

BANK HANDLOWY W WARSZAWIE S.A.
3Q 2011 consolidated financial results

November 2011

Third quarter of 2011 – summary

Volumes

Corporate loans
↑ 12% QoQ

Mortgage loans
↑ 20% QoQ

Demand deposits
↑ 2% QoQ

Operating margin

Revenues
↑ 6% QoQ

Expenses
↓ 2% QoQ

Operating margin
↑ 20% QoQ

Business development

- Operating accounts of individual clients: ↑ 6% QoQ and ↑ 39% YoY
- Acquisition of credit cards: ↑ 12% QoQ and ↑ 105% YoY

Risk

- Non-performing loans ratio (NPL): ↓ to 9.8%
- Stable level of costs of risk: ↔ 0.5%

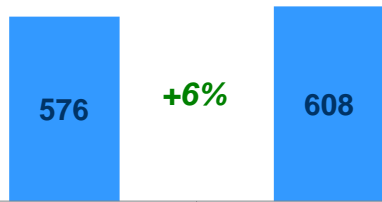
Liquidity & Capital

- **Stable capital position** – capital adequacy ratio at the level of 16.5% – one of the highest in the sector
- **High liquidity** – Loans/Deposits ratio at the safe level of 72%

Growth of net profit in the third quarter of 2011

/PLN MM/

Total revenue



2Q 2011 3Q 2011

Operating expenses



2Q 2011 3Q 2011

Net impairment losses

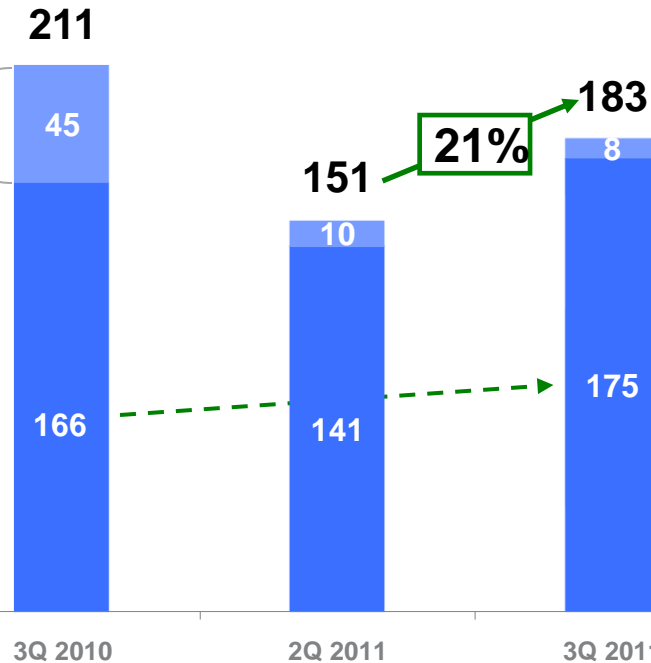


2Q 2011 3Q 2011

Net profit

/PLN MM/

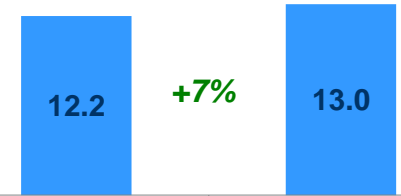
Gains from AFS portfolio sale



3Q 2010 2Q 2011 3Q 2011

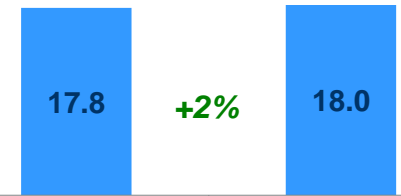
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Non-financial sector loans



2Q 2011 3Q 2011

Non-financial sector deposits



2Q 2011 3Q 2011

59%
Cost / Income

1.6%
ROA

12.4%
ROE

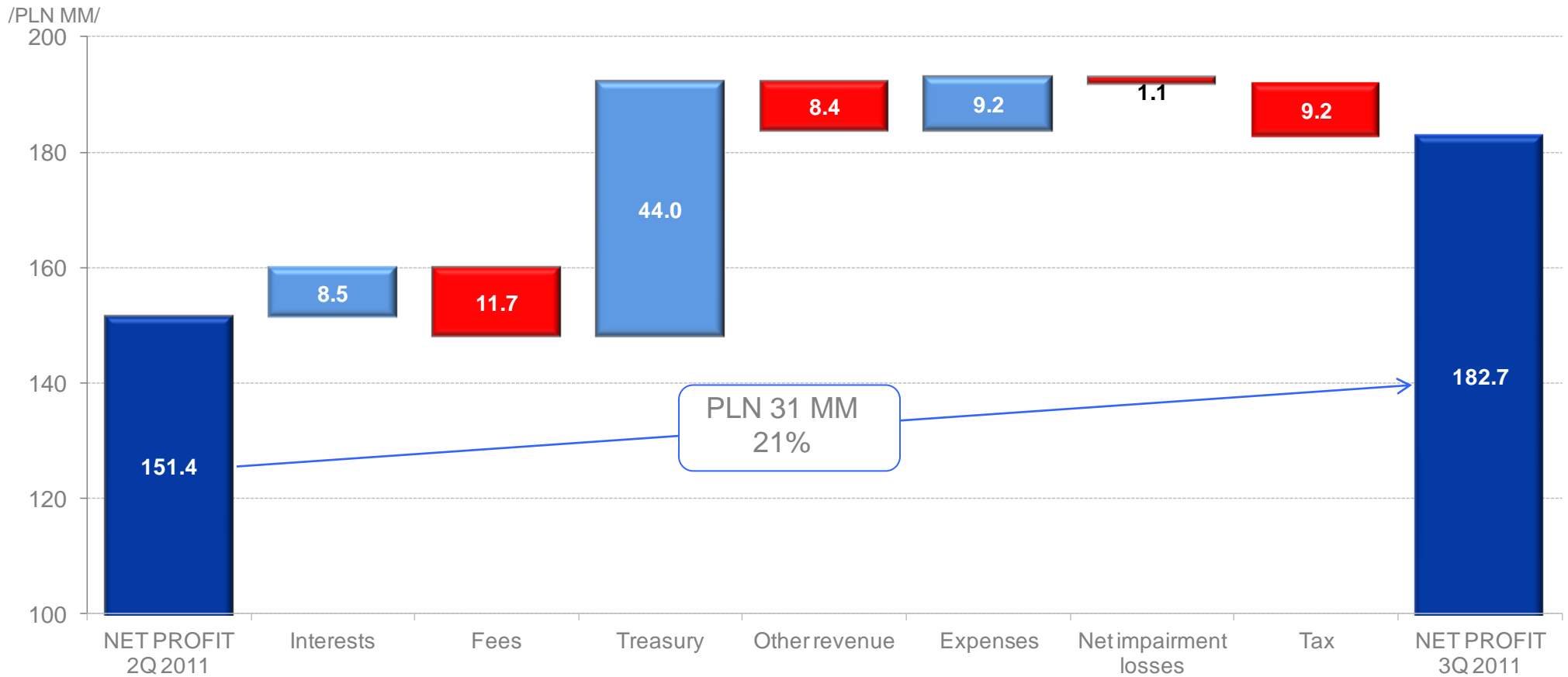
72%
Loans / Deposits

16.5%
Capital adequacy ratio

21%
ROE by Tier1 ratio = 9%

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Net profit 3Q 2011 vs. 2Q 2011



↑ **2%**
Net interest income

↓ **7%**
Net fee and commission income

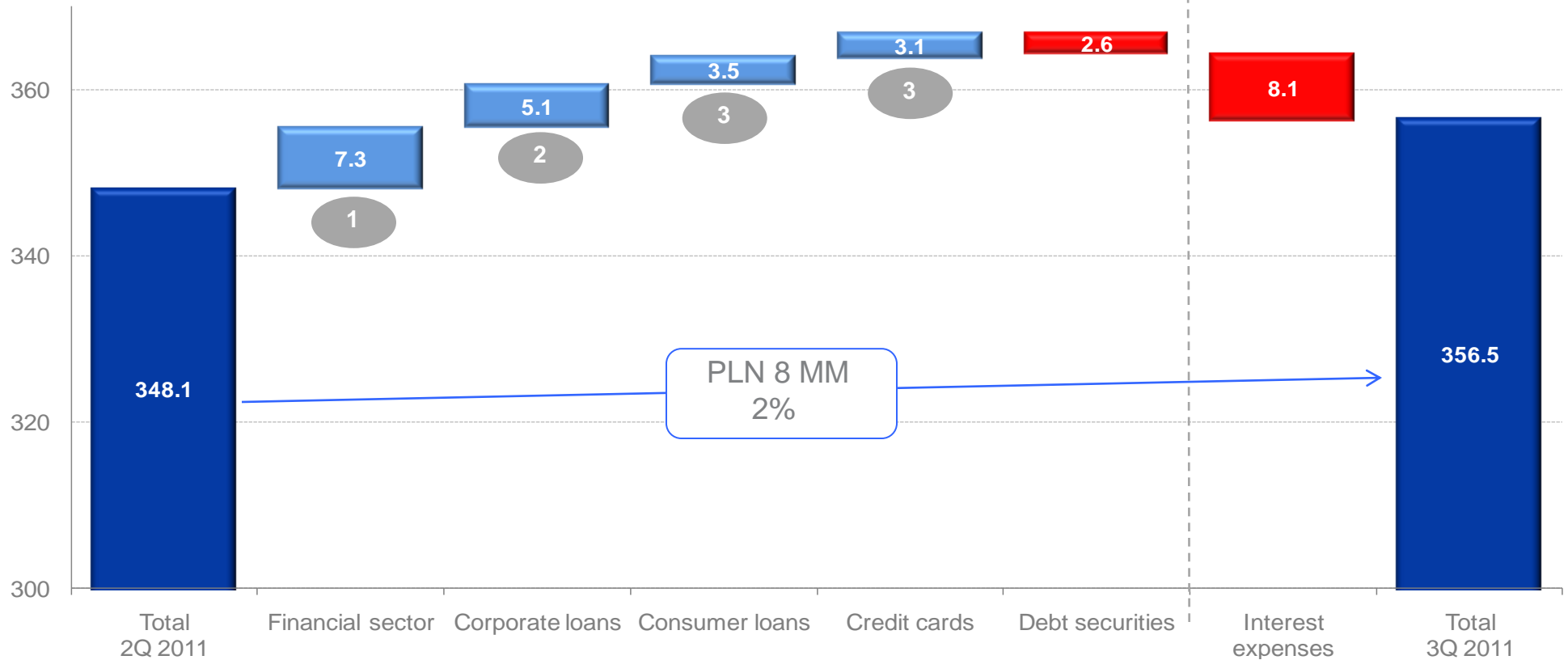
↑ **79%**
Treasury

↓ **2%**
Expenses & depreciation

↑ **7%**
Net impairment losses

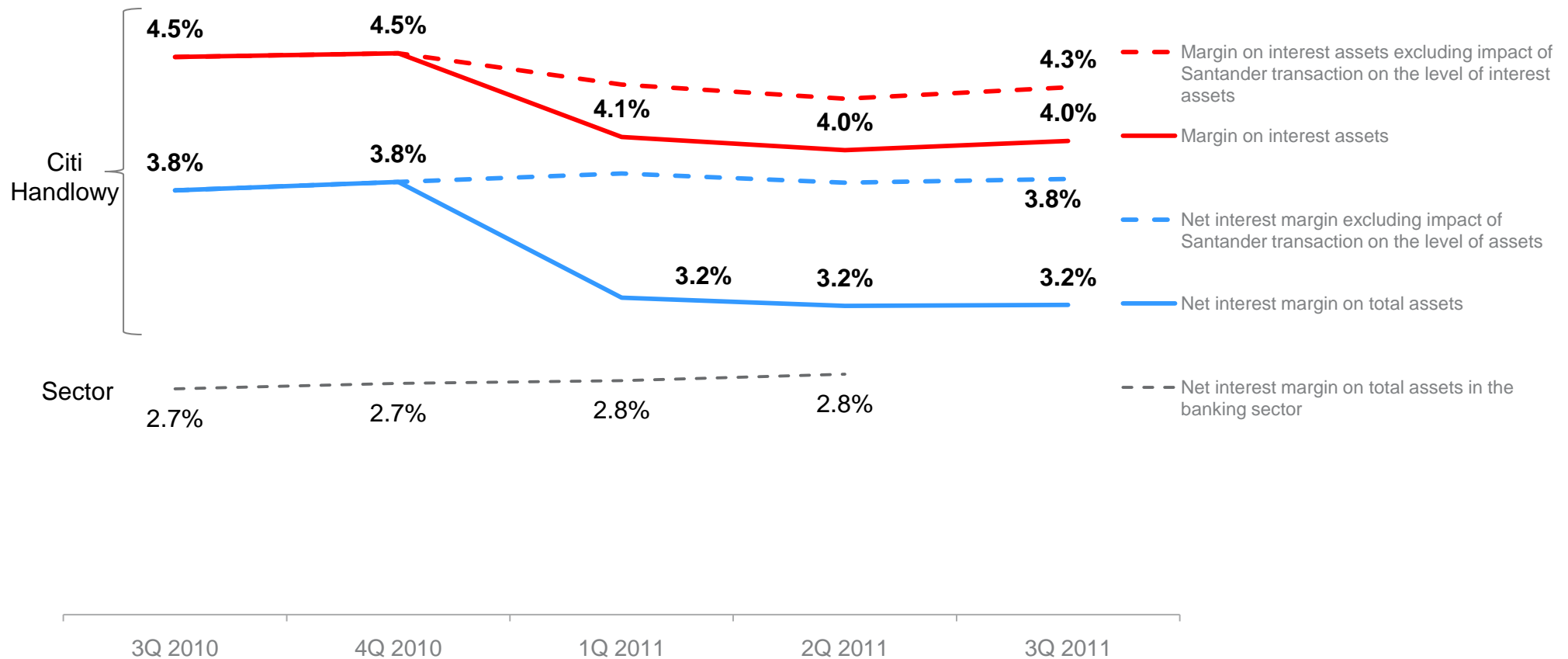
Growth of net interest income

/PLN MM/



- 1 Increase of income from placements in banks
- 2 Corporate loans – higher revenues driven by 12% growth in volumes
- 3 Consumer portfolio – repricing of credit cards and end of promotional interest rate offer on cash loans

Net interest margin – maintained at stable high level

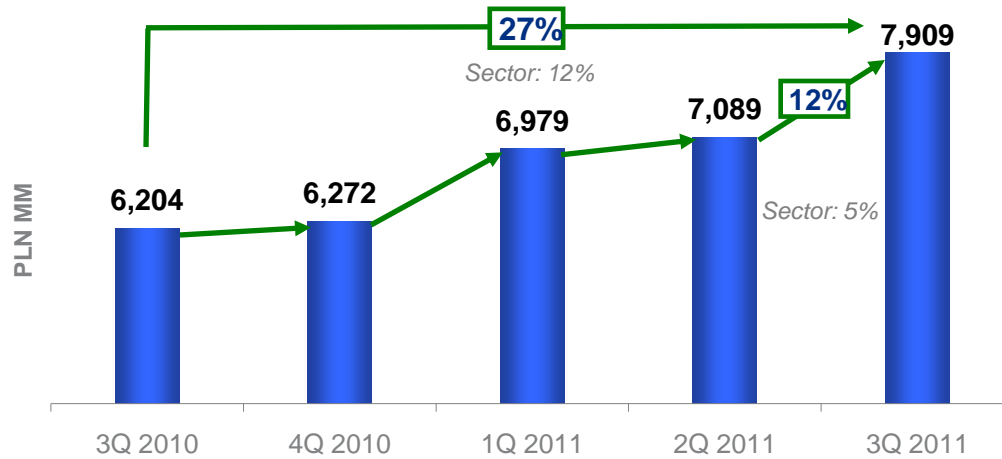


1 Net interest margin on total assets above the sector average

2 Excluding the impact of Santander transaction on 1Q 2011 assets, net interest margin on total assets remained unchanged

Loans – continued growth in corporate banking

Corporate loans

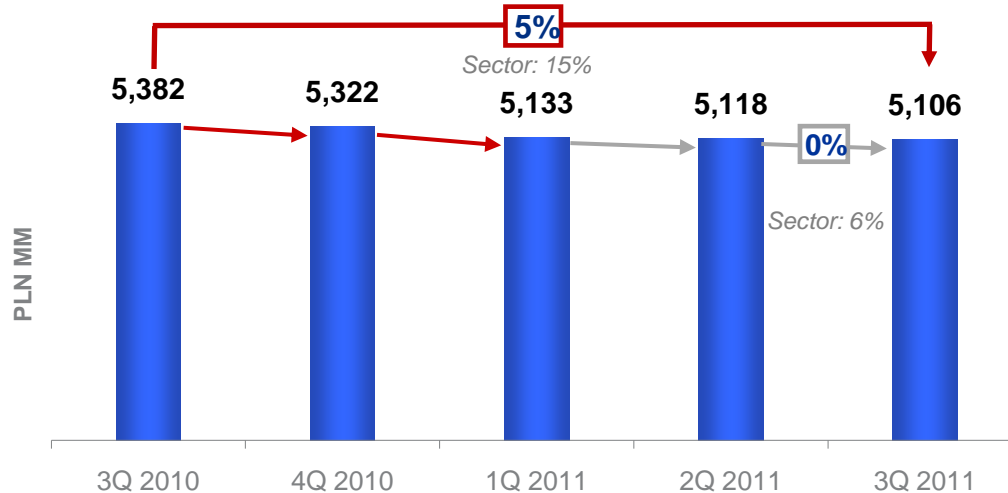


↑ **12% QoQ**

Sixth consecutive quarter of corporate loans increase

Growth beating the sector dynamics

Retail loans



→ **0% QoQ**

Flat level of retail loans

More stringent credit policy

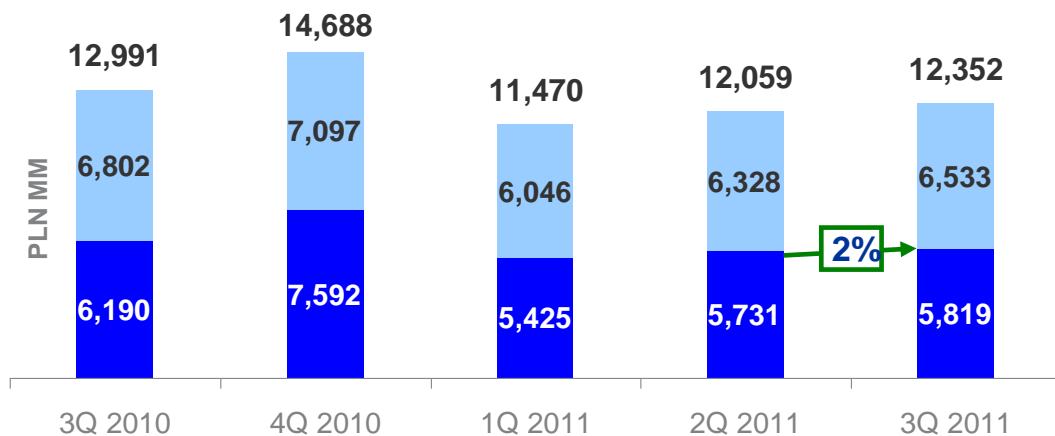
↑ **20% QoQ**

Mortgage loans portfolio growth to PLN 516 MM

Sector increase: +8%

Deposits – focus on operating accounts

Corporate deposits

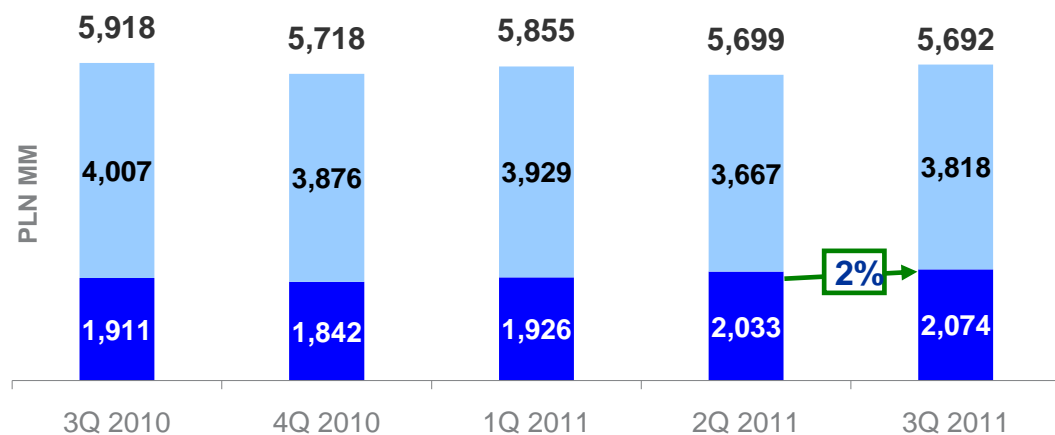


↑ 2% QoQ

Increase of demand deposits in 3Q 2011

Decline in the market (-7%)

Retail deposits



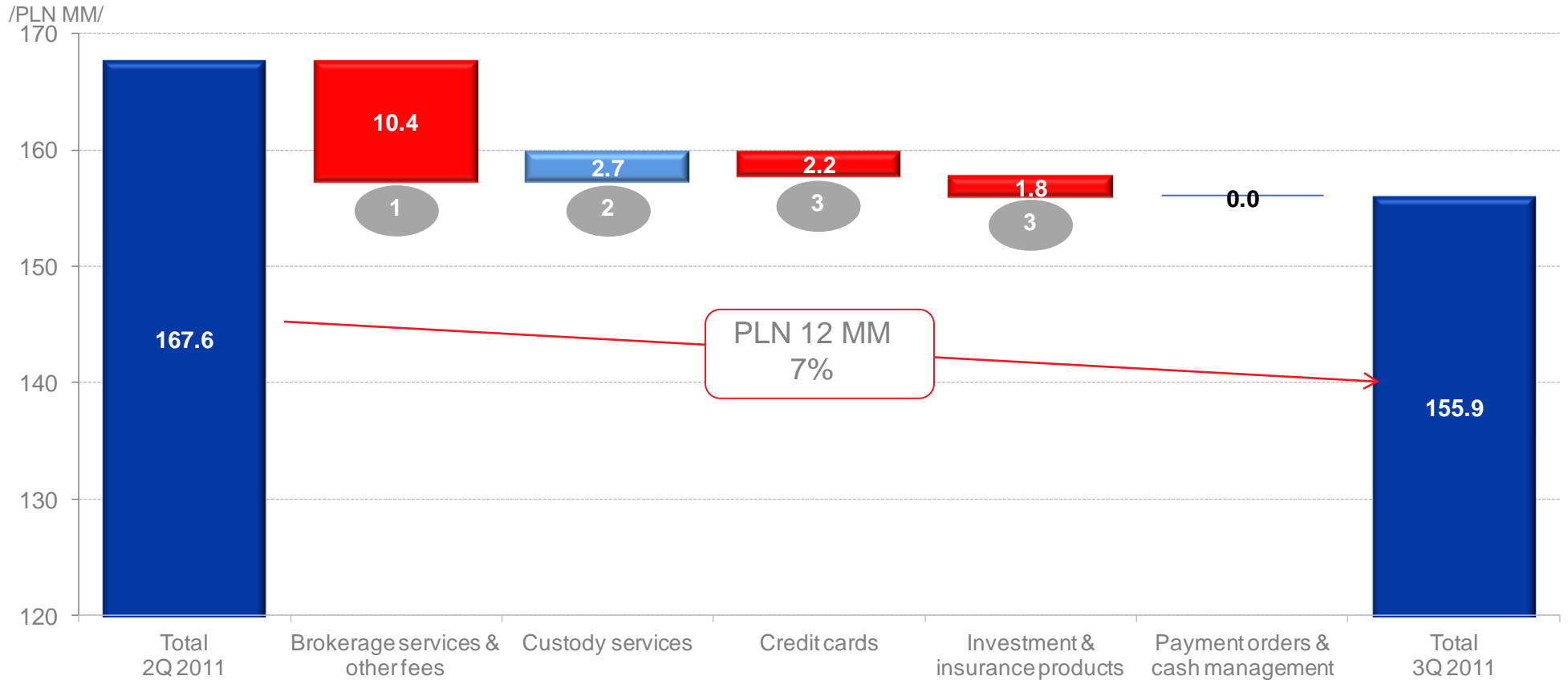
↑ 2% QoQ

Increase of demand deposits in 3Q 2011

Effect of focus on operating accounts

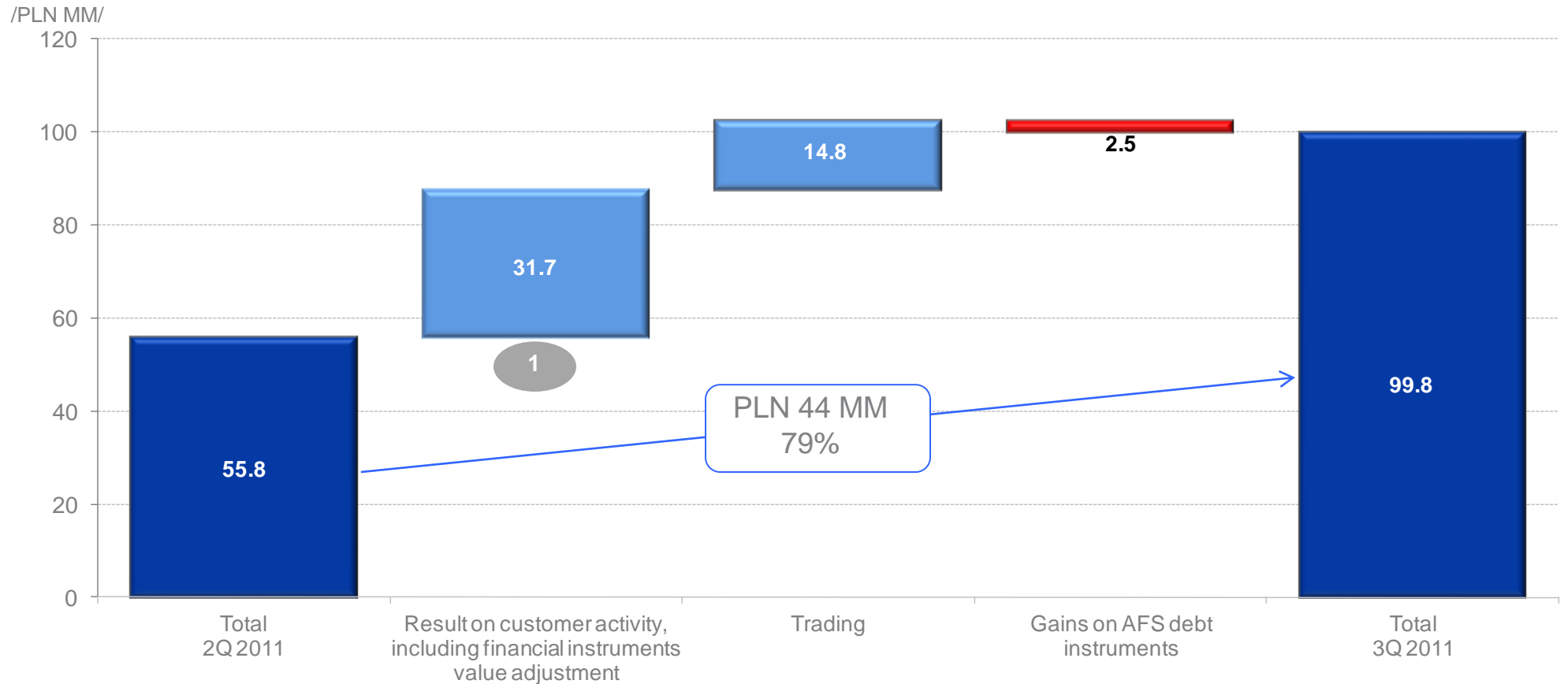
Decline in the market (-2%)

Net fee and commission income



- 1 Brokerage services – difficult market environment – lack of revenue from large transactions on capital markets
- 2 Custody services – increase of value of assets under custody and a higher number of transactions
- 3 Growth of fee expenses from credit cards related to higher acquisition of co-brand cards (MasterCard World and Wizzair) coupled with a decline of income from investment products

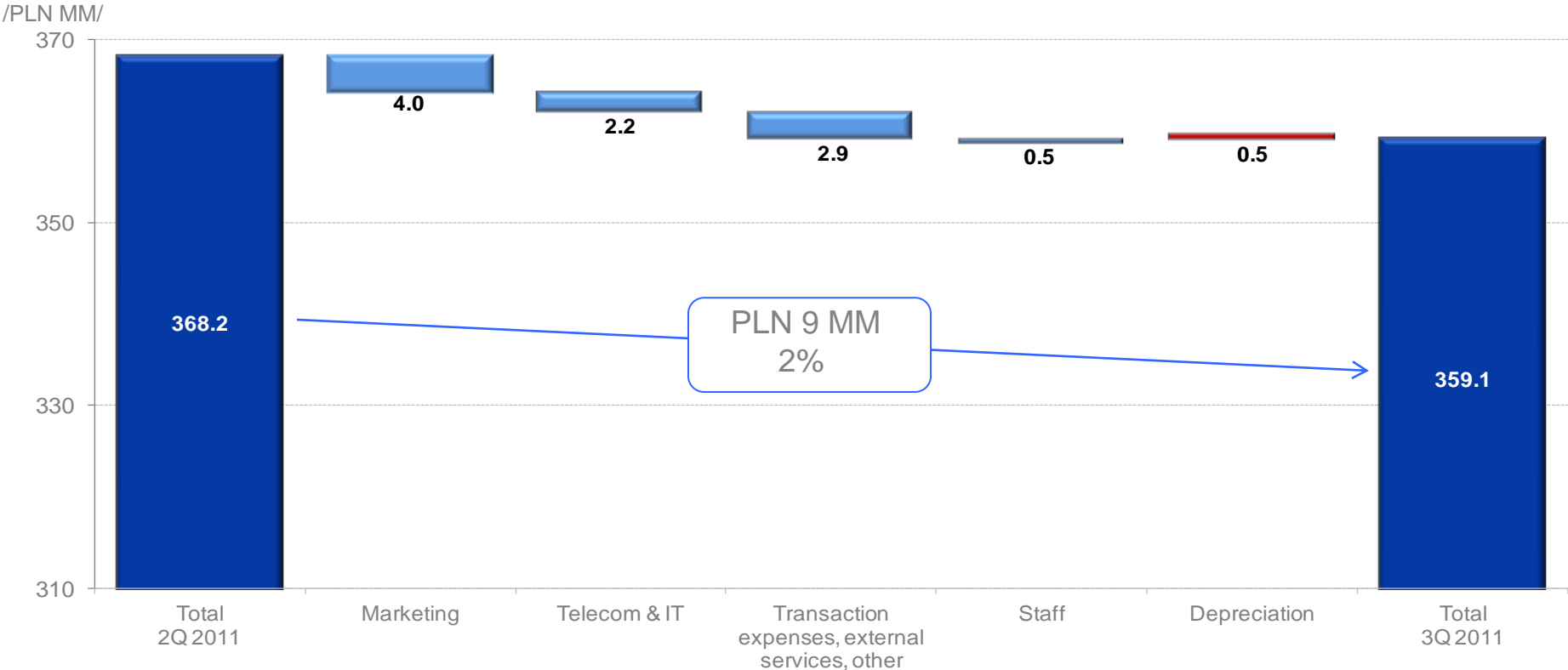
Treasury result



- 1 Growth of FX volumes with corporate customers by 12% QoQ and 28% YoY along with improvement of financial instruments value adjustment and one-off impact of a customer credit assessment in Q2 2011
- 2 CitiFX has won the 'Most innovative Bank for FX' title in the Banker's Investment Banking Awards 2011



Consistent expenses policy

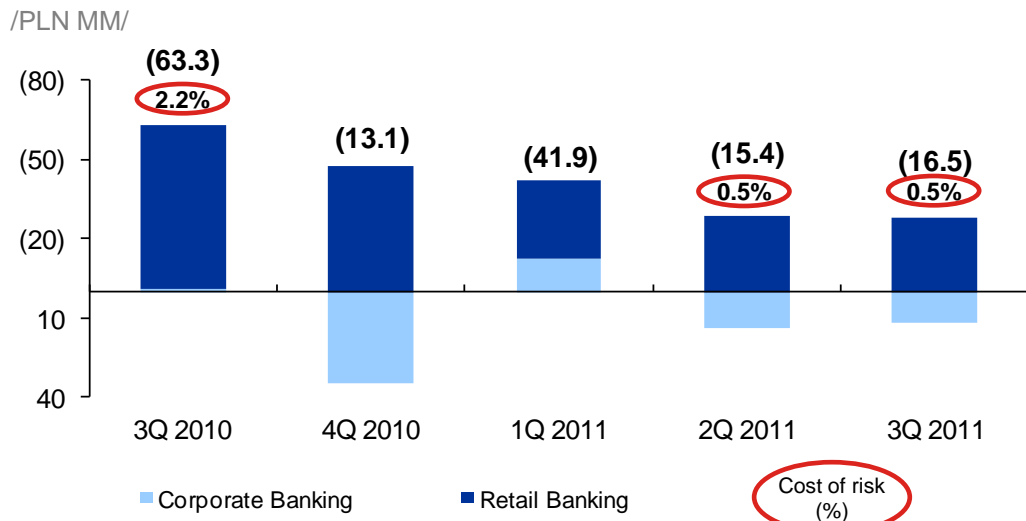


Cost / Income ratio

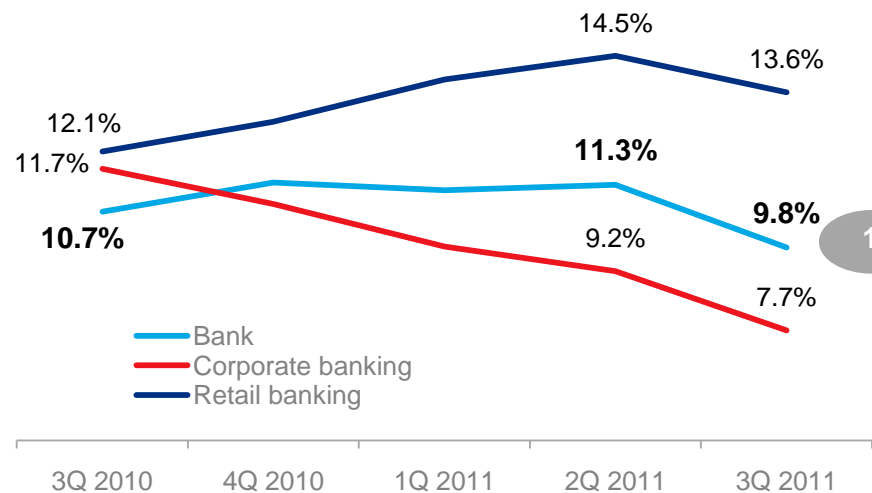
	2Q11	3Q11	Change
Corporate Banking	52%	47%	↓
Retail Banking	76%	73%	↓
Bank	64%	59%	↓

Cost of risk kept under control

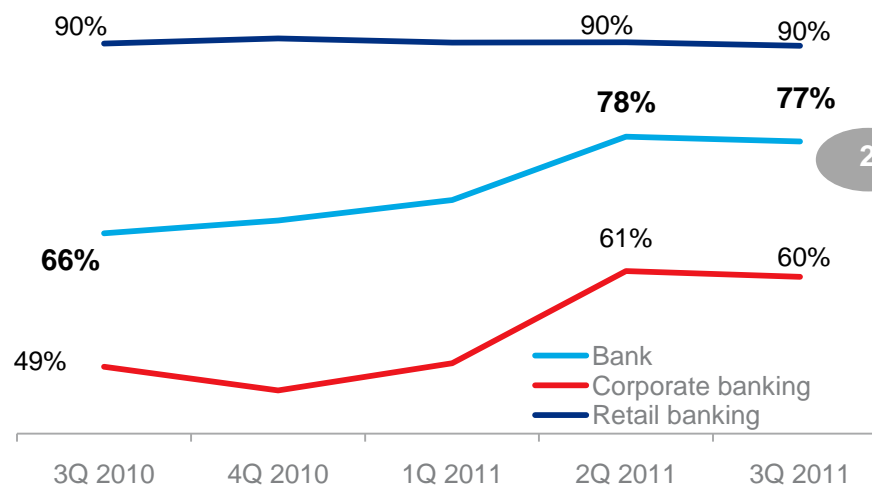
Net impairment losses



Non-performing loans ratio (NPL)



Provision coverage ratio



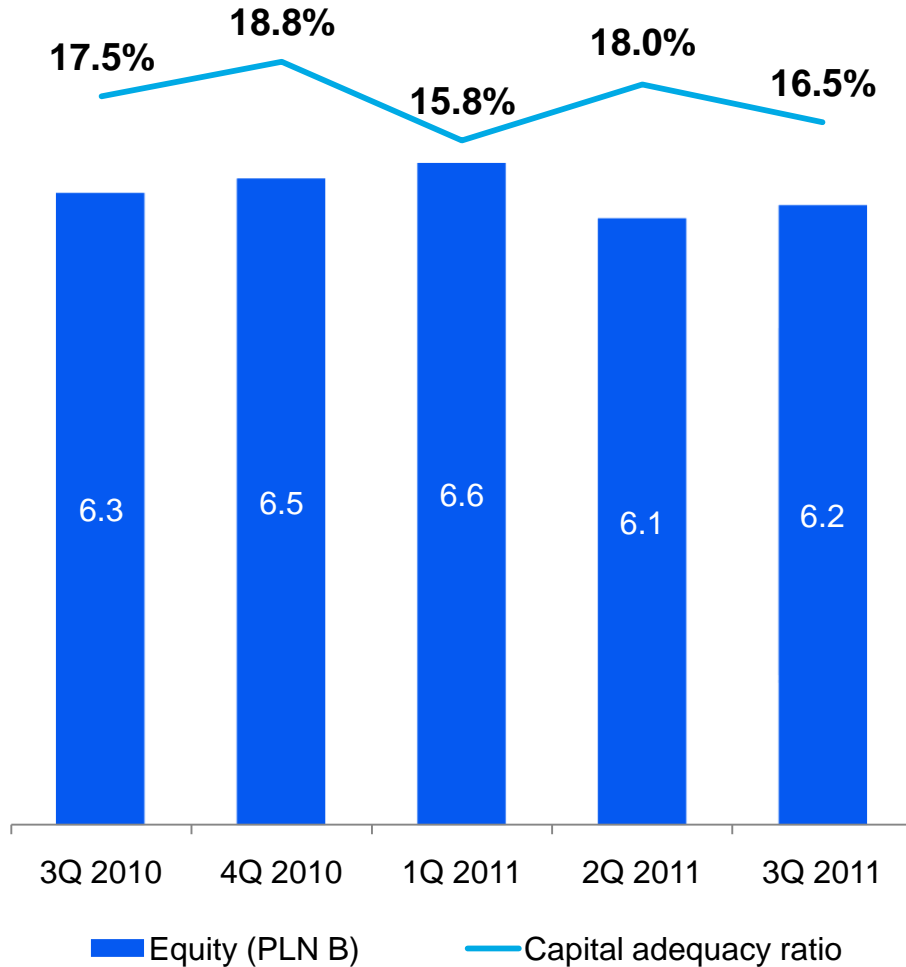
1 Decline of non-performing loans ratio to 9.8%

2 Provision coverage ratio at a very high level of 77%

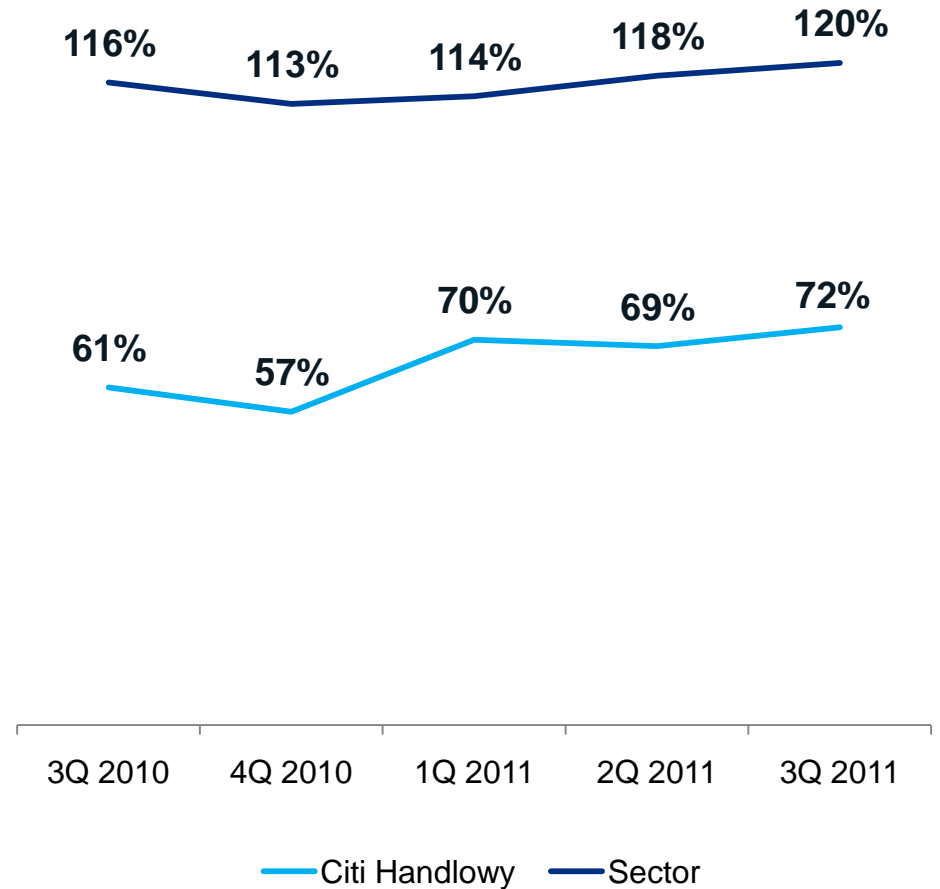
3 Drop of impairment write-offs in retail banking and the lower level of recoveries in corporate banking in the third quarter 2011 – stable QoQ level of costs of risk

Liquidity and capital adequacy – stable and safe position

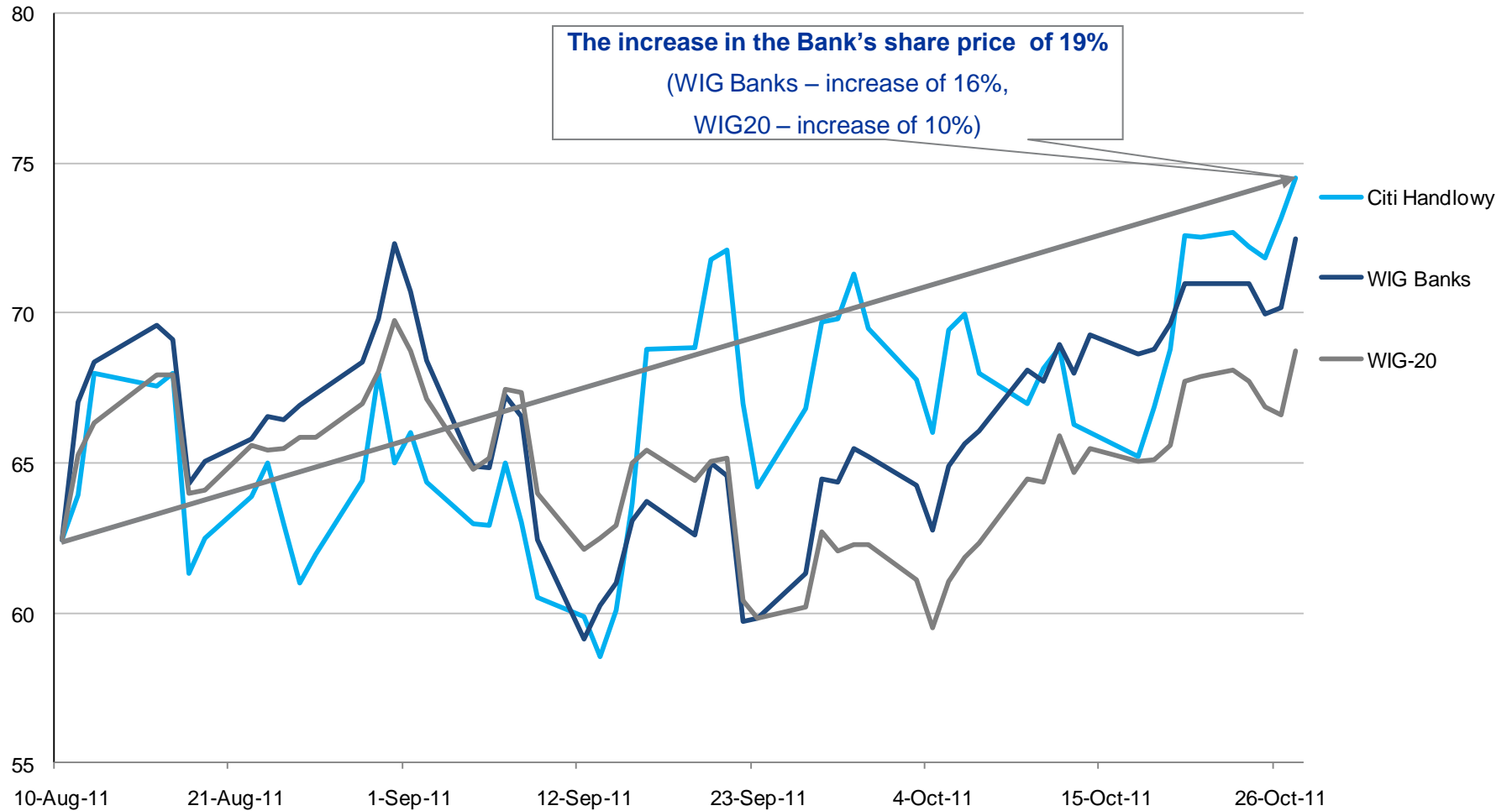
Capital adequacy ratio vs. equity level



Loans to deposits ratio - Bank vs. banking sector



Citi Handlowy share price after the announcement of 2Q 2011 result



2012 challenges to the banking sector

Capital shortfall

- Losses due to sovereign debt crisis
- Increase of regulatory capital requirements

Liquidity

- Possible return of „deposit war” (negative margins)
- Liquidity shortages in banks with large FCY loan portfolios

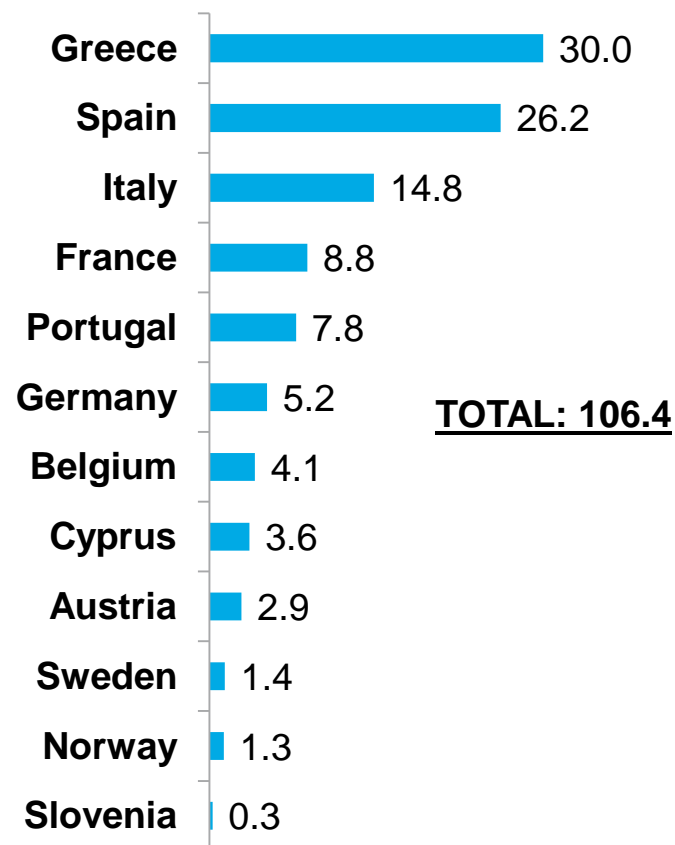
Volumes growth

- Corporate and consumer loans dynamics likely to slow down

Portfolio quality

- Growth of NPL ratio

Capital shortfall of European banks (EUR B)



Source: European Banking Authority

Appendix

Retail banking operational data

(in thousands.)	3Q 2010	2Q 2011	3Q 2011	change YoY	% change YoY
Current accounts including:	561	628	646	84	15%
operating accounts	117	154	163	46	39%
Saving accounts	204	218	222	18	9%
Credit cards including:	924	871	865	-59	-6%
co-brand cards	527	484	488	-39	-7%
Debit cards	441	469	474	32	7%
PayPass cards	126	270	303	177	141%

Retail banking volumes

(PLN million)	2Q 2011	3Q 2011	Change QoQ	% change QoQ
Deposits	5,699	5,692	-7	0%
Demand deposits	2,033	2,074	41	2%
Other deposits including:	3,667	3,618	-49	-1%
savings accounts	2,471	2,464	-7	0%
Loans	5,118	5,106	-12	0%
credit cards	2,277	2,251	-26	-1%
cash loans	2,323	2,250	-73	-3%
mortgage loans	431	516	85	20%