



CONDENSED INTERIM UNCONSOLIDATED  
FINANCIAL STATEMENTS  
OF BANK HANDLOWY W WARSZAWIE S.A.  
FOR THE PERIOD ENDED 30 JUNE 2009

AUGUST 2009

**Selected financial data**

	<b>In PLN '000</b>		<b>In EUR '000***</b>	
	<b>First Half of 2009</b>	<b>First Half of 2008</b>	<b>First Half of 2009</b>	<b>First Half of 2008</b>
Interest income	1,053,047	1,062,868	233,057	305,633
Fee and commission income	284,095	352,588	62,875	101,388
Profit before tax	174,314	481,850	38,579	138,558
Net profit	130,844	394,197	28,958	113,353
Increase/decrease of net cash	(2,274,785)	(914,665)	(503,449)	(263,016)
Total assets*	40,566,449	41,245,371	9,076,080	9,885,287
Financial liabilities valued at amortized cost*	1,928,386	-	431,445	-
Shareholders' equity	27,419,027	28,292,118	6,134,559	6,780,778
Share capital	5,681,628	5,151,671	1,271,171	1,535,887
Number of shares	522,638	522,638	116,932	155,816
Book value per share (PLN / EUR)	130,659,600	130,659,600	130,659,600	130,659,600
Earnings per ordinary share (PLN / EUR)	43.48	39.43	9.73	11.75
Diluted net profit per ordinary share (in PLN)	1.00	3.02	0.22	0.87
Declared or distributed dividends per ordinary share (PLN / EUR)**	1.00	3.02	0.22	0.87
	-	4.75	-	1.42

\* The comparable financial data as at 31 December 2008.

\*\* The presented ratios are related to dividends paid in 2008 from the appropriation of the 2007 profit. In accordance with Resolution No. 26a/2009 of the Ordinary General Meeting of the Bank of 18 June 2009 no dividend for the year 2008 will be paid.

\*\*\* The following foreign exchange rates were applied to translate PLN into EUR: for the balance sheet – NBP mid exchange rate as at 30 June 2009 of PLN 4.4696 (as at 31 December 2008: PLN 4.1724, as at 30 June 2008: 3.3542); for the income statement and statement of cash flow – the arithmetic mean of end of month NBP mid exchange rates in the first half of 2009 – PLN 4.5184 (in the first half of 2008: PLN 3.4776).

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**Condensed Income statement***In thousands of PLN*

	For a period	01.01. - 30.06. 2009	01.01. - 30.06. 2008
Interest and similar income		1,053,047	1,062,868
Interest expense and similar charges		(305,692)	(439,186)
<b>Net interest income</b>		<b>747,355</b>	<b>623,682</b>
Fee and commission income		284,095	352,588
Fee and commission expense		(41,183)	(37,243)
<b>Net fee and commission income</b>		<b>242,912</b>	<b>315,345</b>
Dividend income		17,574	59,539
Net income on financial instruments and revaluation		121,615	212,075
Net gain on investment debt securities		35,245	29,095
Net profit on investment capital instruments		3,437	-
Other operating income		47,113	57,681
Other operating expenses		(16,524)	(17,283)
<b>Net other operating income</b>		<b>30,589</b>	<b>40,398</b>
General administrative expenses		(663,963)	(720,876)
Amortization and depreciation		(40,787)	(48,942)
Profit / (loss) on sale of tangible fixed assets		2,111	1,399
Net impairment losses		(321,774)	(29,865)
<b>Profit before tax</b>		<b>174,314</b>	<b>481,850</b>
Income tax expenses		(43,470)	(87,653)
<b>Net profit</b>		<b>130,844</b>	<b>394,197</b>
Weighted average number of ordinary shares		130,659,600	130,659,600
Net profit per ordinary share (in PLN)		1.00	3.02
Diluted net profit per ordinary share (in PLN)		1.00	3.02

**Condensed statement of comprehensive income**

	For a period	01.01. - 30.06. 2009	01.01. - 30.06. 2008
<i>In thousands of PLN</i>			
<b>Net income</b>		<b>130,844</b>	<b>394,197</b>
<b>Other comprehensive income:</b>			
Net valuation of financial assets available for sale		7,001	(97,971)
<b>Total comprehensive income</b>		<b>137,845</b>	<b>296,226</b>

**Condensed balance sheet**

<i>In thousands of PLN</i>	<b>For a period</b>	<b>30.06.2009</b>	<b>31.12.2008</b>
<b>ASSETS</b>			
Cash and balances with the Central Bank		1,196,545	3,530,977
Financial assets held-for-trading		9,122,017	7,884,536
Debt securities available-for-sale		12,039,321	10,814,828
Equity investments		290,494	291,385
Loans, advances and other receivables		15,428,031	16,322,214
<i>to financial sector</i>		3,360,002	3,836,034
<i>to non-financial sector</i>		12,068,029	12,486,180
Property and equipment		516,277	540,200
<i>Land, buildings and equipment</i>		497,969	521,892
<i>Investment property</i>		18,308	18,308
Intangible assets		1,275,564	1,279,547
Deferred income tax assets		404,385	325,563
Other assets		269,079	220,854
Non-current assets held-for-sale		24,736	35,267
<b>Total assets</b>		<b>40,566,449</b>	<b>41,245,371</b>
<b>LIABILITIES</b>			
Amounts due to the Central Bank		1,928,386	-
Financial liabilities held-for-trading		4,893,844	6,888,344
Financial liabilities valued at amortized cost		27,419,027	28,292,118
<i>deposits from</i>		27,058,814	27,904,792
<i>financial sector</i>		7,724,695	7,994,592
<i>non-financial sector</i>		19,334,119	19,910,200
<i>other liabilities</i>		360,213	387,326
Provisions		46,750	24,552
Other liabilities		596,814	500,907
<b>Total liabilities</b>		<b>34,884,821</b>	<b>35,705,921</b>
<b>EQUITY</b>			
Share capital		522,638	522,638
Share premium		2,944,585	2,944,585
Revaluation of financial assets		(137,109)	(144,110)
Other reserves		2,220,670	1,570,673
Retained earnings		130,844	645,664
<b>Total equity</b>		<b>5,681,628</b>	<b>5,539,450</b>
<b>Total liabilities and equity</b>		<b>40,566,449</b>	<b>41,245,371</b>

**Condensed statement of changes in equity**

<i>In thousands of PLN</i>	Share capital	Share premium	Revaluation of financial assets	Other reserves	Retained earnings	Total equity
<b>Balance as at 1 January 2009</b>	<b>522,638</b>	<b>2,944,585</b>	<b>(144,110)</b>	<b>1,570,673</b>	<b>645,664</b>	<b>5,539,450</b>
Comprehensive income	-	-	7,001	-	130,844	137,845
Valuation of capital rewards program, including:	-	-	-	4,333	-	4,333
- change in valuation	-	-	-	5,704	-	5,704
- deferred income tax	-	-	-	(1,371)	-	(1,371)
Transfers to capital	-	-	-	645,664	(645,664)	-
<b>Closing balance as at 30 June 2009</b>	<b>522,638</b>	<b>2,944,585</b>	<b>(137,109)</b>	<b>2,220,670</b>	<b>130,844</b>	<b>5,681,628</b>

<i>In thousands of PLN</i>	Share capital	Share premium	Revaluation of financial assets	Other reserves	Retained earnings	Total equity
<b>Balance as at 1 January 2008</b>	<b>522,638</b>	<b>2,944,585</b>	<b>(182,451)</b>	<b>1,382,238</b>	<b>809,068</b>	<b>5,476,078</b>
Comprehensive income	-	-	(97,971)	-	394,197	296,226
Dividends to be paid	-	-	-	-	(620,633)	(620,633)
Transfers to capital	-	-	-	188,435	(188,435)	-
<b>Closing balance as at 30 June 2008</b>	<b>522,638</b>	<b>2,944,585</b>	<b>(280,422)</b>	<b>1,570,673</b>	<b>394,197</b>	<b>5,151,671</b>

<i>In thousands of PLN</i>	Share capital	Share premium	Revaluation of financial assets	Other reserves	Retained earnings	Total equity
<b>Balance as at 1 January 2008</b>	<b>522,638</b>	<b>2,944,585</b>	<b>(182,451)</b>	<b>1,382,238</b>	<b>809,068</b>	<b>5,476,078</b>
Comprehensive income	-	-	38,341	-	645,664	684,005
Dividends paid	-	-	-	-	(620,633)	(620,633)
Transfers to capital	-	-	-	188,435	(188,435)	-
<b>Closing balance as at 31 December 2008</b>	<b>522,638</b>	<b>2,944,585</b>	<b>(144,110)</b>	<b>1,570,673</b>	<b>645,664</b>	<b>5,539,450</b>

**Condensed statement of cash flows**

	For a period	01.01. – 30.06. 2009	01.01. – 30.06. 2008
<i>In thousands of PLN</i>			
<b>A. Cash flows from operating activities</b>			
<b>I. Net profit (loss)</b>		<b>130,844</b>	<b>394,197</b>
<b>II. Adjustments to reconcile net profit or loss to net cash provided by operating activities:</b>		<b>(2,268,246)</b>	<b>(1,243,887)</b>
Current and deferred income tax, recognized in income statement		43,470	87,653
Amortization		40,787	48,942
Impairment		290,469	34,627
Net provisions (recoveries)		31,305	(4,762)
Gains/losses on investing activities		(2,295)	(3,420)
Interest received		998,713	1,039,428
Interest paid		(299,236)	(475,533)
Other adjustments		(953,407)	(1,335,758)
<b>Cash flows from operating profits before changes in operating assets and liabilities</b>		<b>149,806</b>	<b>(608,823)</b>
<b>Increase / decrease in operating assets (excl. cash and cash equivalents)</b>		<b>(1,594,873)</b>	<b>(91,935)</b>
Increase / decrease in loans, advances and other receivables		898,422	(516,715)
Increase / decrease in assets available-for-sale		(1,210,044)	(252,226)
Increase / decrease in equity investments		891	(1,745)
Increase / decrease in financial assets held-for-trading		(1,238,157)	805,739
Increase / decrease in assets held-for-sale		2,887	-
Increase / decrease in other assets		(48,872)	(126,988)
<b>Increase / decrease in operating liabilities (excl. cash and cash equivalents)</b>		<b>(823,179)</b>	<b>(543,129)</b>
Increase / decrease in amounts due to the Central Bank		1,914,614	-
Increase / decrease in financial liabilities valued at amortized cost		(842,108)	(807,126)
Increase / decrease in liabilities held for trading		(1,994,500)	(546,813)
Increase / decrease in other liabilities		98,815	810,810
<b>Cash flows from operating activities</b>		<b>(2,137,402)</b>	<b>(849,690)</b>
<b>Income tax paid</b>		<b>(124,554)</b>	<b>(48,318)</b>
<b>III. Net cash flows from operating activities</b>		<b>(2,261,956)</b>	<b>(898,008)</b>
<b>B. Cash flows from investing activities</b>			
Purchase of tangible fixed assets		(15,005)	(16,810)
Disposal of tangible fixed assets		5,244	6,673
Purchase of intangible assets		(3,784)	(8,029)
Disposal of fixed assets available-for-sale		7,743	-
Dividends received		9,695	23,664
Other investing inflows/ outflows		-	3,239
<b>Net cash flows from investing activities</b>		<b>3,893</b>	<b>8,737</b>
<b>C. Cash flows from financing activities</b>			
Inflows from long-term loans and advances from financial sector		-	192
Repayment of long-term loans and advances from financial sector		(28,034)	(18,503)
<b>Net cash flows from financing activities</b>		<b>(28,034)</b>	<b>(18,311)</b>
<b>D. Effect of exchange rate changes on cash and cash equivalent</b>		<b>11,312</b>	<b>(7,083)</b>
<b>E. Net (increase)/ decrease in cash and cash equivalent</b>		<b>(2,274,785)</b>	<b>(914,665)</b>
<b>F. Cash and cash equivalent at the beginning of the reporting period</b>		<b>3,607,476</b>	<b>3,741,447</b>
<b>G. Cash and cash equivalent at the end of the reporting period</b>		<b>1,332,691</b>	<b>2,826,782</b>

## **Supplementary notes**

### **1. Statement of compliance**

These condensed unconsolidated interim financial statements have been prepared in accordance with International Financial Reporting Standard (IFRS) IAS 34 '*Interim Financial Reporting*', as adopted by European Union and with other applicable regulations. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the unconsolidated financial statements of the Bank as at and for the year ended 31 December 2008.

In accordance with Decree of the Ministry of Finance dated 19 February 2009 on current and periodic information provided by issuers of securities and the conditions for recognition as equivalent information required by the law of a non-Member State (Official Journal from 2009, No 33, item 259) the Bank is required to publish the financial results for the six months ended 30 June 2009 which is deemed to be the current interim financial reporting period.

These condensed unconsolidated interim financial statements were approved by the Board of Directors on 20 August 2009.

### **2. Basis of preparation of the condensed interim financial statements**

Condensed interim unconsolidated financial statements of the Bank for the period ended 30 June 2009 have been prepared in accordance with the Decree by virtue of which the issuer, which is also a parent entity, is not obliged to provide the interim financial statements, on condition that it includes the condensed interim financial statements consisting of balance sheet, profit and loss account, statement of changes in equity, cash flow statement and abbreviated supplementary notes, comprising of information and data significant for the assessment of the financial position of the issuer and its profit or loss, with the interim consolidated financial statements. In addition, it's required to prepare the abbreviated interim financial statements in accordance with accounting principles adopted in the process of preparation of the annual financial statements.

Principles adopted in the process of preparation of these condensed interim unconsolidated financial statements are consistent with the principles, described in the annual unconsolidated financial statements of the Bank as at 31 December 2008.

The additional information to these abbreviated interim consolidated financial statements of the Group contains all material information and explanatory data also relevant to these condensed interim unconsolidated financial statements of the Bank.

### **3. Statement of the Bank's Management Board**

#### ***Accuracy and fairness of the statements presented***

To the best knowledge of the Bank's Management Board, which members are: Mr. Sławomir S. Sikora – President of the Management Board, Mr. Michał H. Mrożek – Vice-President of the Management Board, Mr. Peter Rossiter – Vice-President of the Management Board, Mrs. Sonia Wędrychowicz-Horbatowska – Vice-President of the Management Board, Mr. Witold Zieliński – Vice-President of the Management Board, the financial data and the comparative data presented in the "Condensed Interim Unconsolidated Financial Statements of the Bank Handlowy w Warszawie S.A. for the period ended 30 June 2009" were prepared consistently with the accounting standards in force and reflect the accurate, true and fair view of assets and financial position as well as the financial profit or loss of the Bank.

#### ***Selection of the entity authorized to examine financial statements***

The entity authorized to examine financial statements KPMG Audyt Sp. z o.o., reviewing the "Condensed Interim Unconsolidated Financial Statements of the Bank Handlowy w Warszawie S.A. for the period ended 30 June 2009", was selected consistently with the legal regulations. This entity along with the



registered auditor reviewing the financial statements met the conditions necessary for issuing an impartial and independent report on the review, consistently with the respective regulations of the Polish law and professional standards.

## Signatures of all Management Board Members

20.08.2009	Sławomir Sikora	President of the Management Board	
.....	.....	.....	.....
Date	Name	Position / function	Signature

20.08.2009	Michał H. Mrozek	Vice-President of the Management Board	
.....	.....	.....	.....
Date	Name	Position / function	Signature

20.08.2009	Edward Wess	Vice-President of the Management Board	
.....	.....	.....	.....
Date	Name	Position / function	Signature

20.08.2009	Sonia Wędrychowicz-Horbatowska	Vice-President of the Management Board	
.....	.....	.....	.....
Date	Name	Position / function	Signature

20.08.2009	Witold Zieliński	Vice- President of the Management Board	
.....	.....	.....	.....
Date	Name	Position / function	Signature