

BUSINESS AND GEOGRAPHICAL SEGMENTS REPORTING

1. Business segments

The business activities of the Group are dominated by the activity of its parent entity – Bank Handlowy w Warszawie SA, a full-service universal bank providing a wide range of banking products in the area of commercial and investment banking and retail banking. This business distinction is reflected in the Bank's organisational structure, which consists of two main business units: the Corporate and Investment Banking Sector and the Consumer Banking Sector, and the Management and Support Sector providing internal services to both business units.

In light of the above, the reporting breakdown of the Group's activity into segments was made as follows:

- Corporate and Investment Banking – comprising financial results made by the Bank on servicing economic entities including companies, enterprises, cooperatives, small businesses, non-profit organisations, non-bank financial institutions and the government sector as well as on transactions conducted in the interbank market and the share in the result of entities providing leasing services,
- Retail Banking – comprising of financial results made by the Bank on servicing individual customers and small enterprises within CitiBusiness,
- Brokerage – comprising the financial result of Dom Maklerski Banku Handlowego S.A. consolidated in full,
- Leasing – comprising the participation in profit/(loss) of leasing subsidiaries accounted for under the equity method
- Other Activity – comprising the participation in profit/(loss) of other subordinated undertakings accounted for under the equity method. Due to the immaterial impact of this item on the financial result of the Capital Group it was decided to refrain from allocating it to the above-mentioned business activity segments,
- Other Items Contributing To The Financial Result – comprising goodwill amortisation arising on the merger with Citibank (Poland) S.A. on February 28, 2001, and the corporate income tax.

Profit before taxation was determined for three major segments, namely Corporate and Investment Banking, Consumer Banking and Brokerage, based on calculation of external/internal income and expense as well as net movement in specific provisions and revaluation of financial assets.

The pool rates for determination of internal income and expense are based on market interest rates.

The financial result made by Corporate and Investment Banking segment, as represented by the segment profit before taxation in the amount of PLN 387.0 million, was a dominant component of the Group's financial result for 2003. On the other hand, the expenses related to the intensive roll-out of CitiFinancial network adversely affected the Consumer Banking profitability.

Financial results of the Capital Group by main business segments

	Corporate and Investment Banking	Consumer Banking	Brokerage	Bank Handlowy w Warszawie SA Capital Group
Interest Income	451,541	306,431	2,581	760,553
Interest expenses	(199,061)	(136,421)	(237)	(335,719)
Net interest income	252,480	170,010	2,344	424,834
Fee and commission income	206,689	125,468	20,333	352,490
Fee and commission expenses	(9,019)	(23,141)	(5,524)	(37,683)
Net fee and commission income	197,670	102,328	14,809	314,807
Income from shares and other securities	15,526			15,526
Net profit on financial operations	(34,733)	6,941	426	(27,366)
Net profit on foreign exchange	235,337	7,597		242,934
Revenue on banking activity	666,280	286,876	17,579	970,735
Other operating income	(14,214)	207	(190)	(14,197)
Amortisation	(55,265)	(16,987)	(274)	(72,526)
General expenses	(378,315)	(238,816)	(8,476)	(625,607)
Net movement in provisions and revaluation	7,646	(6,370)	127	1,403
Profit before taxation	226,132	24,910	8,766	259,808
Participation in profit/(loss) of subordinated undertakings accounted for under the equity method				21,398
Corporate income tax				(56,390)
Net profit				224,816

	Corporate and Investment Banking	Consumer Banking	Brokerage	Other	Bank Handlowy w Warszawie SA Capital Group
Segment assets	31,103,895	1,644,940	215,028		
Investments in subordinated undertakings accounted for under the equity method				356,331	
Other Assets				1,940,745	
Total Consolidated Assets	31,103,895	1,644,940	215,028	2,297,076	35,260,939
Segment Liabilities	23,235,235	5,957,075	128,901		
Shareholders' Capital			86,126	5,853,602	
Other Liabilities					
Total Consolidated Liabilities	23,235,235	5,957,075	215,028	5,853,602	35,260,939

2. Geographical segments

In compliance with IAS the Group of Bank Handlowy presents one essential segment in the territory of Poland.