

ROE above 10%

Client volumes growth

- **Client business growth pace**, above banking sector;
- **Double-digit volumes growth** of institutional clients loans, mainly as a result of support for global and corporate clients;
- **Growing number of consumer bank customers.**

Business development in strategic areas

- Another quarter of growth in customer **FX volume**;
- **Strong dynamics** in card and payments transactions;
- Continuation of **new clients acquisition** in the strategic segments.

Operating excellence

- **Solid discipline of operating costs**, with continued investments in new solutions regarding loan and investment products sales automation;
- **Stable costs of risk** with growing clients volumes.

Digitization

- Utilization of **artificial intelligence (AI)**;
- **New Citi-mobile application** for retail banking clients;
- **Blockchain technology** in trade finance area.

Citi Handlowy financial results – reported data

(PLN MM)

	3Q18	2Q18	△QoQ	3Q17	△YoY	1-3Q 2018	△YoY
Net interest income	281	271	4%	273	3%	828	5%
Net fee and commission income	135	139	(3%)	146	(8%)	416	(5%)
Treasury	103	138	(25%)	106	(3%)	375	36%
Other	0	14	(99%)	4	(95%)	29	50%
Total revenues	519	561	(7%)	530	(2%)	1,647	8%
Expenses	275	280	(2%)	279	(1%)	902	(1%)
Net impairment losses	19	27	(29%)	22	(13%)	52	(20%)
Profit before tax	205	230	(11%)	221	(7%)	632	27%
Corporate income tax	46	48	(4%)	49	(6%)	145	16%
Bank levy	19	23	(16%)	19	0%	61	3%
<i>Effective tax rate</i>	23%	21%	1.8 pp.	22%	0.3 pp.		
Net profit	158	182	(13%)	172	(8%)	487	31%
<i>Return on Equity ¹⁾</i>	10.2%	10.4%	(0.2 pp.)	8.0%	2.1 pp.		
Total comprehensive income	151	134	13%	223	(33%)	517	2%
Assets	45,163	44,101	2%	44,228	2%	45,163	2%
Net loans	21,604	21,030	3%	19,899	9%	21,604	9%
Deposits	33,372	32,500	3%	32,324	3%	33,372	3%
<i>Loans / Deposits</i>	65%	65%		62%			
<i>CAR</i>	16.9%	17.1%		17.3%			

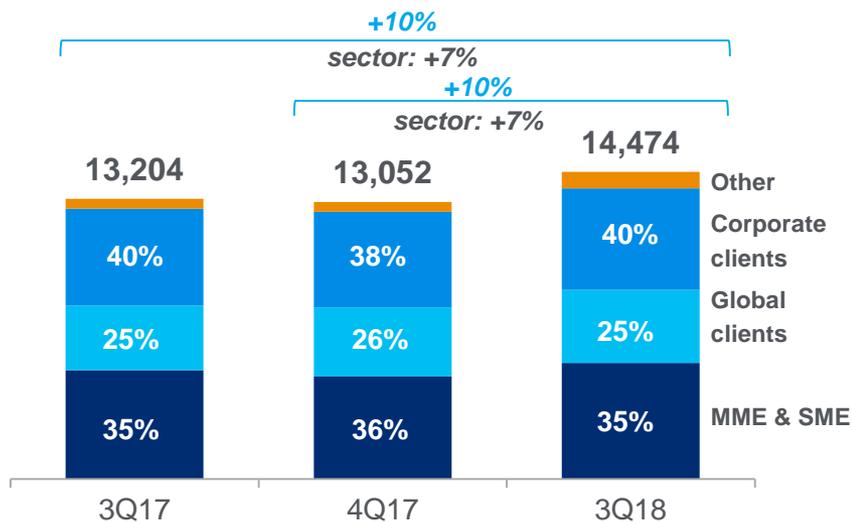
1) ROE = 4 consecutive quarters net income sum / 4 consecutive quarters equity volume

Business activity development

Institutional Banking

(PLN MM)

Institutional clients loans – non banking sector (excl. reverse repo)



Institutional clients deposits – non banking sector



Customer volume growth

Global clients **+13%**
YoY

Corporate clients **+7%**
YoY

MME & SME **+5%**
YoY

Bank of the first choice for foreign investors

- Retail and FMCG sector (companies from Europe and USA)
- Investments of Asian companies (Korea, Japan, China)
- „Chinese desk”

Transformation transactions

- Advanced capital market transactions – Private Equity
- „Take private” scenarios



Blockchain technology in Trade Finance



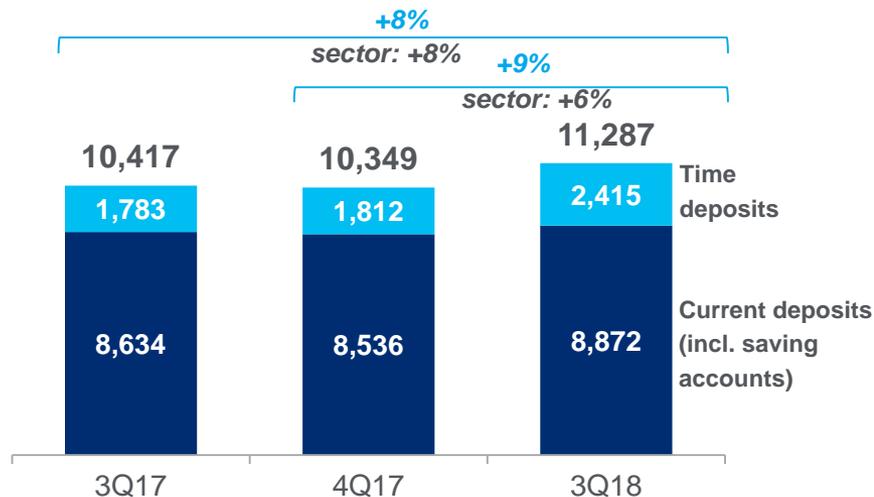
Consumer Bank

(PLN MM)

Individual clients loans



Individual clients deposits



Digital tools development

New Citi-mobile application in 2019

- Based on API
- Biometrics as a new way of logging to application
- Authorization of transactions through Mobile Token
- Dedicated product offers for customers



Focus on CPC and Citigold clients acquisition

acquisition

Welcome offer

4%

Attractive interest rate on deposits

Clients number increase

+12%

YoY

Long-term relationships building

96%

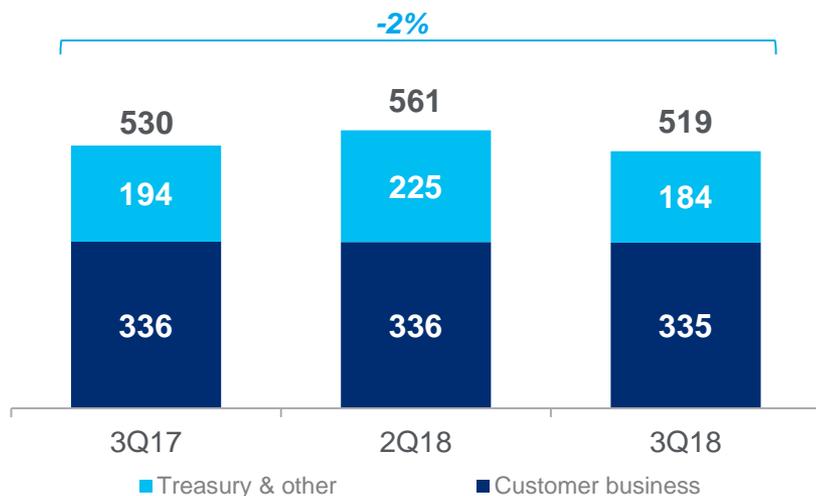
Of Clients remained in Bank

Financial results

Revenue and net income

(PLN MM)

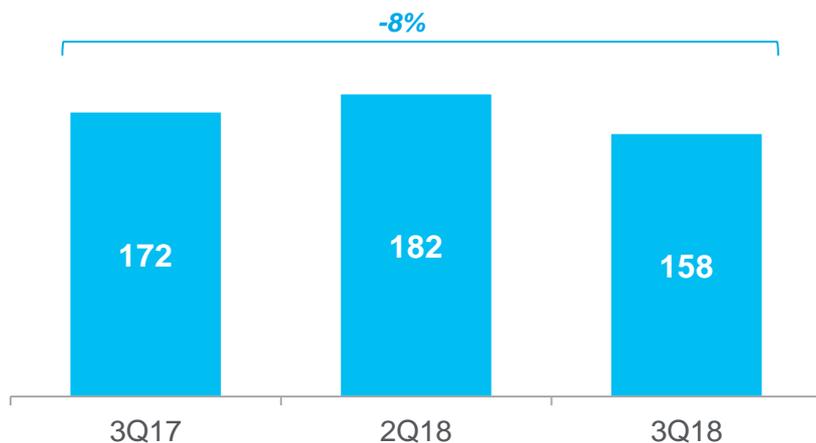
Revenue



Commentary YoY:

- **Revenue from customer business on a stable level** – interest revenue increase as a result of higher loan volumes but offset by weak market sentiment in investment products area.
- Lower income on treasury securities.

Net income



High profitability comparing to the sector

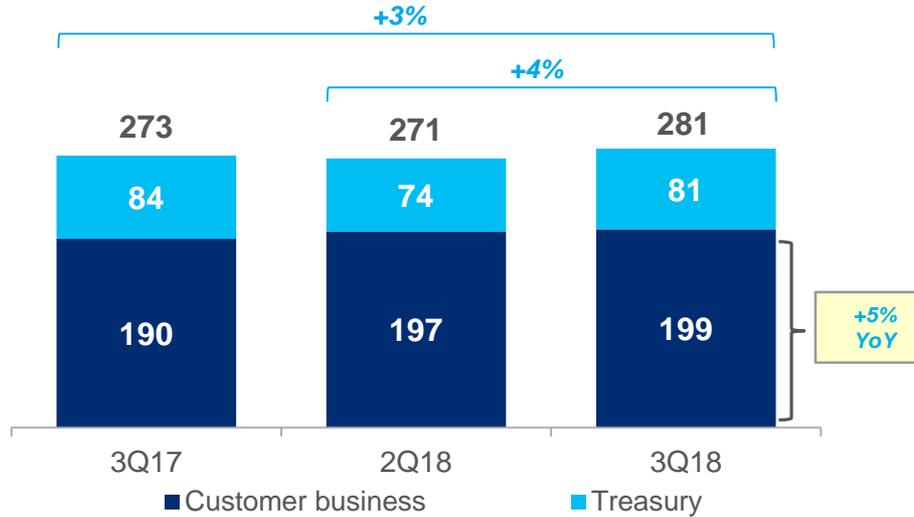
	Citi Handlowy		Banking sector
	Q3'18	YoY	Q3'18 ⁴⁾
ROA ¹⁾	148 bps	+36 bps	82 bps
ROE ²⁾	10.2%	+2.2 p.p.	7.4%
ROTE ³⁾	12.6%	+2.6 p.p.	7.5%

1) ROA = 4 consecutive quarters net income sum / 4 consecutive quarters average assets volume;
 2) ROE = 4 consecutive quarters net income sum / 4 consecutive quarters equity volume;
 3) ROTE = 4 consecutive quarters net income sum / 4 consecutive quarters equity volume decreased by net profit and goodwill;
 4) On the base of data for July and August 2018

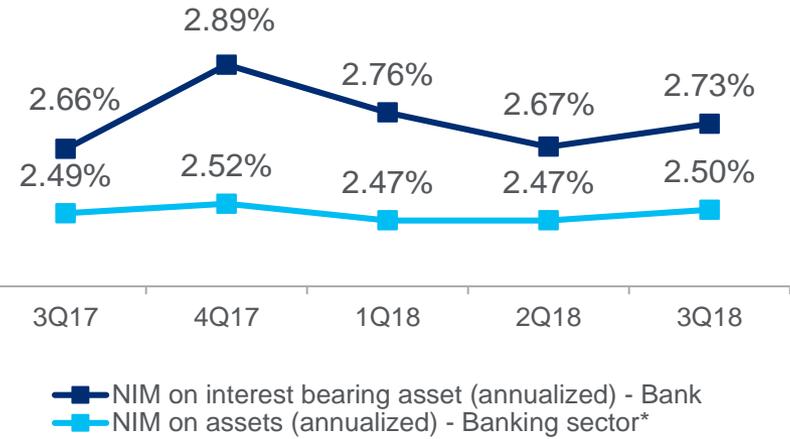
Revenue split

(PLN MM)

Net interest income

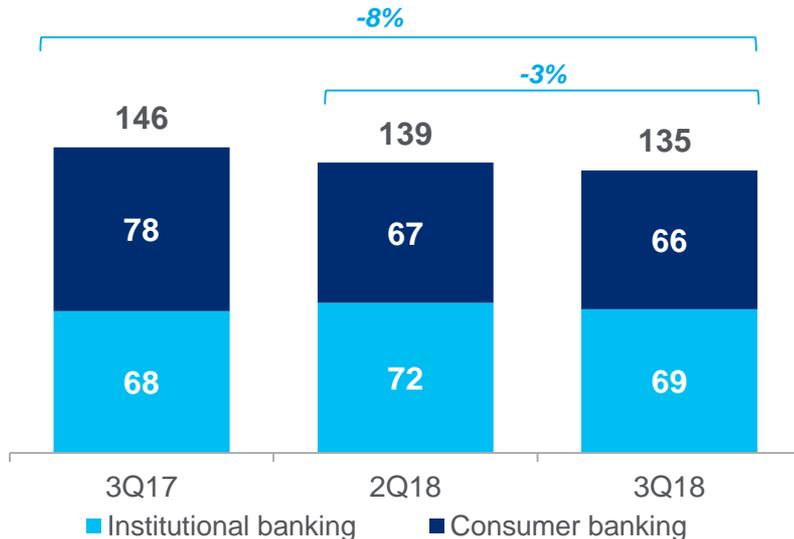


Bank net interest margin

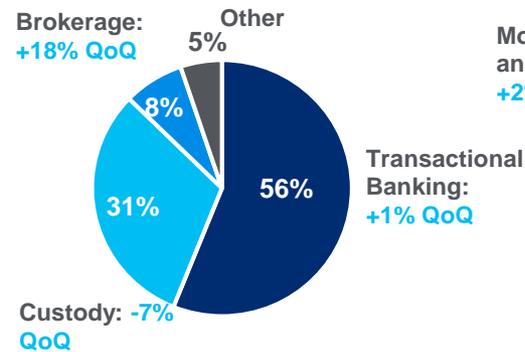


Banking sector NIM for 3Q'18 calculated on the base of data for July-August.

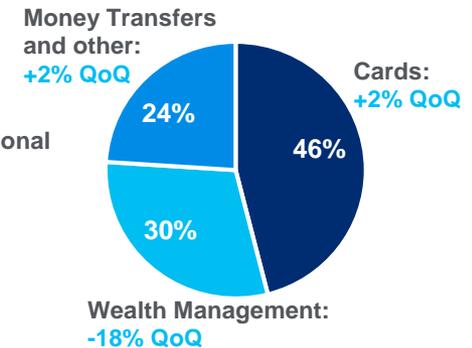
Net fee & commission income



Institutional Banking



Consumer Banking

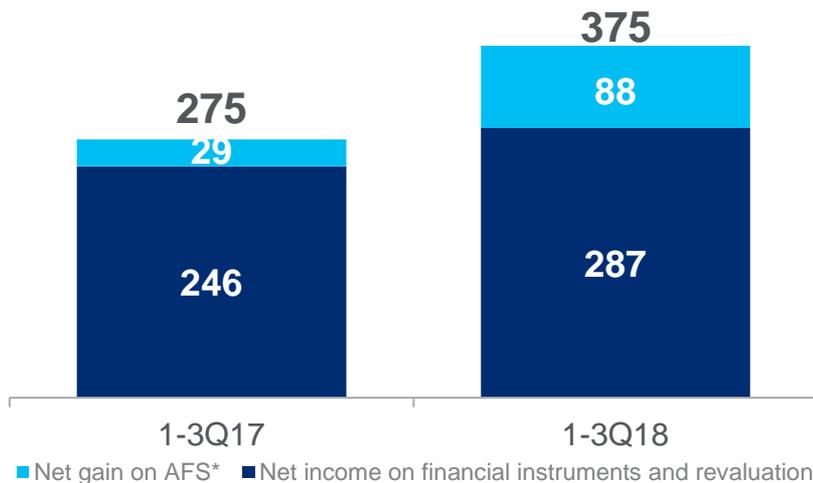


Leader on treasury market

(PLN MM)

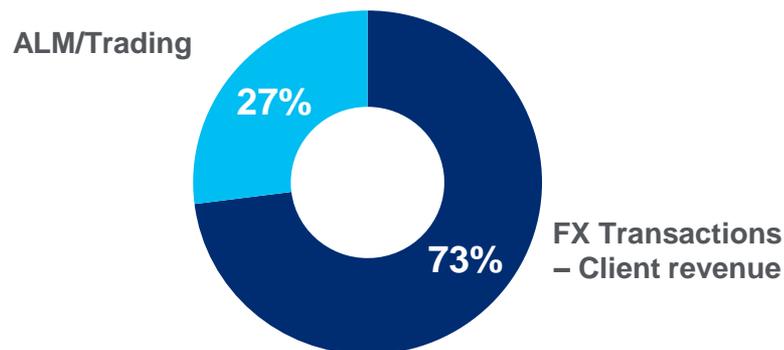
Treasury result

+36%



FX & ALM/Trading (%)

Net income on financial instruments and revaluation
(1-3Q18)



Solutions meeting Clients' needs

FX volume



+7%
YoY

+7%
QoQ

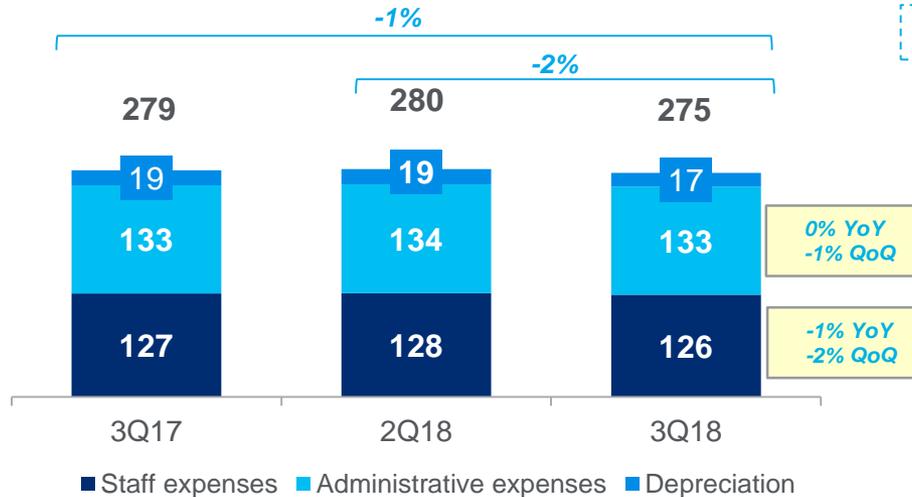
- Innovative solutions dedicated to E-commerce and new technology sector;
- Integration with finance-accounting systems of the client via API;
- Automated quotations and sales in many currencies reducing the currency risk of the Bank's client.

**In financial statement this position is named as net gain/(loss) on debt investment financial assets measured at fair value through other comprehensive income*

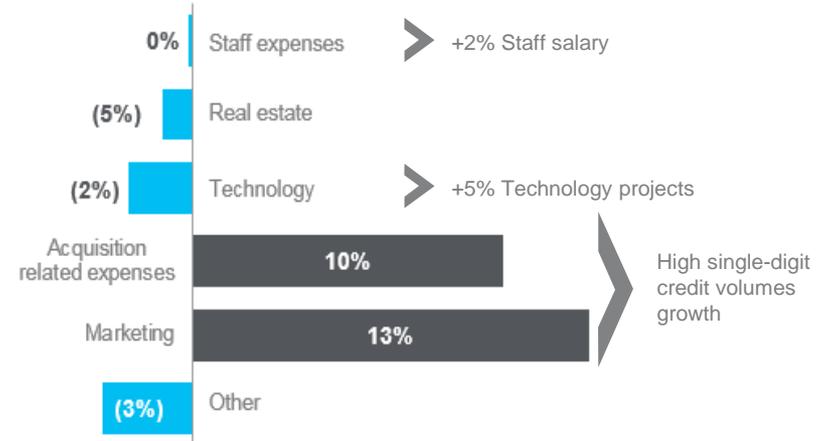
Operating expenses and cost of risk

(PLN MM)

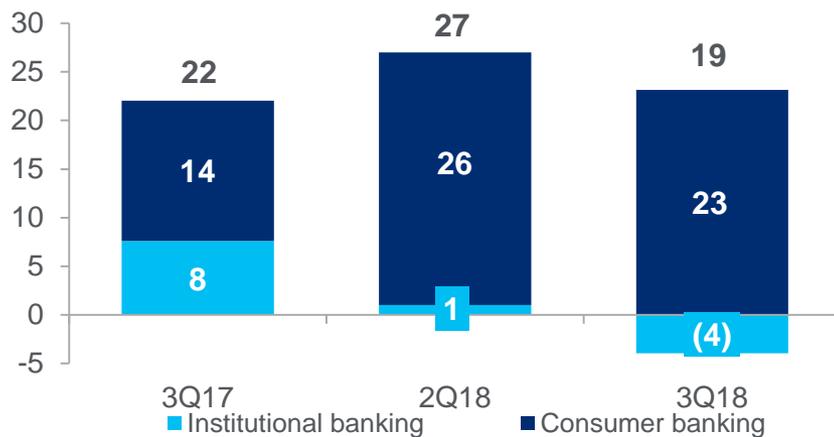
Operating expenses and depreciation



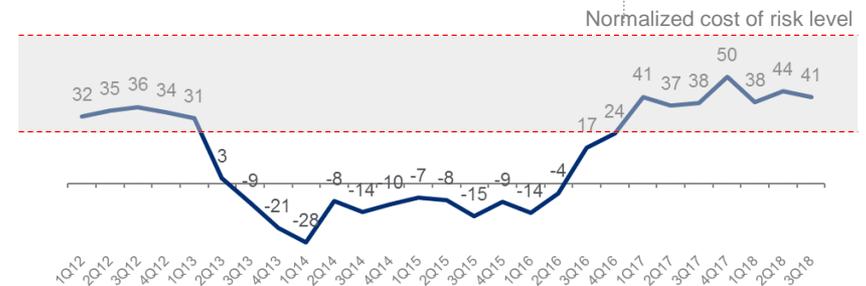
Expenses dynamics Q1-3'18 YTD YoY (managerial approach)



Net impairment losses



Stable cost of risk (running for 4 quarters in bps)



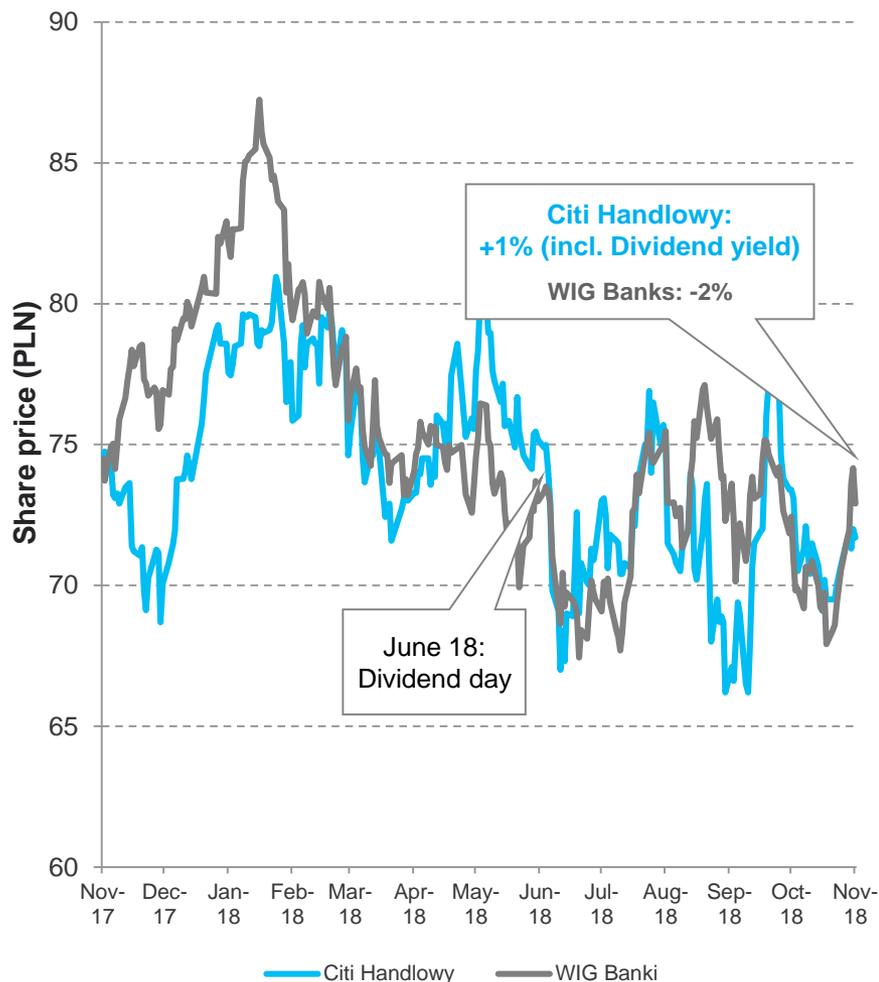
- NPL at the level of **3.1%** (vs. 6.6% in banking sector*)

*Banking sector data as end of August 2018

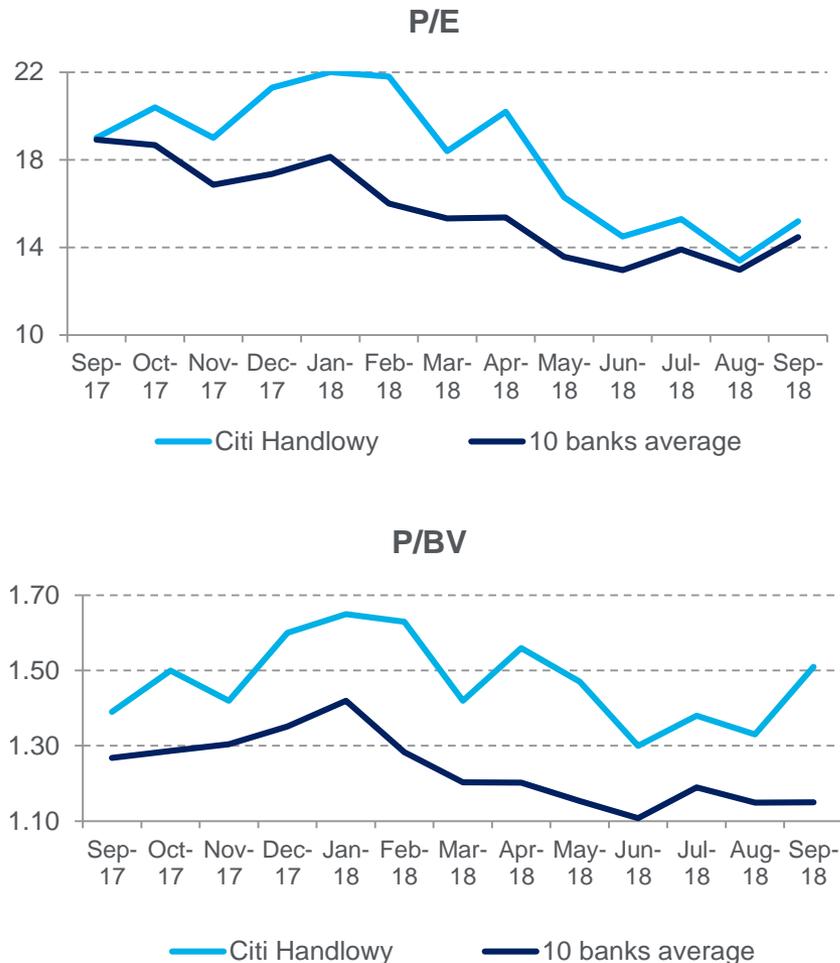
Note: Sign „+“ in net impairment losses means negative impact on P&L

Change in Bank's share price

Citi Handlowy share price vs. WIG Banks index relative performance



P/E and P/BV ratios in 12M horizon



Note: Last quotation November 9th 2018 (Citi Handlowy: PLN 71.70)

The logo for Citi Handlowy features the word "citi" in a lowercase, white, sans-serif font. Above the letter "i" in "citi" is a red, curved arc that resembles a stylized smile or a protective shield. To the right of "citi" is the word "handlowy" in a larger, lowercase, white, sans-serif font. A registered trademark symbol (®) is positioned at the top right of the word "handlowy".

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Appendix

Profit and loss account - Total Bank

PLN MM	3Q17	4Q17	1Q18	2Q18	3Q18	3Q18 vs. 2Q18		3Q18 vs. 3Q17	
						PLN MM	%	PLN MM	%
Net interest income	273	290	277	271	281	10	4%	7	3%
Net fee and commission income	146	145	142	139	135	(4)	(3%)	(11)	(8%)
Dividend income	0	0	0	9	0	(8)	(95%)	0	95%
Net gain on trading financial instruments and revaluation	94	100	98	95	94	(1)	(1%)	1	1%
Net gain on debt investment financial assets measured at fair value through other comprehensive income	13	7	37	42	9	(34)	(80%)	(4)	(34%)
Hedge accounting	3	4	4	-	-	-	-	(3)	(100%)
Treasury	109	111	138	138	103	(35)	(25%)	(6)	(6%)
Net gain on other equity instruments	-	-	0	6	3	(3)	(47%)	3	-
Net other operating income	1	1	10	(1)	(4)	(2)	173%	(5)	-
Revenue	530	546	567	561	519	(42)	(7%)	(11)	(2%)
Expenses	(260)	(261)	(327)	(262)	(259)	3	(1%)	2	(1%)
Depreciation	(19)	(19)	(19)	(19)	(17)	2	(10%)	2	(10%)
Expenses and depreciation	(279)	(280)	(346)	(280)	(275)	5	(2%)	3	(1%)
Operating margin	252	266	221	281	244	(37)	(13%)	(8)	(3%)
Profit/(loss) on sale of tangible fixed assets	11	0	(0)	(1)	-	1	(100%)	(11)	(100%)
Net impairment losses	(22)	(38)	(6)	(27)	(19)	8	(29%)	3	(13%)
Share in profits / (losses) of entities valued at the equity method	0	(0)	0	0	(0)	(0)	-	(0)	-
Tax on certain financial institutions	(19)	(18)	(19)	(23)	(19)	4	(16%)	(0)	0%
EBIT	221	210	197	230	205	(26)	(11%)	(16)	(7%)
Corporate income tax	(49)	(47)	(51)	(48)	(46)	2	(4%)	3	(6%)
Net profit	172	163	146	182	158	(24)	(13%)	(13)	(8%)
C/I ratio	53%	51%	61%	50%	53%				

Institutional Banking - profit and loss account

PLN MM	3Q17	4Q17	1Q18	2Q18	3Q18	3Q18 vs. 2Q18		3Q18 vs. 3Q17	
						PLN MM	%	PLN MM	%
Net interest income	126	143	129	123	128	5	4%	3	2%
Net fee and commission income	68	68	73	72	69	(3)	(4%)	1	2%
Dividend income	0	0	0	1	0	(1)	(61%)	0	60%
Net gain on trading financial instruments and revaluation	86	93	91	88	87	(1)	(1%)	1	1%
Net gain on debt investment financial assets measured at fair value through other comprehensive income	13	7	37	42	9	(34)	(80%)	(4)	(34%)
Hedge accounting	3	4	4	-	-	-	-	(3)	(100%)
Treasury	102	104	131	130	96	(35)	(27%)	(6)	(6%)
Net gain on other equity instruments	-	-	0	6	3	(3)	(47%)	3	-
Net other operating income	5	4	4	1	0	(1)	(72%)	(5)	(92%)
Revenue	301	318	337	334	297	(37)	(11%)	(4)	(1%)
Expenses	(108)	(105)	(163)	(108)	(107)	2	(1%)	1	(1%)
Depreciation	(5)	(5)	(5)	(4)	(4)	(0)	0%	0	(9%)
Expenses and depreciation	(113)	(110)	(168)	(113)	(111)	2	(1%)	2	(1%)
Operating margin	188	209	170	221	186	(35)	(16%)	(2)	(1%)
Profit/(loss) on sale of tangible fixed assets	10	0	0	(1)	-	1	(100%)	(10)	(100%)
Net impairment losses	(8)	(32)	(6)	(1)	4	5	-	12	-
Tax on certain financial institutions	(14)	(13)	(14)	(17)	(14)	3	(18%)	(0)	1%
Share in profits / (losses) of entities valued at the equity method	0.0	(0.0)	0.0	0.2	(0.2)	(0)	-	(0)	-
EBIT	177	164	150	203	176	(27)	(13%)	(2)	(1%)
C/I ratio	37%	35%	50%	34%	37%				

Retail Banking - profit and loss account

PLN MM	3Q17	4Q17	1Q18	2Q18	3Q18	3Q18 vs. 2Q18		3Q18 vs. 3Q17	
						PLN MM	%	PLN MM	%
Net interest income	148	148	148	148	152	5	3%	5	3%
Net fee and commission income	78	77	68	67	66	(1)	(1%)	(12)	(15%)
Dividend income	-	0	0	8	0	(8)	(99%)	0	-
Net gain on trading financial instruments and revaluation	7	7	7	7	7	(0)	(1%)	0	1%
Net other operating income	(4)	(3)	7	(3)	(4)	(1)	50%	(0)	9%
Revenue	230	228	230	227	222	(5)	(2%)	(8)	(3%)
Expenses	(153)	(156)	(165)	(153)	(152)	1	(1%)	0	(0%)
Depreciation	(14)	(14)	(14)	(14)	(12)	2	(13%)	1	(10%)
Expenses and depreciation	(166)	(170)	(179)	(168)	(165)	3	(2%)	2	(1%)
Operating margin	63	58	52	60	57	(2)	(4%)	(6)	(9%)
Net impairment losses	(14)	(6)	1	(26)	(23)	3	(11%)	(9)	60%
Tax on certain financial institutions	(5)	(5)	(5)	(6)	(5)	1	(9%)	0	(3%)
EBIT	43	46	47	28	29	1	4%	(14)	(33%)
C/I ratio	72%	75%	78%	74%	74%				

Balance sheet

PLN B	End of period					3Q18 vs. 4Q17		3Q18 vs. 3Q17	
	3Q17	4Q17	1Q18	2Q18	3Q18	PLN B	%	PLN B	%
Cash and balances with the Central Bank	0.6	0.5	0.5	0.5	0.7	0.2	43%	0.1	20%
Amounts due from banks	0.6	0.8	1.2	1.0	0.9	0.0	5%	0.3	45%
Financial assets held-for-trading	2.3	2.2	4.1	3.5	4.2	2.0	93%	1.9	82%
Debt financial asstes measured at fair value through other comprehensive income	18.5	17.4	16.2	15.7	15.5	(2.0)	(11%)	(3.0)	(16%)
Customer loans	19.9	19.8	20.2	21.0	21.6	1.8	9%	1.7	9%
Financial sector entities	1.8	2.0	1.9	2.1	2.4	0.4	19%	0.5	30%
including reverse repo receivables	-	-	-	0.1	0.1	0.1	-	0.1	-
Non-financial sector entities	18.1	17.9	18.2	18.9	19.2	1.4	8%	1.2	6%
Institutional Banking	11.4	11.1	11.5	11.9	12.2	1.1	10%	0.8	7%
Consumer Banking	6.7	6.8	6.8	6.9	7.1	0.3	4%	0.4	6%
Unsecured receivables	5.3	5.3	5.3	5.4	5.5	0.1	3%	0.2	3%
Credit cards	2.5	2.5	2.5	2.7	2.7	0.1	6%	0.2	7%
Cash loans	2.7	2.7	2.7	2.7	2.7	(0.0)	(0%)	(0.0)	(0%)
Other unsecured receivables	0.0	0.1	0.1	0.1	0.1	0.0	8%	0.0	14%
Mortgage	1.4	1.5	1.5	1.5	1.6	0.1	9%	0.2	14%
Other assets	2.4	2.3	2.3	2.4	2.3	0.1	3%	(0.1)	(3%)
Total assets	44.2	43.0	44.5	44.1	45.2	2.1	5%	0.9	2%
Liabilities due to banks	2.6	1.6	3.2	2.1	2.4	0.8	51%	(0.2)	(8%)
Financial liabilities held-for-trading	1.3	1.4	1.7	1.6	1.3	(0.1)	(6%)	(0.0)	(2%)
Financial liabilities due to customers	32.3	32.1	31.3	32.5	33.4	1.2	4%	1.0	3%
Financial sector entities - deposits	4.4	4.9	5.9	6.4	5.7	0.8	17%	1.2	28%
Non-financial sector entities - deposits	27.7	27.1	25.2	25.8	27.4	0.3	1%	(0.3)	(1%)
Institutional Banking	17.3	16.7	14.5	14.8	16.1	(0.6)	(4%)	(1.2)	(7%)
Consumer Banking	10.4	10.3	10.7	11.0	11.3	0.9	9%	0.9	8%
Other financial liabilities	0.2	0.2	0.2	0.2	0.2	0.0	26%	0.0	9%
Other liabilities	1.3	1.0	1.2	1.2	1.3	0.3	27%	(0.0)	(1%)
Total liabilities	37.5	36.1	37.4	37.4	38.3	2.2	6%	0.8	2%
Equity	6.7	6.9	7.1	6.7	6.8	(0.1)	(1%)	0.1	2%
Total liabilities & equity	44.2	43.0	44.5	44.1	45.2	2.1	5%	0.9	2%
Loans / Deposits ratio	62%	62%	64%	65%	65%				
Capital Adequacy Ratio	17.3%	17.9%	17.3%	17.1%	16.9%				
NPL*	2.9%	3.2%	3.2%	3.2%	3.1%				