

BANK HANDLOWY W WARSZAWIE S.A.

April 2007

Global standards. Local solutions.

 citibank handlowy

Agenda

- ❑ Macroeconomic overview
- ❑ Strategy and business highlights
 - ❑ Distribution channels
 - ❑ Citi Markets and Banking (CMB)
 - ❑ Global Consumer Group (GCG)
- ❑ 2006 results

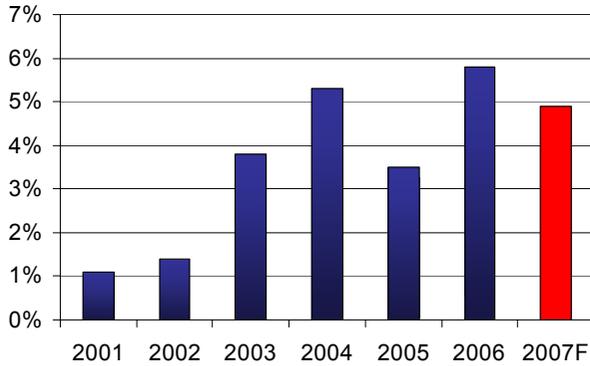


- **Macroeconomic overview**

Poland – Solid and Balanced Fundamentals

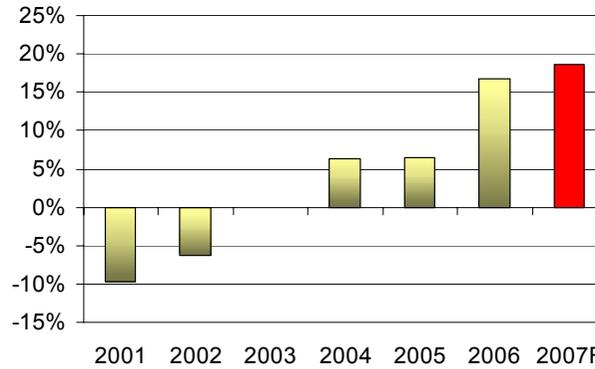
Strong economic growth

GDP real growth, yoy



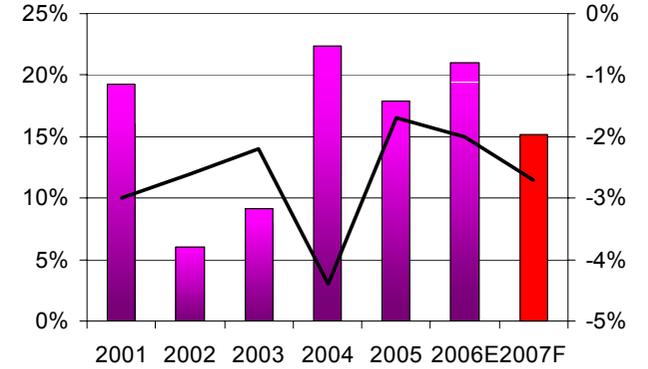
Long-awaited acceleration in investment

Real growth of investment, yoy



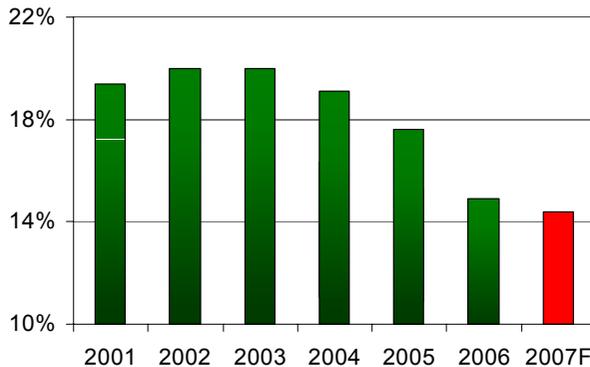
Low C/A deficit supported by EU funds

Exports vs C/A balance as % of GDP



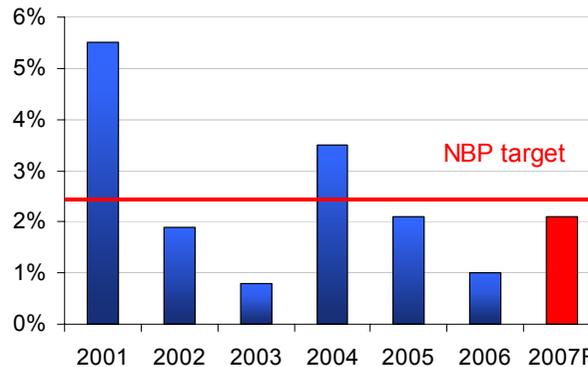
Improvement in the Labor market

Unemployment rate, year-end



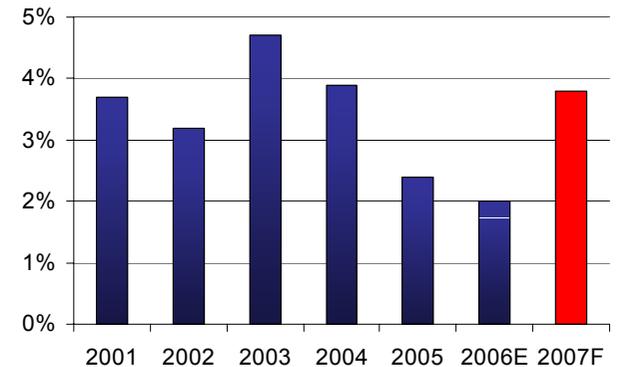
Low Inflation supported by strong PLN

CPI, annual average



Fiscal deficit under control

Fiscal deficit, % of GDP





- Strategy and business highlights

History of Citibank Handlowy

- **1870** – Bank Handlowy w Warszawie established as a privately-owned joint stock company by a group of investors formed by Leopold Kronenberg
- **1918-1939** – Bank Handlowy develops into the largest privately-owned bank in Poland
- **1939-1945** – the Bank continues its operations despite WW2
- **1946-1966** – the State Treasury gradually increases its ownership of the Bank to 100%
- **1963** – the Bank entrusted with an official monopoly on servicing Poland's foreign trade
- **1989** – the Bank diversifies its business towards corporate lending and investment banking



Historical Head Office of the Bank, Warsaw, 7/9 Traugutta Street



Current Head Office of the Bank, Warsaw, 16 Senatorska Street

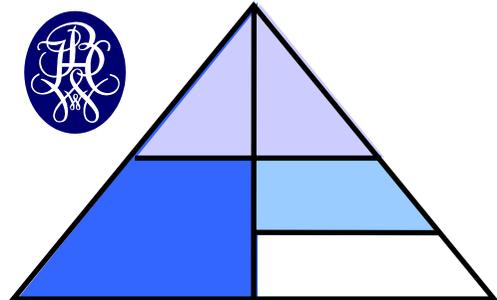
- **1991** – Citibank enters the Polish market
- **1997** – reprivatization and listing of Bank Handlowy w Warszawie on the WSE
- **2000** – Citigroup acquires 85% stake in Bank Handlowy
- **2001** – Bank Handlowy w Warszawie merges with Citibank (Poland); Citigroup's stake in Bank Handlowy increases to 89%
- **2003** – Legal name: Bank Handlowy w Warszawie SA, Citibank Handlowy - single brand

Global standards. **Local solutions.**

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From past to present

BANK HANDLOWY W WARSZAWIE SA

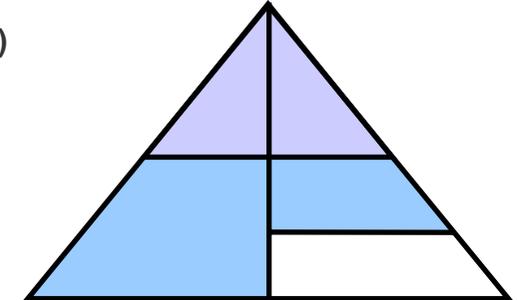


6% (TOP 4 bank)
 PLN 21.5 billion
 14,000
 240,000
 156
 4,700

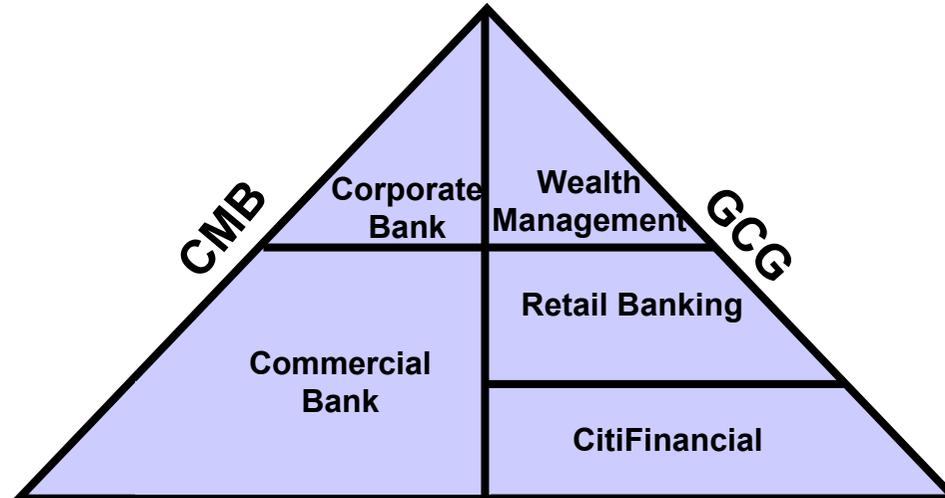
Merger in March 2001

Revenue Market Share	3% (TOP 12 bank)
Assets	PLN 9.6 billion
Corporate Customers	2,000
Consumer Customers	45,000
Outlets	8
Employees	800

CITIBANK+



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 Bank Handlowy w Warszawie SA



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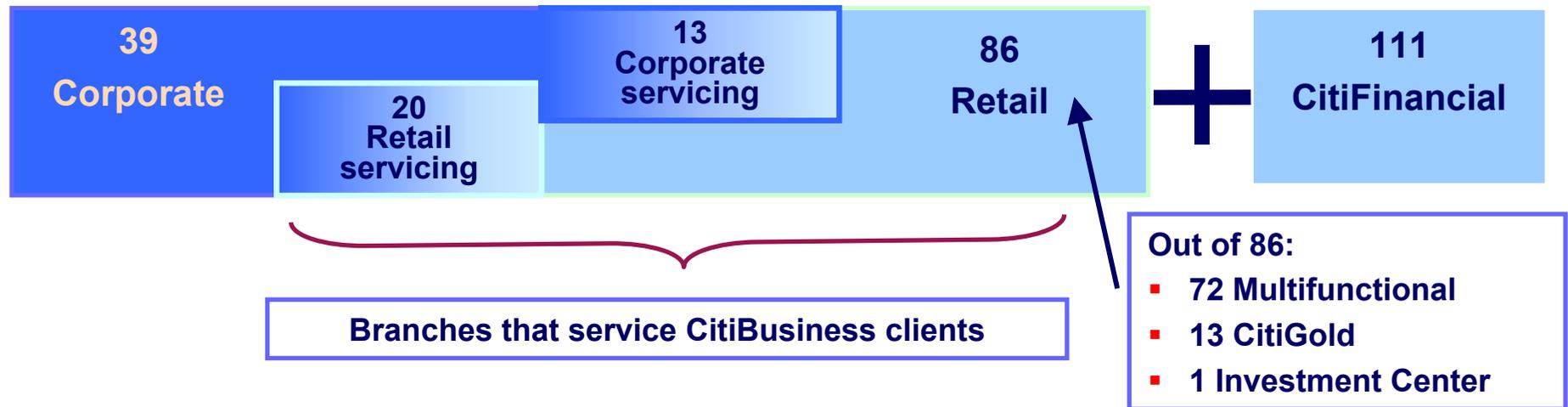
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□ Distribution channels

Tailored branch network

Branch network currently – 236 branches



- Joint network with corporate bank went live on March 1st, 2007
- 115 branches servicing both individual and corporate customers

Internet summary

Internet banking

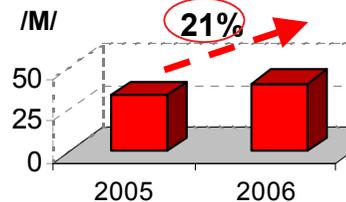
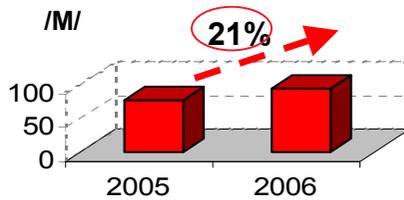
GCG: Citibank Online

- Website Visitors: **34%** growth:

CMB: CitiDirect

- EB: **99,2%** of total customers

Total active users:



E-Statement

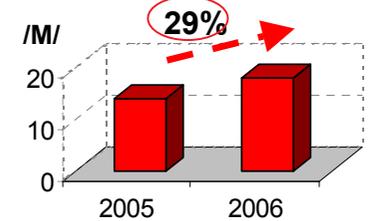
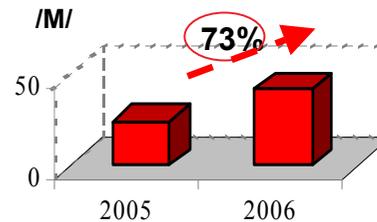
GCG: 19% of current accounts

- customers

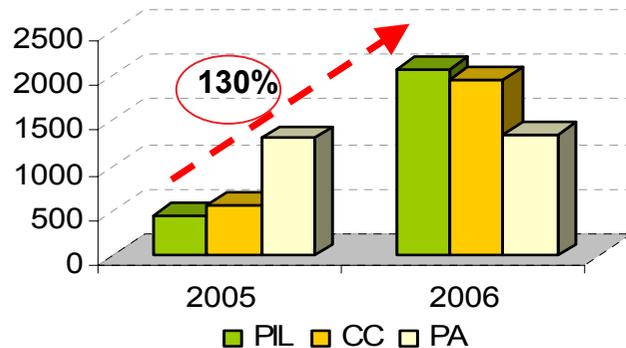
CMB: 83% of total volume

- customers

E-statement users:



GCG: E-Acquisition



CMB: eTrade – CitiConnect platform

- Launched in Sept. 2005
- Dec. 2006: **89% of overall invoices** discounted processed via eTrade platform
- EUROPRODUCT Award** granted by Ministry of Economy

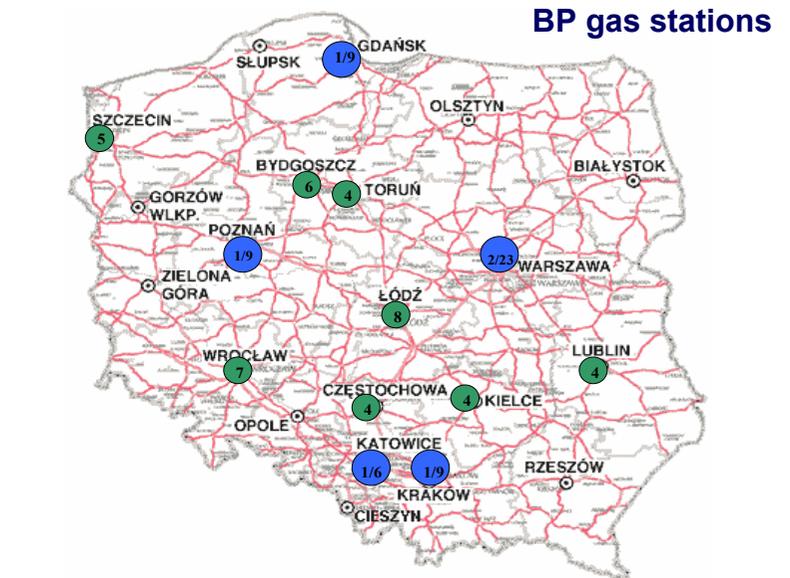
Strategy – closer to the Client

■ Innovative access channels – BP gas stations, malls

- Malls launched in July 2006
- BP stations launched in October 2006
- 70 BP stations & 5 malls – as of March 2007

■ Outlets in companies – mini-branches

- „Electrolux” in Siewierz
- „Sharp” in Łysomice



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□ Citi Markets and Banking

Corporate Bank

Market position and situation

- **Penetration:** BHW is the dominant bank. 86% of companies indicating BHW as a lead provider.
- **Network Banking:** BHW is the leader both as a lead domestic bank at 66% and as a lead international bank at 80%.
- Strong economic growth (GDP, export, investments)
- Regional expansion of some Top Tier Local Corporates
- EU membership (structural funds spendings)

2007 Strategy

- Customer acquisition (private owned names), mid-market coverage
- Corporate Finance / Investment Banking
 - Project and acquisition finance
 - Public sector infrastructure
 - Private equity relationship

Corporate Bank – key deals closed in 2006



PLN 216mn
Acquisition financing
2006



USD 800mn
bond issuance
USD 100 mn
Revolving facility
2006



Syndicated loan
EUR 604 mn
2006/2007



EAF
USD 181 mn
Term loan facility
2006



Revenue bonds
II Tranche
PLN 400 mn
MLA
2006



Acquisition of EMAX
PLN 480 mn
2006

EUROMONEY

BOT Bełchatów loan syndication – Europe Project finance 2006 Deal of the year Award

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Commercial Bank

Positioning for full delivery in 2007

- **2006** - almost **1000 new customers** acquired, in Q4 - 363

- **Investment Financing** proposition for Middle Market in focus

- On-going review of our “**value proposition**” for commercial banking customer space in terms of product innovation and competitiveness, example - electronic banking platform (EB)

- Continued focus on 3 KSFs of Commercial Bank business: **Acquisition, Activation, Assets** supported by

- Innovation in CMB product offering: on-line trading platform (OLT) – the best platform of this type on the Polish market, revised Credit Program, micro-payments, etc

- Tailored risk architecture to SME and Middle Market dynamics

- Incentivize RM sales force to effectively deliver multi-product CMB offering to Customer

Global Transaction Services

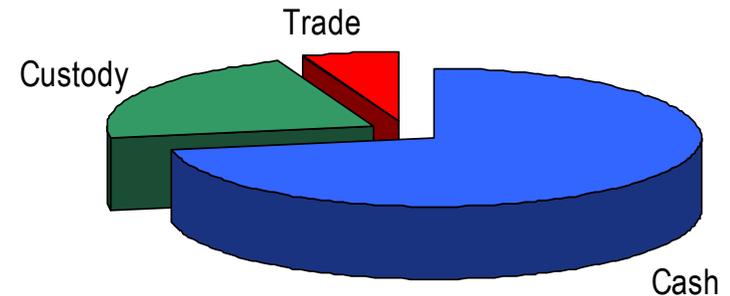
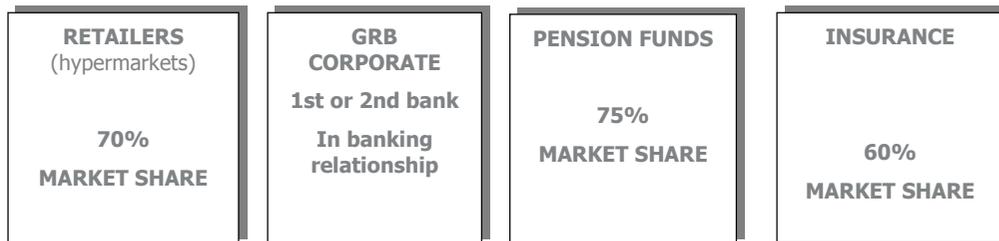
Driven by quality and innovation



Strategy

- Strengthen the x-sell further – drive the sell of further services and products to existing clients
- New business acquisition – mainly in public sector (cash products for Courts, Municipal Social Assistance Centers, County Employment Offices, smaller cities) and Asset Management sector

Revenue structure in 2006



Treasury

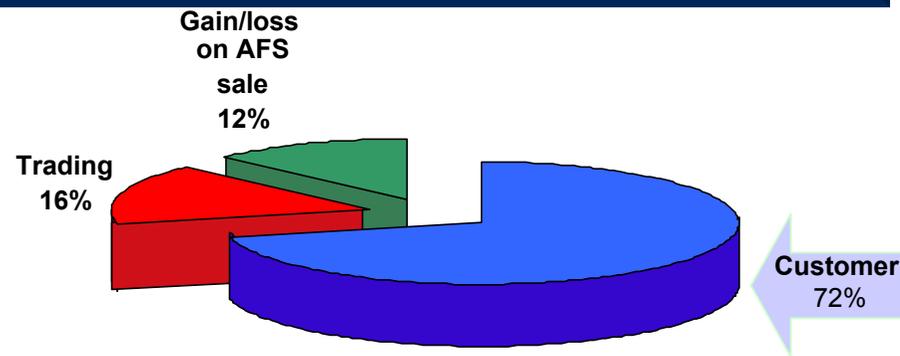
Customer business

- Continuation of strategy to re-direct the FX customers to the on-line trading platform – the best platform of this type on the Polish market
- Customer Acquisition and attrition management giving visible results
 - FX turnover and revenues increase
 - FXO business outperformance

Trading

- Leading position in flow business has been maintained:
 - Bond Market Making (market making desk for Citigroup and its offshore customers)
 - IR Derivatives and FX Market Making

Revenue structure in 2006



Risk Treasury

- Active management of AFS book
- Significant risk positions have been maintained, allowing for better positioning in longer term
- Active customer liabilities management in strategic funds providers sector

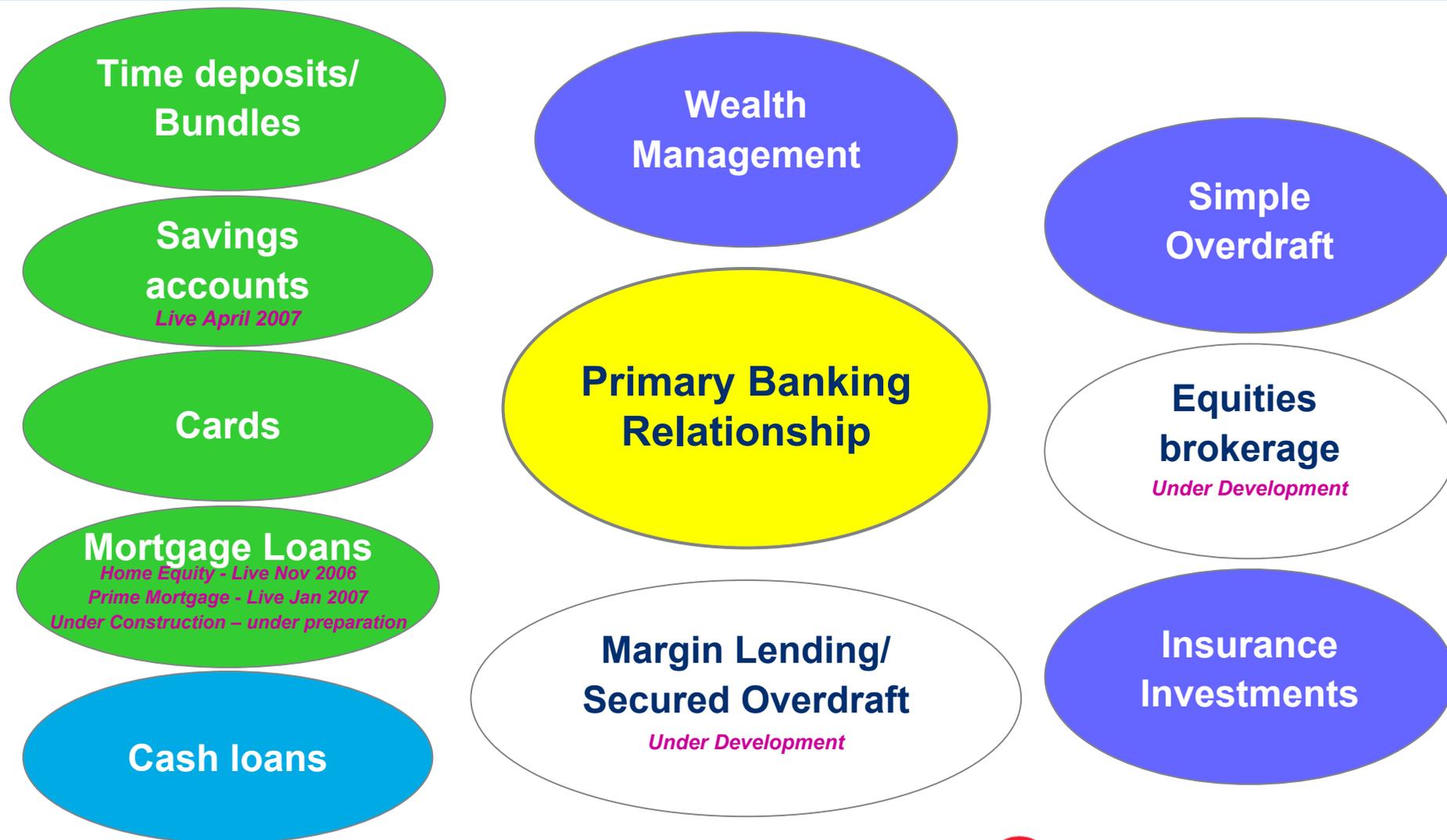
Professional market products	Market share*	Market position*
FX	14%	1
Debt	10-15%	3
Derivatives	20%	1

*estimates
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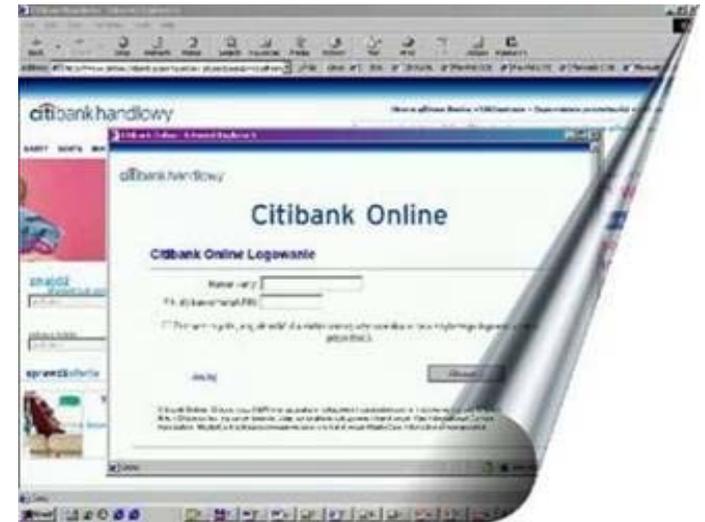
□ Global Consumer Group

Complete product offering



Strategy – account

- **Mortgage accounts - implemented**
 - 5% p.a. on limited balance
- **Account opening via Internet – e-account**
 - Launched on December 1st, 2006 – in 60 days
 - 3rd best internet account in the market by „Gazeta Prawna”
- **Multifunctional, transparent debit card (possibility to perform non - cash transactions via Internet)**
 - Under preparation
- **Worker remittances to Poland**
 - Under development



Strategy – Cards - more innovations

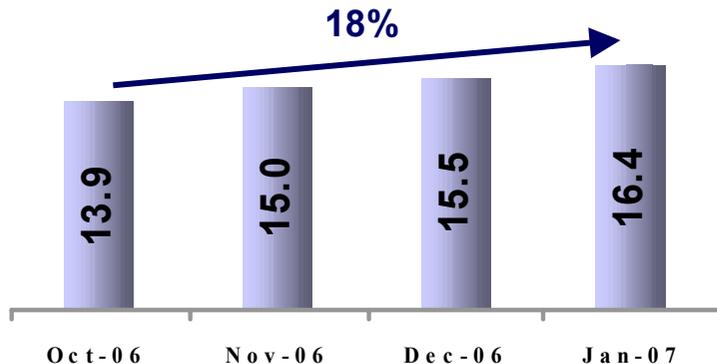
Expansion of the target market to include:

- CitiFinancial customers – cards launched in November 2006
 - Currently selling 2000+ cards per month
- Students – 4500 cards sold
- The youth (from 13 years old)
 - Launched in November 2006
 - More than 1000 cards sold

New co-branded cards

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

Cards Acquisitions (in M)



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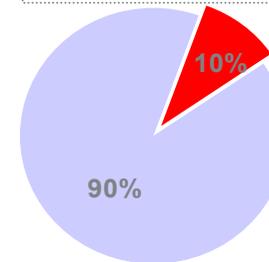


Warsaw School of Economics,
Oct. 17th, 2006

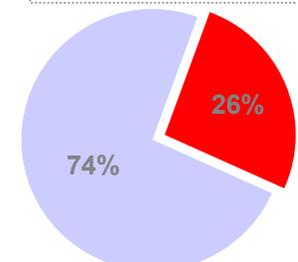


Market share

Number of cards issued



Transaction value



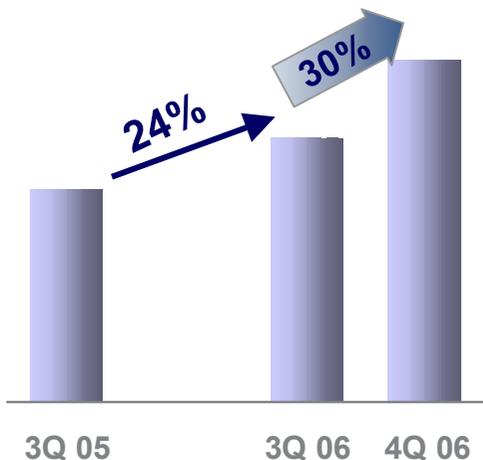
■ Citibank Handlowy

□ Other banks

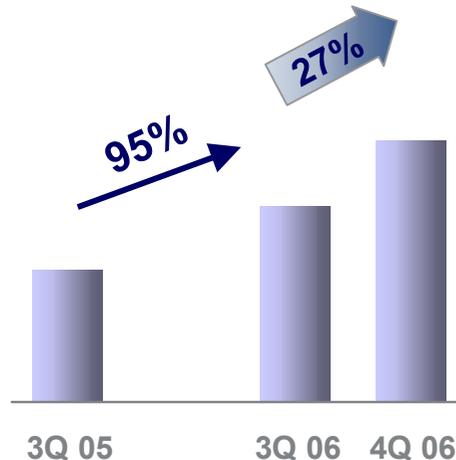
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Investment and Insurance products

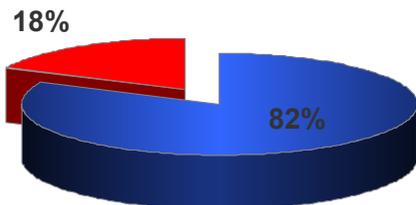
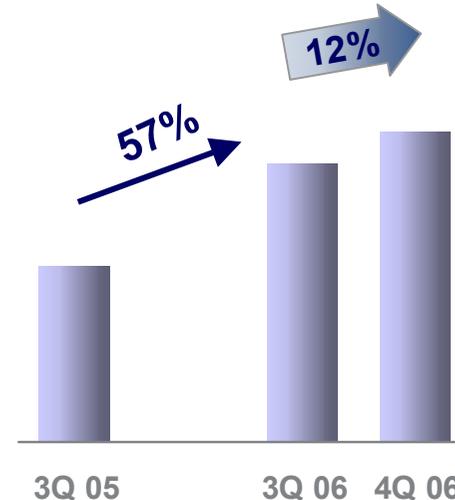
Mutual Fund assets acquired through the Bank



Single Premium Unit Linked



Structured Products



■ On-shore funds ■ Off-shore funds

New product launches from October 2006:

- 3 Union Investment funds - UniEquity
- ING Construction & Real Estate fund
- DWS TOP50 Small and Mid Cap Plus
- 2 New DWS funds introduced to SPUL
- Bundle offer with SPUL and TD 11%
- New tenors in SPE PLN 1Y and 3Y
- Hedge Funds – under development

Niebotyczny zysk



- Lokata z Portfelem Inwestycyjnym
- 3-miesięczna lokata z oprocentowaniem stałym 11%
 - 28 funduszy zarządzanych przez 6 renomowanych TFI
 - przeniesienie środków między funduszami bez podatku i opłat
 - bezpiecznie i szybko zarządzanie Portfelem przez internet

www.citibank.pl
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Strategy – increased efficiency of CitiFinancial

Multi product channel

- Mortgage loans portfolio - implemented
- Home Equity – November 2006 – in 50 days
 - Prime Mortgage – January 2007
- Credit Card for CitiFinancial customers
 - Launched in November 2006 – in 35 days

Pożyczka Gotówkowa Gdy potrzebujesz na już!



Wystarczy,
że przyjdiesz
z dowodem!



Superszybka gotówka na nagłe potrzeby!

Twoje mieszkanie zasługuje na wiosenny remont? Czeka Cię rodzinna uroczystość? Pora wymienić sprzęt AGD lub RTV? Na nagłe potrzeby tylko byskawiczna Pożyczka Gotówkowa!

Wystarczy, że przyjdiesz do CitiFinancial z dowodem osobistym, a gotówkę możesz dostać od ręki!

Pożyczkę Gotówkową możesz otrzymać:

- **szybko** - podczas jednej wizyty
- **łatwo** - wystarczy, że przyjdiesz z dowodem osobistym
- **na co chcesz** - na dowolne potrzeby i wydatki

Wystarczy, że:

- wypełnisz wniosek o pożyczkę

Sprawdź w CitiFinancial:
Żory, ul. Szepczyńskiego 4
tel. (032) 434 00 42
 Zapraszamy od poniedziałku do piątku w godz. 9:00 - 17:00
 lub skontaktuj się z naszym Przedstawicielem:



Bank zastrzeża sobie prawo do badania dodatkowych dokumentów.
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 Bank Handlowy w Warszawie S.A. z siedzibą w Warszawie, ul. Senatorska 16, 00-923 Warszawa, zarejestrowany przez Sąd Rejonowy dla m.st. Warszawy w Warszawie, XI Wydział Gospodarczy Krajowego Rejestru Sądowego, KRS 0000400000, NIP 525-030-02-01, wysokość kapitału zakładowego wynosi 522.638.400 złotych, kapitał zakładowy w pełni opłacony.

**Bierzesz ślub?
Remontujesz?**

2000

Pożyczki CitiFinancial

Już od 4,95%

Loans Offerings at CitiFinancial



Prosty sposób na Twoje mieszkanie

Kredyt Mieszkaniowy

0 zł

opłaty za rozpatrzenie wniosku i za wycenę nieruchomości

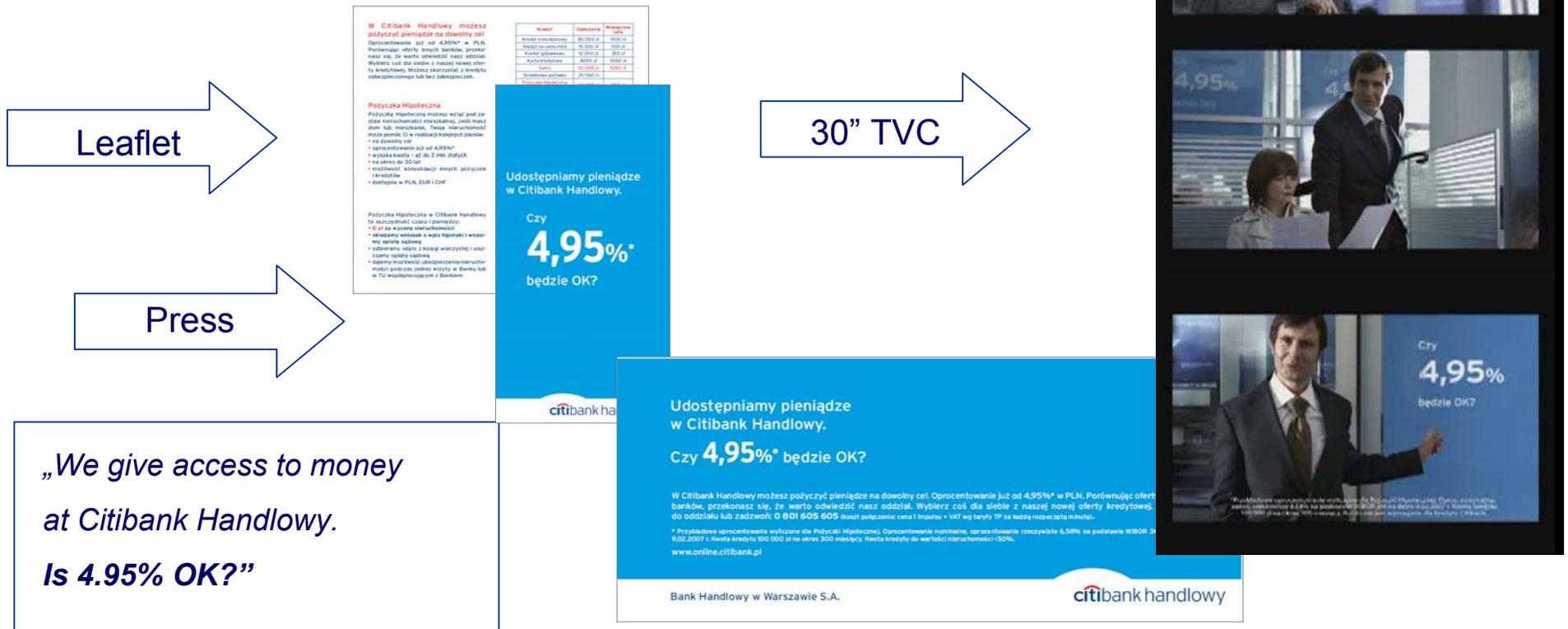
kredyt dostępny w PLN, CHF i EUR

Mortgage Loan at CitiFinancial

Enhanced Marketing Communication Strategy

New campaign goals:

- to support loans acquisition
- to increase NTB customer traffic in branches
- to increase awareness of our bank offerings



Taking advantages of synergies between corporate and retail banking

Product synergies

■ Citibank at work

- Product synergies of corporate banking with retail banking – citibank@work

■ Brokerage

- Launching brokerage retail activity in cooperation with retail banking

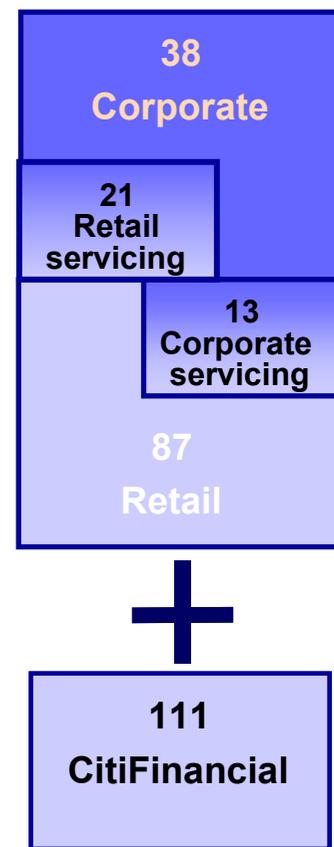
■ Citibusiness Treasury proposition

- Gaining from knowledge and expertise of corporate banking to prepare a complex product offering designed for Citibusiness customers

■ Using Unikasa network for GCG customers

- Possibility of using UNIKASA network to make monthly loan instalment payments

One network strategy



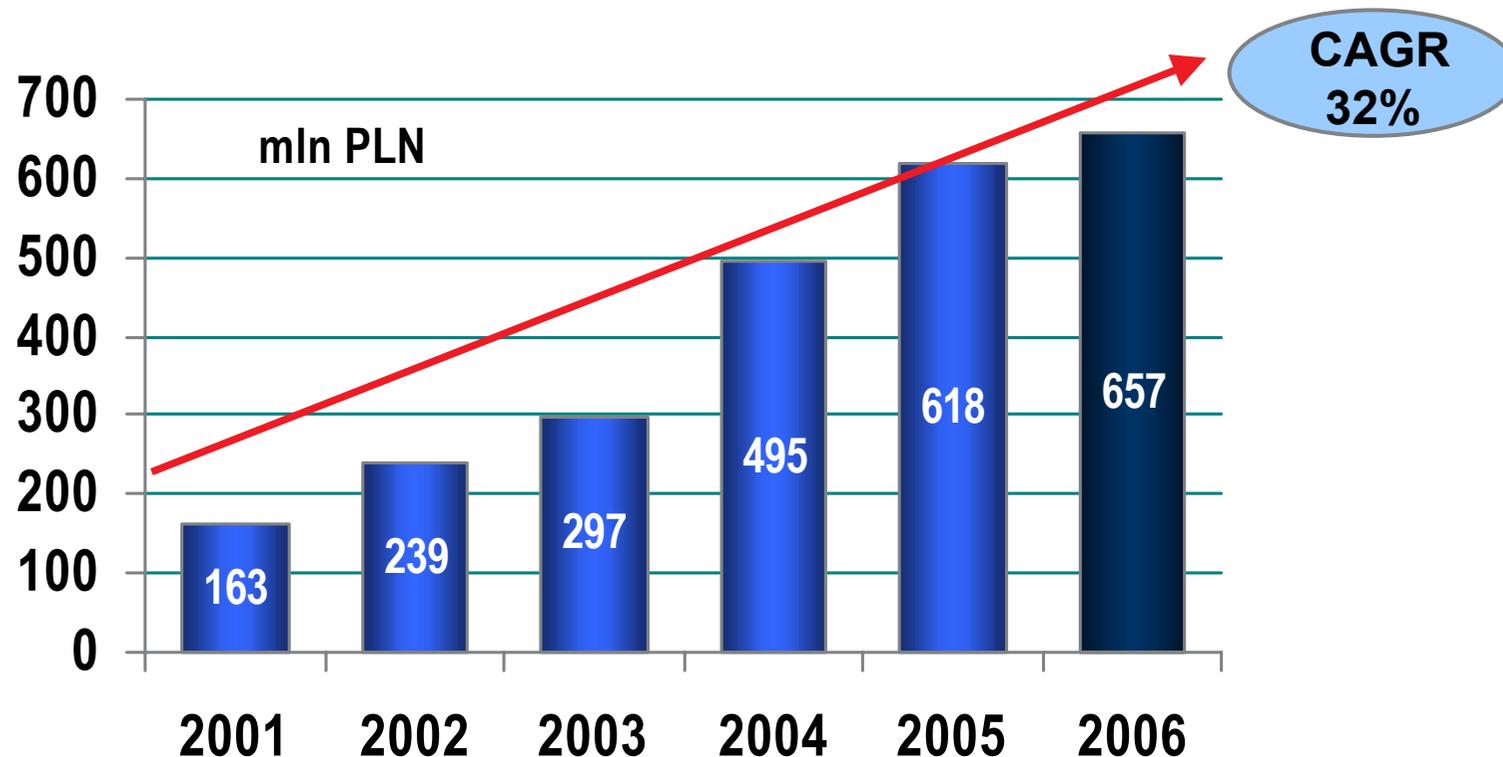
115

In 2007 all CMB and GCB branches to service all corporate and retail clients



□ 2006 Results

Record high net income



■ Increase in net income since the merger achieved for 5 years in a row

Source: Bank's Financial Disclosures, 2001 – 2003 results not restated to IFRS

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2006 Highlights

Focus on expenses

- ❑ Decrease of expenses and depreciation by 3% i.e. 44 million zł
- ❑ Strong expenses discipline in the area of technology and telecommunication costs as well as in non-salary staff related expenses
- ❑ Effects of restructuring actions taken in 2005 and 2006

CitiFinancial expansion

- ❑ Accelerated investments through branch network – 38 new branches, 12 points of sale and 158 new employees
- ❑ Positive operating leverage, gross profit 9 times higher

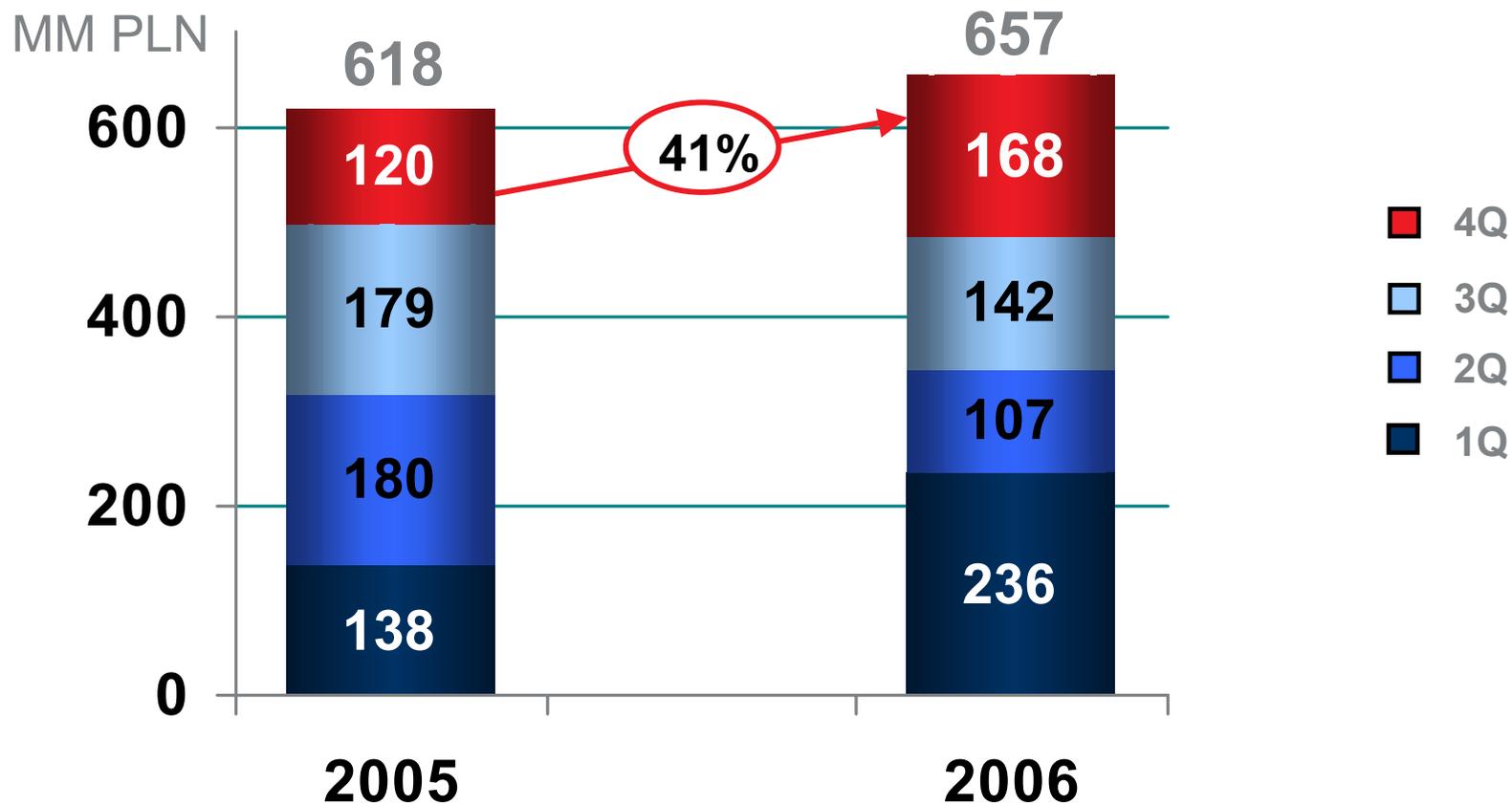
Retail banking

- ❑ Significant growth of distribution of insurance and investment products
- ❑ Increased focus on growth via acceleration of new products implementation as well as new distribution channels
- ❑ Increase of gross income by 119% as a result of business growth

Corporate banking

- ❑ Business growth supported by targeted marketing campaigns
- ❑ Great success of online trading platform (unique on the market) for FX services

Significant increase of net income Q4 2006 vs Q4 2005



2006 results

PLN MM	2006	2005	I/ (D)	I/ (D) %
Net interest income	1,026.4	1,028.3	(1.9)	(0.2%)
Net fee and commission income	617.9	596.3	21.6	3.6%
Dividend income	3.7	2.1	1.6	74.7%
Treasury	352.5	596.7	(244.2)	(40.9%)
Equity instruments result	95.8	15.5	80.3	516.6%
Sale of tangible fixed assets	118.3	3.3	115.0	n.m.
Other operating revenue	88.8	75.1	13.7	18.2%
Revenue	2,303.4	2,317.4	(14.1)	(0.6%)
Expenses and depreciation	(1,501.6)	(1,545.6)	(44.2)	(2.9%)
Movements in provisions	22.5	30.2	7.7	25.3%
Share in subs' profits	7.8	(5.7)	13.5	n.m.
EBIT	832.1	796.3	35.8	4.5%
Corporate tax	(175.1)	(178.2)	(3.1)	(1.8%)
Net profit	657.1	618.1	39.0	6.3%

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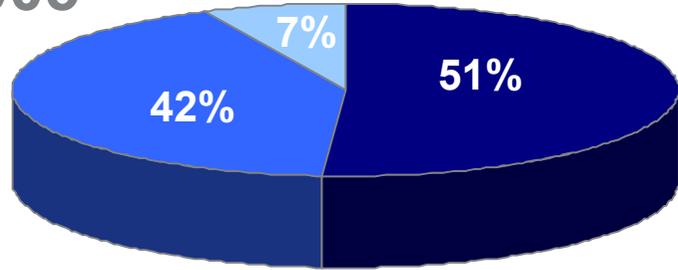
Increase in efficiency

	2006	2005	VARIANCE
Revenue, MM PLN	2,303	2,317	(0.6%)
Gross income, MM PLN	832	796	4.5%
Net income, MM PLN	657	618	6.2%
Return on Equity	12.4%	11.6%	
Return on Assets	1.9%	1.8%	
Cost / Income	66%	68%	
Capital Adequacy Ratio	14.1%	14.8%	

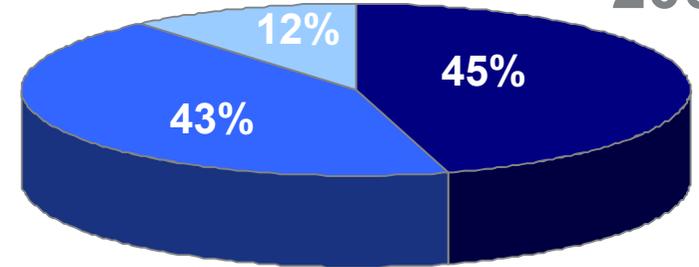
Strong corporate bank with growing momentum of retail

Net interest income and fee and commission income

2005

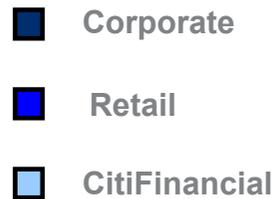
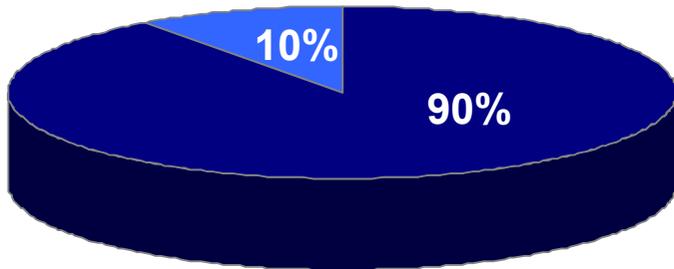


2006

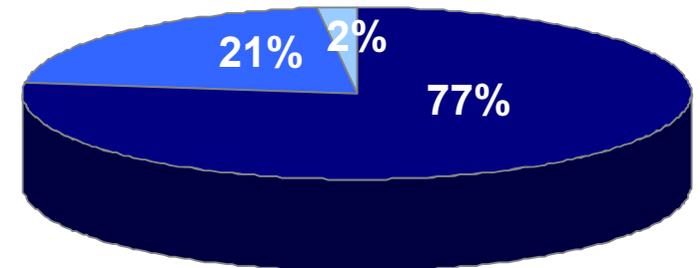


Profit before tax

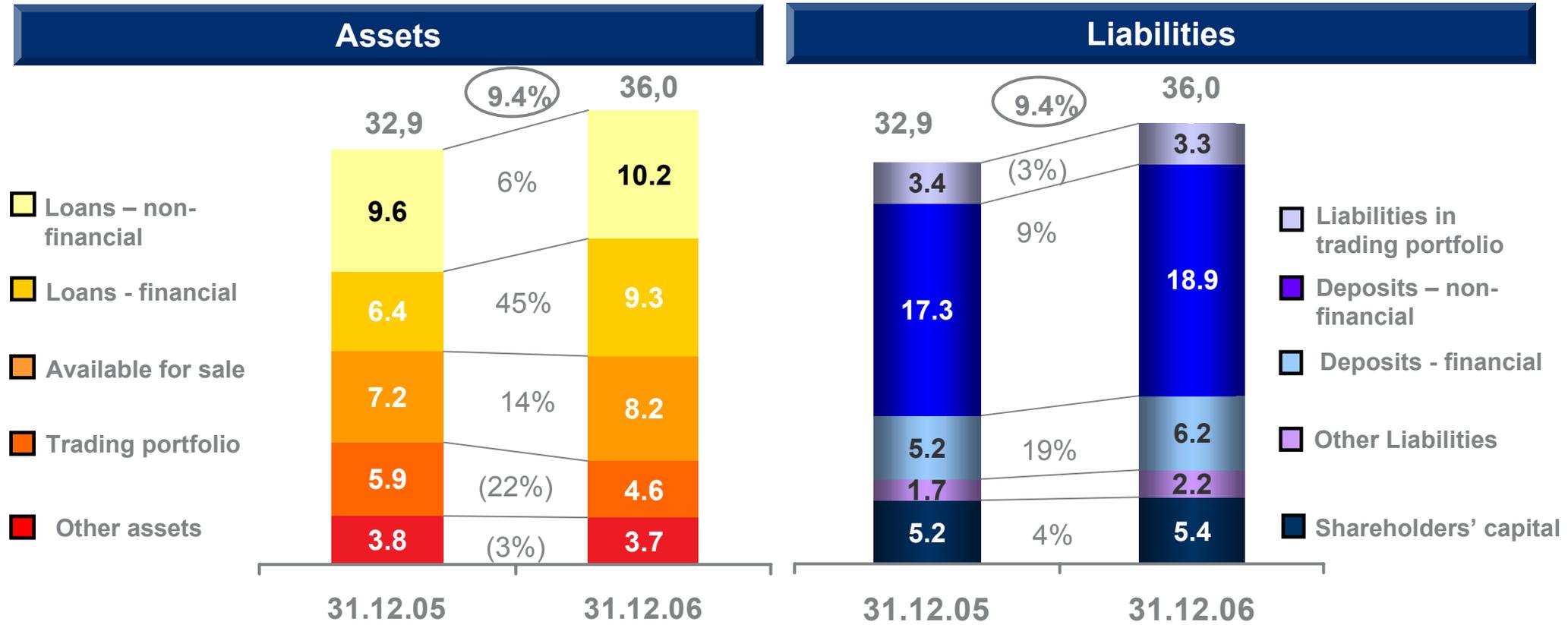
2005



2006



Balance Sheet structure

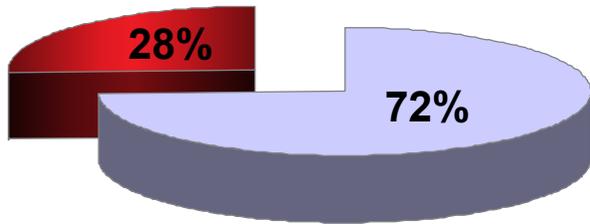


- Increase of non-financial loans due to retail loans increase
- Significant increase of loans to banks and other monetary financial institutions
- Increase of non-financial deposits due to higher corporate deposits

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

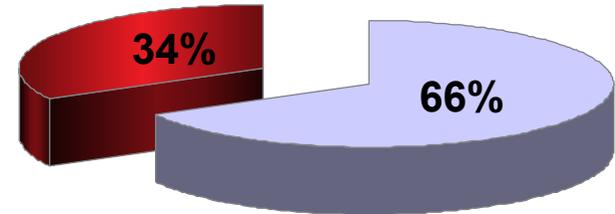
Loans

Non-financial sector loans



31.12.2005

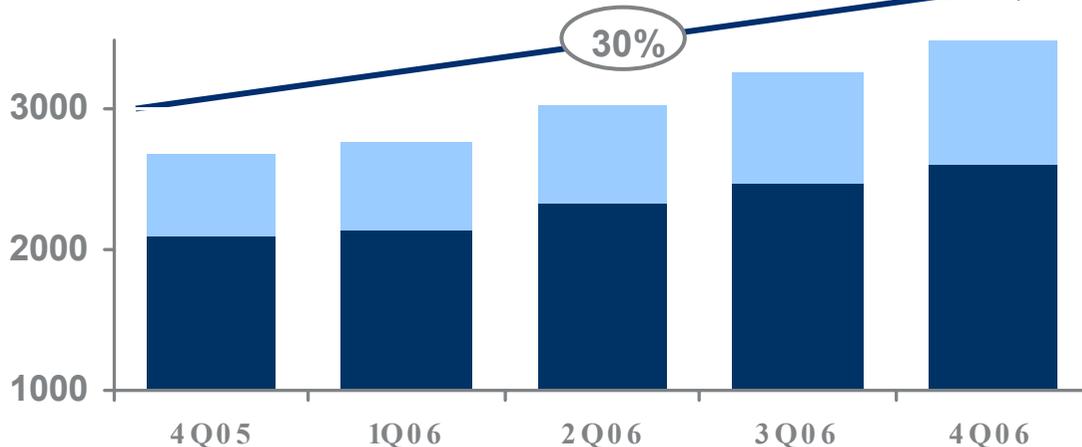
■ Corporates ■ Individuals



31.12.2006

Retail and consumer loans

■ Retail ■ CitiFinancial



- 49% increase of CitiFinancial loans
- 24% increase of retail loans

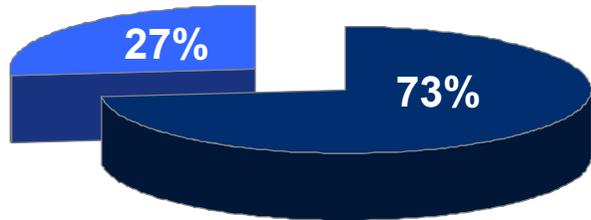
Market (excl. mortgage)



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

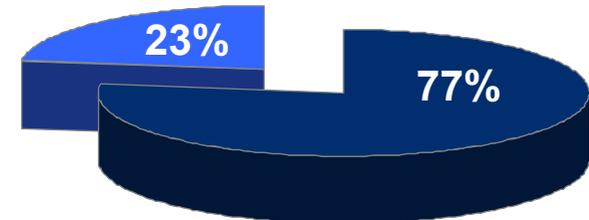
Deposits

Non-financial sectors deposits



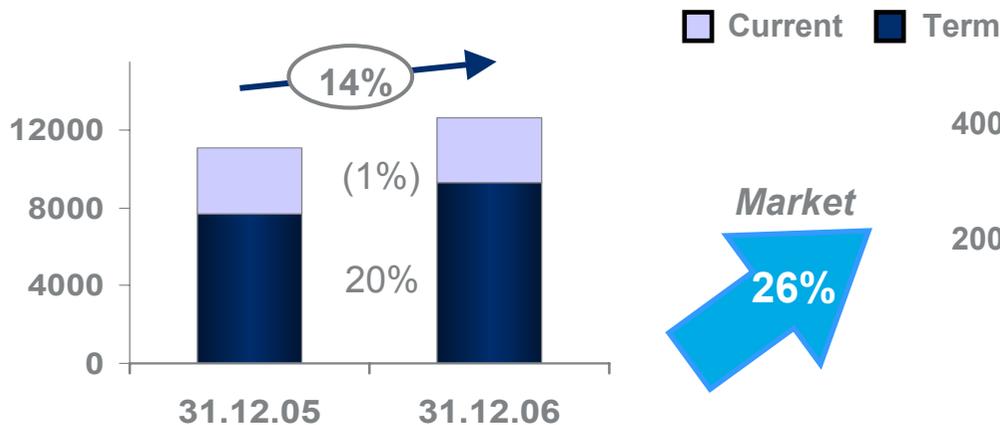
■ Corporates ■ Individuals

31.12.2005

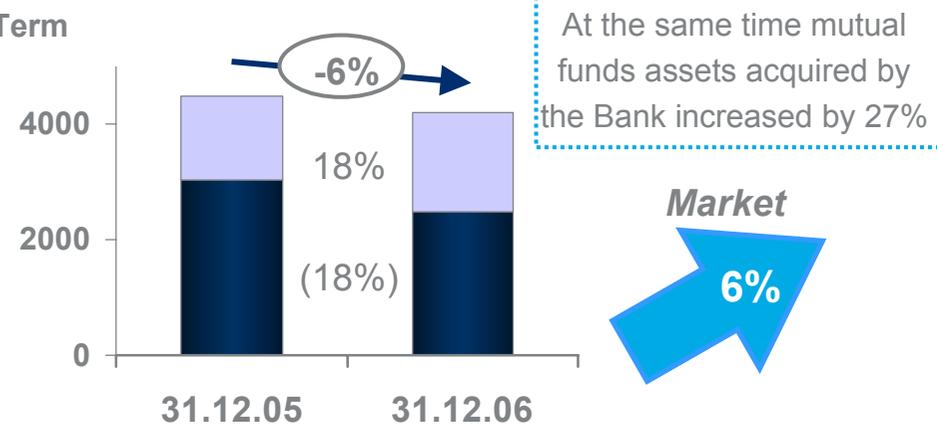


31.12.2006

Non-Financial Corporate deposits



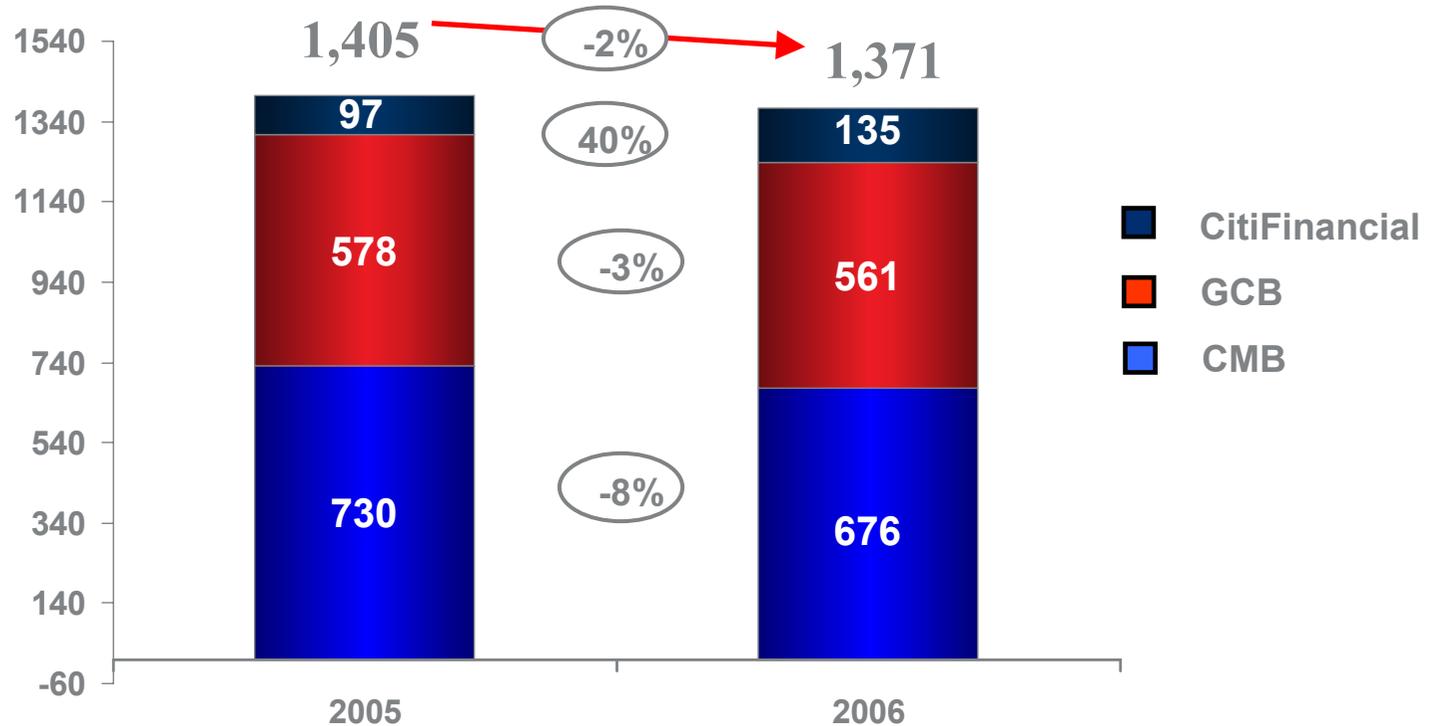
Individuals' deposits



At the same time mutual funds assets acquired by the Bank increased by 27%

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

Expenses under control



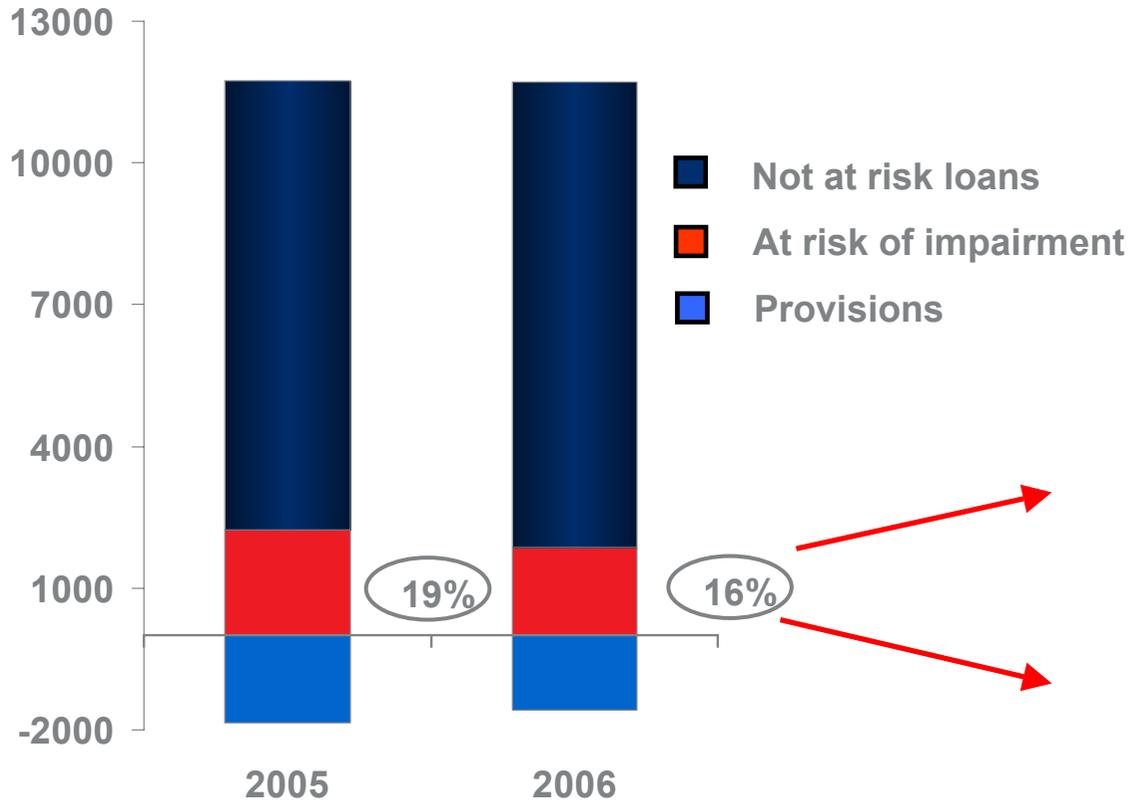
- Lower expenses in CMB by 8% despite increase of salaries and higher costs of incentive programs
- Positive results of restructuring on the expenses side in GCB despite of the increase in staff number and salaries
- Increase of expenses in CitiFinancial due to continued expansion distribution network

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

Global standards. **Local solutions.**

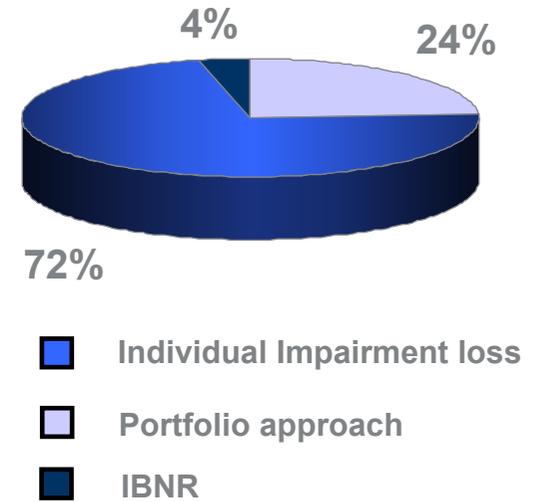
Cost of Credit

Loans portfolio quality



Significant decrease of loans at risk of impairment

Impairment split as at 31 Dec 2006



	31.12.05	31.12.06
Provision coverage ratio	84%	85%

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

Global standards. Local solutions.

2006 results

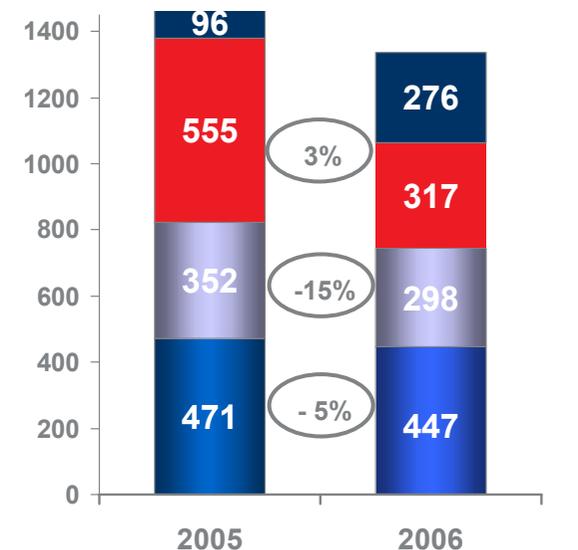
Citi Markets and Banking

MM PLN			I/(D)	I (D)
	2006	2005		%
Results on activity	1,346	1,468	(122)	(8%)
Expenses and depreciation	(770)	(830)	(60)	(7%)
Provisions	61	76	(14)	(19%)
Gross profit	637	714	(77)	(11%)
Assets	32,162	29,877	2,285	8%
Liabilities	29,825	26,848	2,977	11%

- Lower expenses and depreciation by 7% despite increase of salaries and higher costs of incentive programs
- Solid Treasury performance but excellent in 2005
- Lower fee result mainly as a consequence of a lack of revenues generated by HanZa/ TFI and a drop in brokerage income
- System improvement and taking into account additional factors in cash flows forecasts led to additional cost of credit write-offs in Q4 06 amounting to PLN 19 MM as well as net interest income adjustment

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

Global standards. **Local solutions.**



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

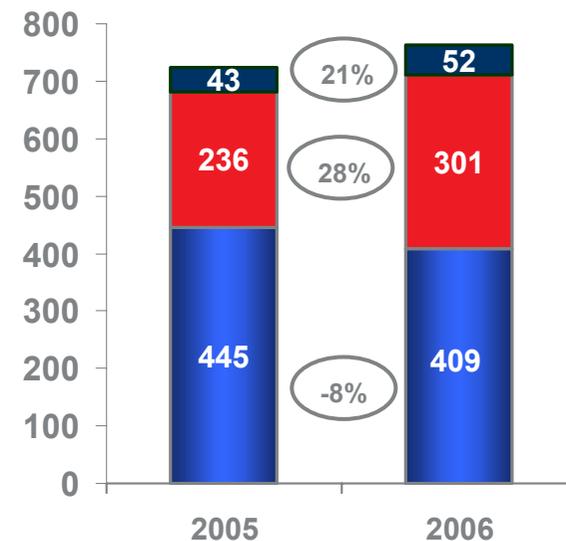
* Includes result on sale of asset management business and equity instruments

citibank handlowy

2006 results

Consumer Bank

MM PLN			I/(D)	I (D)
	2006	2005		%
Results on activity	775	723	53	7%
Expenses and depreciation	(594)	(617)	(23)	(4%)
Provisions	(4)	(24)	20	n.m.
Gross profit	177	81	96	119%
Assets	2,975	2,369	607	26%
Liabilities	5,832	5,910	(78)	(1%)



- Repricing of credit cards in 2005 partially neutralized by increase of assets
- Significant increase of fees especially from insurance and investment products
- Positive results of restructuring actions on the expenses side despite of the increase in staff number and salaries

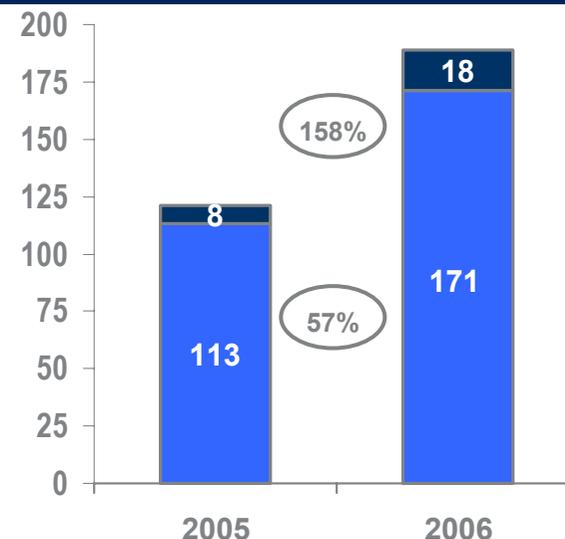
Source: Bank's Financial Disclosures, data in MM PLN

Global standards. **Local solutions.**

2006 results

CitiFinancial

MM PLN			I/(D)	I (D)
	2006	2005		%
Results on activity	190	121	69	57%
Expenses and depreciation	(137)	(98)	38	39%
Provisions	(34)	(21)	(13)	63%
Gross profit	18	2	17	n.m.
Assets	854	632	222	35%
Liabilities	334	119	215	181%

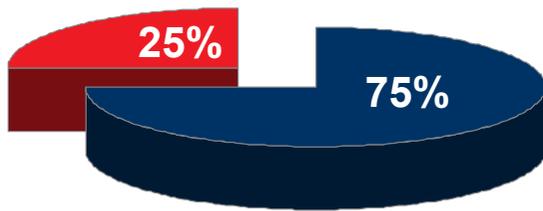


- Significant increase of interest result driven by 47% increase in loan portfolio
- Increase of expenses due to continued expansion of CitiFinancial distribution network

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

Global standards. Local solutions.

Shareholders structure / Share price



- COIC
- Other below 5%

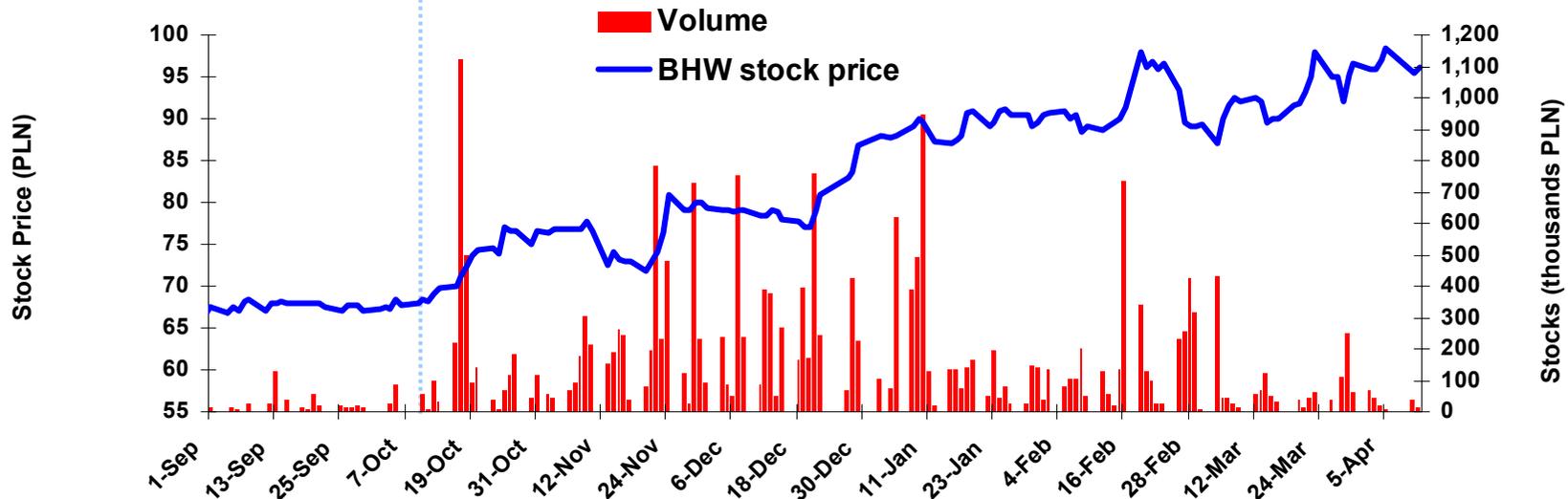
11th April: PLN 96.2 per share

Market cap: USD 4.4 bn

Free float : USD 1.1 bn

BHW share price

41% return over last six months



Lidia Jabłonowska-Luba

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Katarzyna Otko-Dąbrowska

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