



Abbreviated Interim Unconsolidated
Financial Statements
of Bank Handlowy w Warszawie S.A.
as at 30 June 2008

September 2008

Selected financial data

	In PLN '000		In EUR '000****	
	First half of 2008	First half of 2007	First half of 2008	First half of 2007
Interest income	1,062,868	922,516	305,633	239,702
Fee and commission income	352,588	390,467	101,388	101,457
Profit before tax	481,850	549,420	138,558	142,758
Net profit	394,197	439,243	113,353	114,131
Increase/decrease of net cash	(914,665)	914,998	(272,692)	242,976
Total assets*	37,044,739	38,008,361	11,044,284	10,610,933
Financial liabilities valued at amortized cost*	26,585,314	27,443,267	7,925,978	7,661,437
Shareholders' equity	5,151,671	5,098,642	1,535,887	1,353,933
Share capital	522,638	522,638	155,816	138,785
Number of shares	130,659,600	130,659,600	130,659,600	130,659,600
Book value per share (PLN / EUR)	39.43	39.02	11.75	10.36
Capital adequacy ratio (%)*	11.16	12.06	11.16	12.06
Capital adequacy ratio including basic funds („tier 1 capital”) (w %)***	12.10	13.10	12.10	13.10
Earnings per ordinary share (PLN / EUR)	3.02	3.36	0.87	0.87
Diluted net profit per ordinary share (in PLN)	3.02	3.36	0.87	0.87
Declared or distributed dividends per ordinary share (PLN / EUR)***	4.75	4.10	1.42	1.09

* The comparable financial data as at 31 December 2007.

** The presented data are related to balance as at 31 December 2007; the ratio calculations basis on own funds exclude supplementary funds.

*** The presented ratios are related to, respectively: dividends to be paid in 2008 from the appropriation of the 2007 profit and dividends distributed 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 June 2008 of PLN 3.3542 (as at 31 December 2007: PLN 3.5820, as at 30 June 2007: 3.7658); for the income statement – the arithmetic average of month – end NBP exchange rates in first half of 2008 – PLN 3.4776 (in the first half of 2007: PLN 3.8486).

CONTENTS

<i>Income statement</i>	4
<i>Balance sheet</i>	5
<i>Statement of changes in equity</i>	6
<i>Statement of cash flows</i>	7
<i>Supplementary notes</i>	8
1. Basis of preparation of the abbreviated interim financial statements	8
2. Statement of the Bank's Management Board	8

Income statement

in thousands of PLN

	For a period	01.01. – 30.06. 2008	01.01. - 30.06. 2007
Interest and similar income		1,062,868	922,516
Interest expense and similar charges		(439,186)	(358,633)
Net interest income		623,682	563,883
Fee and commission income		352,588	390,467
Fee and commission expense		(37,243)	(49,549)
Net fee and commission income		315,345	340,918
Dividend income		59,539	22,901
Net income on financial instruments and revaluation		212,075	239,038
Net gain on investment (deposit) securities		29,095	10,740
Net profit on investment (capital) instruments		-	10,454
Other operating income		57,681	51,894
Other operating expenses		(17,283)	(24,930)
Net other operating income		40,398	26,964
General administrative expenses		(720,876)	(680,190)
Depreciation expense		(48,942)	(54,892)
Profit / (loss) on sale of tangible fixed assets		1,399	(580)
Net impairment changes		(29,865)	70,184
Profit before tax		481,850	549,420
Income tax expenses		(87,653)	(110,177)
Net profit		394,197	439,243
Weighted average number of ordinary shares		130,659,600	130,659,600
Net profit per ordinary share (in PLN)		3.02	3.36
Diluted net profit per ordinary share (in PLN)		3.02	3.36

Balance sheet

<i>In thousands of PLN</i>	30.06.2008	31.12.2007
ASSETS		
Cash and balances with central bank	2,443,861	3,321,503
Financial assets held for trading	4,323,432	5,132,265
Debt securities available-for-sale	6,753,584	6,467,638
Equity investments	300,827	302,321
Loans and advances	20,745,189	20,309,005
<i>to financial sector</i>	<i>7,881,231</i>	<i>8,910,556</i>
<i>to non-financial sector</i>	<i>12,863,958</i>	<i>11,398,449</i>
Property and equipment	575,141	601,088
<i>land, buildings and equipment</i>	<i>549,949</i>	<i>576,060</i>
<i>investment property</i>	<i>25,192</i>	<i>25,028</i>
Intangible assets	1,281,681	1,282,811
Deferred income tax assets	354,615	368,497
Other assets	253,764	210,588
Non-current assets held-for-sale	12,645	12,645
Total assets	37,044,739	38,008,361
LIABILITIES		
Financial liabilities held for trading	3,826,333	4,373,146
Financial liabilities valued at amortized cost	26,585,314	27,443,267
<i>deposits from</i>	<i>26,153,583</i>	<i>27,001,251</i>
<i>financial sector</i>	<i>5,644,404</i>	<i>7,243,219</i>
<i>non-financial sector</i>	<i>20,509,179</i>	<i>19,758,032</i>
<i>other liabilities</i>	<i>431,731</i>	<i>442,016</i>
Provisions	48,431	35,331
Income tax liabilities	-	93,351
Other liabilities	1,432,990	587,188
Total liabilities	31,893,068	32,532,283
EQUITY		
Issued capital	522,638	522,638
Share premium	2,944,585	2,944,585
Revaluation reserve	(280,422)	(182,451)
Other reserves	1,570,673	1,382,238
Retained earnings	394,197	809,068
Total equity	5,151,671	5,476,078
Total liabilities and equity	37,044,739	38,008,361

Statement of changes in equity

<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	-	-	(121,374)	-	-	(121,374)
Transfer of valuation of sold financial assets available-for-sale to profit and loss account	-	-	(13,763)	-	-	(13,763)
Deferred income tax on valuation of financial assets available-for-sale	-	-	25,676	-	-	25,676
Net profit	-	-	-	-	439,243	439,243
Dividends to be paid	-	-	-	-	(535,704)	(535,704)
Transfers to capital	-	-	-	85,063	(85,063)	-
Closing balance as at 30 June 2007	522,638	2,944,585	(190,962)	1,382,238	440,143	5,098,642

<i>In thousands of PLN</i>	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	-	-	(91,858)	-	-	(91,858)
Transfer of valuation of sold financial assets available-for-sale to profit and loss account	-	-	(29,095)	-	-	(29,095)
Deferred income tax on valuation of financial assets available-for-sale	-	-	22,982	-	-	22,982
Net profit	-	-	-	-	394,197	394,197
Dividends to be paid	-	-	-	-	(620,633)	(620,633)
Transfers to capital	-	-	-	188,435	(188,435)	-
Closing balance as at 30 June 2008	522,638	2,944,585	(280,422)	1,570,673	394,197	5,151,671

Statement of cash flows

	For a period	01.01. – 30.06. 2008	01.01. – 30.06. 2007
<i>In thousands of PLN</i>			
A. Cash flows from operating activities			
I. Net profit (loss)		394,197	439,243
II. Adjustments to reconcile net profit or loss to net cash provided by operating activities:		(1,243,887)	610,186
Current and deferred tax income, recognized in income statement		87,653	110,177
Amortization		48,942	54,892
Impairment		34,627	(66,938)
Net provisions (recoveries)		(4,762)	(3,246)
Income on sale of investments		(3,420)	32
Received interest		1,039,428	856,606
Retained interest		(475,533)	(377,741)
Other adjustments		(1,335,758)	(1,056,257)
Cash flows from operating profits before changes in operating assets and liabilities		(608,823)	(482,475)
Increase / decrease in operating assets (excl. cash and cash equivalents)		(91,935)	(89,717)
Increase / decrease in loans and receivables		(516,715)	815,317
Increase / decrease in assets available-for-sale		(252,226)	(653,310)
Increase / decrease in equity investments		(1,745)	(6,741)
Increase / decrease in financial assets held-for-trading		805,739	(190,989)
Increase / decrease in other assets		(126,988)	(53,994)
Increase / decrease in operating liabilities (excl. cash and cash equivalents)		(543,129)	1,182,378
Increase / decrease in advances from central bank		-	(250,000)
Increase / decrease in financial liabilities valued at amortized cost		(807,126)	335,599
Increase / decrease in liabilities held for trading		(546,813)	375,439
Increase / decrease in other liabilities		810,810	721,340
Cash flows from operating activities		(849,690)	1,049,429
Income taxes (paid) refunded		(48,318)	(85,114)
III. Net cash flows from operating activities		(898,008)	964,315
B. Cash flows from investing activities			
Cash payments to acquire tangible assets		(16,810)	(32,064)
Cash receipts from the sale of tangible assets		6,673	2,078
Cash payments to acquire intangible assets		(8,029)	(7,151)
Cash receipts from the sale of tangible assets available-for-sale		-	7,223
Dividends received		23,664	-
Other income from investing activities		3,239	-
Net cash flows from investing activities		8,737	(29,914)
C. Cash flows from financing activities			
Inflows from long-term loans from financial sector		192	-
Repayment of long-term loans from financial sector		(18,503)	(17,695)
Net cash flows from financing activities		(18,311)	(17,695)
D. Effect of exchange rate changes on cash and cash equivalent		(7,083)	(1,708)
E. Increase / (Decrease) in net cash		(914,665)	914,998
F. Cash at the beginning of reporting period		3,741,447	1,304,621
G. Cash at the end of reporting period		2,826,782	2,219,619

Supplementary notes

1. Basis of preparation of the abbreviated interim financial statements

Abbreviated interim unconsolidated financial statements of Bank Handlowy w Warszawie S.A. ("Bank") have been prepared for the period ended at 30 June 2008 in accordance with requirements of the Decree of the Ministry of Finance dated 19 October 2005 (Official Journal from 2005, No. 209, item 1744) on current and periodic information provided by issuers of securities. On the strength of that act the issuer, which is also a parent entity, is not obliged to provide the interim financial statements, on condition that it includes the abbreviated 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 abbreviated interim unconsolidated financial statements are consistent with the principles, described in the note 2 of the interim consolidated financial statements, except for the principles of recognition and measurement of equity investments in subordinated and associated entities, stated below.

Subordinated and associated entities – recognition and measurement

Investments in subsidiaries and associates in the Bank's financial statements are accounted for using the cost method in accordance with IAS 27 ("Consolidated and separate financial statements") with consideration of write-down for impairment. When there are impairment losses of equity investments in subordinated and associated entities, IAS 36 ("Impairment of assets") is applied.

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

2. Statement of the Bank's Management Board

Accuracy and fairness of the statements presented

To the best knowledge of the Bank's Management Board, the financial data from the first half of the year 2008 and the comparative data presented in the "Abbreviated Interim Unconsolidated Financial Statements of the Bank Handlowy w Warszawie S.A. as at 30 June 2008" 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 "Abbreviated Interim Unconsolidated Financial Statements of the Bank Handlowy w Warszawie S.A. as at 30 June 2008", was selected consistently with the legal regulations. This entity along with the registered auditor met the conditions necessary for issuing an impartial and independent opinion on the review, consistently with the respective regulations of the Polish law.

Signatures of all Management Board Members

18.09.2008	Sławomir Sikora	President of the Management Board	
.....
Date	Name	Position / function	Signature

18.09.2008	Michał H. Mrozek	Vice-President of the Management Board	
.....
Date	Name	Position / function	Signature

18.09.2008	Edward Wess	Vice-President of the Management Board	
.....
Date	Name	Position / function	Signature

18.09.2008	Sonia Wędrychowicz-Horbatowska	Vice-President of the Management Board	
.....
Date	Name	Position / function	Signature

18.09.2008	Witold Zieliński	Vice- President of the Management Board	
.....
Date	Name	Position / function	Signature