



Citi Handlowy will growth in strategic areas

Bank Handlowy w Warszawie S.A.
1Q 2015 consolidated financial results

May 8, 2015 r.

www.citihandlowy.pl

Bank Handlowy w Warszawie S.A.

citi handlowy[®]

Q1 2015 Executive summary



Solid net profit PLN 217MM



CONSISTENTLY EFFECTIVE

- **Revenues** growth (+7% QoQ.), consistent cost control (expenses down 4% QoQ) and risk control (low NPL 4,7%)
- Cost / Income ratio (-4,6 p.p. QoQ)
- ROTE, ROE and ROA above the sector



READY TO GROW

- **Strong capital position** (Tier 1 - 17.7%) and **high liquidity** (loans/deposits 72%)
- **Stable quality of the loan portfolio** – lack of problem with CHF mortgages
- **Consistent building of shareholders value** – planned dividend for 2014 in line with the recommendation of the Management Board



MARKET SHARE INCREASE IN STRATEGIC AREAS

- FX transactions
- Credit cards
- Business operating accounts
- Loans for institutional clients
- Investment products
- Quality leader

Institutional Banking

Citi Handlowy supports Polish economy

299 ↑5% YoY

Global companies investing in Poland



Program Emerging Market Champions
citi handlowy

50 ↑6% YoY

Polish companies investing all over the world



Transactional banking – business development

Foreign payments

Unique solution on the Polish market:

One account–46 currencies

Payment orders

Record market share

40%

Mobile Banking

Client number

+60% YoY

Transaction volume

+42% YoY

Current accounts

Average monthly balance

+10% YoY

Financial Markets

- Strategic position on FX markets

Using mobile transaction channel

Citi FX Pulse – share in FX turnover

75%

CitiFX PULSE ➔

~3 000

Number of companies using CitiFX Pulse

- DMBH leader in the Polish capital market

11%

#1

The highest turnover share in the equity secondary market

+7,4% YoY

Number of investment accounts



Bookrunner for financial institutions

PLN 163.8MM

Dom Maklerski
citi handlowy

January 2015

Dynamic Retail Banking development

Smart Banking concept development



95%

Customers perform transactions on their mobile or via Internet (vs. 93% last year)

23%

More active users of Citi Mobile (YoY)

18%

YoY increase in online customer acquisition

15 #Smart branches

- Stary Browar in Poznaniu, Katowice Silesia, Bonarka in Krakowie
- SOON: Kraków Kazimierz

80

Mobile advisors:

- All products offered by one advisor;
- Advisor outside the branch – closer to the customer;
- Proposals submitted through an application for iPad.

Citigold and CitiPriority growth

+6% YoY

Citigold clients

Threshold increase from PLN 200,000 to PLN 300,000

82%

Deposits clients choose CitiPriority

+28% YoY

Investment AuM



#1

Private Banking

+32% YoY

Investment products sales

Cheaper currency offers for Citigold clients

- 40% more Citigold clients make FX transactions
- 80% more FX transactions

Volume increase

+12% YoY

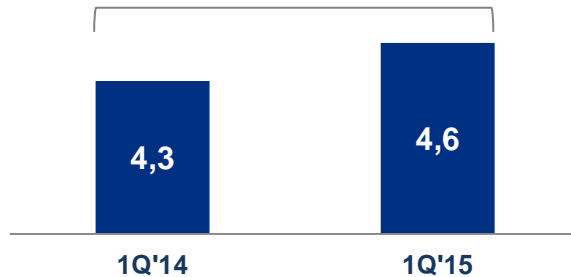
Cash loans balance

+15% YoY

Mortgage loans balance

Unsecured loans sales (B PLN)

+7% YoY



16 K

Customers realized their plans using the financial support of Citi Handlowy

New credit card offer

Citibank World Elite™ MasterCard®
Ultime



Citibank PremierMiles



Citibank Simplicity

No annual fee

No cards repayment reminder fee

No SMS notification fee

EVER

ZAWSZE.

ZAWSZE przejrzystość.

ZAWSZE prosto.

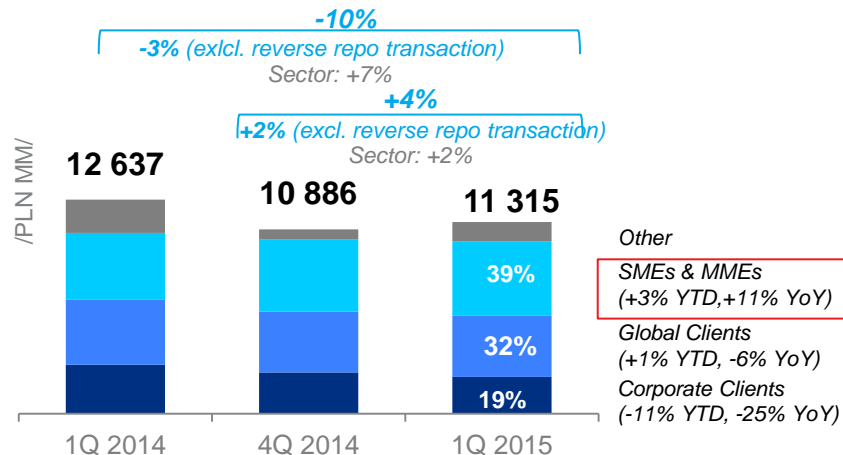
ZAWSZE bezpiecznie.



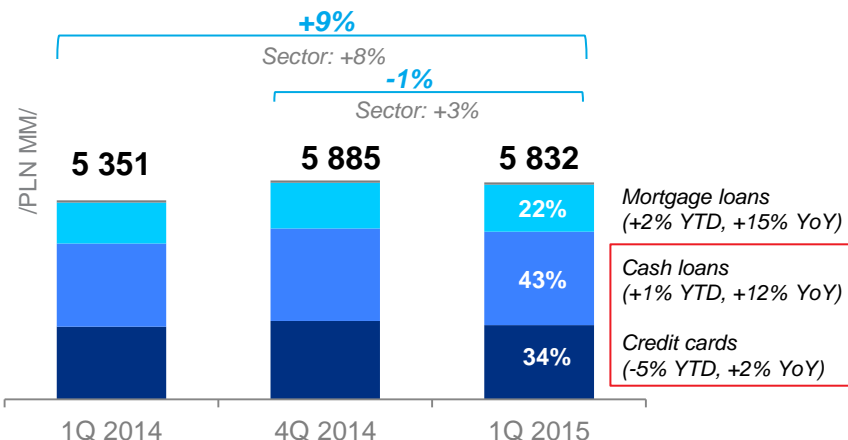
Customer volumes

Non-banking customers' loans

Institutional non-banking customers' loans

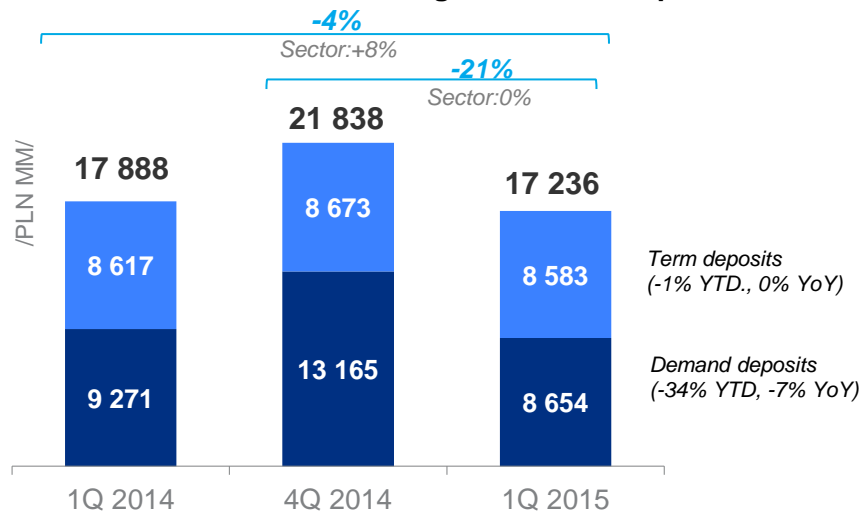


Individual customers' loans

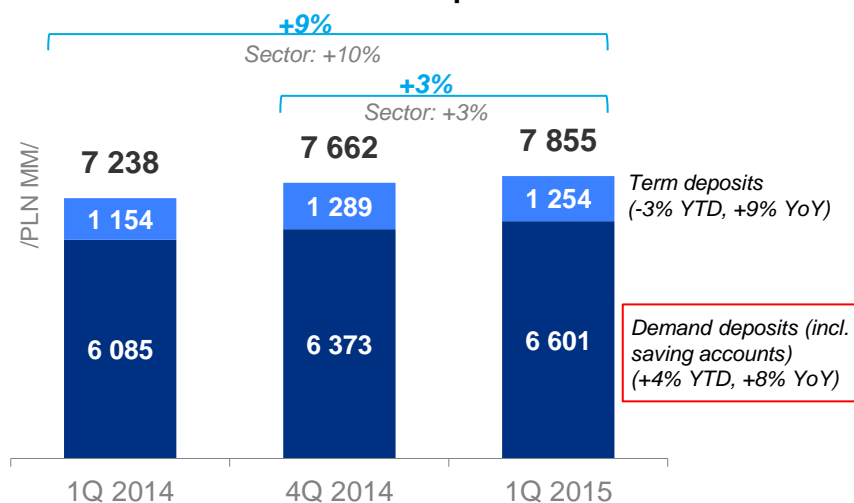


Non-banking customers' deposits

Institutional non-banking customers' deposits

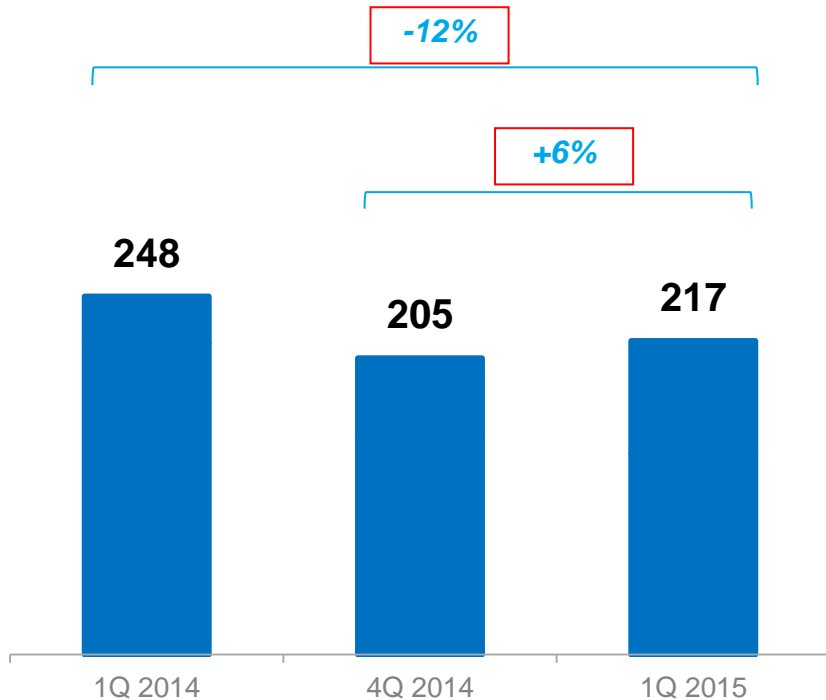


Individual customers' deposits



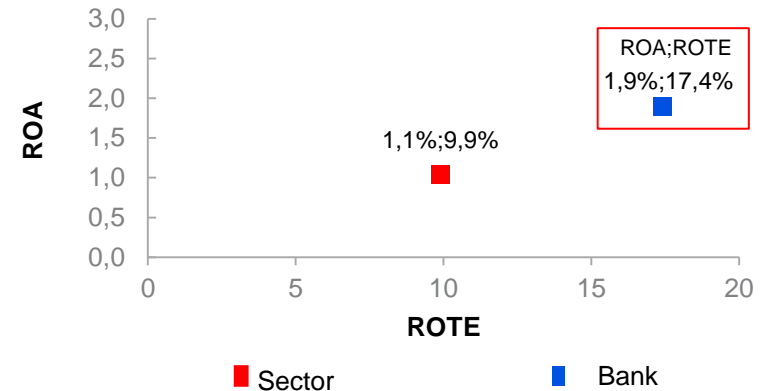
Another quarter of solid net profit

Net profit (PLN MM)

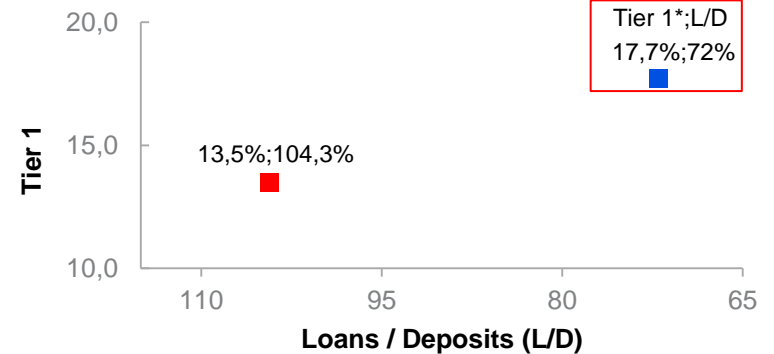


Key financial ratios in 1Q 2015

ROA / ROTE - Citi Handlowy vs. sector (%)



Tier 1 / Loans/Deposits – Citi Handlowy vs. sector (%)

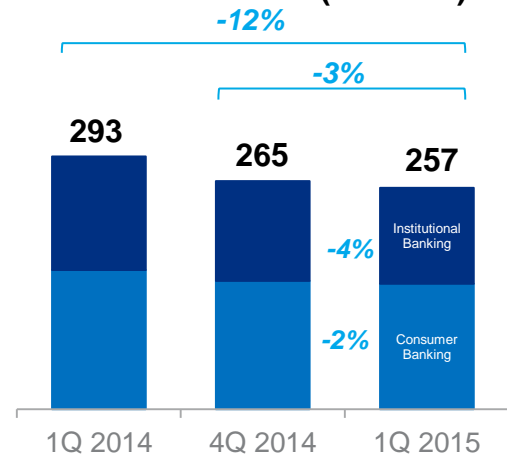


*Tier 1 = CET1, data for the sector as of December 2014 (no data for the March 2015).

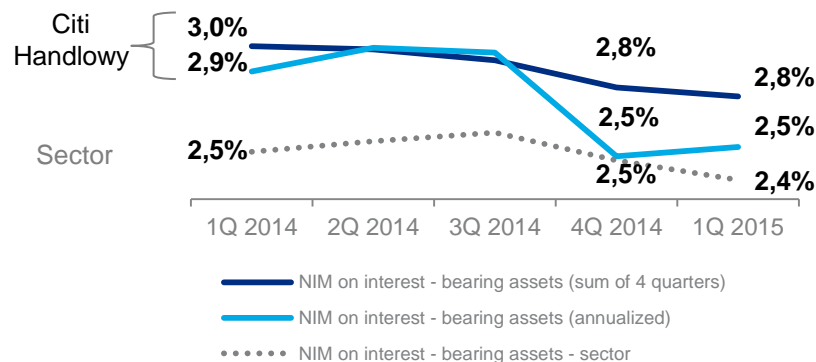
▶ High efficiency of the Bank – ratios better than the sector and strategic targets

Net interest income and net fee & commission income

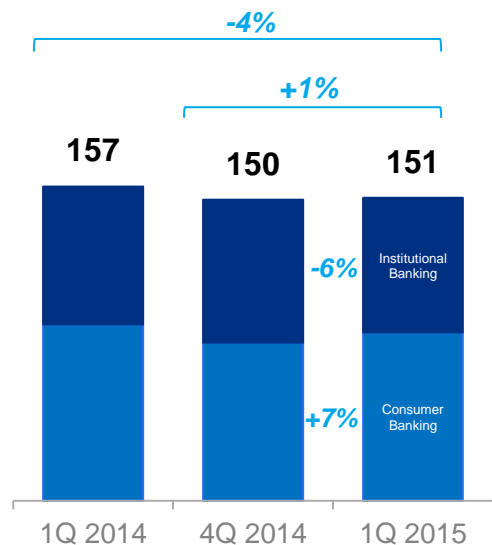
Net Interest Income (PLN MM)



Net Interest Margin (NIM) – Bank vs. sector

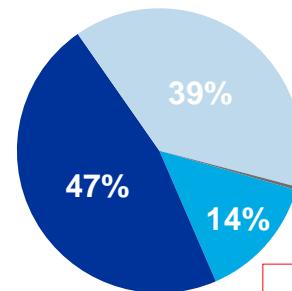


Net fee & commission (PLN MM)



Institutional Banking -2% YoY

Transaction Banking incl. Trade products
 -25% QoQ
 -13% YoY

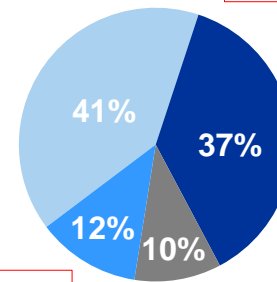


Custody
 +11% QoQ
 +23% YoY

Brokerage
 0% QoQ
 -28% YoY

Consumer Banking -5% YoY

Investment & insurance products
 -11 QoQ
 +1% YoY



Cash loans and Other
 +29% QoQ
 +32% YoY

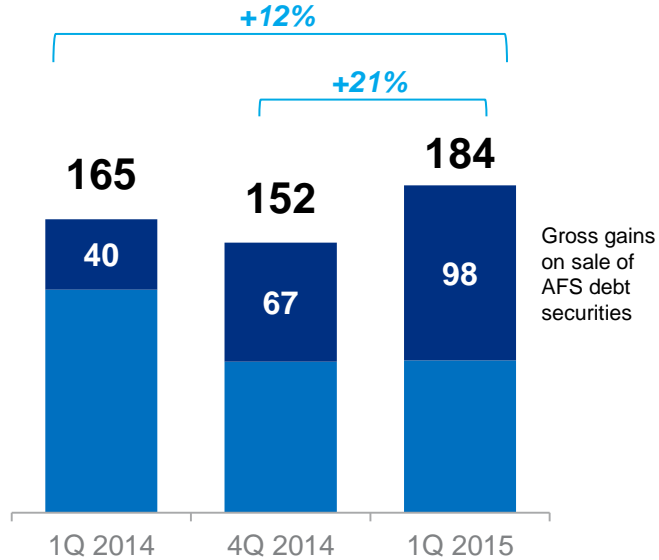
Custody
 +45% QoQ
 +127% YoY

Credit cards
 +17% QoQ
 -27% YoY

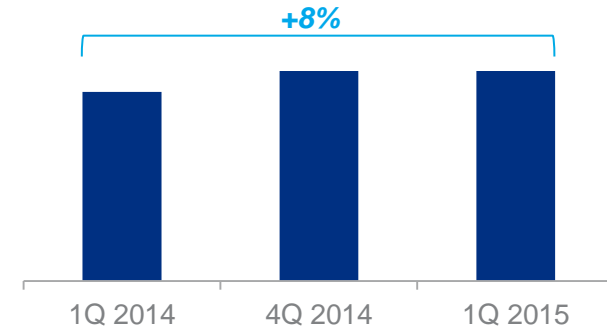
- QoQ increase as the effect of portfolio fee repricing, new fee initiatives (Citiphone, CDMs)
- YoY decrease due to the lower interchange

Treasury

Treasury result (PLN MM)

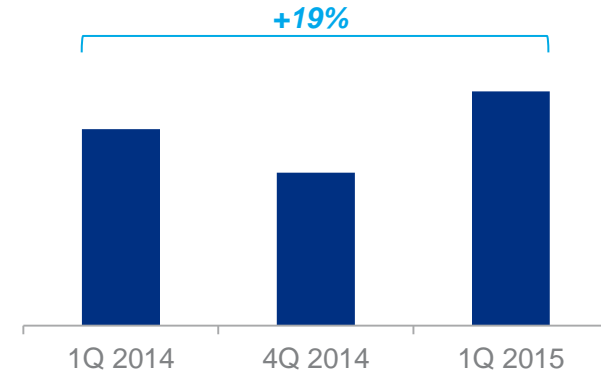


Result on customer operations *



* excluding CVA

Result on the interbank market operations



Note: The scales on the graphs are not comparable

CitiFX PULSE

Is the most common electronic FX platform on the market.

CitiFX Pulse platform usage 75% of exchange transactions.

#1 on the market

In the contest of Ministry of Finance

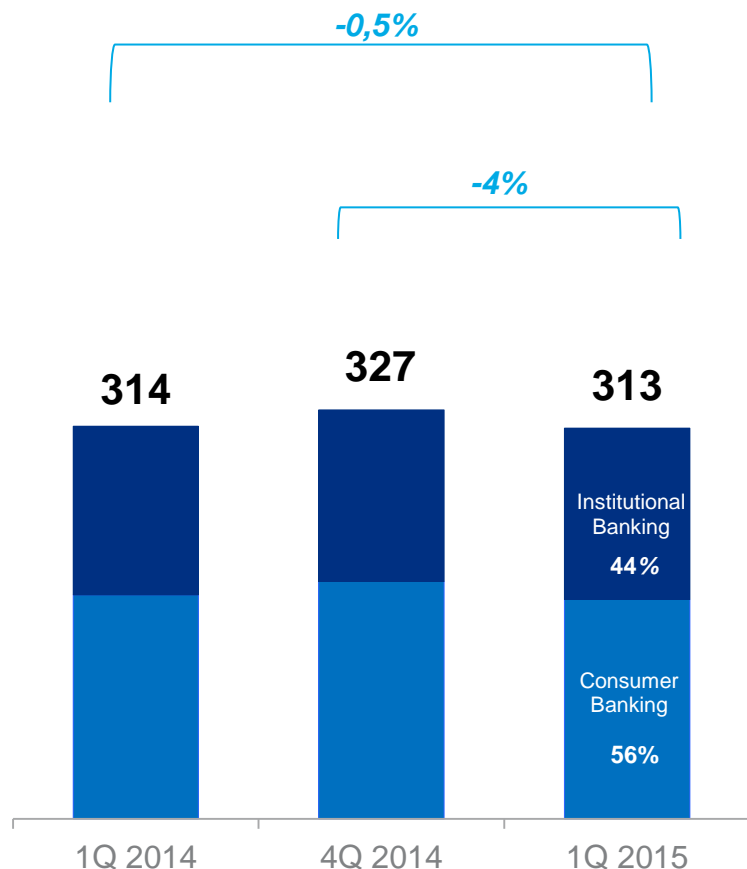


Ministerstwo
Finansów
to act as

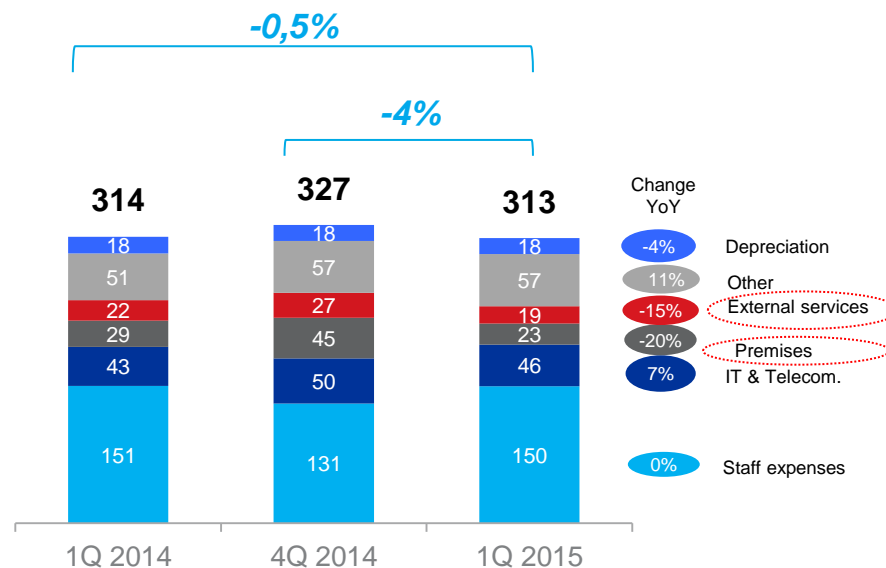
Treasury Securities Dealer

Consistent cost control

Expenses and depreciation (PLN MM)



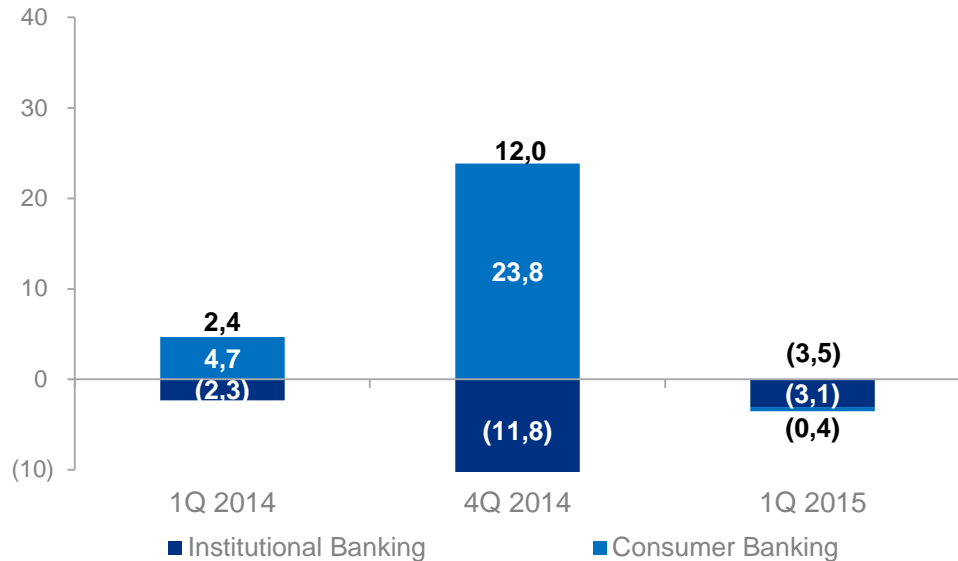
Expenses and depreciation (PLN MM) by type



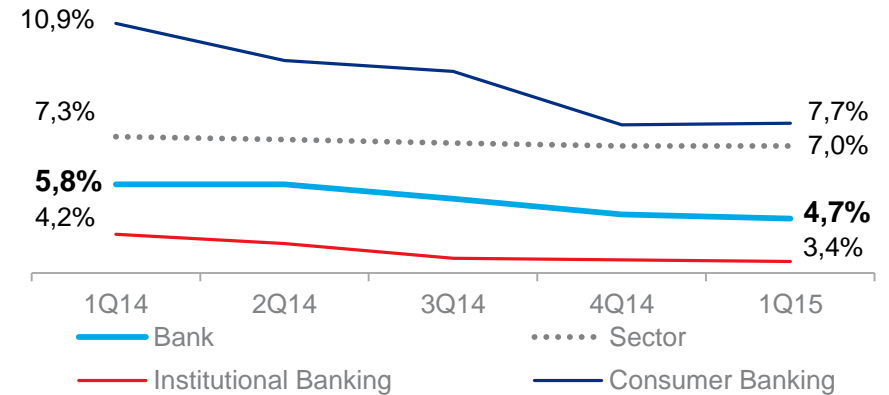
- **The QoQ decrease in Bank's expenses** mainly due to:
 - reduce spending on cooperation with selected external partners
 - the branch network optimization
- **The QoQ increase in Bank's expenses** mainly due to:
 - higher BFG charge spread evenly over 12 months
- **Cost / Income ratio** at **53%** for 1Q 2015

The stable situation in the area of credit risk

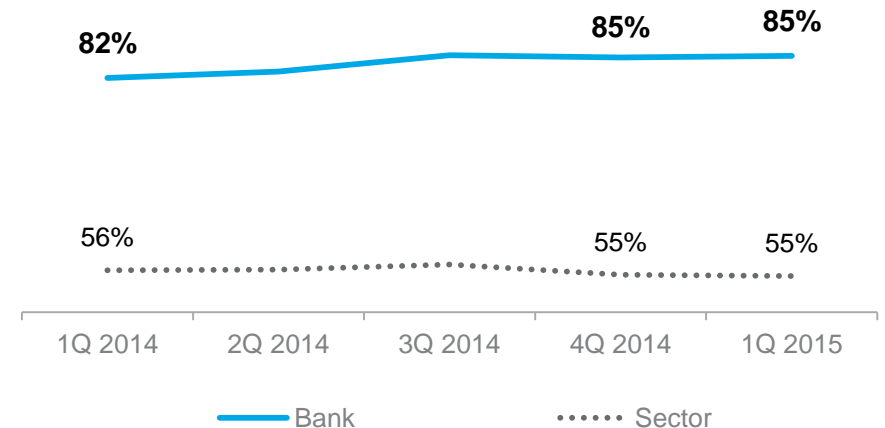
Net impairment losses (PLN MM)



Non-performing loans ratio (NPL)



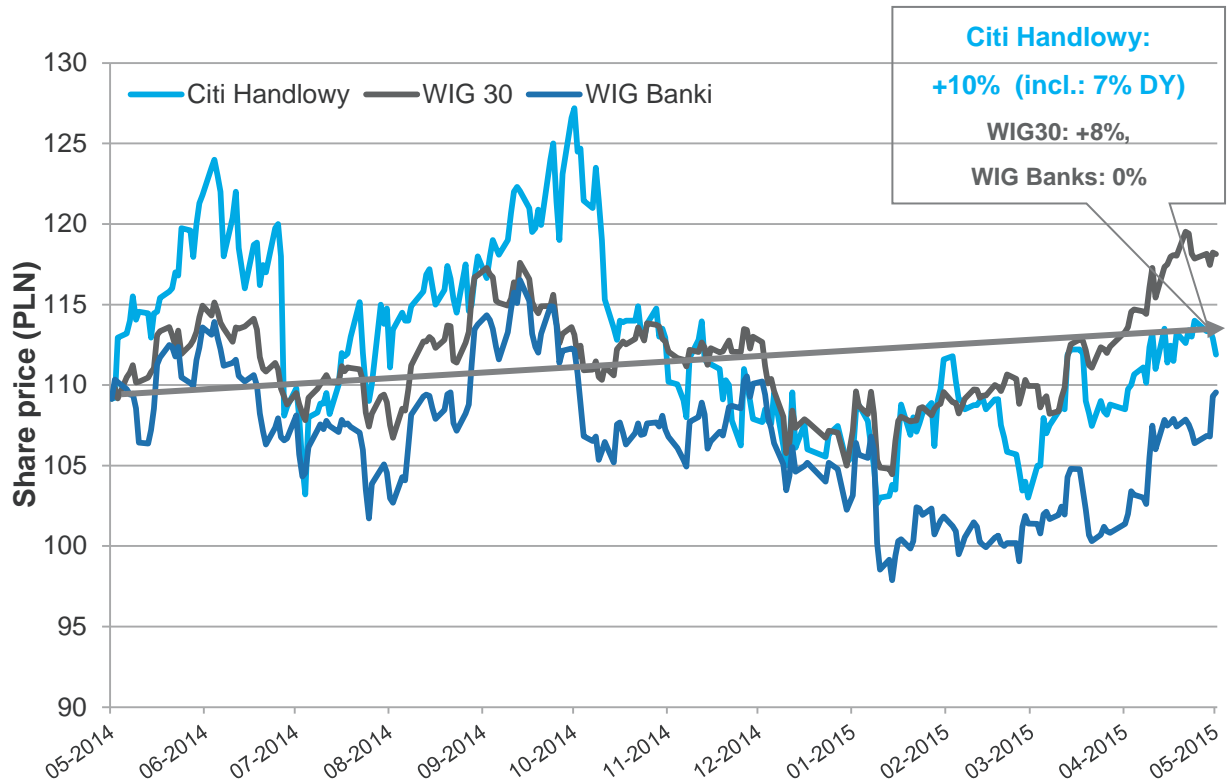
Provision coverage ratio



- A positive trend in Consumer Banking continued – **stabilization of credit cards' and cash loans' portfolio quality**
- Maintaining a low level of **NPL ratio**
- **Provision coverage ratio** better than sector

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 May 7, 2015 (Citi Handlowy: PLN 111,9)

Citi Handlowy member of the prestigious WSE indices



- **Responsible company index** with high standards of **corporate governance, information and investor relation governance.**
- Citi Handlowy was the eighth time in the group of socially responsible companies.

MSCI

- Citi Handlowy **member of the prestigious index of companies** with high standards in the areas of corporate governance, environmental protection and social responsibility.

Dividends paid by Citi Handlowy since it's debut on the WSE

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Dividend payout ratio	23%	31%	39%	64%	100%	100%	100%	100%*	80%	86%	77%	0%	94%	100%	50%	75%	100%	100%**
Dividend yield	3,10%	1,90%	3,80%	1,70%	2,30%	2,60%	3,10%	18,70%	5,60%	5,80%	4,50%	-	7,10%	7,10%	3,30%	7,10%	7,00%	7,00%

* Payout ratio related only to 2004 net profit, excluding special dividend

** Recommendation of the Management Board, together with a favorable opinion of the Supervisory Board

Appendix

Income statement – Bank

PLN MM	1Q14	2Q14	3Q14	4Q14	1Q15	1Q15 vs. 4Q14		1Q15 vs. 1Q14	
						PLN MM	%	PLN MM	%
Net interest income	293	302	304	265	257	(8)	(3%)	(36)	(12%)
Interest income	379	388	386	336	310	(26)	(8%)	(69)	(18%)
Interest expenses	(86)	(86)	(82)	(71)	(53)	18	(25%)	33	(38%)
Net fee and commission income	157	167	144	150	151	1	1%	(6)	(4%)
Dividend income	-	6	0	0	-	(0)	-	-	-
Gains on AFS debt securities	40	66	58	67	98	32	47%	59	148%
FX and professional market	125	106	66	85	86	1	1%	(40)	(32%)
Hedge accounting	(1)	-	0	-	-	-	-	1	-
Treasury	164	172	124	152	184	32	21%	20	12%
Net gain on equity investment instruments	3	-	1	3	-	(3)	-	(3)	-
Net other operating income	3	5	4	(1)	(1)	0	-	(5)	-
Revenue	621	651	577	568	591	23	4%	(29)	(5%)
Expenses	(296)	(310)	(286)	(310)	(295)	14	(5%)	1	(0%)
Depreciation	(18)	(18)	(18)	(18)	(18)	(0)	0%	1	(4%)
Expenses and depreciation	(314)	(328)	(304)	(327)	(313)	14	(4%)	2	(0%)
Operating margin	306	323	273	241	278	37	15%	(28)	(9%)
Net impairment losses	2	(4)	8	12	(4)	(16)	-	(6)	-
EBIT	309	319	282	258	275	16	6%	(34)	(11%)
Corporate income tax	(61)	(53)	(53)	(53)	(58)	(4)	8%	3	(6%)
Net profit	248	266	228	205	217	12	6%	(31)	(12%)
C/I ratio	51%	50%	53%	58%	53%				

Institutional Banking – income statement

PLN MM	1Q14	2Q14	3Q14	4Q14	1Q15	1Q15 vs. 4Q14		1Q15 vs. 1Q14	
						PLN MM	%	PLN MM	%
Net interest income	132	137	132	116	111	(5)	(4%)	(21)	(16%)
Interest income	199	203	194	168	151	(17)	(10%)	(48)	(24%)
Interest expenses	(67)	(66)	(62)	(52)	(40)	12	(23%)	28	(41%)
Net fee and commission income	69	73	66	71	67	(4)	(6%)	(2)	(2%)
Dividend income	-	2	0	0	-	(0)	-	-	-
Gains on AFS debt securities	40	66	58	67	98	32	47%	59	148%
FX and professional market	118	98	57	77	78	1	1%	(39)	(33%)
Hedge accounting	(1)	-	0	-	-	-	-	1	-
Treasury	157	164	115	144	177	33	23%	20	13%
Net gain on equity investment instruments	3	-	1	3	-	(3)	-	(3)	-
Net other operating income	11	9	10	2	5	3	-	(6)	(51%)
Revenue	371	385	324	337	361	24	7%	(10)	(3%)
Expenses	(129)	(137)	(119)	(131)	(131)	(0)	0%	(3)	2%
Depreciation	(6)	(6)	(6)	(6)	(6)	0	(4%)	0	(8%)
Expenses and depreciation	(135)	(142)	(125)	(137)	(137)	0	(0%)	(2)	2%
Operating margin	236	243	199	199	223	24	12%	(12)	(5%)
Net impairment losses	(2)	0	12	(12)	(3)	9	-	(1)	-
EBIT	234	243	212	187	220	33	18%	(13)	(6%)
C/I ratio	36%	37%	39%	41%	38%				

Retail Banking – income statement

PLN MM	1Q14	2Q14	3Q14	4Q14	1Q15	1Q15 vs. 4Q14		1Q15 vs. 1Q14	
						PLN MM	%	PLN MM	%
Net interest income	161	165	172	149	146	(3)	(2%)	(16)	(10%)
Interest income	180	185	192	168	159	(9)	(5%)	(21)	(12%)
Interest expenses	(19)	(20)	(20)	(19)	(13)	6	(30%)	6	(29%)
Net fee and commission income	88	94	78	79	84	5	7%	(4)	(5%)
Dividend income	-	4	-	-	-	-	-	-	-
FX and professional market	8	8	9	8	7	(0)	(4%)	(0)	(5%)
Net other operating income	(8)	(4)	(6)	(3)	(7)	(3)	-	1	-
Revenue	250	266	253	232	230	(2)	(1%)	(19)	(8%)
Expenses	(167)	(174)	(167)	(179)	(164)	15	(8%)	3	(2%)
Depreciation	(12)	(12)	(12)	(12)	(12)	(0)	2%	0	(2%)
Expenses and depreciation	(179)	(186)	(179)	(190)	(176)	14	(8%)	4	(2%)
Operating margin	70	80	75	42	55	13	31%	(16)	(22%)
Net impairment losses	5	(5)	(4)	24	(0)	(24)	-	(5)	-
EBIT	75	75	70	71	54	(17)	(24%)	(21)	(28%)
C/I ratio	72%	70%	71%	82%	76%				

Balance Sheet

PLN B	End of period					1Q15 vs. 4Q14		1Q15 vs. 1Q14	
	1Q14	2Q14	3Q14	4Q14	1Q15	PLN B	%	PLN B	%
Cash and balances with the Central Bank	2,0	1,2	0,7	1,5	0,7	(0,8)	(51%)	(1,2)	(63%)
Amounts due from banks	4,1	4,6	2,6	2,1	2,0	(0,1)	(5%)	(2,1)	(52%)
Financial assets held-for-trading	7,6	7,0	10,8	12,7	13,7	1,0	8%	6,1	80%
Debt securities available-for-sale	13,4	12,9	15,8	14,4	11,2	(3,2)	(22%)	(2,2)	(16%)
Customer loans	18,0	17,0	17,7	16,8	17,1	0,4	2%	(0,8)	(5%)
Financial sector entities	2,6	1,2	1,3	1,0	1,4	0,3	34%	(1,2)	(47%)
including reverse repo receivables	2,0	0,6	0,7	0,6	0,9	0,3	56%	(1,0)	(52%)
Non-financial sector entities	15,4	15,8	16,4	15,7	15,8	0,0	0%	0,4	3%
Institutional Banking	10,0	10,1	10,6	9,9	9,9	0,1	1%	(0,1)	(1%)
Consumer Banking	5,4	5,6	5,8	5,9	5,8	(0,1)	(1%)	0,5	9%
Unsecured receivables	4,3	4,5	4,6	4,6	4,6	(0,1)	(2%)	0,3	7%
Credit cards	2,0	2,1	2,1	2,1	2,0	(0,1)	(5%)	0,0	2%
Cash loans	2,2	2,4	2,4	2,5	2,5	0,0	1%	0,3	12%
Other unsecured receivables	0,1	0,1	0,1	0,1	0,1	0,0	6%	(0,0)	(4%)
Mortgage	1,1	1,1	1,2	1,2	1,3	0,0	2%	0,2	15%
Other assets	2,9	2,7	2,7	2,3	2,5	0,2	7%	(0,4)	(14%)
Total assets	48,0	45,4	50,3	49,8	47,2	(2,6)	(5%)	(0,8)	(2%)
Liabilities due to banks	6,9	4,1	8,8	5,1	4,7	(0,4)	(8%)	(2,2)	(31%)
Financial liabilities held-for-trading	5,2	5,8	6,4	6,8	7,3	0,5	7%	2,1	40%
Financial liabilities due to customers	26,6	26,3	26,4	29,6	26,1	(3,5)	(12%)	(0,4)	(2%)
Financial sector entities - deposits	4,1	4,6	4,7	3,1	3,2	0,1	4%	(0,8)	(20%)
Non-financial sector entities - deposits	21,1	21,2	21,1	26,4	21,9	(4,5)	(17%)	0,8	4%
Institutional Banking	13,8	13,9	13,7	18,7	14,0	(4,7)	(25%)	0,2	1%
Consumer Banking	7,2	7,4	7,4	7,7	7,9	0,2	3%	0,6	9%
Other financial liabilities	1,4	0,5	0,7	0,1	1,0	0,9	n.m.	(0,4)	(28%)
Other liabilities	1,8	2,3	1,4	0,9	1,5	0,6	66%	(0,3)	(17%)
Total liabilities	40,5	38,4	43,1	42,4	39,6	(2,8)	(7%)	(0,8)	(2%)
Equity	7,5	6,9	7,2	7,4	7,6	0,2	3%	0,1	1%
Total liabilities & equity	48,0	45,4	50,3	49,8	47,2	(2,6)	(5%)	(0,8)	(2%)
Loans / Deposits ratio	73%	74%	78%	60%	72%				
Capital Adequacy Ratio	16,6%	17,0%	16,4%	17,5%	17,7%				