



CONDENSED INTERIM STANDALONE FINANCIAL STATEMENTS  
OF BANK HANDLOWY W WARSZAWIE S.A.  
FOR THE 6 MONTH PERIOD ENDED 30 JUNE 2013

AUGUST 2013

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## Condensed income statement

For a period		II quarter	I half of the year	II quarter	I half of the year
		01.04. - 30.06. 2013	01.01. - 30.06. 2013	01.04. - 30.06. 2012	01.01. - 30.06. 2012
PLN'000	Note				
Interest and similar income		407,266	844,327	504,564	1,032,382
Interest expense and similar charges		(102,168)	(217,702)	(144,528)	(282,218)
Net interest income		305,098	626,625	360,036	750,164
Fee and commission income		173,672	335,779	165,925	331,237
Fee and commission expense		(23,199)	(46,689)	(21,126)	(44,816)
Net fee and commission income		150,473	289,090	144,799	286,421
Dividend income		8,814	8,814	38,565	38,565
Net income on financial instruments and revaluation		117,044	237,918	103,652	218,196
Net gain on debt investment securities		81,334	253,298	46,139	119,068
Net gain on capital investment instruments		-	1,844	-	-
Other operating income		10,524	30,761	7,831	20,788
Other operating expenses		(13,016)	(23,528)	(11,680)	(26,086)
Net other operating income		(2,492)	7,233	(3,849)	(5,298)
General administrative expenses		(309,103)	(630,383)	(339,473)	(730,355)
Depreciation of tangible and intangible assets		(11,529)	(22,971)	(14,451)	(28,949)
Profit/(loss) on sale of non-financial assets		94	162	13	62
Net impairment due to financial assets and provisions value for granted financial and guarantees liabilities	5	27,544	15,730	(19,280)	(32,715)
Profit before tax		367,277	787,360	316,151	615,159
Income tax expense		(74,210)	(154,258)	(54,527)	(117,334)
Net profit		293,067	633,102	261,624	497,825
Weighted average number of ordinary shares (in pcs)			130,659,600		130,659,600
Net earnings per share (in PLN)			4,85		3,81
Diluted net earnings per share (in PLN)			4,85		3,81

Explanatory notes on pages 7-16 are integral part of the condensed interim standalone financial statements.

## Condensed statement of comprehensive income

For a period	II quarter	I half of the year	II quarter	I half of the year
	01.04. - 30.06. 2013	01.01. - 30.06. 2013	01.04. - 30.06. 2012	01.01. - 30.06. 2012
<i>PLN'000</i>				
<b>Net profit</b>	<b>293,067</b>	<b>633,102</b>	<b>261,624</b>	<b>497,825</b>
<b>Other comprehensive income:</b>				
Net valuation of financial assets available-for-sale	(100,370)	(286,066)	4,009	118,575
<b>Total comprehensive income</b>	<b>192,697</b>	<b>347,036</b>	<b>265,633</b>	<b>616,400</b>

Explanatory notes on pages 7-16 are integral part of the condensed interim standalone financial statements.

## Condensed statement of financial position

<i>PLN '000</i>	State as at	Note	30.06.2013	31.12.2012
<b>ASSETS</b>				
Cash and balances with Central Bank			759,657	1,357,308
Amounts due from banks			2,304,004	1,451,370
Financial assets held-for-trading			8,873,379	6,838,483
Debt securities available-for-sale			14,123,084	15,003,003
Equity investments available-for-sale			251,687	258,441
Amounts due from customers		6	16,501,426	15,768,922
Tangible fixed assets			364,644	370,483
Intangible assets			1,404,081	1,377,632
Receivables due to current income tax			14,178	-
Asset due to deferred income tax			223,208	220,804
Other assets			229,717	214,788
Non-current assets held-for-sale			12,738	12,554
<b>Total assets</b>			<b>45,061,803</b>	<b>42,873,788</b>
<b>LIABILITIES</b>				
Amounts due to banks			6,844,197	2,097,033
Financial liabilities held-for-trading			4,843,821	5,846,404
Amounts due to customers			24,954,329	26,882,179
Provisions			27,232	28,596
Current income tax liabilities			-	54,774
Other liabilities			1,457,979	621,074
<b>Total liabilities</b>			<b>38,127,558</b>	<b>35,530,060</b>
<b>EQUITY</b>				
Share capital			522,638	522,638
Share premium			2,944,585	2,944,585
Revaluation reserve			(28,487)	257,579
Other reserves			2,862,407	2,610,228
Retained earnings			633,102	1,008,698
<b>Total equity</b>			<b>6,934,245</b>	<b>7,343,728</b>
<b>Total liabilities and equity</b>			<b>45,061,803</b>	<b>42,873,788</b>

Explanatory notes on pages 7-16 are integral part of the condensed interim standalone financial statements.

## 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 2013</b>	522,638	2,944,585	257,579	2,610,228	1,008,698	7,343,728
Total comprehensive income, including:	-	-	(286,066)	-	633,102	347,036
Net profit	-	-	-	-	633,102	633,102
Valuation of financial assets available-for-sale	-	-	(286,066)	-	-	(286,066)
Dividends to be paid	-	-	-	-	(756,519)	(756,519)
Transfer to capital	-	-	-	252,179	(252,179)	-
<b>Balance as at 30 June 2013</b>	522,638	2,944,585	(28,487)	2,862,407	633,102	6,934,245

<i>PLN '000</i>	Share capital	Share premium	Revaluation reserve	Other reserves	Retained earnings	Total equity
<b>Balance as at 1 January 2012</b>	522,638	2,944,585	(82,485)	2,249,555	721,294	6,355,587
Total comprehensive income, including:	-	-	118,575	-	497,825	616,400
Net profit	-	-	-	-	497,825	497,825
Valuation of financial assets available-for-sale	-	-	118,575	-	-	118,575
Dividends to be paid	-	-	-	-	(360,621)	(360,621)
Transfer to capital	-	-	-	360,673	(360,673)	-
<b>Balance as at 30 June 2012</b>	522,638	2,944,585	36,090	2,610,228	497,825	6,611,366

<i>PLN '000</i>	Share capital	Share premium	Revaluation reserve	Other reserves	Retained earnings	Total equity
<b>Balance as at 1 January 2012</b>	522,638	2,944,585	(82,485)	2,249,555	721,294	6,355,587
Total comprehensive income, including:	-	-	340,064	-	1,008,698	1,348,762
Net profit	-	-	-	-	1,008,698	1,008,698
Valuation of financial assets available-for-sale	-	-	340,064	-	-	340,064
Dividends paid	-	-	-	-	(360,621)	(360,621)
Transfer to capital	-	-	-	360,673	(360,673)	-
<b>Balance as at 31 December 2012</b>	522,638	2,944,585	257,579	2,610,228	1,008,698	7,343,728

Explanatory notes on pages 7-16 are integral part of the condensed interim standalone financial statements.

## Condensed statement of cash flows

	For a period	01.01. – 30.06. 2013	01.01. – 30.06. 2012
<i>PLN '000</i>			
<b>A. Cash flows from operating activities</b>			
I. Net profit		633,102	497,825
II. Adjustments to reconcile net profit or loss to net cash provided by operating activities:		(1,031,485)	(1,063,708)
Current and deferred income tax recognized in income statement		154,258	117,334
Depreciation expense		22,971	28,949
Net impairment due to financial assets value loss		(16,221)	32,928
Net provisions (recoveries)		3,825	47,353
Net interest income		(626,625)	(750,164)
Dividend income from subsidiaries		(4,630)	(33,422)
Profit/loss on investing activities		(158)	(61)
Other adjustments		(9,004)	3,381
<b>Cash flows from operating income before changes in operating assets and liabilities</b>		<b>(475,584)</b>	<b>(553,702)</b>
<b>Increase / decrease in operating assets (excl. cash and cash equivalents)</b>		<b>(2,374,386)</b>	<b>695,201</b>
Increase/decrease in amounts due from banks		(241,475)	(322,903)
Increase/decrease in amounts due from customers		(731,061)	(201,148)
Increase/decrease in assets available-for-sale		611,598	2,370,594
Increase/decrease in equity investments		4,716	1,793
Increase/decrease in financial assets held-for-trading		(2,010,861)	(1,119,468)
Increase/decrease in assets held-for-sale		(185)	-
Increase/decrease in other assets		(7,118)	(33,667)
<b>Increase/decrease in operating liabilities (excl. cash and cash equivalents)</b>		<b>1,818,485</b>	<b>(1,205,207)</b>
Increase/decrease in amounts due to banks		4,671,946	2,791,848
Increase/decrease in amounts due to customers		(1,926,078)	(2,919,066)
Increase/decrease in debt securities issuance		-	(2,297)
Increase/decrease in liabilities held-for-trading		(1,002,583)	(1,196,658)
Increase/decrease in other liabilities		75,200	120,966
<b>Interest received</b>		<b>750,211</b>	<b>812,791</b>
<b>Interest paid</b>		<b>(219,042)</b>	<b>(279,377)</b>
<b>Income tax paid</b>		<b>(158,515)</b>	<b>(153,008)</b>
<b>III. Net cash flows from operating activities</b>		<b>(25,729)</b>	<b>(185,477)</b>
<b>B. Cash flows from investing activities</b>			
Purchase of tangible fixed assets		(15,242)	(23,472)
Disposal of tangible fixed assets		70	692
Purchase of intangible assets		(31,807)	(15,696)
Disposal of fixed assets/liabilities held-for-sale		88	-
Other investing inflows/ outflows		-	42,355
<b>Net cash flows from investing activities</b>		<b>(46,891)</b>	<b>3,879</b>
<b>C. Cash flows from financing activities</b>			
Inflows due to long-term loans from financial sector		86,974	-
Repayment of long-term loans from financial sector		(11,798)	(17,756)
<b>Net cash flows from financing activities</b>		<b>75,176</b>	<b>(17,756)</b>
<b>D. Exchange rates differences resulting from cash and cash equivalent calculation</b>		<b>9,341</b>	<b>(5,059)</b>
<b>E. Net (increase)/ decrease in cash and cash equivalent</b>		<b>11,897</b>	<b>(204,413)</b>
<b>F. Cash and cash equivalent at the beginning of reporting period</b>		<b>1,533,791</b>	<b>1,044,107</b>
<b>G. Cash and cash equivalent at the end of reporting period</b>		<b>1,545,688</b>	<b>839,694</b>

Explanatory notes on pages 7-16 are integral part of the condensed interim standalone financial statements.

## Supplementary notes to the condensed interim standalone financial statements

### 1. General information about the Bank

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

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

The Bank was set up for an unspecified period of time.

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

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

The Bank operates on the basis of applicable regulations and its Articles of Association.

The Bank is a universal commercial bank that offers a wide range of banking services for individuals and corporate clients on domestic and foreign markets.

### 2. Declaration of conformity

These condensed standalone 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 standalone financial statements of the Bank for the year ended 31 December 2012 and condensed interim consolidated financial statement of the Capital Group of Bank Handlowy w Warszawie S.A. for the period ended 30 June 2013.

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 2013 which is deemed to be the current interim financial reporting period.

These condensed standalone interim financial statements were approved by the Board of Directors on 27 August 2013.

### 3. Significant accounting policies

Condensed interim standalone financial statements of the Bank for the first half of 2013 have been prepared in accordance with accounting principles adopted and summarized in the annual standalone financial statements of the Bank for the financial year ended 31 December 2012.

The changes of accounting standards, that were approved by the European Union and entered into force from 1 January 2013, had no significant influence on these interim standalone financial statements. Additional disclosures on the fair value, required in relation to use IFRS 13 "Fair Value Measurement", were presented in these statements.

The preparation of condensed interim standalone financial statements of the Bank with accordance to IFRS requires from the Management to make certain estimates and adopting the related assumptions that affect the amounts reported in the financial statements. This financial statement is based on the same estimation

rules, which were used in the annual financial statements of the Bank for the financial year ended 31 December 2012, including the reasons and sources of uncertainty as at the balance sheet date.

The most significant estimates made for the 6 month period ended 30 June 2013, concern:

- Value loss of financial assets,
- Valuation to the fair value of derivatives,
- Employee benefits.

The condensed interim standalone financial statements of the Bank have been prepared for the period from 1 January 2013 to 30 June 2013 and from 1 April 2013 to 30 June 2013. Comparable financial data are presented for the period from 1 January 2012 to 30 June 2012 and from 1 April 2012 to 30 June 2012 and for statement of financial position as at 31 December 2012.

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

#### 4. Segmental reporting

Information on operating segments is presented in the Condensed interim financial statements of the Capital Group of Bank Handlowy w Warszawie S.A. for the 6 month period ended 30 June 2013.

#### 5. Net impairment due to financial assets and provisions value losses for granted financial and guarantees liabilities

PLN'000	II quarter	I half of the year	II quarter	I half of the year
	01.04. - 30.06. 2013	01.01. - 30.06. 2013	01.04. - 30.06. 2012	01.01. - 30.06. 2012
<b>Impairment of financial assets value</b>				
Impairment write-downs				
Equity investments	(1,430)	(1,583)	-	-
Amounts due from banks	(469)	(1,314)	(290)	(405)
Amounts due from customers	(60,913)	(125,444)	(85,429)	(146,694)
Receivables from matured derivative transactions	(1)	(11)	(1,150)	(1,285)
Other	(2,787)	(5,414)	(3,326)	(6,639)
	<b>(65,600)</b>	<b>(133,766)</b>	<b>(90,195)</b>	<b>(155,023)</b>
Reversals of impairment write-downs				
Equity investments	-	-	2,215	5,080
Amounts due from banks	698	1,085	98	198
Amounts due from customers	68,987	124,466	54,602	102,014
Receivables from matured derivative transactions	65	995	110	252
Recovers from sold debts	23,441	23,441	14,551	14,551
	<b>93,191</b>	<b>149,987</b>	<b>71,576</b>	<b>122,095</b>
	<b>27,591</b>	<b>16,221</b>	<b>(18,619)</b>	<b>(32,928)</b>
<b>Net charges to / releases of provisions for granted financial and guarantee commitments</b>				
Establish of provisions for granted financial and guarantee commitments	(8,502)	(16,362)	(4,890)	(9,136)
Release of provisions for granted financial and guarantee commitments	8,455	15,871	4,229	9,349
	<b>(47)</b>	<b>(491)</b>	<b>(661)</b>	<b>213</b>
<b>Net impairment due to financial assets and provisions value losses for granted financial and guarantees liabilities</b>	<b>27,544</b>	<b>15,730</b>	<b>(19,280)</b>	<b>(32,715)</b>

## 6. Amounts due from customers

### Amounts due from customers (by category)

<i>PLN '000</i>	<b>30.06.2013</b>	<b>31.12.2012</b>
<b>Amounts due from to financial sector entities</b>		
Loans, placements and advances	670,980	661,197
Purchased receivables	2	2
Receivables related to reverse repo transactions	1,658,932	336,588
Other receivables	61,767	45,541
<b>Total gross value</b>	<b>2,391,681</b>	<b>1,043,328</b>
Impairment write-downs	(19,141)	(19,113)
<b>Total net value</b>	<b>2,372,540</b>	<b>1,024,215</b>
<b>Amounts due from non-financial sector entities</b>		
Loans and advances	13,046,298	13,562,249
Unlisted debt securities	840,890	1,013,486
Purchased receivables	1,215,036	1,207,908
Realized guarantees	2,473	2,342
Other receivables	17,398	6,736
<b>Total gross value</b>	<b>15,122,095</b>	<b>15,792,721</b>
Impairment write-downs	(993,209)	(1,048,014)
<b>Total net value</b>	<b>14,128,886</b>	<b>14,744,707</b>
<b>Total net value of receivables from customers</b>	<b>16,501,426</b>	<b>15,768,922</b>

Movement in value loss due to receivables from customers consisted of following categories:

<i>PLN '000</i>	<b>01.01. – 30.06. 2013</b>	<b>01.01.– 30.06. 2012</b>
<b>As at 1 January</b>	<b>(1,067,127)</b>	<b>(1,172,200)</b>
Increases (due to):		
Creation of write downs	(125,444)	(146 694)
Creations of net write-downs for receivables due to matured derivatives transactions	-	(1 033)
Other	(3,390)	(1 327)
Decreases (due to):		
Release of net write-down in the period for receivables in respect of matured derivative instrument transactions	984	-
Restating receivables into write- downs	54,931	102 014
Write-downs release	124,466	17 327
Sale of receivables	2,748	-
other	482	1 740
<b>As at the end of period</b>	<b>(1,012,350)</b>	<b>(1 200 173)</b>

The closing balance of recognized values loss due to receivables from customers consisted of following categories:

<i>PLN '000</i>	<b>30.06.2013</b>	<b>31.12.2012</b>
Portfolio receivables impairment loss	(527,027)	(578,099)
Individual receivables impairment loss	(383,641)	(373,816)
Incurred but not reported losses (IBNR)	(101,682)	(115,212)

## 7. Financial instruments disclosure

### Fair value of financial assets and liabilities

The summary below provides statement of financial position (by category) and fair value information for each category of financial assets and liabilities.

PLN '000	30.06.2013		31.12.2012	
	Balance value	Fair value	Balance value	Fair value
<b>Assets</b>				
Amounts due from banks	2,304,004	2,304,457	1,451,370	1,451,370
Amounts due from customers	16,501,426	16,505,781	15,768,922	15,786,655
<b>Liabilities</b>				
Amounts due to banks	6,844,197	6,846,341	2,097,033	2,096,899
Amounts due to customers	24,954,329	24,951,508	26,882,179	26,878,293

With exception to information provided in the table above and investments in equity instruments available-for-sale, the balance value of other assets and financial liabilities included in the standalone statement of financial position are equal to fair value due to their short-term nature.

Investments in equity instruments available-for-sale do not have value that is actively priced at the market and their fair value cannot be reliably estimated.

According to the Bank's strategy, presented equity investments will be gradually reduced except for selected strategic investments in "infrastructure companies" that provide services to the financial sector. Particular entities will be sold at the most suitable time under market conditions.

In first half of 2013 the Bank disposed off its minority shareholding in Elektromontaż Poznań S.A., which in prior periods, the fair value of investment could not be reliably measured. The balance value of sold Elektromontaż Poznań S.A shares amounted PLN 4,715 thousand and profit on sale amounted PLN 1,844 thousand.

The fair value of deposit portfolio at 30 June 2013 did not change significantly in comparison to December end 2012. Notable decrease of fair value of corporate loans portfolio resulted from margin of credit margin, which was one of the PLN credit valuation element. Margin from December was under valued due to granted in December individually large credits with low margin in comparison to whole portfolio.

### Valuation methods and assumptions used for the purposes of fair value

Fair value of assets and financial liabilities are valued as follows:

- The fair value of financial instruments not quoted on active markets is determined using valuation techniques. If valuation techniques are used to determine the fair values, these methods are periodically assessed and verified. All the models are tested and approved before application. As far as possible, only observable data are used in the models, although in some areas, the entity's management must use estimates. Changes in the assumptions relating to the estimated factors may affect the fair value of financial instruments disclosed.

The Bank applies the following methods of measurement of particular types of derivative instruments:

- FX forwards – "Bootstrap" or "Newton Raphson" model;
- options – option market-based valuation model;
- interest rate transactions – "Bootstrap" or "Newton Raphson" model;
- futures – current quotations.

- For valuation securities transactions - current quotations are used or in case no quotations are available, adequate models based on discount and forward curves including decrease of credit spread if needed.

- The fair value of other assets and financial liabilities (excluding described above) are estimated with accordance to models used for valuation and discounted cash flows analysis and takes into account fluctuations in market interest rates as well as changes in margins during the financial period.

#### Fair value included in standalone statement of financial position

Depending on the method of determining fair value, individual financial assets or liabilities are classified into the following categories:

- Level I: financial assets / liabilities valued directly on the basis of prices quoted in an active market;
- Level II: financial assets / liabilities valued on the basis of a valuation technique based on assumptions using information from an active market or market-based observations;
- Level III: financial assets / liabilities valued on the basis of valuation techniques using relevant parameters not market-based (counterparty credit risk).

The tables below present carrying amounts of assets and financial liabilities presented in the standalone statement of financial position measured at fair value, arranged according to the above categories:

As at 30 June 2013

PLN '000	Level I	Level II	Total
<b>Financial assets</b>			
Financial assets held-for-trading	4,677,040	4,196,339	8,873,379
derivatives	28	3,949,459	3,949,487
debt securities	4,677,012	246,880	4,923,892
Debt securities available-for-sale	4,117,668	10,005,416	14,123,084
<b>Financial liabilities</b>			
Financial liabilities held-for-trading	842,640	4,001,181	4,843,821
short sale of securities	842,066	-	842,066
derivatives	574	4,001,181	4,001,755

Except assets described above tangible assets available-for-sale are shown in standalone statement of financial position, which fair value decreased by sale cost is higher than its carrying amount. In consequence they are shown in standalone statement of financial position by carrying amount, which as at 30 June 2013 was PLN 12,738 thousands (31 December 2012: PLN 12,554 thousands).

In first half of 2013, the Bank transferred financial assets available-for-sale from the category valued using relevant parameters not market-based (level III) to the category valued using information from an active market (level II). The change of the category concerns derivatives and results from change of the market-based valuation model. The value of transferred assets was PLN 1,523 thousands.

Additionally, taking into account the market activity, there was made a transfer of the part of debt securities classified to financial assets held-for-trading in amount PLN 246,880 thousands and the part of debt securities available-for-sale in amount PLN 1,216,694 thousand from the category valued directly on the basis of prices quoted in an active market (level I) to the category valued using information from an active market (level II).

In the 6 month period of 2013 the Bank has not made any changes in principles of financial instruments' classification (presented in the standalone statement of financial position at fair value) to the separate categories of fair value establishing method used (level I, level II, level III).

The decrease of fair value of financial instruments classified as held-for-trading at 30 June 2013 in comparison to the end of 2012 was connected with expected by the Bank changes in economic environment.

The decrease of financial instruments portfolio size classified as available-for-sale (AFS) was influenced by the sale of securities on which in the first half of 2013 the Bank has realized profit.

In the 6 month period of 2013 the Bank has not made any changes in financial assets classification that may result from asset's purpose or usage change.

## 8. Seasonality or periodicity of business activity

The business activity of the Bank does not involve significant events that would be subject to seasonal or cyclical variations.

## 9. Issue, redemption and repayment of debt and equity securities

In the first half of the year 2013 no issue, pay back or repurchase of debt or equity securities had place.

## 10. Paid or declared dividends

### Dividends declared

The Ordinary General Meeting of Shareholders of Bank Handlowy w Warszawie S.A. (hereinafter WZ) adopted a resolution on distribution of the net profit for 2012 on June 20, 2013. The Meeting resolved to appropriate the amount of PLN 756,519,084.00 for the dividend payment, which means that the dividend per one ordinary share is PLN 5.79. The number of shares covered by the dividend is 130,659,600. Simultaneously, the WZ resolved to set the day of the right to the dividend for July 5, 2013 (day of dividend) and the day of the dividend payment for August 30, 2013 (day of the dividend payment).

## 11. Changes in Bank's structure

In the first half of 2013 the structure of the Bank has not changed as a result of merger, acquisition or disposal of subsidiaries, long-term investments, division, restructuring and discontinuation of activity.

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

As at 30 June 2013 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 Bank.

On 26 July 2013 the Handlowy Investmens II S.a.r.l shares, representing 100% of the share in the capital and 100% of votes at the General Meeting of Shareholders, were sold. The balance value of sold shares was PLN 5,532 thousand.

## 13. Changes in granted and received financial and guarantee commitments

The detailed specification of granted and received financial and guarantee commitments as at 30 June 2013 and changes in comparison with the end of 2012 are as follows:

PLN '000	As at		Change	
	30.06.2013	31.12.2012	PLN '000	%
<b>Contingent liabilities</b>				
financial	14,195,920	12,761,470	1,434,450	11.2
Import letters of credit issued	110,739	146,596	(35,857)	(24.5)
Lines of credit granted	12,343,889	11,402,324	941,565	8.3
Securities issuance guarantees granted to other issuers	1,508,050	1,212,550	295,500	24.4
Reverse repo transactions with future currency date	233,242	-	233,242	-
guarantees	1,771,195	1,768,897	2,298	0.1
Guarantees granted	1,766,530	1,764,624	1,906	0.1
Export letters of credit confirmed	4,665	4,273	392	9.2
	<b>15,967,115</b>	<b>14,530,367</b>	<b>1,436,748</b>	<b>9.9</b>

PLN '000	As at		Change	
	30.06.2013	31.12.2012	PLN '000	%
<b>Liabilities received</b>				
financial (deposits to receive)	1,998,148	122,646	1,875,502	-
guarantees (guarantees received)	4,183,741	4,798,611	(614,870)	(12.8)
	<b>6,181,889</b>	<b>4,921,257</b>	<b>1,260,632</b>	<b>25.6</b>
<b>Contingent transactions due to FX, securities and derivatives (granted/received liabilities)</b>				
Current*	4,852,781	2,359,957	2,492,824	105.6
Forward **	251,703,153	239,351,697	12,351,456	5.2
	<b>256,555,934</b>	<b>241,711,654</b>	<b>14,844,280</b>	<b>6.1</b>

\*Foreign exchange and securities transactions with current value date

\*\* Derivatives: FX, interest rate transactions and options

#### 14. Information about shareholders

As at both 30 June 2013 and the day of publishing this consolidated financial statement for the first half of 2013 the list of shareholders who held at least 5% of the total number of votes at the General Meeting or at least 5% of the Bank's share capital is as follows:

	Value of shares (‘000)	Number of shares	% shares	Number of votes at GM	% votes at GM
Citibank Overseas Investment Corporation, USA	391,979	97,994,700	75.0	97,994,700	75.0
Other shareholders	130,659	32,664,900	25.0	32,664,900	25.0
	<b>522,638</b>	<b>130,659,600</b>	<b>100.0</b>	<b>130,659,600</b>	<b>100.0</b>

In the first half of 2013 or during the period from publishing last interim report for the first quarter 2013 to publishing this standalone financial statement for the first half of 2013, the structure of major shareholdings of the Bank has not undergone any changes.

#### 15. Information on pending proceedings

In the first half of 2013 there were no significant changes on pending proceedings with the Bank's participation.

In the first half of 2013 no significant settlements due to court case had place.

#### 16. Related parties

##### Transactions with related parties

Within its normal course of business activities, the Bank enters into transactions with related entities, in particular with entities of Citigroup Inc. and subsidiaries.

The transactions with related entities mainly include loans, deposits, guarantees and derivatives transactions.

Apart from the transactions described in this section, in the presented period neither the Bank nor the Bank's subsidiaries conducted any transactions with related entities, which would be individually or jointly significant. No transaction with related entities was concluded on terms other than market terms.

## Transactions with Citigroup Inc. entities

The receivables and liabilities towards Citigroup Inc. companies are as follows:

<i>PLN '000</i>	<b>30.06.2013</b>	<b>31.12.2012</b>
Receivables, including:	357,511	160,697
Placements	104,236	84,692
Liabilities, including:	4,350,979	875,659
Deposits	3,538,210	408,705
Balance valuation of derivative transactions		
Assets held-for-trading	3,099,827	3,263,844
Liabilities held-for-trading	3,235,626	3,871,681
Conditional liabilities granted	159,720	153,653
Conditional liabilities received	1,715,070	226,035
Conditional derivative transactions (liabilities granted/received), including:	176,819,935	168,476,833
Interest rate instruments	149,751,424	135,206,525
Currency instruments	26,115,563	32,155,394
Securities transactions	615,625	134,707
Commodity transactions	337,323	980,207
<hr/>		
<i>PLN '000</i>	<b>01.01. – 30.06. 2013</b>	<b>01.01. – 30.06. 2012</b>
Interest and commission income	15,781	10,251
Interest and commission expense	2,702	4,316

The Bank receives income and incurs costs on derivative transactions with entities of Citigroup Inc. in order to hedge in market risk. These are back to back derivative transactions opposite to transactions with Bank's other clients and closing Bank's own position. On 30 June 2013 net balance valuation of transactions on derivatives amounted to PLN (135,799) thousand (31 December 2012: PLN (607,837) thousand).

Furthermore the Bank incurs costs and receives income from agreements between Citigroup Inc. entities and the Bank, regarding the provision of mutual services.

The costs incurred and accrued (including VAT reflected in the Bank's costs) in the first half of 2013 from the agreements were connected, in particular, with costs of services regarding the maintenance of Bank's information systems and advisory support and are presented in the General administrative expenses and other operating expenses; income was related to data processing and other services rendered by the Bank and is presented in the Other operating income.

<i>PLN '000</i>	<b>01.01. – 30.06. 2013</b>	<b>01.01. – 30.06. 2012</b>
General administrative expenses	90,120	97,034
Other operating income	11,519	7,860

In the first half of 2013 the capitalization of started in 2012 and continued investments regarding functionality modification of retail banking IT systems took place. Total payments for Citigroup Inc. entities in the first half of 2013 amounted PLN 12,248 thousand (in 2012: PLN 60,027 thousand).

## Transactions with subsidiaries

The balance-sheet and off-balance-sheet receivables and liabilities towards subsidiaries are as follows:

<i>PLN '000</i>	30.06.2013	31.12.2012
<b>Receivables</b>		
Overdraft facilities	86,710	163,150
Other receivables	2,538	-
	<b>89,248</b>	<b>163,150</b>
<b>Receivables</b>		
Opening balance	163,150	116,299
Closing balance	89,248	163,150
<b>Deposits</b>		
Current accounts	17,564	7,843
Term deposits	190,599	107,539
	<b>208,163</b>	<b>115,382</b>
<b>Deposits</b>		
Opening balance	115,382	177,939
Closing balance	208,163	115,382
<b>Contingent liabilities granted</b>		
Letters of credit	1,843	1,741
Credit lines granted	295,825	309,854
	<b>297,668</b>	<b>311,595</b>
<i>PLN '000</i>	01.01. - 30.06. 2013	01.01. - 30.06. 2012
Interest and commission income	3,164	2,851
Interest and commission expenses	2,198	4,655

As at 30 June 2013 and 31 December 2012, no receivables or contingent liabilities granted to subsidiaries were subject to impairment write-offs.

## 17. Transactions with members of the Management Board and Supervisory Board.

<i>PLN '000</i>	30.06.2013		31.12.2012	
	Members of the Management Board	Members of the Supervisory Board	Members of the Management Board	Members of the Supervisory Board
<b>Loans granted</b>	594	-	603	-
<b>Deposits</b>				
Current accounts	8,310	1,669	8,460	2,225
Term deposits	1,015	620	3,519	119
	<b>9,325</b>	<b>2,289</b>	<b>11,979</b>	<b>2,344</b>

As at 30 June 2013 and 31 December 2012 no loans, guarantee and warranty transactions with members of the Management Board and Supervisory Board were made.

All transactions of the Bank with members of the Management Board and the Supervisory Board are at arm's length.

Staff expenses in the first half of 2013 include remuneration and bonuses paid and payable to current and former members of the Bank's Management Board in the amount of PLN 23,677 thousand (in first half of 2012: PLN 14,748 thousand).

## 18. Other significant information

### Personal changes in the Bank's bodies.

On 20 June 2013 Robert Daniel Massey JR ceased to be the Vice-President of the Management Board, due to making a declaration on 30 April 2013 of not competing to be chosen as the Vice-President of the Management Board for the next cadency.

On 10 June 2013 Krzysztof Opolski resigned from the function of the Member of the Supervisory Board from 28 June 2013.

On 20 June 2013 Anna Rulkiewicz was appointed the Member of the Supervisory Board from 29 June 2013.

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Signatures of Management Board Members

27.08.2013	Sławomir S. Sikora	President of the Management Board	.....
Date	Name	Position / function	Signature

27.08.2013	Brendan Carney	Vice-President of the Management Board	.....
Date	Name	Position / function	Signature

27.08.2013	Misbah Ur-Rahman-Shah	Vice-President of the Management Board	.....
Date	Name	Position / function	Signature

27.08.2013	Witold Zieliński	Vice- President of the Management Board Chief Financial Officer	.....
Date	Name	Position / function	Signature

27.08.2013	Iwona Dudzińska	Member of the Management Board	.....
Date	Name	Position / function	Signature