



Bank Handlowy w Warszawie
S.A.

Opinion and Report
of the Independent Auditor
Financial Year ended
31 December 2010

The opinion contains 2 pages
The report supplementing the auditor's opinion
contains 11 pages
Opinion of the independent auditor
and report supplementing the auditor's opinion
on the separate financial statements
for the financial year ended
31 December 2010



KPMG Audyt
Spółka z ograniczoną
odpowiedzialnością sp.k.
ul. Chłodna 51
00-867 Warszawa
Poland

Telefon +48 22 528 11 00
Fax +48 22 528 10 09
E-mail kpmg@kpmg.pl
Internet www.kpmg.pl

This document is a free translation of the Polish original. Terminology current in Anglo-Saxon countries has been used where practicable for the purposes of this translation in order to aid understanding. The binding Polish original should be referred to in matters of interpretation.

OPINION OF THE INDEPENDENT AUDITOR

To the General Meeting of Bank Handlowy w Warszawie S.A.

We have audited the accompanying separate financial statements of Bank Handlowy w Warszawie S.A., seated in Warsaw, 16 Senatorska St. ("the Bank"), which comprise the balance sheet as at 31 December 2010, the income statement and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended and notes to the financial statements, comprising of a summary of significant accounting policies and other explanatory information.

Management's and Supervisory Board's Responsibility for the Financial Statements

Management of the Bank is responsible for the accuracy of the accounting records and the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, as adopted by European Union and with other applicable regulations and preparation of the Report on the Bank's activities. Management of the Bank is also responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

According to the Accounting Act dated 29 September 1994 (Official Journal from 2009, No. 152, item 1223 with amendments) ("the Accounting Act"), Management of the Bank and members of the Supervisory Board are required to ensure that the separate financial statements and the Report on the Bank's activities are in compliance with the requirements set forth in the Accounting Act.

Auditor's Responsibility

Our responsibility, based on our audit, is to express an opinion on these financial statements and whether the financial statements are derived from properly maintained accounting records. We conducted our audit in accordance with section 7 of the Accounting Act, national standards on auditing issued by Polish National Council of Certified Auditors and International Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements and the accounting records from which they are derived are free of material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating

the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the accompanying separate financial statements of Bank Handlowy w Warszawie S.A. have been prepared and present fairly, in all material respects, the unconsolidated financial position of the Bank as at 31 December 2010 and its unconsolidated financial performance and its unconsolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, are in compliance with the respective regulations and the provisions of the Bank's articles of association that apply to the Bank's separate financial statements and have been prepared from accounting records, that, in all material respects, have been properly maintained.

Other Matters

As required under the Accounting Act, we also report that the Report on the Bank's activities includes, in all material respects, the information required by Art. 49 of the Accounting Act and by the Decree of the Ministry of Finance dated 19 February 2009 on current and periodic information provided by issuers of securities and the conditions for recognition as equivalent information required by the law of a non-Member State (Official Journal from 2009, No 33, item 259 as later amended) and the information is consistent with the financial statements.

On behalf of KPMG Audyt Spółka z ograniczoną
odpowiedzialnością sp.k. registration number 3546
ul. Chłodna 51, 00-867 Warsaw

Signed on the Polish original

Signed on the Polish original

.....
Certified Auditor No. 90115
Magdalena Szymańska-Serwa

.....
Certified Auditor No. 9941
Limited Liability Partner with power of
attorney
Bożena Graczyk,

9 March 2011
Warsaw



TRANSLATION

Bank Handlowy w Warszawie S.A.

Report supplementing
the auditor's opinion
on the separate financial
statements

Financial Year ended
31 December 2010

The report supplementing the auditor's opinion
contains 11 pages

Report supplementing the auditor's opinion
on the separate financial statements
for the financial year ended
31 December 2010



Bank Handlowy w Warszawie S.A.
*Report supplementing the opinion on the separate financial statements
for the financial year ended 31 December 2010*

This document is a free translation of the Polish original. Terminology current in Anglo-Saxon countries has been used where practicable for the purposes of this translation in order to aid understanding. The binding Polish original should be referred to in matters of interpretation

Contents

1.	General	3
1.1.	General information about the Bank	3
1.1.1.	The Bank's name	3
1.1.2.	Registered office	3
1.1.3.	Registration in the National Court Register	3
1.1.4.	Management of the Bank	3
1.2.	Auditor information	3
1.2.1	Key certified auditor information	3
1.2.2	Authorized auditor information	4
1.3.	Prior period financial statements	4
1.4.	Audit scope and responsibilities	4
2.	Financial analysis of the Bank	6
2.1.	Summary of the separate financial statements	6
2.1.1.	Balance sheet	6
2.1.2.	Income statement	8
2.1.3.	Statement of comprehensive income	9
2.2.	Selected financial ratios	9
3.	Detailed report	10
3.1.	Proper operation of the accounting system	10
3.2.	Notes to the separate financial statements	10
3.3.	Compliance with banking regulations	10
3.4.	Report on the Bank's activities	10
3.5.	Information on the opinion of the independent auditor	11

1. General

1.1. General information about the Bank

1.1.1. The Bank's name

Bank Handlowy w Warszawie S.A.

1.1.2. Registered office

ul. Senatorska 16
00-923 Warszawa
Polska

1.1.3. Registration in the National Court Register

Registration court:	District Court in Warsaw, XII Commercial Department of the National Court Register
Date:	22 February 2001
Registration number:	KRS 0000001538
Initial capital as at balance sheet date:	PLN 522 638 400

1.1.4. Management of the Bank

The Management Board is responsible for management of the Bank.

At 31 December 2010, the Management Board of the Bank was comprised of the following members:

- | | |
|------------------------------------|-------------------------------------------|
| • Sławomir S. Sikora | – President of the Management Board, |
| • Robert Daniel Massey Jr | – Vice-president of the Management Board, |
| • Michał H. Mrozek | – Vice-president of the Management Board, |
| • Sonia Wędrychowicz - Horbatowska | – Vice-president of the Management Board, |
| • Witold Zieliński | – Vice-president of the Management Board, |
| • Iwona Dudzińska | – Member of the Management Board. |

On 26 May 2010 the Supervisory Board passed a resolution on appointment of a new member of the Management Board Mr. Robert Daniel Massey Jr.

On 28 February 2011 Mr. Michał H. Mrozek, in connection with an offer of starting a job in the head office of Citibank in New York, ceased to function as Vice – president of the Management Board.

1.2. Auditor information

1.2.1 Key certified auditor information

Name and surname:	Bożena Graczyk
Registration number:	9941

Name and surname:	Magdalena Szymańska-Serwa
Registration number:	90115

1.2.2 Authorized auditor information

Name: KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.
Address: ul. Chłodna 51, 00-867 Warsaw
Registration number: KRS 0000339379
Registration court: District Court for the Capital City Warsaw in Warsaw,
XII Commercial Department of the National Court Register
NIP number: 527-26-15-362

KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k. is entered in the register of entities authorised to audit financial statements under number 3546.

1.3. Prior period financial statements

The separate financial statements for the period ended 31 December 2009 were audited by KPMG Audyt Sp. z o.o. and received an unqualified opinion.

The separate financial statements were approved at the General Meeting on 28 June 2010 where it was resolved to allocate the profit for the prior financial year of PLN 525 152 thousand as follows:

- PLN 492 587 thousand – dividend for shareholders.
- PLN 32 500 thousand – general risk fund,
- PLN 65 thousand – reserve capital.

The separate financial statements were submitted to the Registry Court on 2 July 2010 and were published in Monitor Polski B No. 85 on 25 January 2011.

1.4. Audit scope and responsibilities

This report was prepared for the General Meeting of Bank Handlowy w Warszawie S.A. seated in Warsaw, 16 Senatorska St. and relates to the separate financial statements comprising: the balance sheet as at 31 December 2010, the income statement and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended and notes to the financial statements, comprising of a summary of significant accounting policies and other explanatory information.

The audited Bank prepares its separate financial statements in accordance with International Financial Reporting Standards as adopted by the European Union on the basis of the decision of Extraordinary General Meeting dated 7 December 2004.

The separate financial statements have been audited in accordance with the contract dated 9 November 2010, concluded on the basis of the resolution of Supervisory Board dated 24 September 2010 on the appointment of the auditor.

We conducted the audit in accordance with section 7 of the Accounting Act, national standards on auditing issued by Polish National Council of Certified Auditors and International Standards on Auditing.

We have conducted the interim audit in the Bank's head office during the period from 9 November 2010 to 31 December 2010.



We audited the financial statements in the Bank's head office during the period from 23 January 2011 to 9 March 2011.

Management of the Bank is responsible for the accuracy of the accounting records and the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with other applicable regulations and preparation of the Report on the Bank's activities.

Our responsibility is to express an opinion and to prepare a supplementing report on the separate financial statements and whether the financial statements are derived from properly maintained accounting records based on our audit.

Management of the Bank submitted a statement dated the same date as this report as to the true and fair presentation of the separate financial statements presented for audit, which confirmed that there were no undisclosed matters which could significantly influence the information presented in the separate financial statements.

All required statements, explanations and information and our requests for additional documents and information necessary for expressing our opinion and preparing the report have been fulfilled.

Key certified auditors and KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp. k., fulfill independence requirements as described in Art. 56 points 3 and 4 of the Act on certified auditors and their government, audit firms and public oversight dated 7 May 2009 (Official Journal No. 77, item 649). The scope of the work planned and performed has not been limited in any way. The method and scope of our audit is detailed in working papers prepared by us and retained in the offices of KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.

2. Financial analysis of the Bank

2.1. Summary of the separate financial statements

2.1.1. Balance sheet

ASSETS	31.12.2010 PLN '000	% of total assets	31.12.2009 PLN '000	% of total assets
Cash and balances with Central Bank	3 206 554	8.7	4 113 355	11.3
Financial assets held for trading	3 995 217	10.9	5 372 618	14.7
Debt securities available-for-sale	13 029 254	35.5	8 290 225	22.7
Equity investments	303 165	0.8	305 016	0.8
Loans and advances	13 938 510	38.0	15 940 293	43.7
<i>to financial sector</i>	<i>3 164 818</i>	<i>8.6</i>	<i>5 043 395</i>	<i>13.8</i>
<i>to non-financial sector</i>	<i>10 773 692</i>	<i>29.4</i>	<i>10 896 898</i>	<i>29.9</i>
Property and equipment	431 366	1.2	471 103	1.3
<i>land, buildings and equipment</i>	<i>413 058</i>	<i>1.1</i>	<i>452 795</i>	<i>1.2</i>
<i>investment property</i>	<i>18 308</i>	<i>0.1</i>	<i>18 308</i>	<i>0.1</i>
Intangible assets	1 283 134	3.5	1 278 793	3.5
Income tax assets	305 253	0.8	459 413	1.3
Other assets	199 319	0.5	205 077	0.6
Non-current assets held-for-sale	9 901	0.1	19 546	0.1
TOTAL ASSETS	36 701 673	100.0	36 455 439	100.0



Bank Handlowy w Warszawie S.A.
Report supplementing the opinion on the separate financial statements
for the financial year ended 31 December 2010
TRANSLATION

EQUITY AND LIABILITIES	31.12.2010	% of total	31.12.2009	% of total
	PLN '000	assets	PLN '000	assets
Liabilities				
Due to Central Bank	-	-	980 446	2.7
Financial liabilities held for trading	2 804 437	7.6	3 108 493	8.5
Financial liabilities valued at amortized cost	26 943 235	73.4	25 761 339	70.7
<i>deposits from</i>	26 544 190	72.3	25 408 506	69.7
<i>financial sector</i>	6 138 803	16.7	4 861 146	13.3
<i>non-financial sector</i>	20 405 387	55.6	20 547 360	56.4
<i>debt securities issued</i>	11 533	0.0	-	-
<i>other liabilities</i>	387 512	1.1	352 833	1.0
Provisions	32 227	0.1	49 527	0.1
Other liabilities	499 682	1.4	421 011	1.2
Total liabilities	30 279 581	82.5	30 320 816	83.2
Equity				
Issued capital	522 638	1.4	522 638	1.4
Share premium	2 944 585	8.0	2 944 585	8.1
Revaluation reserve	(44 848)	0.1	(81 026)	0.2
Other reserves	2 251 691	6.1	2 223 274	6.1
Retained earnings	748 026	14.3	525 152	1.4
Total equity	6 422 092	17.5	6 134 623	16.8
TOTAL EQUITY AND LIABILITIES	36 701 673	100.0	36 455 439	100.0



2.1.2. Income statement

	1.01.2010 - 31.12.2010 PLN '000	1.01.2009 - 31.12.2009 PLN '000
Interest and similar income	1 939 998	2 047 451
Interest expense and similar charges	(474 302)	(586 839)
Net interest income	1 465 696	1 460 612
Fee and commission income	671 052	608 434
Fee and commission expense	(71 723)	(80 074)
Net fee and commission income	599 329	528 360
Dividend income	12 509	17 848
Net trading income and revaluation	282 535	275 615
Net gain on investment (deposit) securities	119 921	77 845
Net gain on investment (capital) instruments	3 888	3 437
Other operating income	69 850	212 039
Other operating expenses	(58 678)	(49 701)
Net other operating income	11 172	162 338
General administrative expenses	(1 276 558)	(1 271 091)
Depreciation expense	(56 762)	(74 473)
Profit on sale of tangible fixed assets	1 045	2 705
Net impairment losses	(234 561)	(507 695)
Profit before tax	928 214	675 501
Income tax expense	(180 188)	(150 349)
Net profit	748 026	525 152
Weighted average number of ordinary shares	130 659 600	130 659 600
Net profit per ordinary share (in PLN)	5.72	4.02
Diluted net profit per ordinary share (in PLN)	5.72	4.02

2.1.3. Statement of comprehensive income

<i>Profit for the period</i>	<i>748 026</i>	<i>525 152</i>
Net change in fair value of available-for-sale financial assets	36 178	63 084
<i>Total comprehensive income for the period</i>	<i>784 204</i>	<i>588 236</i>

2.2. Selected financial ratios

	2010	2009	2008
Total assets (PLN '000)	36 701 673	36 455 439	41 245 371
Profit before income tax (PLN '000)	928 214	675 501	797 954
Profit for the period (PLN '000)	748 026	525 152	645 664
Shareholders' equity (PLN '000)*	5 674 066	5 609 471	4 893 786
Return on equity	13.18%	9.36%	13.19%
Receivables to total assets	37.98%	43.73%	39.57%
Income generating assets to total assets	93.93%	93.32%	94.18%
Interest bearing liabilities to total liabilities	81.05%	81.88%	85.30%

* excluding current-year net profit

3. Detailed report

3.1. Proper operation of the accounting system

The Bank maintains current documentation describing the applied accounting principles adopted by the Management Board to the extent required by Art. 10 of the Accounting Act and the Decree of the Ministry of Finance dated 1 October 2010 on the specific accounting principles of banks (Official Journal from 2010, No. 191, item 1279).

During the audit of the financial statements, we tested, on a sample basis, the operation of the accounting system.

On the basis of the work performed, we have not identified material irregularities in the accounting system, which have not been corrected and that could have a material impact on the separate financial statements. Our audit was not conducted for the purpose of expressing a comprehensive opinion on the operation of the accounting system.

The Bank performed a physical verification of assets in accordance with the requirements and time frame specified in Art. 26 of the Accounting Act and the Decree of the Ministry of Finance dated 1 October 2010 on the specific accounting principles of banks (Official Journal from 2010, No. 191, item 1279).

3.2. Notes to the separate financial statements

All information included in the notes to the separate financial statements, comprising of a summary of significant accounting policies and other explanatory notes, is, in all material respects, presented accurately and completely. This information should be read in conjunction with the separate financial statements.

3.3. Compliance with banking regulations

Based on our audit we have not identified any significant deviations in the Bank's compliance with the banking regulatory norm pertaining among other to loan concentration, obligatory reserve and capital adequacy ratio.

3.4. Report on the Bank's activities

The Report on the Bank's activities includes, in all material respects, information required by Art. 49 of the Accounting and by the Decree of the Ministry of Finance dated 19 February 2009 on current and periodic information provided by issuers of securities and the conditions for recognition as equivalent information required by the law of a non-Member State (Official Journal from 2009, No 33, item 259 as later amended) and the information is consistent with the separate financial statements.



*Bank Handlowy w Warszawie S.A.
Report supplementing the opinion on the separate financial statements
for the financial year ended 31 December 2010
TRANSLATION*

3.5. Information on the opinion of the independent auditor

Based on our audit of the separate financial statements as at and for the year ended 31 December 2010, we have issued an unqualified opinion.

On behalf of KPMG Audyt Spółka z ograniczoną
odpowiedzialnością sp.k. registration number 3546
ul. Chłodna 51, 00-867 Warsaw

Signed on the Polish original

Signed on the Polish original

.....
Certified Auditor No. 90115
Magdalena Szymańska-Serwa

.....
Certified Auditor No. 9941
Limited Liability Partner with power of
attorney
Bożena Graczyk

9 March 2011
Warsaw