

Warsaw, March 13, 2008

LETTER OF THE PRESIDENT OF THE MANAGEMENT BOARD OF THE BANK

Ladies and Gentlemen,

It is with great pleasure and satisfaction that I present the report on the activity of Citi Handlowy in 2007 to you. Last year was another successful year in a row for our Bank. Throughout 2007 we consistently delivered on our strategy strengthening the position of leadership in the corporate banking segment and aggressively expanding our consumer business. We also reinforced our commitment in the area of Corporate Social Responsibility (CSR) setting new standards in the market.

In the year 2007 Citi Handlowy's profit before tax for the first time exceeded the PLN 1 billion threshold and amounted to PLN 1,010 million, up by more than 26% compared to 2006. It was yet another year of YOY net profit growth – it amounted to PLN 808.2 million and was PLN 187.8 million or as much as 30.3% up from a year earlier. The Bank also improved all key profitability and cost efficiency ratios.

Throughout 2007 we focused on increasing customer satisfaction and delivering on our “One Bank” strategy to benefit from synergies between the corporate and consumer sectors of the Bank. In response to the needs of our Clients we simplified our procedures and reduced waiting times for products. We introduced alternative distribution methods – the Bank's credit cards are offered not only by sales agents but also at points of sale at BP gas stations and in shopping malls as well as in selected companies, the seats of our corporate Clients. The best evidence of the implementation of the “One Bank” strategy was the consolidation of our retail and corporate branches to achieve full functionality of all branches. Now they are able to serve both corporate and retail Clients.

The past year confirmed the position of Citi Handlowy as a market leader in the area of prestigious and innovative banking products. On the corporate side one of our greatest successes was the Online Trading Platform, the only such platform in the Polish market allowing customers to perform FX transactions in real time. Last year we also undertook actions aimed at improving the Bank's offer to meet the expectations of the public sector Clients. A product that is tailored to their needs is Micropayments, a special offer for courts and the prosecution administration providing processing capability support in the area of calculation of bail and other deposits of private individuals and legal persons in the course of court proceedings.

As for the Consumer Bank, we expanded our product offer to include a Savings Account. In just four months from its launch our Clients deposited over PLN 1 billion in the account. That's the only account in Poland with an innovative savings program “Keep the Change”, which allows customers to save money when they use their debit cards. Citi Handlowy also achieved a record result, the best in the history of the Bank, in terms of

the number of credit cards issued – 237 thousand, a 55% increase over the previous year. In 2007 Citi Handlowy launched the first in Poland medical pre-paid card and the first in the Polish market insurance pre-paid card. We also issued new co-branded cards: Citibank-LOT and Citibank-Plus. Additionally, Motocard Citibank-BP exceeded the threshold of 170 thousand cards issued, thus strengthening its position of the best co-branded card in Poland. Thanks to Citigroup's international experience and global reach and the knowledge of the local market, Citi Handlowy is able to offer its Clients unique services and solutions. This can be best illustrated by the launch of a global offer for Polish nationals living and working abroad and their relatives in Poland: fee-free money transfers in eight countries (six EU Member States as well as Australia and India) and a comprehensive offer for Poles in the US.

While delivering for Clients and investors we never forget about the values we hold dear. In Citi Handlowy we have developed the largest in Poland Employee Volunteer Program, which for the second time running was named the Best in Poland in the Colors of Volunteering competition. On November 17 the Bank celebrated Citi's second annual Global Community Day. Almost 1,900 people – employees of our Bank together with their family and friends – volunteered their time to help local communities. Thanks to them 30,000 people in need received support. Through the Kronenberg Foundation at Citi Handlowy we deliver the largest in Poland financial education programs. Together with the National Bank of Poland and the Junior Achievement Foundation we launched the second round of the “My Finances” program, under which we want to double the number of participants to over 450,000 students and expand the program to include workshops for their parents. We also developed a financial education portal called ZrozumFinanse.pl /UnderstandFinance.pl/, which, in a user-friendly and intuitive way, allows young people to understand the world of finance, explains the basic financial terms and provides the knowledge how to effectively manage personal finance. Additionally, we also held the first in Poland educational campaign aimed at promoting saving – “A Week for Saving Money”, which covered 135,000 students.

The year 2007 was also a year of prestigious awards for Citi Handlowy. The Bank was recognized by the Polish Business Club as the Firm of the Year 2006 for the first in Poland comprehensive and individualized offer for small- and medium-sized companies. We won the Market Leader 2007 title in the Best Service in Poland category for our Escrow Account and Micropayments and we were recognized in the European Promotional Competition EURO LEADER 2007 for our Escrow Account. Our corporate social responsibility efforts were also recognized by independent third-parties. The Kronenberg Foundation operating at Citi Handlowy received the Golden Honorary Decoration from the Polish Economic Society for its long-term commitment to building financial awareness and the Pro Publico Bono Award for its overall contribution to community service. As in the previous years, we were also named "The Benefactor of the Year" of the National Philharmonic in Warsaw. We were also awarded the title of “Investor in People” in recognition of our outstanding HR management program.

The main objective of Citi Handlowy in 2008 will be to increase value for our shareholders by ensuring an appropriate return on equity and to increase our market share

in key market segments. The Bank will continue to pursue the „One Bank” strategy and build customer satisfaction. I strongly believe that our strategy and intended future activities will strengthen the leading position of Citi Handlowy in the financial services market.

While handing over this report to you, I would like to thank the employees of the Bank for their commitment and contribution to strengthening our market position. On behalf of the Management Board, I also want to thank the Supervisory Board for fruitful cooperation and substantial contribution to Citi Handlowy’s growth in the previous year, and our Clients and Shareholders for the trust they placed in us.

Sławomir S. Sikora
President of the Management Board of the Bank