



BANK HANDLOWY W WARSZAWIE S.A.
2Q 2010 consolidated financial results

August 2010



Citi Handlowy realize growth strategy

Efficiency improvement

- **Revenue:** double digit growth in 2Q2010
- **Expenses:** stable level, improvement of C/I ratio
- **Positive operating leverage**
- **Net profit:** significant increase, improvement of ROE and ROA ratios

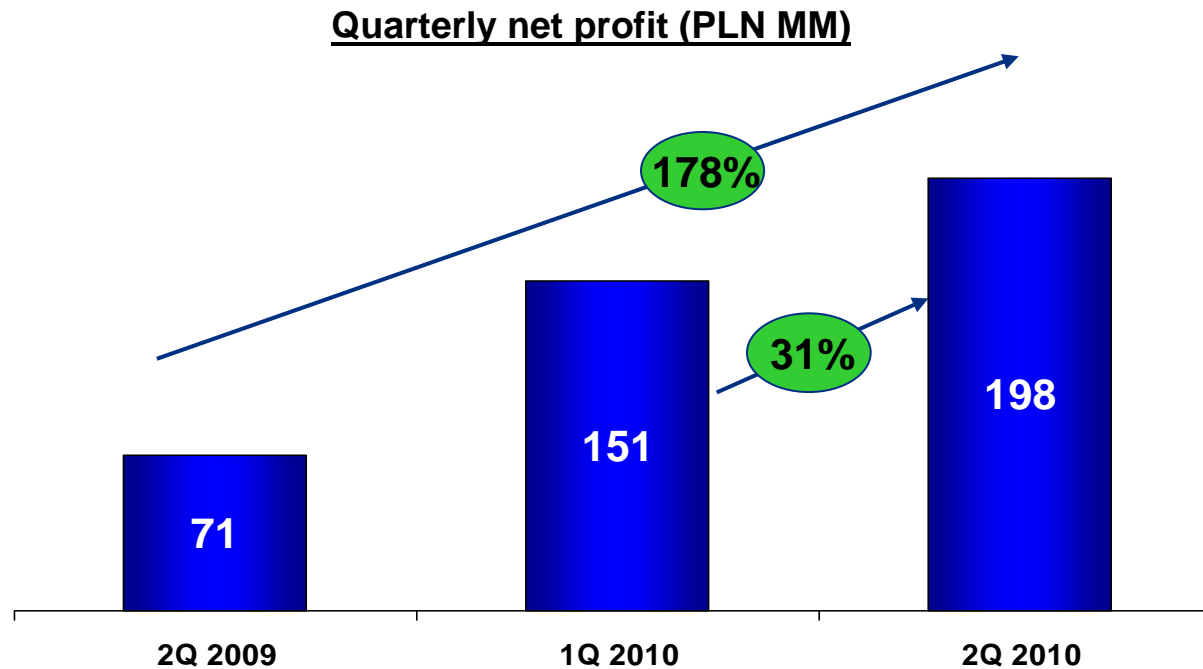
Growth directions

- Significant increase of demand corporate deposits and factoring turnover
- Increase of number of accounts in **Blue** and **Gold** segments
- **Loans:** declining trend was stopped

Innovations

- **Mobile banking** for individual customers – 10 thousand users in 3 months
- First bank in Poland issuing PayPass cards directly in branches

Increase of net profit in 2Q 2010



Record operating margin without one-offs

Increase of operating margin by 24% (PLN 64 MM) YoY and QoQ and amounted to PLN 339 MM

Revenue increase

- net fee and commission income improvement +26% YoY, PLN + 35 MM
- treasury results improvement +50% YoY, PLN + 45 MM

Cost of credit risk decrease

Net impairment losses decrease by 51%, PLN 92 MM YoY

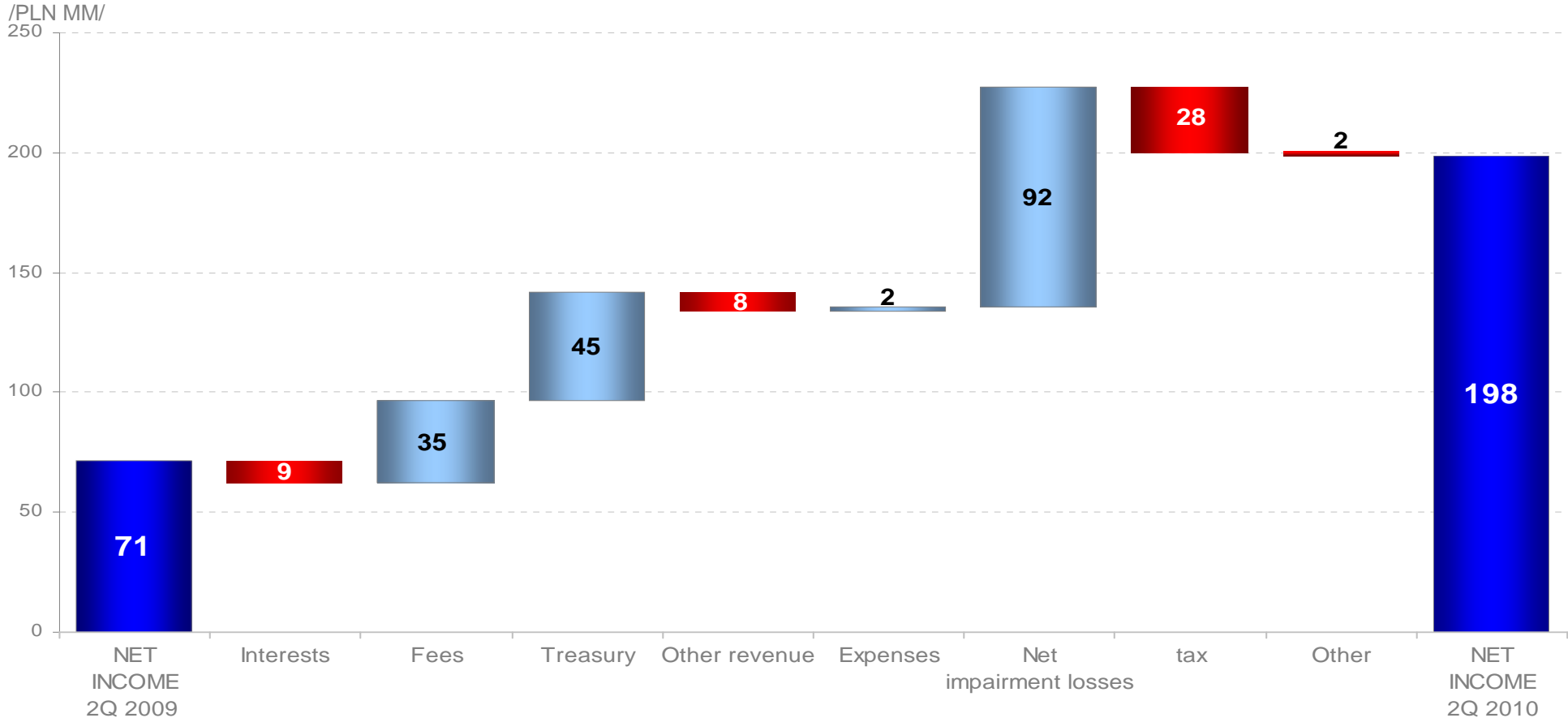
Ratios improvement

Cost/Income ↓ to **51%** from 56% YoY

ROE ↑ to **12.8%** from 6.9% YoY

ROA ↑ to **1.9%** from 0.9% YoY

Net income 2Q 2010 vs. 2Q 2009



↓ 2%
(2Q10/2Q09)
Net interest income

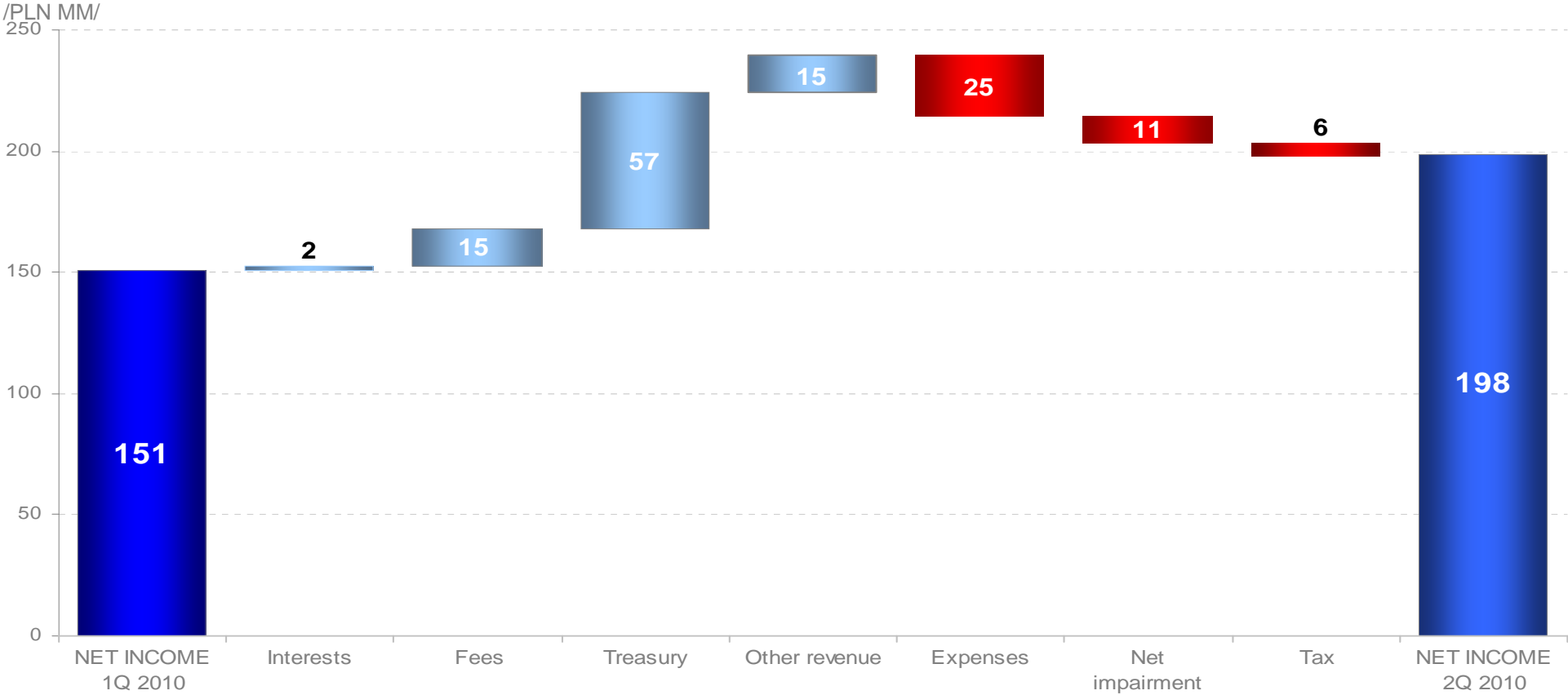
↑ 26%
(2Q10/2Q09)
Net fee & commission income

↑ 45 MM
(2Q10/2Q09)
Treasury

↓ 1%
(2Q10/2Q09)
Expenses & depreciation

↓ 92 MM
(2Q10/2Q09)
Net impairment losses

Net income 2Q 2010 vs. 1Q 2010



↑ 1%
 (2Q10/1Q10)
Net interest income

↑ 10%
 (2Q10/1Q10)
Net fee & commission income

↑ 57 MM
 (2Q10/1Q10)
Treasury

↑ 8%
 (2Q10/1Q10)
Expenses & Depreciation

↑ 11 MM
 (2Q10/1Q10)
Net impairment losses

Interest margin still at the high level

Net interest income and net interest margin

4%
(2Q10/2Q09)

Loans income – non-financial sector

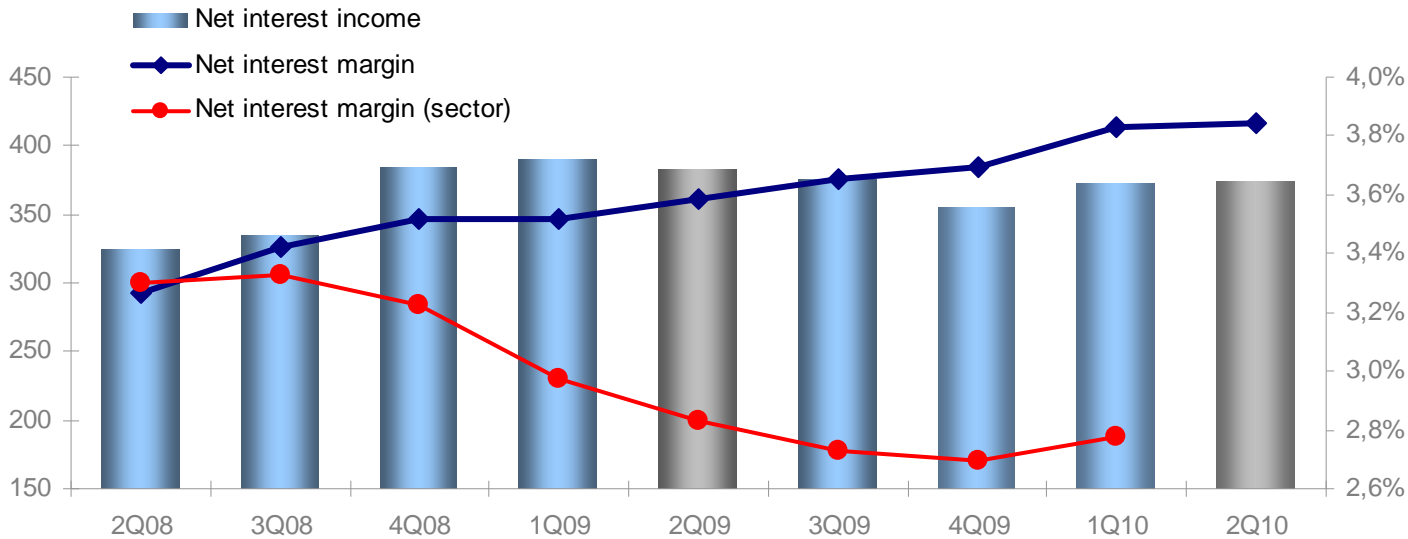
4%
(2Q10/1Q10)

Deposits cost – non-financial sector

20%
(2Q10/1Q10)

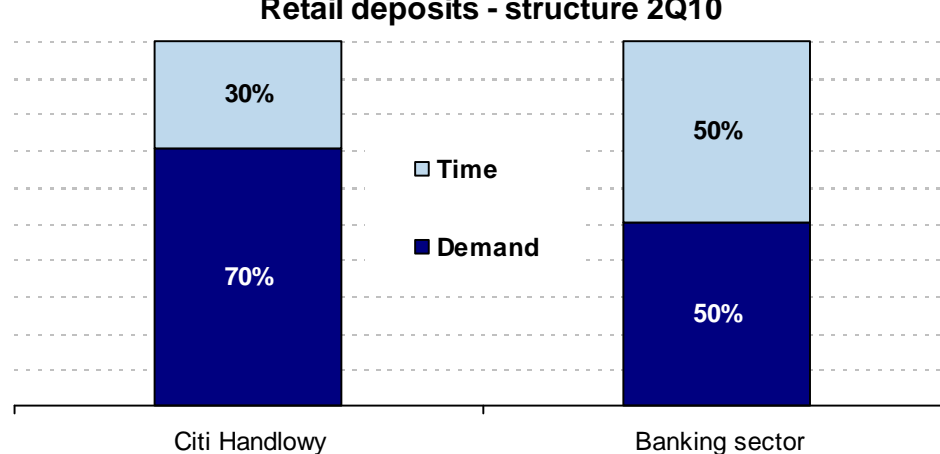
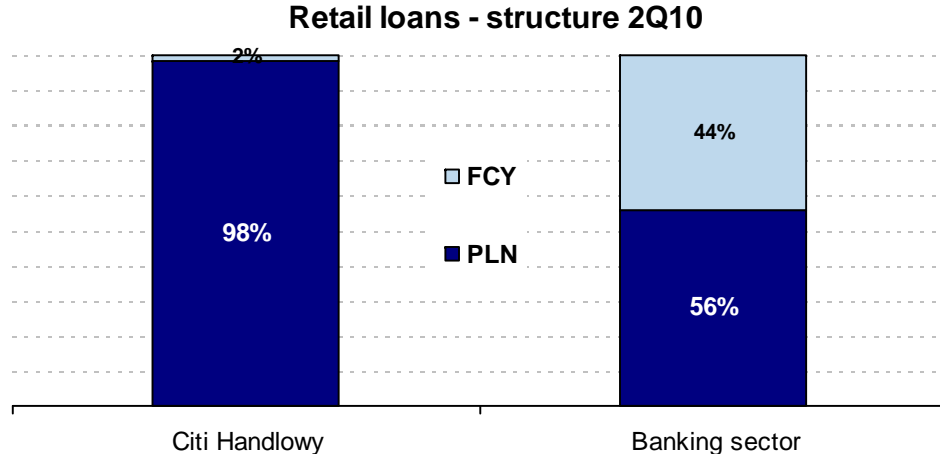
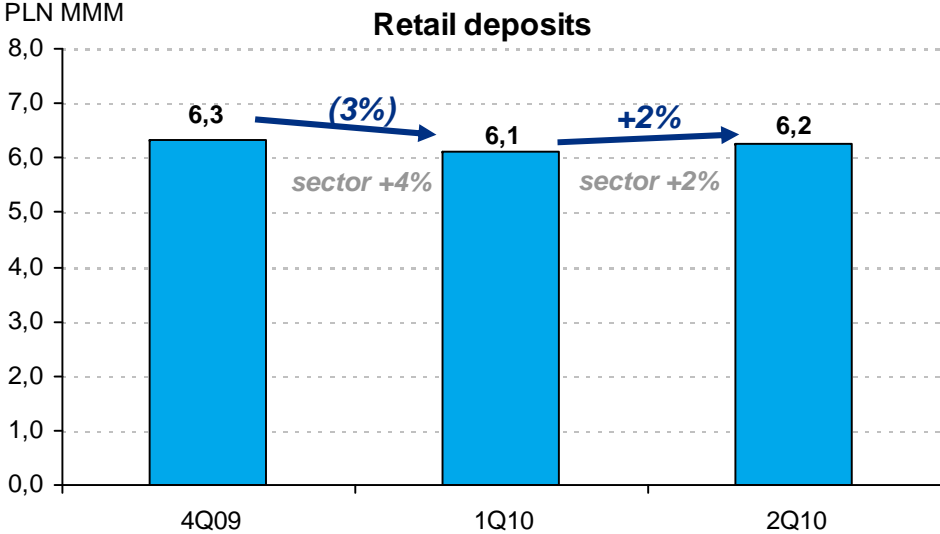
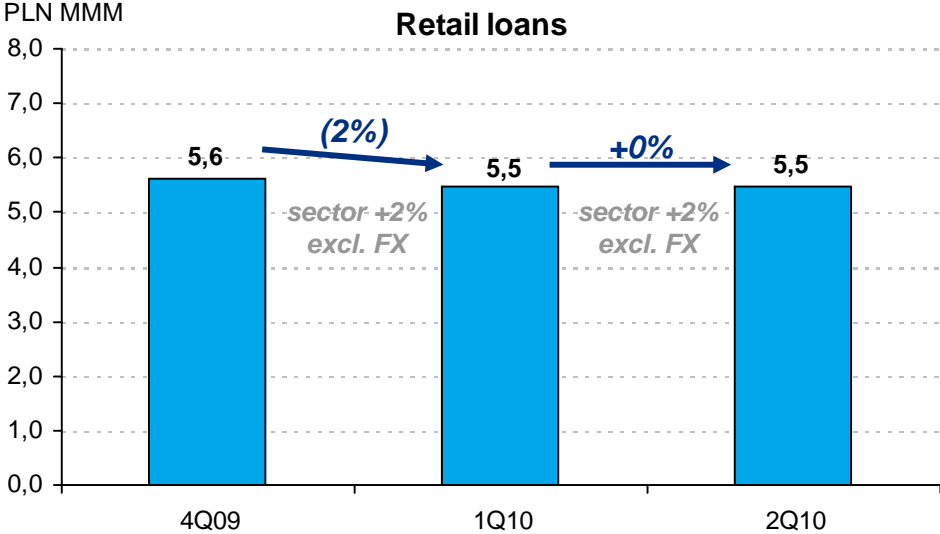
Deposit cost – retail banking

/MM PLN/



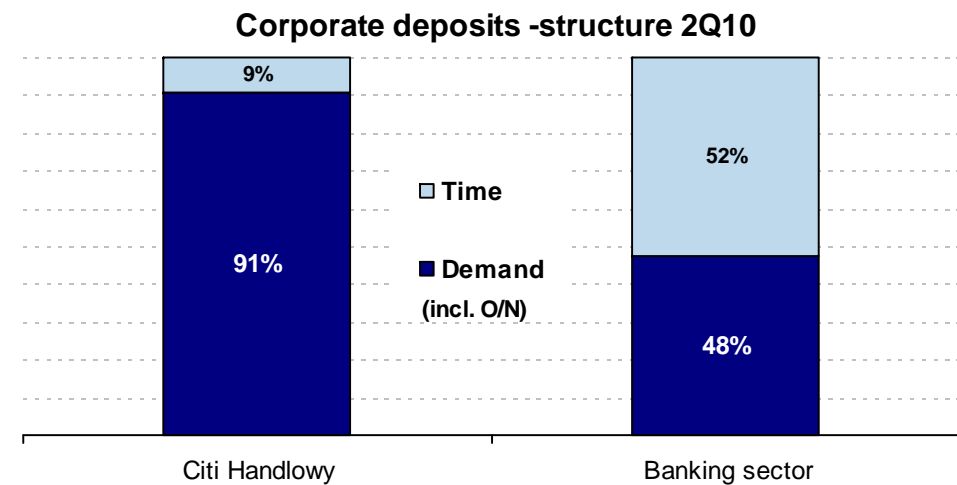
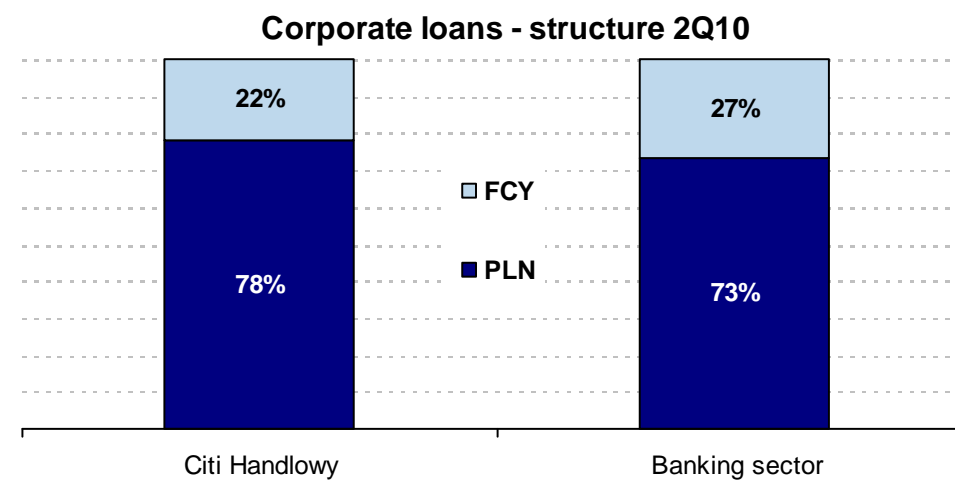
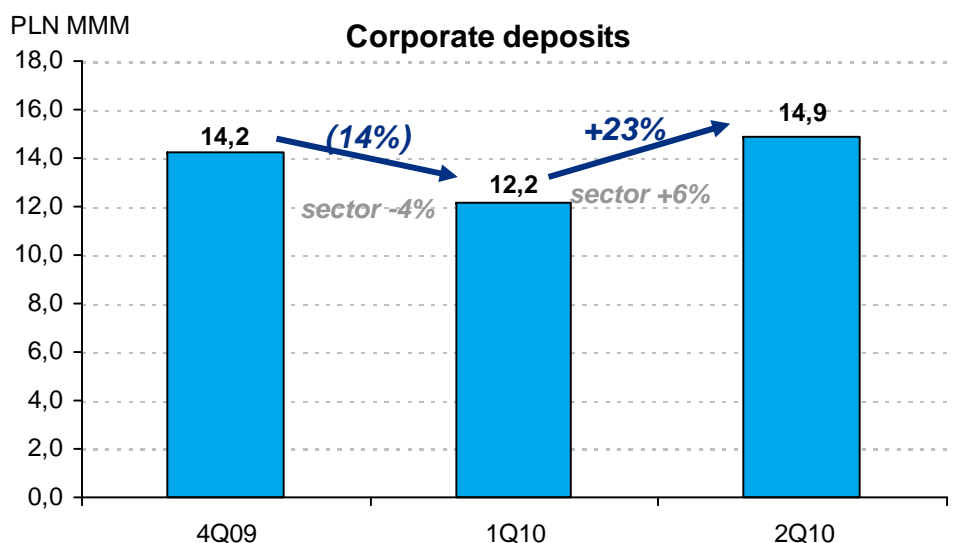
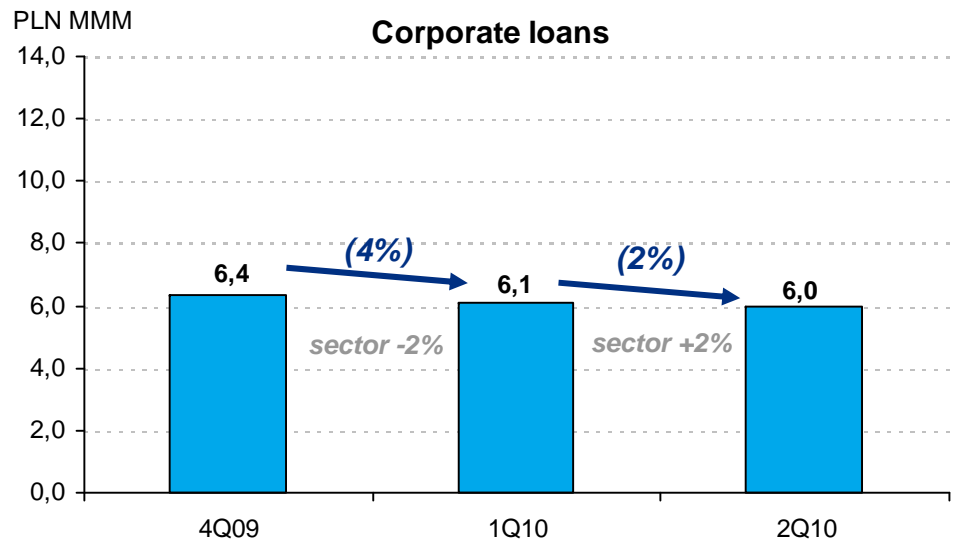
Net interest margin = sum of net interest income from 4 quarters to average assets from 4 quarters

Volumes of retail banking



Volumes of corporate banking

Significant increase of corporate deposits



Increasing fee & commission income

Net fee & commission income

88%
(2Q10/2Q09)

Credit and payment cards

Citi Handlowy market share*: 23%
Transaction value

103%
(2Q10/2Q09)

Brokerage

DMBH market share: 15%
Value of eequity turnover

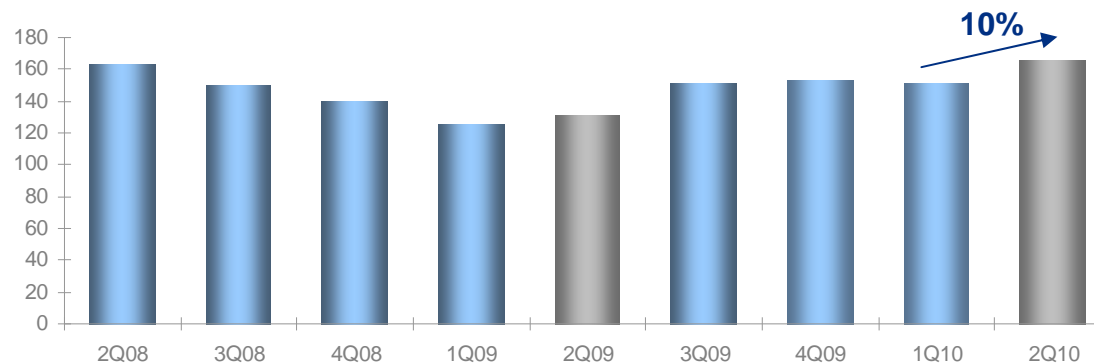
31%
(2Q10/2Q09)

Securities & fund services

Citi Handlowy market share: 45%
Value of securities under custody

/PLN MM/

Net fee and commision income

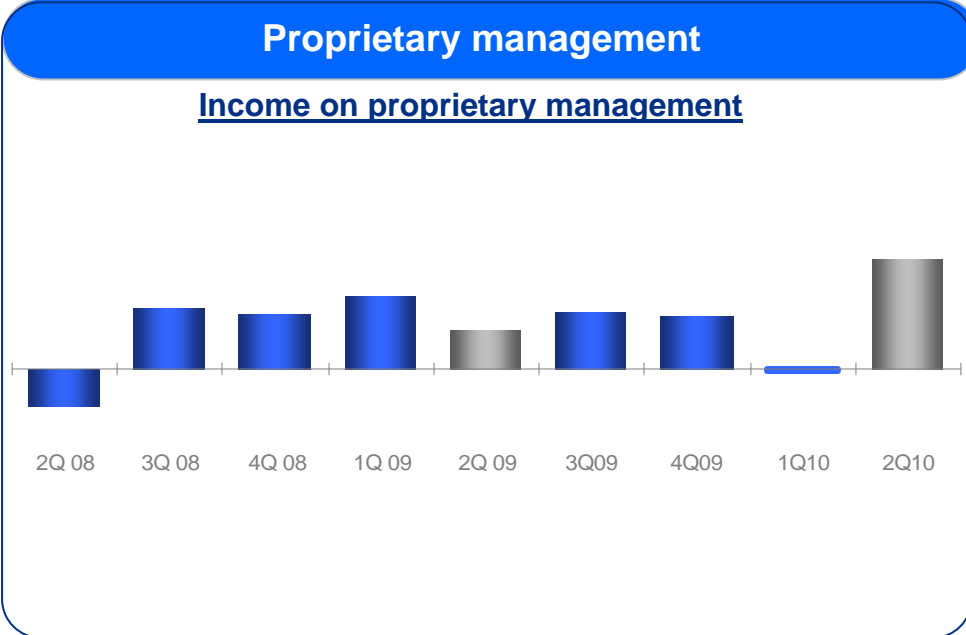
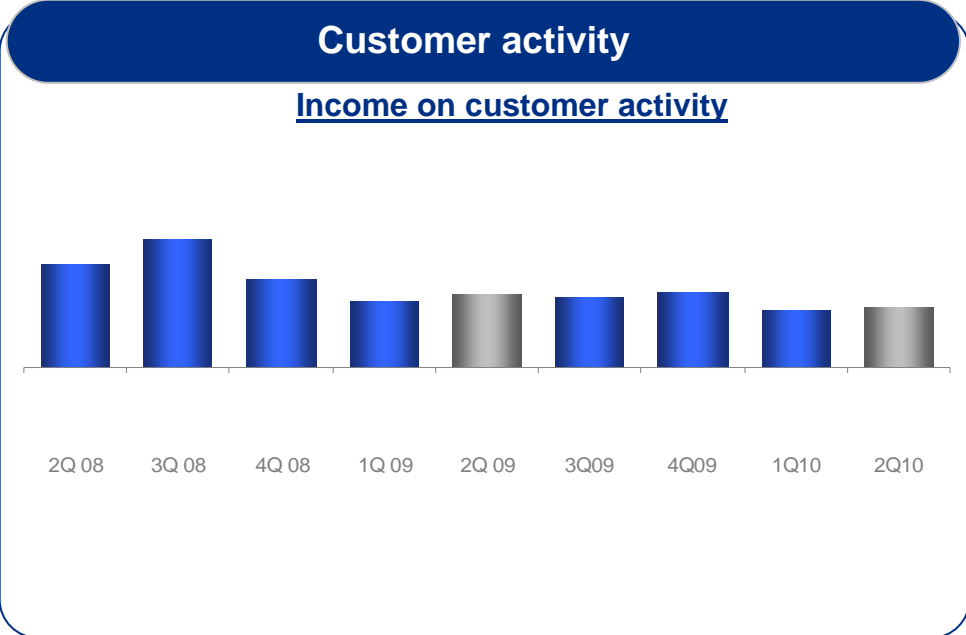
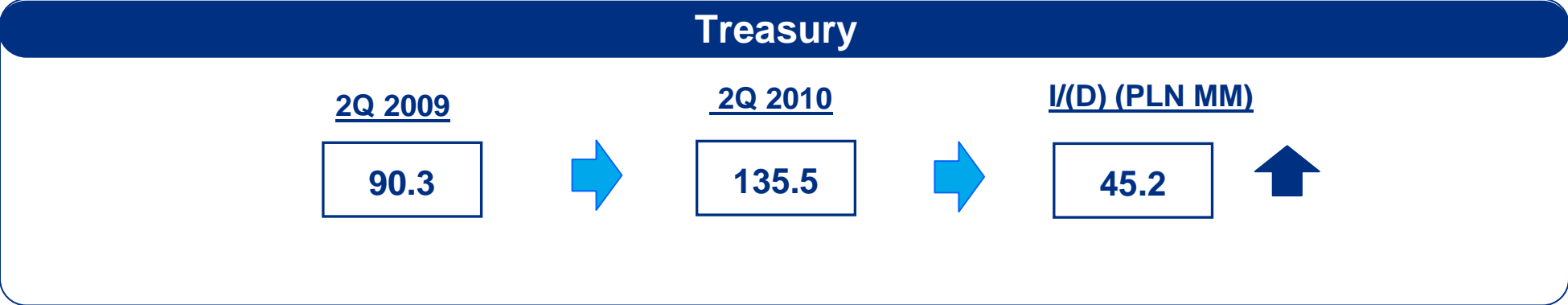


2%
(2Q10/2Q09)

Investment and insurance products

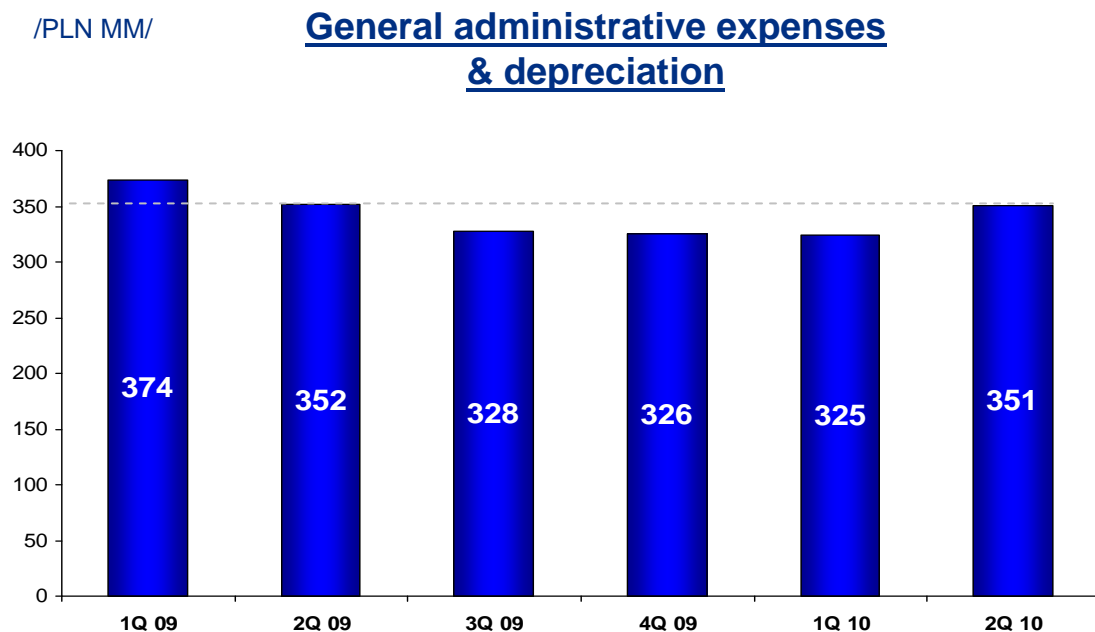
*- 1Q2010

Treasury result improvement



Pro- forma data, scales on charta uncomperable

Cost efficiency improvement



Personnel costs

(2Q10/ 1Q10) **↑ 11%**

Higher level of sales rewards and increase of cost associated with employment growth, resulting from enlargement of the Bank's of operational processes performed by outsourcing companies so far.

General administrative expenses

(2Q10/ 1Q10) **↑ 6%**

Increase in transaction, advertising and marketing and computer hardware costs

Release of provisions in rewards system had an impact on lower expenses in 4Q09 and 1Q10.

Cost efficiency improvement

<u>Cost/Income</u>	<u>2Q 2009</u>	<u>1Q 2010</u>	<u>2Q 2010</u>
Corporate Banking	44%	45%	41%
Retail Banking	73%	67%	64%
Total Bank	56%	54%	51%

Decrease of the cost of credit risk in 2Q 2010

Net impairment losses (excluding FX options)

2Q 2009

(112.6)

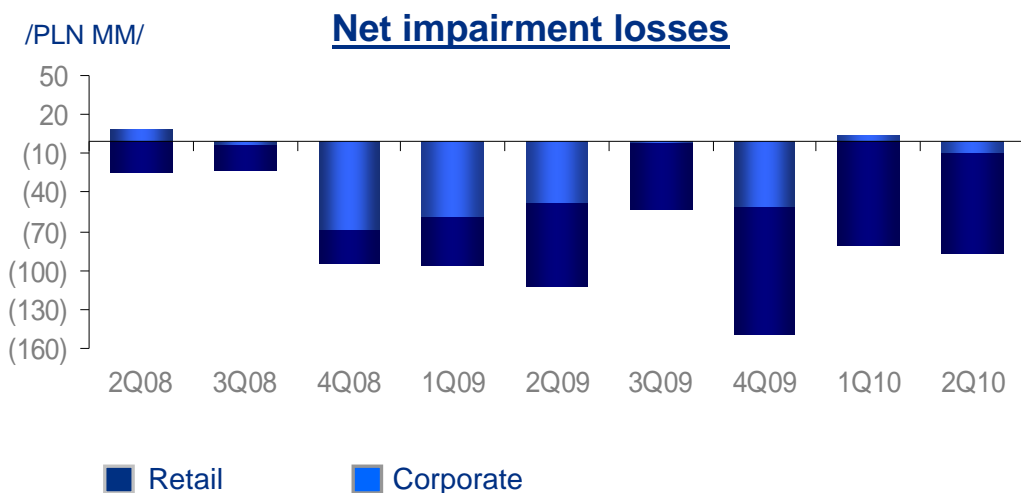
2Q 2010

(87.5)

I/(D) (MM PLN)

(25.1)

Net impairment losses		
	2Q09	2Q10
Corporate Banking	(48.2)	(9.4)
Retail Banking	(64.4)	(78.1)
Total	(112.6)	(87.5)

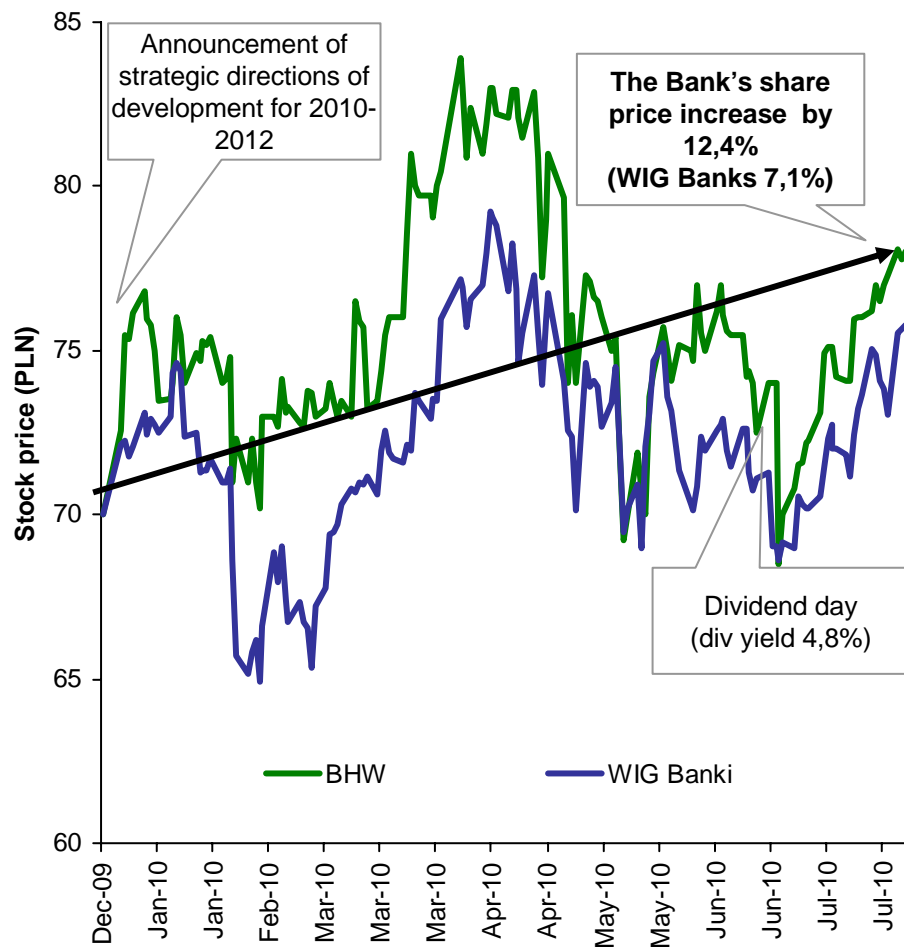


Retail banking:
High risk of credit cards and consumer loans portfolios

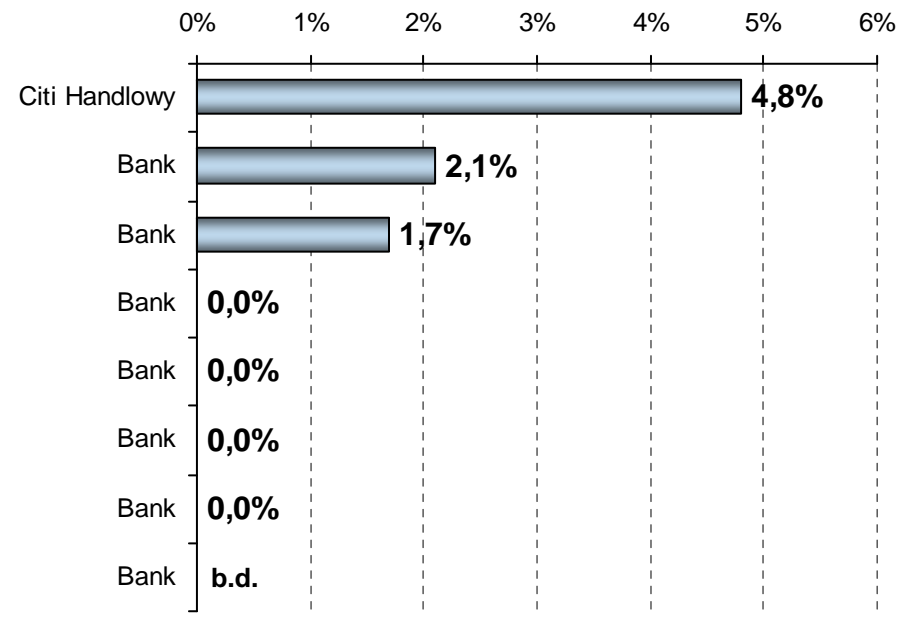
Corporate Banking:
Decrease of credit risk as a result of lasting recovery in the economy and stabilization of clients' situation

Stock price quotations

Share price of Bank Handlowy w Warszawie S.A. (BHW) in relation to WIG- Banks index



Dividend yield of the biggest Polish banks from 2009 profit



- **Consistent dividend policy:**

- **Average dividend yield**
2001-07*: 3.8%, 2009: 4.8%

*- Average dividend yield for the years 2001 - 2007 calculated without taking into account the special dividend from the profits of previous years paid in 2005 (PLN 8.8 per share, DY 11.5%)