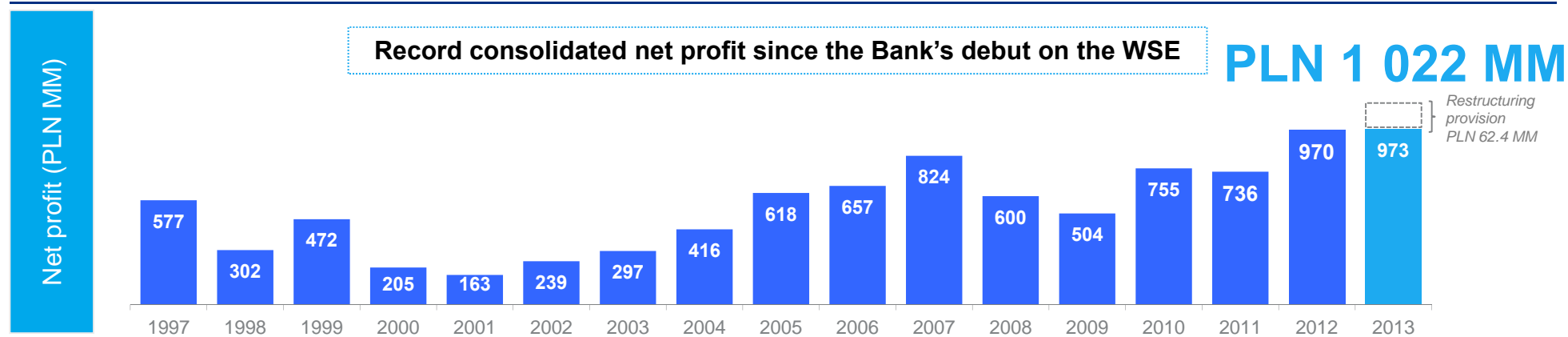


**BANK HANDLOWY W WARSZAWIE S.A.**  
**2013 preliminary consolidated financial results**

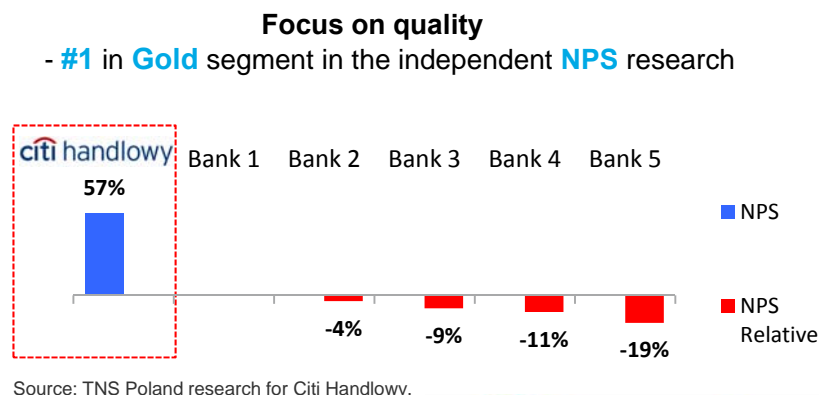
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February 10th, 2014

# Summary of 2013 in Citi Handlowy



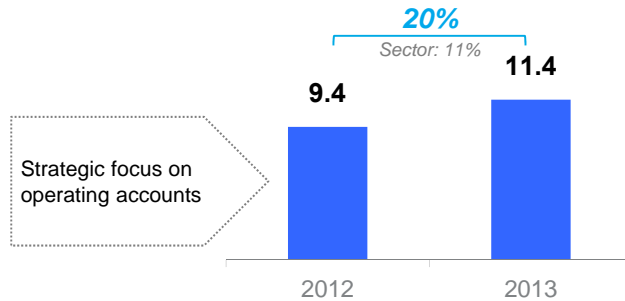
- Innovation & quality**
- Transform to innovate**  
– **Smart Banking Ekosystem** development
- **Branches transformation:** Smart branches opened in Katowice and Warsaw in 2013. **Further openings in Wrocław and Poznań in 1Q 2014**
  - **Efficiency & quality:** **15 minutes** to open an account with a debit card vs. 45 minutes in the traditional branch; **45 minutes** to issue a credit card (120 minutes in the traditional branch) **70-80%** of transactions offloaded to self-service channels
  - **Digitization:** CitiHandlowy for iPad; new innovative investment platform CitiFX Pro, new partners in FotoKasa in January 2014 – **Play** and **Energa**



# Corporate Banking – leader in strategic areas

Transaction Banking

Cash management – consistent **growth of demand deposits** (PLN B)

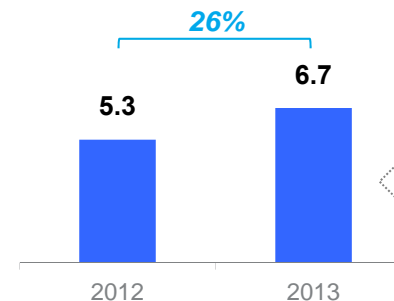


Strategic focus on operating accounts

#2 in Poland in the ranking of transaction banking  
**Euromoney Cash Management Survey 2013**



Trade finance products development – factoring turnover growth (PLN B)



Factoring products and technology solutions development (Citi Trade Portal platform)

Emerging Markets Champions

241 global companies investing with Citi Handlowy in Poland



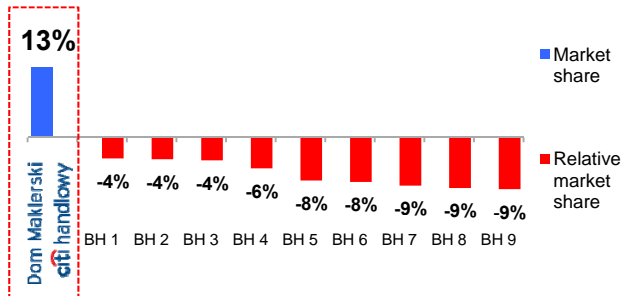
31 Polish companies investing with Citi Handlowy all over the world



Capital markets

#1 in equity turnover on the WSE

Brokerage houses' share in session trades in 2013



#1 in the value of capital raised (ECM)\*

Key transactions on the capital market in 2013

Bank Pekao	Bank Pekao	Bank Pekao	Bank Pekao
Accelerated book-building	Accelerated book-building	Secondary Public Offering	Initial Public Offering
citi handlowy Global Coordinator	citi handlowy Joint Bookrunner	citi handlowy Global Coordinator	citi handlowy Joint Bookrunner
PLN 5.2 B	PLN 3.7 B	PLN 4.9 B	PLN 2.4 B
-January 2013-	-February 2013-	-March 2013-	-December 2013-

#1 in non-Treasury bonds turnover

on all Catalist markets in 2013



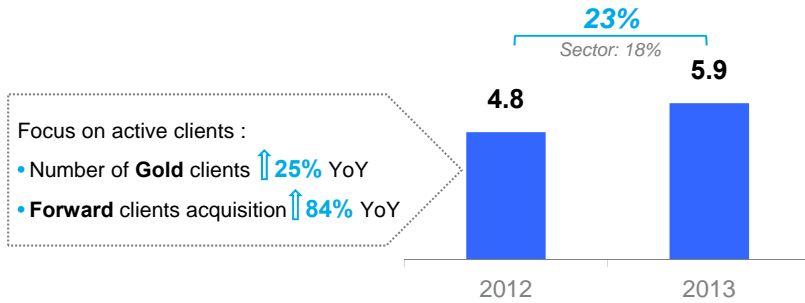
\* In the ranking of Bloomberg and Dealogic.



# Retail Banking – restructure to innovate

## Relationship Banking

Consistent growth of demand deposits (PLN B)



Focus on active clients :

- Number of **Gold** clients ↑ 25% YoY
- **Forward** clients acquisition ↑ 84% YoY

Innovative solutions for clients – global services

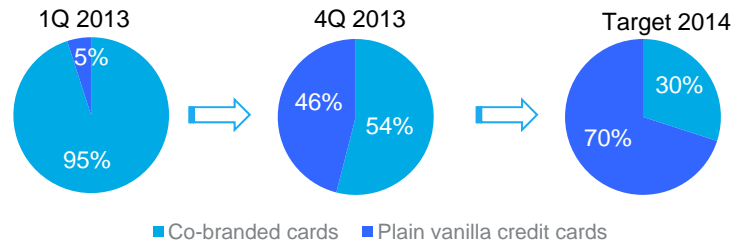
Global citizen	CitiGold global status recognition	✓
	X-border account opening	2013
Global traveller	Citi Global Transfers Outgoing	2013
	Free ATM withdrawals overseas	✓
	CitiGold global access	2013
Global investor	Debit card linkage to EUR/USD/GBP	2013
	Dealer FX (available on phone)	2013
	Citi FX Pro	2013
	Offshore funds with investment advisory	2013

2013 Services launched in 2013

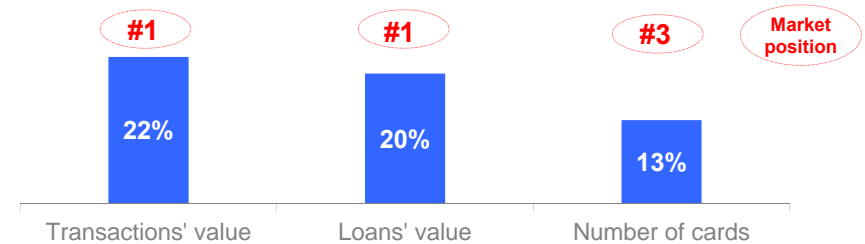
✓ Services launched before 2013

## Credit cards

Credit cards acquisition structure – proactive activities in response to regulation changes

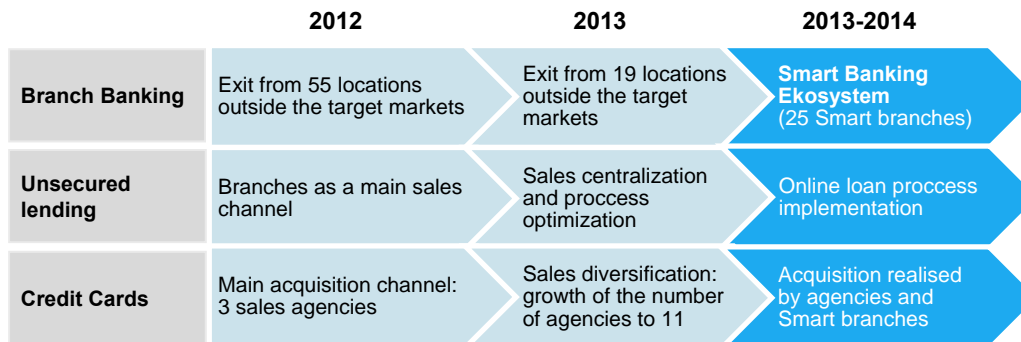


Leading position maintained – share in credit cards market



## Smart Banking Ecosystem

Transformation towards innovative banking model



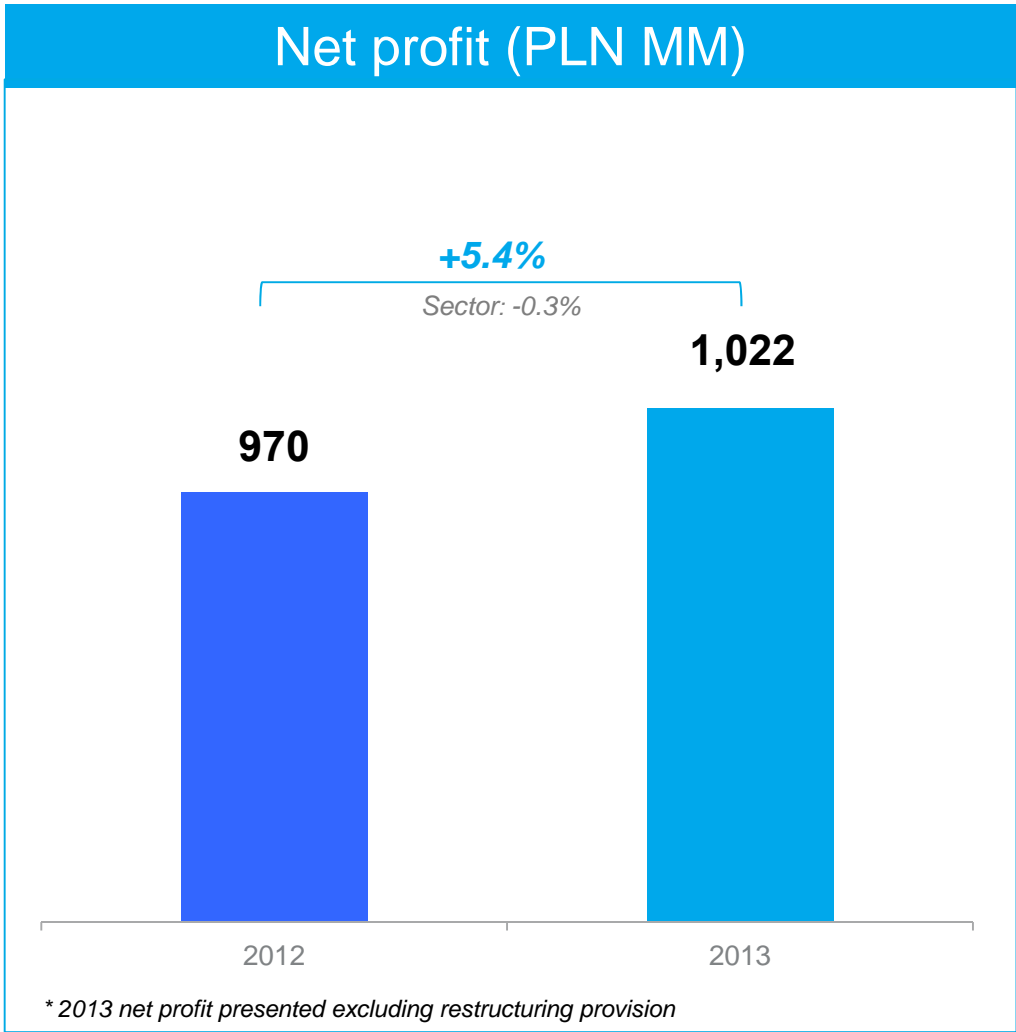
Clients acquisition in Smart branches

	Smart branch	Traditional branch
NTB ratio*	57%	11%
OTB ratio**	43%	89%

\* New to bank customers

\*\* Old to bank customers

# Another year of solid net profit



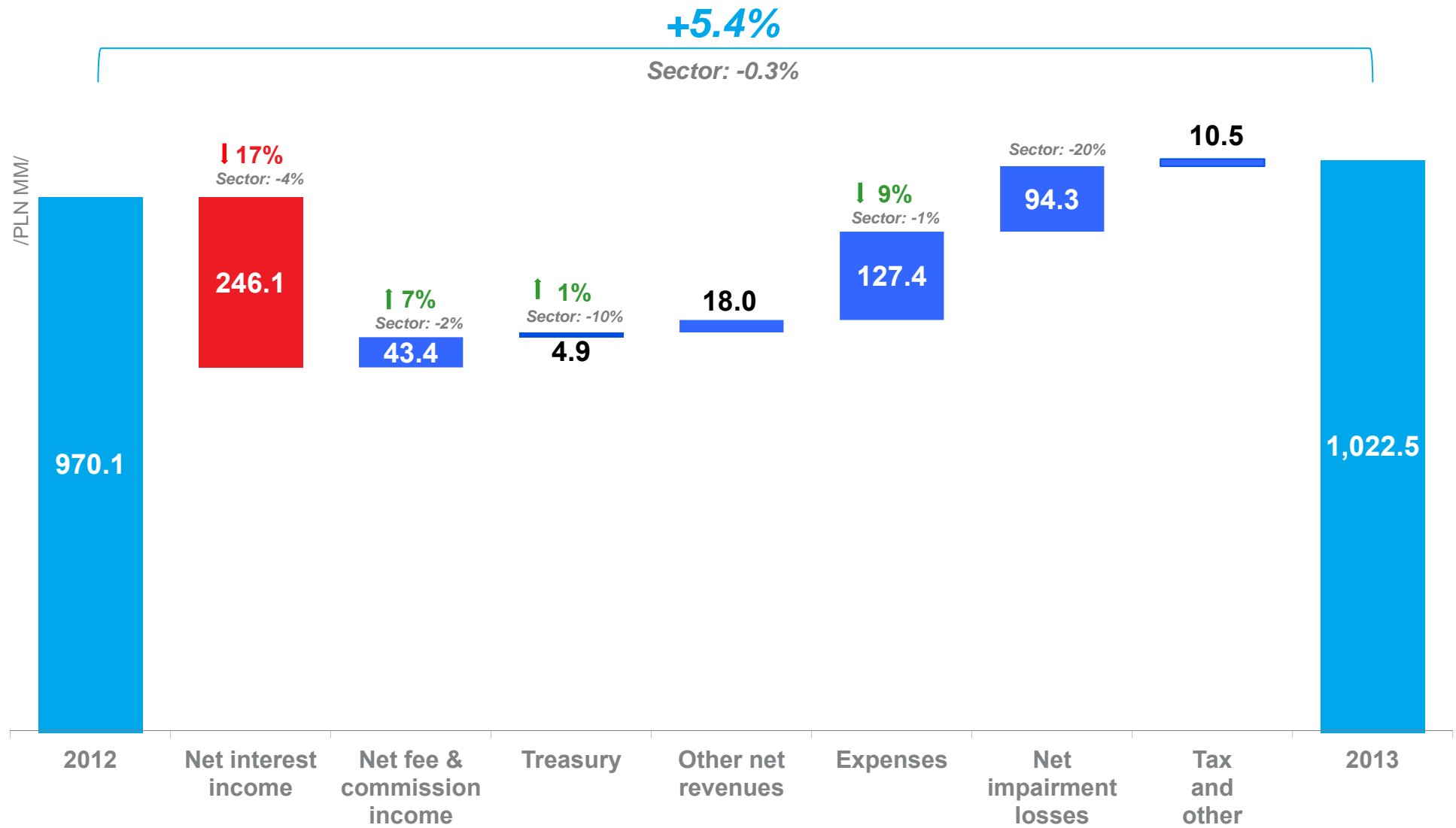
### Key financial ratios in 2013

	Bank		Sector
	Excluding provision of PLN 62.4 MM	Including provision of PLN 62.4 MM	
ROA	2.3%	2.1%	1.1%
ROTE	20.0%	19.0%	10.5%
ROE	16.0%	15.3%	10.3%
Cost/Income	51%	54%	53%
Loans/Deposits	64%	64%	108%
Tier 1	17.5%	17.5%	14.2%
NPL	7.0%	7.0%	7.5%

\* NPL for the sector based on NBP data as at November, 30, 2013

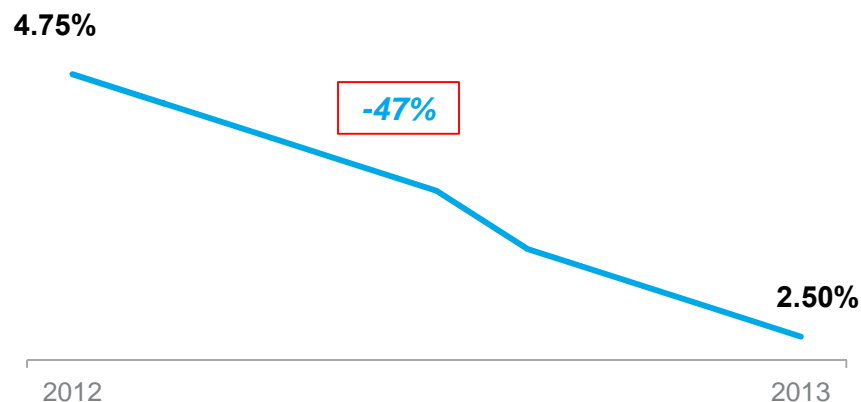
▶ High efficiency of the Bank – ratios better than the sector and strategic targets

# Net profit in 2013 vs. 2012

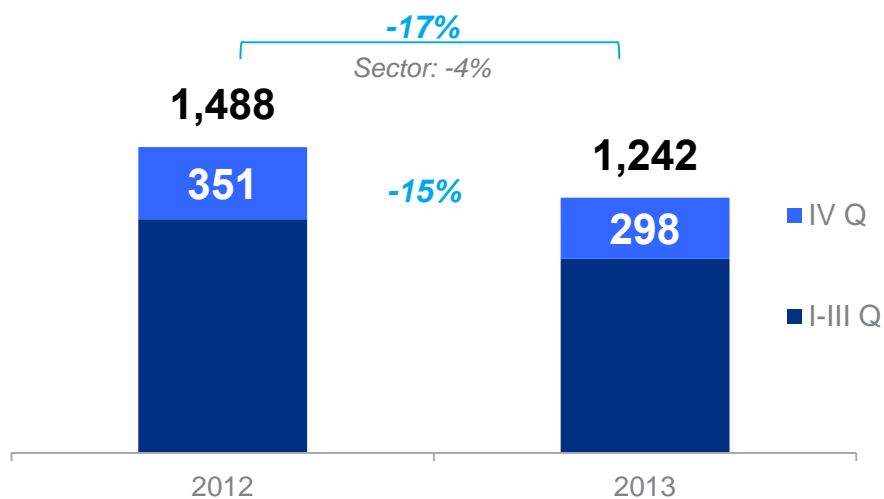


# Net interest income reflecting interest rates decrease

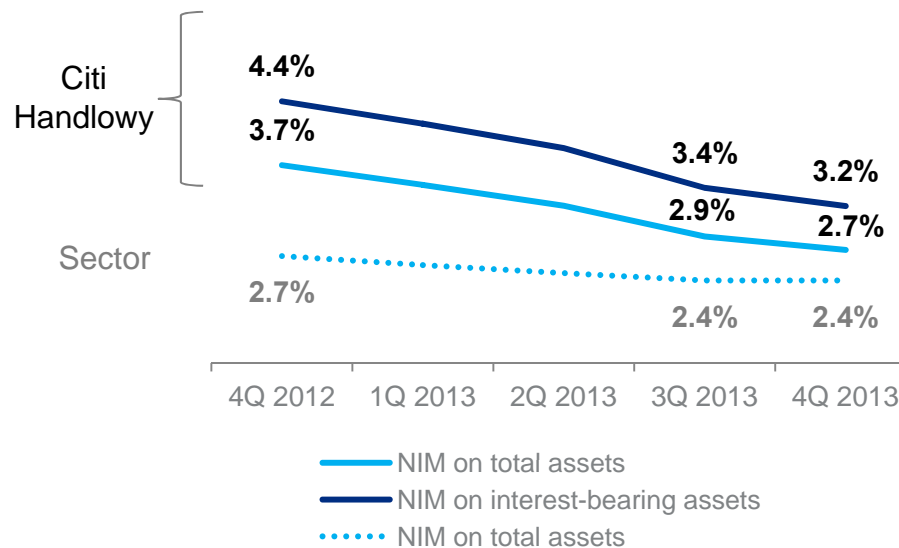
Central Bank reference rate



Net interest income (PLN MM)



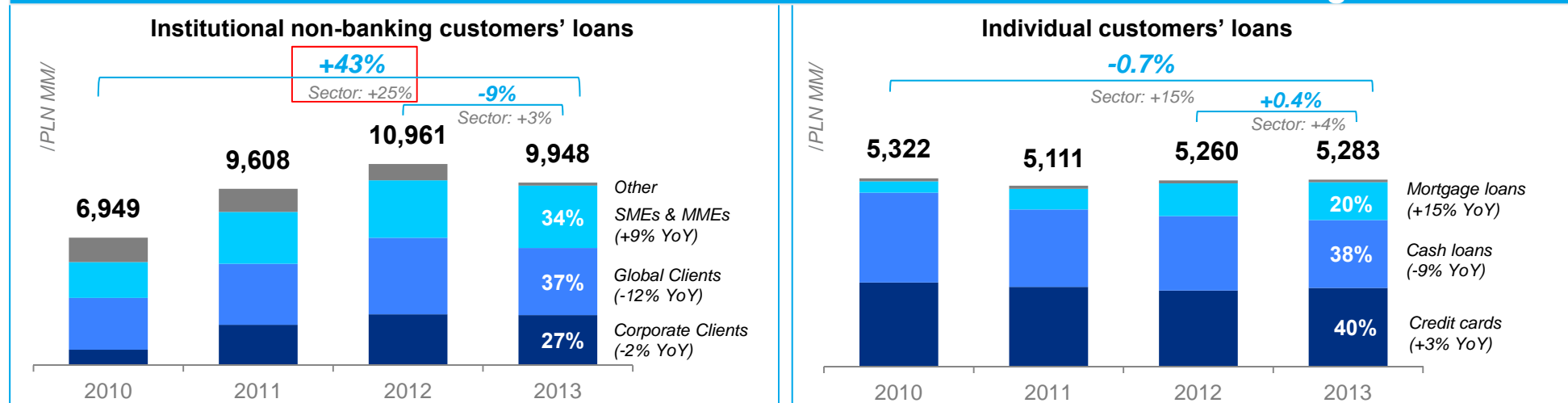
Net interest margin (NIM) - Bank vs. sector



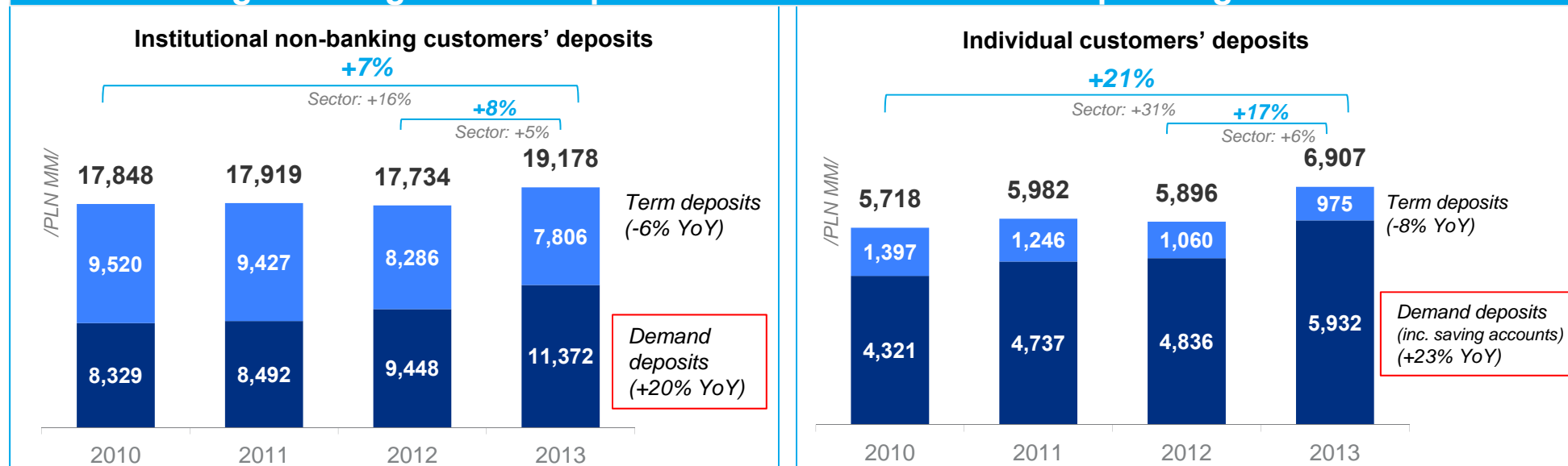
- Slowdown in negative dynamics of net interest income in 4Q 2013 (-15% YoY and -3% QoQ)
- The decrease of Bank's net interest income in 2013 vs. 2012 significantly lower than interest rates reduce
- Net interest margin still significantly above the market despite the decline to 2.7%

# Customer volumes

## Growth in loans in the environment of limited demand for financing



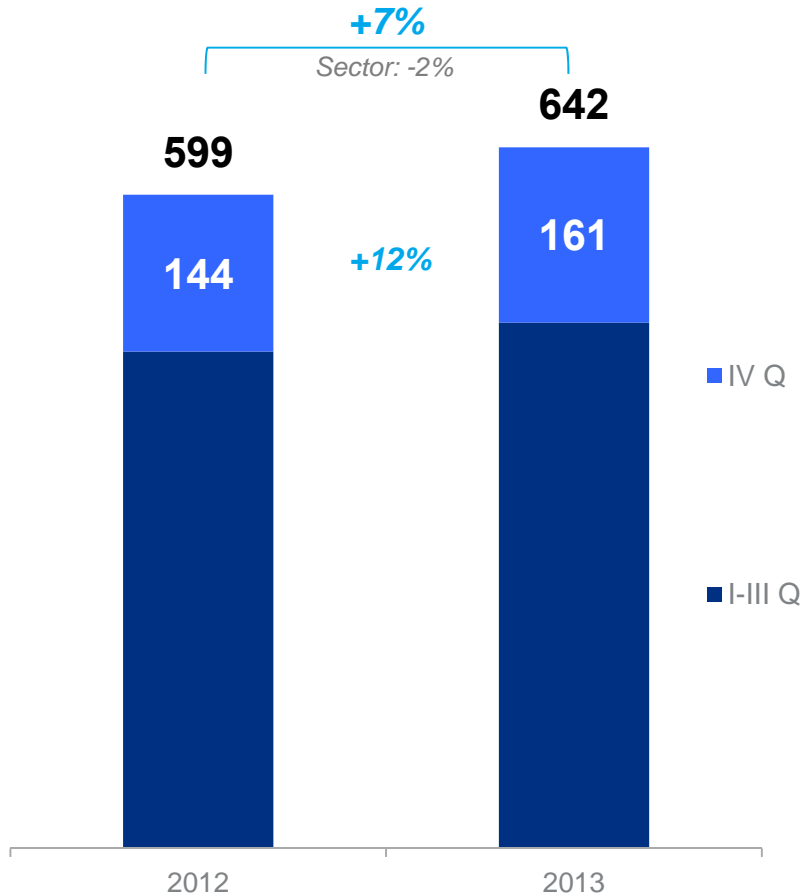
## Significant growth in deposits as a result of focus on operating accounts



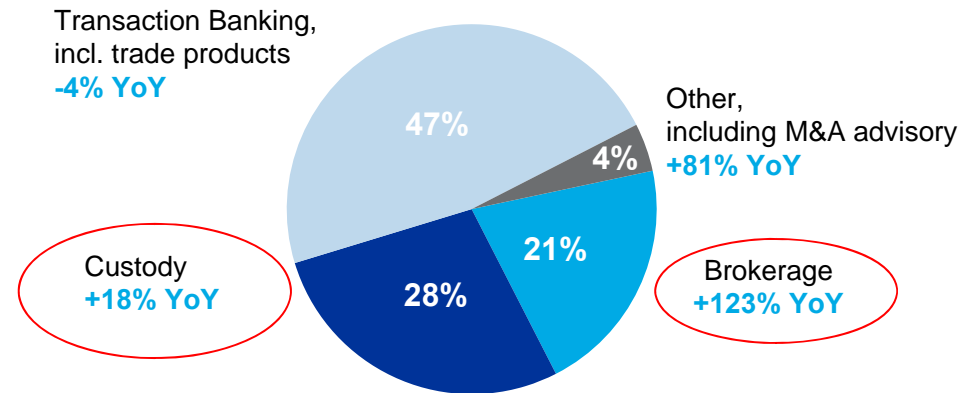


# Net fee & commission income – increase driven by the capital markets

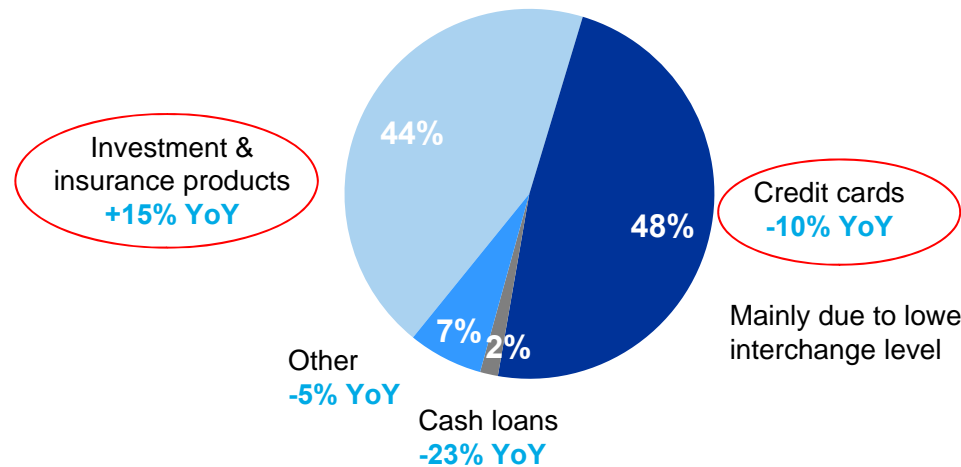
Net fee & commission income (PLN MM)



Corporate Banking +18% YoY

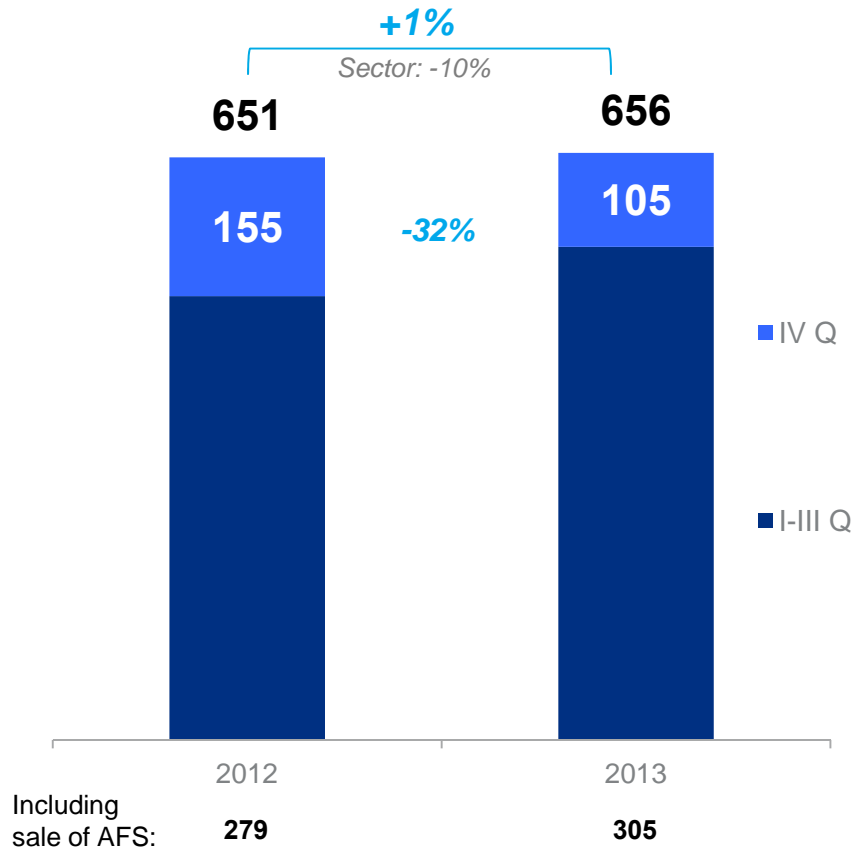


Retail Banking -0.6% YoY

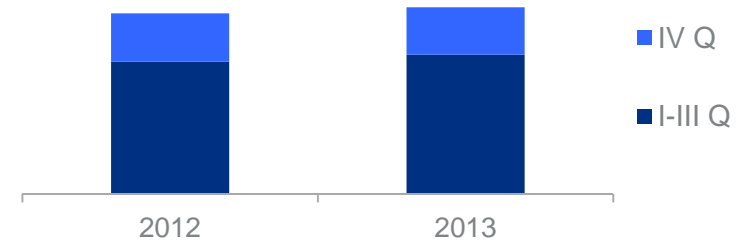


# Treasury

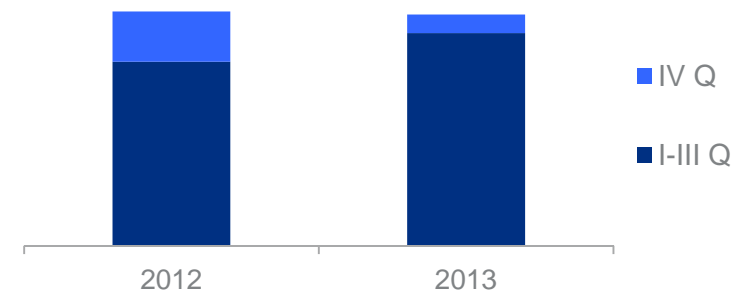
Treasury result (PLN MM)



Result on customer operations



Result on the interbank market operations



Note: The scales on the graphs are not comparable.

**#1 on the market**

in the ranking of Euromoney



in the category of **FX turnover** with corporate clients with **36%** market share

**#1 on the market**



is the most common **electronic FX platform** on the market

**#1 on the market**

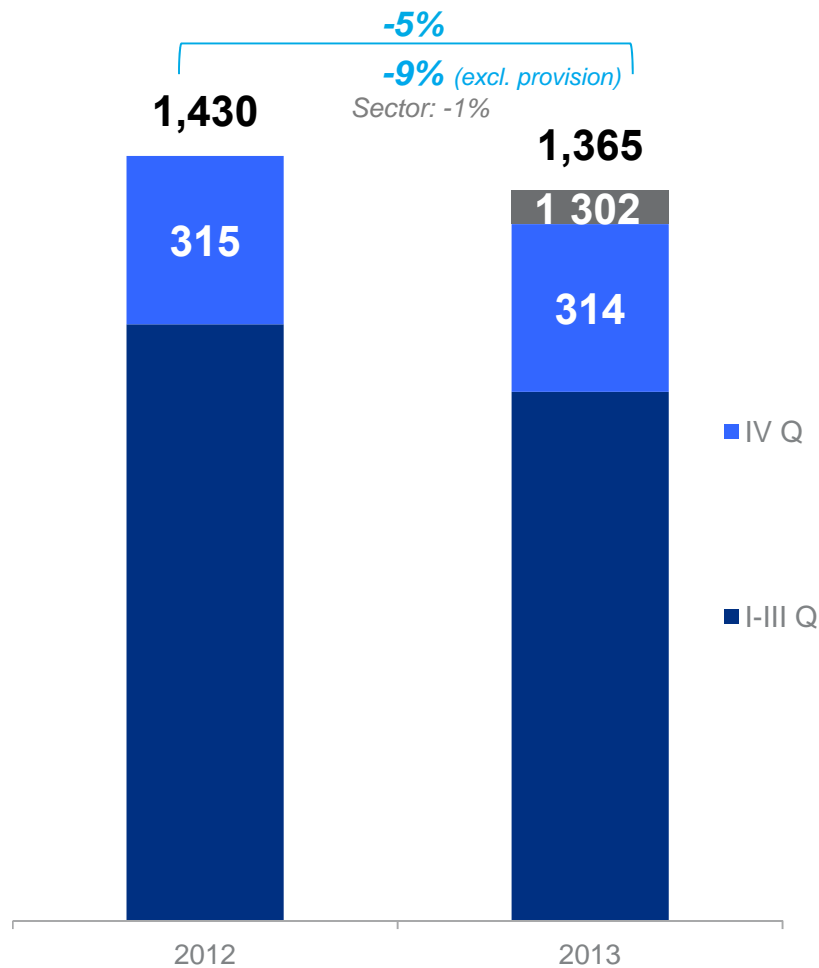
in the contest of Ministry of Finance



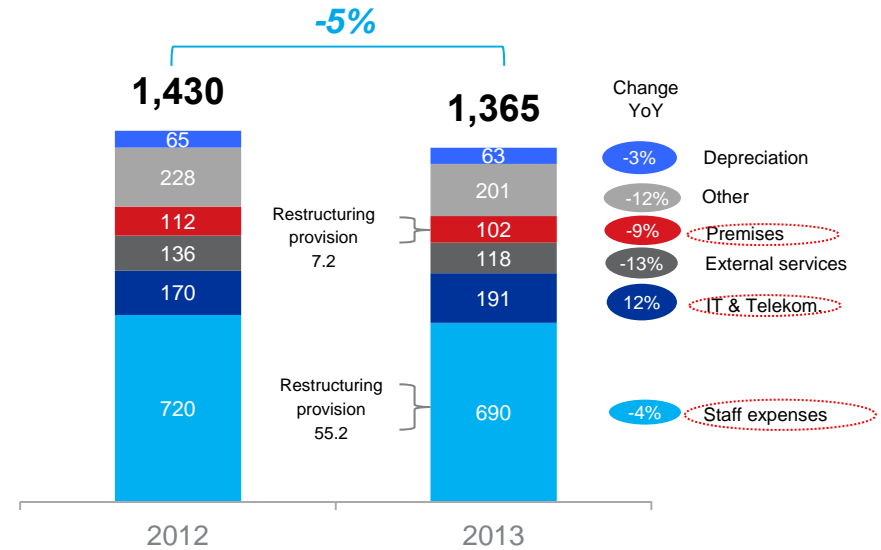
to act as **Treasury Securities Dealer**

# Consistent cost control

Expenses and depreciation (PLN MM)

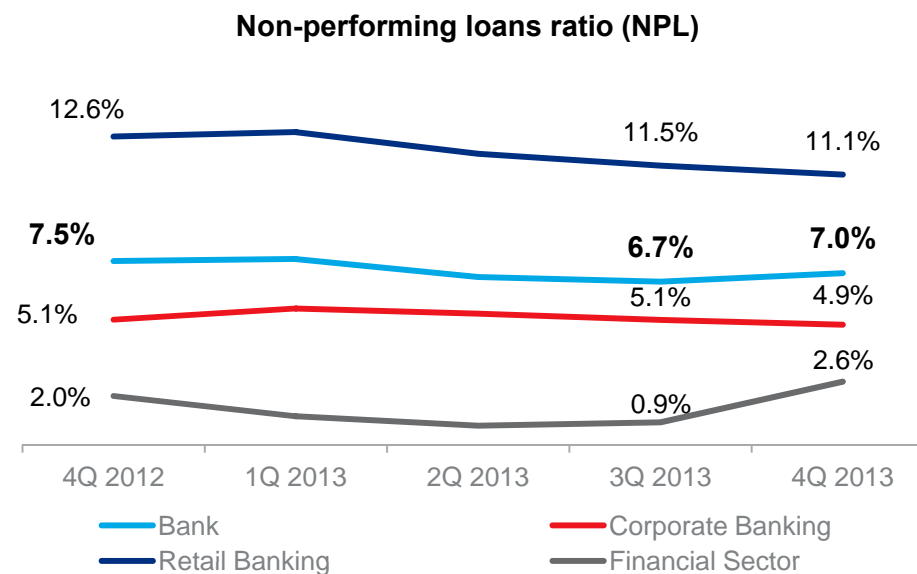
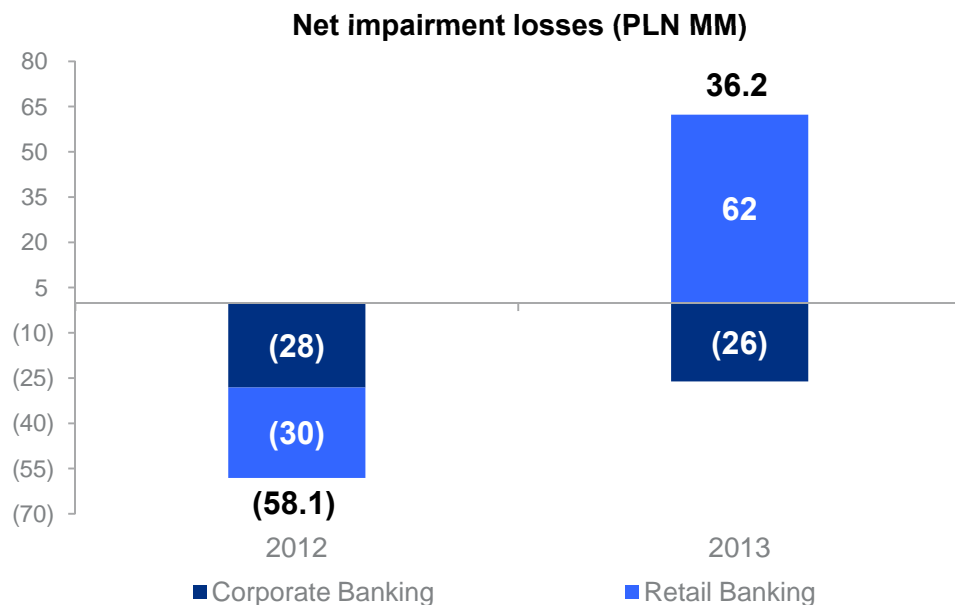


Expenses and depreciation (PLN MM) by type

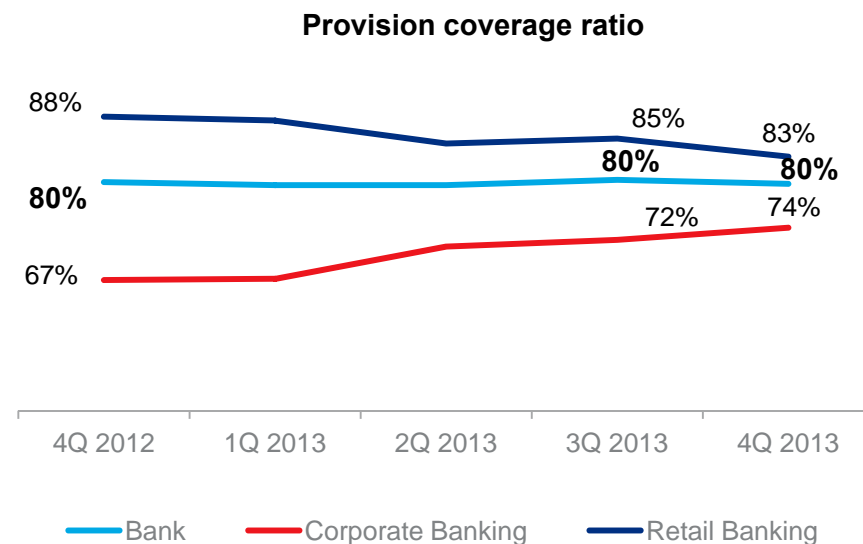


- The YoY decrease in Bank's expenses mainly due to:
  - the branch network optimization and employment restructuring (the decrease in staff and premises expenses)
  - lower external services spending and lower depreciation expenses
- **Cost / Income ratio** at **51%** for 2013 (excluding restructuring provision)

# Further improvement in credit risk

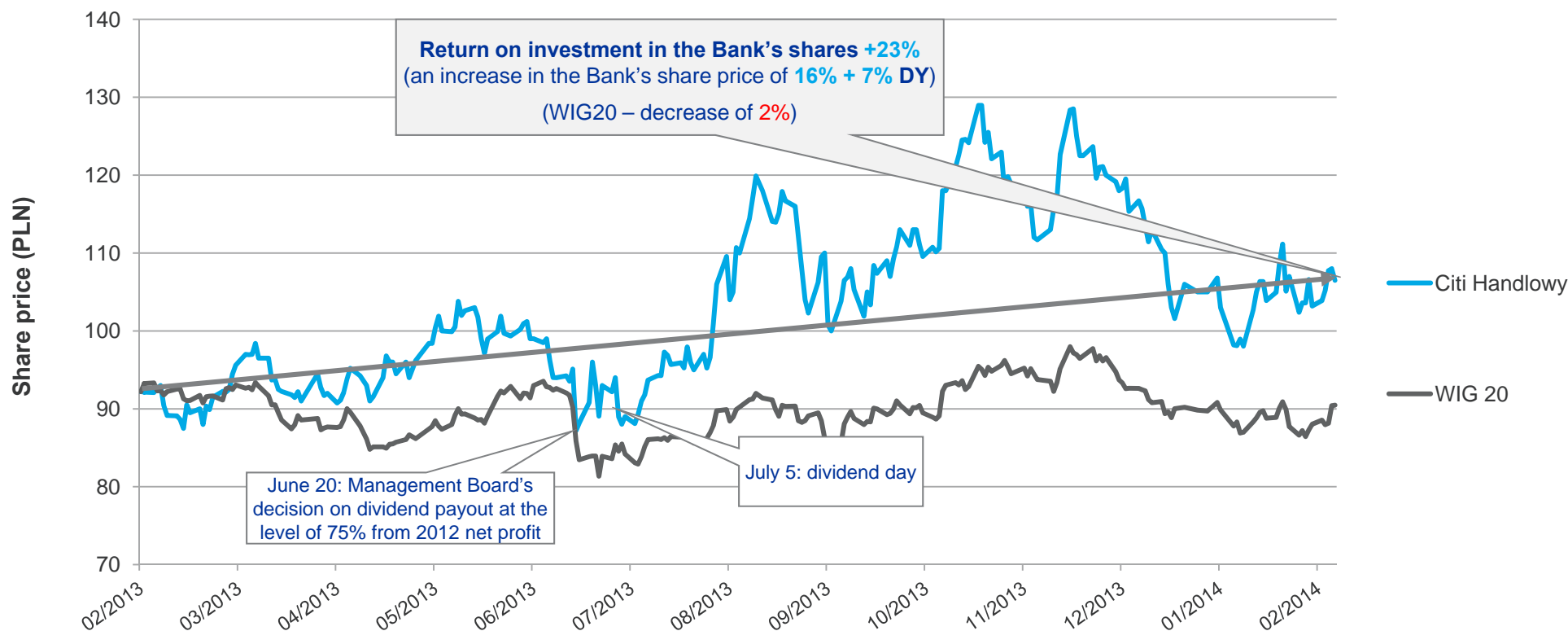


- Another year of **retail portfolio quality improvement** – 2013 **cost of risk** significantly **better than the sector** (**0.3%** vs **-0.9%** in the sector)
- Two **sale transactions of impaired portfolio** of credit cards and cash loans in 2013:
  - **2Q 2013** – portfolio value of **PLN 148.8 MM** impact on P&L of **PLN 23.3 MM**
  - **4Q 2013** - portfolio value of **PLN 99.3 MM** impact on P&L of **PLN 10.2 MM**



# Change in Bank's share price in the latest 12 months horizon

Citi Handlowy's share price vs. main indices



Note: The latest listing as of February 7, 2014 (Citi Handlowy: PLN 106.50)

Dividends paid by Citi Handlowy since its debut on the WSE

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Dividend payout ratio</b>	23%	31%	39%	64%	100%	100%	100%	100%*	80%	86%	77%	0%	94%	100%	50%	75%
<b>Dividend yield</b>	3.1%	1.9%	3.8%	1.7%	2.3%	2.6%	3.1%	18.7%	5.6%	5.8%	4.5%	-	7.1%	7.1%	3.3%	7.1%

## Appendix

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# Income statement – Bank

PLN MM	4Q12	1Q13	2Q13	3Q13	4Q13	2012	2013	2013 vs. 2012	
								PLN MM	%
<b>Net interest income</b>	<b>351</b>	<b>327</b>	<b>311</b>	<b>306</b>	<b>298</b>	<b>1 488</b>	<b>1 242</b>	<b>(246)</b>	<b>(17%)</b>
Interest income	497	442	412	402	390	2 076	1 646	(430)	(21%)
Interest expenses	(145)	(115)	(102)	(96)	(91)	(588)	(404)	184	(31%)
<b>Net fee and commission income</b>	<b>144</b>	<b>164</b>	<b>165</b>	<b>153</b>	<b>161</b>	<b>599</b>	<b>642</b>	<b>43</b>	<b>7%</b>
Dividend income	-	-	4	0	0	6	4	(2)	(32%)
Gains on AFS debt securities	63	172	81	32	20	279	305	26	9%
FX and trading	93	121	117	28	83	372	349	(23)	(6%)
Result on fair value hedge accounting	-	-	-	-	2	-	2	2	-
<b>Treasury</b>	<b>155</b>	<b>293</b>	<b>198</b>	<b>60</b>	<b>105</b>	<b>651</b>	<b>656</b>	<b>5</b>	<b>1%</b>
Net gain on equity investment instruments	-	2	-	-	-	-	2	2	-
Net other operating income	(5)	9	0	(1)	(9)	(18)	(0)	18	(99%)
<b>Revenue</b>	<b>645</b>	<b>795</b>	<b>679</b>	<b>519</b>	<b>555</b>	<b>2 727</b>	<b>2 547</b>	<b>(180)</b>	<b>(7%)</b>
Expenses	(300)	(331)	(318)	(296)	(357)	(1 365)	(1 302)	63	(5%)
Depreciation	(15)	(13)	(13)	(17)	(19)	(65)	(63)	2	(3%)
<b>Expenses and depreciation</b>	<b>(315)</b>	<b>(345)</b>	<b>(331)</b>	<b>(313)</b>	<b>(376)</b>	<b>(1 430)</b>	<b>(1 365)</b>	<b>65</b>	<b>(5%)</b>
<b>Operating margin</b>	<b>330</b>	<b>450</b>	<b>348</b>	<b>206</b>	<b>179</b>	<b>1 297</b>	<b>1 182</b>	<b>(115)</b>	<b>(9%)</b>
<b>Net impairment losses</b>	<b>(1)</b>	<b>(10)</b>	<b>29</b>	<b>(2)</b>	<b>19</b>	<b>(58)</b>	<b>36</b>	<b>94</b>	<b>-</b>
Share in subs' profits	0	(0)	(1)	0	0	1	(1)	(2)	-
<b>EBIT</b>	<b>329</b>	<b>440</b>	<b>376</b>	<b>205</b>	<b>198</b>	<b>1 240</b>	<b>1 218</b>	<b>(21)</b>	<b>(2%)</b>
Corporate income tax	(85)	(84)	(75)	(40)	(46)	(269)	(245)	24	(9%)
<b>Net profit</b>	<b>245</b>	<b>355</b>	<b>300</b>	<b>165</b>	<b>152</b>	<b>970</b>	<b>973</b>	<b>3</b>	<b>0%</b>
<b>C/I ratio</b>	<b>49%</b>	<b>43%</b>	<b>49%</b>	<b>60%</b>	<b>68%</b>	<b>52%</b>	<b>54%</b>		

# Corporate Banking – income statement

PLN MM	4Q12	1Q13	2Q13	3Q13	4Q13	2012	2013	2013 vs. 2012	
								PLN MM	%
<b>Net interest income</b>	<b>164</b>	<b>152</b>	<b>147</b>	<b>147</b>	<b>136</b>	<b>715</b>	<b>581</b>	<b>(134)</b>	<b>(19%)</b>
Interest income	279	238	220	221	208	1 181	887	(294)	(25%)
Interest expenses	(116)	(86)	(74)	(74)	(72)	(466)	(306)	160	(34%)
<b>Net fee and commission income</b>	<b>61</b>	<b>83</b>	<b>75</b>	<b>66</b>	<b>73</b>	<b>251</b>	<b>297</b>	<b>46</b>	<b>18%</b>
Dividend income	-	-	1	0	0	3	1	(1)	(47%)
Gains on AFS debt securities	63	172	81	32	20	279	305	26	9%
FX and trading	84	113	108	19	75	336	316	(20)	(6%)
Result on fair value hedge accounting	-	-	-	-	2	-	2	2	-
<b>Treasury</b>	<b>147</b>	<b>285</b>	<b>190</b>	<b>51</b>	<b>97</b>	<b>615</b>	<b>623</b>	<b>8</b>	<b>1%</b>
Net gain on equity investment instruments	-	2	-	-	-	-	2	2	-
Net other operating income	1	15	5	5	2	9	27	18	215%
<b>Revenue</b>	<b>372</b>	<b>536</b>	<b>418</b>	<b>269</b>	<b>308</b>	<b>1 593</b>	<b>1 531</b>	<b>(62)</b>	<b>(4%)</b>
Expenses	(162)	(156)	(135)	(129)	(139)	(628)	(560)	69	(11%)
Depreciation	(7)	(7)	(6)	(6)	(6)	(30)	(26)	4	(14%)
<b>Expenses and depreciation</b>	<b>(169)</b>	<b>(163)</b>	<b>(142)</b>	<b>(135)</b>	<b>(146)</b>	<b>(658)</b>	<b>(585)</b>	<b>73</b>	<b>(11%)</b>
<b>Operating margin</b>	<b>203</b>	<b>373</b>	<b>276</b>	<b>134</b>	<b>162</b>	<b>934</b>	<b>946</b>	<b>11</b>	<b>1%</b>
<b>Net impairment losses</b>	<b>(4)</b>	<b>(14)</b>	<b>(7)</b>	<b>3</b>	<b>(8)</b>	<b>(28)</b>	<b>(26)</b>	<b>2</b>	<b>(7%)</b>
Share in subs' profits	0	(0)	(1)	0	0	1	(1)	(2)	-
<b>EBIT</b>	<b>200</b>	<b>359</b>	<b>269</b>	<b>137</b>	<b>154</b>	<b>907</b>	<b>919</b>	<b>12</b>	<b>1%</b>
<b>C/I ratio</b>	<b>45%</b>	<b>30%</b>	<b>34%</b>	<b>50%</b>	<b>47%</b>	<b>41%</b>	<b>38%</b>		



# Retail Banking – income statement

PLN MM	4Q12	1Q13	2Q13	3Q13	4Q13	2012	2013	2013 vs. 2012	
								PLN MM	%
<b>Net interest income</b>	188	175	164	159	162	773	661	(112)	(14%)
Interest income	217	204	192	182	182	895	759	(135)	(15%)
Interest expenses	(30)	(28)	(28)	(22)	(19)	(122)	(98)	23	(19%)
<b>Net fee and commission income</b>	83	81	90	87	88	348	346	(2)	(1%)
Dividend income	-	-	3	-	-	4	3	(1)	(21%)
FX and trading	8	8	9	9	8	36	33	(3)	(8%)
Net other operating income	(6)	(5)	(5)	(6)	(12)	(27)	(27)	(0)	1%
<b>Revenue</b>	<b>273</b>	<b>259</b>	<b>261</b>	<b>249</b>	<b>247</b>	<b>1 134</b>	<b>1 016</b>	<b>(118)</b>	<b>(10%)</b>
Expenses	(138)	(175)	(183)	(167)	(218)	(737)	(742)	(6)	1%
Depreciation	(8)	(7)	(7)	(11)	(12)	(35)	(37)	(2)	6%
<b>Expenses and depreciation</b>	<b>(146)</b>	<b>(182)</b>	<b>(189)</b>	<b>(178)</b>	<b>(230)</b>	<b>(772)</b>	<b>(779)</b>	<b>(8)</b>	<b>1%</b>
<b>Operating margin</b>	<b>127</b>	<b>77</b>	<b>71</b>	<b>72</b>	<b>16</b>	<b>363</b>	<b>237</b>	<b>(126)</b>	<b>(35%)</b>
<b>Net impairment losses</b>	<b>3</b>	<b>4</b>	<b>36</b>	<b>(5)</b>	<b>27</b>	<b>(30)</b>	<b>62</b>	<b>92</b>	<b>-</b>
<b>EBIT</b>	<b>130</b>	<b>81</b>	<b>107</b>	<b>67</b>	<b>44</b>	<b>333</b>	<b>299</b>	<b>(34)</b>	<b>(10%)</b>
<b>C/I ratio</b>	<b>53%</b>	<b>70%</b>	<b>73%</b>	<b>71%</b>	<b>93%</b>	<b>68%</b>	<b>77%</b>		

# Balance sheet

PLN B	End of period					4Q13 vs. 3Q13		4Q13 vs. 4Q12	
	4Q12	1Q13	2Q13	3Q13	4Q13				
<b>Cash and balances with the Central Bank</b>	1.4	1.0	0.8	2.4	0.8	(1.7)	(68%)	(0.6)	(43%)
Amounts due from banks	1.5	1.4	2.3	2.5	3.5	1.0	41%	2.1	142%
Financial assets held-for-trading	6.8	9.2	8.9	6.4	5.8	(0.7)	(10%)	(1.1)	(16%)
<b>Debt securities available-for-sale</b>	15.0	12.0	14.1	15.8	17.6	1.8	12%	2.6	17%
<b>Customer loans</b>	16.2	16.3	17.0	16.8	15.2	(1.6)	(10%)	(1.0)	(6%)
<b>Financial sector entities</b>	0.9	1.6	2.4	2.1	0.7	(1.3)	(65%)	(0.2)	(23%)
<b>Non-financial sector entities</b>	15.3	14.7	14.6	14.8	14.5	(0.3)	(2%)	(0.8)	(5%)
<b>Corporate Banking</b>	10.0	9.5	9.4	9.6	9.2	(0.3)	(4%)	(0.8)	(8%)
<b>Retail Banking</b>	5.3	5.2	5.2	5.2	5.3	0.1	1%	0.0	0%
Credit cards	2.2	2.0	2.1	2.1	2.2	0.1	5%	0.1	3%
Cash loans	2.1	2.1	2.1	2.0	1.9	(0.1)	(4%)	(0.2)	(9%)
Mortgage loans	0.9	1.0	1.0	1.0	1.1	0.0	4%	0.1	15%
Other assets	2.6	2.8	3.2	3.3	2.5	(0.8)	(24%)	(0.1)	(6%)
<b>Total assets</b>	43.5	42.7	46.3	47.2	45.4	(1.9)	(4%)	1.9	4%
Liabilities due to banks	2.4	5.7	7.1	7.6	6.4	(1.2)	(16%)	4.0	171%
Financial liabilities held-for-trading	5.8	5.3	4.8	5.4	4.2	(1.2)	(23%)	(1.6)	(28%)
<b>Financial liabilities due to customers</b>	26.9	22.8	25.0	25.4	26.6	1.2	5%	(0.3)	(1%)
<b>Financial sector entities - deposits</b>	2.8	3.0	4.2	3.9	3.3	(0.7)	(17%)	0.5	17%
<b>Non-financial sector entities - deposits</b>	20.8	19.1	20.0	20.5	22.8	2.4	12%	2.0	10%
<b>Corporate Banking</b>	14.9	12.7	13.3	13.7	15.9	2.3	17%	1.0	7%
<b>Retail Banking</b>	5.9	6.4	6.8	6.8	6.9	0.1	1%	1.0	17%
Other financial liabilities	3.2	0.7	0.7	0.9	0.5	(0.5)	(49%)	(2.7)	(85%)
Other liabilities	1.1	1.4	2.4	1.7	0.9	(0.8)	(44%)	(0.1)	(11%)
<b>Total liabilities</b>	36.1	35.2	39.3	40.1	38.1	(2.0)	(5%)	2.0	5%
<b>Equity</b>	7.4	7.6	7.0	7.1	7.3	0.2	2%	(0.1)	-1%
<b>Total liabilities &amp; equity</b>	43.5	42.7	46.3	47.2	45.4	(1.9)	(4%)	1.9	4%
<b>Loans / Deposits Ratio</b>	73%	77%	73%	72%	64%				
<b>Capital Adequacy Ratio</b>	18.1%	18.5%	17.5%	16.7%	17.5%				
<b>NPL Ratio</b>	7.5%	7.6%	6.9%	6.7%	7.0%				

# Retail banking volumes

Volumes (PLN million)	4Q12	1Q13	2Q13	3Q13	4Q13	4Q13 vs. 3Q13		4Q13 vs. 4Q12	
						PLN MM	%	PLN MM	%
<b>Deposits</b>	<b>5 896</b>	<b>6 410</b>	<b>6 779</b>	<b>6 815</b>	<b>6 907</b>	<b>92</b>	<b>1%</b>	<b>1 011</b>	<b>17%</b>
Demand deposits	2 385	2 459	2 537	2 544	2 664	120	5%	279	12%
Other deposits	3 511	3 951	4 242	4 271	4 243	(29)	(1%)	732	21%
including saving accounts	2 426	2 968	3 253	3 259	3 236	(22)	(1%)	810	33%
<b>Loans</b>	<b>5 260</b>	<b>5 180</b>	<b>5 244</b>	<b>5 225</b>	<b>5 283</b>	<b>59</b>	<b>1%</b>	<b>23</b>	<b>0%</b>
Credit cards	2 150	2 038	2 084	2 114	2 222	108	5%	72	3%
Cash loans	2 104	2 092	2 080	1 989	1 919	(70)	(4%)	(184)	(9%)
Mortgage loans	926	978	1 008	1 032	1 068	37	4%	142	15%