

BANK HANDLOWY W WARSZAWIE S.A.

2Q 2008 consolidated financial results

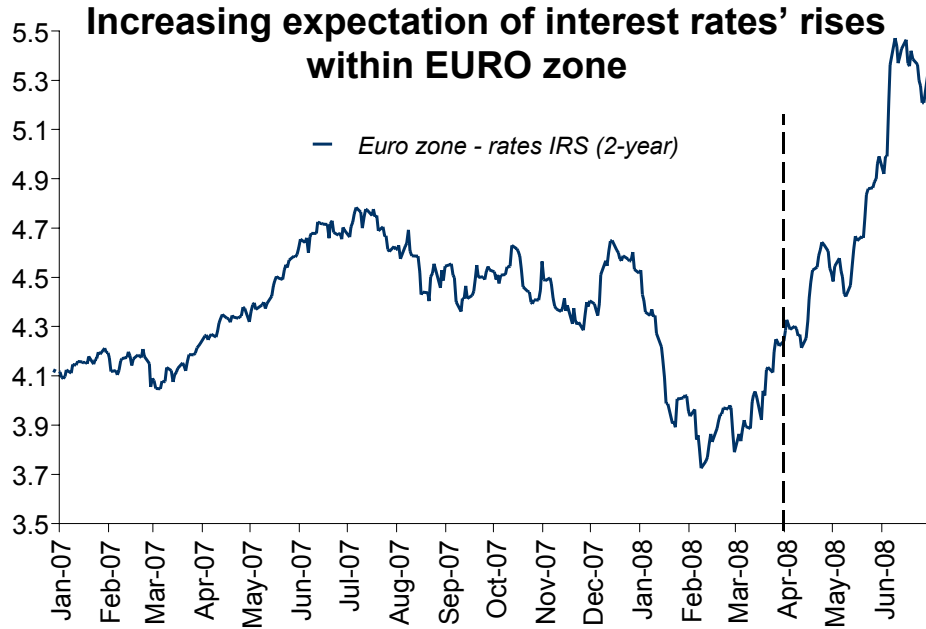
Warsaw, 12th of August 2008

Global standards. Local solutions.

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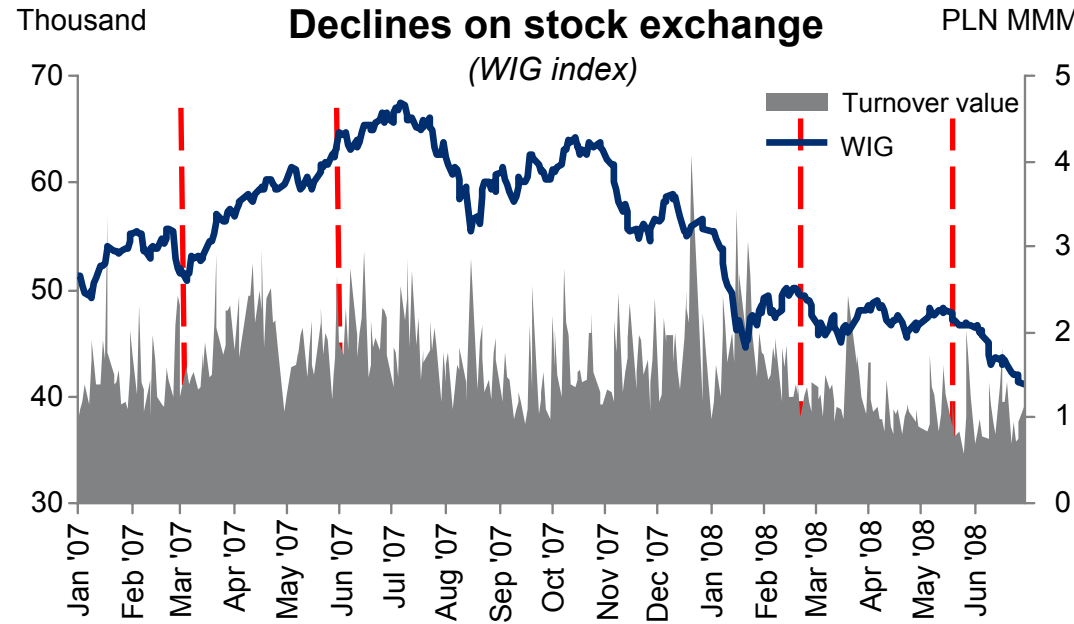
Macroeconomy

Increasing expectation of interest rates' rises within EURO zone



Source: Reuters

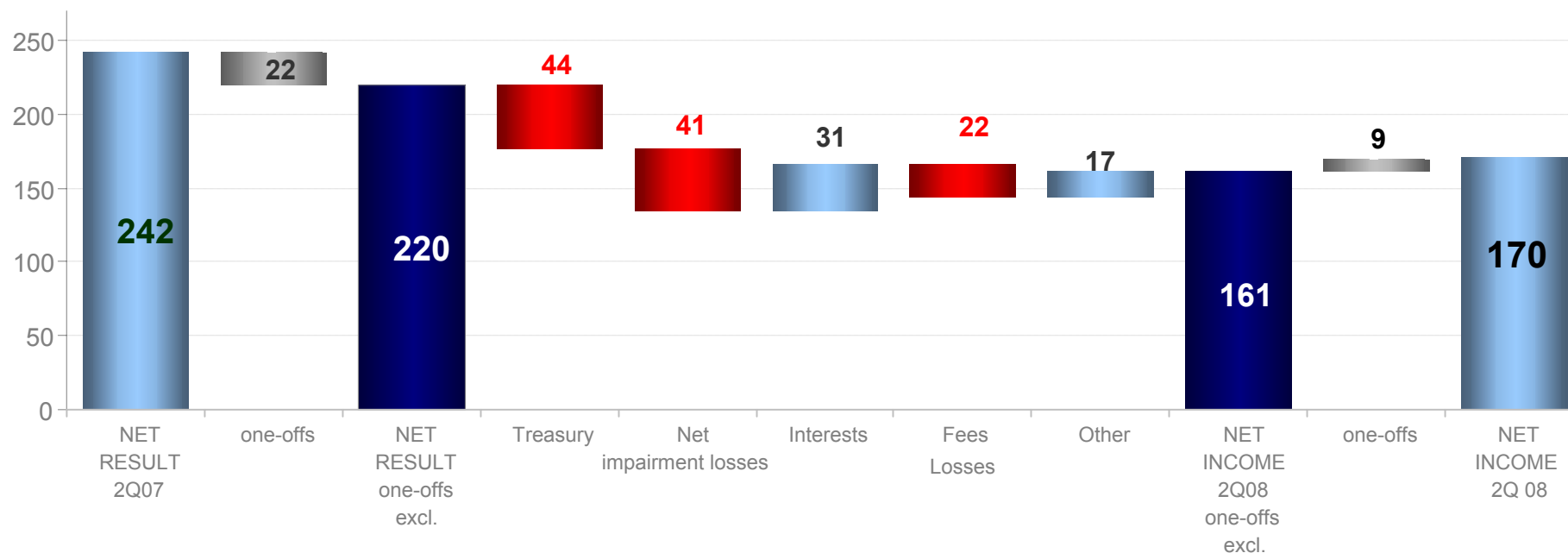
Declines on stock exchange (WIG index)



Source: GPW

P&L lines impact on net income 2Q 2008 vs. 2Q 2007

/PLN MM/



32%
(2Q08/2Q07)
Treasury result

41 mln
(2Q08/2Q07)
Net impairment losses

11%
(2Q08/2Q07)
Net interest income

do 3,3%
o 0,3 pp
(2Q08/2Q07)
Net interest margin

12%
(2Q08/2Q07)
Fees result

0%
(2Q08/2Q07)
Expenses and depreciation

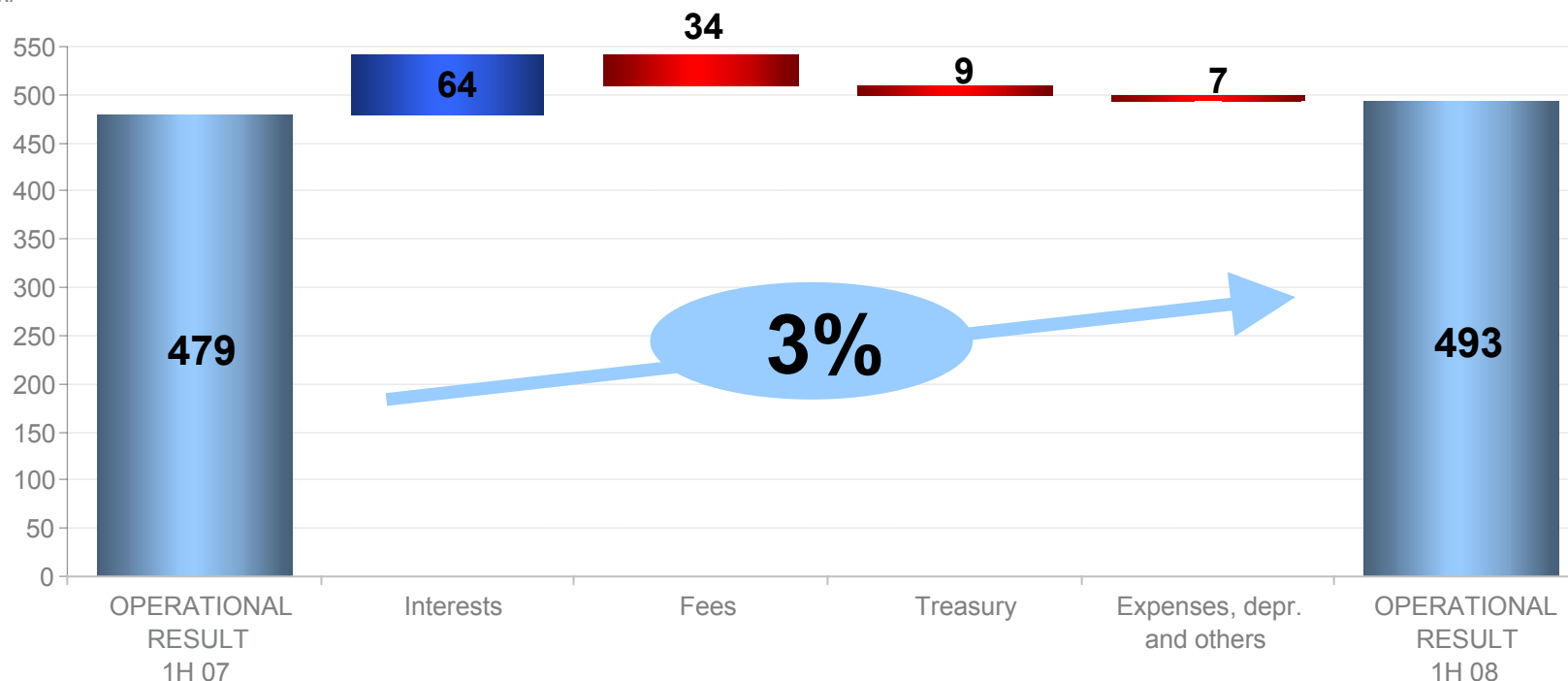
Major financial ratios

	2Q 2007	1Q 2008	2Q 2008
ROE	15.7%	16.7%	14.9%
ROA	2.0%	2.1%	1.9%
Cost / Income	57.4 %	62.6 %	62.5 %
CAR ^{*/}	10.8%		11.6%

^{*/} In comparison with 1Q 2008 EOP

Operational result in the 1H 2008 – excluding one-offs

/PLN MM/



- sale of shares of Stalexport S.A- PLN 6,7 million
- sale of shares of NFI Empik Media & Fashion by Bank's subsidiary Handlowy Investments S.A.- PLN 34 million
- sale of shares of MasterCard- PLN 4 million
- provision for a penalty imposed by the Office of Competition and Consumer Protection on 'interchange' fees- PLN 10 million

- Employment restructuring provision in expenses- PLN 30 million
- additional operating income booked to operating income due to favourable to the Bank court verdict and ending of the proceeding- PLN 11 million

Major factors impacting 2Q 2008 net result vs. 2Q 2007

Treasury

2Q 2007

137.2



2Q 2008

93.1



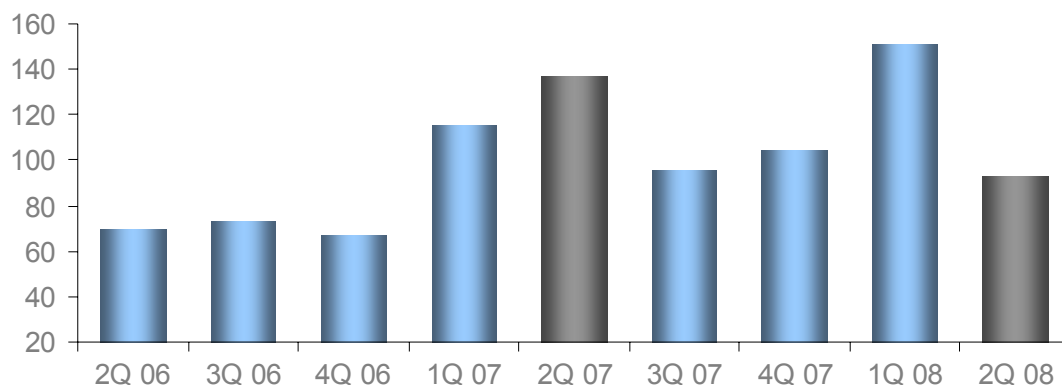
I/D (mln zł)

(44.1)



Treasury result

/PLN MM/



- Change in European Central Bank monetary policy (from a mild approach towards quick interest rates' highs, communication with markets was an issue)
- Difficult conditions on financial markets (high volatility, higher dependency on sentiments)
- Significant decrease in liquidity of a number of financial instruments
- Hold-down in customers' activity on interest rate products' market (bonds and derivatives)

Customer activity

22%

(2Q08/2Q07)

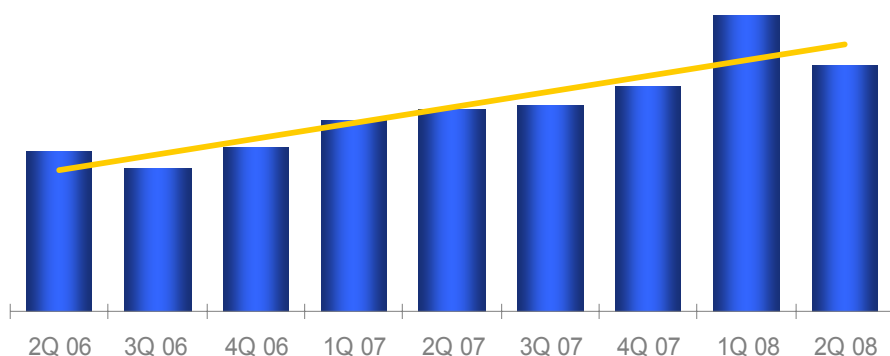
**Customer activity
result**

54%

(2Q08/2Q07)

**FX result
(FX spot)**

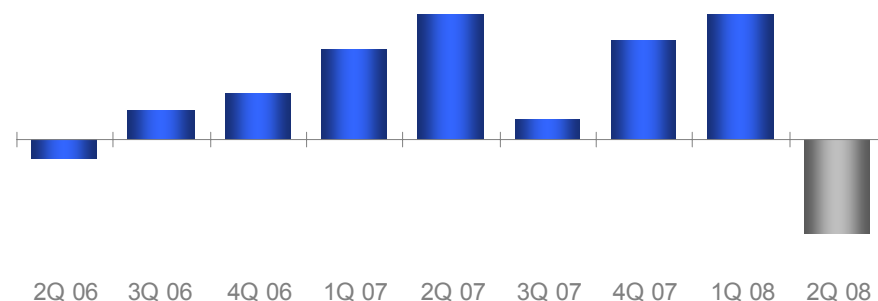
Customer activity result*



Proprietary management

**High volatility of the proprietary
management result**

Proprietary management result*



*Scale on charts are incomparable

Major factors impacting 2Q 2008 net result vs. 2Q 2007

Net impairment losses

2Q 2007

25.5



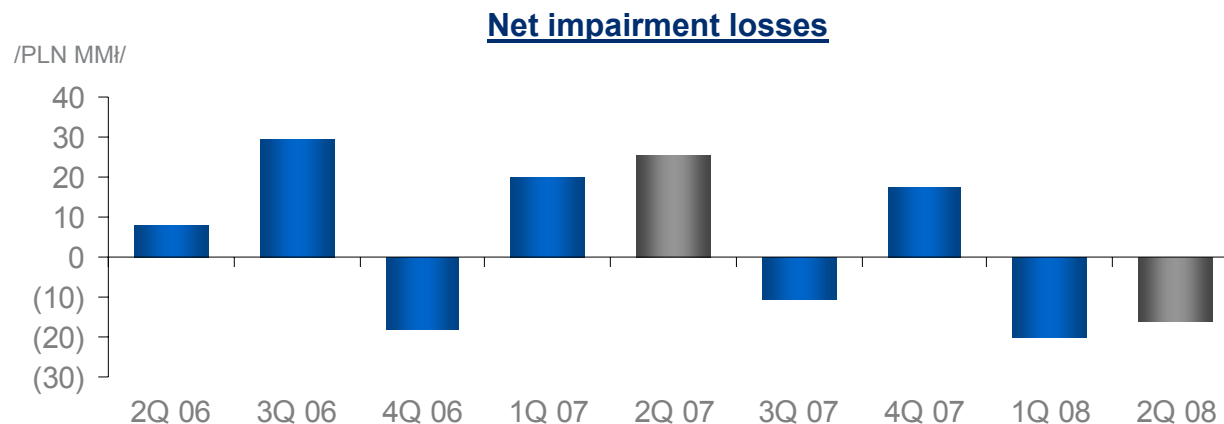
2Q 2008

(15.9)



I/D (mln zł)

(41.4)



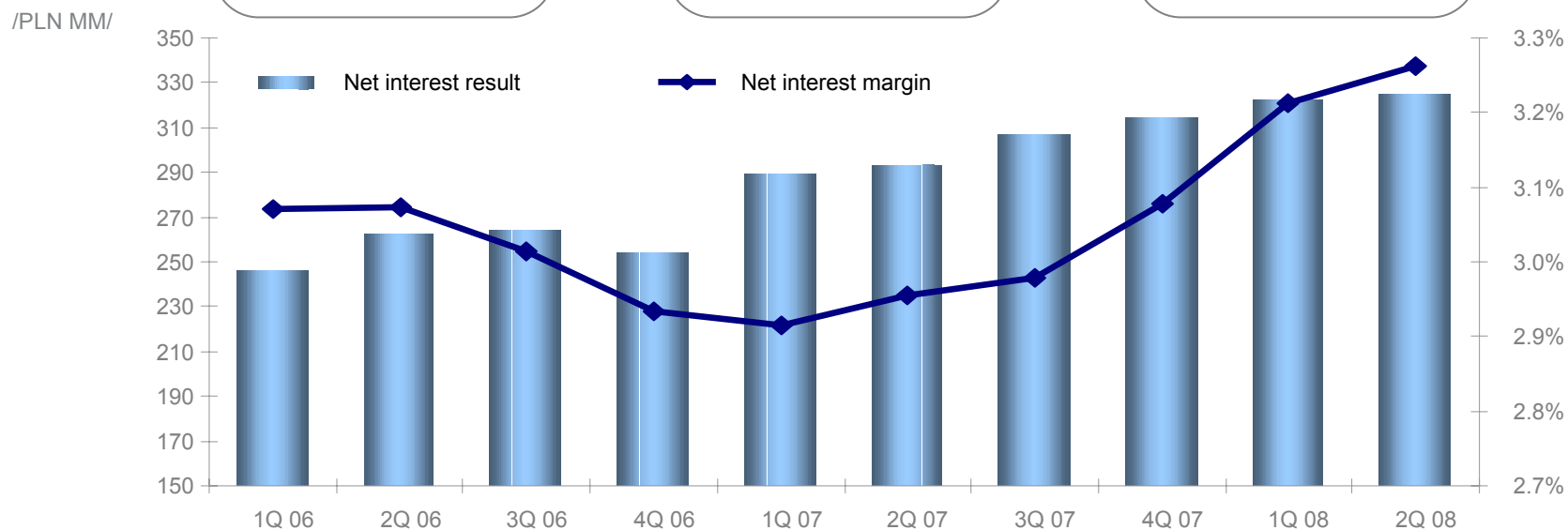
Major factors impacting 2Q 2008 net result vs. 2Q 2007

Net interest income and net interest margin

33%
(2Q08/2Q07)
**Interests from
loans – non-
financial sector**

43%
(2Q08/2Q07)
**Interests from
credit cards**

22%
(2Q08/2Q07)
**AFS portfolio
income**



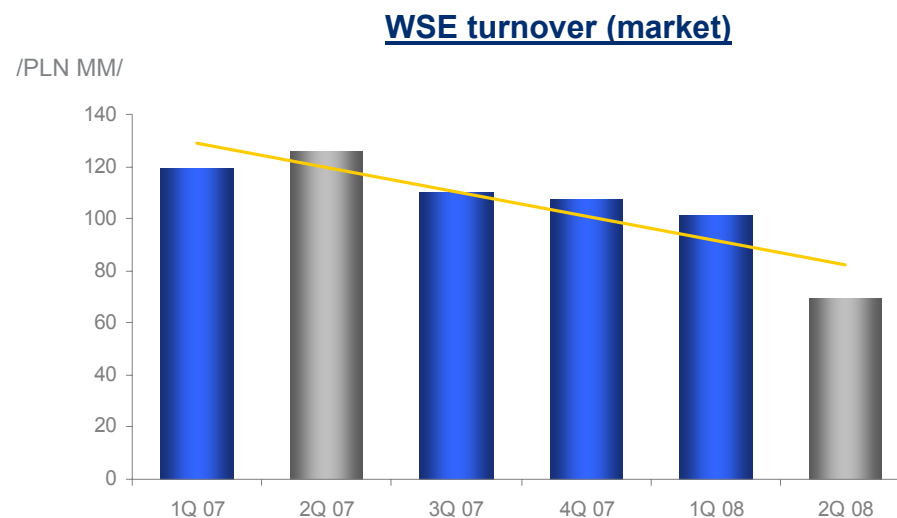
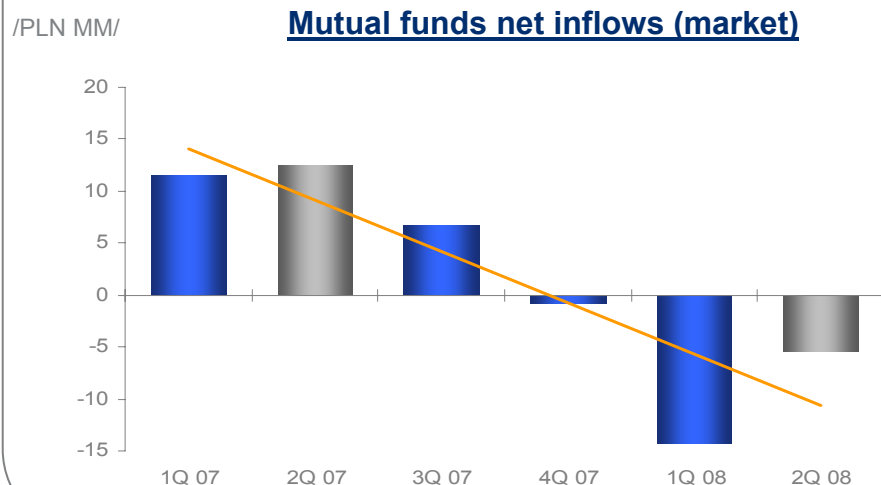
Major factors impacting 2Q 2008 net result vs. 2Q 2007

Fees & commissions result

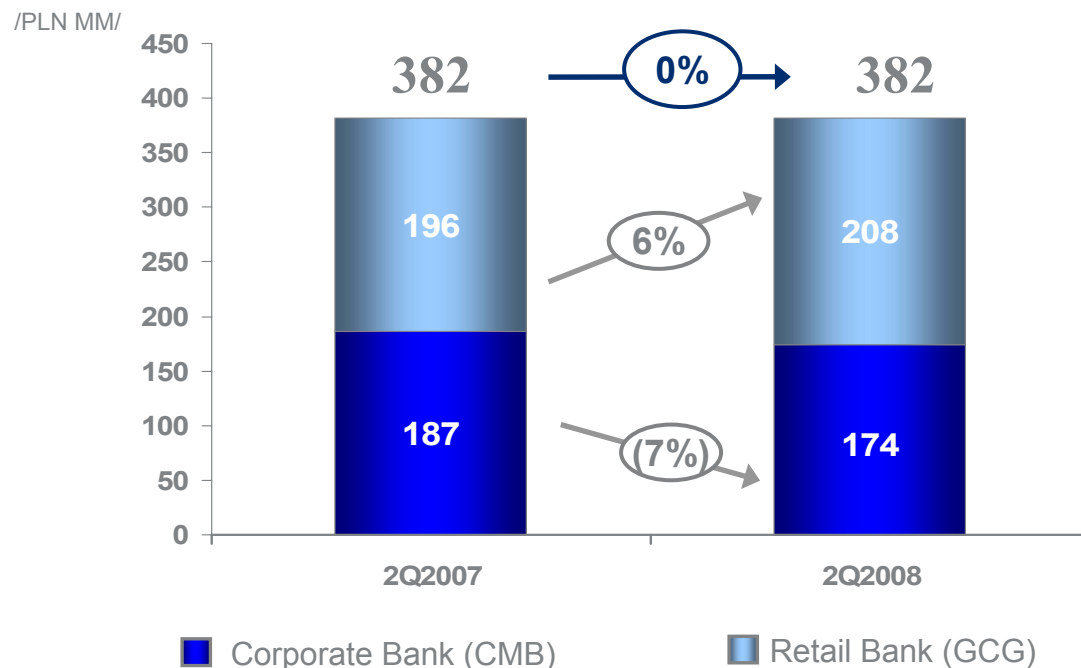
 **13%**
(2Q08/2Q07)
**Insurance and
investment
products**

 **50%**
(2Q08/2Q07)
Brokerage fees

 **22%**
(2Q08/2Q07)
**Custody
services**



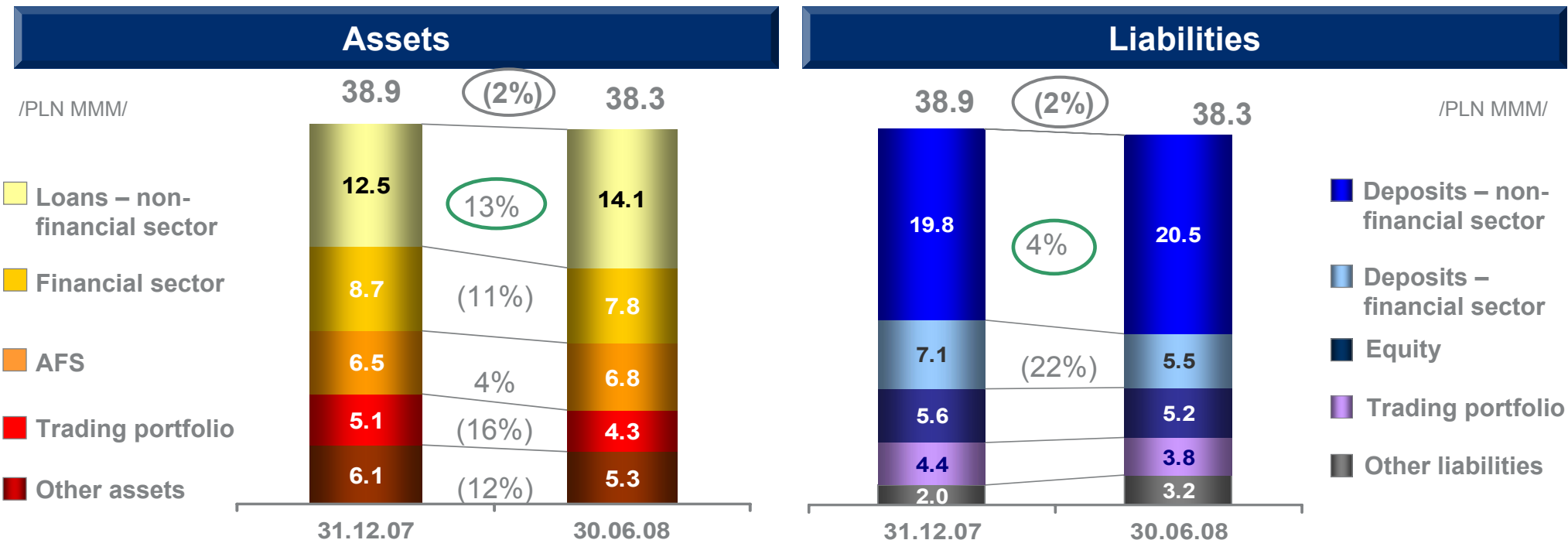
Expenses under control – strategy delivery



Cost / Income			
	2Q07	1Q08	2Q08
Retail Bank	71%	76%	68%
Corporate Bank	48%	52%	57%
Total	57%	63%	63%

- Decrease in general administrative expenses, overheads and depreciation expense primarily due to lower staff costs, as well as lower technological, outsourcing and staff expenditures
- Higher expenses caused by an increase in remuneration costs and an increase in marketing expenses. Growth was partly compensated by savings in other expense categories

Balance sheet structure improvement



19%
(2Q08/2Q07)

Loans to non-financial sector

do 69%
by 5 pp (2Q08/2Q07)

Loans / deposits ratio

do 37%
o 5 pp (2Q08/2Q07)

Loans' share in total assets

do 11,6%
o 0,8 pp (2Q08/1Q08)

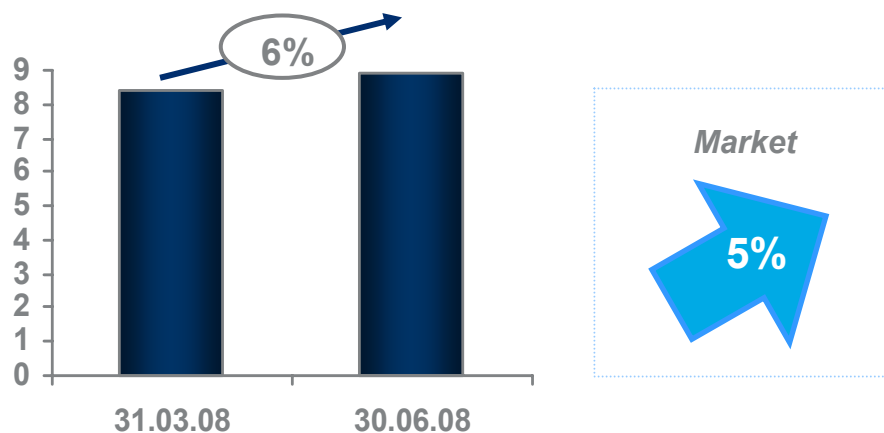
Capital Adequacy Ratio

Loans

Non-financial sector loans

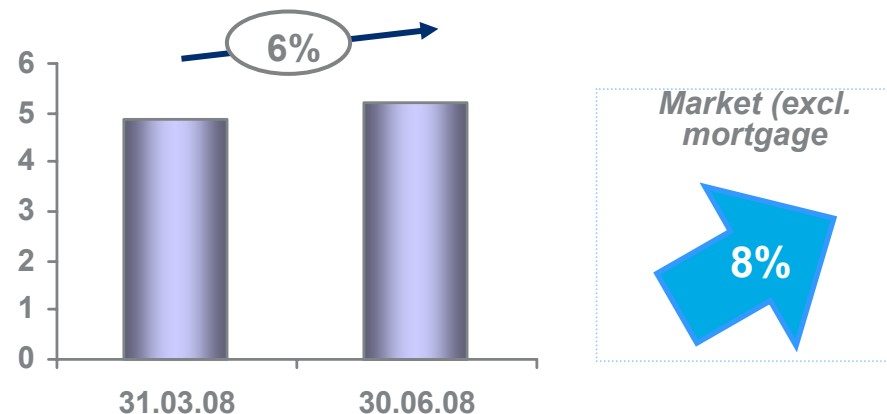
- Increase in corporate loans owed to a good market momentum – higher demand for working capital from companies
- Growth of credit cards' balance as a result of co-brand cards' portfolio expansion
- Rise in cash loans' portfolio reached due to a new sales model and product offer modification

Corporate loans



Corporate loans: including public sector and local government institutions
Source: Bank's estimates, data pro-forma, in PLN billion

Retail loans

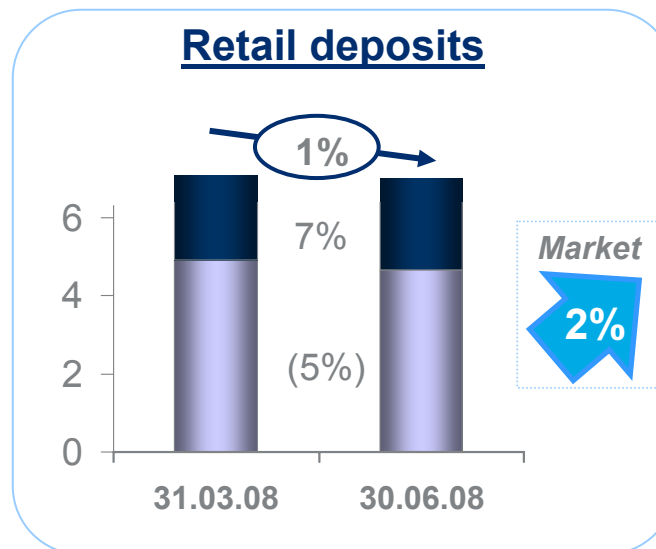
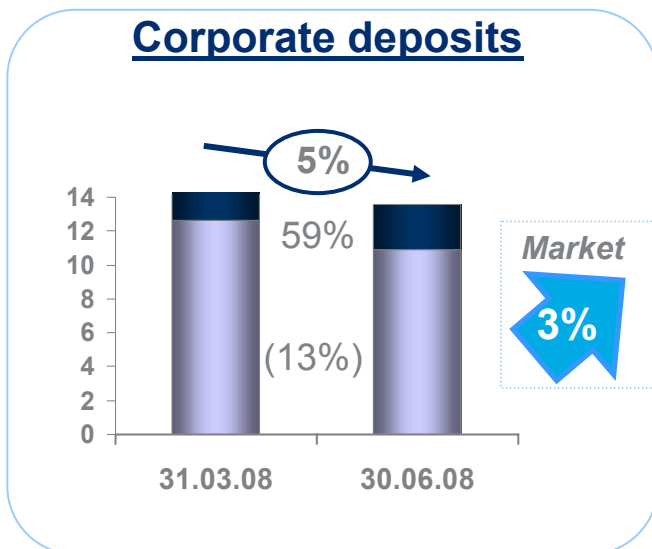


Global standards. **Local solutions.**

Deposits

Non-financial sector deposits

- Decrease in corporate deposits
- Stable level of retail deposits as a result of Saving Account offer and investment and insurance products linked to the attractive term deposits offer



Corporate deposits including public sector and local government institutions

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

■ Current ■ Term

Global standards. Local solutions.

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2Q 2008 results

A leader in Public Sector products - micro-payments

The first on the market solution organizing the financial management of Courts and Prosecutors' Offices:

- **Full integration** with the client's finance system
- **Automation** of financial assets management deposited in the Bank
- **Simplifying of the Courts' workflow**, that so far faced some difficulties in calculation of interest for each payee separately
- **Shortening of awaiting time to withdrawal for the Courts' customers**



47%

Number of **Micro-payments** agreements
(2Q08/1Q08)

11%

Market share in Courts' and Prosecutors' Offices' financial services (vs 9% in 1Q 08)

2Q 2008 results

Corporate banking

Bank was one of the co-organizers of the issuance of five-year bond for TVN S.A. with total nominal value of

PLN 500 million

(23 June 2008)

tvn



First position on pre-paid cards market

474 486 issued cards at the end of 2Q 2008 compared to 270 476 at the end of 2Q 2007

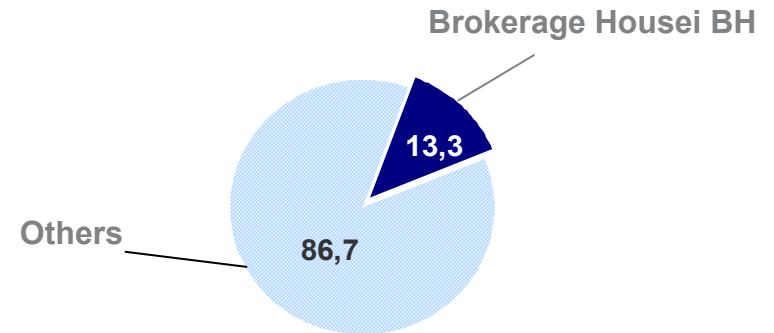
2Q 2008 results

Brokerage in 2Q 2008

**DMBH turnover on WSE secondary
equities trade market**

1 position on the market

**DMBH market share in
secondary equities trade
market in 2Q 2008 (%)***



* source: WSE data

2Q 2008 results

Record-breaking number of credit cards sold in 2Q 2008

- ✓ Acquiring of 74 thousands credit cards, 42% growth compared to 2Q 2007
- ✓ Number of cards as of 2Q 2008 EOP amounted to 928 thousand- 27% growth compared to 2Q 2007
- ✓ The widest Discount Program in Poland– over 3100 partners, 200 new in 2Q 2008 only

Growth of Co-branded Cards popularity

Success of Credit MotoCard Citibank-BP:

- ✓ Credit MotoCard Citibank-BP largest co-brand on Polish market
- ✓ Number of cards amounted to over 215 thousand as at the end of 2Q 2008
- ✓ 31 thousand cards gained during 2Q 2008 versus 25 thousand in 1Q 2008

Dynamic growth in Citibank-LOT and Citibank- Plus Credit Cards portfolio:

- ✓ 109 thousand of issued Citibank LOT and CitiBank Plus Credit Cards since launch in June 2007



2Q 2008 results

Bank accounts and deposit products

Rise in the number of current and saving
accounts in PLN

By 42%

To

359 837

2Q 2008 vs. 2Q 2007



2Q 2008 results

Increase of remote service channels significance

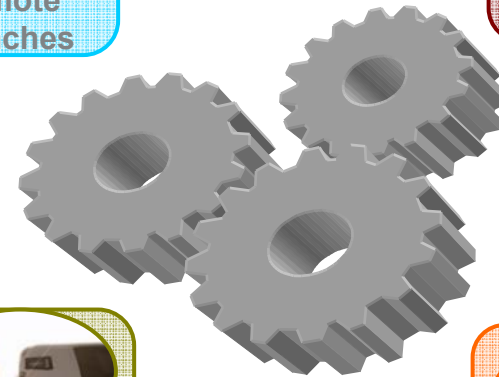
Internet:

- 257 thousand new version of Citibank Online users growth by 22% compared to 1Q08 (210 thousand users)

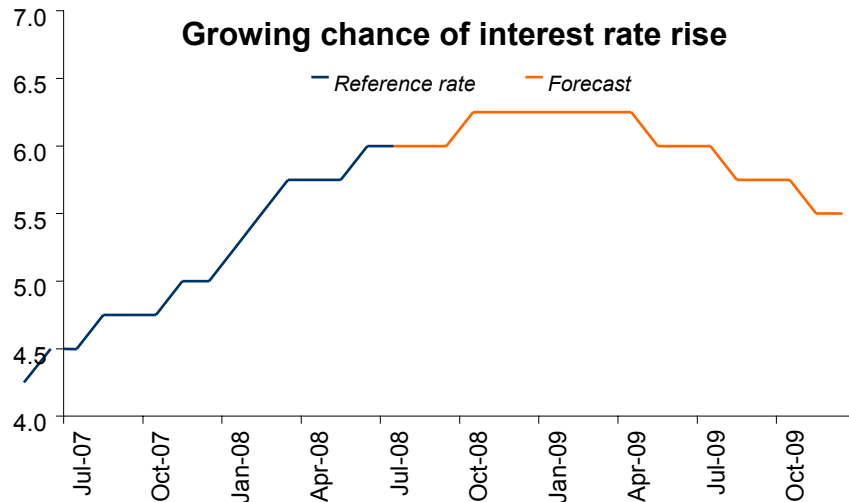
Growth of products and service sale via phone and internet:

- **↑** 60% cash loans
- **↑** 22% investment funds
- **↑** 51% electronical statements

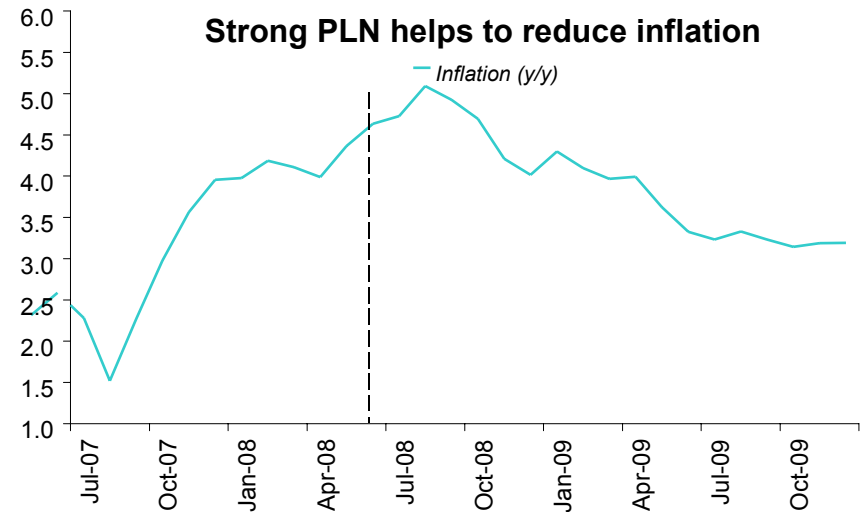
2Q 2008 vs 1Q 2008



Prospect on second half of 2008



Source: NBP, Citi Handlowy forecast



Source: GUS, Citi Handlowy forecast

- Flat falling trend of inflation in IVQ of 2008 and in 2009
- Chance of interest rates rising cycle ending

Appendix

2Q 2008 results

PLN MM	2Q 2007	2Q 2008	2Q08/2Q07		One-offs adjusted			
			I/ (D)	I/ (D) %	2Q 2007	2Q 2008	2Q08/2Q07	I/ (D) %
Net interest income	293.2	324.6	31.3	11%	293.2	324.6	31.3	11%
Net fee and commission income	185.2	163.6	(21.6)	(12%)	185.2	163.6	(21.6)	(12%)
Dividend income	0.8	4.7	3.9	n.m.	0.8	4.7	3.9	n.m.
Treasury	137.2	93.1	(44.1)	(32%)	137.2	93.1	(44.1)	(32%)
Equity instruments result	37.3	0.0	(37.3)	(100%)	0.0	0.0	0.0	n.m.
Other operating revenue	11.7	24.5	12.8	109%	21.7	13.5	(8.2)	(38%)
Revenue	665.5	610.5	(55.0)	(8%)	638.2	599.5	(38.6)	(6%)
Expenses and depreciation	(382.2)	(381.7)	(0.5)	(0%)	(382.2)	(381.7)	(0.5)	(0%)
Income on fixed assets sale	0.3	0.8	0.5	n.m.	0.3	0.8	0.5	192%
Movements in provisions	25.5	(15.9)	(41.4)	n.m.	25.5	(15.9)	(41.4)	n.m.
Share in subs' profits	(9.0)	0.5	9.5	n.m.	(9.0)	0.5	9.5	n.m.
EBIT	300.0	214.1	(86.0)	(29%)	272.7	203.1	(69.6)	(26%)
Corporate tax	(57.9)	(44.1)	(13.8)	(24%)	(52.6)	(41.9)	(10.8)	(20%)
Net profit	242.1	170.0	(72.2)	(30%)	220.1	161.2	(58.8)	(27%)

Material one-off transactions

2Q 2007

- sale of shares of NFI Empik Media & Fashion by Bank subsidiary Handlowy Investments S.A.- PLN 34 million
- sale of shares of MasterCard- PLN 4 million
- provision for a penalty imposed by the Office of Competition and Consumer Protection on 'interchange' fees- PLN 10 million

2Q 2008

- additional operating income booked to operating income at court ruling favorable to the Bank ending a dispute- PLN 11 million

1H 2008 results

PLN MM	1H 2007	1H 2008	1H2008 / 1H2007		One-offs adjusted			
					1H 2007	1H 2008	2007/2006	
			I/ (D)	I/ (D) %			I/ (D)	I/ (D) %
Net interest income	582.8	646.7	63.8	11%	582.8	646.7	63.8	11%
Net fee and commission income	363.7	329.5	(34.1)	(9%)	363.7	329.5	(34.1)	(9%)
Dividend income	0.8	4.7	3.9	489%	0.8	4.7	3.9	489%
Treasury	252.8	244.2	(8.5)	(3%)	252.8	244.2	(8.5)	(3%)
Equity instruments result	44.0	(0.2)	(44.2)	(100%)	0.0	(0.2)	(0.2)	-
Other operating revenue	25.8	41.7	16.0	62%	35.8	30.7	(5.0)	(14%)
Revenue	1,269.8	1,266.7	(3.1)	(0%)	1,235.8	1,255.7	19.9	2%
Expenses and depreciation	(756.8)	(792.3)	35.6	5%	(756.8)	(762.3)	5.6	1%
Income on fixed assets sale	(0.6)	1.4	2.0	(345%)	(0.6)	1.4	2.0	(345%)
Movements in provisions	45.7	(36.1)	(81.8)	(179%)	45.7	(36.1)	(81.8)	(179%)
Share in subs' profits	(8.5)	1.5	10.0	n.m.	(8.5)	1.5	10.0	n.m.
EBIT	549.6	441.2	(108.4)	(20%)	515.6	460.2	(55.4)	(11%)
Corporate tax	(110.0)	(91.2)	(18.9)	(17%)	(103.2)	(95.1)	(8.2)	(8%)
Net profit	439.6	350.1	(89.5)	(20%)	412.4	365.2	(47.2)	(11%)

Material one-off transactions

1H 2007

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- sale of shares of NFI Empik Media & Fashion by Bank subsidiary Handlowy Investments S.A.- PLN 34 million
- sale of shares of MasterCard- PLN 4 million
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1H 2008

- additional operating income booked to operating income at court ruling favorable to the Bank ending a dispute- PLN 11 million
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