



CONDENSED INTERIM UNCONSOLIDATED  
FINANCIAL STATEMENTS  
OF BANK HANDLOWY W WARSZAWIE S.A.  
FOR THE PERIOD ENDED 30 JUNE 2011

AUGUST 2011

SELECTED FINANCIAL DATA	In PLN '000	In EUR '000***		
	First half of 2011	First half of 2010	First half of 2011	First half of 2010
Interest income	913,606	973,917	230,284	243,224
Fee and commission income	332,741	323,774	83,871	80,859
Profit before tax	410,776	439,397	103,540	109,734
Net profit	331,207	345,701	83,484	86,335
Comprehensive income	351,456	423,795	88,588	105,838
Increase/decrease of net cash	(2,061,973)	(2,118,195)	(519,742)	(528,989)
Total assets*	38,436,947	36,701,673	9,641,536	9,267,397
Financial liabilities valued at amortized cost*	27,941,560	26,943,235	7,008,870	6,803,332
Shareholders' equity	6,023,386	6,063,387	1,510,908	1,462,537
Share capital	522,638	522,638	131,099	126,064
Number of shares (in pcs)	130,659,600	130,659,600	130,659,600	130,659,600
Book value per share (PLN/EUR)	46.10	46.41	11.56	11.19
Earnings per share (PLN/EUR)	2.53	2.65	0.64	0.66
Diluted net earnings per share (in PLN)	2.53	2.65	0.64	0.66
Declared or paid dividends per share (PLN/EUR)**	5.72	3.77	1.43	0.98

\*The comparable financial data as at 31 December 2010.

\*\*The presented ratios are related to dividends paid in 2011 from the distribution of 2010 profit and dividends paid in 2010 from the distribution of 2009 profit.

\*\*\*The following exchange rates were applied to convert PLN to EUR: for the balance sheet – NBP average exchange rate as at 30 June 2011 of PLN 3.9866 (as at 31 December 2010: PLN 3.9603, as at 30 June 2010: 4.1458); for the income statement and statement of cash flow – the arithmetic mean of NBP end-of-month exchange rates in the first half of 2011 – PLN 3.9673 (in the first half of 2010: PLN 4.0042).

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**Condensed income statement**

	For a period	01.01. - 30.06. 2011	01.01. - 30.06. 2010
<i>PLN '000</i>			
Interest and similar income		913,606	973,917
Interest expense and similar charges		(233,662)	(243,109)
<b>Net interest income</b>		<b>679,944</b>	<b>730,808</b>
Fee and commission income		332,741	323,774
Fee and commission expense		(33,915)	(34,760)
<b>Net fee and commission income</b>		<b>298,826</b>	<b>289,014</b>
Dividend income		26,271	12,509
Net income on financial instruments and revaluation		135,501	157,868
Net gain on debt investment securities		11,334	57,692
Net gain on capital investment instruments		-	2,516
Other operating income		20,350	39,270
Other operating expenses		(18,364)	(31,235)
<b>Net other operating income</b>		<b>1,986</b>	<b>8,035</b>
General administrative expenses		(664,945)	(624,972)
Depreciation expense		(25,763)	(30,091)
Profit / (loss) on sale of tangible fixed assets		2,276	(203)
Net impairment losses		(54,654)	(163,779)
<b>Profit before tax</b>		<b>410,776</b>	<b>439,397</b>
Income tax expense		(79,569)	(93,696)
<b>Net profit</b>		<b>331,207</b>	<b>345,701</b>
Weighted average number of ordinary shares		130,659,600	130,659,600
Net earnings per share (in PLN)		2.53	2.65
Diluted net earnings per share (in PLN)		2.53	2.65

Supplementary notes on page 8 are integral part of the condensed interim unconsolidated financial statements.

**Condensed statement of comprehensive income**

	For a period	01.01. - 30.06. 2011	01.01. - 30.06. 2010
<i>PLN '000</i>			
Net profit		331,207	345,701
Other comprehensive income:			
Net valuation of financial assets available-for-sale		20,249	78,094
<b>Total comprehensive income</b>		<b>351,456</b>	<b>423,795</b>

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**Condensed balance sheet**

<i>PLN '000</i>	State as at	30.06.2011	31.12.2010
<b>ASSETS</b>			
Cash and balances with Central Bank		1,221,450	3,206,554
Financial assets held-for-trading		4,147,404	3,995,217
Debt securities available-for-sale		16,642,195	13,029,254
Equity investments		305,434	303,165
Loans, advances and other receivables		13,802,794	13,938,510
to financial sector		2,314,983	3,164,818
to non-financial sector		11,487,811	10,773,692
Tangible fixed assets		431,468	431,366
property and equipment		413,160	413,058
investment property		18,308	18,308
Intangible assets		1,284,490	1,283,134
Income tax assets		356,074	305,253
current		145,659	67,171
deferred		210,415	238,082
Other assets		235,737	199,319
Non-current assets held-for-sale		9,901	9,901
<b>Total assets</b>		<b>38,436,947</b>	<b>36,701,673</b>
<b>LIABILITIES</b>			
Financial liabilities held-for-trading		3,060,151	2,804,437
Financial liabilities valued at amortized cost		27,941,560	26,943,235
deposits		25,294,967	26,544,190
financial sector		7,555,719	6,138,803
non-financial sector		17,739,248	20,405,387
own issuance		40,934	11,533
other liabilities		2,605,659	387,512
Provisions		37,831	32,227
Other liabilities		1,374,019	499,682
<b>Total liabilities</b>		<b>32,413,561</b>	<b>30,279,581</b>
<b>EQUITY</b>			
Share capital		522,638	522,638
Share premium		2,944,585	2,944,585
Revaluation reserve		(24,599)	(44,848)
Other reserves		2,249,555	2,251,691
Retained earnings		331,207	748,026
<b>Total equity</b>		<b>6,023,386</b>	<b>6,422,092</b>
<b>Total liabilities and equity</b>		<b>38,436,947</b>	<b>36,701,673</b>

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**Condensed statement of changes in equity**

<i>PLN '000</i>	Share capital	Share premium	Revaluation reserve	Other reserves	Retained earnings	Total equity
<b>Balance as at 1 January 2011</b>	<b>522,638</b>	<b>2,944,585</b>	<b>(44,848)</b>	<b>2,251,691</b>	<b>748,026</b>	<b>6,422,092</b>
Total comprehensive income	-	-	20,249	-	331,207	351,456
Valuation of capital rewards program, including:	-	-	-	(2,789)	-	(2,789)
change in valuation	-	-	-	(5,900)	-	(5,900)
deferred income tax	-	-	-	3,111	-	3,111
Dividends to be paid	-	-	-	-	(747,373)	(747,373)
Transfer to capital	-	-	-	653	(653)	-
<b>Balance as at 30 June 2011</b>	<b>522,638</b>	<b>2,944,585</b>	<b>(24,599)</b>	<b>2,249,555</b>	<b>331,207</b>	<b>6,023,386</b>

<i>PLN '000</i>	Share capital	Share premium	Revaluation reserve	Other reserves	Retained earnings	Total equity
<b>Balance as at 1 January 2010</b>	<b>522,638</b>	<b>2,944,585</b>	<b>(81,026)</b>	<b>2,223,274</b>	<b>525,152</b>	<b>6,134,623</b>
Total comprehensive income	-	-	78,094	-	345,701	423,795
Valuation of capital rewards program, including:	-	-	-	(2,444)	-	(2,444)
change in valuation	-	-	-	(1,666)	-	(1,666)
deferred income tax	-	-	-	(778)	-	(778)
Dividends to be paid	-	-	-	-	(492,587)	(492,587)
Transfer to capital	-	-	-	32,565	(32,565)	-
<b>Balance as at 30 June 2010</b>	<b>522,638</b>	<b>2,944,585</b>	<b>(2,932)</b>	<b>2,253,395</b>	<b>345,701</b>	<b>6,063,387</b>

<i>PLN '000</i>	Share capital	Share premium	Revaluation reserve	Other reserves	Retained earnings	Total equity
<b>Balance as at 1 January 2010</b>	<b>522,638</b>	<b>2,944,585</b>	<b>(81,026)</b>	<b>2,223,274</b>	<b>525,152</b>	<b>6,134,623</b>
Total comprehensive income	-	-	36,178	-	748,026	784,204
Valuation of capital rewards program, including:	-	-	-	(4,148)	-	(4,148)
change in valuation	-	-	-	(3,017)	-	(3,017)
deferred income tax	-	-	-	(1,131)	-	(1,131)
Dividends paid	-	-	-	-	(492,587)	(492,587)
Transfer to capital	-	-	-	32,565	(32,565)	-
<b>Balance as at 31 December 2010</b>	<b>522,638</b>	<b>2,944,585</b>	<b>(44,848)</b>	<b>2,251,691</b>	<b>748,026</b>	<b>6,422,092</b>

Supplementary notes on page 8 are integral part of the condensed interim unconsolidated financial statements.

**Condensed statement of cash flows**

	For a period	01.01. – 30.06. 2011	01.01. – 30.06. 2010
<i>PLN '000</i>			
<b>A. Cash flows from operating activities</b>			
I. Net profit		331,207	345,701
II. Adjustments to reconcile net profit or loss to net cash provided by operating activities:		(2,219,194)	(2,407,420)
Current and deferred income tax recognized in income statement		79,569	93,696
Depreciation expense		25,763	30,091
Impairment		69,276	187,275
Net provisions (recoveries)		(14,622)	(23,496)
Profit/loss on investing activities		(1,120)	9
Interest received		620,829	764,743
Interest paid		(235,723)	(251,755)
Other adjustments		(730,756)	(869,903)
Cash flows from operating income before changes in operating assets and liabilities		(186,784)	(69,340)
Increase / decrease in operating assets (excl. cash and cash equivalents)		(3,424,845)	(4,612,625)
Increase/decrease in loans, advances and other receivables		55,686	3,747,186
Increase/decrease in assets available-for-sale		(3,328,344)	(8,879,086)
Increase/decrease in equity investments		(2,269)	155
Increase/decrease in financial assets held-for-trading		(140,851)	443,799
Increase/decrease in other assets		(9,067)	75,321
Increase/decrease in operating liabilities (excl. cash and cash equivalents)		1,392,435	2,274,545
Increase/decrease in amounts due to Central Bank		-	(973,058)
Increase/decrease in financial liabilities valued at amortized cost		980,356	2,773,443
Increase/decrease in own issuance		29,401	-
Increase/decrease in liabilities held-for-trading		255,714	268,495
Increase/decrease in other liabilities		126,964	205,665
Cash flows from operating activities		(1,887,987)	(2,061,719)
Income tax paid		(132,888)	(48,312)
III. Net cash flows from operating activities		(2,020,875)	(2,110,031)
<b>B. Cash flows from investing activities</b>			
Purchase of tangible fixed assets		(23,260)	(9,363)
Disposal of tangible fixed assets		4,822	1,178
Purchase of intangible assets		(8,152)	(4,070)
Disposal of fixed assets available-for-sale		-	6,825
Other investing inflows/ outflows		-	1,227
Net cash flows from investing activities		(26,590)	(4,203)
<b>C. Cash flows from financing activities</b>			
Inflows due to long-term loans from financial sector		10,365	-
Repayment of long-term loans from financial sector		(21,795)	(23,418)
Net cash flows from financing activities		(11,430)	(23,418)
D. Exchange rates differences resulting from cash and cash equivalent calculation		(3,078)	19,457
E. Net (increase)/ decrease in cash and cash equivalent		(2,061,973)	(2,118,195)
F. Cash and cash equivalent at the beginning of reporting period		3,301,549	4,133,389
G. Cash and cash equivalent at the end of reporting period		1,239,576	2,015,194

Supplementary notes on page 8 are integral part of the condensed interim unconsolidated financial statements.

## Supplementary notes

### 1. Declaration of conformity

These condensed unconsolidated interim financial statements have been prepared in accordance with International Financial Reporting Standard (IFRS) IAS 34 '*Interim Financial Reporting*', adopted by European Union and with other applicable regulations. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the unconsolidated financial statements of the Bank as at and for the year ended 31 December 2010.

In accordance with Decree of the Ministry of Finance dated 19 February 2009 regarding current and periodic information provided by issuers of securities and the requirements for recognition of information required by the law of a non-Member State as equivalent (Official Journal from 2009, No 33, item 259 with further changes) the Bank is obliged to publish its financial results for the six-month period ended 30 June 2011 which is deemed to be the current interim financial reporting period.

These condensed unconsolidated interim financial statements were approved by the Board of Directors on 24 August 2011.

### 2. Principles accepted at the composition of the report

Condensed interim unconsolidated financial statements of the Bank for the period ended 30 June 2011 have been prepared in accordance with the Decree by virtue of which the issuer, being a parent entity, is not obliged to provide separate interim unconsolidated financial statements, on condition that it includes in the interim consolidated financial statements the condensed interim unconsolidated financial statements consisting of balance sheet, profit and loss account, statement of changes in equity, cash flow statement and condensed supplementary notes, comprising of information and data significant for the assessment of the issuer's financial standing and its profit or loss, but not presented in the interim consolidated financial statement. In addition, it is required to prepare the condensed interim financial statements in accordance with accounting principles adopted in the preparation process of the annual financial statements.

Principles adopted in the preparation process of these condensed interim unconsolidated financial statements are consistent with the principles described in the annual unconsolidated financial statements of the Bank as at 31 December 2010.

The additional information to these condensed interim consolidated financial statements of the Group contains all information and explanatory data essential for these condensed interim unconsolidated financial statements of the Bank.



## Signatures of Management Board Members

24.08.2011 ..... Date	Sławomir S. Sikora ..... Name	President of the Management Board ..... Position / function	..... Signature
24.08.2011 ..... Date	Robert Daniel Massey JR ..... Name	Vice-President of the Management Board ..... Position / function	..... Signature
24.08.2011 ..... Date	Misbah Ur-Rahman-Shah ..... Name	Vice-President of the Management Board ..... Position / function	..... Signature
24.08.2011 ..... Date	Sonia Wędrychowicz- Horbatońska ..... Name	Vice-President of the Management Board ..... Position / function	..... Signature
24.08.2011 ..... Date	Witold Zieliński ..... Name	Vice- President of the Management Board Chief Financial Officer ..... Position / function	..... Signature
24.08.2011 ..... Date	Iwona Dudzińska ..... Name	Member of the Management Board ..... Position / function	..... Signature