

Consolidated financial results for 2Q 2017

August 22nd, 2017

Consistent growth of customer business:

- Loan volume growth in institutional banking and retail banking;
- Participation in institutional clients key transactions and growing number of customer transactions
- Core revenue growth: net interest income and net fee and commission income.

Strong capital position:

- Dividend yield at the level of 6.1%;
- Capital adequacy ratio at the level of 17.7%.

Focus on key initiatives in 2017:

- Bank of first choice for global clients and in the field of wealth management;
- Execution of light distribution model strategy including utilization of digital platforms and processes optimization;
- Utilization of Citi global network in order to provide unique solutions.

Citi Handlowy financial results – comparable data

(PLN MM)

Numbers corrected by PLN 93 MM of Visa transaction settled in 2Q'16, bank levy excluded

	2Q'17	1Q'17	Δ QoQ	2Q'16	Δ YoY	1H'17	Δ YoY
Net interest income	264	254	4%	252	5%	518	4%
Net fee and commission income	155	134	16%	139	12%	290	3%
Other income	105	79	34%	135	(22%)	183	(6%)
Total revenue	524	467	12%	527	0%	992	2%
Operating expenses	290	343	(15%)	301	(4%)	633	3%
Net impairment losses	13	29	(55%)	20	(34%)	43	195%
Profit before tax	221	95	134%	205	8%	316	0%
Net profit	179	62	187%	165	8%	241	(15%)
Return on Assets	1,17%	1,14%		1,08%		1,17%	
Return on Tangible Equity	10,2%	10,1%		10,6%		10,2%	
Total comprehensive income	231	94	145%	63	265%	325	18%
Assets	44 592	44 762	0%	44 183	1%	44 592	1%
Net loans	19 718	19 218	3%	17 867	10%	19 718	10%
Deposits	32 412	31 725	2%	31 501	3%	32 412	3%

ROA = 4 consecutive quarters net income sum / 4 consecutive quarters average assets volume

ROTE = 4 consecutive quarters net income sum / 4 consecutive quarters equity volume decreased by net income and goodwill

Citi Handlowy financial results – reported data

(PLN MM)

	2Q'17	1Q'17	△ QoQ	2Q'16	△ YoY	1H'17	△ YoY
Net interest income	264	254	4%	252	5%	518	4%
Net fee and commission income	155	134	16%	139	12%	290	3%
Other income	105	79	34%	228	(54%)	183	(36%)
Total revenue	524	467	12%	620	(15%)	992	(7%)
Operating expenses	290	343	(15%)	301	(4%)	633	3%
Net impairment losses	13	29	(55%)	20	(34%)	43	195%
Bank levy	21	20	5%	18	12%	40	27%
Profit before tax	201	75	167%	280	(28%)	276	(32%)
Net profit	158	43	270%	222	(29%)	201	(39%)
Return on Assets	1,08%	1,23%		1,20%		1,08%	
Return on Tangible Equity	9,6%	10,9%		11,7%		9,55%	
Total comprehensive income	210	74	182%	120	75%	285	(11%)
Assets	44 592	44 762	0%	44 183	1%	44 592	1%
Net loans	19 718	19 218	3%	17 867	10%	19 718	10%
Deposits	32 412	31 725	2%	31 501	3%	32 412	3%

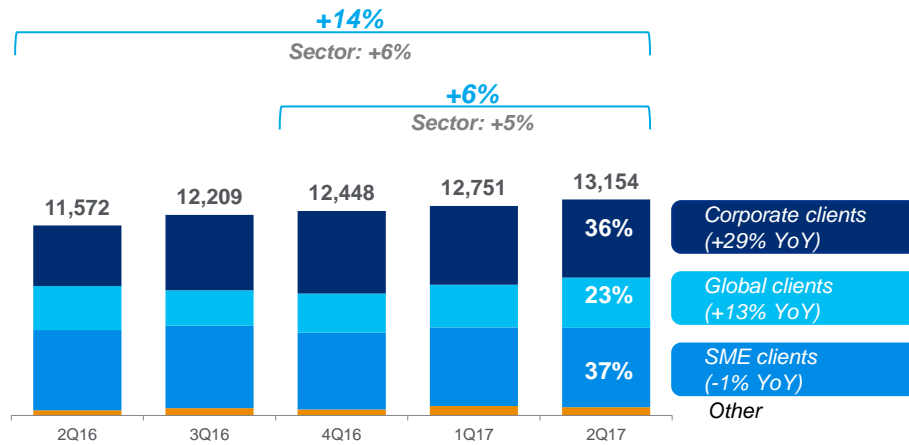
ROA = 4 consecutive quarters net income sum / 4 consecutive quarters average assets volume

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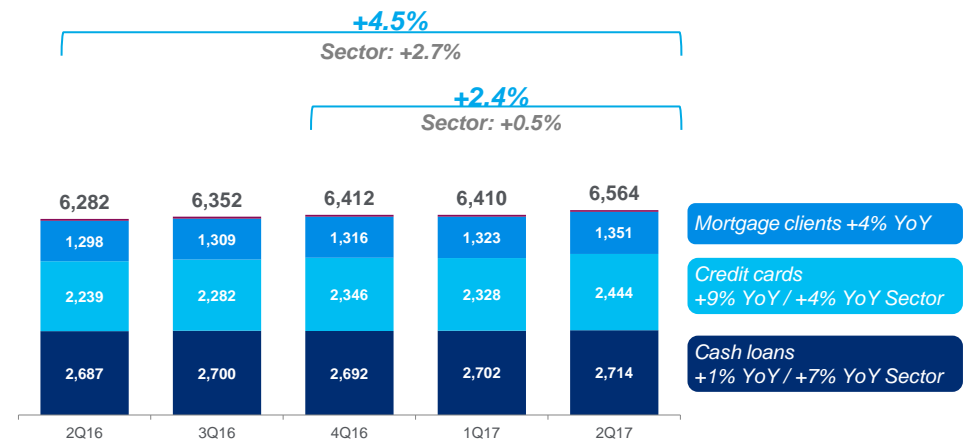
Client volumes

Institutional clients loans – non banking sector

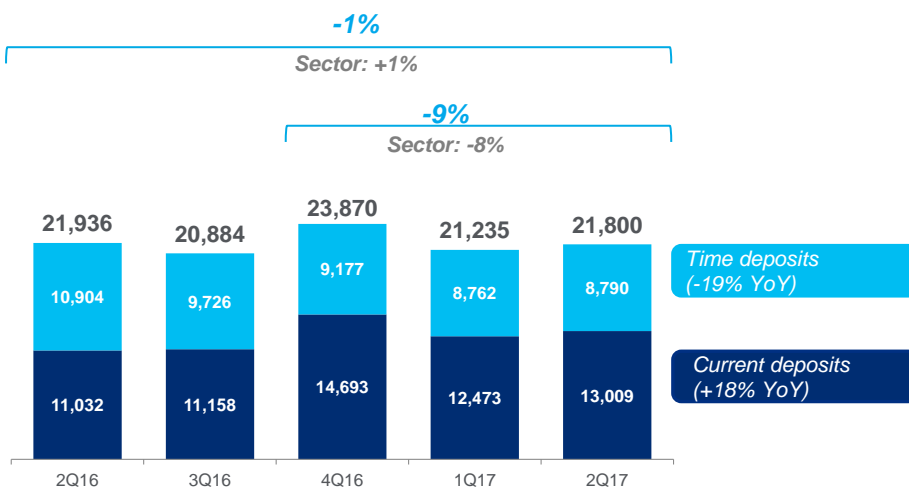
(excl. reverse repo)



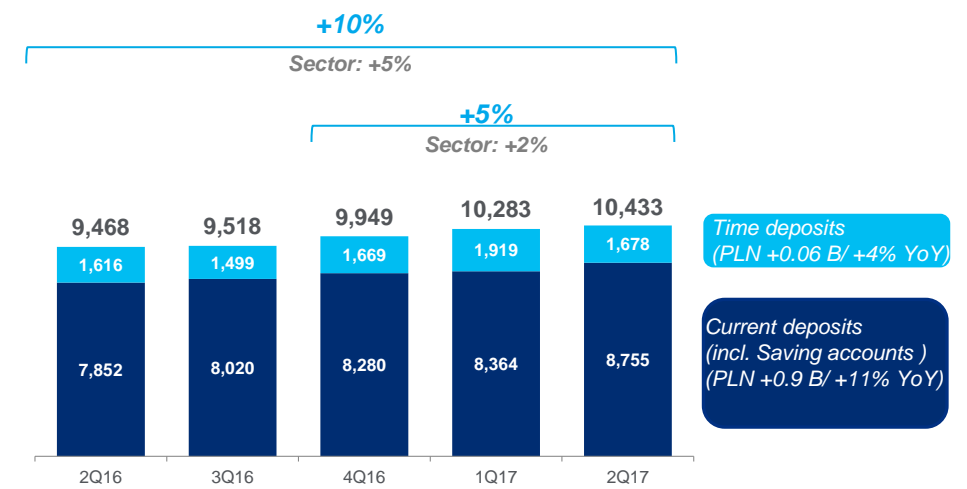
Individual clients loans



Institutional clients deposits – non banking sector

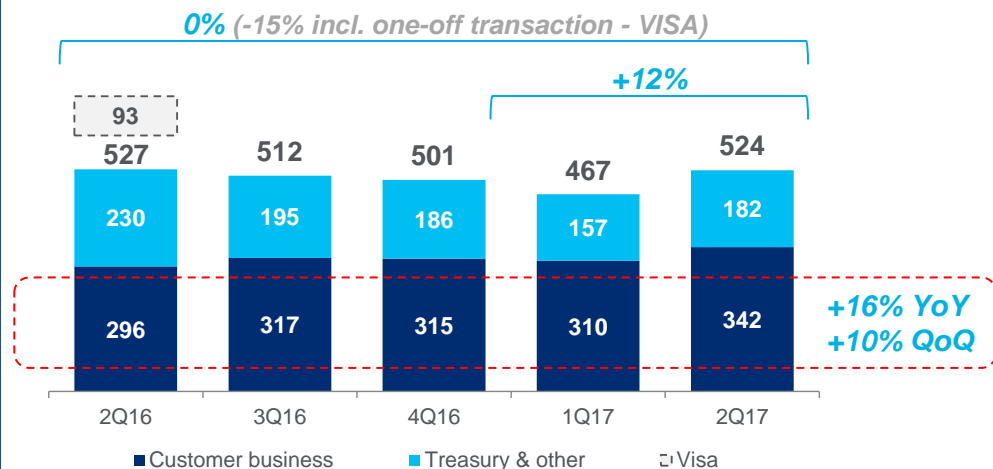


Individual clients deposits

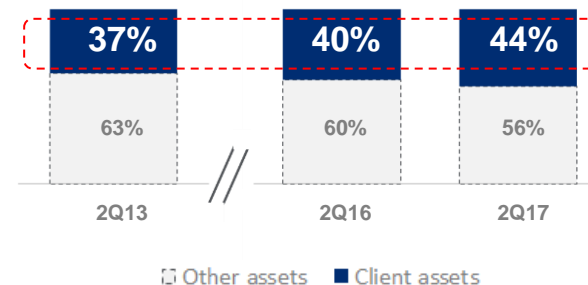


Revenue and net income

Revenue (PLN MM)

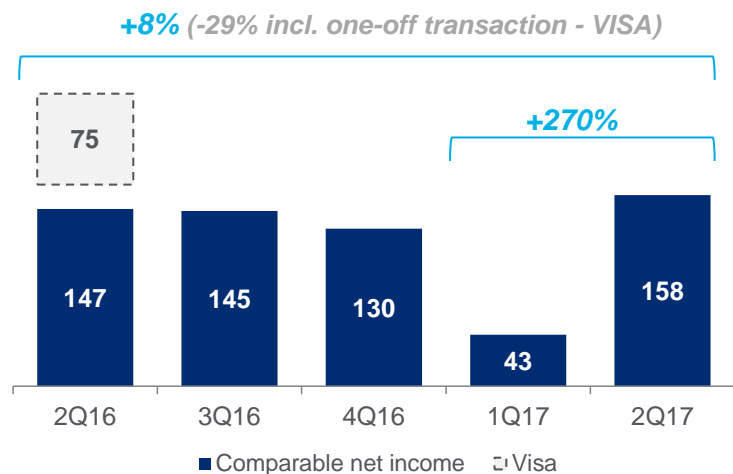


Share of client assets in 2013-2017 (%)



- Focus on client assets

Net income (PLN MM)



2Q 2017 Key financial ratios

	Bank ¹⁾	Sector
ROA ²⁾	108 bps	72 bps
ROTE ³⁾	9.6%	6.7%
Tier 1	17.7%	16.5% ⁴⁾
NPL	2.9%	6.0%

1) Ratios calculated on basis of consolidated results;

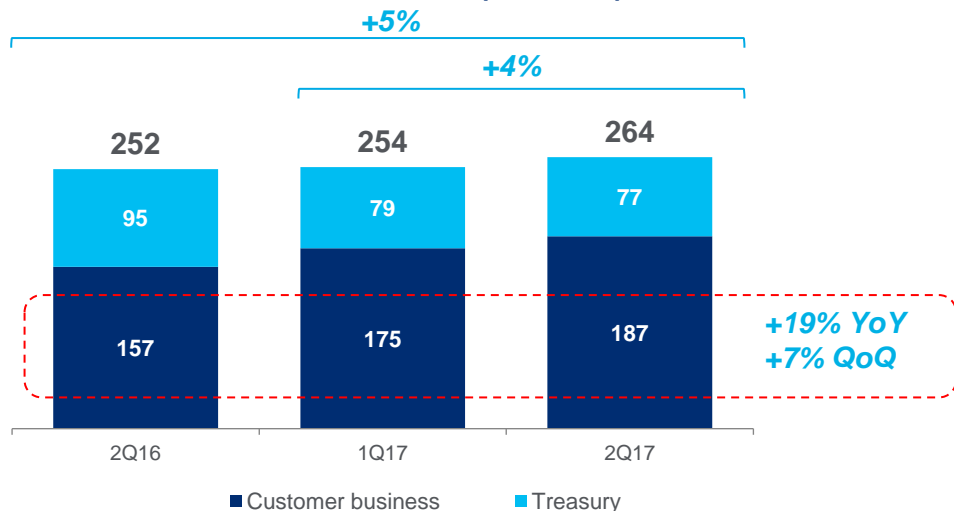
2) ROA = 4 consecutive quarters net income sum / 4 consecutive quarters average assets volume

3) ROTE = 4 consecutive quarters net income sum / 4 consecutive quarters equity volume decreased by goodwill

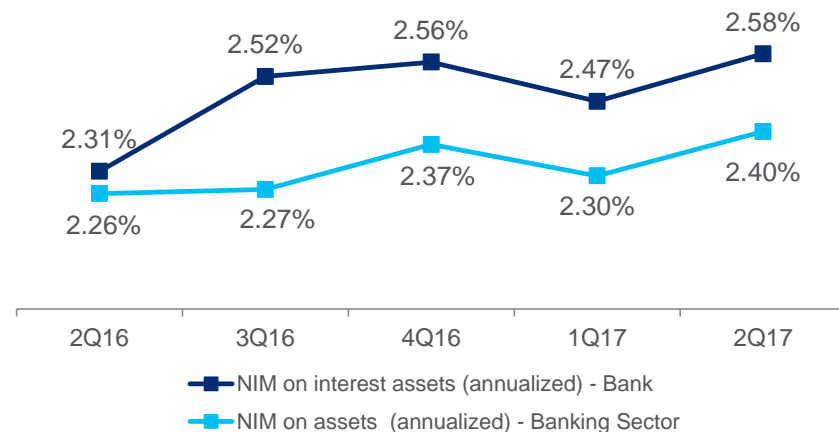
4) On the basis of 2017 1Q data

Revenue split

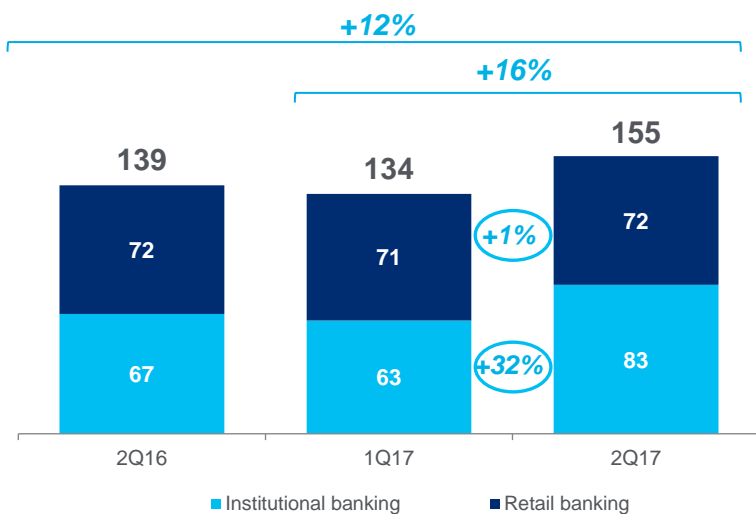
Net interest income (PLN MM)



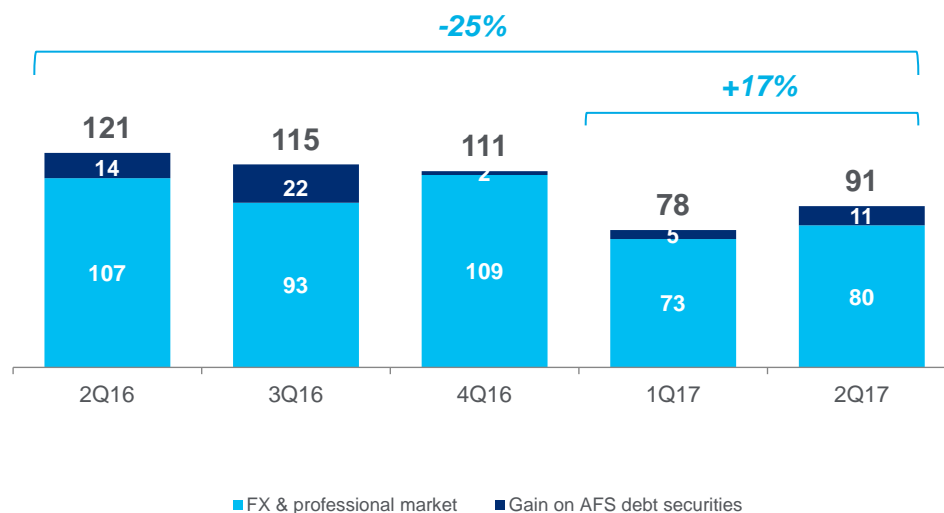
Net interest margin – Bank vs. sector



Net fee & commission income (PLN MM)

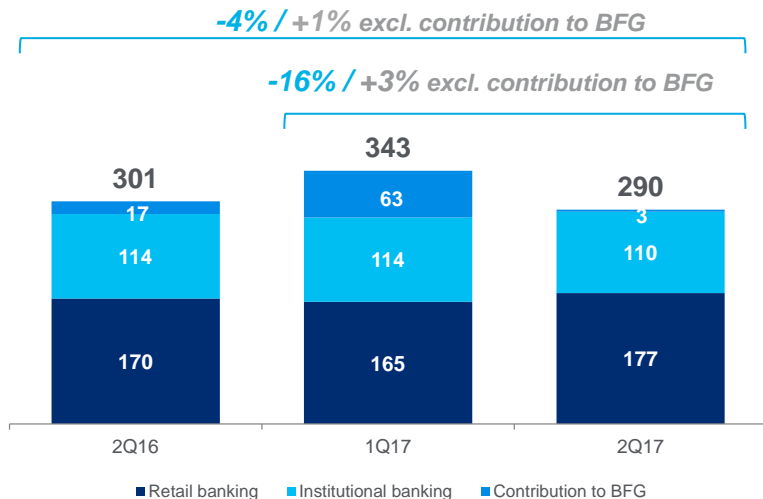


Treasury result (PLN MM)

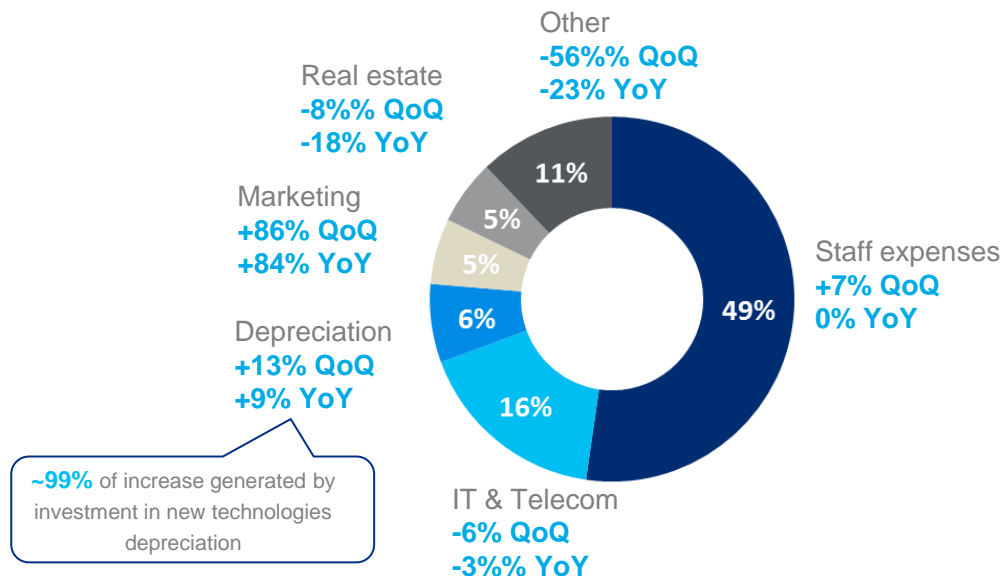


Operating expenses and cost of risk

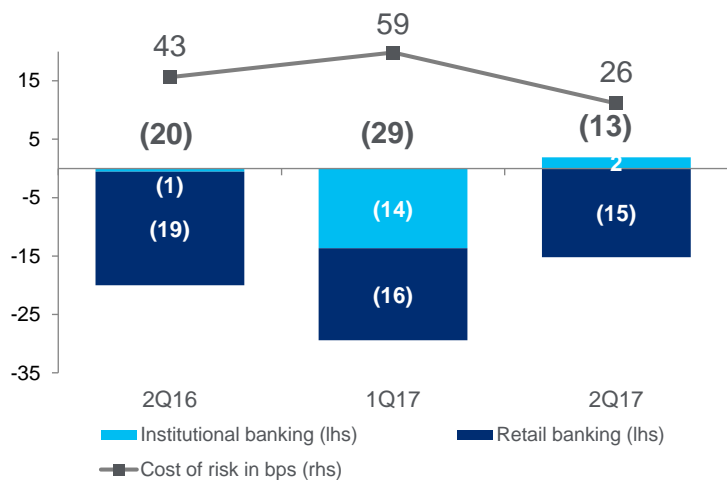
Operating expenses and depreciation (PLN MM)



Operating expenses and depreciation (PLN MM) by type



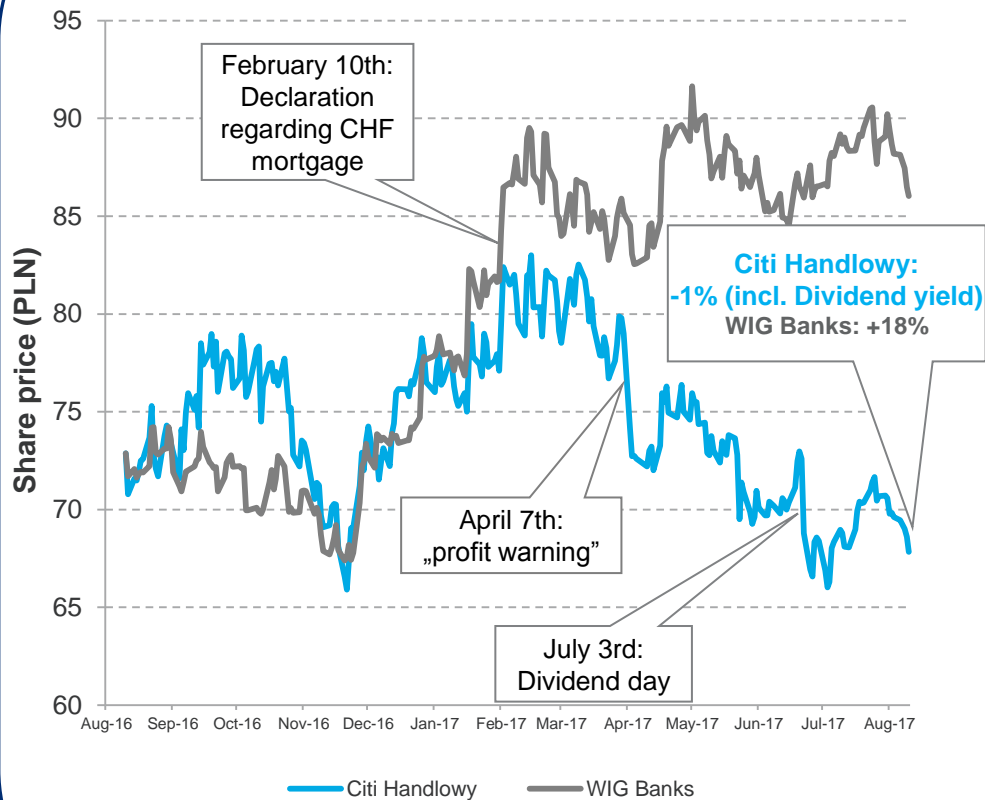
Net impairment losses (PLN MM) and cost of risk (bps)



- Cost of risk at the level of 26 bps comparing to 73 bps in the banking sector – despite lower share of mortgages in loan portfolio (share in Citi Handlowy: 7%, in Sector 36%)
- Provision coverage ratio at the level of 92% comparing to 55% in Sector
- Non-performing loans ratio (NPL) at the level of 2.9% comparing to 6.3% in Sector

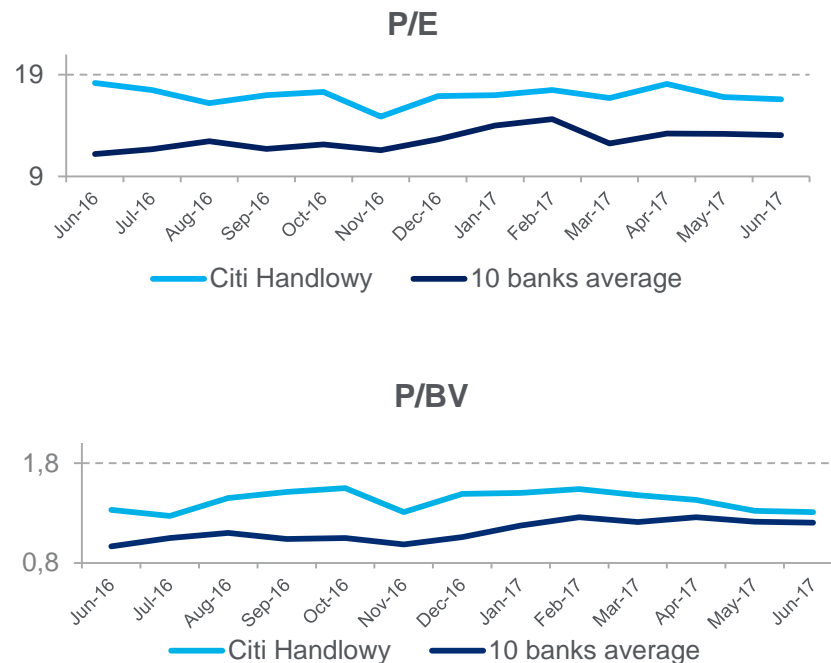
Change in Bank's share price

Citi Handlowy share price vs. WIG Banks index in 12M horizon



Note: Last quotation August 18th, 2017 (Citi Handlowy: PLN 67.84)

P/E and P/BV ratios in 12M horizon



Appendix

Profit and loss account - Total Bank

PLN MM	2Q16	3Q16	4Q16	1Q17	2Q17	2Q17 vs. 1Q17		2Q17 vs. 2Q16	
						PLN MM	%	PLN MM	%
Net interest income	252	247	257	254	264	10	4%	12	5%
Net fee and commission income	139	145	135	134	155	21	16%	16	12%
Dividend income	7	1	0	-	9	9	-	2	22%
Gains on AFS debt securities	14	22	2	5	11	6	118%	(3)	(24%)
FX and professional market	107	93	109	73	80	8	11%	(27)	(25%)
Hedge accounting	3	0	2	5	(1)	(6)	-	(4)	-
Treasury	125	115	113	82	90	8	10%	(35)	(28%)
Net gain on equity investment instruments	94	2	0	0	3	3	957%	(91)	(97%)
Net other operating income	2	2	(4)	(4)	3	7	-	1	25%
Revenue	620	512	501	467	524	57	12%	(95)	(15%)
Expenses	(284)	(271)	(283)	(326)	(271)	55	(17%)	13	(4%)
Depreciation	(17)	(17)	(17)	(17)	(19)	(2)	13%	(1)	9%
Expenses and depreciation	(301)	(288)	(300)	(343)	(290)	53	(15%)	11	(4%)
Operating margin	318	224	201	124	234	110	89%	(84)	(26%)
Profit/(loss) on sale of tangible fixed assets	0	0	0	0	0	0	1300%	(0)	(64%)
Net impairment losses	(20)	(18)	(13)	(29)	(13)	16	(55%)	7	(34%)
Share in profits / (losses) of entities valued at the equity method	0	0	(0)	0	0	0	13050%	0	233%
Tax on certain financial institutions	(18)	(19)	(19)	(20)	-	20	(100%)	18	(100%)
EBIT	280	187	169	75	201	126	168%	(79)	(28%)
Corporate income tax	(58)	(42)	(39)	(32)	(43)	(11)	32%	15	(26%)
Net profit	222	145	130	43	158	115	270%	(64)	(29%)
C/I ratio	49%	56%	60%	73%	55%				

Institutional Banking - profit and loss account

PLN MM	2Q16	3Q16	4Q16	1Q17	2Q17	2Q17 vs. 1Q17		2Q17 vs. 2Q16	
						PLN MM	%	PLN MM	%
Net interest income	113	104	114	112	122	10	9%	8	7%
Net fee and commission income	67	74	68	63	83	20	32%	16	24%
Dividend income	1	0	0	-	1	1	-	0	46%
Gains on AFS debt securities	14	22	2	5	11	6	118%	(3)	(24%)
FX and professional market	98	86	101	64	73	-	13%	(26)	(26%)
Hedge accounting	3	0	2	5	(1)	-	-	(4)	-
Treasury	116	108	105	74	83	-	12%	(33)	(29%)
Net gain on equity investment instruments	27	2	0	0	3	-	957%	(24)	(89%)
Net other operating income	5	6	1	4	6	-	36%	1	19%
Revenue	330	295	289	254	298	-	18%	(32)	(10%)
Expenses	(123)	(120)	(122)	(165)	(106)	-	(36%)	16	(13%)
Depreciation	(5)	(5)	(5)	(5)	(5)	-	(3%)	0	(9%)
Expenses and depreciation	(128)	(125)	(127)	(170)	(111)	-	(35%)	17	(13%)
Operating margin	202	170	162	84	187	-	124%	(15)	(7%)
Profit/(loss) on sale of tangible fixed assets	0	0	0	0	0	0	1300%	(0)	(64%)
Net impairment losses	(1)	0	8	(14)	2	16	-	2	-
Tax on certain financial institutions	(13)	(14)	(14)	(14)	(15)	(1)	5%		
Share in profits / (losses) of entities valued at the equity method	0	0	(0)	0	0	0	13050%	0	233%
EBIT	188	156	156	56	174	118	213%	(14)	(8%)
C/I ratio	39%	42%	44%	67%	37%				

Retail Banking - profit and loss account

PLN MM	2Q16	3Q16	4Q16	1Q17	2Q17	2Q17 vs. 1Q17		2Q17 vs. 2Q16	
						PLN MM	%	PLN MM	%
Net interest income	139	143	142	143	142	(0)	(0%)	3	3%
Net fee and commission income	72	70	67	71	72	1	1%	(0)	(0%)
Dividend income	6	0	-	-	8	8	-	1	19%
FX and professional market	9	7	8	8	7	(1)	(9%)	(1)	(14%)
AFS Non-Treasury (equity instruments)	66	-	-	-	-	-	-	(66)	(100%)
Net other operating income	(3)	(4)	(5)	(8)	(3)	5	(61%)	(0)	14%
Revenue	223	217	212	213	226	13	6%	3	1%
Expenses	(161)	(151)	(161)	(161)	(165)	(3)	2%	(3)	2%
Depreciation	(12)	(12)	(12)	(12)	(14)	(2)	20%	(2)	16%
Expenses and depreciation	(173)	(163)	(173)	(173)	(179)	(6)	3%	(5)	3%
Operating margin	50	54	39	41	48	7	17%	(2)	(5%)
Net impairment losses	(19)	(18)	(21)	(16)	(15)	1	(4%)	4	(22%)
Tax on certain financial institutions	(5)	(5)	(5)	(5)	(5)	(0)	3%	(0)	4%
EBIT	92	31	12	20	27	7	38%	(65)	(71%)
C/I ratio	78%	75%	82%	81%	79%				

Balance sheet

PLN B	End of period					2Q17 vs. 4Q16		2Q17 vs. 2Q16	
	2Q16	3Q16	4Q16	1Q17	2Q17	PLN B	%	PLN B	%
Cash and balances with the Central Bank	0.8	0.9	0.7	2.2	0.5	(0.2)	(30%)	(0.4)	(43%)
Amounts due from banks	0.8	0.6	0.6	0.8	0.7	0.2	27%	(0.0)	(3%)
Financial assets held-for-trading	2.3	2.7	3.8	2.0	1.9	(1.9)	(50%)	(0.4)	(18%)
Debt securities available-for-sale	19.8	16.7	19.1	17.3	19.5	0.4	2%	(0.3)	(1%)
Customer loans	17.9	18.6	18.9	19.2	19.7	0.9	5%	1.9	10%
Financial sector entities	0.7	1.7	1.7	2.0	1.8	0.1	8%	1.2	171%
including reverse repo receivables	0.0	-	-	0.1	-	0.0	-	(0.0)	(100%)
Non-financial sector entities	17.2	16.8	17.2	17.2	17.9	0.7	4%	0.7	4%
Institutional Banking	10.9	10.5	10.8	10.8	11.3	0.6	5%	0.4	4%
Consumer Banking	6.3	6.4	6.4	6.4	6.6	0.2	2%	0.3	4%
Unsecured receivables	5.0	5.0	5.1	5.1	5.2	0.1	2%	0.2	5%
Credit cards	2.2	2.3	2.3	2.3	2.4	0.1	4%	0.2	9%
Cash loans	2.7	2.7	2.7	2.7	2.7	0.0	1%	0.0	1%
Other unsecured receivables	0.1	0.1	0.1	0.1	0.1	(0.0)	(5%)	(0.0)	(5%)
Mortgage	1.3	1.3	1.3	1.3	1.4	0.0	3%	0.1	4%
Other assets	2.7	2.5	2.2	3.2	2.3	0.1	3%	(0.4)	(14%)
Total assets	44.2	42.0	45.2	44.8	44.6	(0.6)	(1%)	0.4	1%
Liabilities due to banks	2.4	2.4	2.3	3.0	2.6	0.3	13%	0.3	11%
Financial liabilities held-for-trading	1.6	1.2	1.3	1.5	1.3	(0.0)	(1%)	(0.3)	(20%)
Financial liabilities due to customers	31.5	30.5	33.9	31.7	32.4	(1.5)	(4%)	0.9	3%
Financial sector entities - deposits	4.6	4.8	4.7	4.3	5.0	0.3	7%	0.5	10%
Non-financial sector entities - deposits	26.8	25.6	29.1	27.2	27.2	(1.9)	(7%)	0.4	1%
Institutional Banking	17.4	16.1	19.2	16.9	16.8	(2.4)	(13%)	(0.6)	(4%)
Consumer Banking	9.5	9.5	9.9	10.3	10.4	0.5	5%	1.0	10%
Other financial liabilities	0.3	0.1	0.1	0.1	0.1	0.0	21%	(0.2)	(62%)
Other liabilities	2.2	1.2	0.9	1.7	1.8	0.9	107%	(0.4)	(17%)
Total liabilities	37.6	35.3	38.4	37.9	38.1	(0.3)	(1%)	0.5	1%
Equity	6.6	6.7	6.8	6.9	6.5	(0.3)	(5%)	(0.1)	(1%)
Total liabilities & equity	44.2	42.0	45.2	44.8	44.6	(0.6)	(1%)	0.4	1%
Loans / Deposits ratio	64%	66%	59%	63%	66%				
Capital Adequacy Ratio	17.0%	17.1%	17.4%	17.3%	17.7%				
NPL*	3.3%	3.1%	2.9%	2.9%	2.9%				

*as reported, incl. reverse repo