

Assessment of the performance of Bank Handlowy w Warszawie S.A. in the year ended December 31, 2007 by the Supervisory Board

Since the merger with Citibank Poland S.A., net profits of Bank Handlowy w Warszawie S.A. have been consistently growing and 2007 was a record year in this respect. It should be stressed that the 2007 profit before tax exceeded PLN 1 billion. The Bank improved all key financial indicators both in corporate and consumer banking segments.

The 2007 net profit was primarily driven by an increase in net interest income, an increase in net fee and commission income and an increase in treasury income. At the same time the operating costs have hardly risen.

Despite a decline in the portfolio of debt securities available for sale and higher costs of financing of the non-financial sector deposits, the Bank reported an increase in net interest income. That is mainly a result of an increase in income on retail and corporate loans as well as an increase in income on interbank deposits. The Bank also reported an increase in net fee and commission income, coming primarily from commissions on investment and insurance products in the Consumer Bank as well as from payment and credit cards fees, fees for payment orders processing and custody operations. Special emphasis should be placed on the significant increase in treasury income achieved thanks to active sales to clients and efficient management of Bank's own portfolio. The Bank maintained its leading position in FX transactions with non-bank customers and strengthened its position in the FX derivatives market.

The Supervisory Board favorably assesses the cost discipline continued by the Bank. In the Corporate Bank (CMB) depreciation and personnel costs fell. At the same time costs in the Consumer Bank increased, driven primarily through intensification of marketing activities and increases in personnel costs, both variable (consequence of good sales results) and fixed (increased employment in distribution due to business development activities and expansion of the distribution channels).

In the year ended December 31, 2007, loans, which were growing fast, remained the largest component of the Bank's assets. A significant increase in lending was noted in loans to both retail and corporate customers. Worth noticing is a decrease of loans at risk of impairment. On the liabilities side the strongest nominal growth occurred in deposits of both financial and non-financial sector customers.

The balance of funds deposited in checking accounts has increased significantly, which was driven mainly by the offer and promotional campaign of the Savings Account.

The Bank's equity as at the end of 2007 was slightly higher than as at the end of 2006. The Supervisory Board believes that the Bank's equity is sufficient to maintain the company's financial safety, deposits placed with the Bank and ensures its growth potential. As at the end of December 2007 the Bank's capital adequacy ratio was 12.06% and it was slightly lower than as at the end of 2006.

The Supervisory Board favorably assesses the Bank's efforts to enhance the competitiveness of its product range and customer acquisition. In the Commercial Bank an extensive product range and individualized customer service enjoy great popularity, which contributed to the acquisition of nearly 1,250 clients. The good acquisition result received support from the new lending program and the innovative product solutions in the field of FX transactions. Moreover, the market responded favorably to GTS product offer. A number of the Bank's products in this area gained sector-wide recognition. As far as cash products are concerned, many new and innovative solutions were introduced. The Bank also held a leading market position in handling money market and foreign exchange transactions. Owing to the high quality of its

financial products and services and their innovative nature, the Bank maintains its position of leadership in supporting clients in achieving their development plans with the use of the latest financing structures and instruments on the increasingly competitive and demanding Polish banking market, and participates in financing transactions of crucial importance for its clients and the Polish economy.

In the Consumer Bank some new products were introduced. In order to support customer acquisition and ensure further growth of the Bank's deposit portfolio in April 2007 the Bank launched a Savings Account, which enjoyed great popularity among customers. The Bank continued its special personal account promotions, which together with the promotion of the Savings Account led to the opening of more than 100 thousand accounts. In 2007 the Citibank Credit Card celebrated its 10th anniversary in the Polish market. For 10 years Citibank Credit Cards have been the leading products in the credit cards market. In 2007 the Bank introduced two new co-branded credit cards, which were very well received by customers. Each year the Bank launches new products and services and expands its distribution network by finding new sales channels to reach more customers.

Since January 2003 Moody's has consistently assigned an A2 rating to the Bank's long-term deposits denominated in a foreign currency (the sixth best rating on a 21-point scale, the investment grade range) and a Prime-1 rating for short-term deposits denominated in a foreign currency (the best rating on a 4-point scale). These are the highest rating possible for a company with a registered office in Poland. In February 2007, Moody's notified the Bank of upgrading its financial strength rating from "D+" to "C". The upgrade was a result of a new rating methodology adopted by Moody's but also a favorable assessment of the changes taking place at the Bank. Moreover, the Bank has an AA3 rating for long-term deposits in the local currency (the fourth best rating).

The Supervisory Board regularly reviews the Bank's relationship with its majority shareholder. The relationship has several dimensions such as implementation of new banking products and IT systems, risk management, financial control, human resources management and internal control. The Supervisory Board favorably assesses the Management Board's efforts to adequately account for the services provided by the majority shareholder.

Taking into account the current situation in international financial markets, the increased risk of recession in the US and high stock market volatility the Supervisory Board finds it necessary to cooperate closely with the Management Board to monitor the influence of these risk factors on the Bank's condition.

Considering the Bank's financial results, increased sales in key business segments, the product range and innovation in this respect, the Supervisory Board favorably assesses the Bank's performance in the year ended December 31, 2007 and expresses its belief that the current and intended future activities will contribute to further strengthening of the market position of Bank Handlowy w Warszawie S.A.

Chairperson of the Supervisory Board

Stanisław Sołtysiński