



**CONDENSED INTERIM UNCONSOLIDATED  
FINANCIAL STATEMENTS  
OF BANK HANDLOWY W WARSZAWIE S.A.  
FOR THE PERIOD ENDED 30 JUNE 2010**

**AUGUST 2010**

**Selected financial data**

	<b>In PLN '000</b>		<b>In EUR '000***</b>	
	<b>First Half of 2010</b>	<b>First Half of 2009</b>	<b>First Half of 2010</b>	<b>First Half of 2009</b>
Interest income	973,917	1,053,047	243,224	233,057
Fee and commission income	323,774	284,095	80,859	62,875
Profit before tax	439,397	174,314	109,734	38,579
Net profit	345,701	130,844	86,335	28,958
Comprehensive income	423,795	137,845	105,838	30,507
Increase/decrease of net cash	(2,118,195)	(2,274,785)	(528,989)	(503,449)
Total assets*	39,144,909	36,455,439	9,442,064	8,873,823
Liabilities due to Central Bank*	-	980,446	-	238,656
Financial liabilities valued at amortized cost*	28,511,886	25,761,339	6,877,294	6,270,712
Shareholders' equity	6,063,387	5,681,628	1,462,537	1,271,171
Share capital	522,638	522,638	126,064	116,932
Number of shares	130,659,600	130,659,600	130,659,600	130,659,600
Book value per share (PLN/EUR)	46.41	43.48	11.19	9.73
Earnings per ordinary share (PLN/EUR)	2.65	1.00	0.66	0.22
Diluted net profit per ordinary share (in PLN)	2.65	1.00	0.66	0.22
Declared or distributed dividends per ordinary share (PLN/EUR)**	3.77	-	0.91	-

\*The comparable financial data as at 31 December 2009.

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

\*\*\*The following foreign exchange rates were applied to translate PLN into EUR: for the balance sheet – NBP mid exchange rate as at 30 June 2010 of PLN 4.1458 (as at 31 December 2009: PLN 4.1082, as at 30 June 2009: 4.4696); for the income statement and statement of cash flow – the arithmetic mean of NBP end of month exchange rates in the first half of 2010 – PLN 4.0042 (in the first half of 2009: PLN 4.5184).

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

	<b>For a period</b>	<b>01.01. - 30.06. 2010</b>	<b>01.01. - 30.06. 2009</b>
Interest and similar income		973,917	1,053,047
Interest expense and similar charges		(243,109)	(305,692)
<b>Net interest income</b>		<b>730,808</b>	<b>747,355</b>
Fee and commission income		323,774	284,095
Fee and commission expense		(34,760)	(39,325)
<b>Net fee and commission income</b>		<b>289,014</b>	<b>244,770</b>
Dividend income		12,509	17,574
Net income on financial instruments and revaluation		157,868	121,615
Net gain on investment debt securities		57,692	35,245
Net profit on investment capital instruments		2,516	3,437
Other operating income		39,270	47,014
Other operating expenses		(31,235)	(16,524)
<b>Net other operating income</b>		<b>8,035</b>	<b>30,490</b>
General administrative expenses		(624,972)	(665,821)
Amortization and depreciation		(30,091)	(40,787)
Profit / (loss) on sale of tangible fixed assets		(203)	2,210
Net impairment losses		(163,779)	(321,774)
<b>Profit before tax</b>		<b>439,397</b>	<b>174,314</b>
Income tax expenses		(93,696)	(43,470)
<b>Net profit</b>		<b>345,701</b>	<b>130,844</b>
Weighted average number of ordinary shares		130,659,600	130,659,600
Net profit per ordinary share (in PLN)		2.65	1.00
Diluted net profit per ordinary share (in PLN)		2.65	1.00

**Condensed statement of comprehensive income***In thousands of PLN*

	<b>For a period</b>	<b>01.01. - 30.06. 2010</b>	<b>01.01. - 30.06. 2009</b>
<b>Net income</b>		<b>345,701</b>	<b>130,844</b>
<b>Other comprehensive income:</b>			
Net valuation of financial assets available for sale		78,094	7,001
<b>Total comprehensive income</b>		<b>423,795</b>	<b>137,845</b>

**Condensed balance sheet**

	For a period	30.06.2010	31.12.2009
<i>In thousands of PLN</i>			
<b>ASSETS</b>			
Cash and balances with the Central Bank		1,366,986	4,113,355
Financial assets held-for-trading		4,908,642	5,372,618
Debt securities available-for-sale		17,402,931	8,290,225
Equity investments		303,634	305,016
Loans, advances and other receivables		12,817,013	15,940,293
<i>to financial sector</i>		2,264,971	5,043,395
<i>to non-financial sector</i>		10,552,042	10,896,898
Property and equipment		453,689	471,103
<i>land, buildings and equipment</i>		435,381	452,795
<i>investment property</i>		18,308	18,308
Intangible assets		1,276,458	1,278,793
Deferred income tax assets		362,325	459,413
<i>current</i>		-	86,687
<i>deferred</i>		362,325	372,726
Other assets		240,331	205,077
Non-current assets held-for-sale		12,900	19,546
<b>Total assets</b>		<b>39,144,909</b>	<b>36,455,439</b>
<b>LIABILITIES</b>			
Amounts due to the Central Bank		-	980,446
Financial liabilities held-for-trading		3,376,989	3,108,493
Financial liabilities valued at amortized cost		28,511,886	25,761,339
<i>deposits from</i>		27,317,885	25,408,506
<i>financial sector</i>		6,207,957	4,861,146
<i>non-financial sector</i>		21,109,928	20,547,360
<i>other liabilities</i>		1,194,001	352,833
Provisions		25,572	49,527
Income tax liabilities		47,127	-
Other liabilities		1,119,948	421,011
<b>Total liabilities</b>		<b>33,081,522</b>	<b>30,320,816</b>
<b>EQUITY</b>			
Share capital		522,638	522,638
Share premium		2,944,585	2,944,585
Revaluation of financial assets		(2,932)	(81,026)
Other reserves		2,253,395	2,223,274
Retained earnings		345,701	525,152
<b>Total equity</b>		<b>6,063,387</b>	<b>6,134,623</b>
<b>Total liabilities and equity</b>		<b>39,144,909</b>	<b>36,455,439</b>

**Condensed statement of changes in equity**

<i>In thousands of PLN</i>	Share capital	Share premium	Revaluation of financial assets	Other reserves	Retained earnings	Total equity
<b>Balance as at 1 January 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>
Comprehensive total income	-	-	78,094	-	345,701	423,795
Valuation of capital rewards program, including:	-	-	-	(2,444)	-	(2,444)
- <i>change in valuation</i>	-	-	-	(1,666)	-	(1,666)
- <i>deferred income tax</i>	-	-	-	(778)	-	(778)
Dividends to be paid	-	-	-	-	(492,587)	(492,587)
Transfers to capital	-	-	-	32,565	(32,565)	-
<b>Closing 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>In thousands of PLN</i>	Share capital	Share premium	Revaluation of financial assets	Other reserves	Retained earnings	Total equity
<b>Balance as at 1 January 2009</b>	<b>522,638</b>	<b>2,944,585</b>	<b>(144,110)</b>	<b>1,570,673</b>	<b>645,664</b>	<b>5,539,450</b>
Comprehensive total income	-	-	7,001	-	130,844	137,845
Valuation of capital rewards program, including:	-	-	-	4,333	-	4,333
- <i>change in valuation</i>	-	-	-	5,704	-	5,704
- <i>deferred income tax</i>	-	-	-	(1,371)	-	(1,371)
Transfers to capital	-	-	-	645,664	(645,664)	-
<b>Closing balance as at 30 June 2009</b>	<b>522,638</b>	<b>2,944,585</b>	<b>(137,109)</b>	<b>2,220,670</b>	<b>130,844</b>	<b>5,681,628</b>

<i>In thousands of PLN</i>	Share capital	Share premium	Revaluation of financial assets	Other reserves	Retained earnings	Total equity
<b>Balance as at 1 January 2009</b>	<b>522,638</b>	<b>2,944,585</b>	<b>(144,110)</b>	<b>1,570,673</b>	<b>645,664</b>	<b>5,539,450</b>
Comprehensive total income	-	-	63,084	-	525,152	588,236
Valuation of capital rewards program, including:	-	-	-	6,937	-	6,937
- <i>change in valuation</i>	-	-	-	8,917	-	8,917
- <i>deferred income tax</i>	-	-	-	(1,980)	-	(1,980)
Transfers to capital	-	-	-	645,664	(645,664)	-
<b>Closing balance as at 31 December 2009</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>

**Condensed statement of cash flows**

	For a period	01.01. – 30.06. 2010	01.01. – 30.06. 2009
<i>In thousands of PLN</i>			
<b>A. Cash flows from operating activities</b>			
<b>I. Net profit (loss)</b>		<b>345,701</b>	<b>130,844</b>
<b>II. Adjustments to reconcile net profit or loss to net cash provided by operating activities:</b>		<b>(2,407,420)</b>	<b>(2,268,246)</b>
Current and deferred income tax, recognized in income statement		93,696	43,470
Amortization		30,091	40,787
Impairment		187,275	290,469
Net provisions (recoveries)		(23,496)	31,305
Gains/losses on investing activities		9	(2,295)
Interest received		764,743	998,713
Interest paid		(251,755)	(299,236)
Other adjustments		(869,903)	(953,407)
<b>Cash flows from operating profits before changes in operating assets and liabilities</b>		<b>(69,340)</b>	<b>149,806</b>
<b>Increase / decrease in operating assets (excl. cash and cash equivalents)</b>		<b>(4,612,625)</b>	<b>(1,594,873)</b>
Increase/decrease in loans, advances and other receivables		3,747,186	898,422
Increase/decrease in assets available-for-sale		(8,879,086)	(1,210,044)
Increase/decrease in equity investments		155	891
Increase/decrease in financial assets held-for-trading		443,799	(1,238,157)
Increase/decrease in assets held-for-sale		-	2,887
Increase/decrease in other assets		75,321	(48,872)
<b>Increase/decrease in operating liabilities (excl. cash and cash equivalents)</b>		<b>2,274,545</b>	<b>(823,179)</b>
Increase/decrease in amounts due to the Central Bank		(973,058)	1,914,614
Increase/decrease in financial liabilities valued at amortized cost		2,773,443	(842,108)
Increase/decrease in liabilities held for trading		268,495	(1,994,500)
Increase/decrease in other liabilities		205,665	98,815
<b>Cash flows from operating activities</b>		<b>(2,061,719)</b>	<b>(2,137,402)</b>
<b>Income tax paid</b>		<b>(48,312)</b>	<b>(124,554)</b>
<b>III. Net cash flows from operating activities</b>		<b>(2,110,031)</b>	<b>(2,261,956)</b>
<b>B. Cash flows from investing activities</b>			
Purchase of tangible fixed assets		(9,363)	(15,005)
Disposal of tangible fixed assets		1,178	5,244
Purchase of intangible assets		(4,070)	(3,784)
Disposal of fixed assets available-for-sale		6,825	7,743
Dividends received		-	9,695
Other investing inflows/ outflows		1,227	-
<b>Net cash flows from investing activities</b>		<b>(4,203)</b>	<b>3,893</b>
<b>C. Cash flows from financing activities</b>			
Repayment of long-term loans and advances from financial sector		(23,418)	(28,034)
<b>Net cash flows from financing activities</b>		<b>(23,418)</b>	<b>(28,034)</b>
<b>D. Effect of exchange rate changes on cash and cash equivalent</b>		<b>19,457</b>	<b>11,312</b>
<b>E. Net (increase)/ decrease in cash and cash equivalent</b>		<b>(2,118,195)</b>	<b>(2,274,785)</b>
<b>F. Cash and cash equivalent at the beginning of the reporting period</b>		<b>4,133,389</b>	<b>3,607,476</b>
<b>G. Cash and cash equivalent at the end of the reporting period</b>		<b>2,015,194</b>	<b>1,332,691</b>

## **Supplementary notes**

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

These condensed unconsolidated interim financial statements have been prepared in accordance with International Financial Reporting Standard (IFRS) IAS 34 ‘*Interim Financial Reporting*’, as adopted by European Union and with other applicable regulations. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the unconsolidated financial statements of the Bank as at and for the year ended 31 December 2009.

In accordance with Decree of the Ministry of Finance dated 19 February 2009 on current and periodic information provided by issuers of securities and the conditions for recognition as equivalent information required by the law of a non-Member State (Official Journal from 2009, No 33, item 259 with further changes) the Bank is required to publish the financial results for the six months ended 30 June 2010 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 23 August 2010.

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

Condensed interim unconsolidated financial statements of the Bank for the period ended 30 June 2010 have been prepared in accordance with the Decree by virtue of which the issuer, which is also a parent entity, is not obliged to provide the interim financial statements, on condition that it includes the condensed interim financial statements consisting of balance sheet, profit and loss account, statement of changes in equity, cash flow statement and abbreviated supplementary notes, comprising of information and data significant for the assessment of the financial position of the issuer and its profit or loss, with the interim consolidated financial statements. In addition, it's required to prepare the abbreviated interim financial statements in accordance with accounting principles adopted in the process of preparation of the annual financial statements.

Principles adopted in the process of preparation of these condensed interim unconsolidated financial statements are consistent with the principles, described in the annual unconsolidated financial statements of the Bank as at 31 December 2009.

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

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

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

To the best knowledge of the Bank's Management Board, which members are: Mr. Sławomir S. Sikora – President of the Management Board, Mr. Robert Daniel Massey JR – Vice-president of the Management Board, Mr. Michał H. Mrozek – Vice-President of the Management Board, Mrs. Sonia Wędrychowicz-Horbatowska – Vice-President of the Management Board, Mr. Witold Zieliński – Vice-President of the Management Board and Mrs. Iwona Dudzińska – Member of the Management Board, the financial data and the comparative data presented in the “Condensed Interim Unconsolidated Financial Statements of the Bank Handlowy w Warszawie S.A. for the period ended 30 June 2010” were prepared consistently with the accounting standards in force and reflect the accurate, true and fair view of assets and financial position as well as the financial profit or loss of the Bank.

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

The entity authorized to examine financial statements KPMG Audyt Sp. z o.o., reviewing the “Condensed Interim Unconsolidated Financial Statements of the Bank Handlowy w Warszawie S.A. for the period ended 30 June 2010”, was selected consistently with the legal regulations. This entity along with the registered auditor reviewing the financial statements met the conditions for issuing an impartial and independent report on the review, consistently with the respective regulations of the Polish law and professional standards.

Signatures of Management Board Members

23.08.2010 ..... Date	Sławomir S. Sikora ..... Name	President of the Management Board ..... Position / function	..... Signature
23.08.2010 ..... Date	Robert Daniel Massey JR ..... Name	Vice-President of the Management Board ..... Position / function	..... Signature
23.08.2010 ..... Date	Michał H. Mrożek ..... Name	Vice-President of the Management Board ..... Position / function	..... Signature
23.08.2010 ..... Date	Sonia Wędrychowicz- Horbatowska ..... Name	Vice-President of the Management Board ..... Position / function	..... Signature
23.08.2010 ..... Date	Witold Zieliński ..... Name	Vice- President of the Management Board ..... Position / function	..... Signature
23.08.2010 ..... Date	Iwona Dudzińska ..... Name	Member of the Management Board ..... Position / function	..... Signature