

BANK HANDLOWY W WARSZAWIE S.A.  
2012 financial results

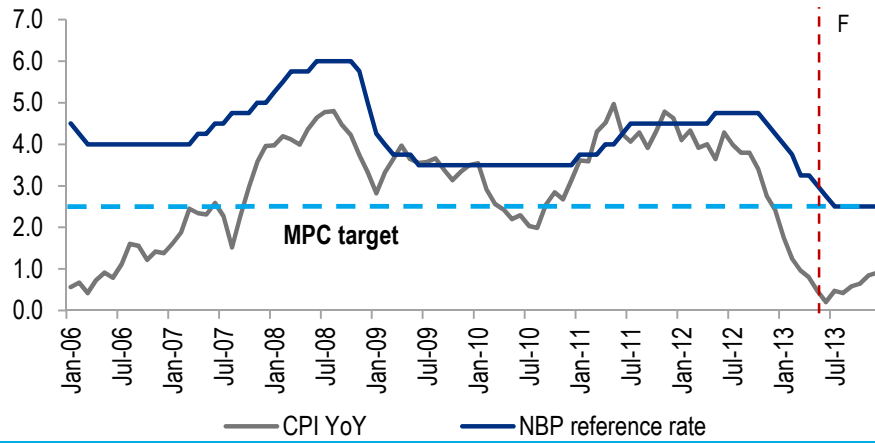
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Warsaw, 20 June, 2013

# Macroeconomic environment

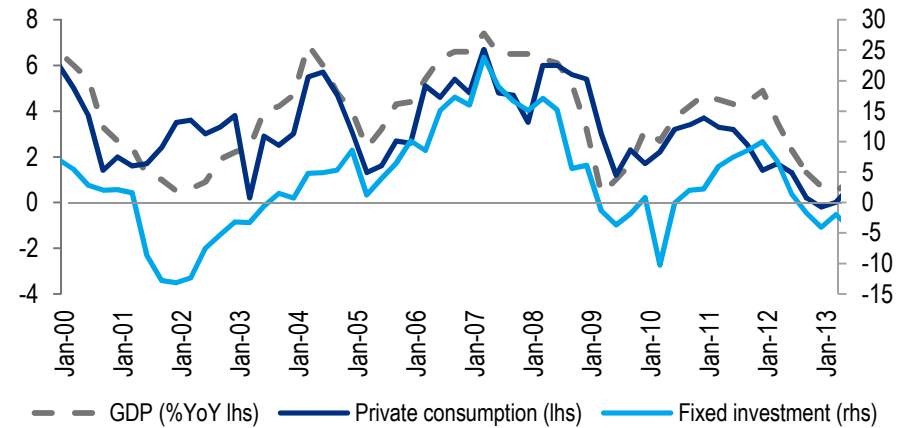
## Monetary policy

### NBP reference rate and inflation



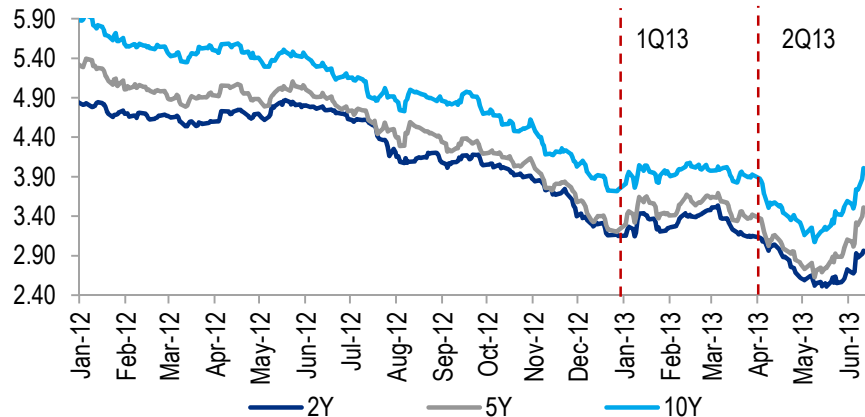
## Investments & Consumption

### GDP growth and main components



## Debt market situation in 2012

### Domestic government bond yields (%)



- In 2012 the GDP growth decelerated to 1.9%YoY due to weakening of domestic demand. Economic growth is likely to accelerate in 2H13
- Weaker demand pressure and decline of oil prices resulted in drop of inflation from over 4%YoY in early 2012 to 2.4% in Dec12 and to 0.5% in May13. After reaching a bottom in June inflation is expected to slowly increase
- MPC cut interest rates by 200 bp since Nov12 to record low levels and in July it will most probably finish monetary policy easing cycle with one more reduction in rates
- In 2012 bond yields fell by 170-220bp amid large inflow of foreign capital (EUR 12.7bn). Although the BoJ's asset purchase program fuelled bond markets rally at the start of 2Q13 soon afterwards there was a substantial jump in domestic bond yields triggered by yields increase in the in core markets amid expectations for QE3 tapering by Fed

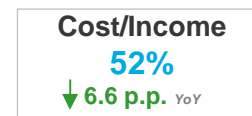
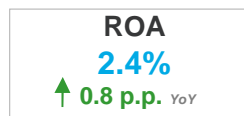
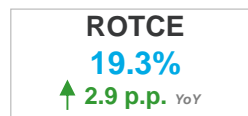
# Summary of 2012 in Citi Handlowy

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- **Record high net profit of Citi Handlowy**

- Net profit for distribution: **PLN 1 B** (+40% YoY); consolidated net profit: **PLN 970 MM** (+32% YoY)

- Improvement in key financial ratios:



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- **Discipline in expenses**

- Excluding impact of restructuring provision, **the decrease** in expenses of 3%
- **Strategic repositioning of Retail Banking** towards Relationship banking model (focus on *affluent* and *emerging affluent* segments) – PLN 42.2 MM restructuring provision in 1Q 2012

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- **Risk and capital management**

- **Low cost of risk** in 2012 – 40 bps. (the decrease from 60 bps. in 2011) vs. 114 bps. in sector
- **Strong capital position** (Tier 1: 18.1%) and **liquidity** (Loans / Deposits ratio: 73%)
- **ROTCE** above the cost of capital

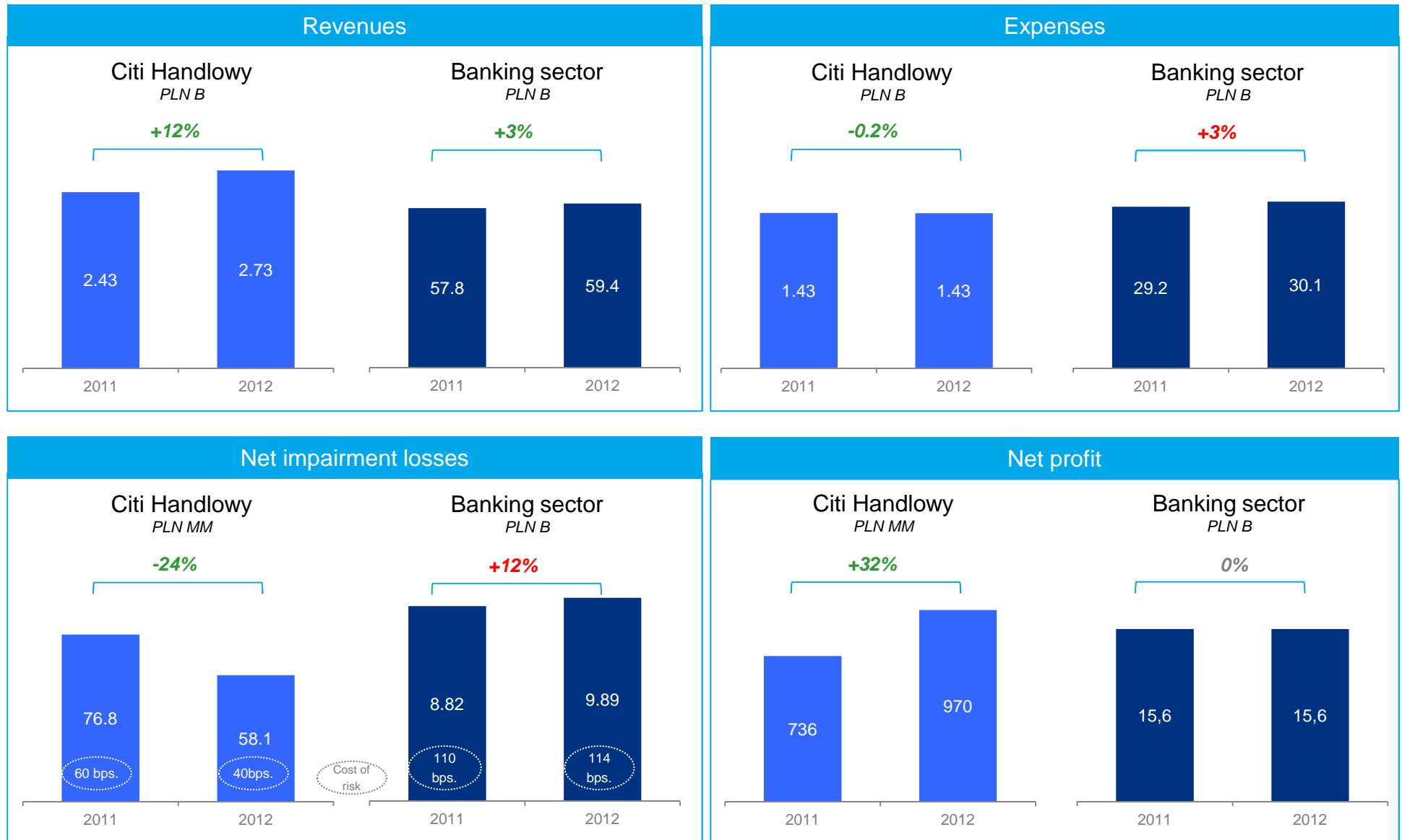
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- **Volumes growth**

- A double-digit **increase in loans** mainly due to higher lending in the corporate segment
- **The increase in demand deposits** – the effect of strategic focus on operating accounts

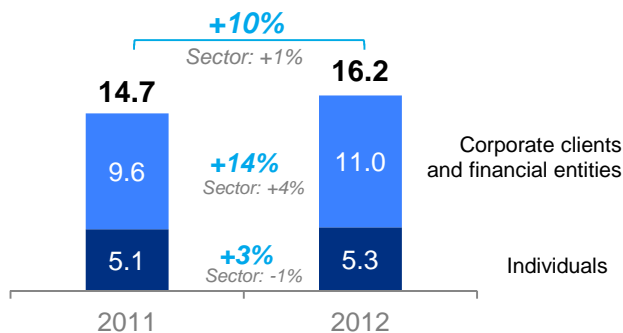
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- **Increase in shareholders' value** (+42% since the beginning of 2012; dividend yield for the year 2012: 7.1%)

# Citi Handlowy's financial results vs. banking sector



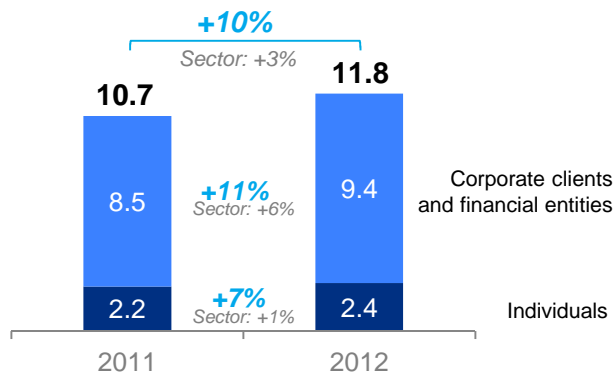
# Key business achievements in 2012

## Customer loans (PLN B)



- The increase in **all segments** of institutional **clients** (Corporate Clients, Global Clients, SME & MME)
- **Mortgage loans (+59% YoY)** as a driver of retail loans growth

## Demand deposits (PLN B)



- Demand deposits growth as a result of **strategic focus on operating accounts**

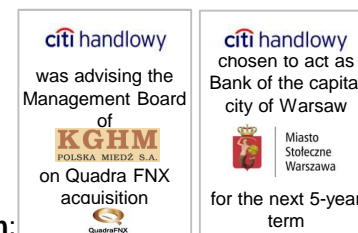
*/Retail demand deposits do not include deposits held on saving accounts/*

## Financial Markets

- **Record result** achieved mainly in the area of *professional markets* – gains on sale of **AFS debt securities** and **trading**
- **FX volume up** by **20% YoY**, turnover higher than the Polish trading volume by 16%
- **Market recognition: #1** in terms of FX turnover with corporate clients, *Best Debt House* position (Euromoney), **#1 Treasury Securities Dealer**
- **Brokerage: #1** in equity turnover volume on the WSE (**12.2%** market share)
- **Custody services: #1** in assets under custody on the market (**46%** market share)

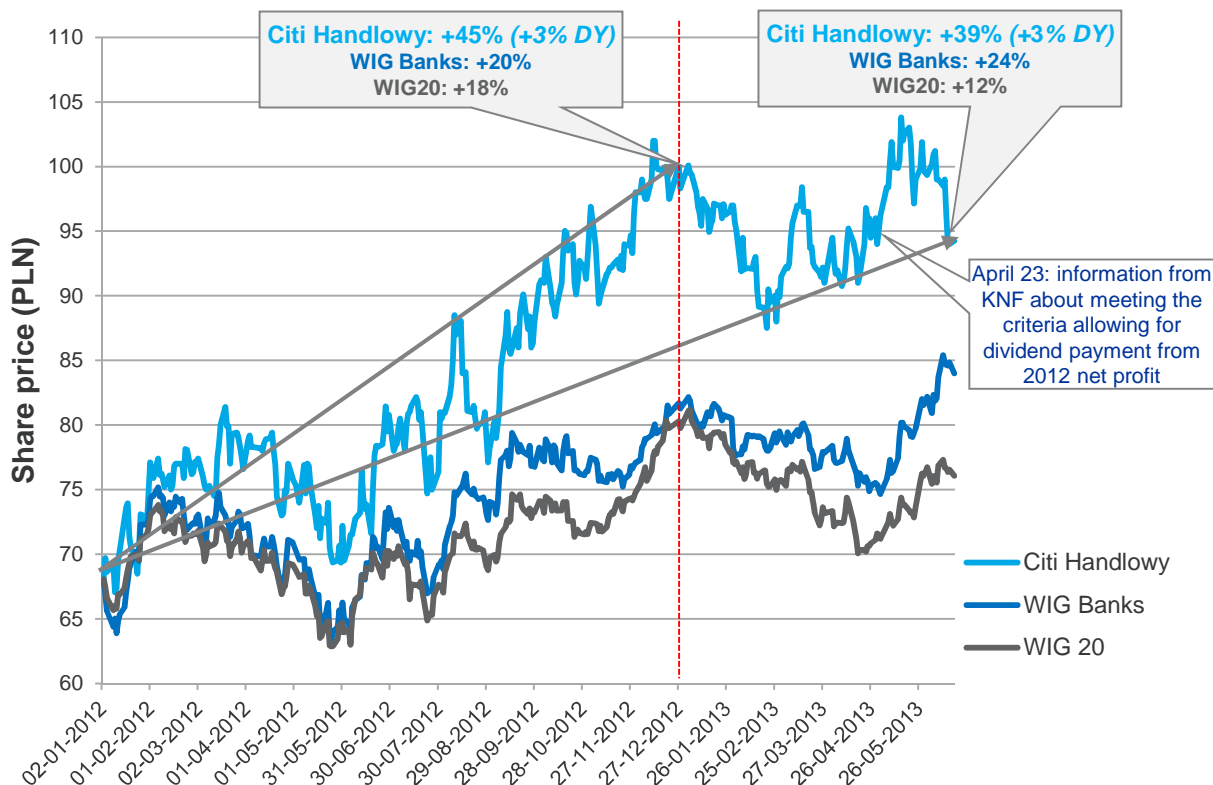
## Other business achievements in 2012

- **Corporate clients:**
  - Global footprint to support clients in international expansion (**EM Champions** initiative)
  - Leader in **Public Sector**
  - SME and MME **customer acquisition:** 643 new customers vs. 500 planned to be acquired
- **Individuals:**
  - **Strategic repositioning of Retail Banking** towards *affluent* and *emerging affluent* segments
  - **#1** position on the **credit cards** market: **23%** market share in terms of transactions volume
  - Investment advisory service for Citigold clients launching



# Shareholders' value creation

Citi Handlowy's price vs. main indices since the beginning of 2012



Note: The latest listing as of June 17, 2013 (Citi Handlowy: PLN 94.24)

## Citi Handlowy as a member of prestigious WSE indices



- **Reliable** companies with high **corporate** and **information governance** as well as high **investor relations** standards index
- Citi Handlowy as one of the **two banks** consistently maintains its position in this prestigious group **from the very beginning**, that is 2009



- Index contains up to 30 companies with **highest dividend yield** as of the end of August of each year and regularly paying dividend in the previous years
- Citi Handlowy is one of the **three banks** in current WIGdiv index and occurs since its beginning in 2011

### Dividends paid by Citi Handlowy since its debut on the WSE

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012**
<b>Dividend payout ratio</b>	23%	31%	39%	64%	100%	100%	100%	100%*	80%	86%	77%	0%	94%	100%	50%	75%
<b>Dividend yield</b>	3.1%	1.9%	3.8%	1.7%	2.3%	2.6%	3.1%	18.7%	5.6%	5.8%	4.5%	-	7.1%	7.1%	3.3%	7.1%

\* Payout ratio related only to 2004 net profit, excluding special dividend

\*\* Management Board's recommendation positively appraised by the Bank's Supervisory Board, to be submitted to the General Meeting of Shareholders for approval