

BUSINESS AND GEOGRAPHICAL SEGMENTS REPORTING

1. Business segments

The business activities of the Group are dominated by the activity of its parent entity – Bank Handlowy w Warszawie SA, a full-service universal bank providing a wide range of banking products in the area of commercial and investment banking and retail banking. This business distinction is reflected in the Bank's organisational structure, which consists of two main business units: the Corporate and Investment Banking Sector and the Consumer Banking Sector, and the Management and Support Sector providing internal services to both business units.

In light of the above, the reporting breakdown of the Group's activity into segments was made as follows:

- Corporate and Investment Banking – comprising financial results made by the Bank on servicing economic entities including companies, enterprises, cooperatives, small businesses, non-profit organisations, non-bank financial institutions and the government sector as well as on transactions conducted in the interbank market,
- Retail Banking – comprising of financial results made by the Bank on servicing individual customers,
- Brokerage – comprising the financial result of Dom Maklerski Banku Handlowego S.A.
- Leasing – comprising the participation in profit/(loss) of leasing subsidiaries accounted for under the equity method
- Other Activity – comprising the participation in profit/(loss) of other subordinated undertakings accounted for under the equity method. Due to the immaterial impact of this item on the financial result of the Capital Group it was decided to refrain from allocating it to the above-mentioned business activity segments,
- Other Items Contributing To The Financial Result – comprising goodwill amortisation arising on the merger with Citibank (Poland) S.A. on February 28, 2001, and the corporate income tax.

Profit before taxation was determined for three major segments, namely Corporate and Investment Banking, Consumer Banking and Brokerage, based on calculation of external/internal income and expense as well as net movement in specific provisions and revaluation of financial assets.

The pool rates for determination of internal income and expense are based on market interest rates.

The financial result made by Corporate and Investment Banking segment, as represented by the segment profit before taxation in the amount of PLN 387.0 million, was a dominant component of the Group's financial result for 2003. On the other hand, the expenses related to the intensive roll-out of CitiFinancial network, launched in September 2002, adversely affected the Consumer Banking profitability.

Financial results of the Capital Group by main business segments

<i>PLN '000</i>	Corporate and Investment Banking	Consumer Banking	Brokerage	The Group of Bank Handlowy w Warszawie SA
Revenue	1,376,154	509,432	28,151	1,913,737
<i>of which: net revenue on inter-segment sales</i>	<i>(200,106)</i>	<i>195,001</i>	<i>5,105</i>	-
Other operating income	29,470	7,082	(1,232)	35,320
Goodwill amortisation				(72,445)
Expenses	(856,938)	(418,285)	(19,524)	(1,294,747)
Net movement in provisions and revaluation	(161,732)	(18,917)	(342)	(180,991)
Profit before taxation	386,953	79,311	7,054	400,874
Participation in profit/(loss) of subordinated undertakings accounted for under the equity method	29,330			29,330
Corporate income tax				(179,628)
Net profit				250,576
Supplementary information				
Segment assets	29,688,150	1,677,584	185,647	31,551,381
Investments in subordinated undertakings accounted for under the equity method	259,340			259,340
Other assets				1,464,627
Total consolidated assets				33,275,348
Segment liabilities	21,043,291	6,178,089	106,408	27,327,788
Other liabilities				-
Total consolidated liabilities				27,327,788

2. Geographical segments

The Group of Bank Handlowy operates exclusively in the territory of Poland. No significant connection between the location of the Group's business outlets and the risk and profitability of their activities was identified. Therefore, it was decided that the Group would refrain from presenting the geographical breakdown of its financial results.