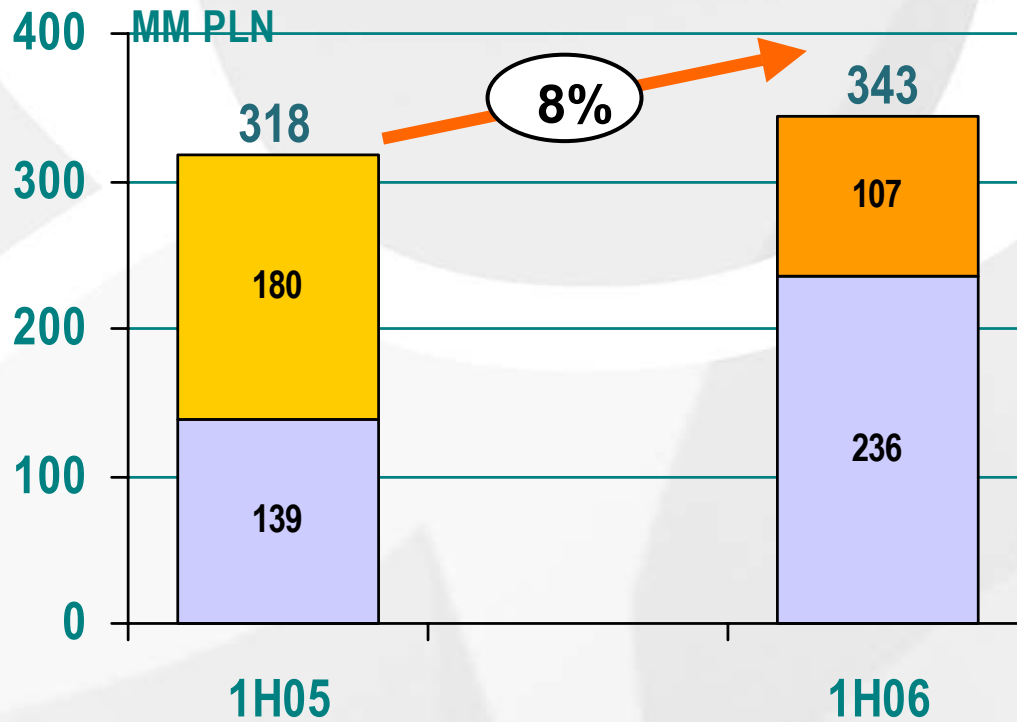








Bank Handlowy w Warszawie S.A. after 2Q '06

- expansion and better results

# Strong mid year results



# Increase in capital return and efficiency

	1H05	1H06	Zmiana Variance
Operating Income, MM PLN	1,155	1,060	(8,3%)
Gross income, MM PLN	401	444	10,7%
Net income, MM PLN	318	343	7,8%
Return on Equity	9,1%	11,7%	
Return on Assets	1,6%	1,9%	
Cost / Income	71,8%	67,3%	
Capital Adequacy Ratio	14,6%	14,8%	

# Achievements in 2 Q 2006

## Capital markets and banking

- ❑ 215 MM PLN issue of 20-year notes for European Investment Bank, the largest public non-State Treasury issuance in 1st half of 2006
- ❑ M&A advisory for Computerland in Emax takeover valued at 122 MM Euro
- ❑ Sustainable leading position in commercial papers with 20% market share
- ❑ Back on the market with SME offer – 200 new and active clients acquired

## Treasury

- ❑ High growth in fx product sales, especially FX options
- ❑ e-Trade electronic platform launch

## Transaction Services

- ❑ New functionality of the mass payment „SpeedCollect” product – on-line data availability
- ❑ Promotion of international transfers with more attractive pricing - 20% product revenue increase
- ❑ EU advisory services launch

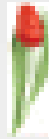
## Trade financing

- ❑ Financing of two vessels for Norwegian fleet company
- ❑ New functionalities to factoring products

# „Profits rise in springtime” ... in 1 H 2006

## Consumer Bank

- ❑ Internet accounts increased security
- ❑ Attractive pricing of the Citibank overdraft product
- ❑ Free of charge internet cash transfer



- ❑ Strong sales of investment products, the offer extended with 9 new equity subfunds denominated in Euro and USD



- ❑ New insurance products, i.a. SuperEmerytura (pension related product)
- ❑ Successful marketing of cash loan within credit card by phone

**citi** financial

- ❑ High cash loan sales supported with media campaign
- ❑ Program implementation „Your acquaintance – CitiFinancial client”
- ❑ Spring promotion of consolidation loan „Installment’s reduction Center”
- ❑ Internet distribution channel promotion



# Citibank payment cards - prestigious and innovative

## Retail cards



- 12% increase to 613 thousand retail credit cards
- Strong sales of Citibank MasterCard **FIFA 2006**
- Innovative cash loan within credit card by phone

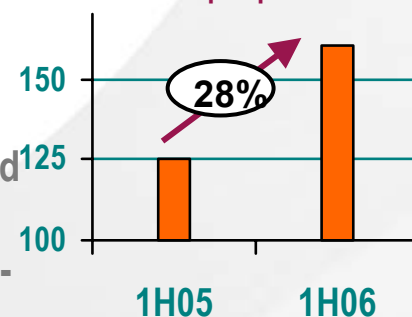
At the end of 1 half 2006 the Bank issued **1,04 million** payment cards

## Pre-paid cards



- Prepaid cards' offer awarded by the „The Banker”
- Innovative application – pre-paid cards for social aid funds and scholarships.

Number of pre-paid cards



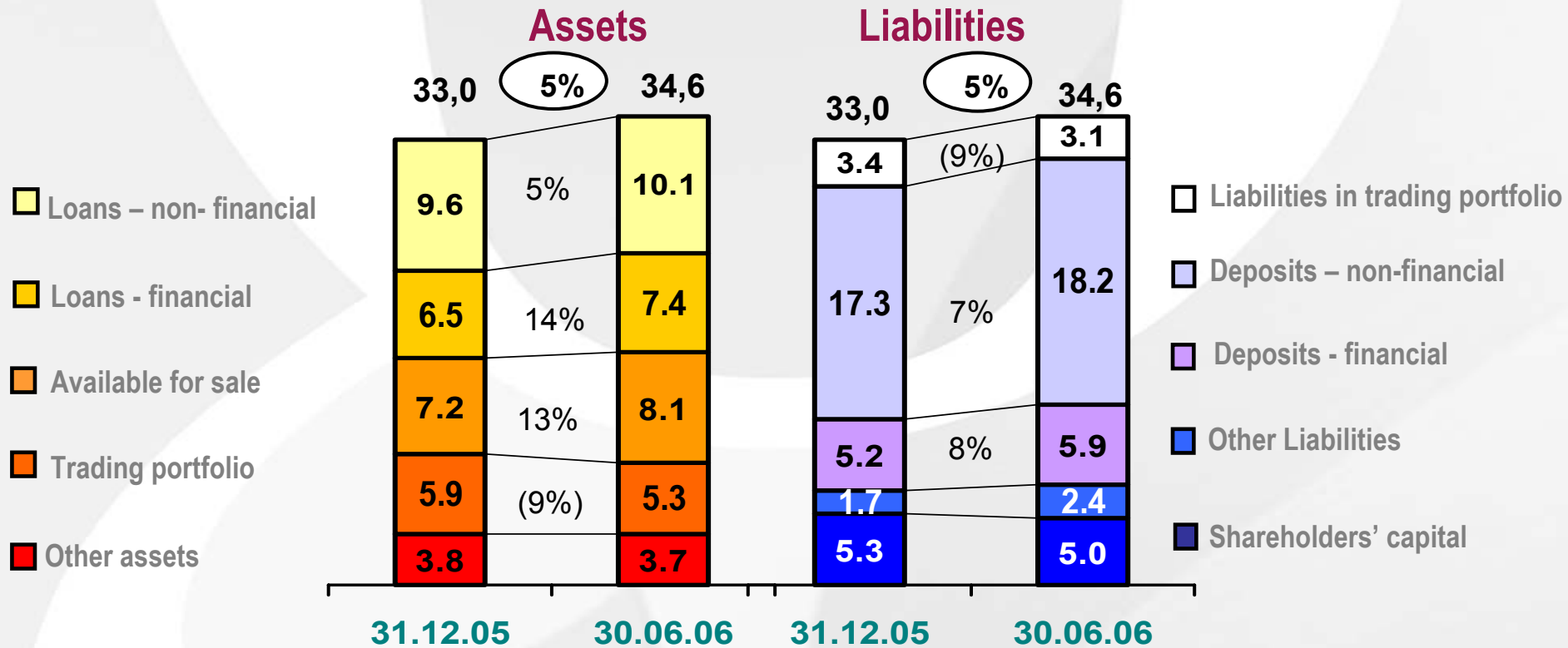
## Business cards



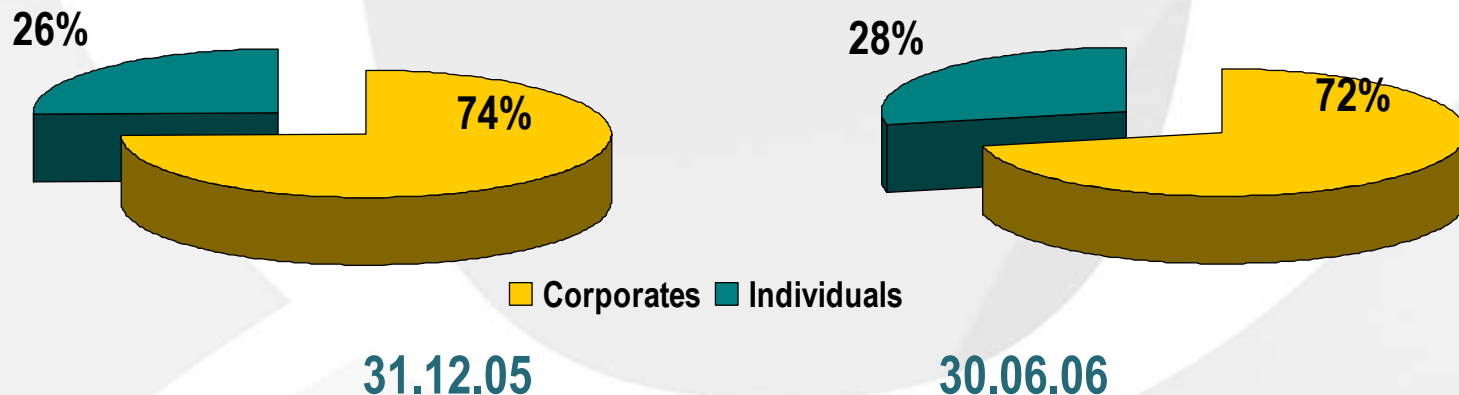
- 9% more business credit cards issued in 1H 06 v. 1 H 05

Źródło: Sprawozdania finansowe Banku

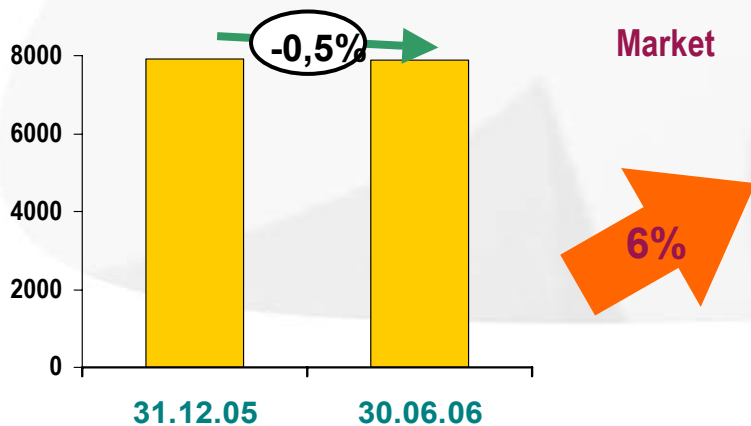
# Balance Sheet structure



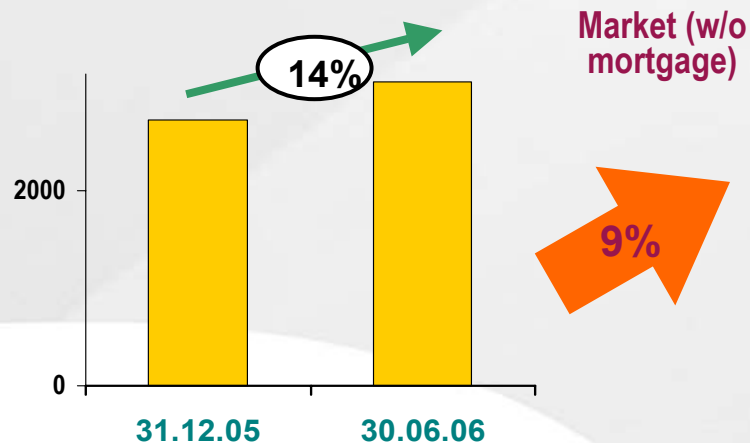
## Non-financial sector laons



## Corporate clients loans



## Retail loans

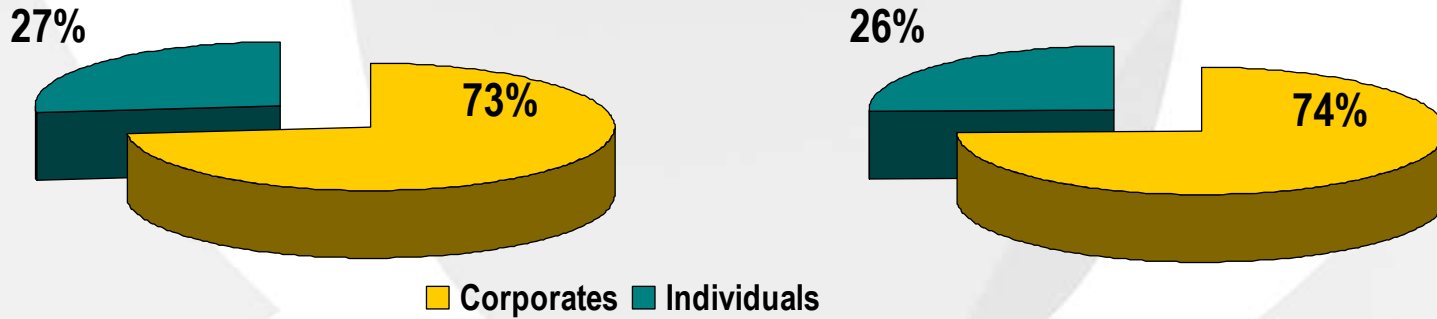


Source: Estimates, pro-forma data



# Deposits

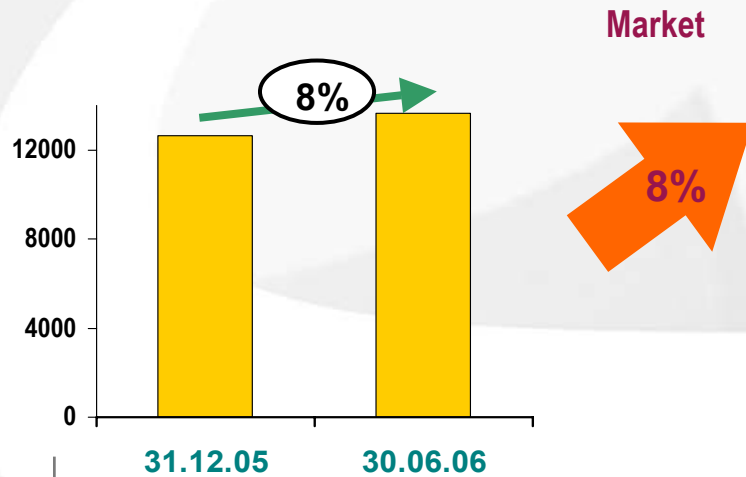
## Non-financial sectors deposits



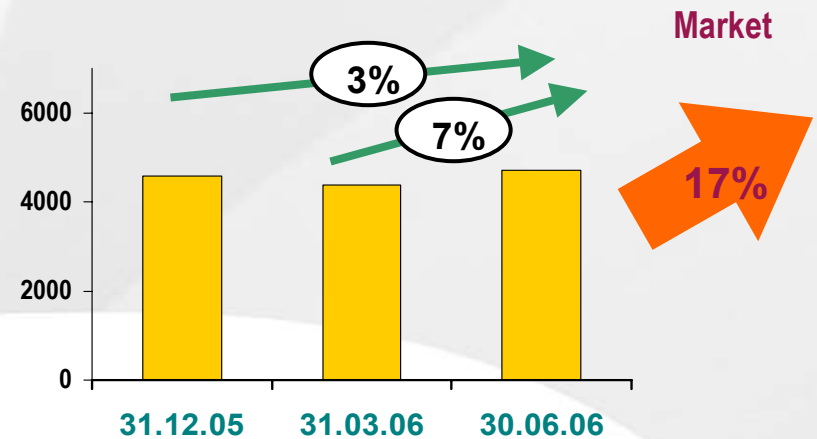
31.12.05

30.06.06

## Non-Financial Corporate deposits



## Individuals' deposits



Source: Estimates, pro-forma data

**citibank handlowy**

Globalne standardy. Lokalne rozwiązania.

# Results after 1<sup>st</sup> half 2006

PLN MM	1H06	1H05	Wzr/(spad) I/(D)	Wzr/(spad) I/(D) %
Net interest income	508.1	522.3	(14.2)	(2.7%)
Net fee and commission income	302.4	283.7	18.7	6.6%
Treasury	213.0	332.2	(119.2)	(35.9%)
Other operating revenue	38.8	15.2	23.6	155.1%
<b>Recurring income</b>	<b>1,062.3</b>	<b>1,154.9</b>	<b>(92.6)</b>	<b>(8.0%)</b>
<b>Op. expenses and depr.</b>	<b>(748.1)</b>	<b>(767.1)</b>	<b>(19.0)</b>	<b>(2.5%)</b>
Income on fixed assets sale	117.3	(1.1)	118.4	n.m.
Movements in provisions	9.6	17.0	(7.4)	n.m.
Share in subs' profits	2.7	(2.5)	5.1	n.m.
<b>EBIT</b>	<b>443.8</b>	<b>401.4</b>	<b>42.5</b>	<b>10.6%</b>
Corporate tax	(100.8)	(83.1)	17.7	21.2%
<b>Net profit</b>	<b>343.1</b>	<b>318.2</b>	<b>24.8</b>	<b>7.8%</b>

# Treasury results

PLN MM

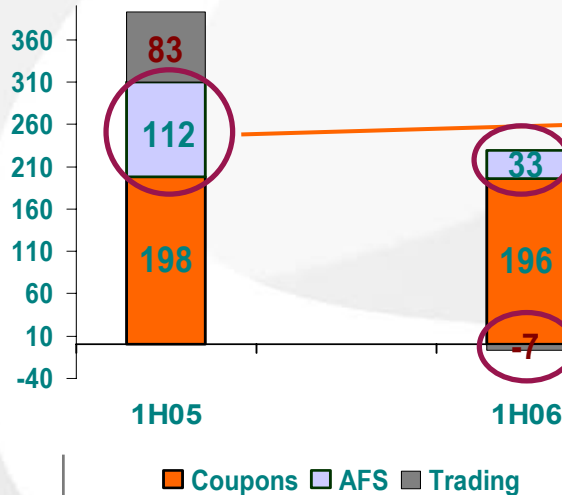
Trading portfolio income  
AFS portfolio income  
Foreign Exchange income

**Treasury**

**Debt instruments interest**

	1H06	1H05	Wzr/(spad) I/(D)	Wzr/(spad) I/(D) %
Trading portfolio income	5.9	15.1	(9.1)	(60.6%)
AFS portfolio income	33.2	112.3	(79.1)	(70.5%)
Foreign Exchange income	173.9	204.8	(30.9)	(15.1%)
<b>Treasury</b>	<b>213.0</b>	<b>332.2</b>	<b>(119.2)</b>	<b>(35.9%)</b>
<b>Debt instruments interest</b>	<b>196.0</b>	<b>197.7</b>	<b>(1.7)</b>	<b>(0.9%)</b>

debt instruments



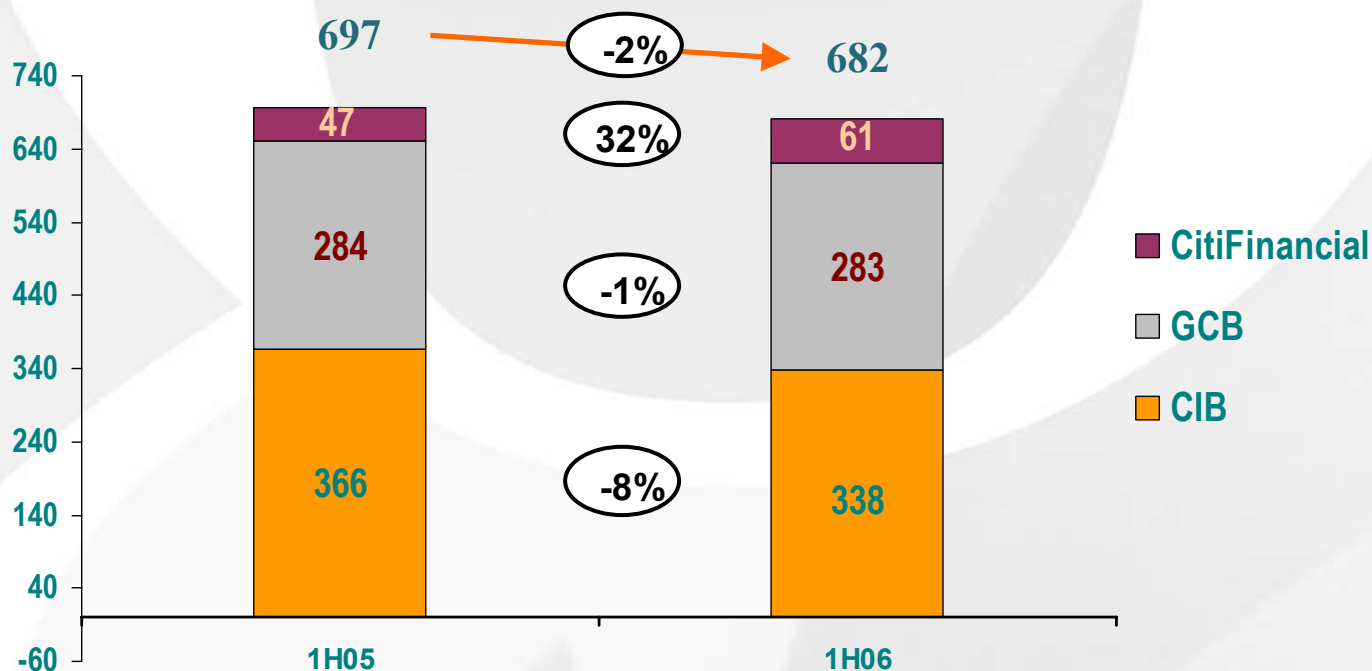
Yields on Treasuries



**citibank handlowy**

Globalne standardy. Lokalne rozwiązania.

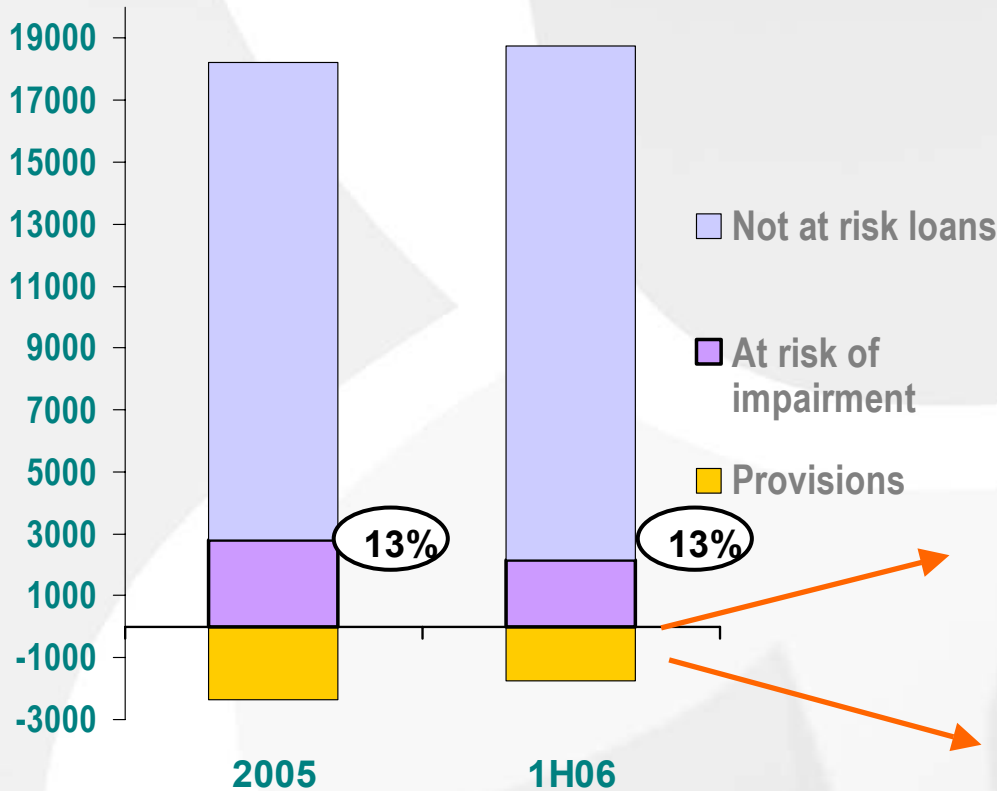
# Expansion but with cost discipline



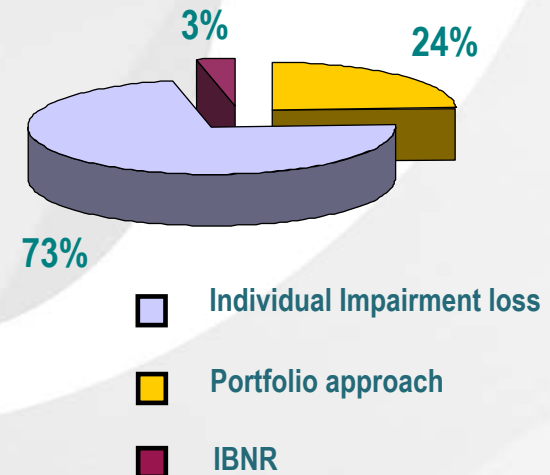
- ❑ Corporate segment costs under control, partly offset by one-off expenses in 2<sup>nd</sup> Q06
- ❑ Cost cutting effect in retail, even more clearly visible with 7% decrease 2Q06/1Q06
- ❑ Branch network expansion in CitiFinancial

# Cost of Credit

## Loans portfolio quality



## Impairment split 1H06



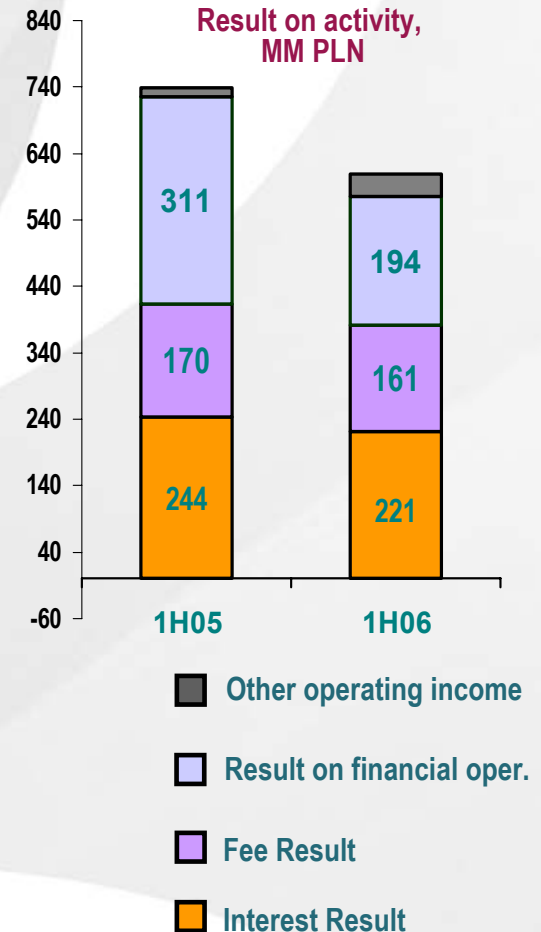
	2005	1H06
Provision coverage ratio	81%	81%

□ Stabilization of loans at risk of impairment share

## Corporate and Investment Bank

MM PLN			Wzr/(Spad)	Wzr/(Spad)
	1H06	1H05	I/(D)	I/(D)
				%
Results on activity	611	739	(128)	-17%
One-off events	104	-	104	
Expenses and depreciation	(386)	(416)	(29)	-7%
Provisions	23	34	(11)	n/m
<b>Gross profit</b>	<b>352</b>	<b>358</b>	<b>(6)</b>	<b>-2%</b>
Assets, mm PLN	31,265	32,525	(1,260)	-4%
Liabilities, mm PLN	28,519	28,728	(209)	-1%

- ❑ Lower interest income driven by lower loan interest rates deepened by lower loan volume
- ❑ Fee income increase offset by lack of sold HanZA TFI commissions
- ❑ Increase in interest rates dampened debt valuation, yet market factor volatility increased client sales and trading



# Quarterly results

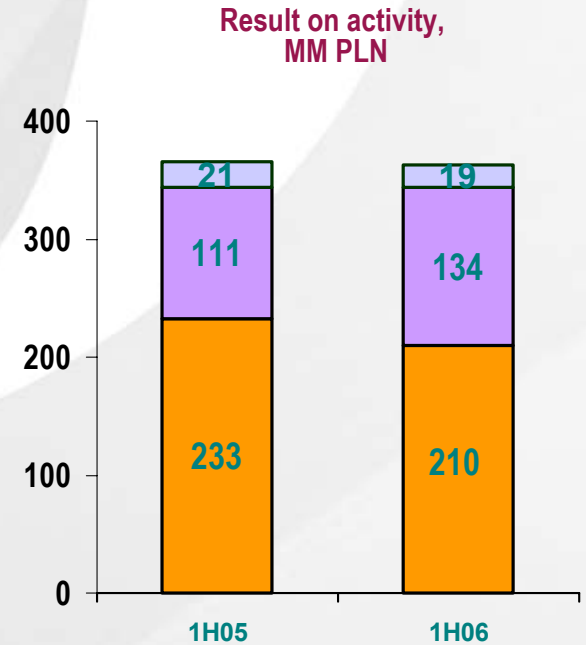
## Corporate and Investment Bank

	2Q05	1Q06	2Q06	zmiana		zmiana, %	
				2Q06 / 2Q05	2Q06 / 1Q06	2Q06 / 2Q05	2Q06 / 1Q06
Interest income	129	102	120	(27)	18	(21%)	18%
Fee income Hanza/TFI*)	80	79	79	(1)	(0)	(1%)	(0%)
Treasury income	174	133	29	(41)	(104)	(23%)	(78%)
<b>Operating income</b>	<b>383</b>	<b>314</b>	<b>228</b>	<b>(69)</b>	<b>(86)</b>	<b>(18%)</b>	<b>(27%)</b>
<b>Expenses</b>	<b>(207)</b>	<b>(190)</b>	<b>(205)</b>	<b>18</b>	<b>(15)</b>	<b>(9%)</b>	<b>8%</b>

\*) Estimate

## Consumer Bank

MM PLN			Wzr/(Spad) I/(D)	Wzr/(Spad) I/(D)
	1H06	1H05		%
Results on activity	363	364	(1)	0%
One-off events	20	-	20	
Expenses and depreciation	(300)	(304)	(4)	-1%
Provisions	3	(9)	(12)	-135%
<b>Gross profit</b>	<b>86</b>	<b>51</b>	<b>36</b>	<b>70%</b>
Assets, mm PLN	2,623	2,306	317	14%
Liabilities, mm PLN	5,985	6,435	(450)	-7%



- ❑ Lower interest rates coupled with cards repricing
- ❑ Increase in fee revenue on investment and insurance products
- ❑ Recorded results of restructuring of branch network and employment

- ❑ Result on financial oper.
- ❑ Fee Result
- ❑ Interest Result



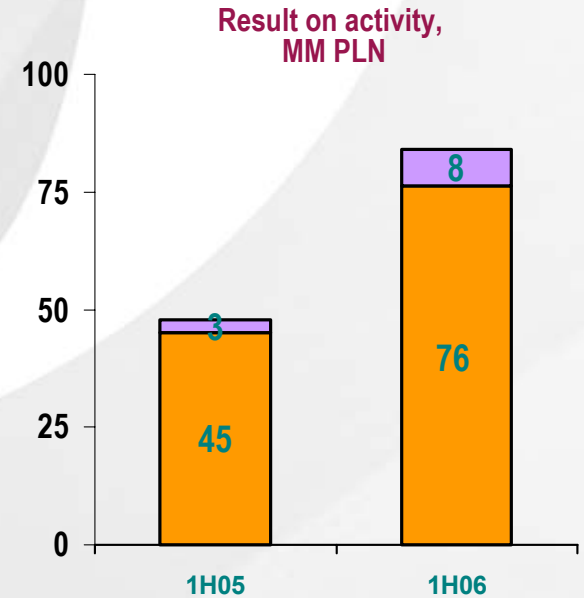
# Quarterly results

	2Q05	1Q06	2Q06	zmiana		zmiana, %	
				2Q06 / 2Q05	2Q06 / 1Q06	2Q06 / 2Q05	2Q06 / 1Q06
Interest income	114	106	104	(8)	(1)	(7%)	(1%)
Fee income	59	63	71	4	9	6%	14%
<b>Operating income</b>	173	168	176	(5)	7	(3%)	4%
<b>Expenses</b>	(156)	(155)	(145)	1	10	(1%)	(6%)

# 1 H 2006 Results



MM PLN			Wzr/(Spad)	Wzr/(Spad)
	1H06	1H05	I/(D)	I/(D)
<b>Results on activity</b>	<b>84</b>	<b>48</b>	<b>36</b>	<b>75%</b>
<b>Expenses and depreciation</b>	<b>(62)</b>	<b>(47)</b>	<b>15</b>	<b>31%</b>
<b>Provisions</b>	<b>(17)</b>	<b>(8)</b>	<b>(9)</b>	<b>112%</b>
<b>Gross profit</b>	<b>6</b>	<b>(7)</b>	<b>13</b>	<b>n.m.</b>
<b>Assets, mm PLN</b>	<b>742</b>	<b>440</b>	<b>302</b>	<b>69%</b>
<b>Liabilities, mm PLN</b>	<b>125</b>	<b>107</b>	<b>17</b>	<b>16%</b>



□ Further expansion of outlets' network – 24 branches and 9 points of sale in 1 H 06 (v. 13 branches in 1 H 2005)

□ 32% increase related to new branches opening expenses

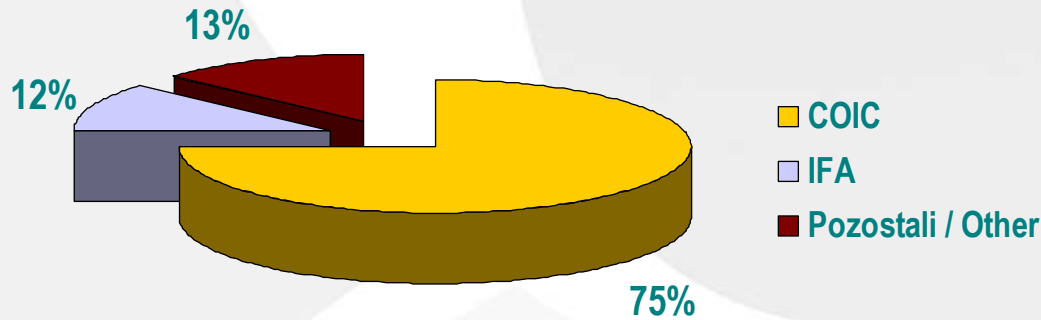
□ Fee Result  
□ Interest Result

# Quarterly results

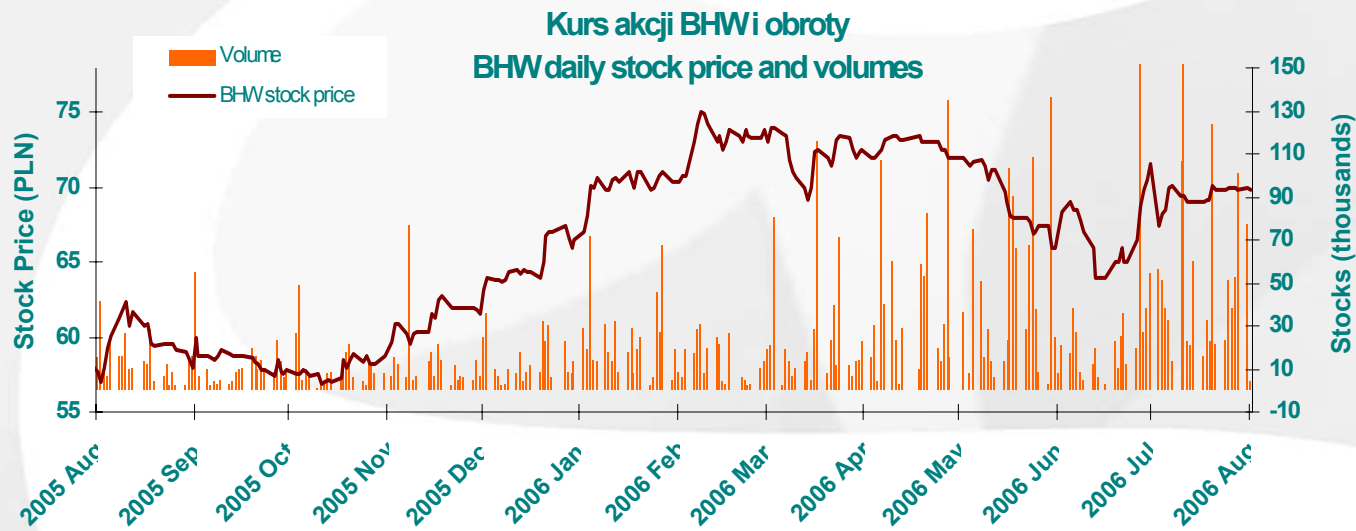


	2Q05	1Q06	2Q06	zmiana		zmiana, %	
				2Q06 / 2Q05	2Q06 / 1Q06	2Q06 / 2Q05	2Q06 / 1Q06
<b>Operating income</b>	26	42	42	16	0	63%	0%
<b>Expenses</b>	(27)	(27)	(35)	(1)	(7)	3%	27%

# Notes exchange versus shareholder structure



- 1,51 bp \*) higher free-float at 2Q06, as compared to 1Q06 (1,8 MM shares or 138 MM PLN market cap)
- Current total free-float 1,2 bln PLN



	1H05	1H06
Earnings per share	2,44	2,62

\*) 2,53 % points out of 14,33% BHW shares available for exchange has been converted

# Investor Relations

**Sławomir S. Sikora,**  
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**Lidia Jabłonowska-Luba,**  
*Management Board Member, CFO*

**Katarzyna Otko-Dąbrowska**  
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