

# BANK HANDLOWY W WARSZAWIE S.A.

## Consolidated cumulative results after 1Q 2007

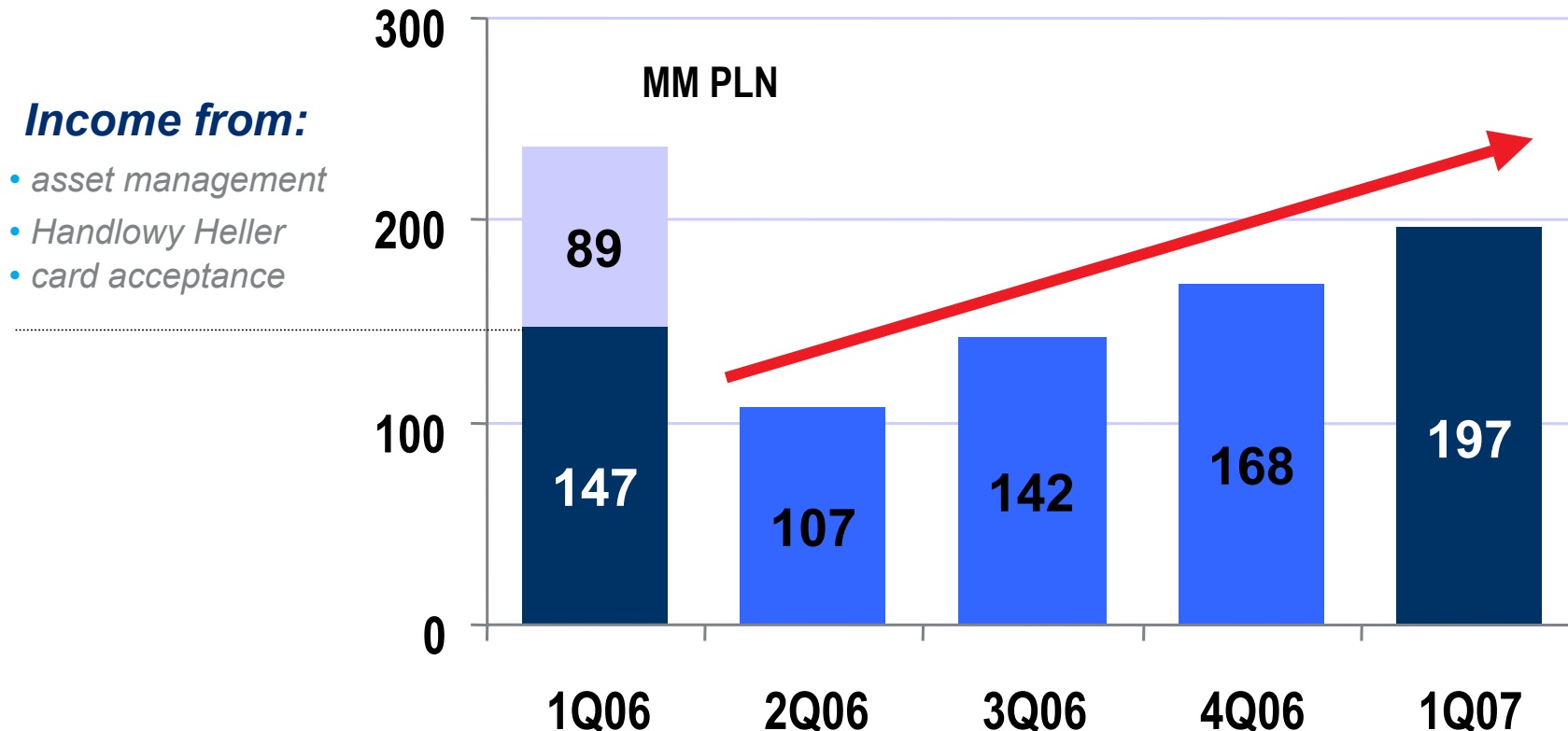
Warsaw, 9<sup>th</sup> May 2007

Global standards. Local solutions.

 **citibank** handlowy

# Significant increase of recurring net income Q107 vs Q106

## Upward trend in the last four quarters



# Achievements in Q1 2007

## Citi Markets and Banking

- The largest syndicated loan for the electrical energy sector in Poland – a loan for BOT for total amount of EUR 604 mln
- The first structured corporate bond program on the Polish market - financing the construction of a new power generation unit, the total issue program amounts to PLN 650 mln
- Completion of a structured transaction with PKP S.A., involving granting of a syndicated loan in the amount of EUR 130 mln linked with an interest rate risk hedge
- Closing of a takeover of Emax by Computerland, total value of the transactions amounted to PLN 480 mln
- Almost 300 new customers acquired in SME segment



## Transaction services

- 47% increase of prepaid cards Q1 07 / Q1 06
- Launching of a new innovative product „Mikrowpłaty” designed for the needs of the courts and the prosecution administration



## Sales and Trading

- 136% increase of turnover in FX options and 70% increase of turnover in FX transactions with non-bank clients Q1 07 / Q1 06
- 100% growth of the transaction volume of market-linked deposits Q1 07 / Q1 06
- Continuous acquisitions of new customers through FX online trading platform

# Achievements in Q1 2007 - Credit Cards

## Record-high number of credit cards sold in Q1 2007

- 51 thousands of new credit cards acquired
- 113 thousands of BP cards as of March 2007
- CitiFinancial - 4000 as of March 2007

## New co-branded cards

- Contract with Polkomtel signed in March 2007
- Contract with LOT Polish Airlines signed in March 2007

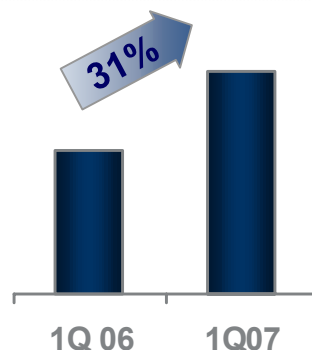


# Achievements in Q1 2007 - Retail Banking

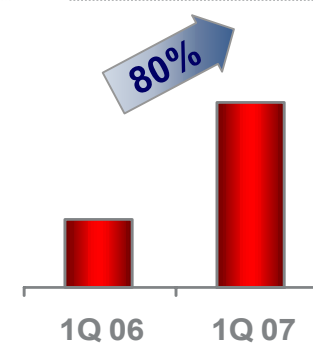
## Investment and Insurance products

- New products launched: DWS TOP50 Small and Mid Cap Plus and new funds added to the portfolio available under the Investment Portfolio and the Life Insurance Linked Investment Program
- 12 subscriptions for structured bonds denominated in several currencies (PLN, USD and EUR)

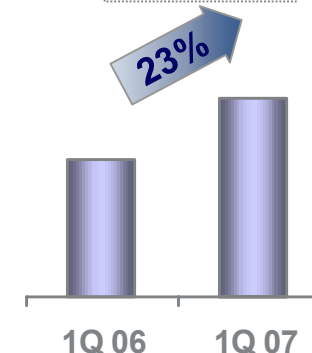
Mutual Fund net assets acquired through the Bank



Single Premium Unit Linked



Structured Products



## ■ Prime mortgage implemented in January 2007

- the final offer not finalized yet

## ■ Citibusiness – microenterprises

- 21% higher customers acquisition than in record Q4 06
- FX Online Trading platform launched to selected group of customers

## ■ Increased efficiency of CitiFinancial

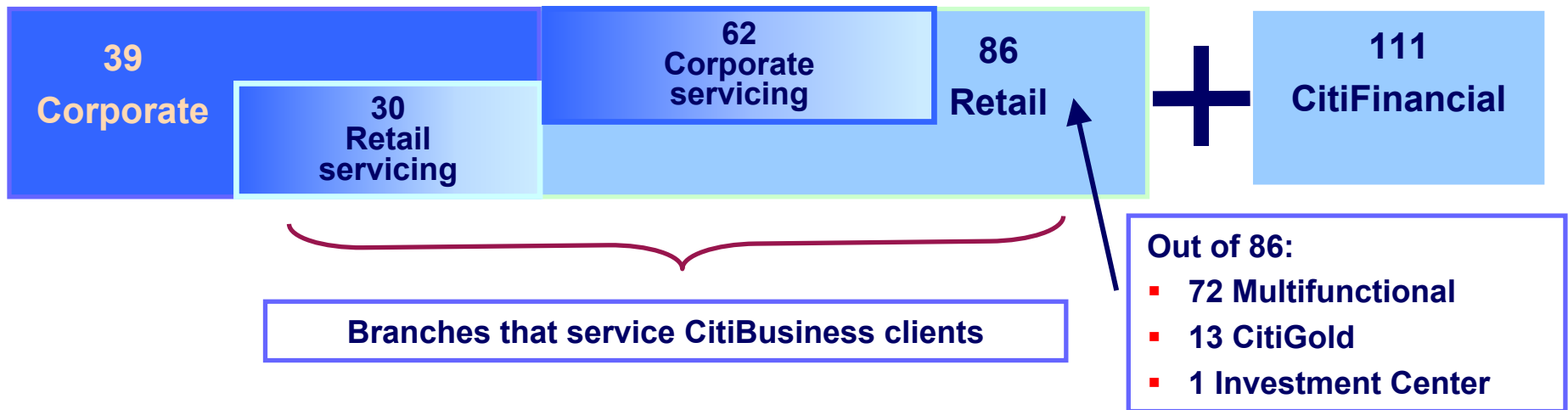
- new products offered: credit cards, mortgages

## ■ Online banking

- 107% higher number of customers (Q1 07/ Q1 06) uses e-statements (13% of customers as of March)
- 23% higher number of CitiAlerts users (Q1 07/ Q1 06)

# Tailored branch network

Branch network currently – 236 branches



- Joint network of corporate and retail bank went live on March 1st, 2007

# 1Q 2007 results

PLN MM	1Q 2006	1Q 2007	1Q07/1Q06	
			I/ (D)	I/ (D) %
Net interest income	245.9	289.6	43.7	18%
Net fee and commission income	145.4	178.4	33.0	23%
Treasury	142.7	115.6	(27.2)	(19%)
Equity instruments result	0.0	6.7	6.7	-
Other operating revenue	16.2	14.1	(2.1)	(13%)
<b>Revenue</b>	<b>550.3</b>	<b>604.3</b>	<b>54.1</b>	10%
<b>Expenses and depreciation</b>	<b>(371.7)</b>	<b>(374.6)</b>	<b>2.8</b>	<b>1%</b>
Total operating expenses	(338.4)	(346.2)	7.8	2%
Depreciation	(33.3)	(28.4)	(5.0)	(15%)
Income on fixed assets sale	116.3	(0.8)	(117.2)	n.m.
Movements in provisions	3.1	20.2	17.1	546%
Share in subs' profits	5.2	0.5	(4.8)	(91%)
<b>EBIT</b>	<b>303.3</b>	<b>249.6</b>	<b>(53.7)</b>	<b>(18%)</b>
Corporate tax	(67.3)	(52.1)	(15.1)	(22%)
<b>Net profit</b>	<b>236.0</b>	<b>197.5</b>	<b>(38.6)</b>	<b>(16%)</b>

# 1Q 2007 results – 1Q 2006 one-offs adjusted

PLN MM <i>excl. ONE-OFFS</i>	1Q 2006	1Q 2007	1Q07/1Q06	
			I/ (D)	I/ (D) %
Net interest income	245.9	289.6	43.7	18%
Net fee and commission income	145.4	178.4	33.0	23%
Treasury	142.7	115.6	(27.2)	(19%)
Equity instruments result	0.0	6.7	6.7	-
Other operating revenue	16.2	14.1	(2.1)	(13%)
<b>Revenue</b>	<b>550.3</b>	<b>604.3</b>	<b>54.1</b>	<b>10%</b>
<b>Expenses and depreciation</b>	<b>(371.7)</b>	<b>(374.6)</b>	<b>2.8</b>	<b>1%</b>
Total operating expenses	(338.4)	(346.2)	7.8	2%
Depreciation	(33.3)	(28.4)	(5.0)	(15%)
Income on fixed assets sale	2.2	(0.8)	(3.1)	(138%)
Movements in provisions	3.1	20.2	17.1	546%
Share in subs' profits	5.2	0.5	(4.8)	(91%)
<b>EBIT</b>	<b>189.1</b>	<b>249.6</b>	<b>60.4</b>	<b>32%</b>
Corporate tax	(42.0)	(52.1)	10.2	24%
<b>Net profit</b>	<b>147.2</b>	<b>197.5</b>	<b>50.3</b>	<b>34%</b>



# Key ratios

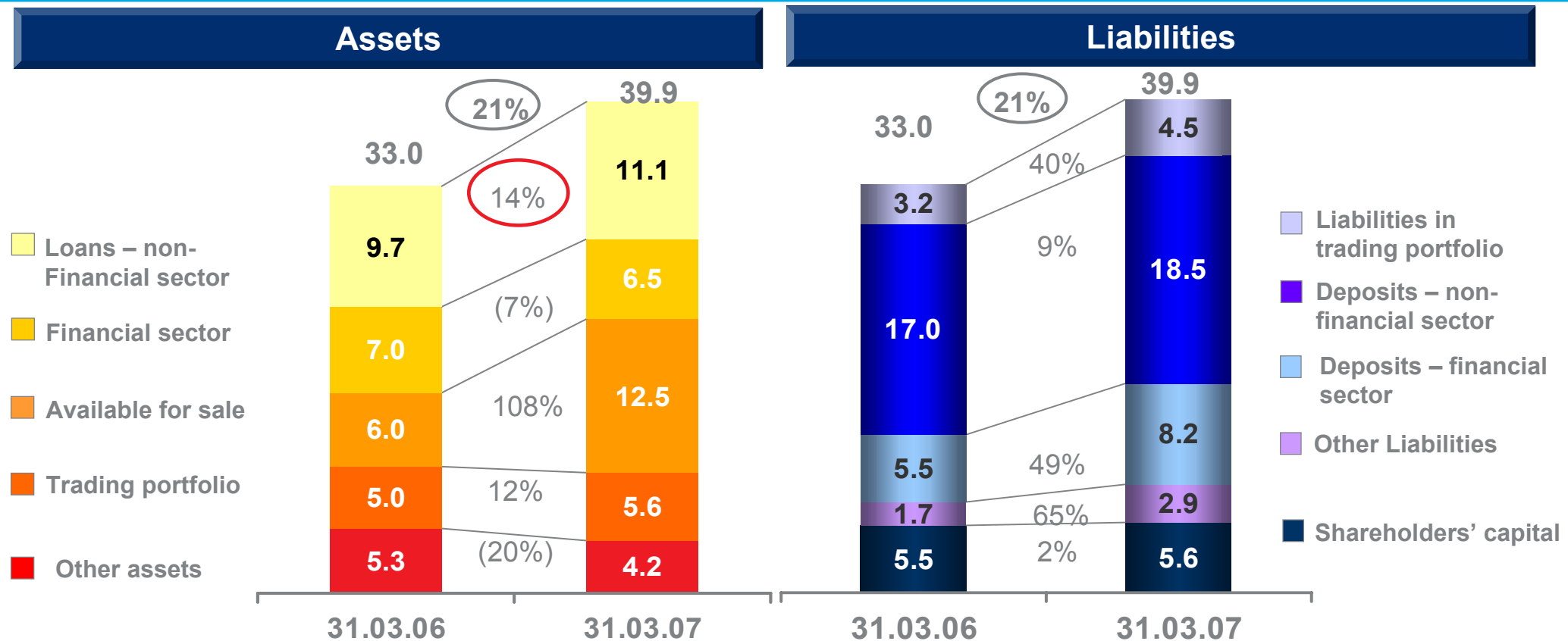
	1Q 2006	1Q 2006 */	1Q 2007	VARIANCE */
Revenue, MM PLN	550	550	604	9.8%
EBIT, MM PLN	303	189	250	32.2%
Net income, MM PLN	236	147	197	34.1%
Return on Equity **	13.7%	12.0%	11.7%	
Return on Assets **	2.2%	1.9%	1.7%	
Cost / Income	68%	68%	62%	
Capital Adequacy Ratio***	14.1%	14.1%	15.1%	

\*/ 1Q 2006 one-off transactions with the impact on gross income of PLN 114 MM and on net income of PLN 89 MM excluded

\*\*/ calculated based on the data of the last four quarters: a sum of net income divided by the average equity / assets

\*\*\*/ for 2006 comparable value as of 31<sup>st</sup> of December 2006 presented

# Balance Sheet structure

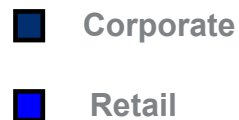
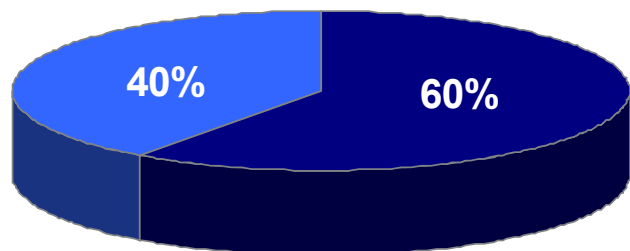


- Increase of non-banking loans as a result of considerable retail loans increase as well as rise in corporate loans
- Increase of non-financial deposits due to higher corporate deposits
- Significant increase in deposits of banks and other monetary financial institutions

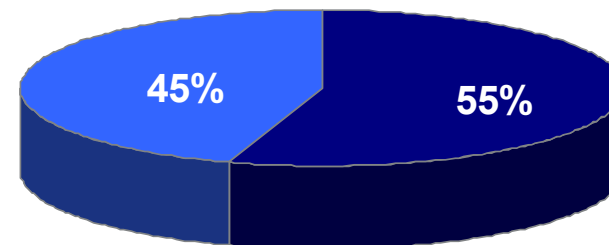
# Strong corporate bank with growing momentum of retail

## Revenue

1Q 06

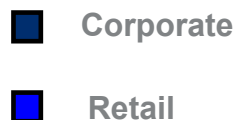
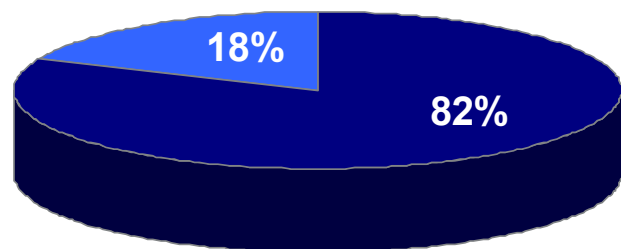


1Q 07

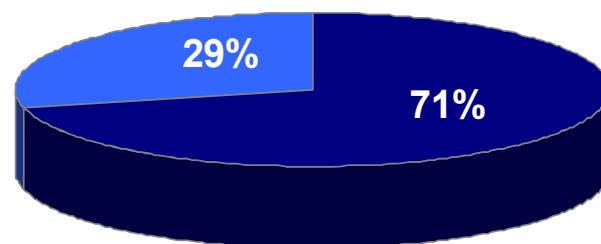


## EBIT

1Q 06

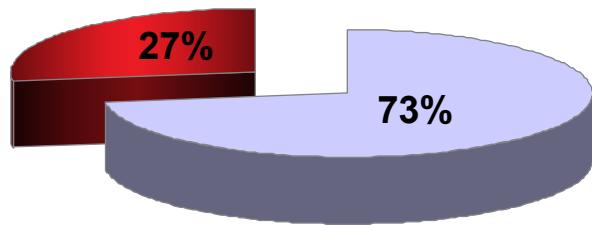


1Q 07



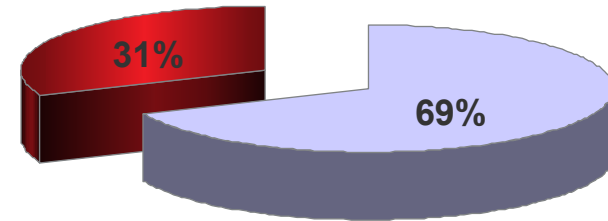
# Loans

## Non-financial sector loans



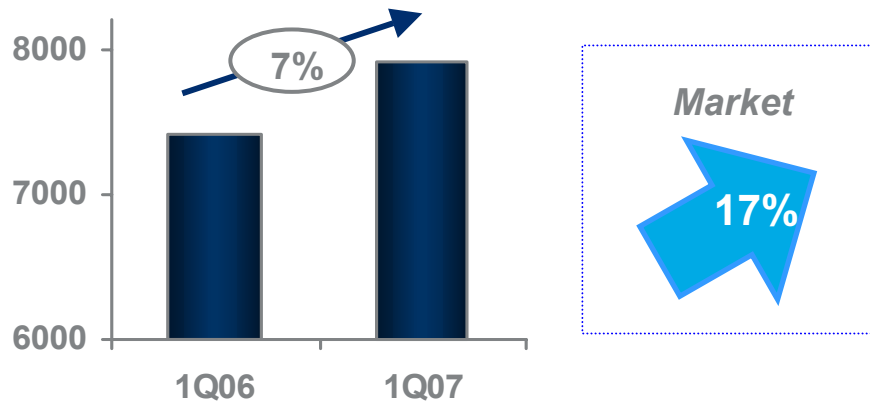
31.03.2006

■ Corporates ■ Retail

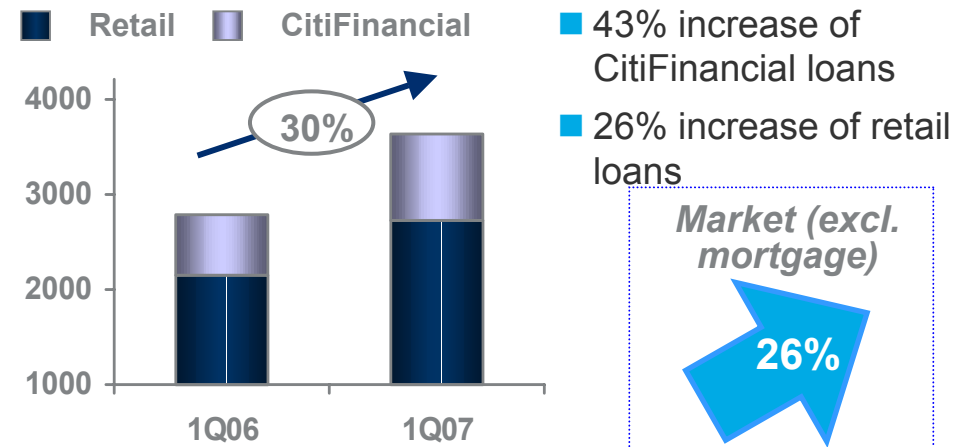


31.03.2007

## Corporate loans



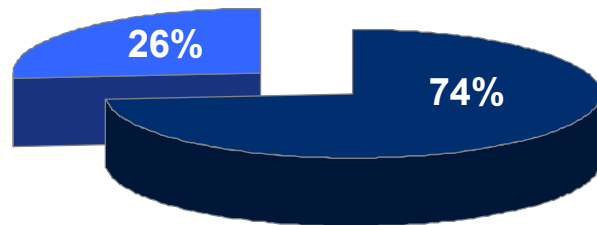
## Retail and consumer loans



Source: Estimates, pro-forma data  
Global standards. Local solutions.

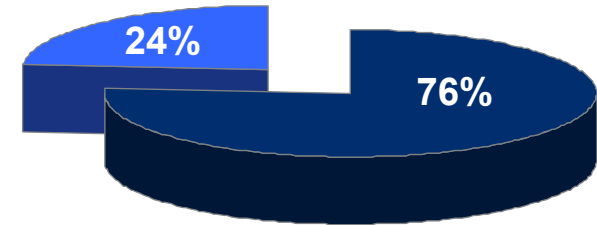
# Deposits

## Non-financial sectors deposits



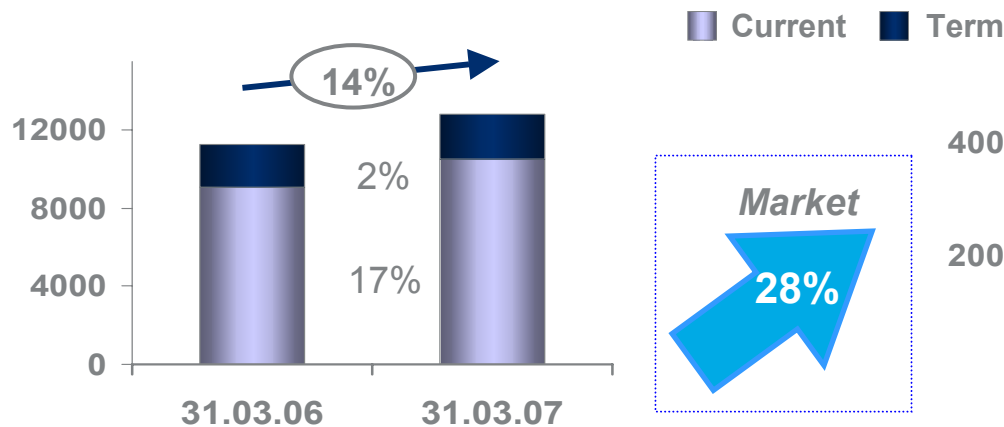
■ Corporates ■ Individuals

31.03.2006

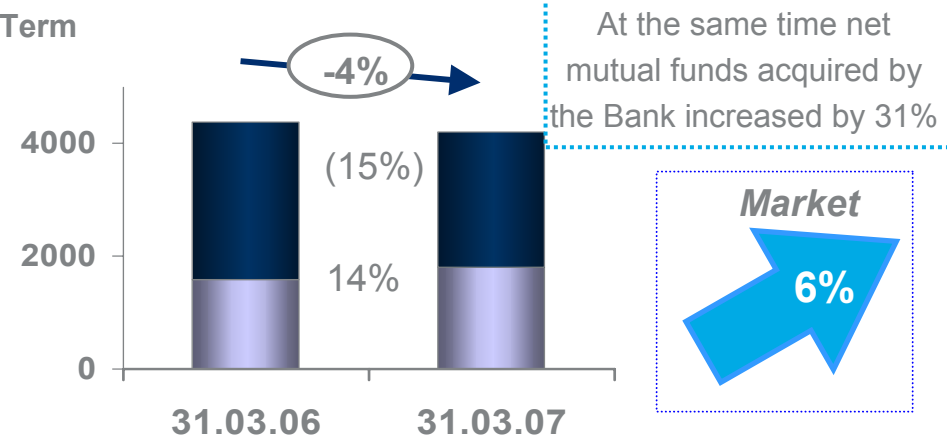


31.03.2007

## Non-Financial Corporate deposits



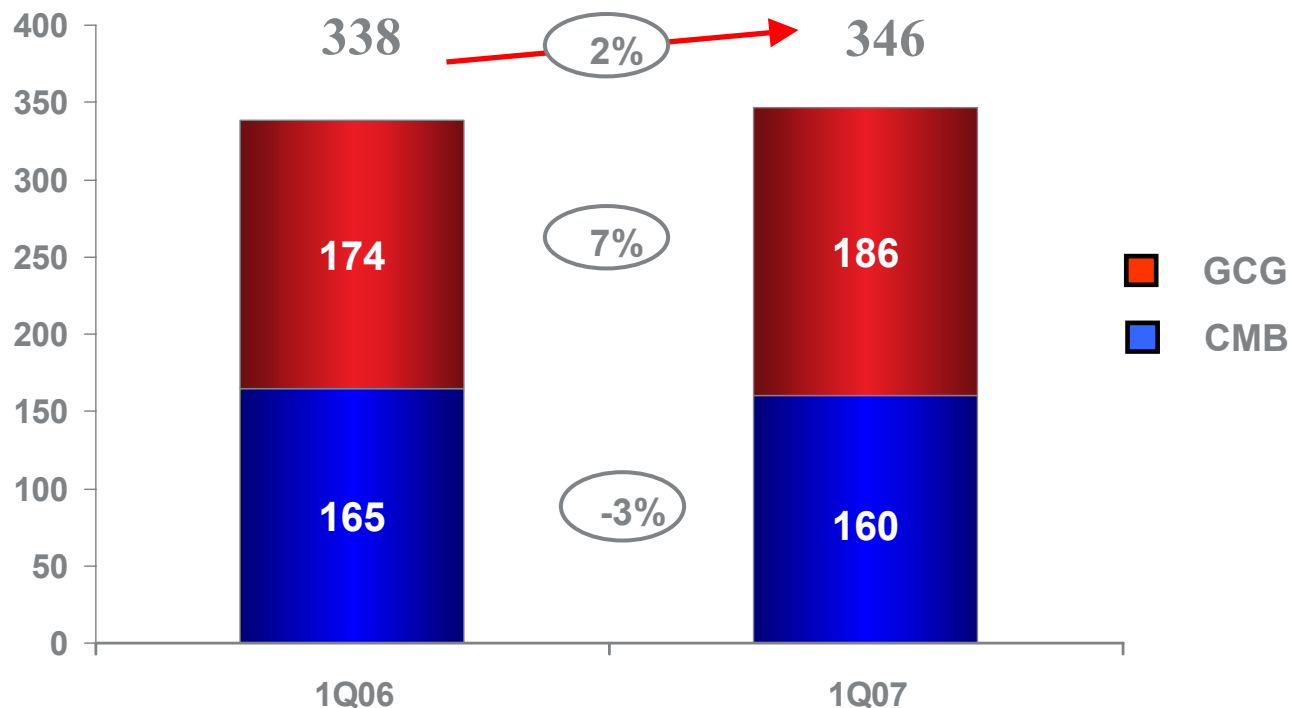
## Individuals' deposits



Source: Estimates, pro-forma data  
Global standards. Local solutions.

**citibank** handlowy

## Expenses under control



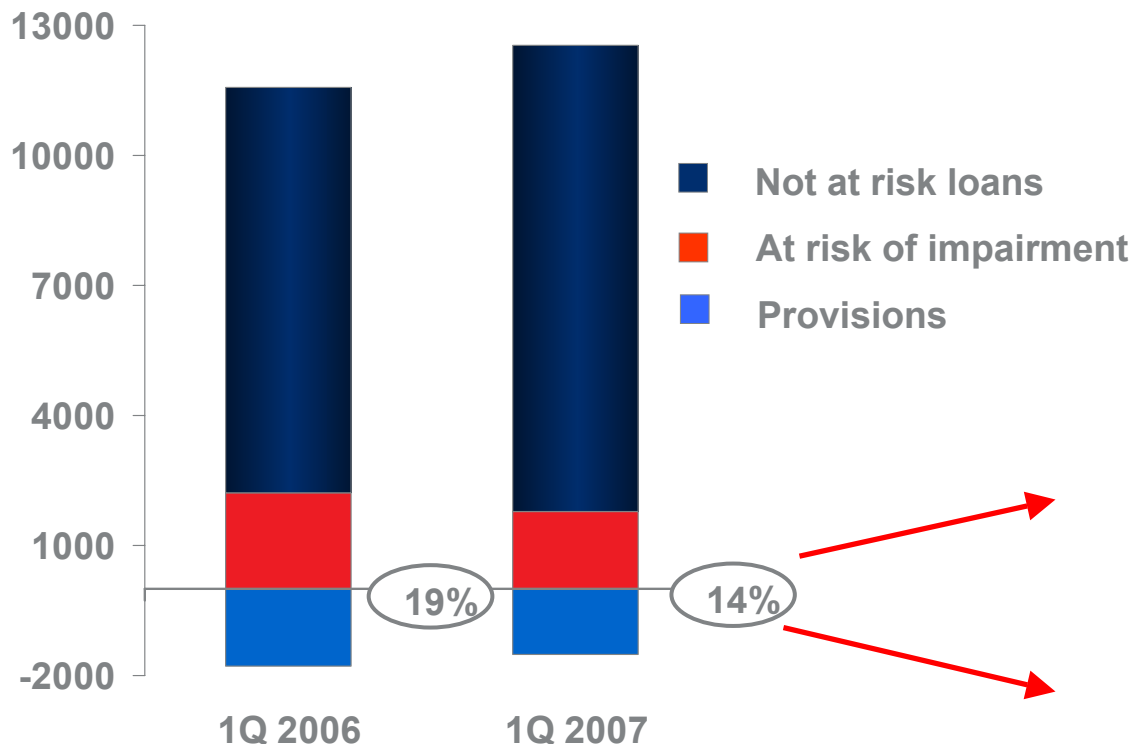
- Lower expenses in CMB by 3% as a result of lower telecommunication and technological costs and a drop in external services fees
- Higher expenditures in GCG due to more active marketing policy within Retail Banking and dynamic expansion of CitiFinancial distribution network (111 branches as of the end of 1Q 2007 vs 71 as of the end of 1Q 2006)

Source: Bank's Financial Disclosures, data in MM PLN

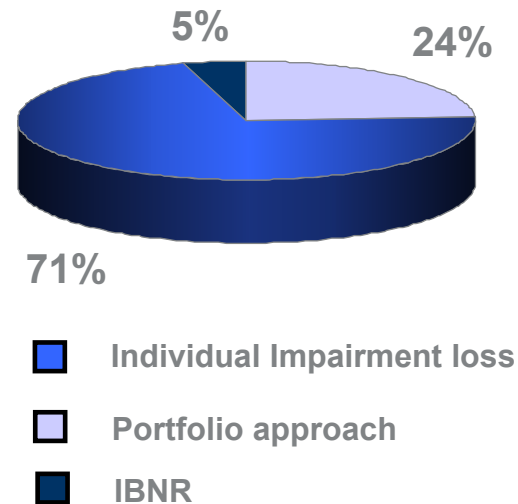
Global standards. **Local solutions.**

# Cost of Credit

## Loans portfolio quality



## Impairment split as at 31 March 2007



	31.03.06	31.03.07
Provision coverage ratio	80%	85%

**Significant decrease of loans at risk of impairment**

Source: Bank's Financial Disclosures, data pro-forma

Global standards. Local solutions.

# 1Q 2007 results

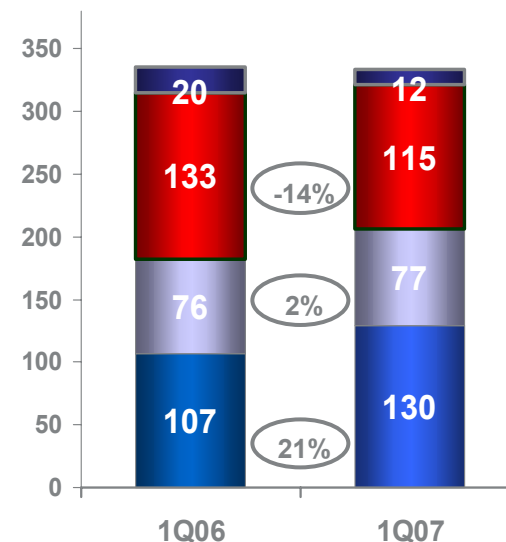
## Citi Markets and Banking

MM PLN			1Q07/1Q06	
	1Q06	1Q07	I/(D)	I (D) %
Results on activity	337	333	(4)	(1%)
Expenses and depreciation	(189)	(180)	(9)	(5%)
Provisions	(2)	25	27	n.m.
<b>EBIT one-offs excluded</b>	<b>145</b>	<b>177</b>	<b>32</b>	<b>22%</b>
One-off events	102	0	(102)	n.m.
<b>EBIT</b>	<b>247</b>	<b>177</b>	<b>(70)</b>	<b>(28%)</b>
Assets	29,929	35,973	6,044	20%
Liabilities	27,107	33,496	6,389	24%

- Significant increase of interest result primarily attributable to a considerable growth of AFS securities portfolio and income from loans increase
- Rise in fees result mainly from corporate finance and cash products sales growth, partially offset by lower income from brokerage activity
- Lower expenses and depreciation by 5% as a result of further costs optimization (reduction in telecommunication and technological expenses, services and other employees expenditures)

Source: Bank's Financial Disclosures, data in MM PLN

Global standards. Local solutions.



- Other operating income
- Result on financial oper.
- Fee Result
- Interest Result

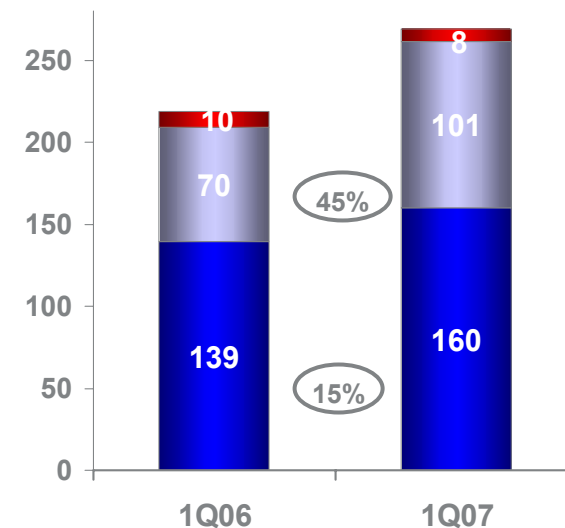


# 1Q 2007 results

## Global Consumer Group

MM PLN			1Q07/1Q06	
	1Q06	1Q07	I/(D)	I (D) %
Results on activity	221	271	50	23%
Expenses and depreciation	(183)	(195)	12	6%
Provisions	5	(4)	(9)	n.m.
<b>EBIT one-offs excluded</b>	<b>44</b>	<b>72</b>	<b>28</b>	<b>65%</b>
One-off events	12	0	(12)	n.m.
<b>EBIT</b>	<b>56</b>	<b>72</b>	<b>16</b>	<b>29%</b>
Assets	3,072	3,932	860	28%
Liabilities	5,894	6,409	515	9%

- Considerable growth of interest result due to credit card and installment loan portfolios increase (despite reduction in the interest rates charged)
- Sharp increase of fees result mainly from insurance and investment products, as well as from credit cards and installment loans
- Slight growth of expenses caused by increase in staff and intensified marketing activities, both related to business growth and continued distribution network expansion of CitiFinancial



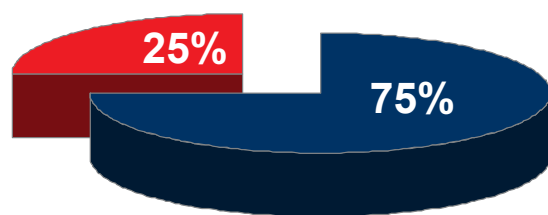
- Result on financial oper.
- Fee Result
- Interest Result

Source: Bank's Financial Disclosures, data in MM PLN

Global standards. **Local solutions.**

**citibank** handlowy

# Shareholders structure / Share price



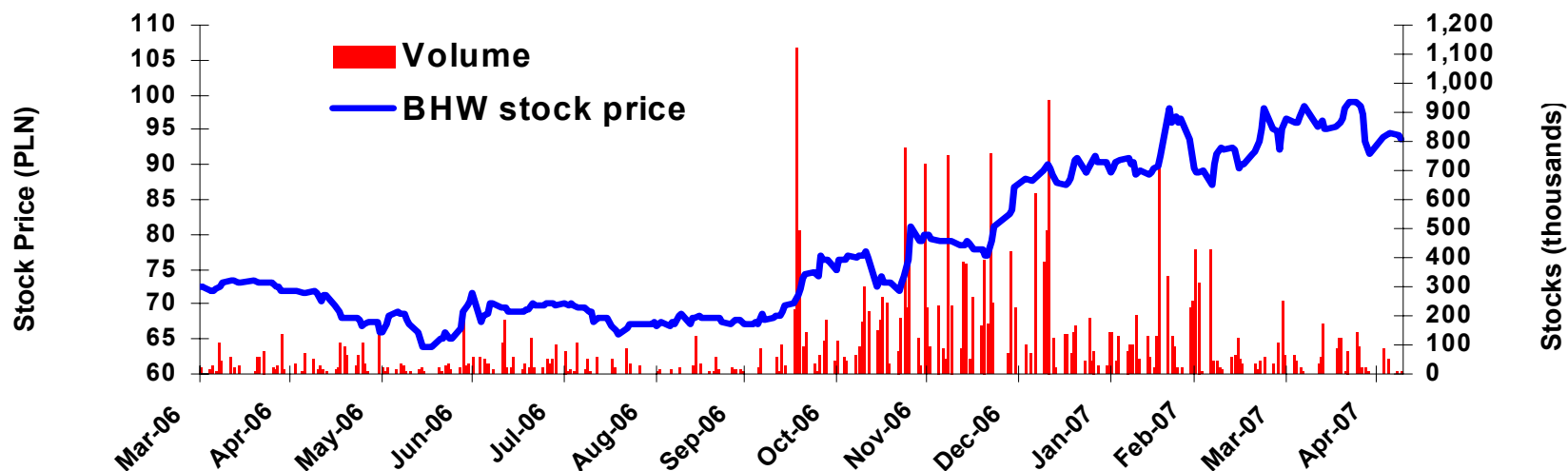
- COIC
- Other below 5%

8<sup>th</sup> May: PLN 93.6 per share

Market cap: \$ 4.4 bn

Free float : \$ 1.1 bn

30% return since the end of 1st quarter of 2006



# Lidia Jabłonowska-Luba

*Management Board Member, CFO*

# Katarzyna Otko-Dąbrowska

*Investor Relations*

# Monika Kobylińska

*Investor Relations*

**Bank Handlowy w Warszawie S.A.**

**Ul. Senatorska 16**

**00-923 Warszawa**

**Polska**

**Tel. +48 (22) 657 72 00**

**[www.citibankhandlowy.pl](http://www.citibankhandlowy.pl)**

**[RelacjeInwestorskie@citigroup.com](mailto:RelacjeInwestorskie@citigroup.com)**

Global standards. Local solutions.

**citibank** handlowy