

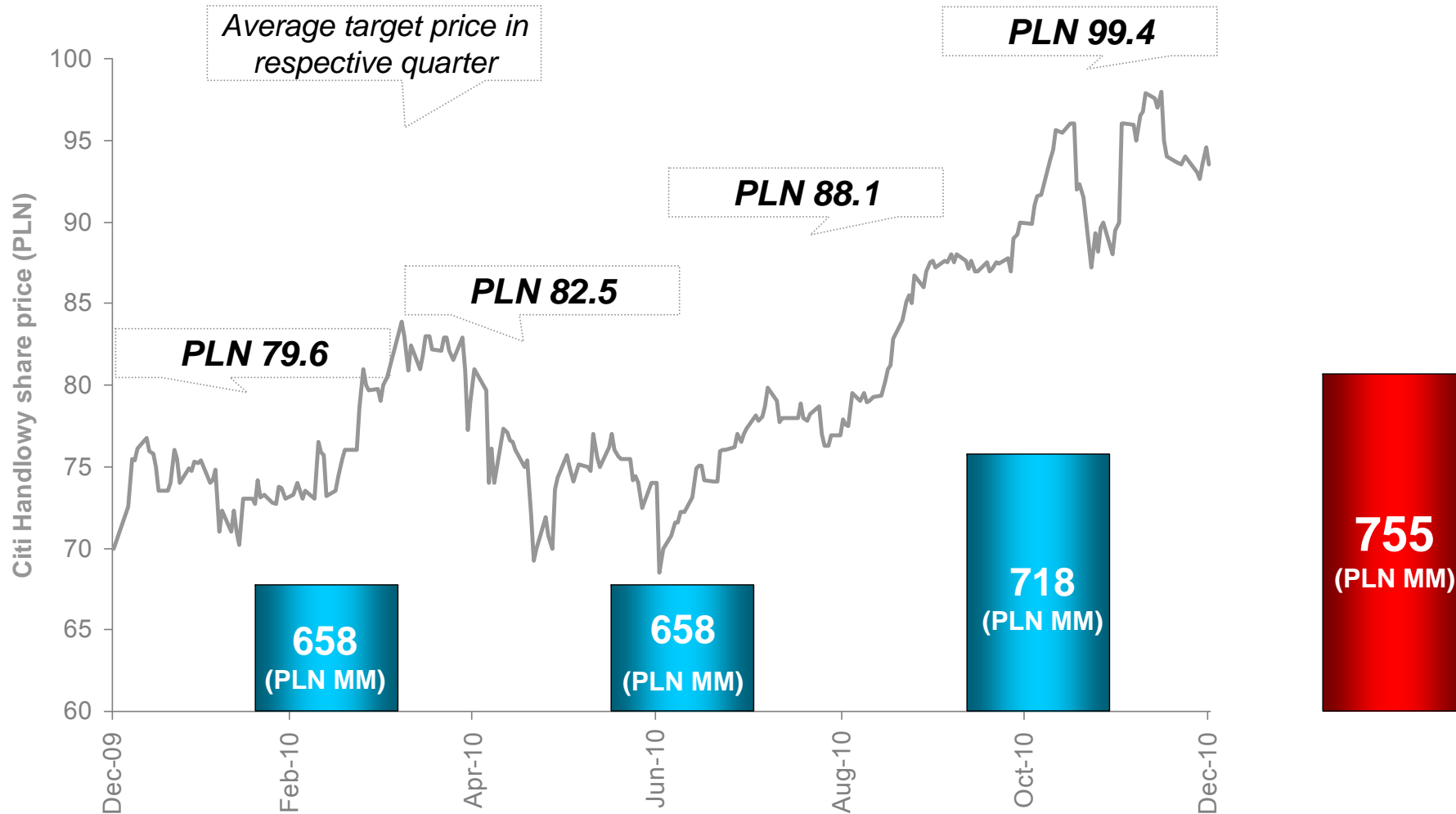



BANK HANDLOWY W WARSZAWIE S.A. Summary of 2010: Strategy and Initial Results

February 2011



Net profit for 2010 exceeding rising market expectations



 - Average forecast of net profit in 2010 in a given period

 - Net profit of Citi Handlowy for 2010

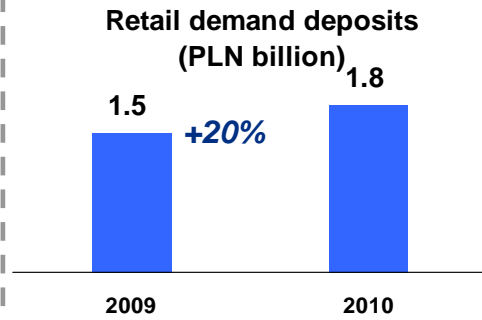
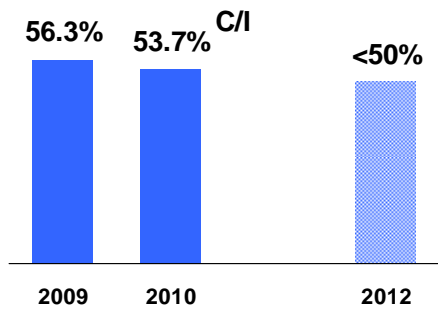
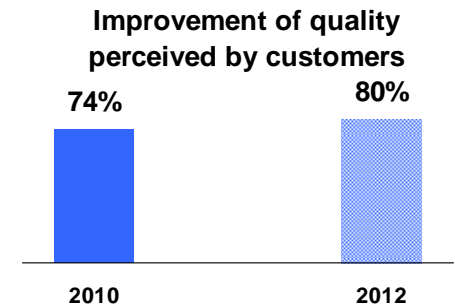
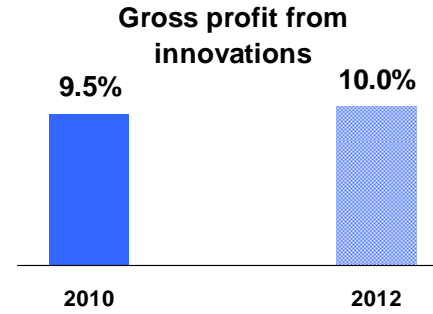
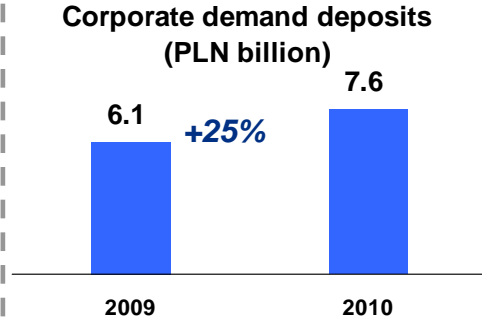
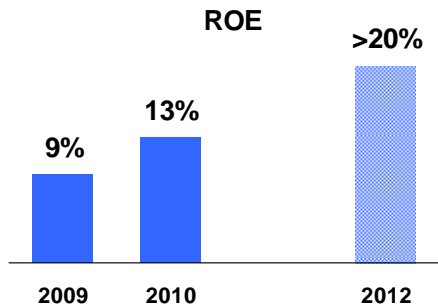
EFFICIENCY

BUSINESS MODEL

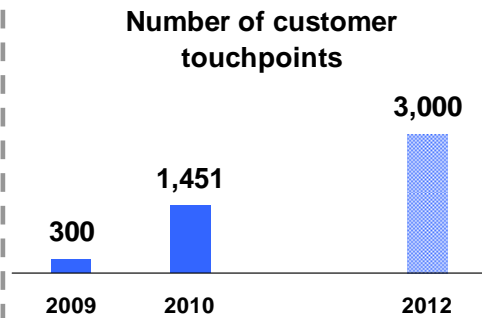
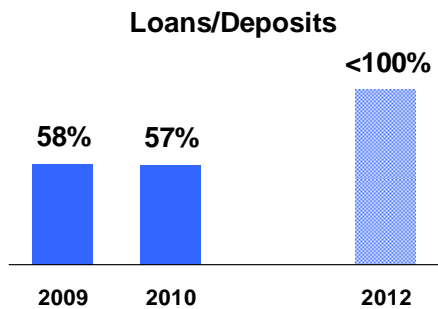
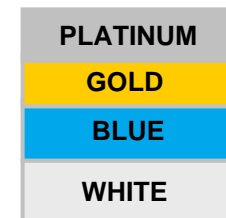
INNOVATION

QUALITY

Strategy 2010-2012 – The first step of implementation



New client segmentation



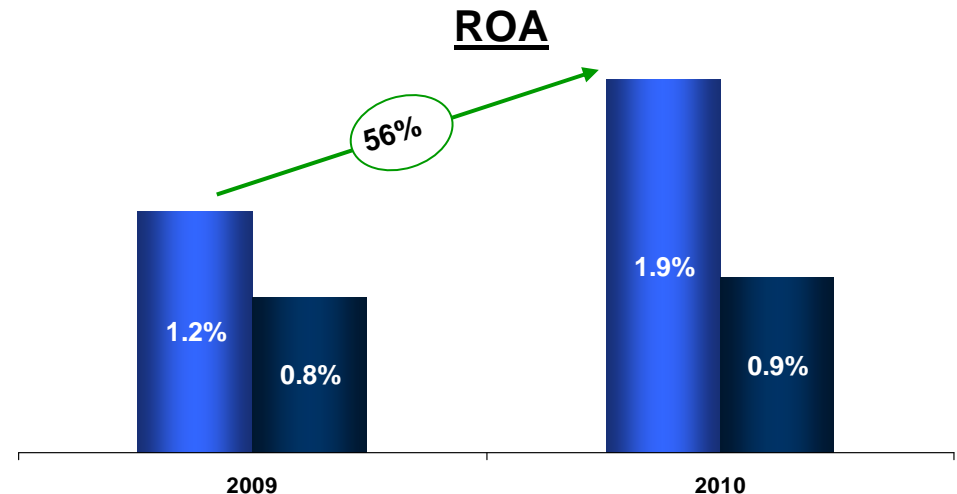
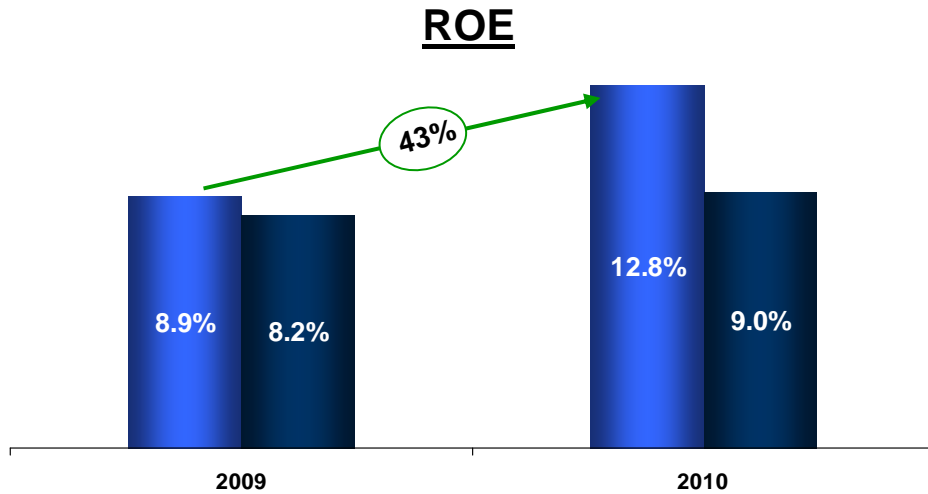
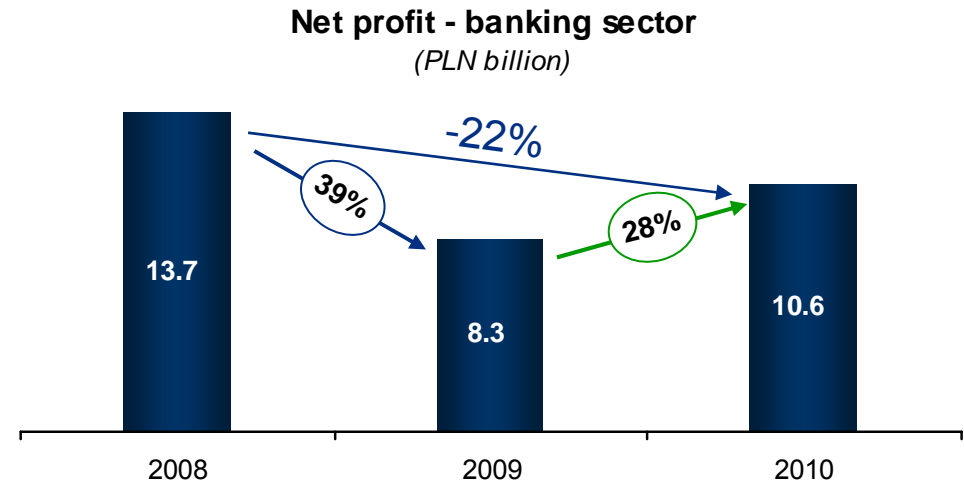
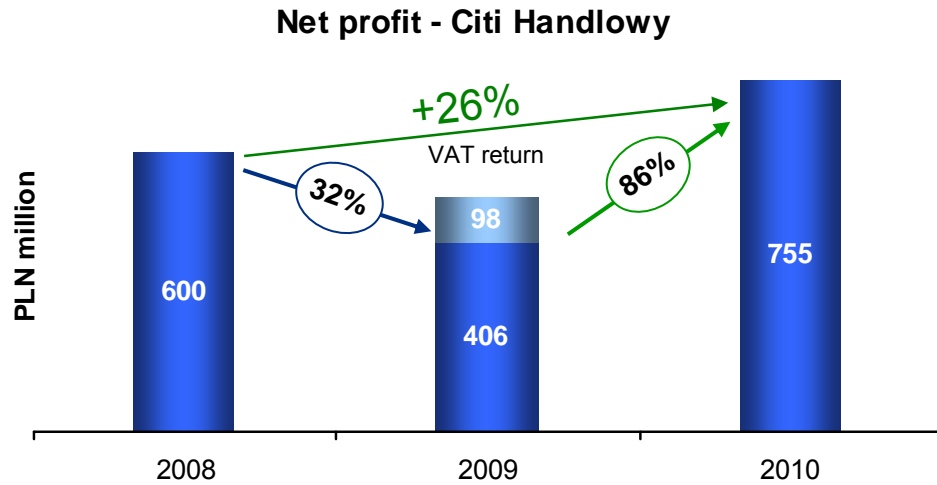
Citi Investment Banking
citi handlowy

CitiFX Pulse

High service standards

- Speed
- Safety
- Transparency
- Flexibility

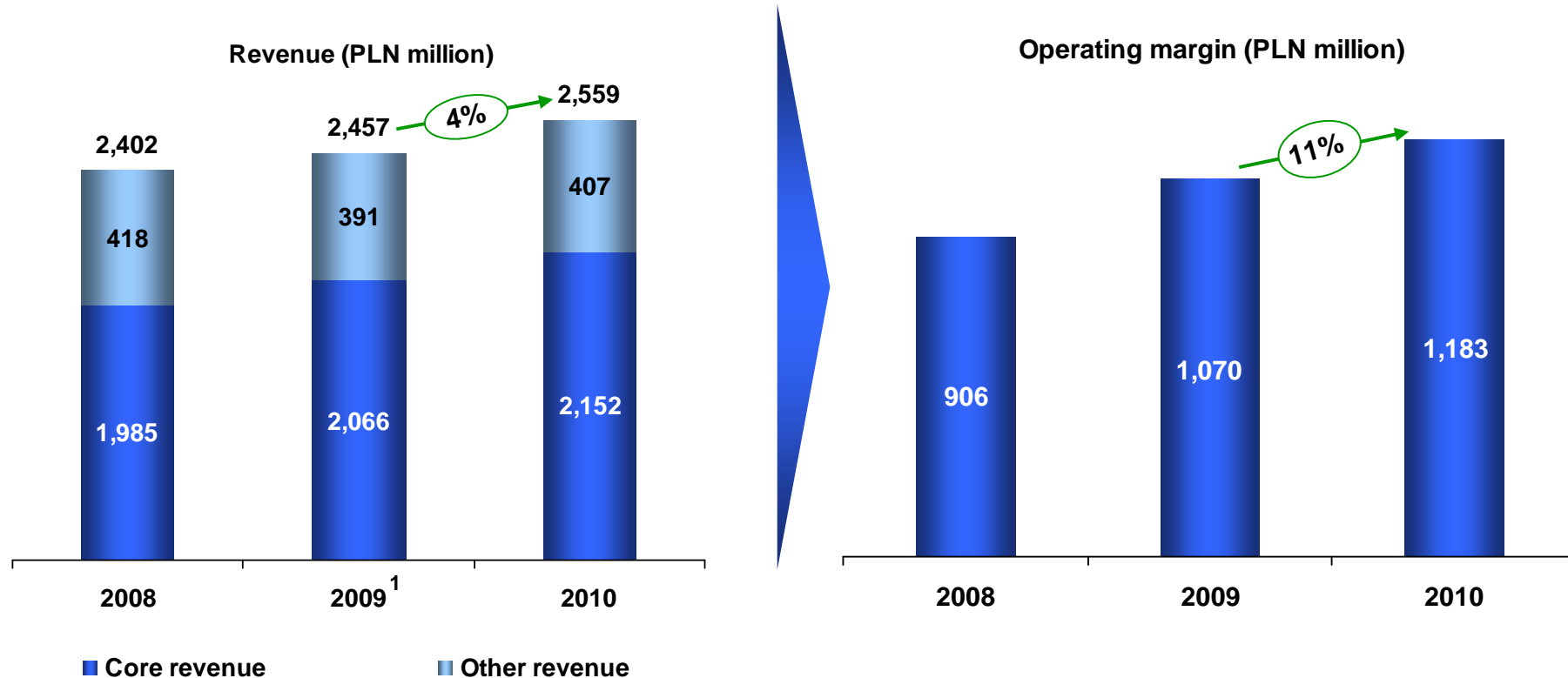
Significant increase of net profit in 2010



Citi Handlowy

Banking sector

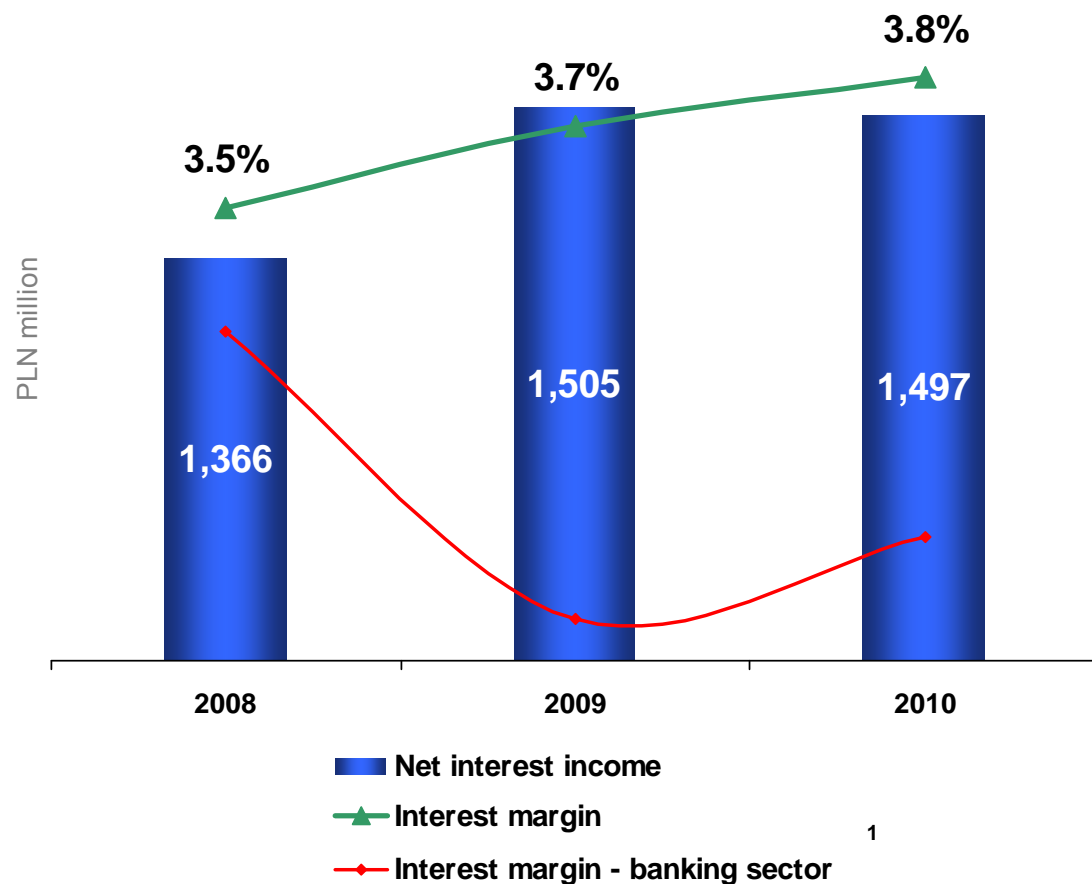
Stable increase of revenue and operating margin



- Another year of revenue increase
- Increasing share of core revenue (net interest income, fees and commission income)
- Increase of operating margin – result of increasing revenue and maintained cost discipline

Data excluding one-off VAT return for 2009 results.

High levels of interest margin maintained in 2010



3.8%

Interest margin on total assets

Increase of interest margin in 2010

4.5%

Margin on interest assets

One of the highest margins in the sector

↓ 12%

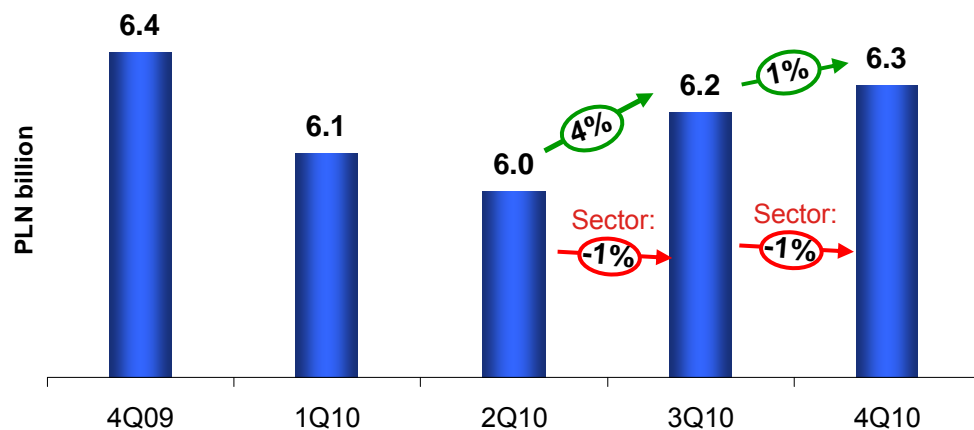
Costs of non-financial sector deposits

Decrease of cost as compared to 2009

¹ Sector interest margin for 2010 calculated basing on annualized data after three quarters

Loans – signs of rebound

Corporate loans

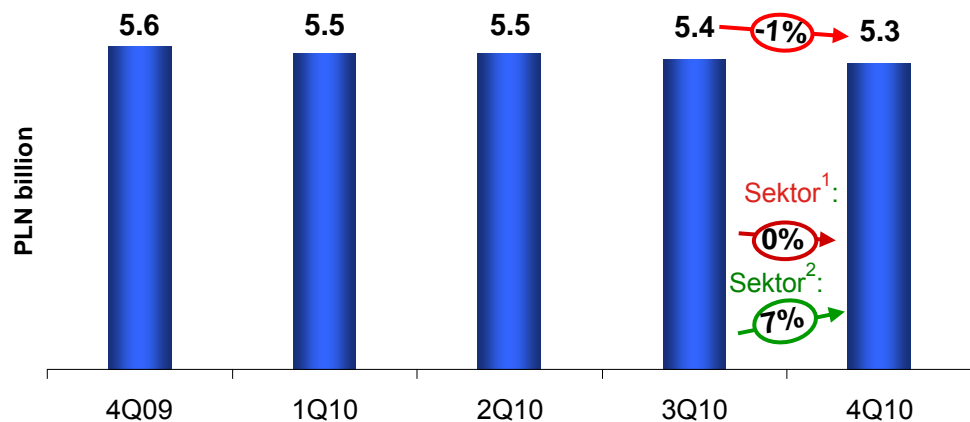


4.7%

Increase of corporate loans in the 2nd half of 2010

An increase despite a negative trend in the sector

Retail loans



↓ 1%

Decrease of retail loans in 4Q of 2010

Result of tightening credit criteria in cash loan market

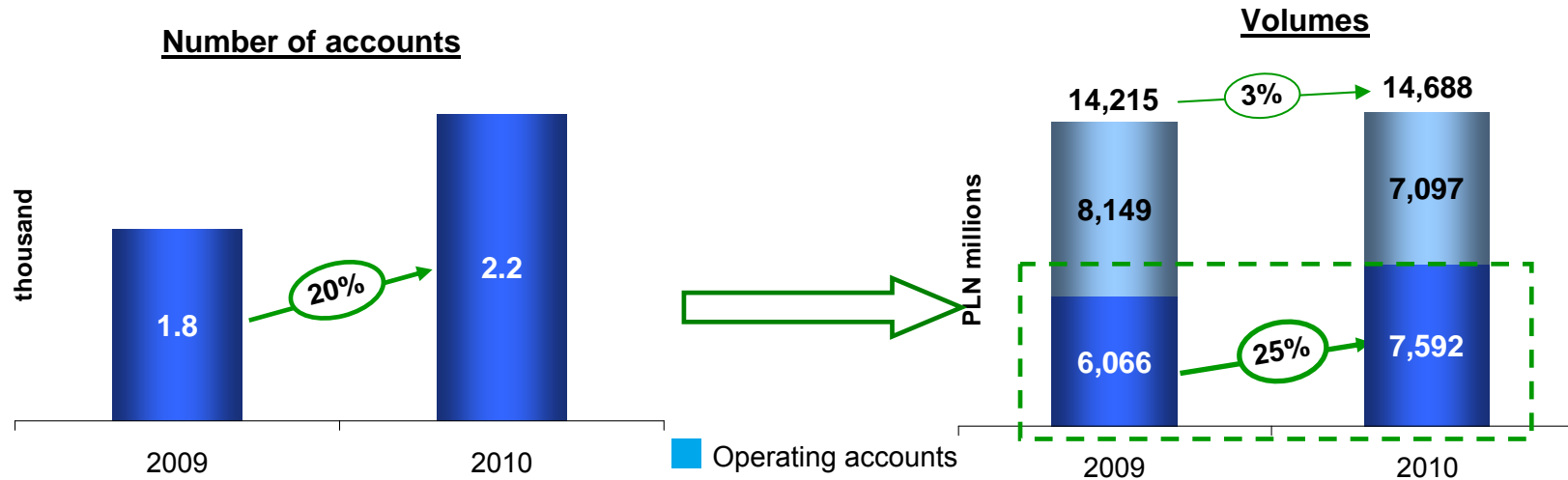
↑ 22%

Increase of mortgage products to PLN 319 million in 4Q of 2010

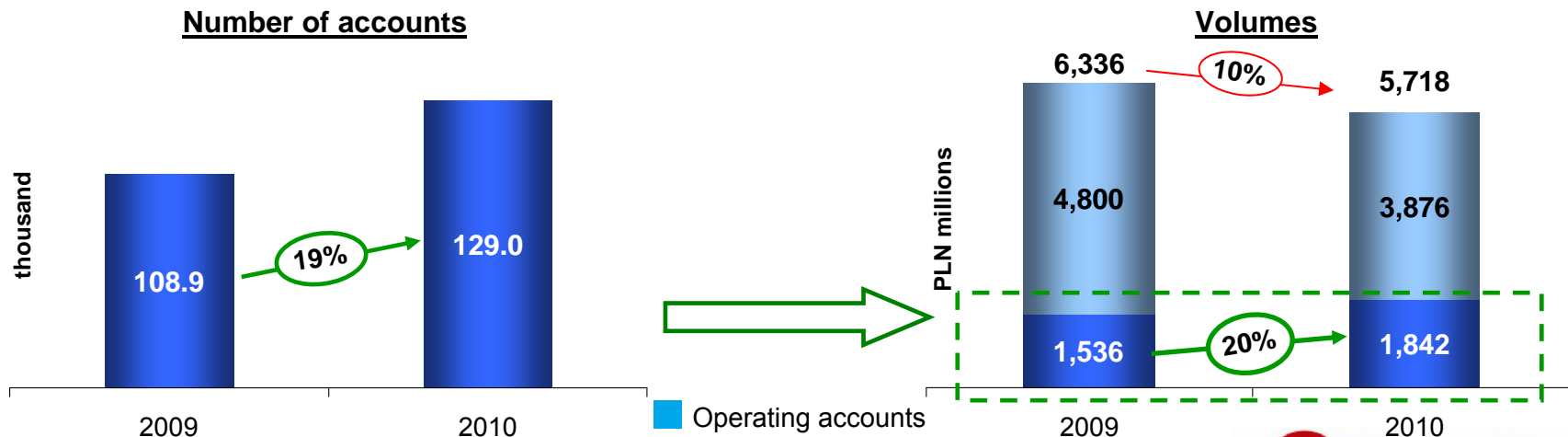
¹ Increase of loans excluding mortgage loans
² Increase of mortgage loans

Deposits – focus on operating accounts

Corporate deposits



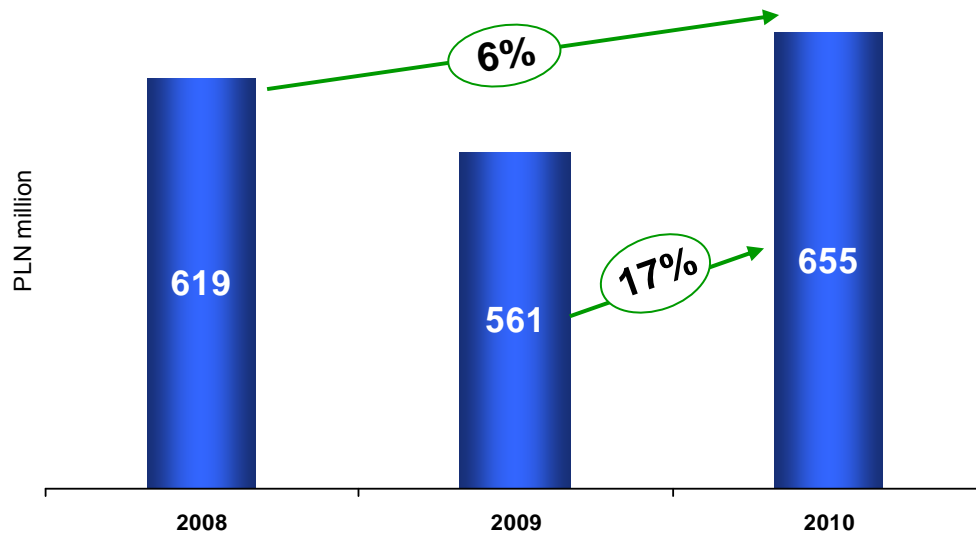
Retail deposits



Operating accounts – Corporate banking: accounts of customers that transfer through them 30-50% of operation volumes.; Retail banking: number of accounts with minimum monthly inflow of PLN 1.5 thousand

Increasing net fee and commission income

Net fee and commission income



71%
(2010/2009)

Brokerage

DMBH market share: 15%

Value of equity turnover

Market position

1

50%
(2010/2009)

Credit and debit cards

Citi Handlowy market share¹: 23%

Transactions value

1

30%
(2010/2009)

Custody

Citi Handlowy market share: 43%

Value of assets under custody

1

¹ Data for 3Q 2010

EFFICIENCY

BUSINESS MODEL

INNOVATION

QUALITY

Treasury – increase of revenue and innovations for customers

Treasury

2009

2010

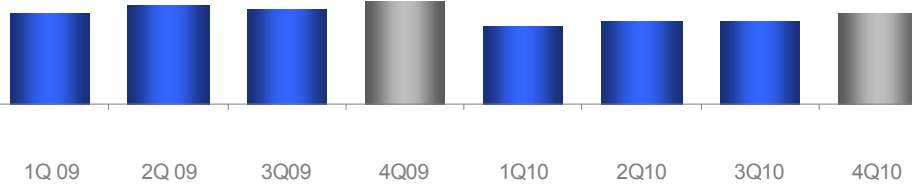
I/(D) (PLN million)

347.1

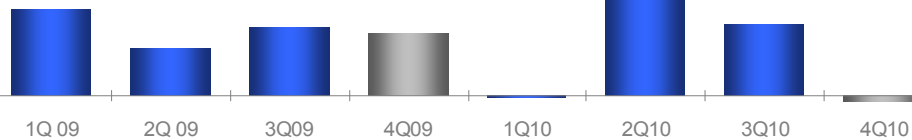
401.1

54.8

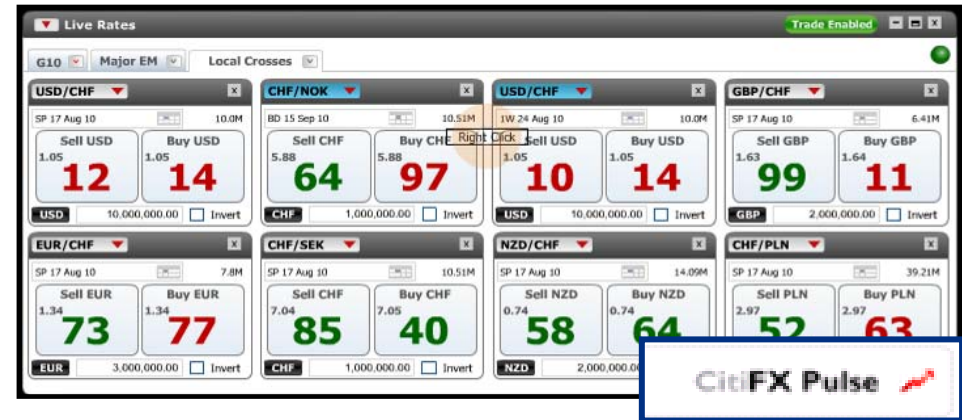
Income on customer activity



Proprietary management



CFX Pulse – the new generation electronic platform



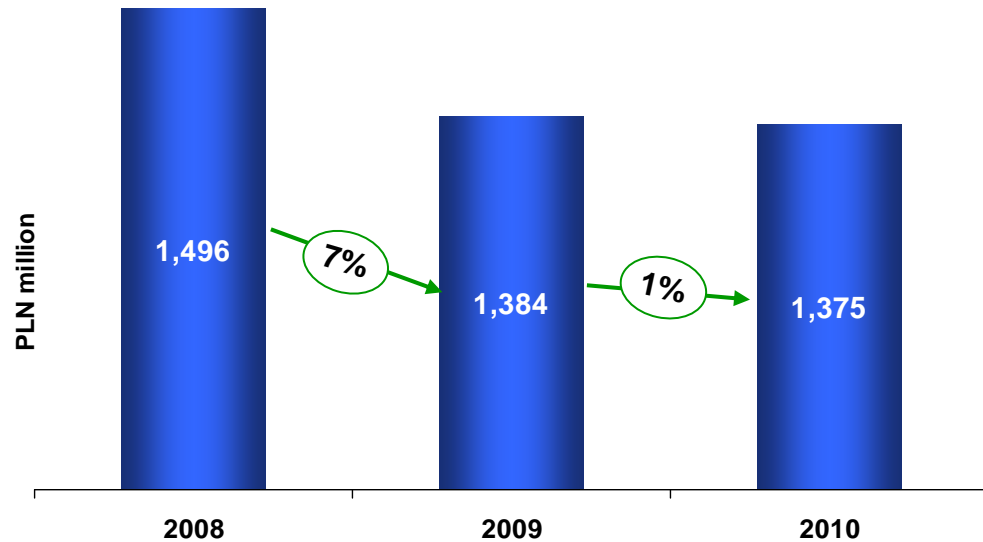
Doubled revenue from online FX transactions



Pro – forma data, scales on charts are not comparable

Cost discipline maintained despite expansion of business

General administrative expenses and depreciation



| <u>Cost/Income</u> | 2009 ¹ | 2010 | Change (y/y) |
|--------------------|-------------------|------------|--------------|
| Corporate Banking | 45% | 43% | ↓ |
| Retail Banking | 71% | 67% | ↓ |
| Bank | 56% | 54% | ↓ |

¹ Excluding one-off VAT return

Number of contact points

~300 → **1,451**

- Branches 154
- Shopping malls 18
- Airports 5
- ZTM points 24
- Petrol stations 23
- Partnership points 169
- ATM's 1,058

Remote distribution channels



660 thousand users



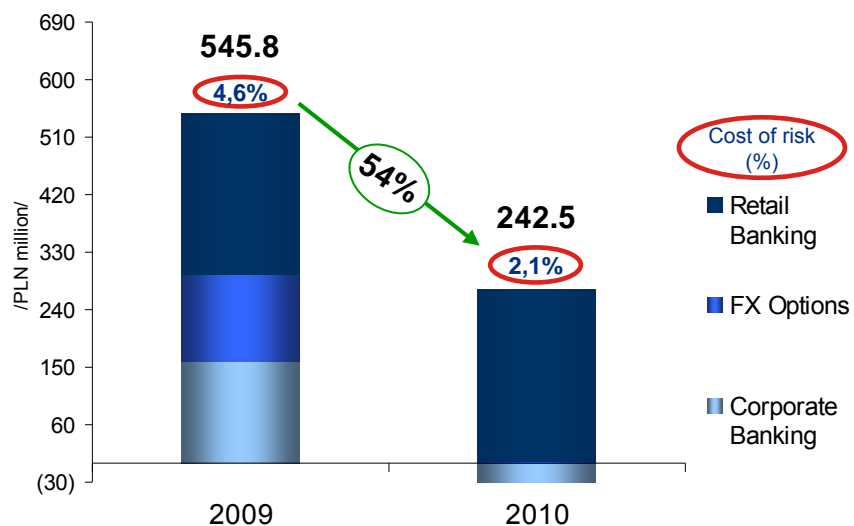
25 thousand users

CitiPhone

☎ 0801 32 2484
☎ (48 22) 692 2484

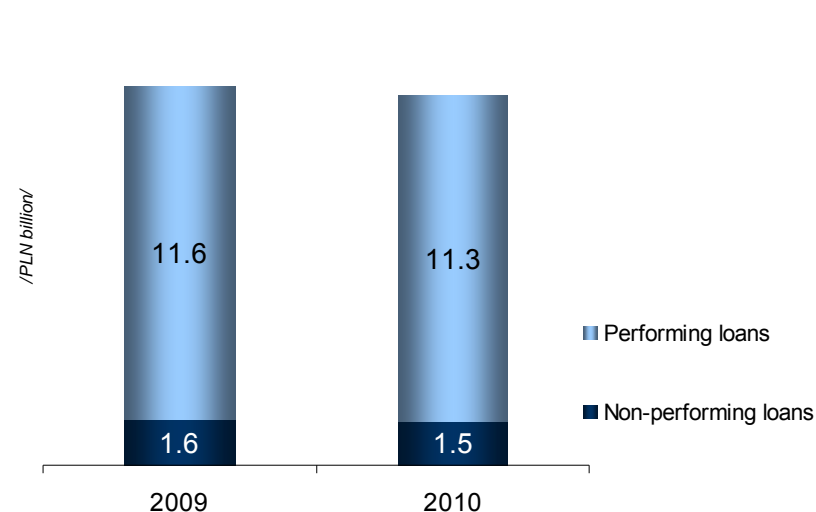
Cost of risk decrease in 2010

Net impairment losses



| <u>Net impairment losses</u> (PLN millions) | 2009 | 2010 | Change (y/y) |
|---|---------|---------|--------------|
| Corporate Banking | (294.3) | 27.3 | ↓ |
| Retail Banking | (251.5) | (269.8) | ↑ |

Credit portfolio quality



| <u>NPL ratio</u> | 2009 | 2010 | Change (y/y) |
|----------------------|-------|-------|--------------|
| Corporate Banking | 14.4% | 10.8% | ↓ |
| Retail Banking | 9.1% | 12.9% | ↑ |
| Non-financial sector | 11.9% | 11.8% | ↓ |

- Retail Banking: Risk of credit card and cash loans portfolio remaining high, passed the peak – gradual decrease in net impairment losses in the following quarters of 2010
- Corporate Banking: Lower credit risk due to improved financial situation of customers

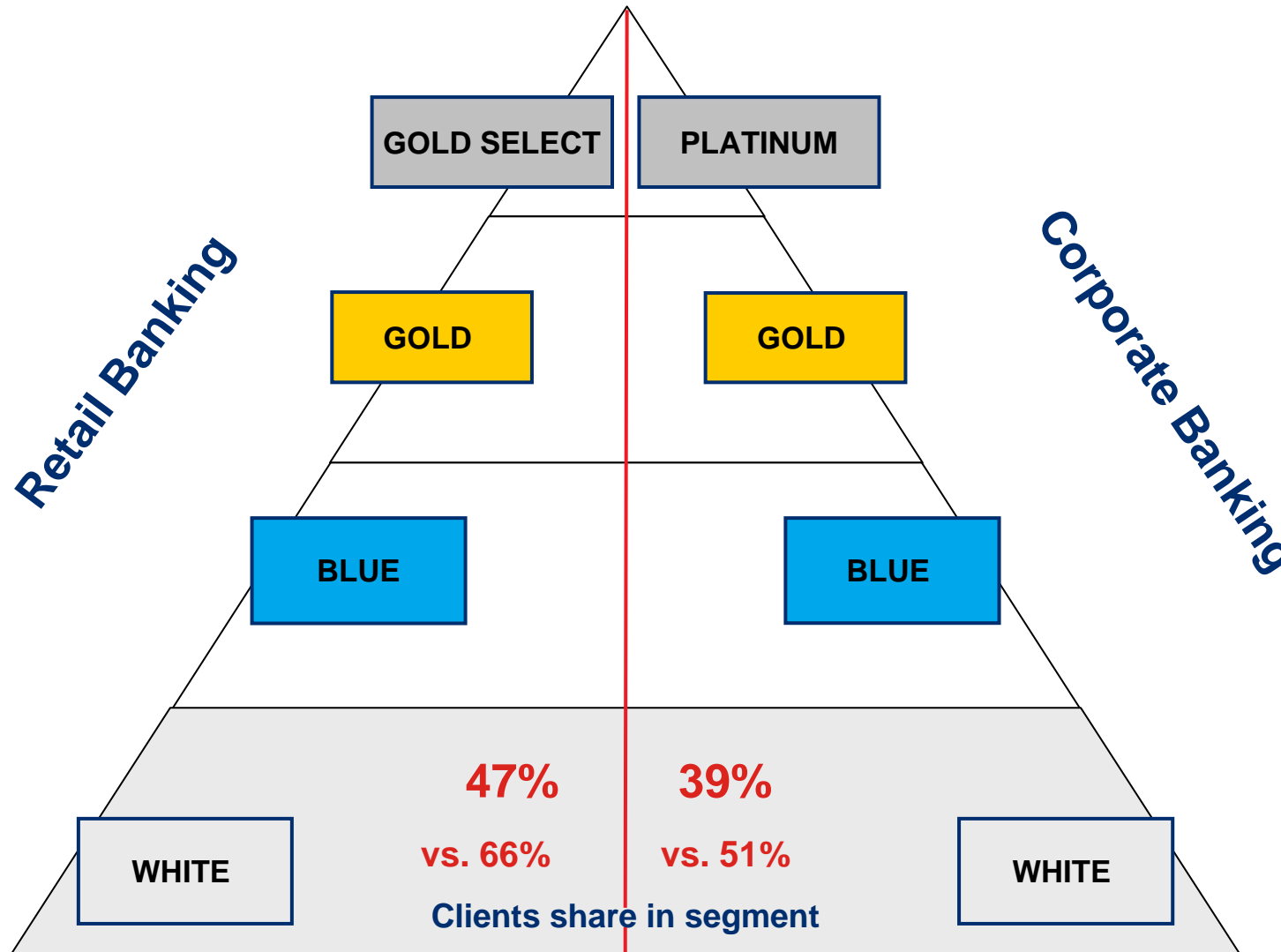
EFFICIENCY

BUSINESS MODEL

INNOVATION

QUALITY

New client segmentation – focus on full customer relationship



Innovation – new solutions for the Polish market



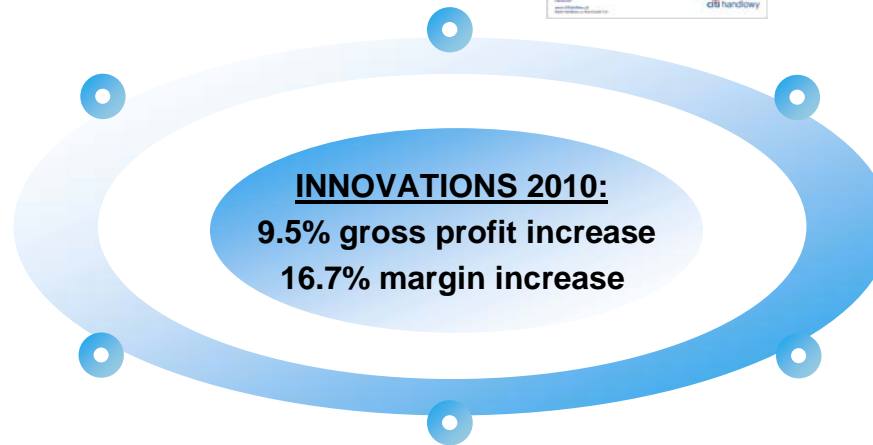
First bank issuing contactless cards in branch

Factoring – new options:

- reversed factoring
- public sector factoring
- factoring plus



Leader in mobile banking – already 25 thousand users



R&D Center
citi handlowy

Investment in the future with a goal of creating innovative solutions that will improve clients satisfaction level



The new generation electronic FX platform



First in Poland integrated payment and City Travelcard

EFFICIENCY

BUSINESS MODEL

INNOVATION

QUALITY

INVESTMENT BANKING: Citi Handlowy participating in key transactions in Poland

Citi Investment Banking
citi handlowy

The only complete offer of global
investment banking in Poland based on four
pillars

citi

Citi Investment Banking
citi handlowy

#3 on M&A market

New investment banking team
in Warsaw

citi handlowy

Dom Maklerski
citi handlowy

Leader in corporate banking

#1 on the market

Accelerated sale
of 10% equity

PGE Polska Grupa
Energetyczna

4,0 mld zł

Globalny współkoordynator
i współprowadzący księgę popytu

2010

Accelerated sale
of 10% equity

KGHM
POLSKA MIEDŹ S.A.

2,0 mld zł

Współprowadzący księgę popytu

2010

IPO

**GIEŁDA PAPIERÓW
WARTOŚCIOWYCH
w Warszawie**

1,2 mld zł

Globalny współkoordynator
i współprowadzący księgę popytu

2010

Sale of 16.05% equity

Enea

1,1 mld zł

Współprowadzący księgę popytu

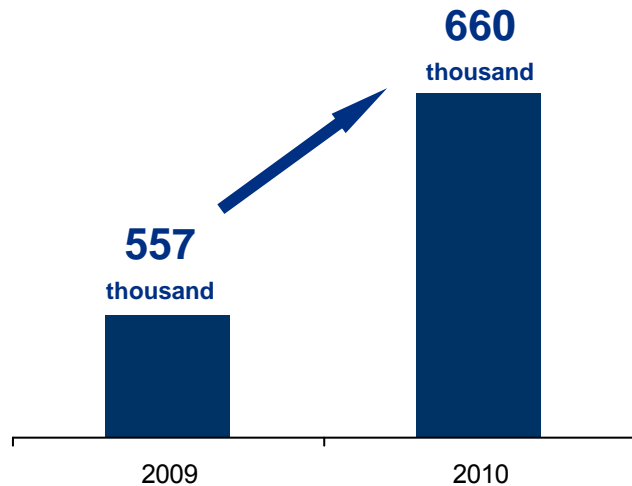
2010

citi handlowy

Development of remote channels

Implementation of new version of Citibank Online internet banking

CONSTANT INCREASE of the number of Citibank Online users



HIGH QUALITY OF TELEPHONE SERVICES
CITIPHONE

Waiting time for consultant

12.6 seconds

Launch of special line for Citigold

Waiting time for consultant

5.6 seconds



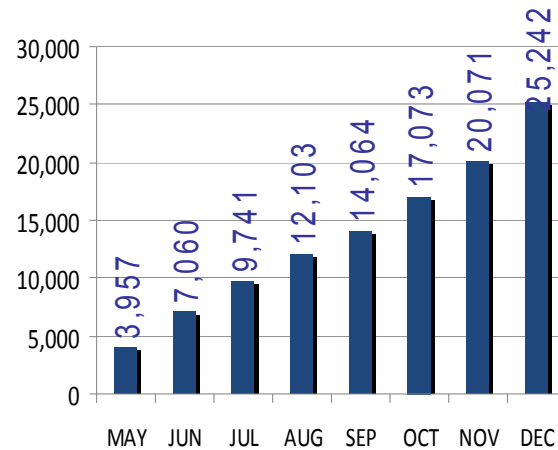
2010 Result: 9.5% gross profit increase from innovation

Development of remote channels

Citi Mobile lite version – since may 2010



Cumulative number of unique Citi Mobile (lite) users



Total number of logons' to Citi Mobile in December 2010 amounted to

862,257

Number of clients that used CM from May'10 to December'10

25,242

Number of active users in December 2010 - minimum one logon

10,160

Citi Mobile application



2010 Result: 9.5% gross profit increase from innovation

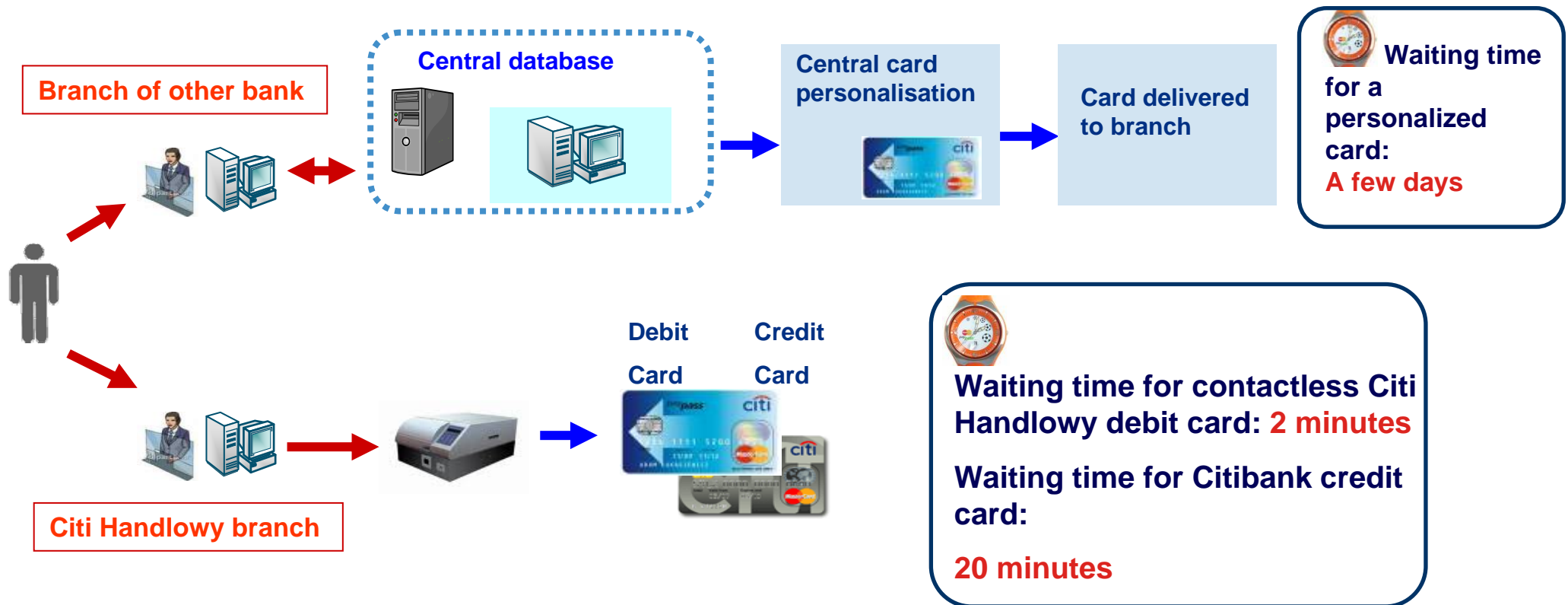
EFFICIENCY

BUSINESS MODEL

INNOVATION

QUALITY

Citi Handlowy – first bank in Poland offering instant issuance of contactless cards



2010 Result: 9.5% gross profit increase from innovation

EFFICIENCY

BUSINESS MODEL

INNOVATION

QUALITY

Citi Handlowy first Bank in Europe, which developed and implemented the technology for integrating payment card with city travel card

~7 thousand

Integrated Citibank Payment and City Travelcards issued



Warsaw Travel Card

+



Payment Card

=



Citibank Payment Travel Card



2010 Result: 9.5% gross profit increase from innovation

I miejska w jednym

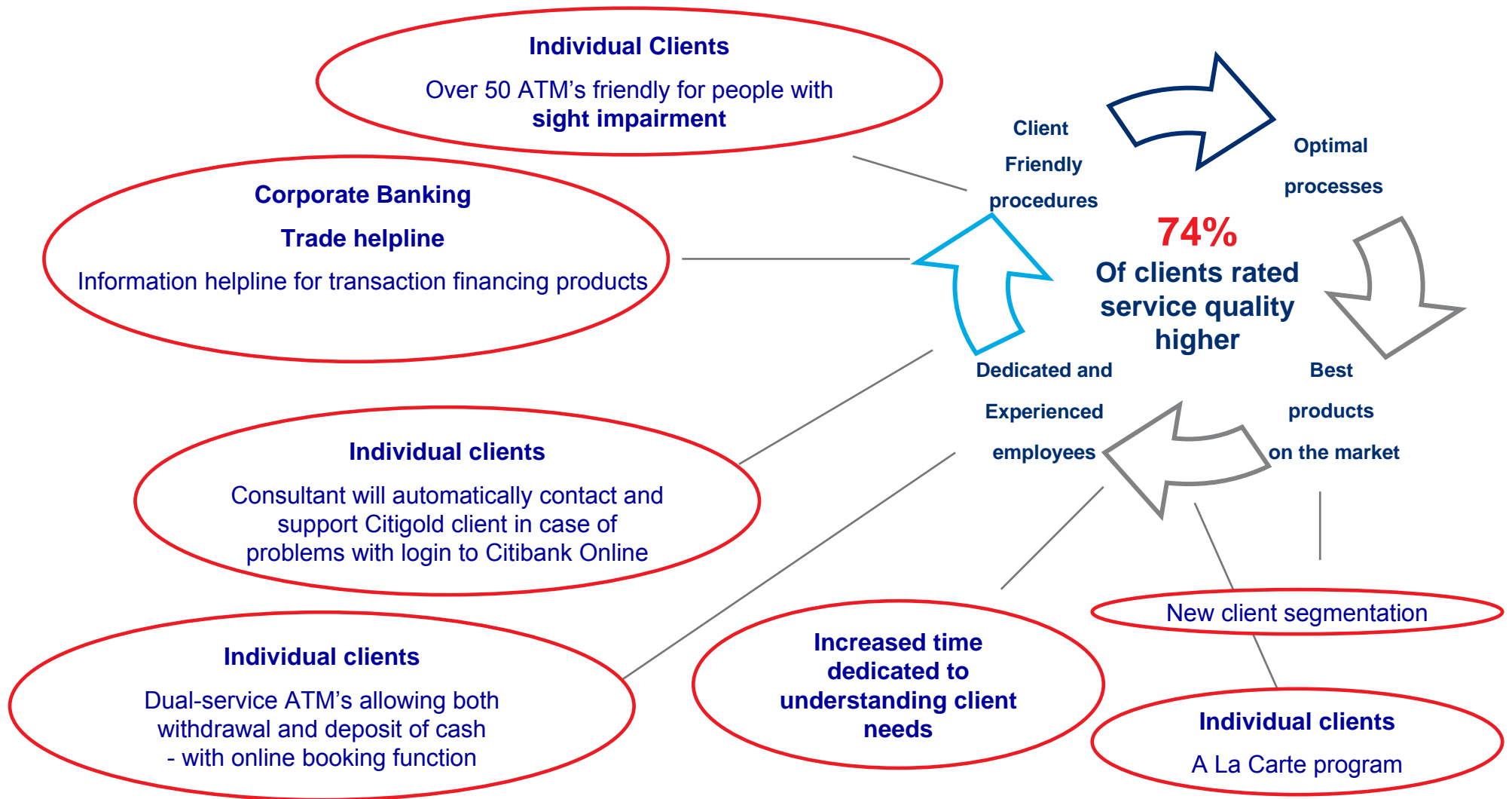
EFFICIENCY

BUSINESS MODEL

INNOVATION

QUALITY

High service standards



citi handlowy

EFFICIENCY

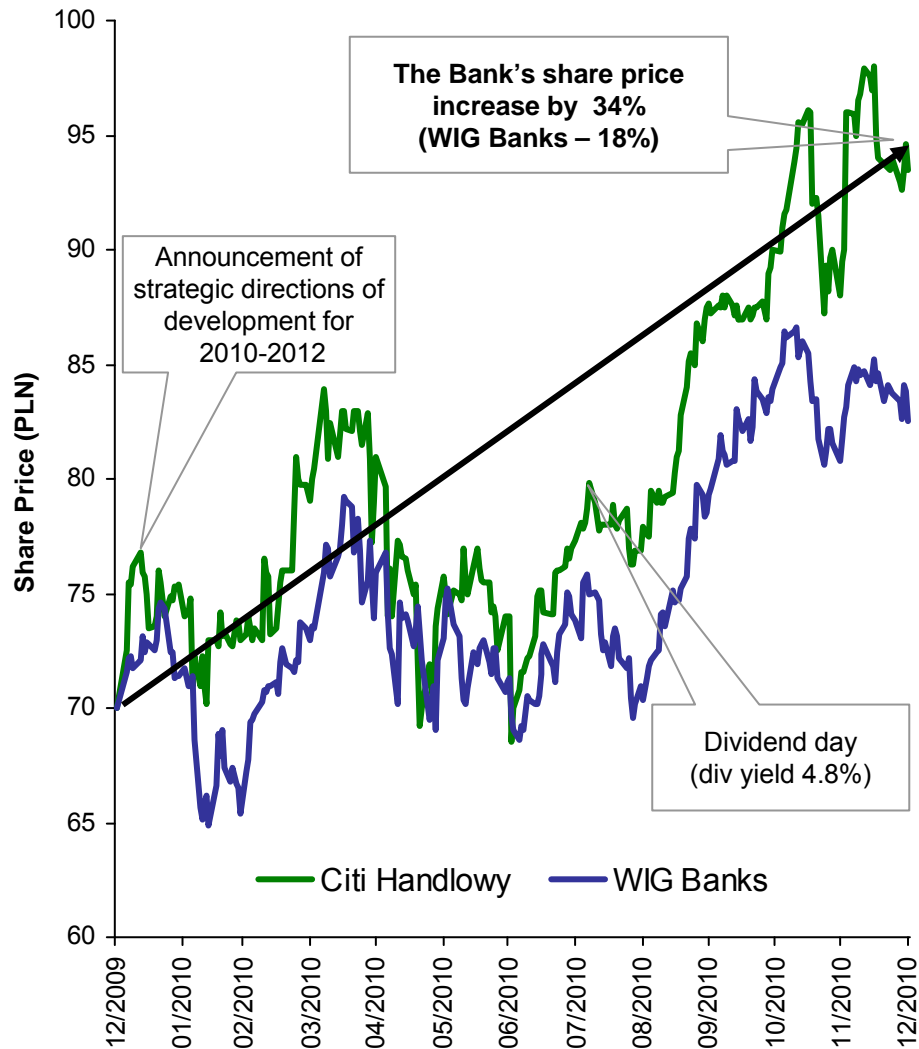
BUSINESS MODEL

INNOVATION

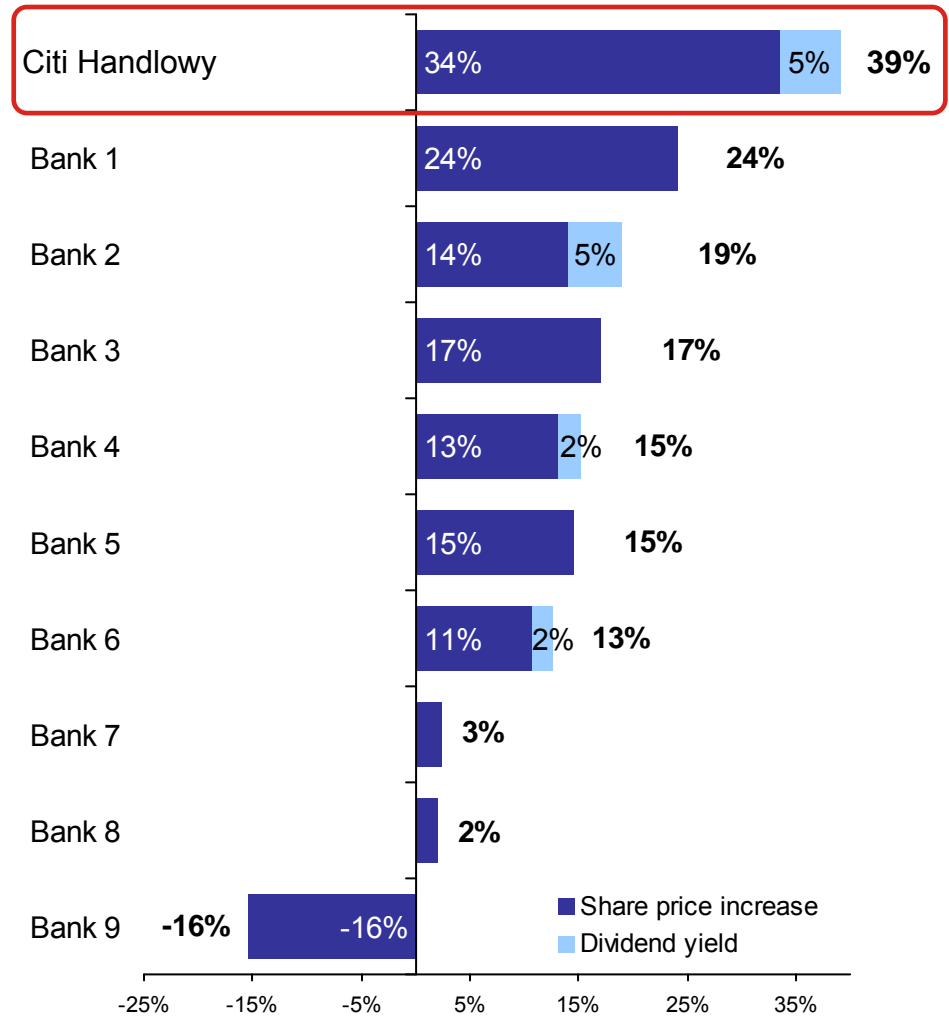
QUALITY

Building value – Citi Handlowy leader of growth

Citi Handlowy share price as compared to WIG-Banks index



Return on investment in Bank shares in 2010



EFFICIENCY

BUSINESS MODEL


INNOVATION

QUALITY

Citi Handlowy priorities for 2011

Implementation of strategy for years 2010-2012 continued

- **Volumes – focus on loan increase:**
*(Corporate – double digit increase;
Retail – double digit mortgage loans and credit cards
as engine of growth)*
- **Operating accounts:**
increase in the number of operating accounts (both retail and corporate)
- **Investment banking:**
participation in key transactions on capital markets
- **Quality:**
80% of clients noticing positive change
- **Innovation:**
*10% increase of gross income from
innovation*

Citi Investment Banking


 BANK
GOSPODARSTWA
KRAJOWEGO



R&D Center


STREFA  INNOWACJI



Appendix – Sector: quarterly decrease of corporate volumes and marginal increase of retail

