

INTERIM CONSOLIDATED FINANCIAL
STATEMENTS
OF THE CAPITAL GROUP OF
BANK HANDLOWY W WARSZAWIE S.A.
FOR THE THIRD QUARTER 2008

NOVEMBER 2008

Selected financial data

	In PLN '000		In EUR '000****	
	Third quarter growing period from 01/01/08 to 30/09/08	Third quarter growing period from 01/01/07 to 30/09/07	Third quarter growing period from 01/01/08 to 30/09/08	Third quarter growing period from 01/01/07 to 30/09/07
Data related to summary consolidated financial statements				
Interest income	1,671,879	1,450,322	488,183	378,536
Fee and commission income	557,665	654,067	162,836	170,712
Profit before tax	713,877	778,774	208,449	203,261
Net profit	565,886	618,412	165,237	161,406
Increase of net cash	(1,944,919)	(122,229)	(570,642)	(32,357)
Total assets*	37,069,116	38,907,984	10,876,131	10,862,084
Financial liabilities valued at amortized cost*	27,020,190	28,000,003	7,927,762	7,816,863
Shareholders' equity	5,564,348	5,432,495	1,632,588	1,438,119
Share capital	522,638	522,638	153,343	138,356
Number of shares	130,659,600	130,659,600	130,659,600	130,659,600
Book value per share (PLN / EUR)	42.59	41.58	12.49	11.01
Capital adequacy ratio (%)*	12.29	12.86	12.29	12.86
Capital adequacy ratio based on Tier 1 capital (%)**	12.48	13.06	12.48	13.06
Earnings per ordinary share (PLN / EUR)	4.33	4.73	1.26	1.24
Diluted net profit per ordinary share (PLN / EUR)	4.33	4.73	1.26	1.24

Data related to summary financial statements of the Bank				
Interest income	1,620,013	1,423,673	473,038	371,580
Fee and commission income	514,103	595,226	150,116	155,355
Profit before tax	744,816	769,377	217,484	200,808
Net profit	603,161	612,849	176,121	159,954
Increase of net cash	(1,940,145)	(105,882)	(569,241)	(28,030)
Total assets*	35,824,972	38,008,361	10,511,097	10,610,933
Financial liabilities valued at amortized cost*	26,201,340	27,443,267	7,687,510	7,661,437
Shareholders' equity	5,477,690	5,309,037	1,607,162	1,405,437
Share capital	522,638	522,638	153,343	138,356
Number of shares	130,659,600	130,659,600	130,659,600	130,659,600
Book value per share (PLN / EUR)	41.92	40.63	12.30	10.76
Capital adequacy ratio (%)*	11.86	12.06	11.86	12.06
Capital adequacy ratio based on Tier 1 capital (%)**	12.83	13.10	12.83	13.10
Earnings per ordinary share (PLN / EUR)	4.62	4.69	1.35	1.22
Diluted net profit per ordinary share (PLN / EUR)	4.62	4.69	1.35	1.22
Declared or distributed dividends per ordinary share (PLN / EUR)***	4.75	4.10	1.39	1.09

*Comparable balance sheet data is presented according to 31 December 2007.

** Comparable balance sheet data is presented according to 31 December 2007; the ratio is calculated according to own funds excluding supplementary funds and sum of own funds and supplementary funds depreciation.

*** The presented ratios are related to, respectively: paid dividends in 2008 from the appropriation of the 2007 profit as well as paid dividends in 2007 from the appropriation of the 2006 profit.

**** The following foreign exchange rates were applied to transfer PLN into EUR: for the balance sheet - NBP mid exchange rate as at 30 September 2008 - PLN 3.4038 (as at 31 December 2007: PLN 3.5820, and PLN 3.7775 at 30 September 2007); for the income statement - the arithmetic average of month - end NBP exchange rates in first, second and third quarter 2008 - PLN 3.4247 (in first, second and third quarter 2007: PLN 3.8314).

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Consolidated income statement*In thousands of PLN*

	Third quarter period from 01/07/08 to 30/09/08	Third quarter growing period from 01/01/08 to 30/09/08	Third quarter period from 01/07/07 to 30/09/07	Third quarter growing period from 01/01/07 to 30/09/07
Interest and similar income	576,632	1,671,879	507,464	1,450,322
Interest expense and similar charges	(241,619)	(690,181)	(200,651)	(560,666)
Net interest income	335,013	981,698	306,813	889,656
Fee and commission income	174,246	557,665	223,830	654,067
Fee and commission expense	(24,105)	(78,129)	(32,515)	(99,092)
Net fee and commission income	150,141	479,536	191,315	554,975
Dividend income	368	5,084	3,472	4,273
Net income on financial instruments and revaluation	156,045	371,188	87,889	329,914
Net gain on investment debt securities	8,293	37,388	7,135	17,875
Net gain on investment (capital) instruments	-	(168)	303	44,296
Other operating income	18,600	79,721	24,653	78,053
Other operating expenses	(7,367)	(26,774)	(6,652)	(34,290)
Net other operating income	11,233	52,947	18,001	43,763
General administrative expenses	(343,125)	(1,085,639)	(348,958)	(1,050,239)
Depreciation expense	(24,081)	(73,912)	(26,713)	(82,198)
Profit / (loss) on sale of tangible fixed assets	1,267	2,714	496	(94)
Net impairment losses	(22,638)	(58,772)	(10,638)	35,025
Operating income	272,516	712,064	229,115	787,246
Share in profits / (losses) of undertakings accounted for under the equity method	4	1,813	42	(8,472)
Profit before tax	272,520	713,877	229,157	778,774
Income tax expense	(56,805)	(147,991)	(50,315)	(160,362)
Net profit	215,715	565,886	178,842	618,412
Weighted average number of ordinary shares		130,659,600		130,659,600
Net profit per ordinary share (in PLN)		4.33		4.73
Diluted net profit per ordinary share (in PLN)		4.33		4.73
Including:				
Net profit due to shareholders of dominant entity		565,886		618,412
Net profit due to minority shareholders		-		-

Consolidated balance sheet

<i>In thousands of PLN</i>	31/09/2008	31/12/2007
ASSETS		
Cash and balances with central bank	901,244	3,321,503
Financial assets held-for-trading	4,768,636	5,135,708
Debt securities available-for-sale	7,122,625	6,467,638
Equity investments valued at equity method	56,541	58,388
Other equity investments	20,609	21,909
Loans and advances	21,184,269	21,205,373
<i>to financial sector</i>	7,110,352	8,718,832
<i>to non-financial sector</i>	14,073,917	12,486,541
Property and equipment	600,024	612,797
<i>land, buildings and equipment</i>	574,832	587,769
<i>investment property</i>	25,192	25,028
Intangible assets	1,281,414	1,284,078
Deferred income tax assets	309,260	374,468
Other assets	811,849	413,477
Non-current assets held-for-sale	12,645	12,645
Total assets	37,069,116	38,907,984
LIABILITIES		
Financial liabilities held-for-trading	3,042,111	4,373,146
Financial liabilities valued at amortized cost	27,020,190	28,000,003
<i>deposits from</i>	25,772,334	26,896,411
<i>financial sector</i>	5,951,024	7,085,042
<i>non-financial sector</i>	19,821,310	19,811,369
<i>other liabilities</i>	1,247,856	1,103,592
Provisions	43,921	37,548
Income tax liabilities	553	101,889
Other liabilities	1,397,993	792,314
Total liabilities	31,504,768	33,304,900
EQUITY		
Issued capital	522,638	522,638
Share premium	3,029,703	3,028,809
Revaluation reserve	(163,367)	(182,450)
Other reserves	1,620,036	1,454,355
Retained earnings	555,338	779,732
Total equity	5,564,348	5,603,084
Total liabilities and equity	37,069,116	38,907,984

Consolidated statement of changes in equity

<i>In thousands of PLN</i>	Share capital	Share premium	Revaluation reserve	Other reserves	Retained earnings	Minority share	Total equity
Balance as at 1 January 2007	522,638	3,027,470	(81,501)	1,407,081	542,115	-	5,417,803
Valuation of financial assets available-for-sale	-	-	(63,696)	-	-	-	(63,696)
Transfer of valuation of sold financial assets available-for-sale to profit and loss account	-	-	(20,898)	-	-	-	(20,898)
Deferred income tax on valuation of financial assets available-for-sale	-	-	17,047	-	-	-	17,047
Foreign exchange gains and losses	-	-	-	(134)	(335)	-	(469)
Net profit	-	-	-	-	618,412	-	618,412
Dividends paid	-	-	-	-	(535,704)	-	(535,704)
Transfer on capital	-	1,339	-	39,867	(41,206)	-	-
Closing balance as at 30 September 2007	522,638	3,028,809	(149,048)	1,446,814	583,282	-	5,432,495

<i>In thousands of PLN</i>	Share capital	Share premium	Revaluation reserve	Other reserves	Retained earnings	Minority share	Total equity
Balance as at 1 January 2008	522,638	3,028,809	(182,450)	1,454,355	779,732	-	5,603,084
Valuation of financial assets available-for-sale	-	-	60,791	-	-	-	60,791
Transfer of valuation of sold financial assets available-for-sale to profit and loss account	-	-	(37,388)	-	-	-	(37,388)
Deferred income tax on valuation of financial assets available-for-sale	-	-	(4,320)	-	-	-	(4,320)
Foreign exchange gains and losses	-	-	-	(2,108)	-	-	(2,108)
Net profit	-	-	-	-	565,886	-	565,886
Dividends paid	-	(615)	-	-	(620,982)	-	(621,597)
Transfer on capital	-	1,509	-	167,789	(169,298)	-	-
Closing balance as at 30 September 2008	522,638	3,029,703	(163,367)	1,620,036	555,338	-	5,564,348

Summary consolidated statement of cash flows

In thousands of PLN

	Third quarter growing period from 01/01/08 to 30/09/08	Third quarter growing period from 01/01/07 to 30/09/07
Cash at the beginning of reporting period	3,746,323	1,321,162
Cash flows from operating activities	(1,459,778)	342,709
Cash flows from investing activities	(67,511)	(29,604)
Cash flows from financing activities	(417,630)	(435,334)
Cash at the end of reporting period	1,801,404	1,198,933
Increase / (decrease) in net cash	(1,944,919)	(122,229)

Supplementary notes to the consolidated financial statements

1. General information about the Bank's Capital Group

This interim consolidated report shows the results of operations of the Capital Group of Bank Handlowy w Warszawie S.A. ("the Group"), composed of Bank Handlowy w Warszawie S.A. ("the Bank") as the parent and its subordinated entities.

Bank Handlowy w Warszawie S.A. has its registered office in Warsaw at ul. Senatorska 16, 00-923 Warszawa. The Bank was founded on the strength of a Notarial Deed of 13 April 1870 and is registered in the Register of Entrepreneurs in the National Court Register maintained by the District Court for Warsaw, XII Commercial Department in Warsaw, under KRS number 0000001538.

The Bank was given REGON number: 000013037 and tax identification number – NIP: 526-030-02-91.

The Bank and the Group were set up for unspecified period of time.

Issued capital of the Bank equals PLN 522,638,400 and is divided into 130,659,600 common shares, with nominal value of PLN 4.00 per share. The Bank's shares are quoted at the Warsaw Stock Exchange.

The Group is a member of Citigroup Inc. Citibank Overseas Investments Corporation, a subsidiary of Citibank N.A., is the parent of the Bank.

The Bank is a universal bank that offers a wide range of banking services for individuals and corporate customers in the domestic and foreign markets. Additionally, the Group conducts the following activities through its subordinated entities:

- brokerage operations,
- lease services,
- investment operations.

The Group consists of the following subordinated entities:

Subsidiaries	Registered office	% of votes at the General Meeting of Shareholders	
		30.09.2008	31.12.2007
<i>Entities fully consolidated</i>			
Dom Maklerski Banku Handlowego S.A.	Warsaw	100.00	100.00
Handlowy - Leasing Sp. z o.o.	Warsaw	100.00	100.00
Handlowy Investments S.A.	Luxemburg	100.00	100.00
PPH Spomasz Sp. z o.o. (under liquidation)	Warsaw	100.00	100.00
<i>Entities accounted for under the equity method</i>			
Handlowy Inwestycje Sp. z o.o.	Warsaw	100.00	100.00
Handlowy Investments II S.A.r.l.	Luxembourg	100.00	100.00
Bank Rozwoju Cukrownictwa S.A.	Poznań	100.00	100.00

In the third quarter of 2008 there were no changes in the holding of shares in subordinates.

2. Basis of preparation of the report

The interim consolidated financial statements of the Group for the third quarter of 2008 have been prepared in accordance with International Accounting Standards 34 “Interim financial reporting”, approved by European Union and other obligatory regulations

The interim consolidated financial statements of the Group for the third quarter 2008 have been prepared in accordance with accounting principles adopted and summarized in the interim consolidated financial statements of the Group for the period ending 30 June 2007.

The interim consolidated financial statements of the Group have been prepared for the period from 1 January 2008 to 30 September 2008. Comparable financial data is presented for the period from 1 January 2007 to 30 September 2007 and for the Balance sheet according to situation on 31 December 2007.

The financial statements are presented in PLN, rounded to the nearest thousand.

3. Macroeconomic Trends and Conditions Prevailing in Money, FX and Capital Markets

The data published in the second half of 2008 confirmed a gradual economic slowdown of Poland to be a reality. Industrial production in the third quarter grew by an average of 3.4% YOY compared to 8.5% in the second quarter; precipitated, among others, by weaker export production. Retail sales slowed down over the same period to 11.2% YOY from 15.6% in the second quarter of 2008. In spite of the economic deceleration wage pressure remained high while average salary in corporate sector increased by 10.4% YOY compared to 12.1% in the second quarter of the year.

Consumer price index (CPI) in the third quarter of 2008 grew by 0.4 percentage points to reach 4.7% YOY, primarily driven by relatively high annual growth in prices of household accommodation and energy carriers as well as prices of food. Thus CPI grew much above the inflation target of the monetary authorities set at 2.5%.

In spite of high inflation the Monetary Policy Council refrained from increasing interest rates; concerned with excessive strengthening of the zloty and economic slowdown impacted by waning economic growth in the Eurozone. As a result of the prime rate of the central bank in the third quarter of 2008 oscillated at 6.00%. At the same time the Monetary Policy Council in its official communiqués informed that they cannot exclude possible subsequent interest rate increases with the aim of bring inflation down to its preset target.

In the third quarter of 2008, the sentiment of heightened risk averseness persisted in the financial markets,

because of the disruptions of the continuing credit market crisis. Investors readily turned to the safer markets and asset classes, and conditions in both the FX and the interest rate market reflected this. The global financial crisis also led to disturbances in the money market and increase of the short term WIBOR and LIBOR interest rates.

Not unlike other emerging market currencies the złoty gradually declined in value over the third quarter of 2008. Although the domestic currency partially made up for the losses on the back of the recent announcement of the prime minister of Poland's plan for adoption of the euro in 2011, however, appreciation of the złoty was short lived, and the exchange rate of the Polish currency to the euro at the end of the third quarter reached 3.41. The złoty also weakened against the U.S. dollar as a result of which at the end of the third quarter the PLN/USD exchange rate reached 2.37.

The third quarter of 2008 brought about evident deterioration in investor sentiment in the local capital market. The mounting crisis of the international financial markets coupled with redemptions in the domestic mutual funds sector evidenced themselves in declines in all of the main indices of the Warsaw Stock Exchange (WSE). WIG slumped by over 9% in the past three months, whereas WIG20, the largest companies index lost 8.2%. It was the lowest market capitalisation companies of sWIG80 that suffered the most, as it lost 16.6% and reached 9,460 points.

Analysis of sector specific sub-indices indicates that the telecommunications sector proved the strongest (mainly thanks to Telekomunikacja Polska); gaining 8.5% in the third quarter of 2008. The least resistant to the volatility of the global markets were the property development stocks (minus 26.8% QOQ) and food industry stocks (minus 20.3% compared to the end of the second quarter of 2008).

Since the beginning of the year 26 new company stocks entered the main floor of WSE, with 3 making their debuts in the third quarter. As at the end of September 2008 a total of 368 company stocks were traded on the main market floor, including 25 foreign entities.

Total market capitalisation of the companies traded on WSE reached PLN 621 billion (minus 17% QOQ and minus 26% YOY), of which 57% were domestically based companies (plus 7% compared to the second quarter).

The Warsaw Stock Exchange (WSE) Equity Indices, as at 30 September 2008

Index	30.09.2008	30.06.2008	QOQ Percentage Change	30.09.2007	YOY Percentage Change
WIG	37,367.33	41,146.26	(9.2%)	60,368.92	(38.1%)
WIG-PL	37,207.87	40,550.50	(8.2%)	59,999.98	(38.0%)
WIG20	2,384.22	2,591.09	(8.0%)	3,633.64	(34.4%)
mWIG40	2,252.23	2,649.88	(15.0%)	4,568.14	(50.7%)
sWIG80	9,460.33	11,346.34	(16.6%)	17,993.12	(47.4%)
Sector specific sub-indices					
WIG-Banks	5,956.56	6,009.90	(0.9%)	8,426.28	(29.3%)
WIG-Construction	6,021.32	6,754.71	(10.9%)	10,076.37	(40.2%)
WIG-Developers	2,119.62	2,896.05	(26.8%)	5,509.96	(61.5%)
WIG-IT	1,264.77	1,302.84	(2.9%)	1,971.78	(35.9%)
WIG-Media	3,332.55	3,435.90	(3.0%)	4,481.56	(25.6%)
WIG-Fuel industry	2,401.14	2,320.08	3.5%	3,734.17	(35.7%)
WIG-Food industry	1,837.85	2,306.41	(20.3%)	3,791.62	(51.5%)
WIG-Telecommunications	1,308.86	1,206.28	8.5%	1,206.44	8.5%

Source: WSE, Dom Maklerski Banku Handlowego S.A.

Volumes of trade in shares, bonds and derivative instruments on WSE in the third quarter of 2008

	Q3 2008	Q2 2008	QOQ Percentage Change	Q3 2007	YOY Percentage Change
Shares (PLN m)	75,338	69,231	8.8%	109,918	(31.5%)
Bonds (PLN m)	616	715	(13.8%)	716	(14.0%)
Futures and options contracts (‘000 units)	2,804	2,626	6.8%	2,783	0.8%

Source: WSE, Dom Maklerski Banku Handlowego S.A.

In spite of unfavourable trends continuing in the domestic equities market, the trading volume increased compared to the second quarter by nearly 9% and reached PLN 75.3 billion. Compared to the third quarter of a year earlier trading volume declined by 31.5%.

In the period of July to September activity of investors in the debt securities market declined. The total turnover in bonds reached PLN 616 million compared to PLN 715 million in the second quarter and to PLN 716 million in the equivalent period a year earlier.

The unfavourable conditions on the cash instruments market translated into slight growth of investor interest in derivative instruments. Volume of futures and options transactions exceeded 2.8 million contracts, which represents growth of 6.8% QOQ and is closely aligned to the level of the third quarter of 2007 (plus 0.8%).

In the nearest quarter we do not expect improvement in growth dynamics in the securities market. Concerns over the financial sector crisis, economic slowdown and the ongoing wave of investment fund redemptions can be expected to contribute to increasing aversion to equity investments and to deepening uncertainty as to further developments on WSE.

4. Banking Sector

In spite of the strenuous conditions prevailing in the global financial markets Polish banking sector had continued with robust growth. The third quarter of 2008 results indicate that the banks in Poland retain good financial condition, with neither their operations nor their results affected in any materially adverse way by the turmoil in the global markets. In the third quarter of 2008 net result of the banking sector exceeded PLN 4 billion representing a 21% growth over equivalent period a year earlier. At the same time revenues of the banking sector grew by 23%, with costs growing at 16%. As a result cost to income ratio changed from 56% in the third quarter of 2007 to 53% in the third quarter of 2008. The sector revenue growth was driven primarily by growth in net interest income (25% YOY) and by substantial FX gains (120% YOY). The banking sector results were, however, also affected in a materially adverse way by net change in impairments and revaluations, the highest since the fourth quarter of 2003 and representing a 108% growth compared to these disclosed in the third quarter of 2007.

Of substantial impact on growth of the banking sector results was the dynamic growth in assets. In the third quarter of 2008 balance sheet total of the sector increased by 22% YOY to reach nearly PLN 950 billion. Corporate loans grew at rates of 26% YOY and 7% QOQ while corporate deposits grew by 8% YOY and 4% QOQ. This indicates that the corporate sector continues with extensive bank credit funding of its operations. Lending to private individuals grew at even more dynamic rates of 37% YOY and of 10% QOQ. Growth in this category was underpinned by mortgage loans; their volumes in the third quarter of 2008 growing by 40% as compared to equivalent period of 2007 and by 12% compared to the earlier quarter. Deposits from individuals grew at rates of 25% YOY and 5% QOQ, which testifies of continuation of a trend involving customers transferred their funds from the investment funds industry, which had recently generated negative rates of return, to banks, which have offered safe and attractively priced deposits.

As a result indicator of the non-financial sector loans to deposits reached 111%, with the difference in volume of loans and deposits exceeding PLN 50 billion.

5. Financial analysis of the Group's Results

Balance sheet

At the end of the third quarter of 2008 total assets amounted to PLN 37.1 billion as compared with PLN 38.9 billion at the end of 2007 and decreased by PLN 1.8 billion (or 4.7%). The decline was caused by a lower balance in the current account with the National Bank of Poland on 30 September 2008 than it was on 31 December 2007 (down by PLN 2.4 billion, or 73%). The change in the balance is a result of the current management of the regulatory provision at the NBP account while keeping an average monthly balance at the declared level. The decline was also caused by the decrease in loans and advances to financial sector (down by PLN 1.5 billion, or 18%) which is a result of the reduction of bank deposits while recording an increase in loans and advances to non-financial sector (up by PLN 1.6 billion, or 13%).

Loans and advances to non-financial sector, net

PLN m	30.09.2008	31.12.2007	Change	
			PLN m	%
<i>Corporate banking clients</i>	8,677	7,767	910	12%
<i>Retail banking customers, including:</i>	5,397	4,719	678	14%
<i>Credit cards</i>	2,123	1,830	293	16%
<i>Cash loans to customers</i>	2,881	2,432	449	18%
Total	14,074	12,486	1,588	13%

The main driver of the growth in this group of assets was the rise in corporate loans by PLN 0.9 billion (or 12%). Noticeable growth was also achieved in consumer lending (up by PLN 0.7 billion, or 14%) primarily in cash loans to individual customers and in overdrafts on credit cards.

Loans and advances to non-financial sector, gross

PLN m	30.09.2008	31.12.2007	Change	
			PLN m	%
<i>Not at risk of impairment</i>	13,711	12,217	1,494	12%
<i>At risk of impairment</i>	1,689	1,635	54	3%
Total	15,400	13,852	1,548	11%
Impairment	1,326	1,366	(40)	(3%)
Loans and advances to non-financial sector, net	14,074	12,486	1,588	13%
Provision coverage ratio	79%	84%		

On liabilities side, the biggest change (down by PLN 1.3 billion, or 30%) was recoded in financial liabilities held-for-trading as well as in deposits from financial sector (down by PLN 1.1 billion, or 16%) primarily in bank's term deposits.

Deposits of non-financial sector

PLN m	30.09.2008	31.12.2007	Change	
			PLN m	%
Current accounts:	8,288	8,050	238	3%
<i>Corporate banking clients</i>	3,904	4,029	(125)	(3%)
<i>Retail banking customers</i>	4,384	4,021	363	9%
Deposits:	11,515	11,748	(233)	(2%)
<i>Corporate banking clients</i>	9,067	9,506	(439)	(5%)
<i>Retail banking customers</i>	2,447	2,242	205	9%
Accrued interest	19	13	6	47%
Total	19,821	19,811	10	0%

■ Income statement

In the third quarter of 2008 the Group reported consolidated net income of PLN 215.7 million, up by PLN 37 million (or 21%) compared to the third quarter of 2007. At the same time, Group revenue increased by PLN 46 million (or 8%) to PLN 661 million. The major impact on higher revenue and thus on higher consolidated net income (compared to the third quarter of 2007) had an increase in treasury income (up by PLN 69 million, or 73%).

The main determinants of the Group's operating result for the third quarter of 2008 as compared to the corresponding period of 2007 were:

- The net interest income amounting to PLN 335 million in comparison with PLN 307 million recorded in the third quarter of 2007 (up by PLN 28 million, or 9%), stemming mainly from the rise in interest income from non-financial sector loans and advances, as well as higher income from regulatory provision at the NBP account, partly offset by the increase in cost of financing deposits of non-financial sector:

<i>PLN '000</i>	01.07- 30.09.2008	01.07 - 30.09.2007	Change	
			PLN m	%
<i>Interest and similar income from:</i>				
Central Bank	14,320	10,055	4,265	42%
Placements in banks	73,380	81,180	(7,800)	(10%)
Loans and advances, of which:	380,955	297,548	83,407	28%
<i>Financial sector</i>	2,791	2,786	5	0%
<i>Non-financial sector, including:</i>	378,164	294,762	83,402	28%
<i>on credit cards</i>	91,830	66,950	24,880	37%
Debt securities available-for-sale	85,449	96,027	(10,578)	(11%)
Debt securities held-for-trading	22,528	22,654	(126)	(1%)
Total	576,632	507,464	69,750	14%
<i>Interest expense and similar charges on:</i>				
Deposits from banks	(18,272)	(25,508)	7,236	(28%)
Deposits from financial sector (excl. banks)	(35,604)	(29,815)	(5,789)	19%
Deposits from non-financial sector	(177,456)	(139,900)	(37,556)	27%
Loans and advances received	(10,287)	(5,428)	(4,859)	90%
Total	(241,619)	(200,651)	(40,968)	20%
Net interest income	335,013	306,813	28,200	9%

- The net fee and commission income amounting to PLN 150 million in comparison with PLN 191 million reported in the third quarter of 2007 (down by PLN 41 million, or 22%), caused primarily by a decrease in fee and commission income from investments and insurance products in retail banking, as well as from brokerage operations and custody services;

Fee and commission income

<i>PLN '000</i>	01.07- 30.09.2008	01.07 - 30.09.2007	Change <i>PLN '000</i>	%
<i>Fee and commission income</i>				
Insurance and investment products	50,284	76,528	(26,244)	(34%)
Payment and credit cards	41,953	50,514	(8,561)	(17%)
Transaction services	33,039	33,719	(680)	(2%)
Custody services	18,820	24,931	(6,111)	(25%)
Brokerage operations	12,785	18,612	(5,827)	(31%)
Other	17,365	19,526	(2,161)	(11%)
Total	174,246	223,830	(49,584)	(22%)
<i>Fee and commission expense</i>				
Payment and credit cards	(12,779)	(18,011)	5,232	(29%)
Brokerage operations	(6,955)	(8,174)	1,219	(15%)
Other	(4,371)	(6,330)	1,959	(31%)
Total	(24,105)	(32,515)	8,410	(26%)
<i>Net fee and commission income</i>				
Insurance and investment products	50,284	76,528	(26,244)	(34%)
Payment and credit cards	29,174	32,503	(3,329)	(10%)
Transaction services	33,039	33,719	(680)	(2%)
Custody services	18,820	24,931	(6,111)	(25%)
Brokerage operations	5,830	10,438	(4,608)	(44%)
Other	12,994	13,196	(202)	(2%)
Total	150,141	191,315	(41,174)	(22%)

- Net income on financial instruments and revaluation amounting to PLN 156 million as compared to PLN 88 million in the third quarter of 2007 (up by PLN 68 million, or 78%) was achieved by an active sale of products to customers and successful management of Bank's own position. Significant increase was recorded in currency exchange transactions volume of non-bank customers and in fx options transactions;
- Net income in the area of investment debt securities amounting to PLN 8 million as compared to PLN 7 million in the third quarter of 2007 as a result of dynamic portfolio management strategy and sound bond market;
- In comparison to the third quarter of 2007, in the third quarter of 2008 the Group reported decrease in general administrative expenses and overheads together with depreciation expenses (down by PLN 8 million, or 2%) mainly due to lower staff expenses and depreciation expenses. Administrative expenses remained at comparable level. Telecommunication fees and hardware purchases expenses as well as marketing expenses were lower while an increase was reported in advisory, audit, consulting and other services expenses as well as in building maintenance and rent. It is important to emphasize that the decline in expenses was reported both in Corporate Banking Sector and Consumer Banking Sector;

General administrative expenses and depreciation expense

<i>PLN '000</i>	01.07. - 30.09.2008	01.07. - 30.09.2007	Change <i>PLN '000</i>	%
Staff expenses	178,448	184,000	(5,552)	(3%)
Remuneration costs	137,260	141,181	(3,921)	(3%)
Perks and rewards	41,188	42,819	(1,631)	(4%)

<i>PLN '000</i>	01.07. - 30.09.2008	01.07. - 30.09.2007	Change	
			<i>PLN '000</i>	%
Administrative expenses	164,677	164,958	(281)	(0%)
Telecommunication fees and hardware purchases	40,126	44,929	(4,803)	(11%)
Advisory, audit, consulting and other services	23,412	18,293	5,119	28%
Building maintenance and rent	29,688	27,113	2,575	9%
Marketing	11,810	15,899	(4,089)	(26%)
Transaction costs	15,860	16,692	(832)	(5%)
Postal services	8,410	6,969	1,441	21%
Training and education	3,176	3,480	(304)	(9%)
Other expenses	32,195	31,583	612	2%
Depreciation/amortization of tangible and intangible assets	24,081	26,713	(2,632)	(10%)
Total	367,206	375,671	(8,465)	(2%)

- Net impairment losses of PLN 23 million compared to the net recovery of PLN 11 million in the third quarter of 2007, which is the effect of proportion deterioration between provision release from non performing loans and new write offs resulting from increase of the level of the risk of credit activity within the Corporate Banking Sector as well as higher provisions in the Consumer Banking Sector, due to growth of loan portfolio and credits cards.

▪ Ratios

In the third quarter basic financial ratios present as follows:

Financial ratios	Q3 2008	Q3 2007
ROE */	17.4%	14.9%
ROA	2.3%	1.9%
Cost / Income	55.5%	61.1%
Loans to non-financial sector / Deposits from non-financial sector**/	71%	63%
Loans to non-financial sector/ Total assets **/	38%	32%
Net interest income / Revenue	51%	50%
Net fee and commission income / Revenue	23%	31%

*/ annualized net income for the given quarter divided by average equity of four quarters net of current period profit; in the case of the first quarter at exclusion of paid and committed dividend

**/ Comparable balance sheet data as at 31 December 2007

Group employment

<i>In full time job equivalents (FTJE)</i>	01.07. - 30.09.2008	01.07. - 30.09.2007	Change	
			FTJEs	%
Average employment in the third quarter	5,643	5,729	(86)	(2)
Average employment in the term	5,731	5,690	41	1
Average employment at the term end	5,626	5,774	(148)	(3)

As at 30 September 2008, capital adequacy ratio of the Group stood at 12.29%, down by 0.57 percentage points compared with the end of 2007, which was primarily caused by the increase in the capital requirement to cover operational risk as well as the increase in capital requirements to cover credit risk and counterparty risk

Capital adequacy ratio

PLN '000	30.09.2008	31.12.2007
Own funds for the calculation of capital adequacy ratio	3,660,460	3,434,911
Risk-weighted assets and off-balance sheet liabilities (bank portfolio)	20,203,650	17,444,865
Total capital requirements, of which:	2,383,055	2,137,404
- credit risk capital requirements	1,616,292	1,395,589
- counterparty risk capital requirements	158,143	123,926
- excess concentration and large exposures risks capital requirements	87,912	356,051
- total market risk capital requirements	164,133	253,531
- operational risk capital requirements	347,112	-
- other capital requirements	9,463	8,307
Capital adequacy ratio	12.29%	12.86%

Capital Adequacy Ratio was calculated according to the rules stated in Resolution No 1/2007 of the Commission for Banking Supervision dated 13 March 2007 regarding the extent and detailed rules of calculation of capital requirements in respect of particular risks (...) (NBP Official Journal No. 2, item 3). In compliance with paragraph 14.3 of the abovementioned Resolution, as at 31 December 2007, the Bank decreased total capital requirements by operational risk.

6. Segmental reporting

The Group's operating activities have been divided into two business segments:

- Corporate Bank

Within the Corporate Bank segment the Group offers products and renders services to business entities, self-government units and the public sector. Apart from traditional banking services covering lending and deposit activities, the segment provides services in the areas of cash management, trade financing, leases, brokerage and custody services in respect of securities and offers treasury products on financial and commodity markets. In addition, the segment offers a wide range of investment banking services on the local and international capital markets, including advisory services and obtaining and underwriting financing via public and non-public issue of financial instruments. The activities also comprise proprietary transactions in the capital, debt and derivative instruments market. The products and services are available through distribution channels tailored to client needs, both through the branch network, direct contact with customers and modern and effective remote channels such as telephone and electronic banking.

- Consumer Bank

Within the Consumer Bank segment the Group provides products and financial services to individuals and also to micro enterprises and individual entrepreneurs through the Citibusiness offer. Apart from maintaining bank accounts and providing an extensive lending and deposit offer, it also offers cash loans, mortgage loans and credit cards, as well as provides asset management services and acts as agent in the sale of investment and insurance products. Customers of the Consumer Bank have the branch network, ATMs, telephone services, and electronic banking services at their disposal and a network of financial agents offering products of this segment.

The valuation of segment assets and liabilities, income and segment results is based on the Group's

accounting policies.

The Group conducts its operations solely in the territory of Poland and no significant differences in risk were identified as regards the geographical location of its outlets. Therefore results of the Group have not been presented by geographical area.

Consolidated income statement by business segment

For the period <i>w tys. zł</i>	01.01 – 30.09.2008			01.01 – 30.09.2007		
	Corporate Bank	Consumer Bank	Total	Corporate Bank	Consumer Bank	Total
Net interest income	395,729	585,969	981,698	397,653	492,003	889,656
Net fee and commission income	196,423	283,113	479,536	234,021	320,954	554,975
Dividend income	2,837	2,247	5,084	4,256	17	4,273
Net income on traded financial instruments and revaluation	343,503	27,685	371,188	305,373	24,541	329,914
Net gain on investment (deposit) securities	37,388	-	37,388	17,875	-	17,875
Net gain on investment (capital) instruments	(168)	-	(168)	40,507	3,789	44,296
Net other operating income	56,328	(3,381)	52,947	51,463	(7,700)	43,763
General administrative expenses	(485,905)	(599,734)	(1,085,639)	(485,813)	(564,426)	(1,050,239)
Depreciation expense	(49,950)	(23,962)	(73,912)	(58,100)	(24,099)	(82,198)
Profit / (loss) on sale of tangible fixed assets	2,263	451	2,714	(138)	44	(94)
Net impairment losses	4,859	(63,631)	(58,772)	58,883	(23,858)	35,025
Operating income	503,307	208,757	712,064	565,980	221,265	787,246
Share in profits (losses) of undertakings accounted for under the equity method	1,813	-	1,813	(8,472)	-	(8,472)
Profit before tax	505,120	208,757	713,877	557,508	221,265	778,774
Income tax expense			(147,991)			(160,362)
Net profit			565,886			618,412

As at:	30.09.2008			31.12.2007		
Assets, including	31,438,376	5,630,740	37,069,116	34,030,227	4,877,757	38,907,984
<i>Non-current assets held-for-sale</i>	12,645	-	12,645	12,645	-	12,645
Liabilities	29,028,140	8,040,976	37,069,116	31,464,198	7,443,786	38,907,984

7. Activities of the Group in the third quarter of 2008

1. Corporate Bank

- *Summary results*

PLN '000	Q3 2008	Q3 2007	Change	
			PLN '000	%
Net interest income	128,458	138,551	(10,093)	(7%)
Net fee and commission income	61,988	78,846	(16,858)	(21%)
Dividend income	368	3,472	(3,104)	(89%)
Net income on traded financial instruments and revaluation	145,923	79,771	66,152	83%
Net gain on debt investment securities	8,293	7,135	1,158	16%
Net gain on equity investment instruments	-	303	(303)	(100%)
Net other operating income	13,900	18,131	(4,231)	(23%)
Total income	358,930	326,209	32,721	10%
General administrative expenses and depreciation	(170,722)	(177,273)	6,551	(4%)
Profit / (loss) on sale of tangible fixed assets	1,039	478	561	117%
Net impairment losses	(4,028)	6,713	(10,741)	(160%)
Share in profits / (losses) of undertakings accounted for under the equity method	4	42	(38)	(90%)
Profit before tax	185,223	156,169	29,054	19%
Cost / Income	48%	54%		

The main factors that determined the gross profit of the Corporate Banking for the third quarter of 2008 as compared to the corresponding period of 2007:

- Decrease in net interest income resulting mainly from decrease of available for sale portfolio as well as lower income from placements in banks,
- Decrease in net fee and commission income caused by lower incomes on custody and brokerage services,
- Increase of income from Treasury activity, which was achieved by an active sale of products to customers and successful management of Bank's own position. Significant increase was recorded in currency exchange transactions volume of non-bank customers and in FX options transactions,
- Decrease of general administrative expenses, overheads and depreciation expense primarily due to lower staff costs, as well as lower technological, marketing expenses and also lower staff business-linked expenditures,
- Deterioration of proportion between provision release from non performing loans and new write offs resulting from increase of the level of the risk of credit activity.

a) Transaction Servicing

- Payments and Receivables

Direct Debit

The Bank holds a position of leadership in the mass payments market in Poland. Another innovation the Bank intends to launch in that market segment is direct debit in the SEPA format for euro transactions. In the

third quarter of 2008 the Bank began working on implementation of SEPA Direct Debit product. Introduction of this change aims at adjustment of the product to uniform standards, which will be binding in the area of the European Union. Completion of the work is expected before the end of the year 2009.

The Bank has amassed experience in implementing SEPA requirements to its products. The Bank's model implementation of SEPA payments was singled out by the Polish Bank Association.

Domestic Bank Transfers

In the third quarter of 2008 the Bank introduced changes to its process of settlement of foreclosures. At present the Bank charges a supplementary fee on execution of each repayment from account foreclosure for the benefit of a collecting body. The change is going to contribute to growth of income on the domestic bank transfers product.

Foreign Bank Transfers

The Bank launched a new scheme for settlement of non-stp transactions, in other words, of payments that do not include account number in the IBAN format or bank address in the SWIFT format. The currently used solution is based on flat-rate settlements with clients. The change simplifies the fee charging process, with expected customer satisfaction improvement effect. The Bank expects to thereby speed up the payment settlement process.

- Liquidity and Cash Management Products

Liquidity Management

The Bank is a leading provider of corporate liquidity management solutions in the Polish banking market. Many local and international capital groups committed management of their cash pooling structures to it. In the third quarter of 2008 the Bank was the first in the Polish market to include in its offer no reversal cash pooling, also know as Zero-Balancing. To date no Polish bank offered its clients a solution of this type.

Another innovation strengthens the Bank's position in the market of liquidity management services. As the previously used types of actual cash pooling, so this new structure is also based on the subrogation mechanism, regulated by the Polish Civil Code. One common feature of the new and the previously used actual cash pooling product is the replenishment of to zero of negative balances of the structure participants at the end of each working day and transfer of cash surpluses to a single designated account. One characteristic feature of the new Zero-Balancing product is the lack reversal of the cash consolidation on a single account. The funds remain collected on a designated account, which is a significant simplification in management of capital group finances. At the launch of this new solution the Bank's clients are enabled to invest their consolidated funds over longer horizons: for periods longer than the single-day overnight deposits.

Cash Products

Many transactions in the Polish market continue to be settled in cash. The Bank provides its clients with comprehensive cash management. In addition to the traditional payments and draw downs, the Bank's offer includes a broad range of additional solutions, such as cash convoying, closed payments in Polish postal service outlets, identification of mass payments (SpeedCash), electronic documentation transfer, sale of safe envelopes or co-operation with other banks in purchase and sale of banknotes.

Volume of cash payments made by the Bank's clients has grown systematically. In the third quarter of 2008 this value was 13% higher than in the equivalent period of a year earlier. Moreover a growing number of clients also takes advantage of cash products: in the third quarter of 2008 cash payment transactions were made by 51% more clients than in the equivalent period of a year earlier.

MicroPayments

In the third quarter of 2008 the Bank continued to promote and develop the MicroPayments product (*Mikrowplaty*). The product allows courts and prosecution administrations to calculate and charge court deposit and bail interest at individual case level. In the third quarter of 2008 the product was expanded to include the possibility of generation of daily reports with confirmation of balances.

The MicroPayments product gained the trust of the Bank's clients and enjoys growing interest amongst potential counterparties, which has been confirmed in the course of the conferences and workshops organised in the third quarter for representative of courts and prosecutors.

- Electronic Banking

At the end of the third quarter of 2008 the number of corporate clients operating the CitiDirect internet banking system increased by 16.2% compared to the end of the third quarter of 2007 and currently exceeds 9 thousand.

In the third quarter of 2008 the Bank processed over 5.8 million transactions there. In the equivalent period of year 2007 that number reached approximately 5.3 million transactions, which represents close to 9% growth.

The share of electronically delivered bank statements remains high and stands at approximately 86 %.

- Card Products

In the third quarter of 2008, the Bank continued working towards strengthening its position of leadership in the prepaid payment cards market through a variety of marketing activities. Its market share stands at around 70%. The product is most frequently used under loyalty, promotional and incentive programs. The Bank's prepaid cards are also used as an instrument of social benefit distribution.

As at the end of September 2008 total number of prepaid payment cards issued by the Bank reached 420,000, which represents growth of 90% compared to the number of its prepaid payment cards issued at the end of the third quarter of 2007.

At the end of the third quarter of 2008 the number of issued business cards reached 16,800, which represents growth of 5% compared to the end of equivalent period a year earlier.

- Trade Finance Products

The third quarter of 2008 was particularly rich in trade finance product innovation as the Bank launched as many as four new solutions in both trade servicing and financing, which included:

- discounting of own letters of credit;
- self-government factoring;
- factoring with PZU insurance policy; and
- the option of L/C based trade transaction settlement with counterparties in Iraq.

Revenue growth and effectiveness measures proved mutually supportive as, among others, the Bank optimised operating costs and adjusted its operational model to market requirements, which is going to translate into increased customer satisfaction.

The Bank continued to develop its loyalty programs based on no recourse trade debt discounting (supplier financing).

The most noteworthy trade finance transactions and achievements of the third quarter of 2008 included:

- launch of a no recourse trade receivables discounting program for a vegetable oil production leader;
- intensification of Supplier Financing Programs, resulting in closing of 20 true factoring agreements; and
- notification of an export L/C for a global steel manufacturing leader.

- EU Office

In the third quarter of 2008 the Bank continued its promotion and information campaign focusing on the new 2007-2013 programming period. In this context representatives of the Bank participated in a series of meetings with the existing and potential clients. Training courses and meeting served as the vehicles for transfer of expert insights into the opportunities for co-financing of innovative projects with European Union funds. The meetings also presented the concept of a technological loan as an instrument for financing corporate innovation. Clients also learned of the benefits accruing from co-operation with the EU Guarantee Fund in the process of securing finance for EU projects. The campaign was primarily addressed to representatives of the small and medium enterprise sector (SMEs), with over sixty such firms participating.

As the subsequent EU funds for enterprises become available the Bank continues an advisory and information campaign among its clients. This approach has resulted in development of co-operation with new clients and in closing of subsequent new EU advisory agreements.

b) Capital Markets and the Corporate and Investment Bank

- *Treasury*

The third quarter of 2008 saw particularly strong growth in FX transactions. The Bank's treasury income grew by nearly a fourth compared to equivalent period a year earlier while the number of active clients increased by approximately 3%.

Clients used FX exposure hedging operations extensively, as demonstrated by a 19% growth in the number of active treasury clients over the third quarter of 2008 compared to equivalent period a year earlier. Related income grew by a third, with volumes going up by nearly 80% compared to the third quarter of 2007.

In the third quarter of 2008 the Bank continued with the strategy of developing the internet platform enabling execution of FX transactions on line. Interest in the OLT platform has grown dynamically, with near 130% growth in the volume of transactions closed via the platform compared to equivalent period of 2007. In the case treasury products electronic banking continues to be an excellent tool for acquisition of new clients, as proved by near 50% growth in the number of clients, who value the speed and comfort of this method of transacting.

- *Corporate and Investment Bank*

In the third quarter of 2008 the Bank fully implemented its new institutional client servicing model aimed at maximising both corporate service platform and operational efficiency. This involved rollout of an integrated service platform, which covers all of the economic entities operating in the Polish market.

The Bank continues to pursue the strategy of sustainable growth of assets linked to optimising effectiveness of funds employed.

Total assets

PLN m	30.09.2008	31.12.2007	30.09.2007	Change (1)/(2)		Change (1)/(3)	
	(1)	(2)	(3)	Amount	%	Amount	%
Total Commercial Bank	9,530	8,622	9,243	908	11%	287	3%
Including:							
SMEs	846	810	795	35	4%	51	6%
MMEs	1,547	1,572	1,636	(25)	(2%)	(89)	(5%)
Public Sector	103	93	70	9	10%	33	48%
Global Clients	4,168	3,343	3,558	826	25%	610	17%
Corporate Clients	1,893	1,907	2,440	(14)	(1%)	(547)	(22%)

Total deposits

PLN m	30.09.2008	31.12.2007	30.09.2007	Change (1)/(2)		Change (1)/(3)	
	(1)	(2)	(3)	Amount	%	Amount	%
Total Commercial Bank	16,105	17,013	18,293	(908)	(5%)	(2,187)	(12%)
Including:							
SMEs	1,694	1,824	1,701	(130)	(7%)	(7)	0%
MMEs	1,520	1,755	1,665	(235)	(13%)	(145)	(9%)
Public Sector	1,822	850	898	972	114%	924	103%
Global Clients	7,421	8,720	9,413	(1,299)	(5%)	(1,992)	(21%)
Corporate Clients	3,598	3,800	4,620	(202)	(5%)	(1,022)	(22%)

Key initiatives in the Small and Medium Enterprises Segment (SMEs)

In the process of implementation of an integrated corporate client servicing platform the third quarter of 2008 saw a breakthrough in servicing of the SME sector clients.

In line with the One Bank strategy the enabling of the common platform to serve SMEs has removed the previously traditional subdivision into the corporate bank and the consumer bank and has enabled the Bank to roll out a unique offer that draws on the best solutions in both the areas.

In July 2008 the Bank realigned its product offer addressed to SMEs to provide a seamless combination of a standardised product package prepared for the mass market with an individualised approach meeting the more advanced needs of medium sized companies. These product packages structured afresh enable the bank adviser the put together offers that at optimal for the respective clients, whatever their size or need. These packages can now be offered to all the Bank's clients through the SME advisers, irrespective of the platform of interaction the clients use, be it the branch outlet, telephony or the Internet.

Independent of the common product platform, the Bank also established a uniform servicing model, which follows the best practices in relationship and mass banking. To each client firm we assigned a dedicated banking adviser, who is reachable through one of our corporate centres within the 4 regions or by telephone. We have also standardised credit documentation and process for all the SME clients.

The achieved close co-operation of various teams within a single product offer ensures effective and productive servicing of each SME client; giving them strategic client treatment and accompanying them at every stage of their development; from inception (micro-business) to a medium-sized firm (and further development).

In parallel to the changes within the common platform, the Bank worked on diversifying its offer through introduction of new products, among others, designed for a preselected group of the largest SME clients, who were offered Multipurpose Credit Line enabling them to take advantage of a number of different credit products based on a single credit decision. As of the end of the third quarter of 2008 SME clients using the Citibank Online electronic banking solution are able to make term deposits on line on highly attractive terms. At the same time we have worked on providing the entire SME segment with a full spectrum of products, e.g. factoring services or the SpeedCollect mass payments to the smaller firm and credit cards and savings accounts to the larger firms.

Key initiatives in the Large Enterprises Segment (MMEs)

At implementation of the new customer service model, which takes into account the unique characteristics of large enterprises and local self-government units in terms of their unique service needs, the Bank rolled out throughout its branch network a structure of dedicated advisers, as appropriate to the actual needs of each of these clients. We expanded the product offer dedicated to MMEs to include input price hedging contracts, factoring and such new solutions as factoring for self-government units.

Key initiatives in the Global Clients Segment

The Bank began cooperating with a number of new clients and successfully participated in tenders for banking services of companies representing diverse sectors of the economy, including the fuel sector and the insurance industry.

We continued with implementation of true cash pooling, which makes available to our clients a modern and effective liquidity management tool and initiated new projects in trade finance area.

Key initiatives in the Corporate Clients Segment

In July 2008 the Bank signed a bilateral agreement with an FMCG segment player for a 3-year tenor loan in an amount of USD 40,000,000.00 for the purpose of financing acquisition of an entity in Russia. In the same period we also closed an innovative FX risk hedging transaction for a large media sector operator.

- *Dom Maklerski Banku Handlowego S.A. (DMBH), a subsidiary*

In the third quarter 2008 DMBH retained its second place in market ranking in terms of share in secondary equities market trading. Value of transactions generated via DMBH on the Warsaw Stock Exchange (WSE) equities market reached PLN 8,633 million compared to PLN 10,599 million in the second quarter of 2007. In the same period trading on WSE reached PLN 75,338 million, which was a decline of 31.5% over the trading volume registered in equivalent period a year earlier, or PLN 109,918 million.

The number of investment accounts maintained by DMBH as at the end of the third quarter of 2008 stood at 9,890.

In the third quarter of 2008 number of companies for which DMBH performs the role of the market maker continues to place DMBH in the lead of the securities brokerage firms performing that function on WSE. The activity of DMBH as market maker in the third quarter of 2008 also places DMBH in a position of leadership among the brokerage firms providing that service.

At the end of the third quarter of 2008 DMBH acted as the market maker for 37 companies; representing 10% of all equities traded on WSE. Additionally the proprietary investments unit performs the function of the market maker for futures on the WIG20 index and the Mw20 index units.

Worth noting is the fact that among the companies the DMBH serves in the capacity of a market maker include foreign companies with parallel listings on their home markets.

DMBH took the second place in the FORBES monthly ranking of the Best Brokerage Houses in 2008 from the perspective of institutional investors. At the same time DMBH took the first place in the team classification ranking.

Summary Income Statement and Balance Sheet *

Company name	Headquartered	Participation interest of the Bank in equity %	Balance sheet total as at 30.09.2008 PLN '000	Equity as at 30.09.2008 PLN '000	Net financial result 01.01.-30.09.2008 PLN '000
Dom Maklerski Banku Handlowego S.A.	Warsaw	100.00	673,331	89,522	7,081

* Unconsolidated unit data, not audited in the course of the year

- *Handlowy-Leasing Sp. z o.o. (Handlowy-Leasing), a subsidiary*

As at the end of September 2008 net value of leasing receivables reached PLN 1.3 billion, which represents slight growth compared to the value as at the end of June 2008. In YOY terms net leasing receivables grew by 31%.

Net asset value of leases

PLN m	Q1 –Q3 2008	Q1 –Q3 2007	Change	
			PLN m	%
Value of leases contracted in the period	544	591	47	9%
- for vehicles	399	362	(37)	(9%)
- for machinery and equipment	145	229	84	58%

In cumulative terms value of the leased assets and trends in the respective segment were as follows:

- Tractor units and semitrailers - PLN 207 million (-32%)
- Lorries and other - PLN 94 million (+34%)
- Personal cars - PLN 61 million (+148%)
- Machinery and equipment - PLN 229 million (+ 58%)

In the third quarter of 2008 alone value of the leased assets declined however by 39% YOY, mainly ascribable to a substantial slowdown of uptake in the tractors and semitrailers leasing market, which is a significant segment for the company. The machinery leasing segment in the third quarter of 2008 also experienced significant growth deceleration, which was partially an effect of the clients' awaiting resolution of tenders for works co-funded from various EU structural funds, but also partially an effect of uncertainties about the macroeconomic trends, which could reduce the level of investments.

The company has continued to introduce measures aimed at increasing further its effectiveness and customer service. In this context it introduced automated, summary payment clearing and enriched its insurance offer through introduction of Handlowy Leasing-Adwokat, a litigation insurance coverage package.

Summary Income Statement and Balance Sheet *

Company name	Headquartered	Participation interest of the Bank in equity %	Balance sheet total	Equity as at	Net financial result
			as at 30.09.2008 PLN '000	30.09.2008 PLN '000	01.01.-30.09.2008 PLN '000
Handlowy-Leasing Sp. z o.o.	Warsaw	100.00	1,286,542	183,553	10,277

* Unconsolidated unit data, not audited in the course of the year

2. Consumer Bank

- *Summary segmental results*

PLN '000	Q3 2008	Q3 2007	Change	
			PLN '000	%
Net interest income	206,555	168,262	38,293	23%
Net fee and commission income	88,153	112,469	(24,316)	(22%)
Net income on traded financial instruments and revaluation	10,122	8,118	2,004	25%
Net other operating income	(2,667)	(130)	(2,537)	1952%
Total income	302,163	288,719	13,444	5%
General administrative expenses and depreciation	(196,484)	(198,398)	1,914	(1%)
Profit / (loss) on sale of tangible fixed assets	228	18	210	1167%
Net impairment losses	(18,610)	(17,351)	(1,259)	7%
Profit before tax	87,297	72,988	14,309	20%
Cost / Income	65%	69%		

The main factors that determined the gross profit of Consumer Bank in the third quarter of 2008 as compared to the corresponding period of 2007:

- Dynamic interest income growth as compared to the corresponding period of 2007 resulting mainly from substantial growth of Credit Cards and Cash Loan portfolios,
- Decrease of fee income related to investment products, caused by very unstable situation on financial markets, partially compensated by increased fee income on other products
- Expenses of the segment went down slightly. Expenses related to increase acquisition and portfolio growth were compensated by increasing effectiveness of the segment and lower marketing spend
- Credit reserves growth was mainly caused by growth of assets portfolio: mainly cash loans and credit cards.

a) Credit Cards

In the third quarter of 2008 the Bank acquired a record number of over 74,000 new credit cards, and total number of cards issued kart as at the end of September reached over 972,000. The Bank remains a market leader in terms of card transaction value and customer debt balance while the Citibank Credit Cards remain the most frequently used cards in the market.

The third quarter of 2008 proved highly successful in terms of issuance of co-branded cards. Over the period the Bank acquired over 65,000 new co-branded cards, of which number the users of Citibank-BP Motokarta Kredytowa represent nearly half (31,000). Thus the Citibank-BP card, with total of nearly 240,000 issued cards, strengthened its position of the largest co-branding partnership programme on the market. The Bank also achieved excellent results on sale of Citibank-Plus Credit Card launched a year ago: 27,000 of these cards were issued in the third quarter, thus bringing the total Citibank-Plus portfolio close to 100,000 cards.

As at the end of September 2008 the number of the Citibank Credit Cards Discount Program partners expanded as new brands joined it. At present the discounts program includes over 3,200 vendor establishments throughout Poland, in which all holders of Citibank Credit Cards can receive discounts of up to 50% on purchases made with their cards. Citibank Credit Cards Discount Program remains the largest program of its kind in the Polish market.

In September we launched an innovative SMS service, which helps holders of Citibank Credit Cards to locate the Discount Program partners. In a quick and easy manner – by sending an SMS message - the Bank's customers can check for the address of the nearest vendor, where they can obtain attractive discounts while paying with their Citibank Credit Cards.

Another step in the development of the Bank's offer involved the launch in August of 2008 of a service enabling customers to independently set up instalment plans on their Citibank Credit Card payments, this via the eCard served internet shops.

b) Other Consumer Bank Products

- *Bank Accounts*

In the third quarter of 2008 the Bank concentrated its efforts on promotion of its deposit offer and development on new product solutions, which the customers will be able to use in the fourth quarter of this year.

In July the Bank rolled out in its branch network a new sales process, which supports acquisition of customers seeking a comprehensive relationship with the Bank. The first contact with the customer is used to offer them the complete range of the available products, which on the basis of data captured in a single application. The range includes current accounts in the Polish złoty and other currencies, savings accounts, an overdraft facility, a credit card and insurance products.

In July, the Bank together with LOT Polish Airlines organised a special meeting for the best users of the Miles & More program in Rajszewo. These potential customers could take an individual golf lesson and participate in a tournament. Over 500 guests attended that meeting.

In August the Bank came out with a one-week long 6-month deposit promotion, with interest of 6.2% per annum. The promotion was available through 34 branches throughout Poland and met with extensive interest.

Throughout the summer season the Bank used the proportional message of Card for the Summer – Card for Years (*Karta na lato – karta na lata*) to offer new customers opening personal accounts in the Bank branches a Citibank Credit Card with unspecified time exemption from the annual credit card fee. All a customer needs to do is to use the card in any transaction within two months of the credit card issue date and to start channelling pay transfers to their personal account. The market responded to the promotion with great interest.

At the same time the Bank continued to promote its personal accounts, this with the aim of acquiring new pay transferring customers, e.g. the CitiAccount Plus promotion.

The deposit products were also structured in such a way as to form a common offer with unit-linked insurance and investment products. The Bank thereby enabled its customers to generate substantial income on its high interest bearing deposits ranging from 6% up to as much as 12% per annum.

- *Credit Products*

Cash Loan

In the third quarter of 2008 the Bank launched special Cash Loan offers tailored to the needs of respective customers segments. Between 1 July and 29 August we conducted the Declaration Based Loan promotional campaign, which was addressed to contracted employees. Under the offer the customer was able to borrow up to PLN 20,000 złoty without the need of presenting income statement from their employer, which is particularly hard to secured over the holiday season. Document requirements in the case of the promoted loans had been reduced to the necessary minimum, which normally included the presentation of the personal identification card and a written statement of income submitted by the customer in the outlet. Additional incentive under this offer was its accessibility via all of the product distribution channels: in the Bank branches, through telephone line access and on premises of the intermediaries who collaborate with the Bank. The campaign was provided with the necessary media support through national coverage radio broadcasters.

In September, with the new school year commencing, the Bank prepared a special offer for its customers in the framework of a campaign entitled Loan for the New School Year. Schoolwork Success (*Pożyczka na nowy rok szkolny. Sukcesy w szkole*). Each customer who took advantage of this promotion in the period of 1st to 30th September and drew a loan in an amount of at least PLN 12,000 was vested with a voucher of PLN 50, plus – irrespective of the loan amount – each borrower received a small gift: school attendance and child road safety related. The campaign received strong media support in the press of national circulation, which occurred in the early part of September.

Unsecured Credit Line

The Bank continued to market its Citibank Credit Line (a renewable personal account overdraft facility) in pursuance of its newly adopted lending policy rules (implemented as of June 2008) and with employment of ECUS, the new sales process support software tool. Sales support involved offering the customers an attractive promotional product price. Implementation of the new product and introduction of a reduced price led to growth in sales of the Citibank Credit Line (compared to the previous months' results).

Secured Credit Line

Within the framework of the Secured Credit Line, as of the third quarter of 2008 the Bank provided its customers with options of borrowing against the Global Investment Portfolio, the Dollar Foreign Funds

Portfolio and the Dollar Euro Foreign Funds Portfolio. This change in the product is consistent with expectations of customers who are holders of these types of investment products and who are at the same time looking for short term funding. The Portfolio Secured Credit Line has been accessible since July 2008 in PLN and a number of other currencies, such as EUR and USD. Worth underscoring is that the Secured Credit Line can be granted in any currency, irrespective of the collateral currency, and for any amount within a lending limit of between PLN 80,000 and PLN 6,000,000.

Additionally, in the third quarter the Bank introduced new sales policy rules, under which it can offer the Portfolio Secured Credit Line to customers who have held the Portfolio products for minimum 6 months and it can actively sell the Portfolio Secured Credit Line offer.

Mortgage Products

In the area of mortgage products the Bank continued in the third quarter of 2008 its Open Architecture strategy, meaning that it offered its customers products most appropriate for them, this on the basis of the needs and expectations the applicants expressed (its offer continues to include both proprietary mortgage products and mortgage products of external partners the Bank entered into co-operation agreements with: Nykredit and Dombank). In the third quarter of 2008 we began negotiations on commencement of co-operation with another partner bank.

At the end of the third quarter of 2008 the Bank's product offer included two proprietary mortgage products: the housing loan (with optional extra 10% loan value in cash, with discretionary use of proceeds clause) and the mortgage secured cash loan. These proprietary products are available only for the customers in relationships with the Bank involving assets of PLN 130,000 and above. The proprietary mortgage loans are available in PLN and CHF (EUR was withdrawn from the offer). Also the Bank expanded the list of acceptable property locations.

- *Investment and Insurance Products*

Investment Products

In the third quarter 2008 roku the offer of the Franklin Templeton Investments foreign investment funds was expanded to include a new type of unit available in EUR, which can reduce the FX impact on investment results and thus permits achievement of returns close to those in the base currency.

In a joint effort with representatives of the investment funds industry, domestic and international asset managers and its product specialists the Bank organised regular conference calls and training sessions for its customer relationship managers and conducted over 50 seminars for its customers. All these activities aimed at dissemination of knowledge and understanding of the investment products, the price blending strategy and diversification of assets as they aimed to inform about the current market realities and the condition prevailing in respective economies, sectors and regions of the world.

Structured Products

On the back of the success of the earlier series of Investment Life Insurance issues, such as the Gold and Platinum or the Climate Change subscriptions, in the third quarter of 2008 the Bank conducted subscriptions for products of like type:

- in July and August – Riches of Russia subscriptions, within the Investment Life Insurance series; and
- in September – Trend Navigator subscription, within which funds collected through insurance policy contributions of the customer are invested in a diversified portfolio covering 4 out of 6 pre-selected asset classes. The TrendSpotter Index, which the Trend Navigator subscription is based on represents a proprietary solution of Barclays Capital investment bank. The index basket offers the customer a choice of six different asset classes: Money Market, Bonds, Stocks, Minerals, Property Market and Hedge Funds. Product structure provides for investment of cash into assets achieving the highest yields in a six-month horizon. The four highest performing assets are assigned weights of 40%, 30%, 20% and 10% respectively. The remaining asset classes with the lowest return rates are not included in the

investment portfolio in a given six-month period. Periodic review of the basket and adjustment of the weights assigned to the respective asset classes in it against the backdrop of current price trends is an important feature of this product.

Also in the third quarter our customers were taking advantage of an offer consisting of approximately 30 different structured bond instruments. These bonds were offered in PLN, USD and EUR in tenors of between one year and five years and were linked to: various indices, including WIG 20, S&P GSCI Agriculture Excess Return Index, DJ Eurostoxx 50, S&P 500 Index and Merrill Lynch Renewable Energy Index; Polish company stocks, including PKO BP, KGHM Polska Miedz, PKN ORLEN SA; 3M PLN WIBOR, 3M USD LIBOR, 3M EURIBOR; and to the basket of BRIC currencies.

Insurance Products

In September 2008 the Bank added a new insurance product to its offer: The Orchid Guaranteed Payout Plan, with MetLife Europe Limited as the insurer. This Variable Annuity plan is a novel insurance solution in the Polish market.

The Orchid Guaranteed Payout Plan is a funded life insurance product involving a single annuity payment with the option of additional payments. The product provides the insured with benefits of long term investing in the financial markets and delivers guaranteed income paid on periodic basis, which the customer is entitled to trigger at any time at completion of the 55 year of their life.

The product provides high level of assurance of payment of the guaranteed benefit. Furthermore value of the benefit is protected against volatility of the financial markets while, at the same time, allowing the insured to benefit from growth in these markets.

- *Electronic Banking and Other Remote Service Channels*

In the third quarter of 2008 the Bank held a lottery for its customers entitled: Logittery. Log in and Win (*Loginieria. Nagradzanie za logowanie*). At confirmation of their wish to take part in the game, each and every customer logging in to the Bank's electronic banking channel could win a prepaid charge card with value of between PLN 300 and PLN 2,250 zlotys. As a result the number of users registering with the Citibank Online internet service exceeded PLN 300,000. This represented a 17% growth in the number of registered users compared to the previous quarter.

In the third quarter the Bank also continued promoting the Online Account Statements service (account statements in the electronic form). At the end of the third quarter of 2008 the number of registered electronic banking service users exceeded 255,000, a 19% QOQ growth.

3. Branch network

At the end of the third quarter of 2008 the Bank's branch network comprised 243 outlets and included Corporate Bank branches and Consumer Bank branches as well as those operating under the CitiFinancial brand. The CitiFinancial outlets included 22 that are the CitiFinancial authorised service outlets, at which customers can submit applications for cash loans offered by the Bank. In the course of the third quarter of 2008 the network of the CitiFinancial authorised service outlets grew by 5 located in: Suwałki, Tarnobrzeg, Ilawa, Zgierz and Krosno. At present, the CitiFinancial branded branch network includes 120 outlets, including 98 own branches.

In the third quarter of 2008 the Bank continued to proceed with its Branch Networks Merger project. This involved, among others, test selling of personal accounts via subsequent selected CitiFinancial outlets, which had previously focused exclusively on servicing loan products.

The Branch Network Optimisation Project proceeded with a number of activities. Two Consumer Bank branches in Warsaw – at 24 Jana Pawła II street and 7/9 Traugutta street – were merged into a single joint outlet with primary location at 11 Polna street. At the same time their corporate clients and retail customers

continued to be served at 7/9 Traugutta street. A Consumer Bank outlet in Lublin at 55 Krakowskie Przedmieście street was expanded and reopened. Corporate clients and retail customers were provided with a new Bank branch in Koszalin at 9 Rynek Staromiejski. Also within the framework of the same project two CitiFinancial outlets in Łódź were closed down: at Zgierska street and Gorkiego street.

Number of branches as at period end

	Q3 2008	Q3 2007	Change
Number of outlets:	243	235	+8
Consumer Bank	85	85	No change
Multifunctional outlets	72	71	+1
CitiGold Wealth Management	12	13	(1)
Investment Centre	1	1	No change
<i>- of which serving Corporate Bank clients</i>	82	82	<i>No change</i>
CitiFinancial	120	112	+8
Branches	98	100	(2)
Agencies (partner outlets operating under the CitiFinancial logo)	22	12	+10
Corporate Bank	38	38	No change
<i>- of which serving Retail Bank customers</i>	38	38	<i>No change</i>
Other sales / customer service outlets:			
Mini-branches (within "Citibank at work")	6	4	+2
BP petrol station sales points	131	84	+47
Supermarket stands	3	4	(1)
Number of own ATMs	162	153	+9

In summary, as at the end of the third quarter of 2008:

- Corporate Bank clients were served by 120 outlets;
- Consumer Bank customers were served by 122 outlets; and
- CitiFinancial customers were served by 120 outlets.

8. Seasonality or cyclical nature of business activity

The business activity of the Group is not significantly influenced by seasonal or cyclical factors.

9. Issue, buyout and repayment of debt and equity securities

No debt or equity securities were issued, bought out or repaid in the third quarter of 2008.

10. Paid or declared dividends

Paid dividends

According to Resolution no 10 of Usual General Assembly Meeting of the Bank from 19 June 2008, the following issues were determined: distribution of 2007 Bank profit, the decision about payment of dividend, the day of dividend and the dividend date of payment. Amount of PLN 620,633,100.00 was assigned for Shareholders' dividend payment from the net profit of 2007 (in 2007 net profit for 2006 came to PLN 535,704,360.00), what means that the amount of dividend on share came to PLN 4.75 (in 2006: PLN 4.10).

The date of determination of the right to the dividend was designated on 4 July 2008. The dividend was paid on 29 August 2008.

11. Changes in the Group's structure

In the third quarter 2008 non-current assets held-for-sale include two Bank's own property, that fulfils the requirements of IFRS 5 and therefore was reclassified to this group from fixed tangible assets.

Mentioned assets of the Group are presented in Balance sheet as "Financial assets and liabilities held for trading".

12. Major events after the balance sheet date not included in the financial statements

As at 30 September 2008 there were no major events after the balance sheet date not included in the financial statement that could have a significant influence on the net result of the Group.

13. Movements in off-balance sheet commitments

As at 30 September 2008 in relation to the end of 2007 there weren't significant changes in range of received and granted conditional obligation.

The changes in off-balance sheet commitments comparing to the end of 2007, have concerned mainly liabilities related to realization of buying/selling operations, what means decrease of futures transactions amount – concerning transactions FRA and IRS.

The off-balance sheet commitments are as follows:

<i>In thousand of PLN</i>	30/09/2008	31/12/2007
Contingent liabilities		
Granted liabilities		
a) financial	10,584,173	11,192,715
<i>Import letters of credit issued</i>	169,194	146,673
<i>Lines of credit granted</i>	10,337,763	10,874,042
<i>Deposits to be distributed</i>	47,716	-
<i>Subscription of securities granted to other issuers</i>	29,500	172,000
b) guarantees	2,100,440	2,172,079
<i>Guarantees granted</i>	2,092,251	2,158,948
<i>Export letters of credit confirmed</i>	8,189	13,131
	12,684,613	13,364,794
Liabilities received		
a) financial	978,320	50,000
<i>Deposits granted</i>	978,320	50,000
b) guarantees	2,430,304	2,573,703
<i>Guarantees received</i>	2,430,304	2,573,703
	3,408,624	2,623,703
Current off-balance sheet transactions*	7,765,277	1,287,297
Forward off-balance sheet transactions**	332,990,417	525,508,982
	356,848,931	542,784,776

*Foreign exchange and securities trading, transactions with current value date

** Derivatives: FX, interest rate transactions and options

14. Achievement of 2008 forecast results

The Bank, as the dominant entity, did not disclose its forecast results for the year 2008.

15. Information about shareholders

As at the submission date of this consolidated quarterly report, the only shareholder of the Bank holding, directly or indirectly through subsidiaries, a minimum of 5% of votes at the General Meeting of Shareholders of Bank Handlowy w Warszawie S.A. is Citibank Overseas Investment Corporation (COIC), a subsidiary of Citibank N.A., with 97,994,700 shares held, i.e. 75% of the authorized share capital of the Bank and

97,994,700 votes at the General Meeting of Shareholders of Bank Handlowy w Warszawie S.A., i.e. 75% of the votes.

The structure of major shareholdings has not changed since the submission of the previous quarterly report.

16. Ownership of issuer's shares by managing and supervising officers

As at the submission date of this consolidated quarterly report, to the best knowledge of the Bank, Mr Andrzej Olechowski, a Vice-chairman of the Supervisory Board, held 1,200 shares of the Bank. Other managing persons did not declare ownership of the Bank's shares.

The number of the Bank's shares held by managing and supervising persons has not changed since the previous consolidated quarterly report.

17. Information on pending proceedings

In the third quarter of 2008 there were no proceedings regarding debts of the Bank or a subsidiary of the Bank pending before court, public administration authority or an arbitration authority, the value of which would equal at least 10% of the Bank's equity.

The total value of all court proceedings with the participation of the Bank and subsidiaries of the Bank regarding debts exceeded 10% of the Bank's equity and equaled PLN 967 819 million.

The amount of debts of the Bank and subsidiaries results mainly from voluntary arrangement proceedings and bankruptcy proceedings in which the Bank or its subsidiaries participate as creditors and court proceedings with the participation of the Bank concerning enforcement of clause of feasibility to Bank executive title. It should be emphasized that the court proceedings, especially bankruptcy and voluntary arrangement proceedings, are long-lasting and protracted. Due to the lengthiness of proceedings, only a few voluntary arrangement and bankruptcy proceedings result in a final and legally valid court decision within a period shorter than two years (and a majority of them last for a period of four and more years). The report includes some proceedings that started several years ago.

In accordance with applicable regulations, the Group recognizes impairment losses for loans subject to court proceedings.

At the same time, as a rule, as a result of closed bankruptcy proceedings and proceedings for granting the court enforcement clause to bank collection title, at least a part of debts due is recovered, which provides a basis for reversing previous impairment losses in part or in whole. The situation is the same in the case of finalized voluntary arrangement proceedings, when after reducing debt; the debtor repays non-reduced part of his debts.

The most significant legal actions that are pending in relation to receivables are as follows:

Parties to Proceedings	Litigation Value (in thousands of PLN)	Proceedings Commencement Date	Description of Case
Creditor: Bank Handlowy w Warszawie S.A.	158,534	8 August 1996 – declaration of bankruptcy.	Case pending. The Bank submitted the receivable to obtain repayment from the bankrupt's assets for arrangement on 14 October 1996. The Bank realized all the collateral. The Bank will probably not receive its receivables. The official receiver expected to complete the bankruptcy proceeding by the end of 2006. The Bank still expects to receive a resolution on completion of the bankruptcy proceeding.

Parties to Proceedings	Litigation Value (in thousands of PLN)	Proceedings Commencement Date	Description of Case
Creditor: Bank Handlowy w Warszawie S.A.	44,732	On 22 June 2001, the court declared the debtor bankrupt.	The Bank submitted its receivables to the proceedings. Case pending.

In the third quarter 2008, there were no proceedings regarding liabilities of the Bank or a subsidiary of the Bank, the value of which would equal at least 10% of the Bank's equity, pending before court, public administration authority or an arbitration authority.

In the third quarter 2008 the total value of all court proceedings with the participation of the Bank and subsidiaries of the Bank regarding liabilities hasn't exceeded 10% of the Bank's equity capital

The target reserves were established in case of legal action concerning risk of Group's commitment appropriations outflow.

18. Information about significant transactions with related entities

In the third quarter of 2008, the Bank and its subsidiaries enter into transactions with related entities. All transactions with related entities resulted from current operating activities and were deal on market terms.

In July 2008 the Bank signed with Citibank N.A. New York, the sole shareholder of Citibank Overseas Investment Corporation, which owns the majority stake of the Bank's shares, the annexes number 1 and 2 to the agreement signed on 19 April 2004, concerning a range of information systems used by the Bank to service the Bank operation activities. In annex 1 the sides settled that the payment of the services for year 2006 is amounted for 425,334.51 USD net. In annex 2 the sides settled that the payment of the services for year 2007 is amounted for 473,693.30 USD net.

In July 2008 the Bank signed with Citibank N.A. London Branch, entity connected to Citibank N.A. New York, sole shareholder of the company Citibank Overseas Investment Corporation, which is the major stockholder of Bank Handlowy w Warszawie S.A., the annex number 2 to the agreement signed on 29 April 2004, concerning a range of information systems used by the Bank to service the Bank operation activities. In annex 2 the sides settled that the payment for the services for year 2007 is amounted for 875,776.30 USD net.

19. Information about guarantee agreements

At the end of the third quarter of 2008, the total value of sureties and guarantees extended by the Bank or its subsidiaries to a single entity and its subsidiary did not exceed 10% of the Bank's consolidated shareholders' equity.

20. Other important information

Personal changes in Bank management

On 1 October 2008 Mr Edward Wess has lodged resignation from position of Vice-President of the Board of the Bank resulted from 1 October 2008.

On 1 October 2008 Mr Peter Rossiter was appointed on position of Vice-President of the Board of the Bank.

21. Description of Factors and Events that Might Affect the Group's Future Financial Performance

The dramatic deterioration in the Euro zone's economic growth and the turmoil in the financial markets have increased then risk of economic slowdown in the upcoming quarters. The Bank's macroeconomic forecasts indicate that Poland's GDP growth may come down to approximately 3.6% YOY in 2009 impacted by the slower export sales effected deterioration in the trade balance. Moreover GDP growth slowdown may also come as a result of waning of demand for investment, a response to deteriorating global growth prospects as well as to the possible increase in market interest rates.

The Polish government announced plan of joining the Euro in 2011-2012 require that Poland join the ERM-2 exchange rate mechanism as early as in 2009. Considering the turmoil in the global financial markets there is a risk that participation in the ERM-2 mechanism can cause substantial fluctuations in the Polish złoty exchange rate. Also any further continued spread of averseness to risk-taking among foreign investors could cause potential threat of the Polish currency weakening.

All of the above factors may affect the Group's financial performance in the subsequent periods.

Summary interim financial statements of the Bank – parent company**Income statement of the Bank – parent company**

<i>In thousands of PLN</i>	Third quarter period from 01/07/08 to 30/09/08	Third quarter growing period from 01/01/08 to 30/09/08	Third quarter period from 01/07/07 to 30/09/07	Third quarter growing period from 01/01/07 to 30/09/07
Interest and similar income	557 145	1 620 013	501 157	1 423 673
Interest expense and similar charges	(235 639)	(674 825)	(199 027)	(557 660)
Net interest income	321 506	945 188	302 130	866 013
Fee and commission income	161 515	514 103	204 759	595 226
Fee and commission expense	(17 150)	(54 393)	(24 371)	(73 920)
Net fee and commission income	144 365	459 710	180 388	521 306
Dividend income	-	59 539	4 321	27 222
Net income on financial instruments and revaluation	158 716	370 791	88 283	327 321
Net gain on investment (deposit) securities	8 293	37 388	7 135	17 875
Net gain on investment (capital) instruments	-	-	-	10 454
Other operating income	16,940	74,621	21,091	72,985
Other operating expenses	(6,546)	(23,829)	(3,200)	(28,130)
Net other operating income	10,394	50,792	17,891	44,855
General administrative expenses	(335,956)	(1,056,832)	(338,917)	(1,019,107)
Depreciation expense	(23,399)	(72,341)	(26,402)	(81,294)
Profit / (loss) on sale of tangible fixed assets	1,257	2,656	496	(84)
Net impairment losses	(22,210)	(52,075)	(15,368)	54,816
Profit before tax	262,966	744,816	219,957	769,377
Income tax expense	(54,002)	(141,655)	(46,351)	(156,528)
Net profit	208,964	603,161	173,606	612,849
Weighted average number of ordinary shares		130,659,600		130,659,600
Net profit per ordinary share (in PLN)		4.62		4.69
Diluted net profit per ordinary share (in PLN)		4.62		4.69

Balance sheet of the Bank – parent company*In thousands of PLN*

	30/09/2008	31/12/2007
ASSETS		
Cash and balances with central bank	901,244	3,321,503
Financial assets held for trading	4,776,976	5,132,265
Debt securities available-for-sale	7,122,625	6,467,638
Equity investments	301,938	302,321
Loans and advances	20,073,417	20,309,005
<i>to financial sector</i>	7,241,301	8,910,556
<i>to non-financial sector</i>	12,832,116	11,398,449
Property and equipment	573,156	601,088
<i>land, buildings and equipment</i>	547,964	576,060
<i>investment property</i>	25,192	25,028
Intangible assets	1,279,749	1,282,811
Income tax assets	302,250	368,497
Other assets	480,972	210,588
Non-current assets held-for-sale	12,645	12,645
Total assets	35,824,972	38,008,361
LIABILITIES		
Financial liabilities held for trading	3,048,248	4,373,146
Financial liabilities valued at amortized cost	26,201,340	27,443,267
<i>deposits from</i>	25,835,946	27,001,251
<i>financial sector</i>	6,059,490	7,243,219
<i>non-financial sector</i>	19,776,456	19,758,032
<i>other liabilities</i>	365,394	442,016
Provisions	43,896	35,331
Income tax liabilities	-	93,351
Other liabilities	1,053,798	587,188
Total liabilities	30,347,282	32,532,283
EQUITY		
Issued capital	522,638	522,638
Share premium	2,944,585	2,944,585
Revaluation reserve	(163,367)	(182,451)
Other reserves	1,570,673	1,382,238
Retained earnings	603,161	809,068
Total equity	5,477,690	5,476,078
Total liabilities and equity	35,824,972	38,008,361

Statement of changes in equity of the Bank – parent company

<i>In thousands of PLN</i>	Share capital	Share premium	Revaluation reserve	Other reserves	Retained earnings	Total Equity
Balance as at 1 January 2007	522,638	2,944,585	(81,501)	1,297,175	621,667	5,304,564
Valuation of financial assets available-for-sale	-	-	(68,821)	-	-	(68,821)
Transfer of valuation of sold financial assets available-for-sale to profit and loss account	-	-	(20,898)	-	-	(20,898)
Deferred income tax on valuation of financial assets available-for-sale	-	-	17,047	-	-	17,047
Net profit	-	-	-	-	612,849	612,849
Dividends to be paid	-	-	-	-	(535,704)	(535,704)
Transfer on capital	-	-	-	85,063	(85,063)	-
Closing balance as at 30 September 2007	522,638	2,944,585	(154,173)	1,382,238	613,749	5,309,037
	Share capital	Share premium	Revaluation reserve	Other reserves	Retained earnings	Total Equity
Balance as at 1 January 2008	522,638	2,944,585	(182,451)	1,382,238	809,068	5,476,078
Valuation of financial assets available-for-sale	-	-	60,792	-	-	60,792
Transfer of valuation of sold financial assets available-for-sale to profit and loss account	-	-	(37,388)	-	-	(37,388)
Deferred income tax on valuation of financial assets available-for-sale	-	-	(4,320)	-	-	(4,320)
Net profit	-	-	-	-	603,161	603,161
Dividends to be paid	-	-	-	-	(620,633)	(620,633)
Transfer on capital	-	-	-	188,435	(188,435)	-
Closing balance as at 30 September 2008	522,638	2,944,585	(163,367)	1,570,673	603,161	5,477,690

Summary statement of cash flows of the Bank – parent company

<i>In thousands of PLN</i>	Third quarter growing Period from 01/01/08 to 30/09/08	Third quarter growing Period from 01/01/07 to 30/09/07
Cash at the beginning of reporting period	3,741,447	1,304,621
Cash flows from operating activities	(1,270,972)	466,617
Cash flows from investing activities	(12,401)	(29,167)
Cash flows from financing activities	(656,772)	(543,332)
Cash at the end of reporting period	1,801,302	1,198,739
Increase / Decrease in net cash	(1,940,145)	(105,882)

Notes to the Interim Abbreviated Financial Statements of Bank Handlowy w Warszawie S.A. (“the Bank”) for the third quarter of 2008

The abbreviated interim financial statements of the Bank for the third quarter of 2008 have been prepared in accordance with accounting principles adopted and summarized in the consolidated interim financial statement of the Bank for the reporting period ending on 30 June 2008.

The notes to these interim consolidated financial statements for the third quarter of 2008 contain all material information and explanatory data also relevant to the Bank’s abbreviated interim financial statements. A summary of the Bank’s financial results for the third quarter of 2008 is presented below.

The Bank’s financial results

For three quarters 2008 Bank has generated profit before tax of PLN 745 million, relatively to PLN 769 million in analogous period of previous year. In third quarter 2008 Bank has generated profit before tax of PLN 263 million, relatively to PLN 220 million in analogous period of 2007.

The net profit in increasing formulation (i.e. for period from January to September) amount PLN 603 million, that means PLN 10 million decrease (i.e. 1.6 %) relatively to the same period of previous year. The net profit in third quarter 2008 amount PLN 209 million, that means PLN 35 million increase (i.e. 20.4 %) relatively to the same period of previous year.

The factors that determined the net profit of the Bank in third quarter 2008 were: increase of income on financial instruments (traded financial instruments and revaluation, investment debt securities) jointly by PLN 72 million (i.e. 75.0%), increase of interest by PLN 19 million (i.e. 6.4%), decrease of general administrative expenses and depreciation expense jointly by PLN 6 million (i.e. 1.6%), lower result from fee and commission income by PLN 36 million, lower result from other operational incomes and expenses by PLN 7 million and increase of net writes off by PLN 7 million.

The consolidated quarterly report for the third quarter of 2008 will be made available on the website of Bank Handlowy w Warszawie S.A. at www.citihandlowy.pl

Signature of the Financial Reporting and Control
Department
Vice Director

Signature of the Vice President of
Management Board

Date and signature
04.11.2008

Date and signature
04.11.2008