

BANK HANDLOWY W WARSZAWIE S.A.

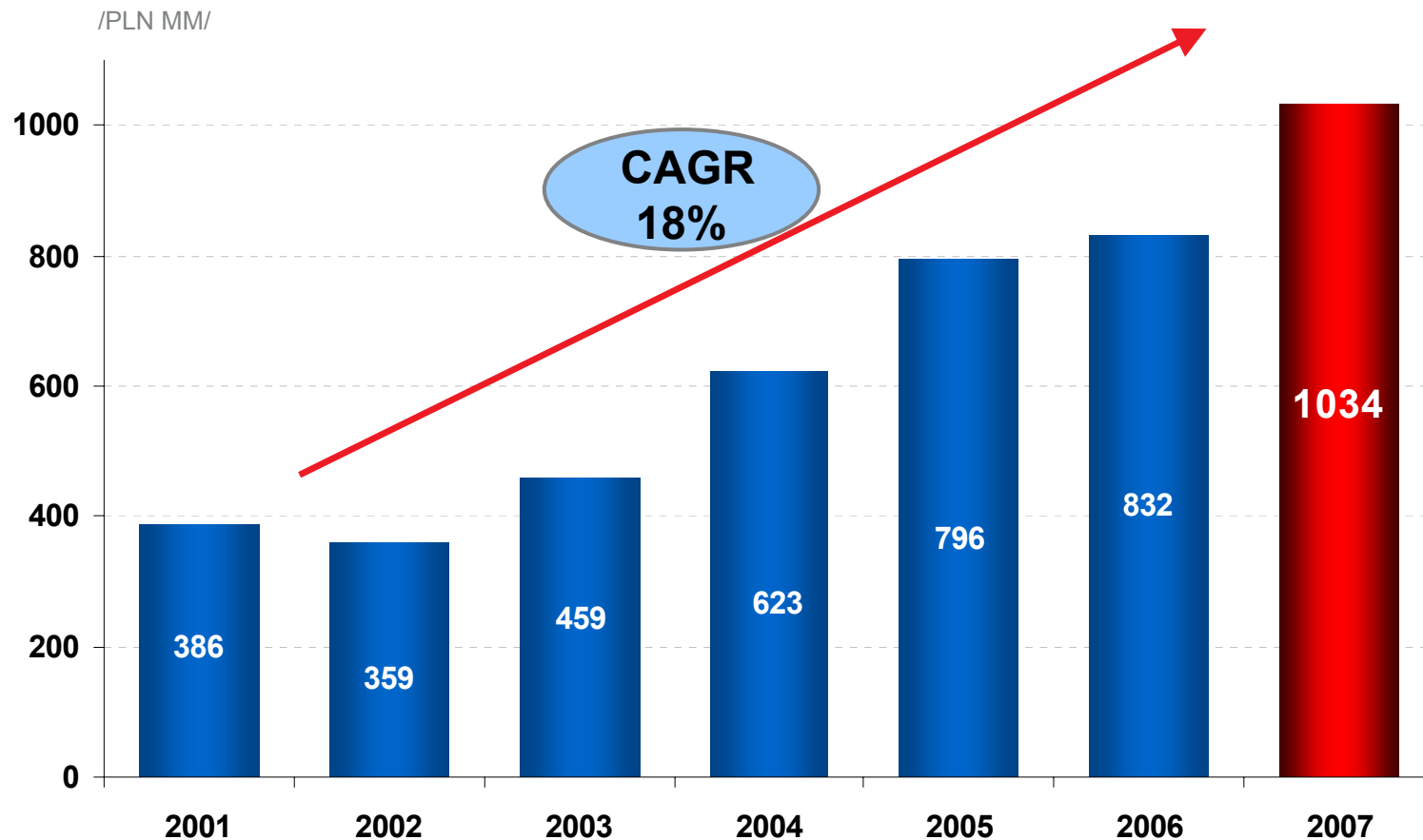
2007 consolidated financial results

Warsaw, 20 March 2008

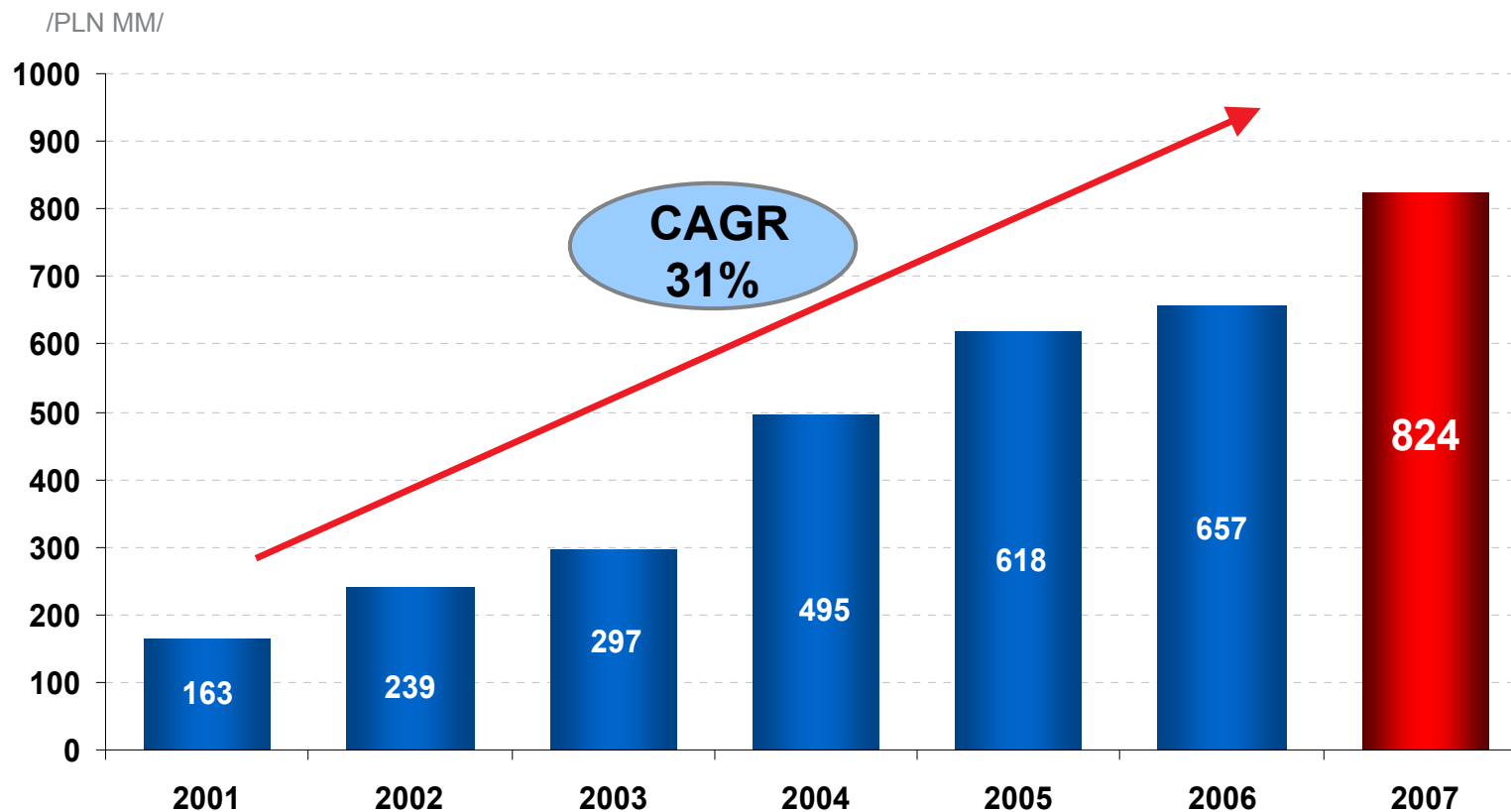
Global standards. Local solutions.

The logo for Citi Handlowy, featuring the word "citi" in a dark blue font with a red arc above the "i", followed by the word "handlowy" in a dark blue font.

The first time gross profit exceeded PLN 1 bln

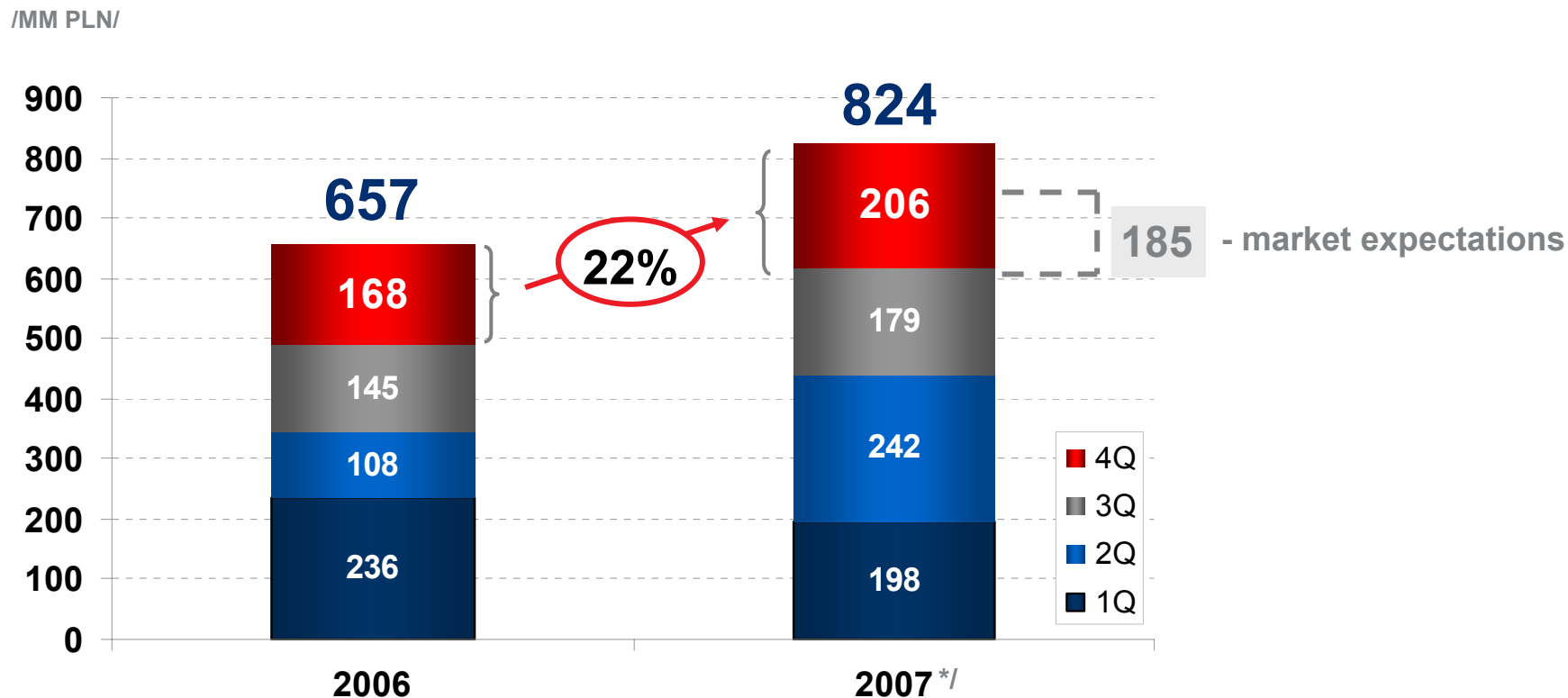


A record breaking net profit



■ An increase in net profit for the sixth year in a row since merger

Significant increase in Q4 07 net profit as compared to Q4 06



^{*/} post audit data

Significant increase in efficiency

	2006	2007	
ROE	13.6%	16.6%	↑
ROA	1.9%	2.1%	↑
Cost / Income	69 %	61 %	↓
Capital Adequacy Ratio	14.1 %	12.9%	

Commercial Bank in 2007

3 „A” OF COMMERCIAL BANKING BUSINESS

>1 245

Acquisition of customers

↑ 23% - „Smart” Asset growth

(2007/2006)

↑ 38%

x-sell X6.9
RORC 56%

SME

↑ 28%

x-sell X5.1
RORC 41%

MME

↑ 21%

x-sell X25.0
RORC 59%

Global

Activation

↑ 83% - value of FX transactions

(2007/2006)

↑ 66%

MME

↑ 102%

SME

Pre-paid cards in 2007



■ The first on the market insurance pre-paid card, cooperation with *Generali T.U. S.A.* used to claims settlement process (1000 cards)

■ The first in Poland medical pre-paid card – *Damian Plus*



■ *Bonus System Polska S.A.* – issuing pre-paid cards as electronic benefit vouchers



■ The first in Bank's history Gift Card issued with a shopping center - *Arkadia*



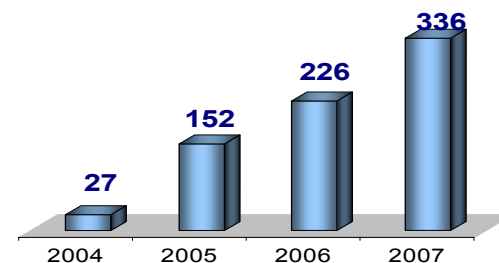
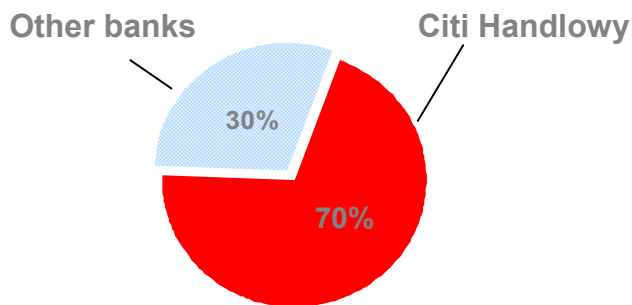
↑x2

(2007/2006)

Number of pre-paid cards issued over a year

Pre-paid cards market share

Number of pre-paid cards issued (ths)



Corporate Bank in 2007



EUR 604 mln

Syndicated loan

The biggest syndicated loan in the energy supplies sector in Poland

 **Ciech**
PLN 500 mln

Bonds issuing program

In Q4 07 CIECH S.A. issued 5-year bonds under the program in an amount of PLN 300 million

PLN 1,5 bln 

Bonds issuing program

Total value of bonds issued PLN 2,5 billion – the biggest so far program of this kind for an enterprise in Poland



Capital City of WARSAW

Won public tender for servicing bank accounts of the city

Modern banking solutions and improved city's financing structure



CHF 950 mln

Syndicated loan

Citi Handlowy as a leading arranger

Subsidiaries achievements in Q4 2007

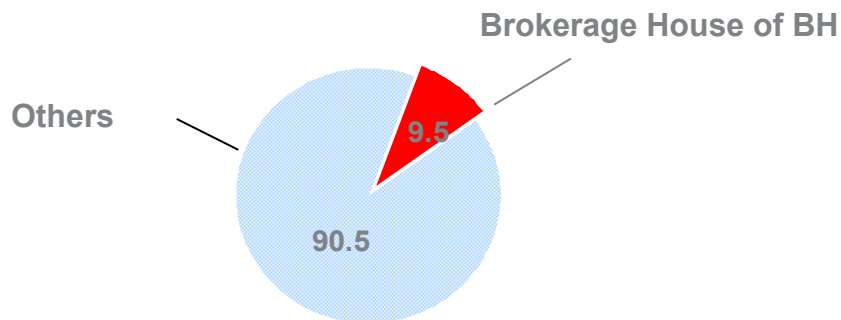
Brokerage

PLN 43.8 bln → **↑23%**
(2007/2006)

DMBH turnover on WSE secondary equities trade market

3-rd position on the market

DMBH market share in secondary equities trade market in 2007 (%):



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Leasing

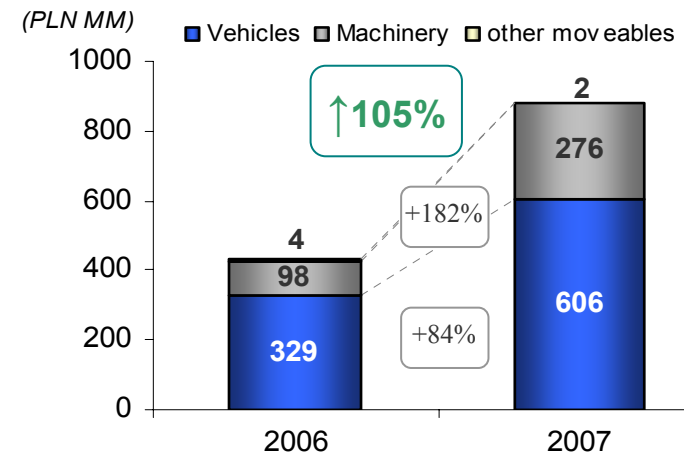


2%

↑0,8 p.p.
(2007/2006)

Market share

Handlowy - Leasing sp. z o.o. - net assets value



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Treasury

↑ **29%**

(2007/2006)

FX transactions volume with non-bank customers

↑ **390%**

(2007/2006)

FX transactions volume via internet platform

↑ **121%**

(2007/2006)

Result on FX options transactions – non-bank customers

↑ **79%**

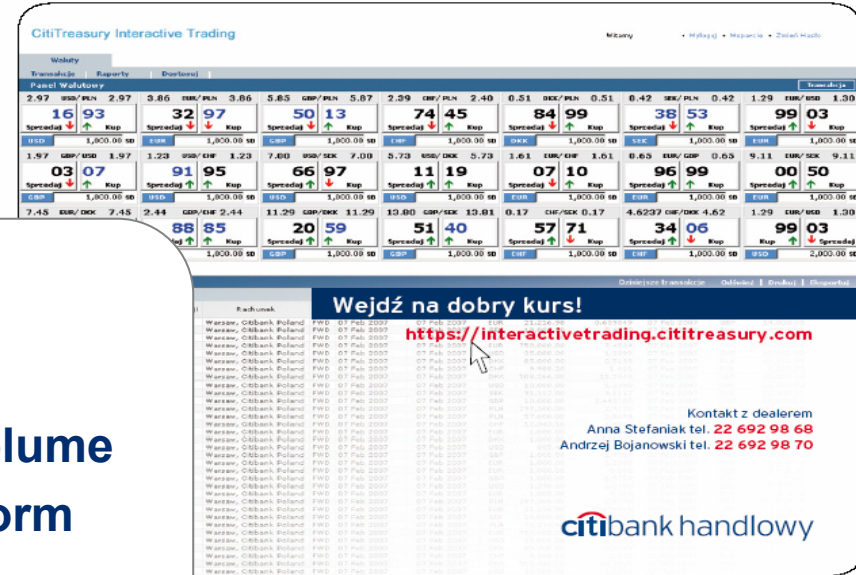
(2007/2006)

Complex derivative instruments volume

↑ **79%**

(2007/2006)

Market-linked deposits transactions turnover



Retail bank – the best year in Bank’s history in terms of credit cards sales

> 237 thousands

↑ 55%

(2007/2006)

New credit cards issued

> 50 thousands

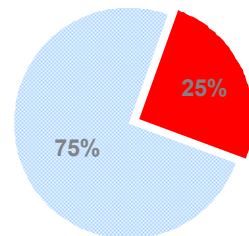
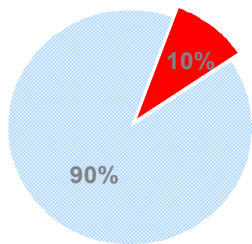


**New co-branded cards with
LOT and Plus GSM**

Credit cards’ market share */

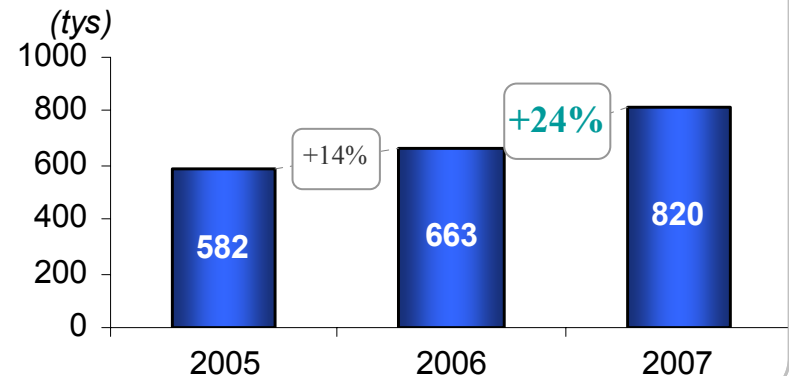
Number of cards issued

Transactions’ value



*/ based on Q1-Q307 data

Number of credit cards



Retail bank - investment and insurance products

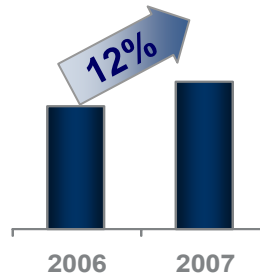
7%

Share of fees and commissions from investment products sales in total Bank's revenue

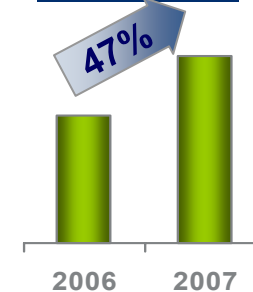
Significantly lower as compared to competitors

Data pro-forma, Bank's estimates

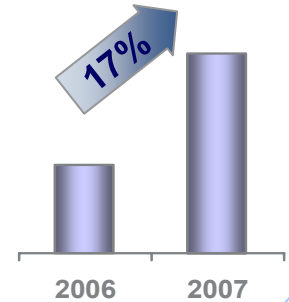
Assets – mutual funds



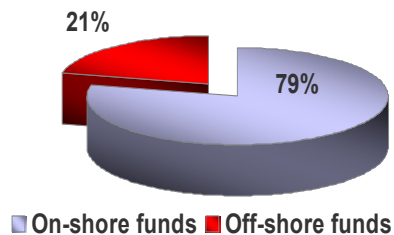
Assets – insurance products with mutual funds



Assets – structured products



Mutual funds assets as of the end of December 2007



- Second in the funds portfolio (including ING) umbrella fund offer through conversion of Union Investment funds into the umbrella fund **UniFundusze FIO**
- Expansion of **investment funds offer** to include 13 new on-shore funds, 8 out of it are new subfunds of **UniFundusze FIO** – an umbrella fund.
- Expansion of foreign **investment funds offer** to include 15 new funds, out of it 12 equity funds - **Franklin Templeton Investment Funds** denominated in EUR and USD and 3 **Merrill Lynch International Investments Funds**.
- Further subscriptions of **Unit Linked Life Insurance were held** – for example **New energy subscription** - linked with a basket of public listed companies involved in the project of exploitation of alternative energy sources and **BRIC index** (linked to BRIC index – Brazil, Russia, India and China – as well as exchange rates of Indian and Chinese currencies to USD. Besides the customers were provided with the choice of 15 structured bonds in various currencies.



Retail bank in 2007 – banking accounts

307 ths. → ↑36% (2007/2006)

Number of current accounts
in PLN

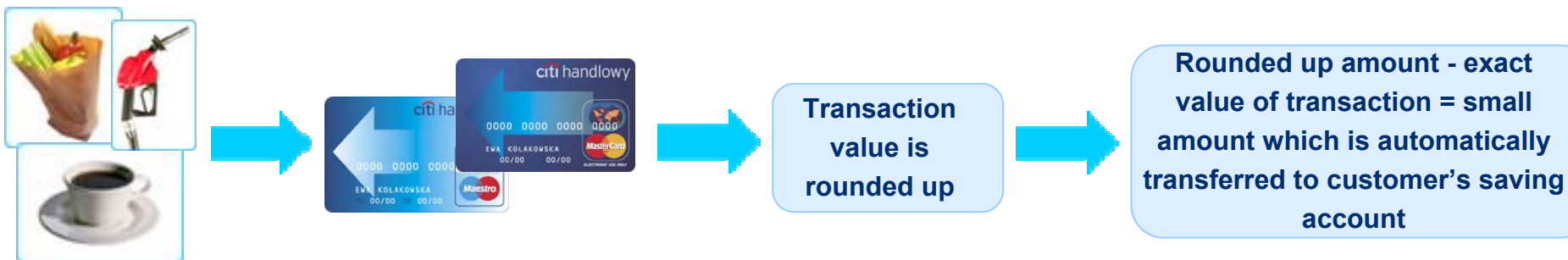
PLN 1.7 bln

Saving account

Saving accounts balance as of the end of December 2007

Change for you

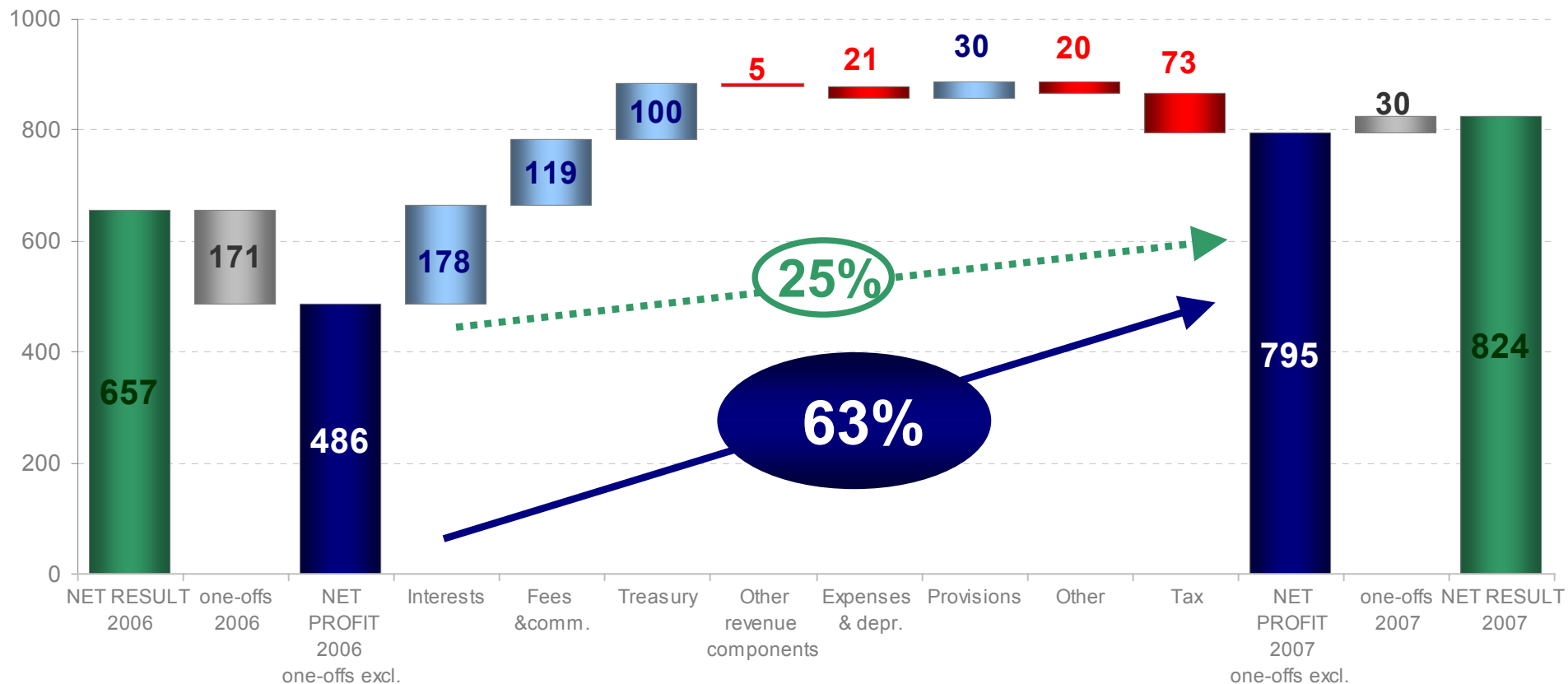
Unique on the Polish market program of systematical saving of small amounts at the occasion of debit card payments dedicated to customer that have current account and saving account in the Bank



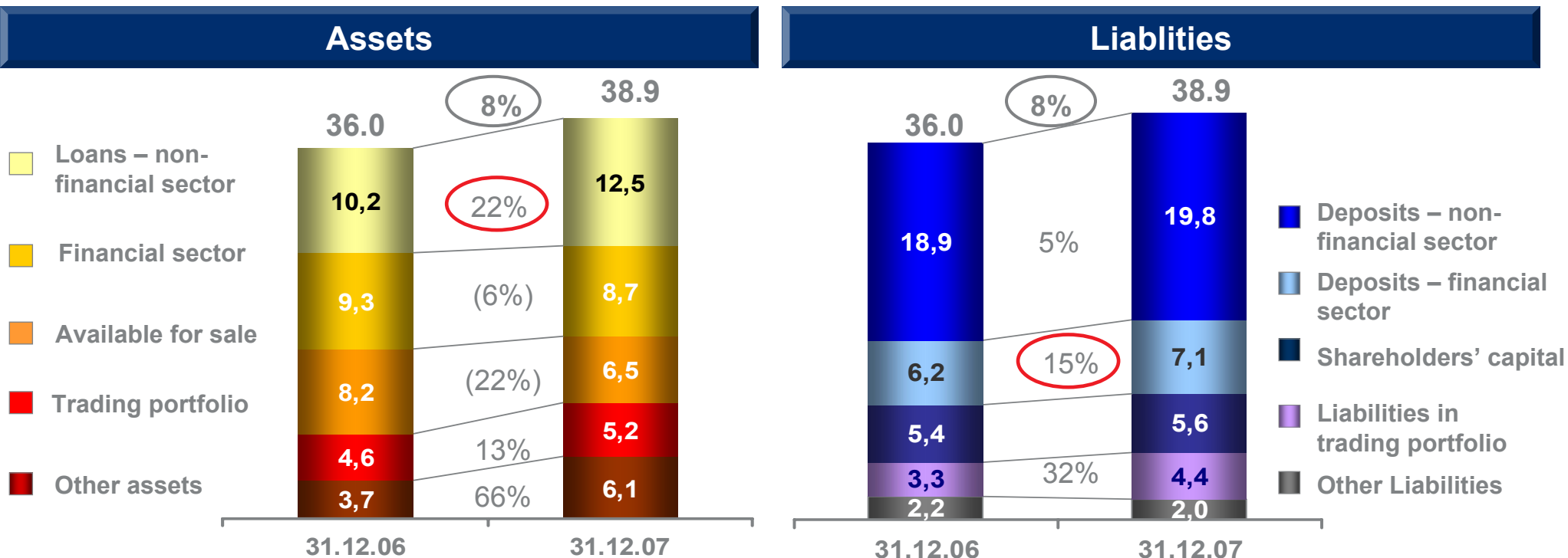
2007 vs. 2006 results

Impact of particular components of P&L account on NET PROFIT:

/PLN million/



Balance sheet structure

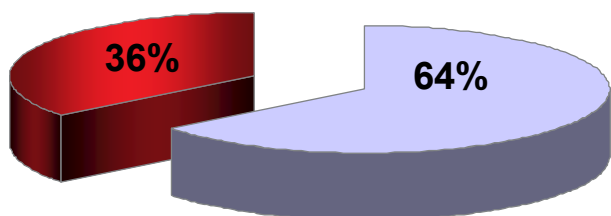


- Significant increase of non-financial loans as a result of retail loans portfolio growth (30%) as well as rise in corporate loans (18%)
- Considerable drop in available for sale portfolio, rise in trading portfolio
- Other assets – remarkable increase of current account balance held in NBP (by PLN 2.8 bln, i.e. six time higher) due to obligation to maintain an average regulatory provision at a declared level
- Rise in financial sector and non-financial sector deposits, significant increase of non-financial current accounts balance *39%) – only Retail Banking current accounts balance increased by 110%, which is mainly attributed to the successful Saving Account offer and marketing campaign

Source: Bank's financial report, in PLN million

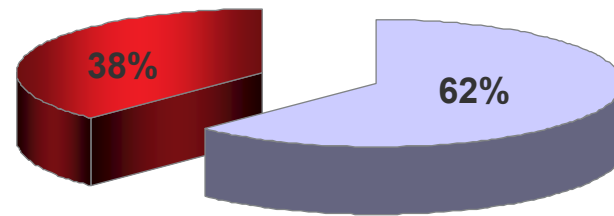
Loans

Non-financial sector loans



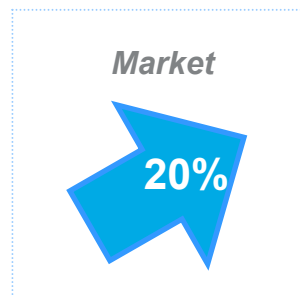
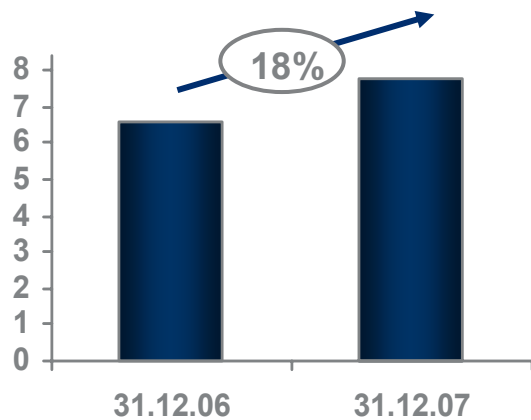
31.12.2006

■ Corporate ■ Retail

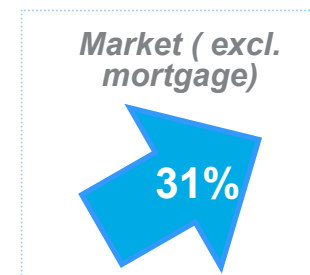
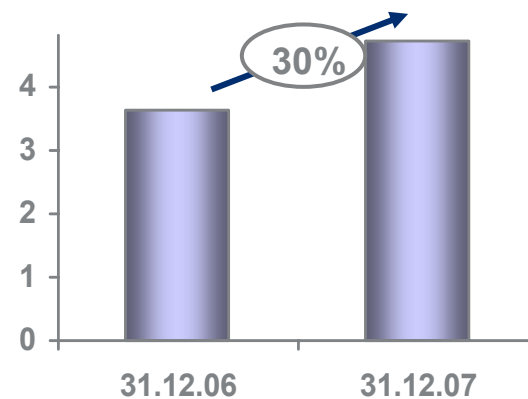


31.12.2007

Corporate loans



Retail loans



Corporate loans including public sector and local government institutions

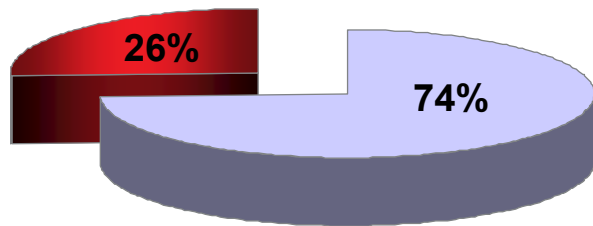
Global standards. Local solutions.

Source: Bank's estimates, data pro-forma, in PLN billion

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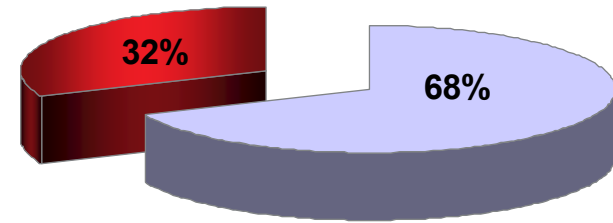
Deposits

Non – financial sector deposits



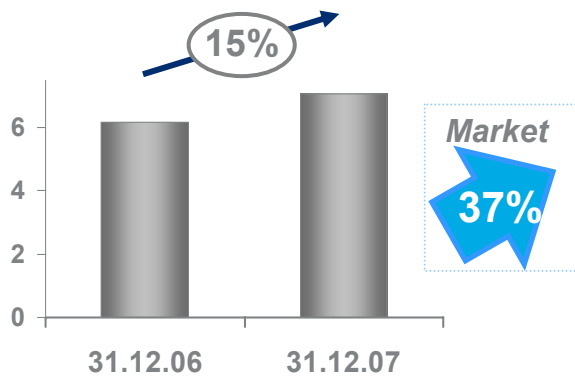
31.12.2006

■ Corporate ■ Retail

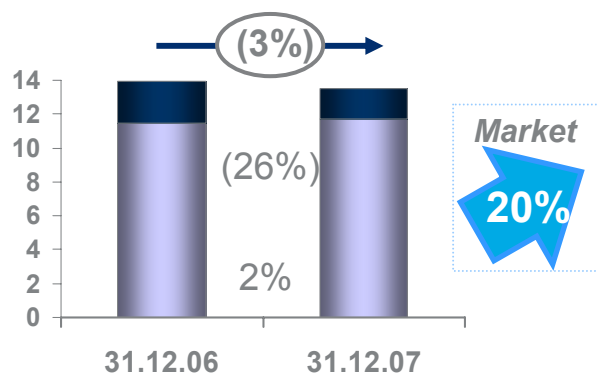


31.12.2007

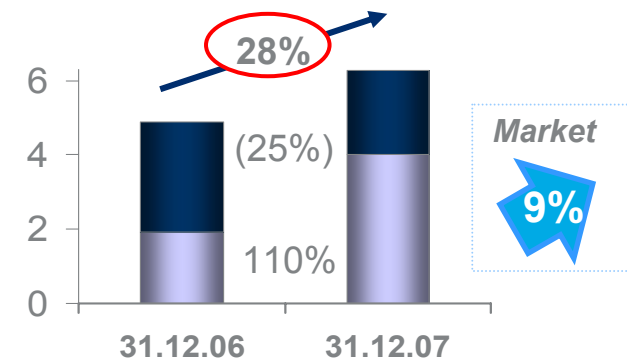
Financial institutions deposits



Non-financial corporate customers deposits



Retail deposits



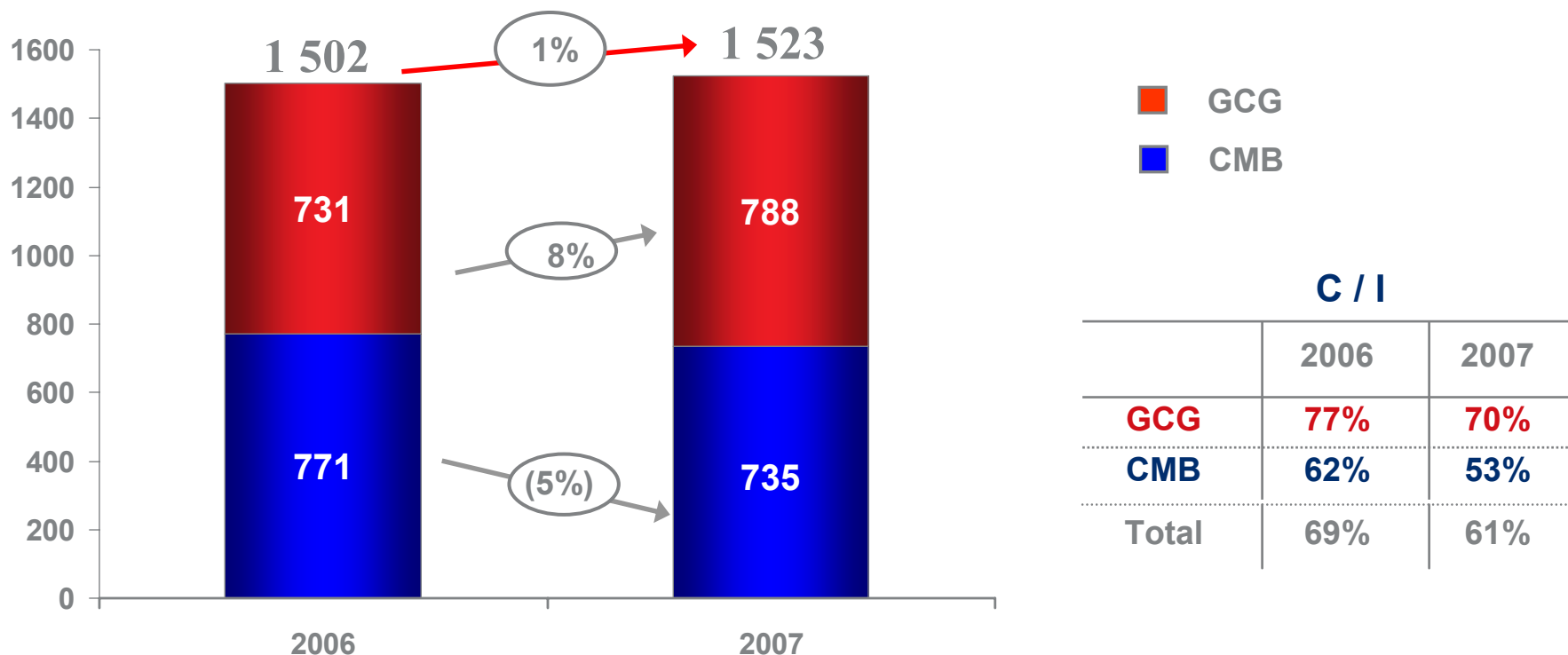
■ Current ■ Term

Source: Bank's estimates, data pro-forma, in PLN billion
Global standards. Local solutions.

Corporate deposits including public sector and local government institutions

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Expenses under control

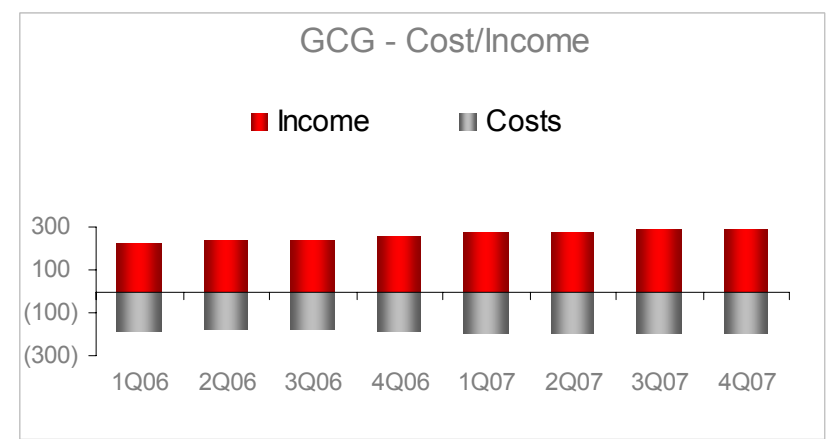
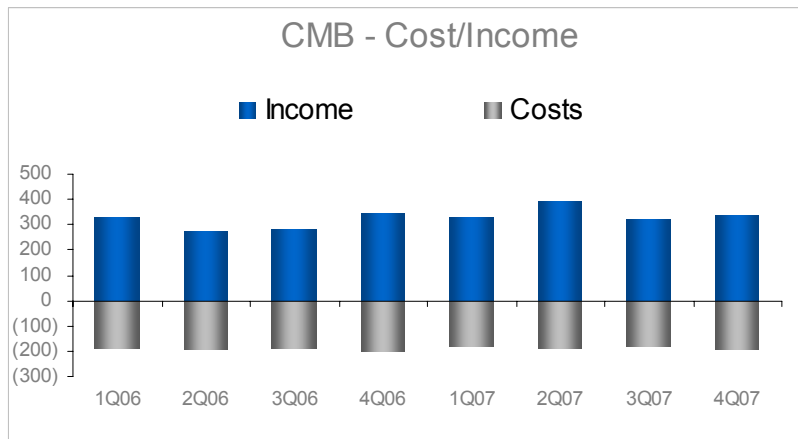
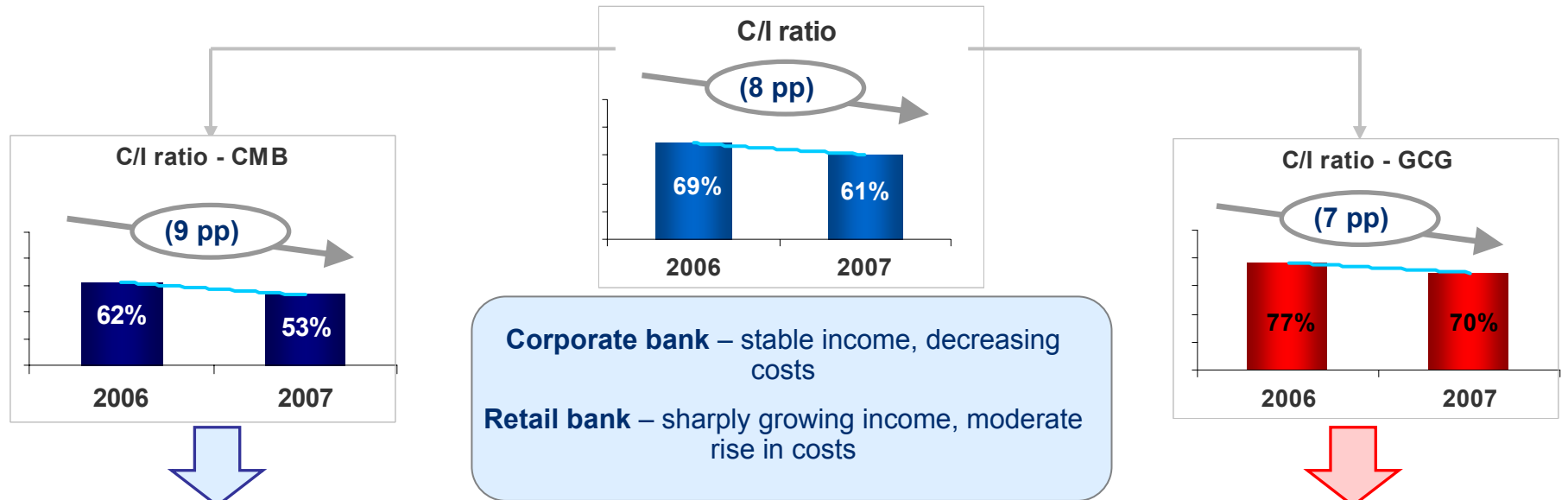


- Lower expenses in CMB by 5% as a result of lower depreciation and personnel cost, even though higher advertisement and promotional expenses and growth of variable costs of cash transportation and counting (due to higher volumes)
- Higher expenditures in GCG caused by intensified marketing activities (particularly media campaign) as well as an increase in salaries - both variable (as an outcome of good sales results) and fixed (increased number of personnel in distribution related to business development and distribution channels expansion).

Source: Bank's estimates, data pro-forma, in PLN million

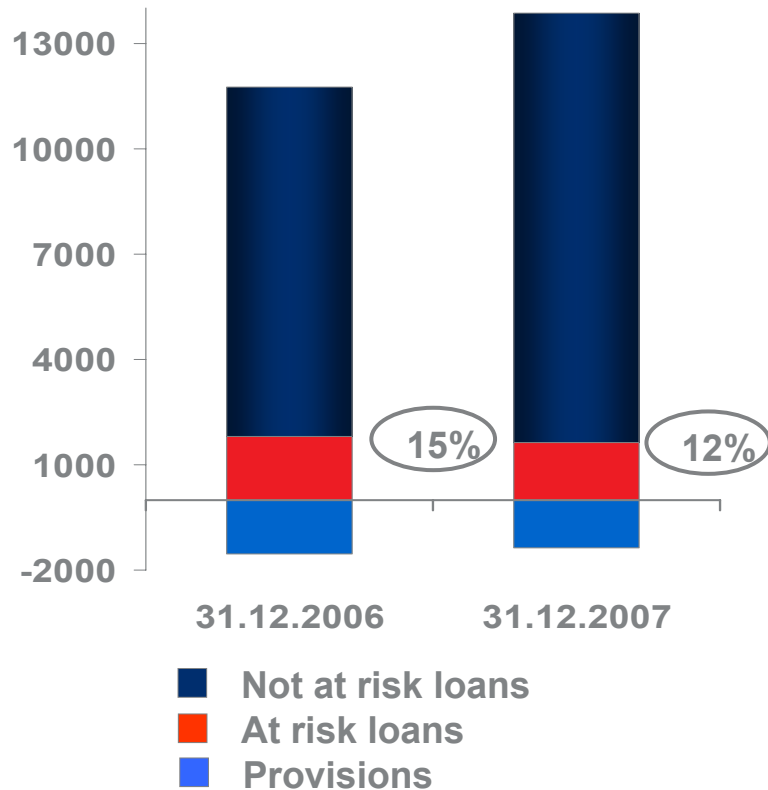
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Cost-income effectiveness



Cost of Credit

Loan portfolio quality



Change in provisions – P&L impact



High provision coverage ratio */



*/ non-financial sector

Significant decrease of loans at risk of impairment

Source: Bank's estimates, data pro-forma, in PLN million
Global standards. Local solutions.

2007 results

Citi Markets and Banking

MM PLN	4Q 07/ 4Q 06		2007/ 2006	
	4Q 06	4Q 07	I/(D)	I (D) %
Result on activity - one-offs adjusted	262	331	70	27%
One-offs	85	3	(81)	(96%)
Expenses and depreciation	(201)	(191)	(10)	(5%)
Provisions	(5)	42	46	n.m.
Other	5	1	(4)	n.m.
EBIT	145	186	41	28%
EBIT - one-offs adjusted	61	183	122	200%
Assets	32 162	34 030	1 868	6%
Liabilities	29 825	31 464	1 639	5%

		2007/ 2006	
2006	2007	I/(D)	I (D) %
1137	1342	205	18%
96	43	(52)	(55%)
(770)	(734)	(36)	(5%)
61	100	39	n.m.
113	(8)	(121)	n.m.
637	744	107	17%
440	700	260	59%
32 162	34 030	1 868	6%
29 825	31 464	1 639	5%

- Result on activity growth due to:
 - Rise in interest result as a consequence of increase in revenue from loans due to loan portfolio growth and higher income from placements in banks
 - Higher Treasury income by 32% as a result of active sales to clients and efficient management of Bank's own portfolio
- A decrease in expenses and depreciation by 5% mostly owned to lower depreciation and employees' costs, while higher marketing, advertisement and promotional expenses and variable cash transportation and counting costs
- Increase in provisions releases resulting from higher repayments of loans at risk

2007 results

Global Consumer Group

MM PLN			4Q 07/ 4Q 06				2007/ 2006	
	4Q 06	4Q 07	I/(D)	I (D) %	2006	2007	I/(D)	I (D) %
Results on activity	259	293	34	13%	952	1126	175	18%
Expenses and depreciation	(186)	(200)	13	7%	(731)	(788)	57	8%
Provisions	(13)	(24)	(11)	(78%)	(39)	(48)	(9)	(24%)
Other	0	(0)	(0)	n.m.	13	(0)	(13)	n.m.
EBIT	59	69	11	18%	195	291	95	49%
Assets	3 829	4 878	1 049	27%	3 829	4 878	1 049	27%
Liabilities	6 166	7 444	1278	21%	6 166	7 444	1278	21%

- Result on activity growth due to:
 - Growth of interest result due to expansion of credit cards and installment loans portfolios (partially offset by a reduction in the interest rates charged)
 - An increase of fee income attributable mainly to credit cards portfolio growth and sales results of insurance and investment products
- Rise in expenses and depreciation caused by increase in sales and distribution staff related to business growth and continued distribution channels expansion, as well as intensified marketing activities
- An increase of net impairment losses as a result of IBNR provision rise due to loan portfolio growth, as well as rising share of irregular receivables in the portfolio

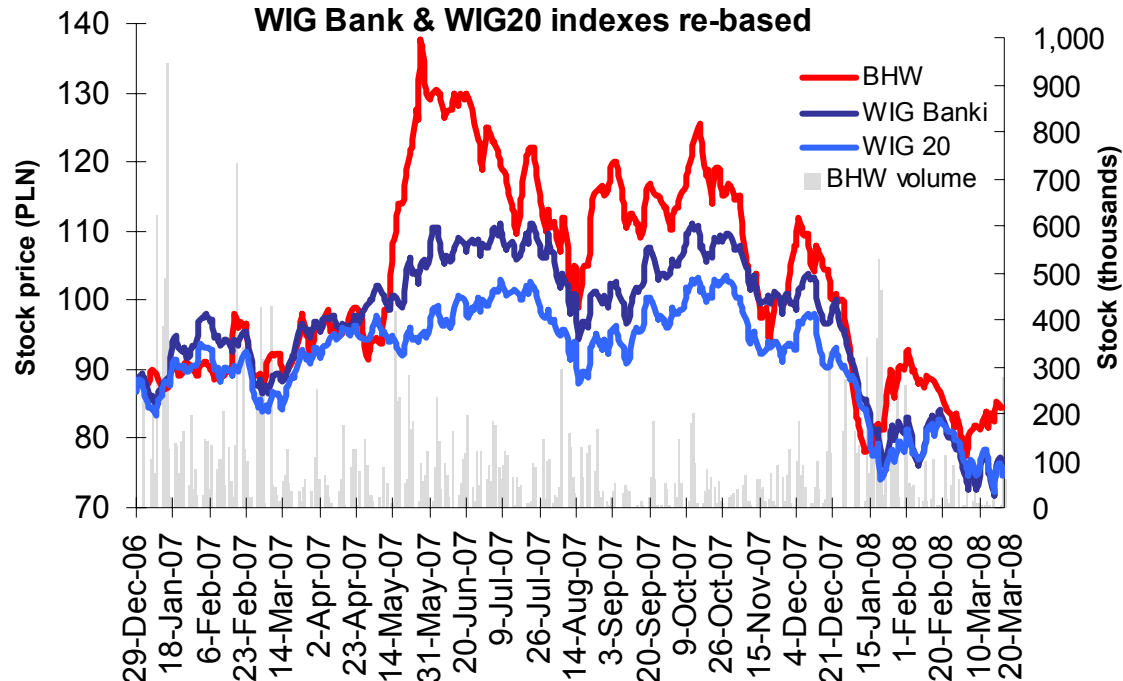
Share price / Shareholders structure

2008, March 20th: PLN 84.5 per share

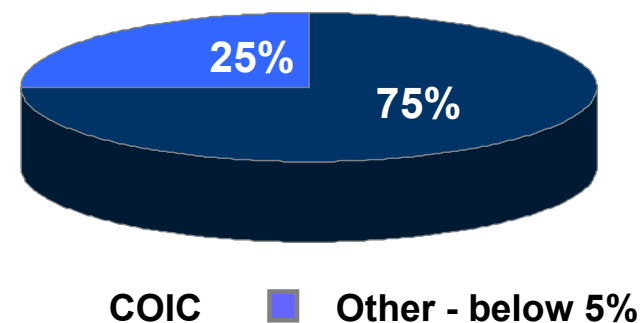
Market cap: PLN 11 bln

Free float: PLN 2,8 bln

BHW stock price and volumes
WIG Bank & WIG20 indexes re-based



Shareholders' structure



Appendix

2007 result

PLN MM	2006	*/ 2007	2007/2006		Skorygowany o transakcje jednorazowe			
			I/ (D)	I/ (D) %	2006	2007	2007/2006	
							I/ (D)	I/ (D) %
Net interest income	1,026.4	1,204.4	178.0	17%	1,026.4	1,204.4	178.0	17%
Net fee and commission income	617.9	736.7	118.8	19%	617.9	736.7	118.8	19%
Dividend income	3.7	5.9	2.3	62%	3.7	5.9	2.3	62%
Treasury	352.5	452.6	100.1	28%	352.5	452.6	100.1	28%
Equity instruments result	95.8	47.5	(48.4)	(50%)	0.0	0.3	0.3	590%
Other operating revenue	88.8	65.1	(23.7)	(27%)	82.6	75.1	(7.6)	(9%)
Revenue	2,185.0	2,512.2	327.2	15%	2,083.1	2,475.0	391.9	19%
Expenses and depreciation	(1,501.6)	(1,522.5)	21.0	1%	(1,501.6)	(1,522.5)	21.0	1%
Income on fixed assets sale	118.3	0.6	(117.7)	(99%)	4.2	0.6	(3.6)	(86%)
Movements in provisions	22.5	52.6	30.0	133%	22.5	52.6	30.0	133%
Share in subs' profits	7.8	(8.6)	(16.4)	n.m.	7.8	(8.6)	(16.4)	n.m.
EBIT	832.1	1,034.2	202.1	24%	616.1	997.0	381.0	62%
Corporate tax	(175.1)	(210.0)	35.0	20%	(129.6)	(202.5)	72.9	56%
Net profit	657.1	824.2	167.2	25%	486.5	794.6	308.1	63%

*/ post audit data

Significant one-offs:

2006

- 1Q06:** sale of shares of TFI Banku Handlowego S.A., Handlowy Zarzadzanie Aktywami S.A., equities of the associated undertaking Handlowy Heller S.A. and card acceptance business within Consumer Banking Sector = PLN 114 million
- 2Q06:** income related to shares granted by MasterCard = PLN 6 million.
- 3Q06:** sale of NFI Empik Media & Fashion S.A. shares by Handlowy Investments S.A. (I tranche) = PLN 11 million
- 4Q06:** sale of shares of NFI Empik Media & Fashion (II tranche) and shares of Eastbridge B.V. by the Bank's subsidiary, Handlowy Investments S.A. = PLN 85 million

2007

- 1Q07:** income from sale of Stalexport S.A. = PLN 7 million
- 2Q07:** Sale of minority shares of NFI Empik Media & Fashion by Handlowy Investments S.A. and sale of MasterCard shares = PLN 37 million
Provision related to penalty imposed by office for Competition and Consumer Protection due to the proceeding related to „interchange” fees in banking sector = PLN 10 million
- 4Q07:** sale of NFI Magna Polonia S.A. shares by Handlowy Investments S.A. = PLN 3 million

Q4 2007 results

PLN MM	4Q 2006	*/ 4Q 2007	4Q07/4Q06		Skorygowany o transakcje jednorazowe			
			I/ (D)	I/ (D) %	4Q 2006	4Q 2007	4Q07/4Q06	I/ (D) %
Net interest income	254.3	314.8	60.4	24%	254.3	314.8	60.4	24%
Net fee and commission income	170.8	181.7	10.9	6%	170.8	181.7	10.9	6%
Dividend income	0.0	1.7	1.7	n.m.	0.0	1.7	1.7	n.m.
Treasury	67.4	104.8	37.4	56%	67.4	104.8	37.4	56%
Equity instruments result	84.6	3.2	(81.4)	(96%)	0.0	0.0	(0.0)	n.m.
Other operating revenue	27.6	21.3	(6.3)	(23%)	27.6	21.3	(6.3)	(23%)
Revenue	604.7	627.5	22.8	4%	520.2	624.3	104.1	20%
Expenses and depreciation	(387.2)	(390.1)	2.9	1%	(387.2)	(390.1)	2.9	1%
Income on fixed assets sale	1.1	0.7	(0.4)	n.m.	1.1	0.7	(0.4)	(38%)
Movements in provisions	(18.0)	17.5	35.5	n.m.	(18.0)	17.5	35.5	n.m.
Share in subs' profits	3.7	(0.1)	(3.8)	n.m.	3.7	(0.1)	(3.8)	n.m.
EBIT	204.2	255.5	51.2	25%	119.7	252.3	132.6	111%
Corporate tax	(35.9)	(49.6)	13.7	38%	(35.9)	(49.6)	13.7	38%
Net profit	168.3	205.8	37.5	22%	83.8	202.6	118.8	142%

*/ post audit data

Significant one-offs :

4Q 2006

4Q 2007

▪ **4Q06:** sale of shares of NFI Empik Media & Fashion (II tranche) and shares of Eastbridge B.V. by the Bank's subsidiary, Handlowy Investments S.A. = PLN 85 million

▪ **4Q07:** sale of NFI Magna Polonia S.A. shares by Handlowy Investments S.A. = PLN 3 million

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Global standards. Local solutions.

The logo for Citi Handlowy, featuring the word "citi" in a dark blue font with a red arc above the "i", followed by the word "handlowy" in a dark blue font.