

BANK HANDLOWY W WARSZAWIE S.A.

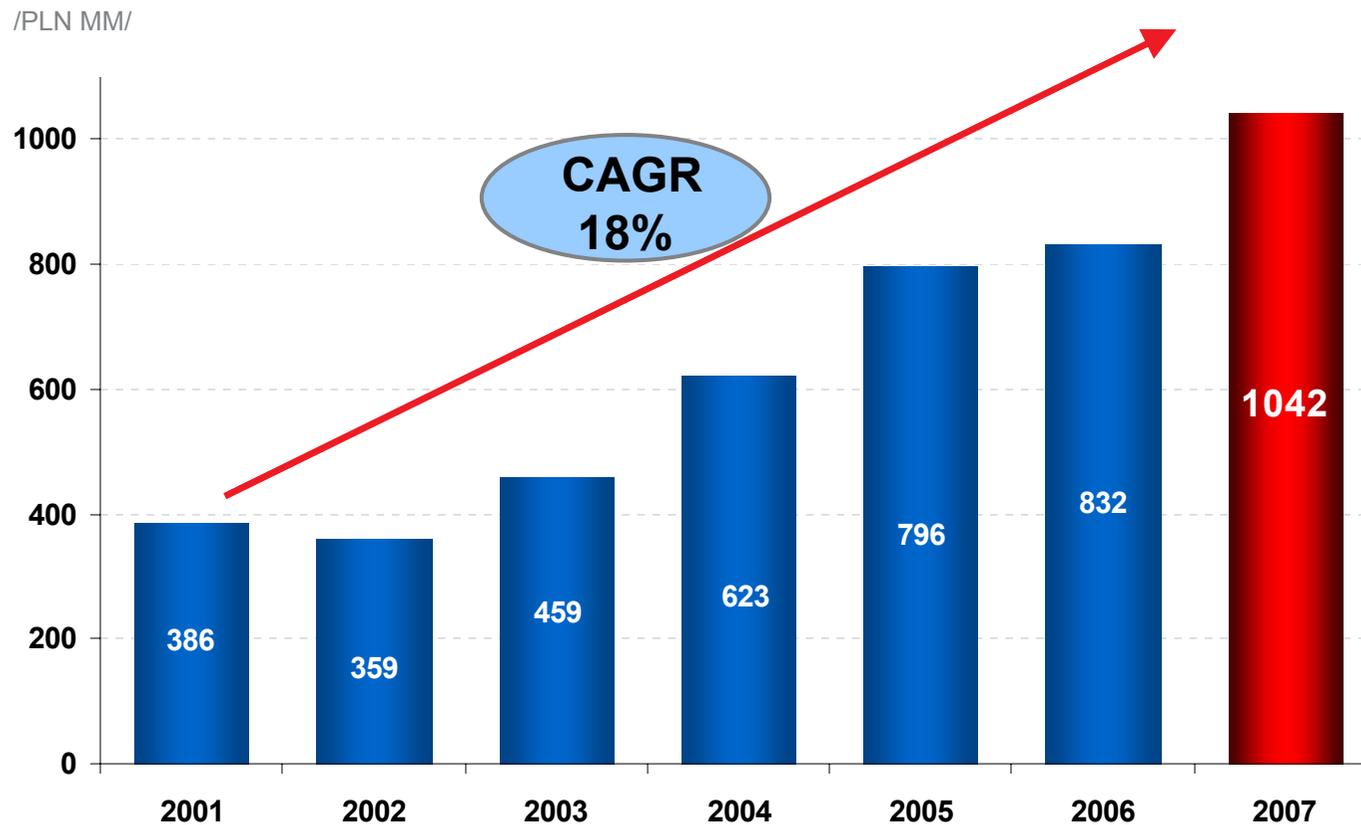
4Q 2007 consolidated financial results

Warsaw, 7th February 2008

Global standards. Local solutions.

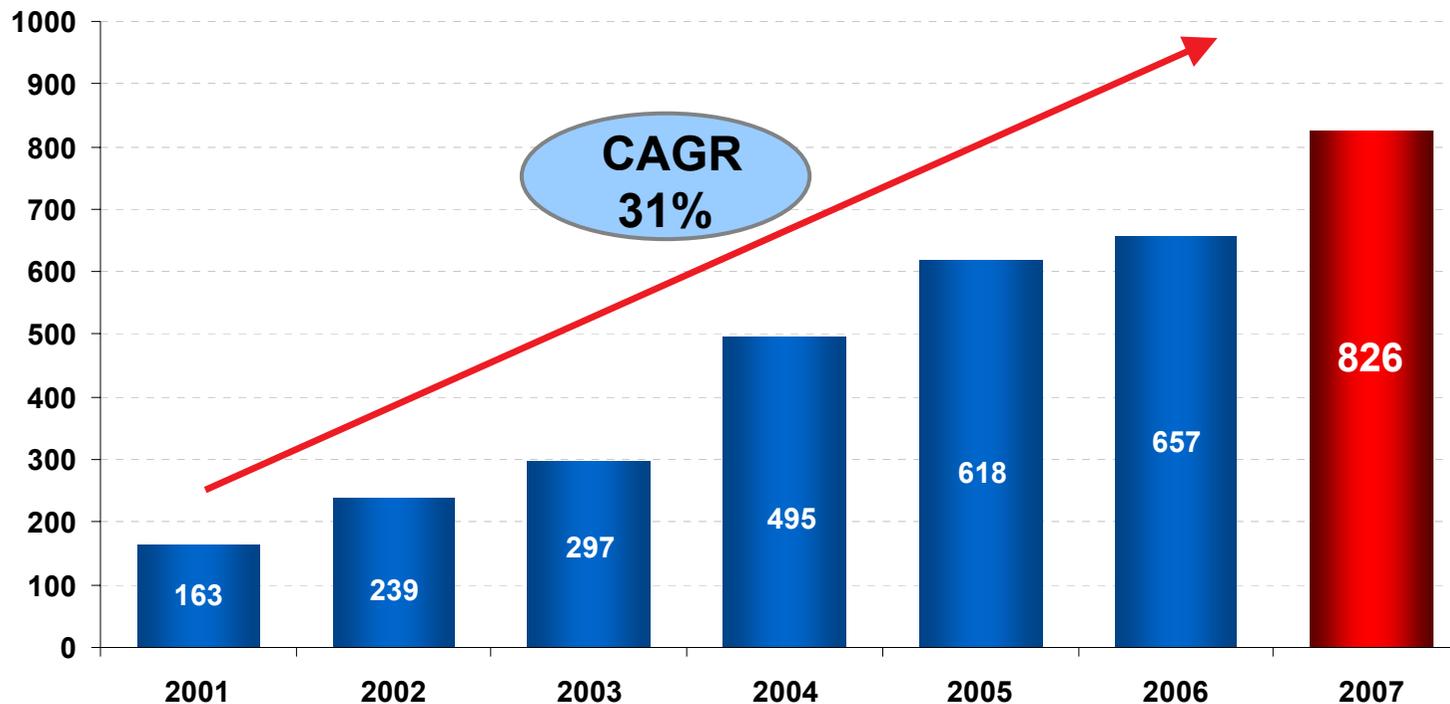
The logo for Citi Handlowy, featuring the word "citi" in a dark blue font with a red arc above the "i", followed by the word "handlowy" in a dark blue font.

The first time the gross profit exceeded PLN 1 bln



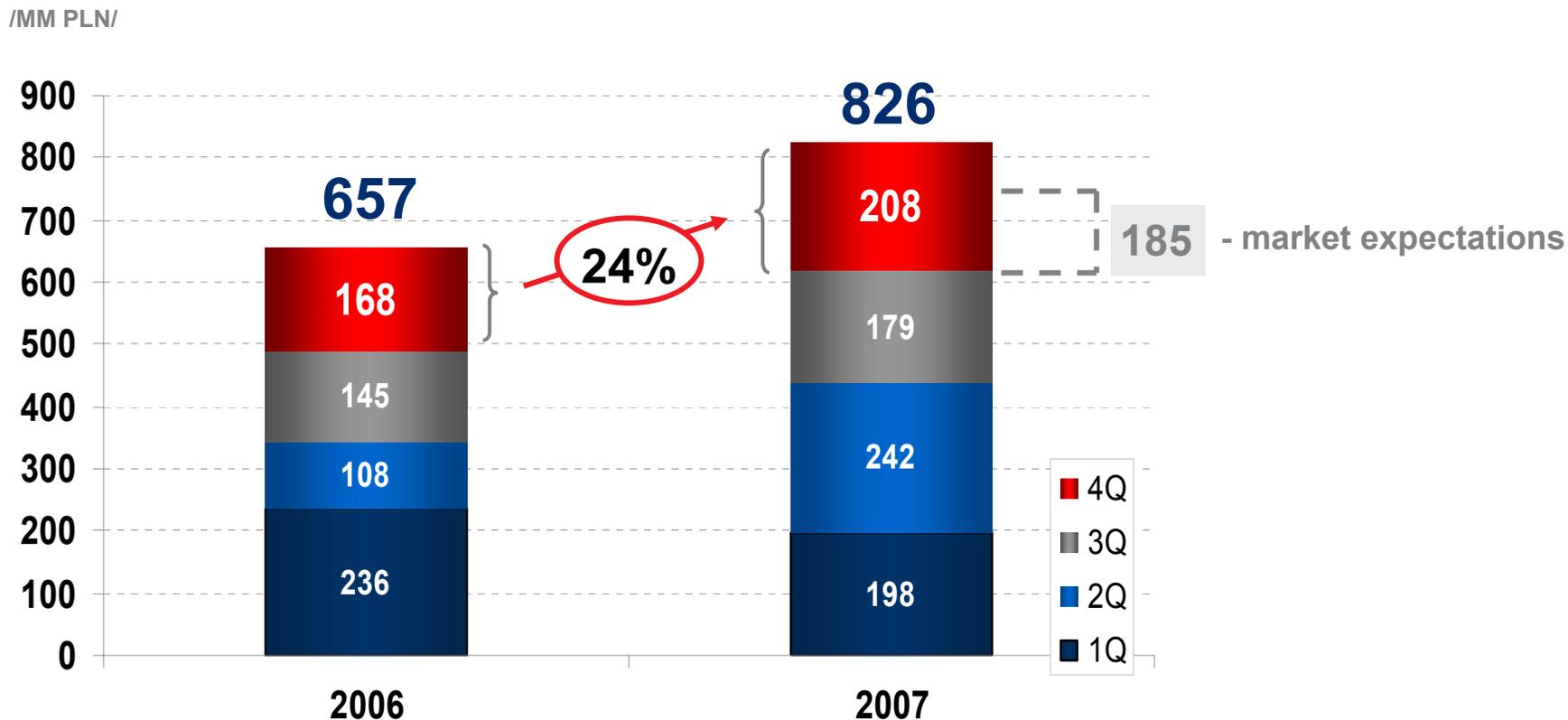
A record breaking net profit

/PLN MM/



■ 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



Significant increase in efficiency

	2006	2007	
ROE	13.6%	16.7%	↑
ROA	1.9%	2.1%	↑
Cost / Income	69 %	60 %	↓
Capital Adequacy Ratio	14.1 %	12.9%	

Commercial bank in 4Q 2007



Bankowość
elektroniczna

>360
New customers

↑23% - Assets

(4Q07/4Q06)

↑38%
SME

↑28%
MME

↑21%
Global

**↑21% - value of FX
transactions**

(4Q07/4Q06)

↑27%
MME

↑10%
SME

Pre-paid cards in Q4 2007



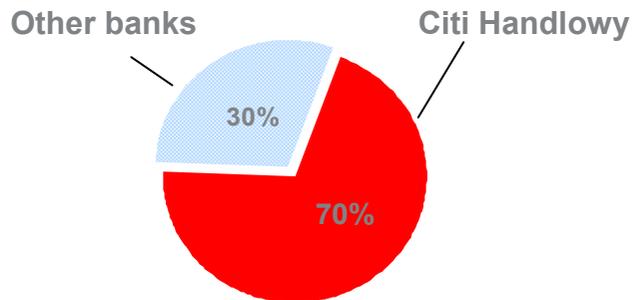
■ The first in Bank's history Gift Card issued with a shopping center

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

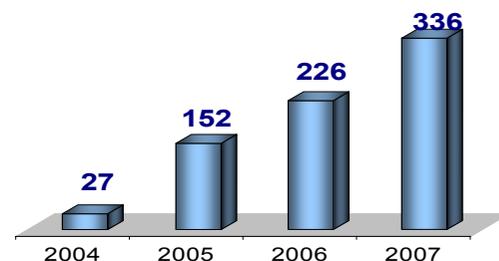
■ Bonus System Polska S.A. – issuing pre-paid cards as electronic benefit vouchers

110 ths → ↑x4
 (4Q07/4Q06)
Number of pre-paid cards issued in a quarter

Pre-paid cards market share



Number of pre-paid cards issued (ths)



Commercial Bank – EU consultancy in Q4 2007



Odkryj
nową przestrzeń

Unijne miliony czekają
na Twoją firmę

- **Marketing campaign aimed at Customers' activation and gaining of new Clients (database of 3 200 enterprises of SME/Citibusiness sector)**
 - Press campaign
 - Open Days for EU Consultancy in the Bank's outlets directed to prospective customers (database of 2 500 enterprises)
 - Acquisition operation dedicated to food and agricultural processors (database of 630 enterprises)
 - 16 regional conferences on „Social Responsibility of Business”

□ **Initiatives with respect to EU**

- The Bank's EU Office becomes a Regional Center for CEE countries
- New Loan Program for SME – assignment of EU subsidy is accepted as a strong gage

Corporate bank in 4Q 2007



PLN 500 million

Bond issue program

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



**The first prepaid card in
the telecommunication
sector**



Capital City of WARSAW

Won public tender for servicing bank accounts of the City

Modern banking solutions and improved City's financing structure

Subsidiaries achievements in Q4 2007

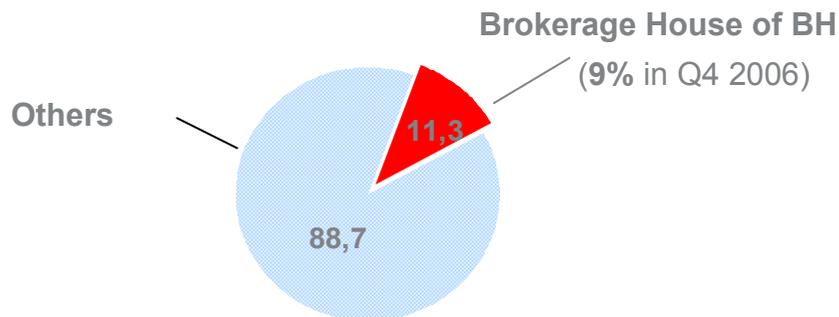
Brokerage

PLN 12.2 bln → ↑37%
(4Q07/4Q06)

DMBH turnover on WSE secondary equities trade market



DMBH market share in secondary equities trade market in Q4 2007 (%):



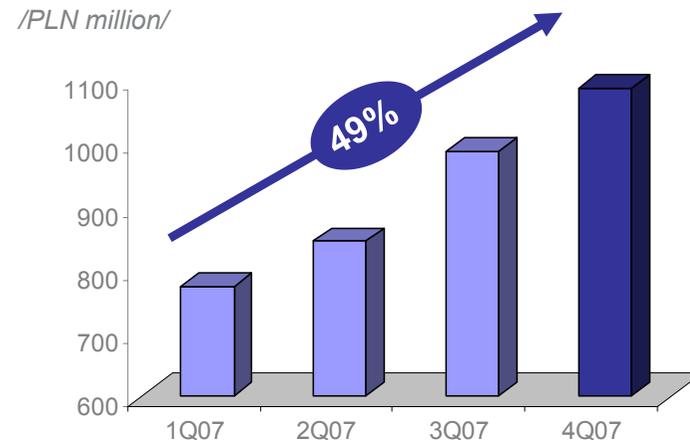
Global standards. Local solutions.

Leasing

- **Dynamic growth** in new contracts **+126%**, including:
 - machinery ~ **+200%**;
 - vehicles ~ **+104%**



Leasing portfolio



Treasury

↑ 18%

(4Q07/4Q06)

FX transactions volume with non-bank customers

↑ 220%

(4Q07/4Q06)

FX transactions via internet platform volume

↑ 87%

(4Q07/4Q06)

Result on FX option transactions

↑ > 160%

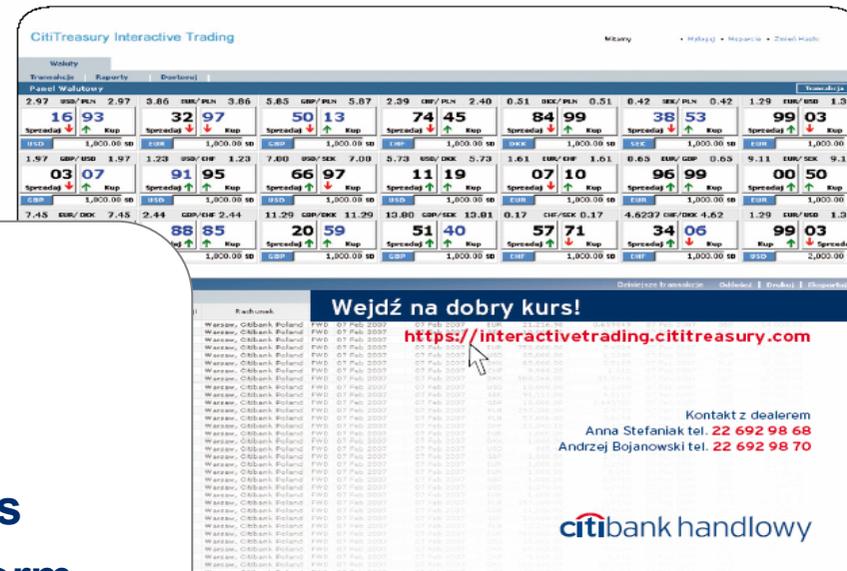
(4Q07/4Q06)

FX options turnover

↑ 55%

(4Q07/4Q06)

Market-linked deposits transactions volumes



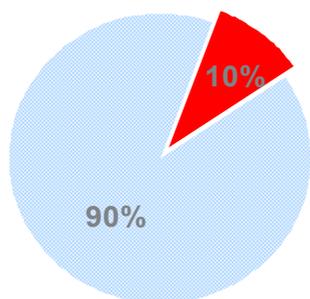
Retail bank – credit cards in 4Q 2007

The best quarter in Bank's history in terms of new credit cards issued

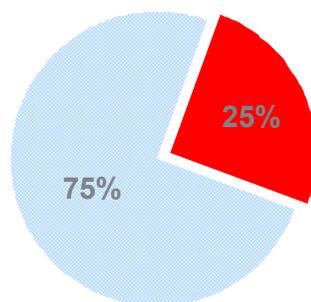
- Another record breaking quarter in terms of credit cards sales – more than **71 thousands of new cards** issued. The number of cards as of Q4 2007 end of period: more than **820 thousands** (24% of increase Q4 07/ Q4 06)
- Successful **Citibank-LOT and Citibank-PLUS** co-branded cards – the number of cards exceeded **50 thousands**

Credit cards' market share *

Number of cards issued



Transactions' value



*/ based on Q307 data

Retail bank - investment and insurance products

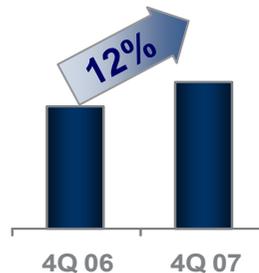
7%

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

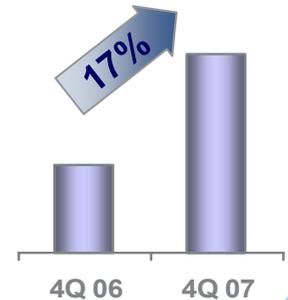
Assets – mutual funds



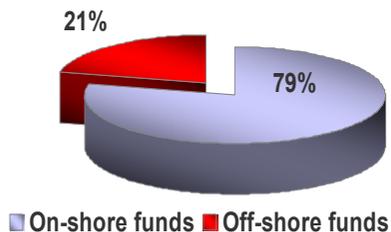
Assets – insurance products with mutual funds



Assets – structured products



Mutual funds assets as of the end of December 2007



- In Q407 **investment funds offer** was expanded to include 9 new on-shore funds, 8 out of it are new subfunds of **UniFundusze FIO** – an umbrella fund.
- In October 2007 the **foreign investment funds offer** was expanded to include 12 equity funds - **Franklin Templeton Investment Funds** denominated in EUR and USD.
- Further subscriptions of **Unit Linked Life Insurance were held** – **New energy subscription** (linked with a basket of public listed companies involved in the project of exploitation of alternative energy sources) and **BRIC subscription** (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 Q4 2007 – banking accounts

307 ths. → ↑36% (4Q07/4Q06)

Number of current accounts
in PLN

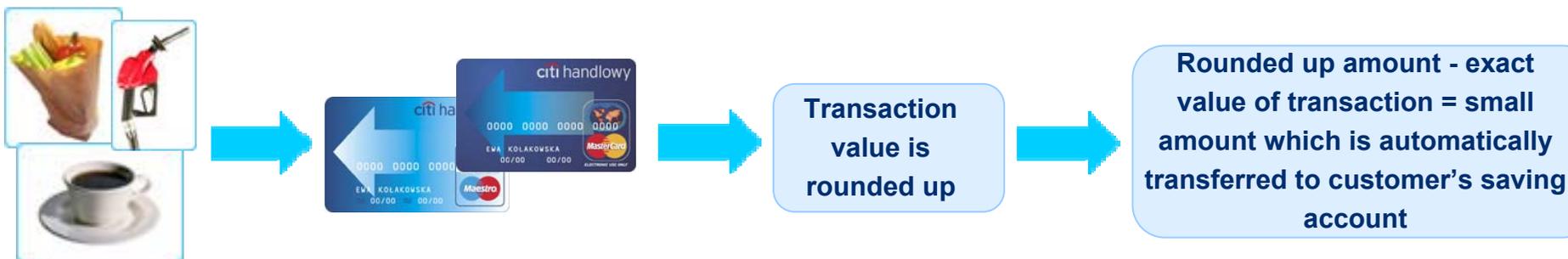
PLN 1.7 bln

Saving account

Saving accounts balance as of the end of December 2007

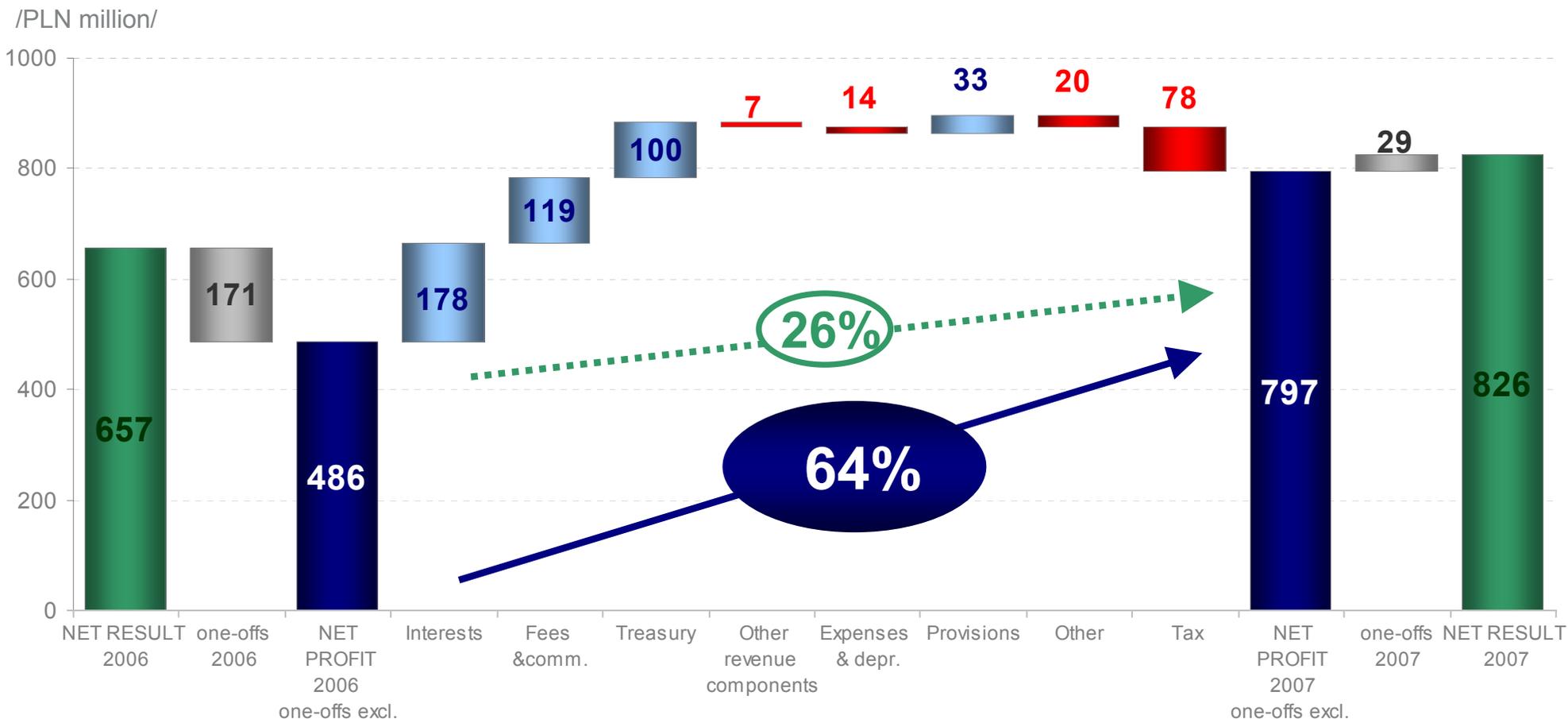
Change for you

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

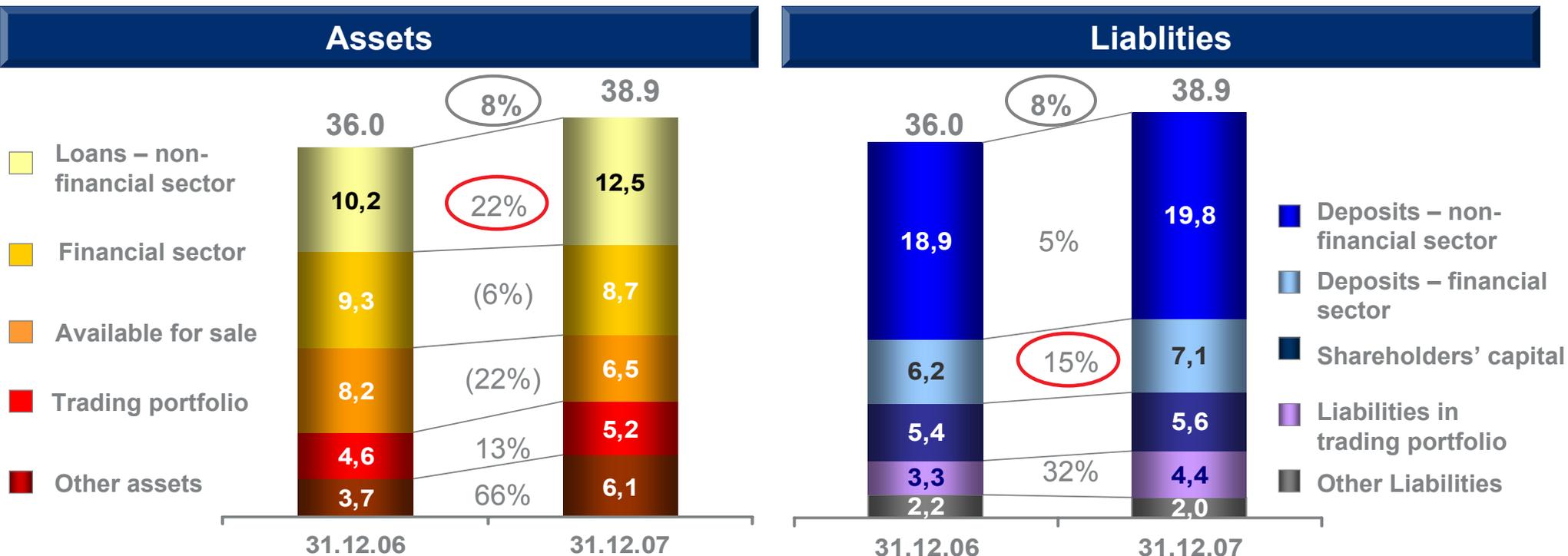


2007 vs. 2006 results

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



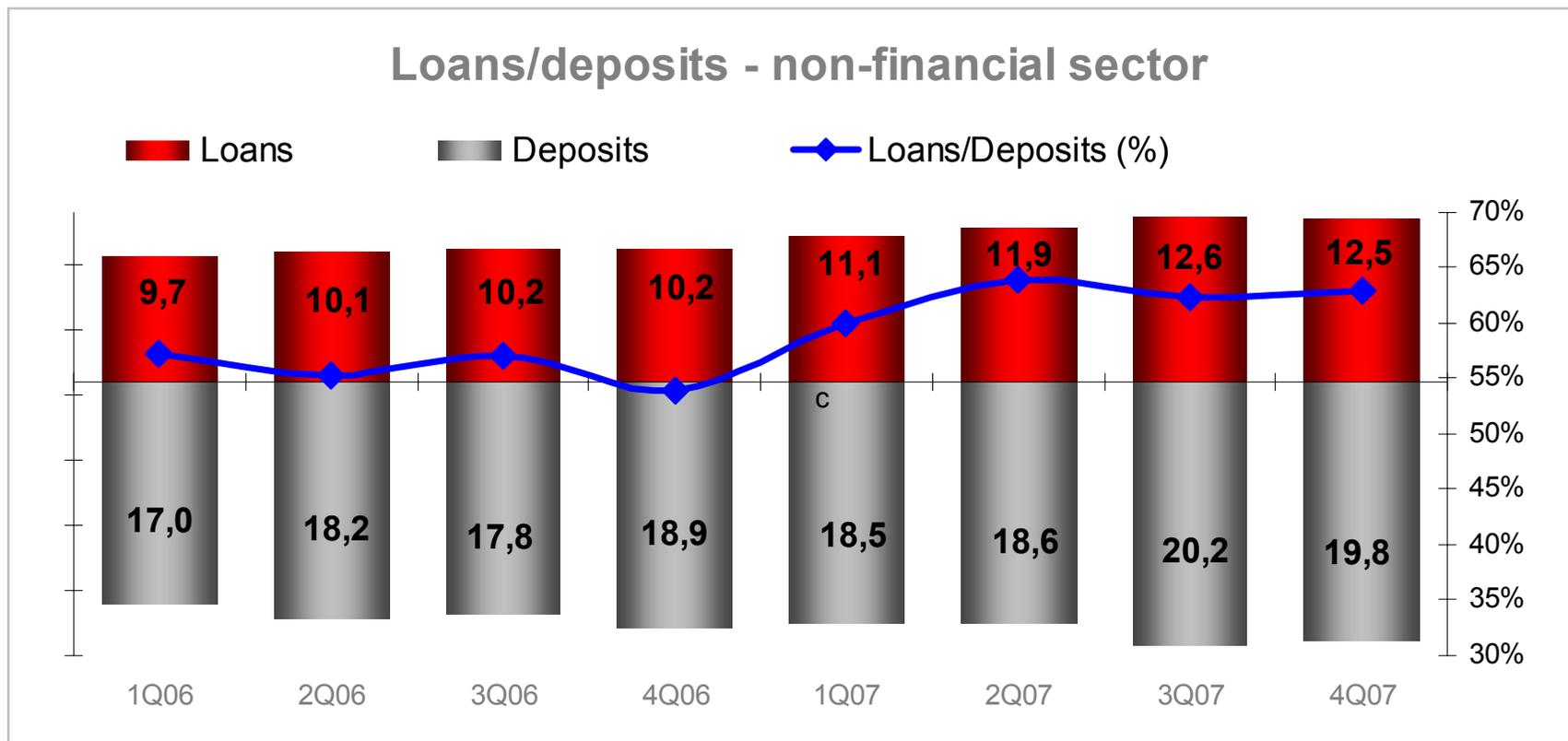
Balance sheet structure



- 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

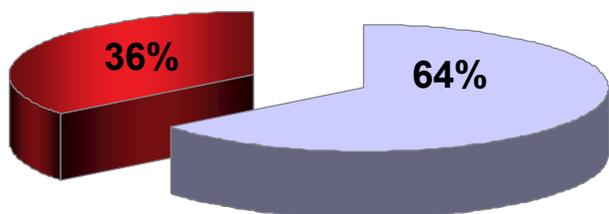
Source: Bank's financial report, in PLN million

Loans and deposits – marked increase in volumes



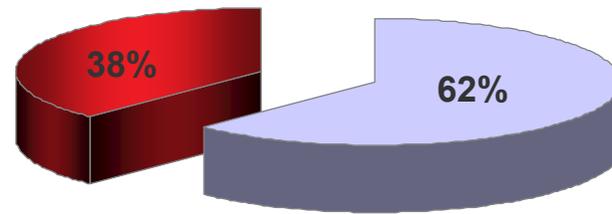
Loans

Non-financial sector loans



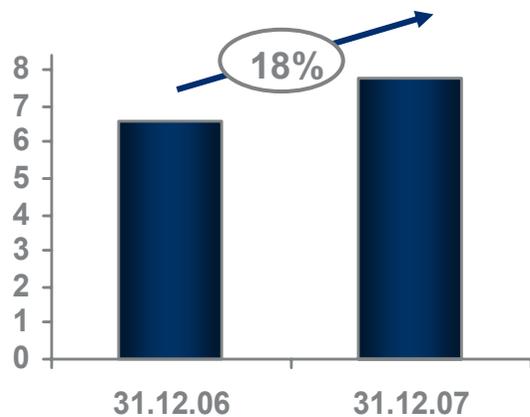
31.12.2006

■ Corporate ■ Retail

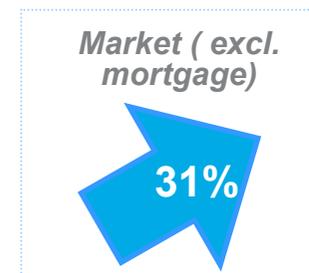
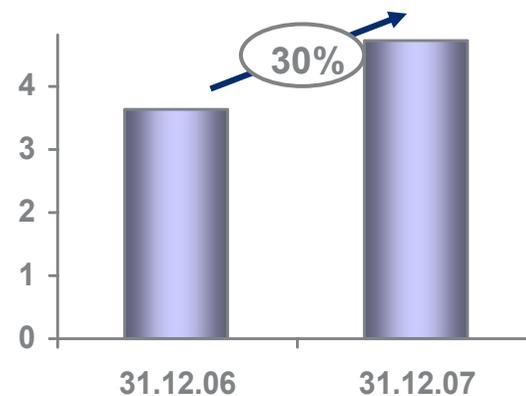


31.12.2007

Corporate loans



Retail loans



Corporate loans including public sector and local government institutions

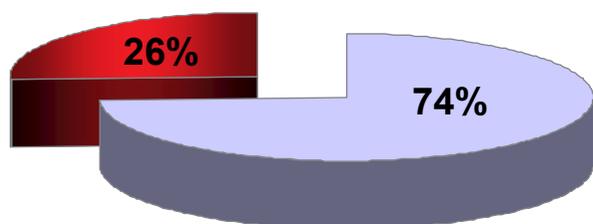
Global standards. Local solutions.

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

citi handlowy

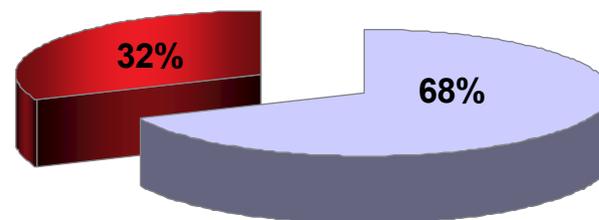
Deposits

Non – financial sector deposits



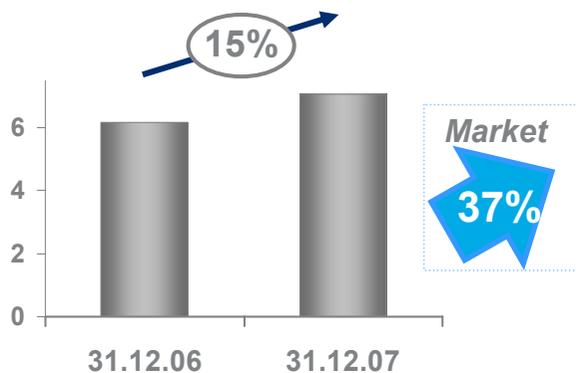
31.12.2006

■ Corporate ■ Retail

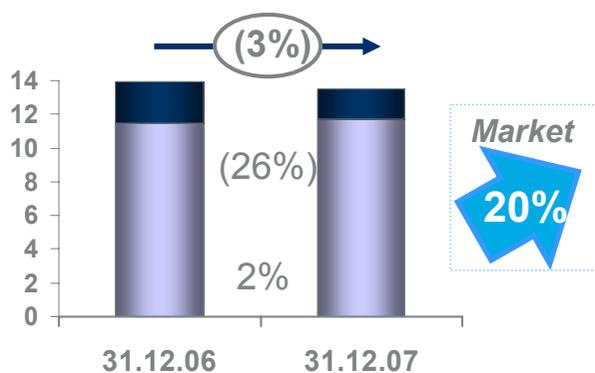


31.12.2007

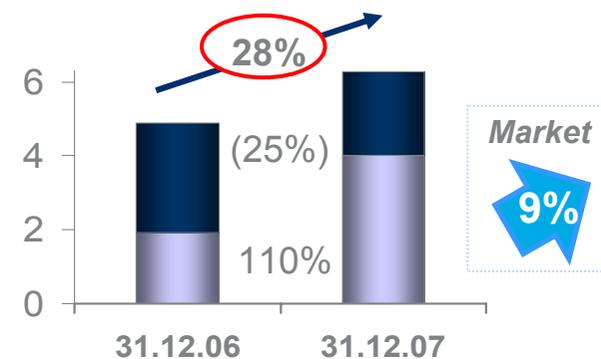
Financial institutions deposits



Non-financial corporate customers deposits



Retail deposits



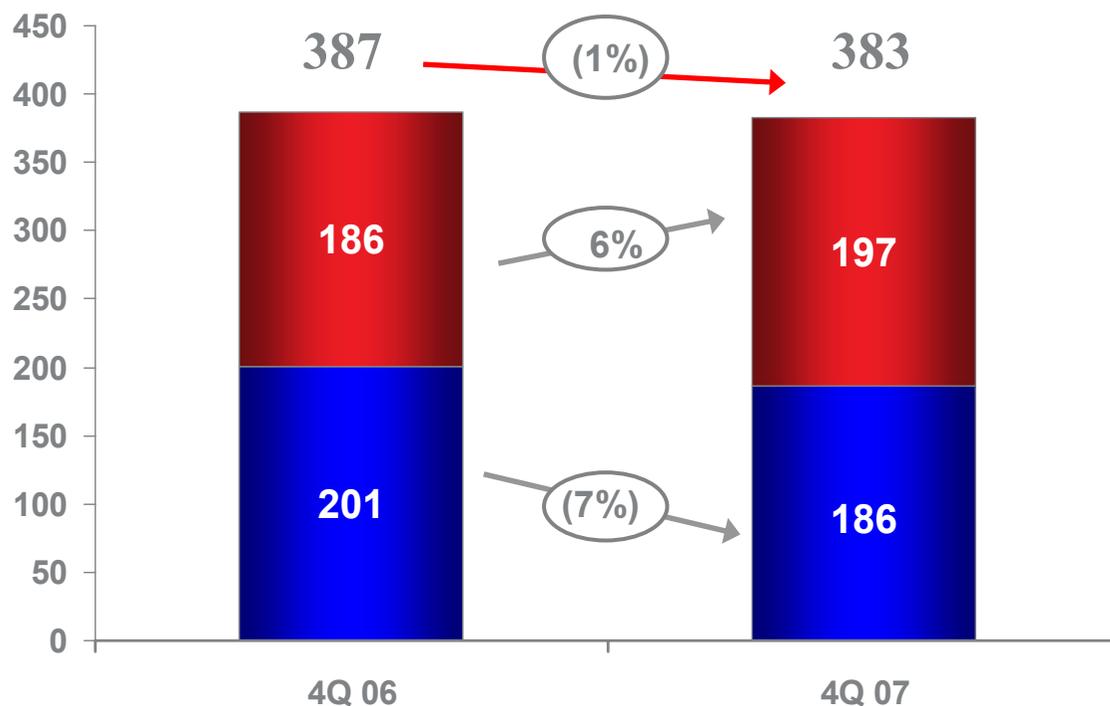
■ Current ■ Term

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



■ GCG
■ CMB

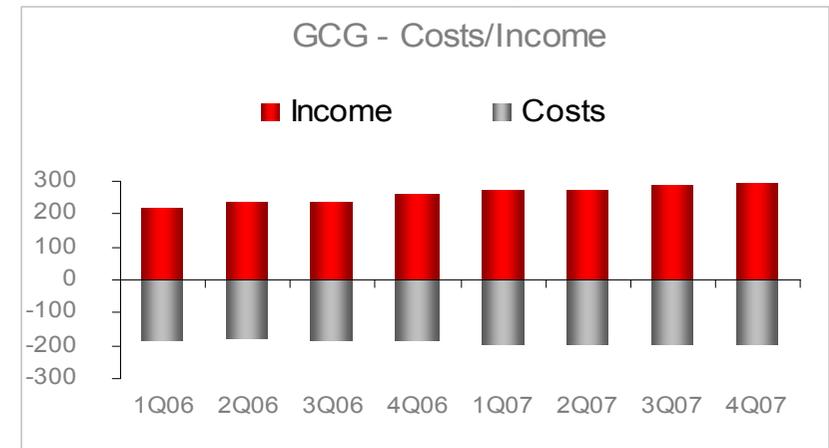
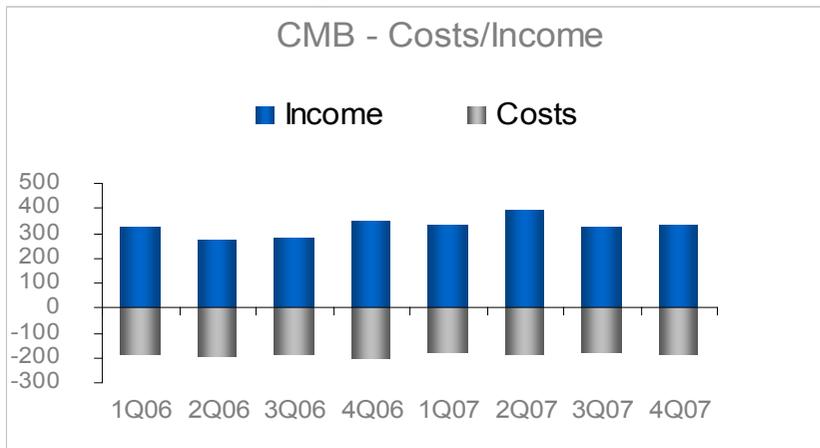
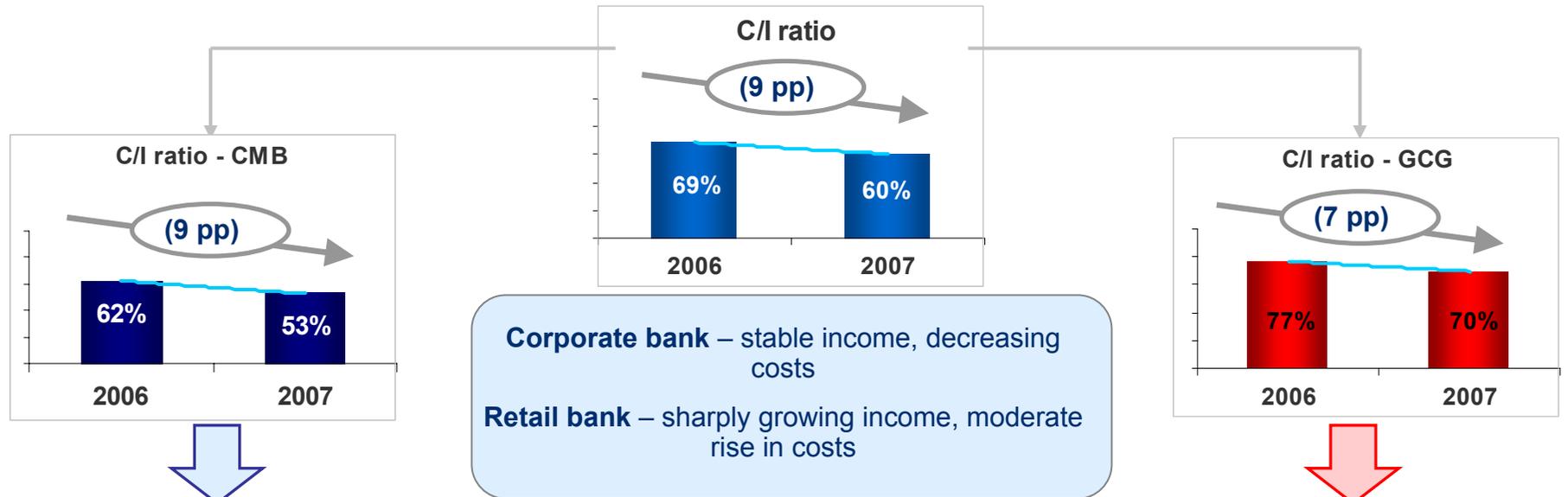
	C / I	
	4Q 06	4Q 07
GCG	72%	67%
CMB	58%	56%
Total	64%	61%

- Lower expenses in CMB by 7% as a result of lower depreciation and personnel cost, even though higher advertisement and promotional expenses
- Higher expenditures in GCG caused by intensified marketing activities (particularly media campaign) as well as an increase in salaries - both flexible (as an outcome of good sales results) and fix (increased number of personnel in distribution related to business development and distribution channels expansion).

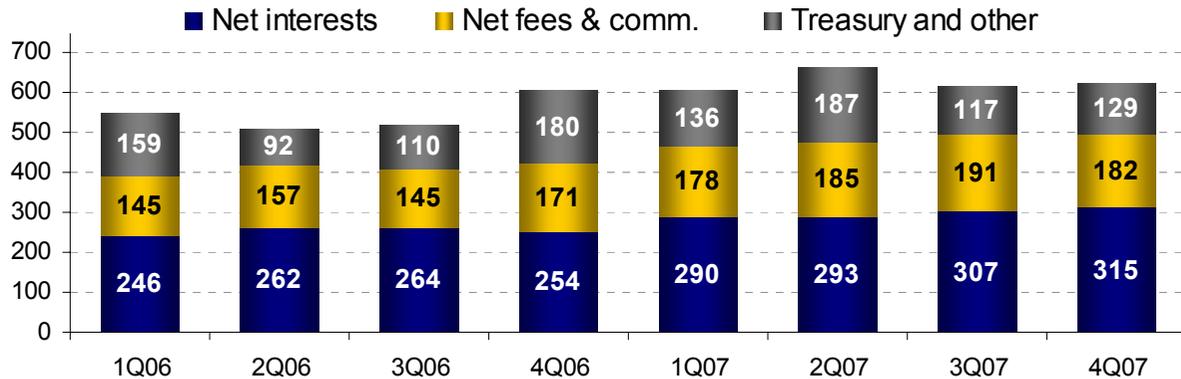
Source: Bank's estimates, data pro-forma, in PLN million

Global standards. **Local solutions.**

Cost-income effectiveness

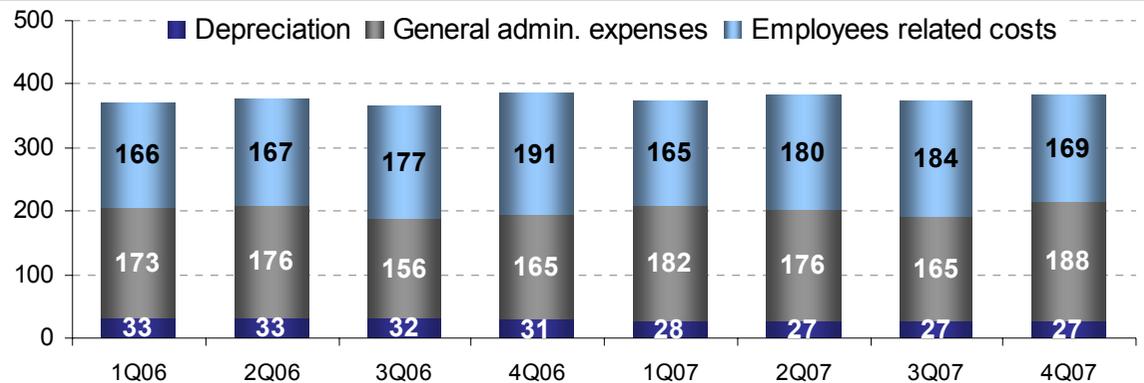


Costs – income effectiveness – cont.



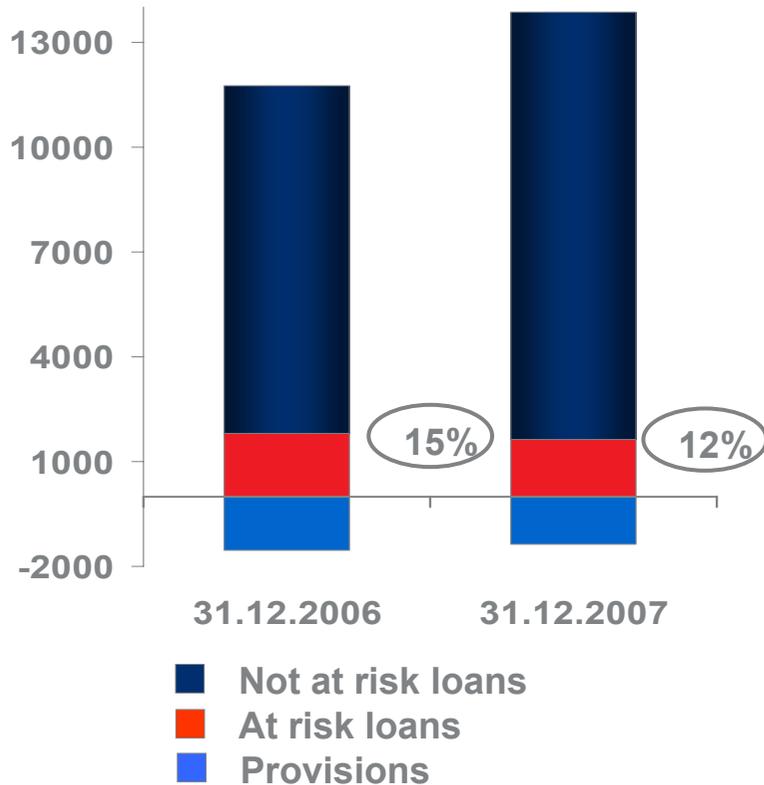
- **Interests and fees** – stable growth
- **Treasury and other income** – average share in Bank's income at the level of 24%

- **Employees costs** – optimum, stable level, despite pressures on the labour market
- **Other general administrative costs** – maintained at normalized level
- **Decreasing depreciation**



Cost of Credit

Loan portfolio quality



Change in provisions – P&L impact



High provision coverage ratio



Significant decrease of loans at risk of impairment

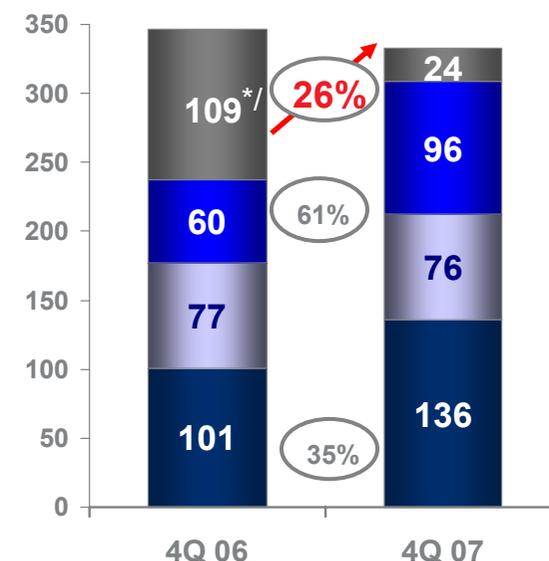
Source: Bank's estimates, data pro-forma, in PLN million
Global standards. Local solutions.

Q4 2007 results

Citi Markets and Banking

MM PLN			4Q 07/ 4Q 06	
	4Q 06	4Q 07	I/(D)	I (D) %
Result on activity - one-offs adjusted	262	329	68	26%
One-offs	85	3	(81)	(96%)
Expenses and depreciation	(201)	(186)	(14)	(7%)
Provisions	(5)	44	49	n.m.
Other	5	1	(4)	n.m.
EBIT	145	191	46	31%
EBIT - one-offs adjusted	61	188	127	208%
Assets	32 162	34 040	1 878	6%
Liabilities	29 825	31 474	1 649	6%

- 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 61% as a result of active sales to clients, efficient management of Bank's own portfolio and the better result on investment debt securities
- A decrease in expenses and depreciation by 7% mostly owned to lower depreciation and employees' costs, while higher marketing, advertisement and promotional expenses
- Increase in provisions releases resulting from higher re-payments of loans at risk



- Result on other operations
- Result on treasury activity
- Fee Result
- Interest Result

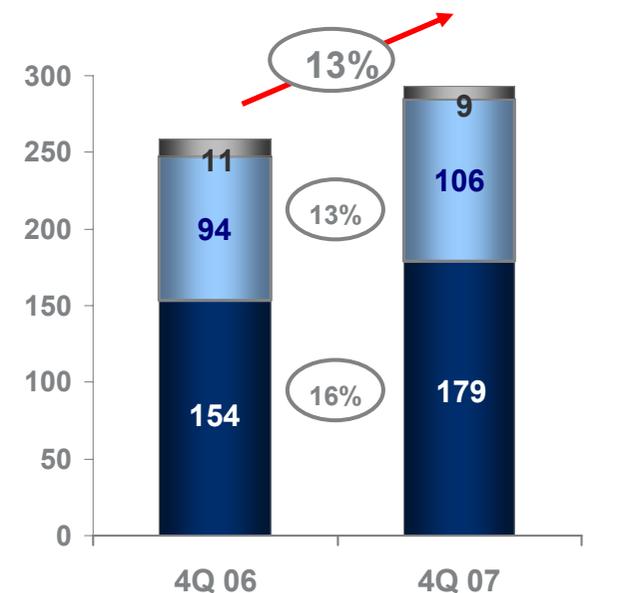
*/ 4Q 2006 includes one-off transaction result of PLN 85 million on sale of shares of NFI Empik Media & Fashion and shares of Eastbridge B.V. by the Bank's subsidiary, Handlowy Investments S.A.

Q4 2007 results

Global Consumer Group

MM PLN			4Q 07/ 4Q 06	
	4Q 06	4Q 07	I/(D)	I (D) %
Results on activity	259	293	34	13%
Expenses and depreciation	(186)	(197)	11	6%
Provisions	(13)	(24)	(11)	(78%)
EBIT	59	72	13	22%
Assets	3 829	4 880	1 051	27%
Liabilities	6 166	7 446	1280	21%

- 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 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



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

Share price / Shareholders structure

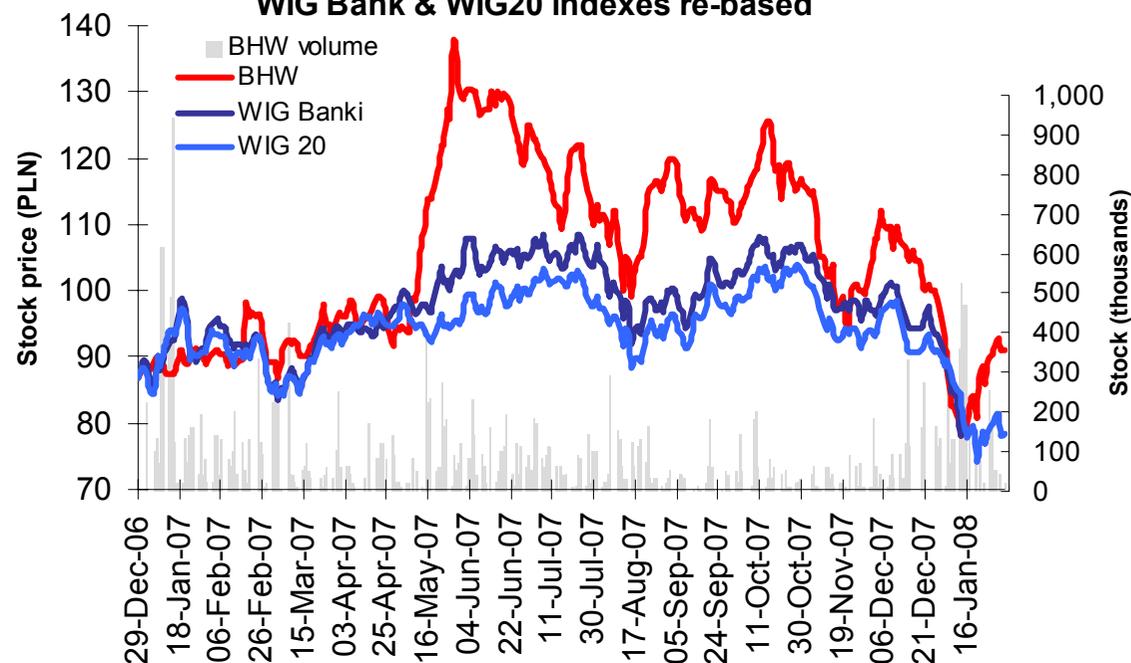
February 6th: PLN 91 per share

5% since 4Q06 EOP

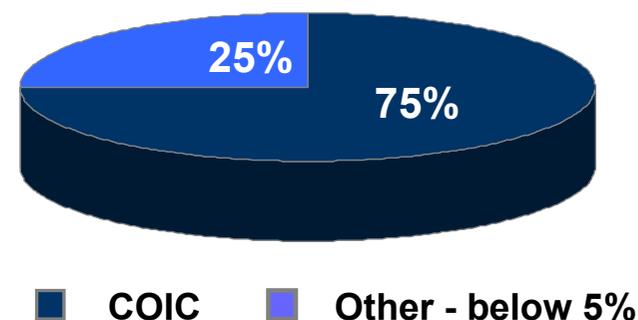
Market cap: PLN 12 bln

Free float: PLN 3 bln

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



Shareholders' structure

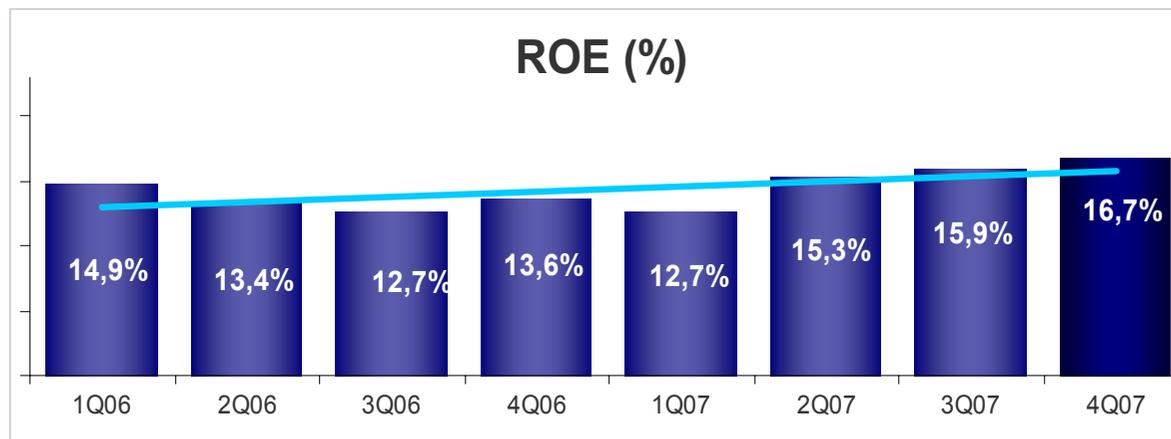


Appendix

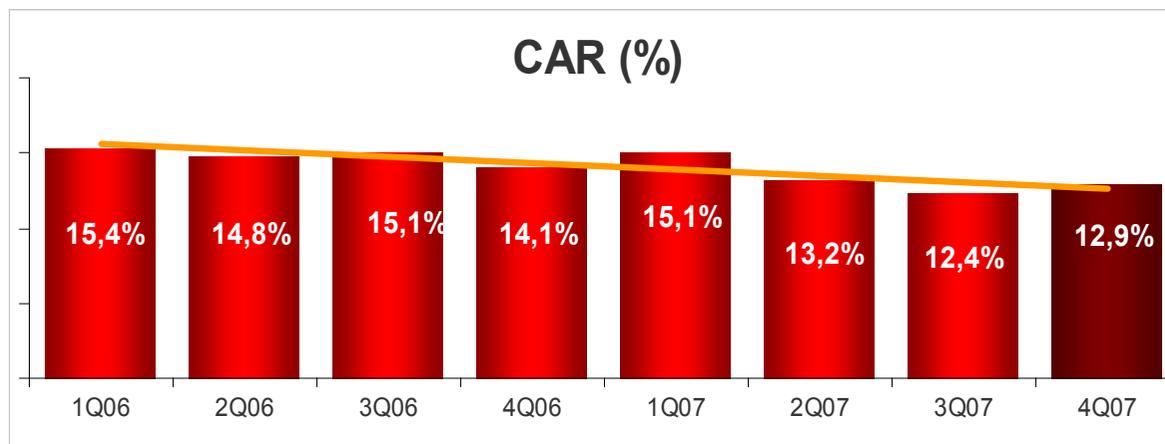
Operational activity ratios

	4Q 2006	4Q 2007
<u>Net interest income</u> Revenue	42%	50%
<u>Net fee & commission result</u> Revenue	28%	29%
	2006	2007
<u>Net interest income</u> Revenue	47%	48%
<u>Net fee & commission result</u> Revenue	28 %	29%
<u>Non-financial sector loans</u> Non-financial sector deposits	54 %	63 %
<u>Non-financial sector loans</u> Total assets	28 %	32 %

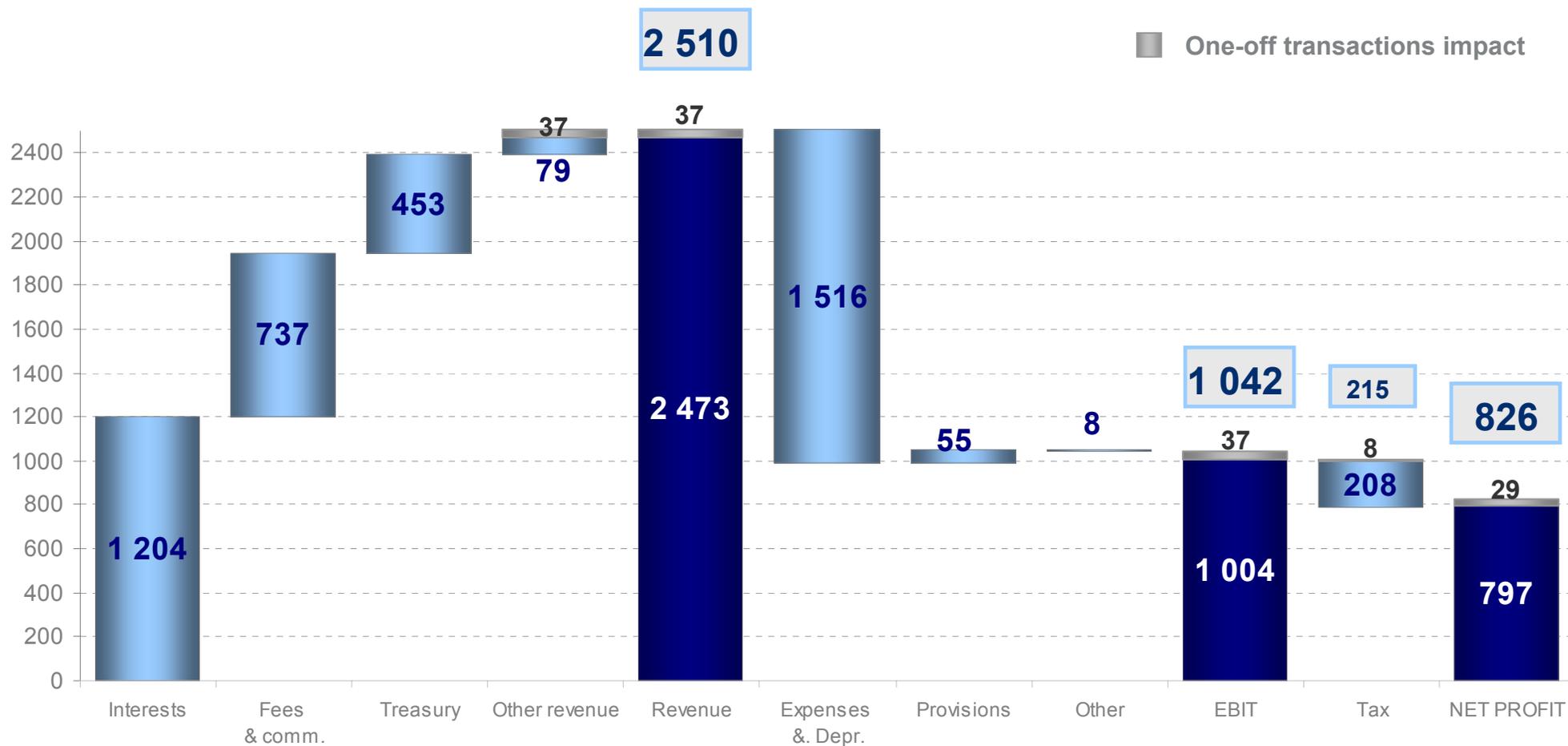
Significant improvement in efficiency in the course of 8 quarters...



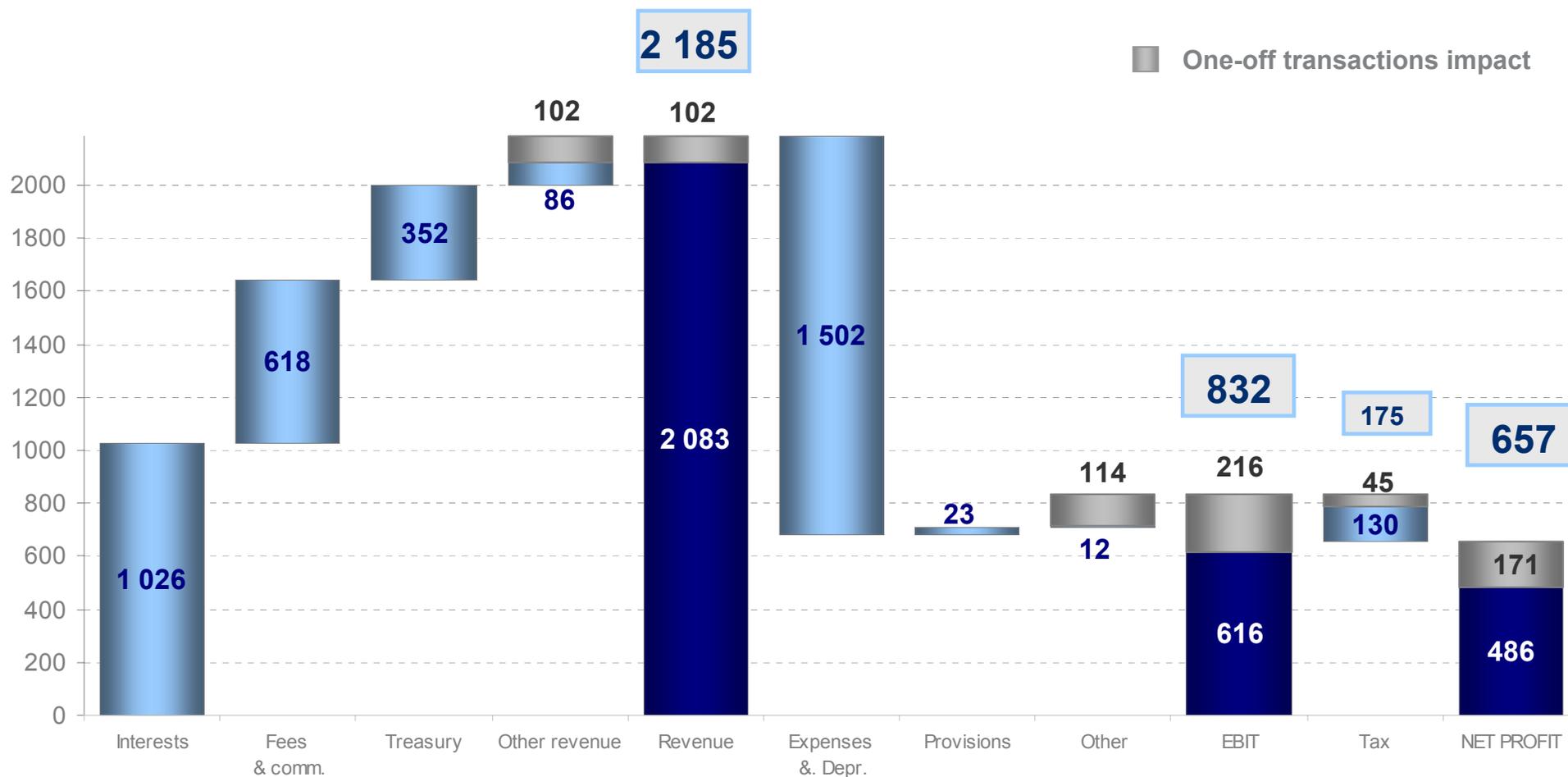
... while maintaining proper capital level



2007 results



2006 results



2007 result

PLN MM			2007/2006		One-offs adjusted			
	2006	2007	I/ (D)	I/ (D) %	2006	2007	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	736,6	118,7	19%	617,9	736,6	118,7	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	63,2	(25,5)	(29%)	82,6	73,2	(9,4)	(11%)
Revenue	2 185,0	2 510,2	325,2	15%	2 083,1	2 473,1	389,9	19%
Expenses and depreciation	(1 501,6)	(1 515,8)	14,2	1%	(1 501,6)	(1 515,8)	14,2	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	55,1	32,5	144%	22,5	55,1	32,5	144%
Share in subs' profits	7,8	(8,6)	(16,4)	n.m.	7,8	(8,6)	(16,4)	n.m.
EBIT	832,1	1 041,6	209,4	25%	616,1	1 004,4	388,3	63%
Corporate tax	(175,1)	(215,4)	40,3	23%	(129,6)	(207,7)	78,1	60%
Net profit	657,1	826,2	169,1	26%	486,5	796,7	310,2	64%

Significant one-offs:

2006

- 1Q06:** sale of shares of TFI Banku Handlowego S.A., Handlowy Zarządzanie 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		One-offs adjusted			
			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	181,6	10,8	6%	170,8	181,6	10,8	6%
Dividend income	0,0	1,7	1,7	23714%	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	19,5	(8,2)	(30%)	27,6	19,5	(8,2)	(30%)
Revenue	604,7	625,5	20,8	3%	520,2	622,3	102,1	20%
Expenses and depreciation	(387,2)	(383,3)	(3,9)	(1%)	(387,2)	(383,3)	(3,9)	(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)	20,0	38,1	n.m.	(18,0)	20,0	38,1	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	262,8	58,6	29%	119,7	259,6	139,9	117%
Corporate tax	(35,9)	(55,0)	19,1	53%	(35,9)	(55,0)	19,1	53%
Net profit	168,3	207,8	39,5	23%	83,8	204,6	120,8	144%

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

Balance sheet structure

	4Q06	4Q07	I/ (D)
ASSETS			
Non-financial sector loans	28,3%	32,1%	3,8%
Financial sector loans	25,9%	22,4%	(3,5%)
Debt securities available for	22,9%	16,6%	(6,3%)
Financial assets held for trac	12,7%	13,2%	0,6%
Other	10,2%	15,7%	5,5%
LIABILITIES			
Non-financial sector deposits	52,5%	50,9%	(1,6%)
Financial sector deposits	17,1%	18,2%	1,1%
Equity	15,1%	14,4%	(0,7%)
Financial liabilities held for tr	9,2%	11,3%	2,1%
Other liabilities	6,2%	5,2%	(1,0%)

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