



TRANSLATION

**Capital Group of  
Bank Handlowy w Warszawie SA**  
Opinion and Report  
of the Independent Auditor  
Financial Year ended  
31 December 2005

KPMG Audyt Sp. z o.o.  
The opinion contains 2 pages  
The report supplementing the auditor's opinion  
contains 15 pages  
Opinion of the independent auditor  
and report supplementing the auditor's opinion  
on the consolidated financial statements  
for the financial year ended  
31 December 2005



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## OPINION OF THE INDEPENDENT AUDITOR

*To the Shareholders of Bank Handlowy w Warszawie SA*

We have audited the accompanying consolidated financial statements of Bank Handlowy w Warszawie SA Capital Group, seated in Warszawa, Senatorska Street 16, consisting of the consolidated balance sheet as at 31 December 2005, with total assets of and total liabilities and equity of PLN 32 915 502 thousand, the consolidated profit and loss account for the year then ended with a net profit of PLN 616 384 thousand, the consolidated statement of changes in equity for the year then ended with a decrease in equity of PLN 1 005 273 thousand, the consolidated cash flow statement for the year then ended with an increase in cash amounting to PLN 33 184 thousand and supplementary notes, comprising of significant accounting policies and other explanatory notes.

The Management of the Parent Entity is responsible for the preparation and true and fair presentation of the consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union, and in respect to matters that are not regulated by the above standards, in accordance with the accounting principles as set out in the Accounting Act dated 29 September 1994 (Official Journal from 2002, No. 76, item 694 with subsequent amendments) and respective bylaws and regulations, the requirements for issuers of securities admitted or sought to be admitted to trading on an official stock-exchange listing market. Our responsibility, based on our audit, is to express an opinion on these consolidated financial statements.

We conducted our audit in accordance with section 7 of the Accounting Act dated 29 September 1994, the professional standards established by the Polish National Council of Certified Auditors and International Standards on Auditing. Those standards require that we plan and perform the audit to obtain a reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence, accounting records and consolidation documentation supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles applied in the Group and significant estimates made by the Management of the Parent Entity, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accompanying consolidated financial statements of Bank Handlowy w Warszawie SA Capital Group present fairly, in all material respects, the financial position of the Capital Group as at 31 December 2005, the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, and in respect to matters that are not regulated by the above standards, in accordance with the accounting principles as set out in the Accounting Act dated 29 September 1994 and respective bylaws and regulations and the requirements for issuers of securities admitted or sought to be admitted to trading on an official stock-exchange listing market and the

provisions of law that apply to the consolidated financial statements, applicable to the Capital Group.

As required under the Accounting Act dated 29 September 1994 we also report that the Report on activities of the Capital Group of Bank Handlowy w Warszawie SA includes, in all material respects, the information required by Art. 49 of the Act and by the Decree of the Ministry of Finance dated 19 October 2005 on current and periodic information provided by issuers of securities (Official Journal from 2005, No 209, item 1744) and the information is consistent with the consolidated financial statements.

*Signed on the Polish original*

.....  
Certified Auditor No 9941/7390  
Bożena Graczyk

*Signed on the Polish original*

.....  
For KPMG Audyt Sp. z o.o.  
ul. Chłodna 51; 00-867 Warsaw  
Certified Auditor No. 9941/7390  
Bożena Graczyk  
Member of the Management Board

*Signed on the Polish original*

.....  
For KPMG Audyt Sp. z o.o.  
ul. Chłodna 51; 00-867 Warsaw  
Robert J. Widdowson  
Partner

Warsaw, 27 March 2006



**Capital Group of  
Bank Handlowy w Warszawie SA**

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

Financial Year ended  
31 December 2005

KPMG Audyt Sp. z o.o.  
The report supplementing the auditor's opinion  
contains 15 pages  
Report supplementing the auditor's opinion  
on the consolidated financial statements  
for the financial year ended  
31 December 2005

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## **1 General**

### **1.1 Identification of the Capital Group**

#### **1.1.1 Name of the Capital Group**

Bank Handlowy w Warszawie SA Capital Group.

#### **1.1.2 Registered office of the Parent Entity of the Capital Group**

Senatorska Street 16  
00-923 Warszawa  
Poland

#### **1.1.3 Registration of the Parent Entity in the National Court Register**

Seat of the court: Regional Court in Warszawa, XII Commercial Department  
Date: 22 February 2001  
Registration number: KRS 0000001538

#### **1.1.4 Registration of the Parent Entity in the Tax Office and Statistical Office**

NIP: 526-030-02-91  
REGON: 000013037

### **1.2 Information about entities included in the Capital Group**

#### **1.2.1 Entities included in the consolidated financial statements**

As at 31 December 2005 the following entities belonging to the Capital Group were subject to consolidation:

Parent Bank:

- Bank Handlowy w Warszawie SA

Subsidiaries consolidated on the 'full consolidation' basis:

- Citileasing Sp. z o.o.
- Dom Maklerski Banku Handlowego S.A.
- Handlowy Leasing S.A.
- Handlowy Zarządzanie Aktywami S.A.
- PPH Spomasz Sp. z o.o. in liquidation
- Towarzystwo Funduszy Inwestycyjnych Banku Handlowego S.A.

As at 31 December 2004 Dom Maklerski Banku Handlowego S.A. was subject to consolidation on a 'full consolidation' basis.

### **1.2.2 Entities excluded from consolidation**

As at 31 December 2005 the following subsidiaries not belonging to the Capital Group have not been consolidated on a 'full consolidation' basis:

- Bank Rozwoju Cukrownictwa S.A.
- Handlowy Investments S.A.
- Handlowy Investments II S.a.r.l.
- Handlowy Inwestycje Sp. z o.o.

These entities are insignificant in relation to the consolidated financial statements taken as a whole and represent 0.5% of total Capital Group assets and 0.5% of total Capital Group net profit without elimination of intercompany transactions.

### **1.3 Auditor information**

KPMG Audyt Sp. z o.o.  
ul. Chłodna 51  
00-867 Warsaw

KPMG Audyt Sp. z o.o. is registered as a company authorised to audit financial statements (number 458).

### **1.4 Legal status**

#### **1.4.1 Share capital**

The Parent Entity was established under the Notarial Deed dated 13 April 1870.

The share capital of the Parent Entity amounted to PLN 522 638 400 as at 31 December 2005 divided into 130 659 600 ordinary shares with a nominal value of PLN 4 each.

As at 31 December 2005, the shareholder structure was as follows:

Name of the Shareholder	Number of shares	Number of voting rights (in %)	Book value of shares (PLN' 000)	Percentage of share capital (in %)
Citibank Overseas Investment Corporation, USA	97 994 700	75.0	391 979	75.0
International Finance Associates, USA	18 722 874	14.3	74 891	14.3
Other shareholders	13 942 026	10.7	55 768	10.7
<b>Total</b>	<b>130 659 600</b>	<b>100.0</b>	<b>522 638</b>	<b>100.0</b>

#### 1.4.2 Management of the Parent Entity

The Management Board is responsible for management of the Parent Entity.

At 31 December 2005, the Management Board of the Parent Entity was comprised of the following members:

- Sławomir Sikora - President of the Management Board
- Reza Ghaffari - Vice-president of the Management Board
- Sanjeeb Chaudhuri - Vice-president of the Management Board
- Lidia Jabłonowska – Luba - Member of the Management Board
- Michał H. Mrożek - Member of the Management Board

In 2005 the following changes in composition of the Parent Entity Management Board took place:

- on 3 February 2005 David J. Smith, Vice-president of the Bank's Management Board resigned from his position;
- on 4 February 2005 Reza Ghaffari was appointed as a Vice-president of the Bank's Management Board;
- on 31 March 2005 Sunil Sreenivasan, Vice-president of the Bank's Management Board resigned from his position;
- on 26 October 2005 Philip King resigned from the position of Vice-president of the Bank's Management Board;
- on 28 October 2005 Sanjeeb Chaudhuri was appointed as a Vice-president of the Bank's Management Board.

In 2006 up to the date of issuing the opinion and report on the audit of the consolidated financial statements for the year ended 31 December 2005 the following changes in composition of the Parent Entity Management Board took place:

- on 1 January 2006 Witold Zieliński was appointed as a Vice-president of the Bank's Management Board;
- on 22 February 2006 Vice-president of the Bank's Management Board Reza Ghaffari resigned from his position.



### **1.4.3 Scope of activities**

The business activities listed in the Parent Entity's Statute include the following:

- accepting deposits payable on request or on a given date and account operation for such deposits,
- operation of other bank accounts,
- performing cash settlements,
- extending credits and cash loans,
- conducting operations which involve checks, bills of exchange and warrants,
- issuing and confirming sureties,
- issuing and confirming bank guarantees and open letters of credit,
- performing FX operations,
- provision of agency services in money transfers abroad by residents and settlements with non-residents in Poland,
- issuing of banking securities,
- commissioned operations related to issue of securities,
- safe-keeping of valuable objects and securities and safe-box services,
- issuing of payment cards and processing of operations executed with use of such cards,
- purchase and sale of receivables,
- processing of forward transactions,  
and other.

The business activities of the subsidiaries, included in the Capital Group, according to the Statutes include the following:

- Citileasing Sp. z o.o. - leasing
- Dom Maklerski Banku Handlowego S.A. - brokerage
- Handlowy Zarządzanie Aktywami S.A. - brokerage
- Handlowy Leasing SA - leasing, rent and hire purchase of real estate
- PPH Spomasz Sp. z o.o. in liquidation - production of machinery and equipment
- Towarzystwo Funduszy Inwestycyjnych Banku Handlowego S.A. - investment activity

### **1.5 Prior period consolidated financial statements**

The consolidated financial statements for the period ended 31 December 2004 were audited by KPMG Audyt Sp. z o.o and received an unqualified opinion.

The consolidated financial statements were approved at the General Meeting on 21 June 2005.



The closing balances as at 31 December 2004 have been properly recorded as the opening balances of the audited year prior to International Financial Reporting Standards adjustments.

Due to the changes in the applied accounting policies, resulting from the adoption of the accounting policies that are in compliance with International Financial Reporting Standards as adopted by the European Union the related corresponding figures for 31 December 2004 have been restated by the Parent Entity together with the opening balances of the audited year. Furthermore, in accordance with IFRS 1 'First-time Adoption of International Financial Reporting Standards', the Parent Entity has elected not to restate the corresponding figures in order to comply with IAS 32 'Financial Instruments: Disclosure and Presentation' and IAS 39 'Financial Instruments: Recognition and Measurement'. The adjustments resulting from changes in accounting policies, in order to comply with IAS 32 and IAS 39, have been made to the opening balance of equity as at 1 January 2005.

The consolidated financial statements were submitted to the Registry Court on 1 July 2005 and were published in Monitor Polski B No 1707 dated 31 October 2005.

## **1.6 Audit scope and responsibilities**

This report of the independent auditor was prepared for the Shareholders of the Bank Handlowy w Warszawie SA, seated in Warszawa, Senatorska Street 16, and relates to the consolidated financial statements comprising of: the consolidated balance sheet as at 31 December 2005, with total assets of and total liabilities and equity of PLN 32 915 502 thousand, the consolidated profit and loss account for the year then ended with a net profit of PLN 616 384 thousand, the consolidated statement of changes in equity for the year then ended with a decrease in equity of PLN 1 005 273 thousand, the consolidated cash flow statement for the year then ended with an increase in cash amounting to PLN 33 184 thousand, and supplementary notes, comprising of significant accounting policies and other explanatory notes.

The consolidated financial statements have been audited on the basis of the decision of Supervisory Board dated 24 May 2005 on the appointment of the auditor.

The consolidated financial statements have been audited in accordance with the contract dated 22 November 2005.

We conducted the audit in accordance with section 7 of the Accounting Act dated 29 September 1994 (Official Journal from 2002, no 76, item 694 with subsequent amendments), the professional standards established by the Polish National Council of Certified Auditors and International Standards on Auditing.

We have audited the consolidated financial statements in the Parent Entity's head office during the period from 28 November 2005 to 24 March 2006.

The Management of the Parent Entity is responsible for the preparation and true and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and in respect to matters that are not regulated by the above standards, in accordance with the accounting principles as set out in the Accounting Act dated 29 September 1994 and respective bylaws and regulations, the requirements for issuers of securities admitted or sought to be admitted to trading on an official stock-exchange listing market.

Our responsibility is to express an opinion, with a supplementing report, on these financial statements.

On 27 March 2006, the Management Board of the Parent Entity submitted a statement as to the true and fair presentation of the consolidated financial statements presented for audit, which confirmed that there were no undisclosed matters which could significantly influence the information presented in the consolidated financial statements for the audited year.

All our requests for additional documents and information necessary for expressing our opinion and preparing the report have been fulfilled by the Management of the Parent Entity.

KPMG Audyt Sp. z o.o., the members of its Management Board and Supervisory Board and other persons involved in the audit of the consolidated financial statements fulfil independence requirements from the entities included in the Capital Group. 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 Sp. z o.o.

## **1.7 Information on audits of the financial statements of consolidated entities**

### **1.7.1 Parent Entity**

The financial statements of the Parent Entity for the year ended 31 December 2005 has been audited by KPMG Audyt Sp. z o.o., certified auditor number 458, and received an unqualified opinion.

### **1.7.2 Other consolidated entities**

<b>Entity's name</b>	<b>Authorised auditor</b>	<b>Financial year end</b>	<b>Type of the auditor's opinion</b>
Citileasing Sp. z o.o.	KPMG Audyt Sp. z o.o.	31 December 2005	audit in progress
Dom Maklerski Banku Handlowego S.A.	KPMG Audyt Sp. z o.o.	31 December 2005	audit in progress
Handlowy Leasing S.A.	KPMG Audyt Sp. z o.o.	31 December 2005	audit in progress
Handlowy Zarządzanie Aktywami S.A.	KPMG Audyt Sp. z o.o.	31 December 2005	audit in progress
PPH Spomasz Sp. z o.o. w likwidacji	was not subject to audit for the year ended 31 December 2005		
Towarzystwo Funduszy Inwestycyjnych Banku Handlowego S.A.	KPMG Audyt Sp. z o.o.	31 December 2005	audit in progress

## 2 Financial analysis of the Capital Group

### 2.1 Summary of the financial statements

#### 2.1.1 Consolidated balance sheet

ASSETS	31.12.2005 PLN'000	% of total	31.12.2004 PLN'000	% of total
Cash and balances with central bank	922 649	2.80%	841 114	2.47%
Financial assets held for trading	5 883 358	17.87%	5 317 395	15.60%
Debt securities available-for-sale	7 171 157	21.79%	6 091 194	17.87%
Equity investments	20 615	0.06%	28 087	0.09%
Equity investments accounted for under the equity method	61 884	0.19%	86 674	0.26%
Loans and advances	16 074 250	48.84%	18 771 295	55.08%
<i>to financial sector</i>	6 467 157	19.65%	8 286 804	24.32%
<i>to non-financial sector</i>	9 607 093	29.19%	10 484 491	30.76%
Property and equipment	700 212	2.13%	723 871	2.12%
<i>land, buildings and equipment</i>	659 264	2.00%	723 871	2.12%
<i>investment property</i>	40 948	0.13%	-	-
Intangible assets	1 313 799	3.99%	1 309 766	3.84%
Deferred income tax assets	299 290	0.91%	238 914	0.70%
Other assets	430 574	1.31%	671 296	1.97%
Non-current assets held-for-sale	37 714	0.11%	-	-
<b>TOTAL ASSETS</b>	<b>32 915 502</b>	<b>100.00%</b>	<b>34 079 606</b>	<b>100.00%</b>

<b>EQUITY AND LIABILITIES</b>	<b>31.12.2005 PLN'000</b>	<b>% of total</b>	<b>31.12.2004 PLN'000</b>	<b>% of total</b>
<b>Liabilities</b>				
Due to central bank	-	-	718	0.00%
Financial liabilities held for trading	3 420 219	10.39%	4 194 290	12.31%
Financial liabilities valued at amortized cost	23 084 589	70.13%	21 927 582	64.34%
<i>deposits from</i>	22 485 156	68.31%	20 287 050	59.53%
<i>financial sector</i>	5 223 503	15.87%	3 338 777	9.80%
<i>non-financial sector</i>	17 261 653	52.44%	16 948 273	49.73%
<i>other liabilities</i>	599 433	1.82%	1 640 532	4.81%
Provisions	56 251	0.17%	217 808	0.64%
Income tax liabilities	163 311	0.50%	24 226	0.07%
Other liabilities	918 991	2.79%	1 476 291	4.33%
Liabilities held for sale	7 329	0.02%	-	-
<b>Total liabilities</b>	<b>27 650 690</b>	<b>84.00%</b>	<b>27 840 915</b>	<b>81.69%</b>
<b>Equity</b>				
Issued capital	522 638	1.59%	522 638	1.53%
Share premium	3 010 452	9.15%	3 077 176	9.04%
Revaluation reserve	(64 554)	-0.20%	(9 371)	-0.03%
Other reserves	1 128 860	3.43%	2 130 962	6.25%
Retained earnings	667 416	2.03%	517 286	1.52%
<b>Total equity</b>	<b>5 264 812</b>	<b>16.00%</b>	<b>6 238 691</b>	<b>18.31%</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>32 915 502</b>	<b>100.00%</b>	<b>34 079 606</b>	<b>100.00%</b>

**2.1.2 Consolidated profit and loss account**

	<b>01.01.2005 - 31.12.2005 PLN '000</b>	<b>01.01.2004 - 31.12.2004 PLN '000</b>
Interest and similar income	1 674 491	1 727 312
Interest expense and similar charges	(648 614)	(749 486)
<b>Net interest income</b>	<b>1 025 877</b>	<b>977 826</b>
Fee and commission income	697 469	625 507
Fee and commission expense	(98 836)	(77 440)
<b>Net fee and commission income</b>	<b>598 633</b>	<b>548 067</b>
Dividend income	2 095	9 053
Net income on financial instruments valued at fair value through profit and loss account	121 912	44 491
Net gain on investment (deposit) securities	137 385	36 596
Net profit on foreign exchange	346 282	360 345
Other operating income	134 374	146 243
Other operating expenses	(61 246)	(60 725)
<b>Net other operating income</b>	<b>73 128</b>	<b>85 518</b>
General administrative expenses	(1 403 046)	(1 311 655)
Depreciation expense	(140 296)	(143 097)
Profit / (loss) on sale of tangible fixed assets	3 324	5 769
Net impairment losses	33 823	(2 179)
<b>Operating income</b>	<b>799 117</b>	<b>610 734</b>
Shares in profits / (losses) of undertakings accounted for under the equity method	(5 686)	11 790
<b>Profit before tax</b>	<b>793 431</b>	<b>622 524</b>
Income tax expenses	(177 047)	(127 561)
<b>Net profit</b>	<b>616 384</b>	<b>494 963</b>
Weighted average number of ordinary shares	130 659 600	130 659 600
Net profit per ordinary share (in PLN)	4.72	3.79
Diluted net profit per ordinary share (in PLN)	4.72	3.79

## 2.2 Selected financial ratios

	<b>31.12.2005</b>	<b>31.12.2004</b>
Total assets (PLN '000)	32 915 502	34 079 606
Gross profit (PLN '000)	793 431	622 524
Net profit (PLN '000)	616 384	494 963
Total equity * (PLN '000)	4 648 428	5 743 728
Return on equity *	13.26%	8.62%
Capital adequacy ratio	14.63%	20.09%
Receivables to total assets	48.83%	55.08%
Income generated assets to total assets	88.86%	88.89%
Interest bearing liabilities to total liabilities	80.55%	76.65%

*\*excluding current year net profit*

## 2.3 Interpretation of selected financial ratios

Changes in the most significant items of the consolidated balance sheet and the consolidated profit and loss account are described below.

The total assets of the Capital Group decreased by PLN 1 164 104 thousand (or 3.4%) in comparison with 31 December 2004. The decrease in assets resulted mainly from a decrease in loans and advances of PLN 2 697 045 thousand (or 14.4%), partially compensated by an increase in debt securities available-for-sale of PLN 1 079 963 thousand (or 17.7%) and increase in financial assets held for trading of PLN 565 963 thousand (or 10.6%).

The decrease in liabilities mainly relates to financial liabilities valued at amortized cost which decreased by PLN 1 157 007 thousand (or 5.3%) and total equity, which decreased by PLN 973 879 thousand (or 15.6%). The decrease in total equity relates to dividend paid by the Bank from prior year earnings in the amount of PLN 1 563 995 thousand.

Profit before tax of the Capital Group for the year ended 31 December 2005 amounted to PLN 793 431 thousand and increased by PLN 170 907 thousand (or 27.5%) in comparison with the year ended 31 December 2004. The increase in gross profit results mainly from net gain on investment (deposit) securities of PLN 100 789 thousand (or 275.4%) and net income on financial instruments valued at fair value through profit and loss account of PLN 77 421 thousand (or 174.0%).

Net profit of the Capital Group for the year ended 31 December 2005 amounted to PLN 616 384 thousand and increased by PLN 121 421 thousand (or 24.5%) in comparison with the year ended 31 December 2004.

### **3 Detailed report**

#### **3.1 Accounting principles**

The Parent Entity maintains current documentation describing the accounting principles applied in the Capital Group, approved by the Management Board of the Parent Entity.

The accounting principles are described in the supplementary notes, comprising of significant accounting policies and other explanatory notes to the consolidated financial statements to the extent required by International Financial Reporting Standards as adopted by the European Union.

Entities included in the Capital Group apply in all material respects common accounting principles consistent with accounting principles applied by the Parent Entity.

The financial statements of the consolidated entities were prepared at the same balance sheet date as the financial statements of the Parent Entity.

#### **3.2 Basis for the preparation of the consolidated financial statements**

The consolidated financial statements of the Bank Handlowy w Warszawie SA Capital Group were prepared in accordance with International Financial Reporting Standards as adopted by the European Union, and in respect to matters that are not regulated by the above standards, in accordance with the accounting principles as set out in the Accounting Act dated 29 September 1994 (Official Journal from 2002, No. 76, item 694 with subsequent amendments) and respective bylaws and regulations, the requirements for issuers of securities admitted or sought to be admitted to trading on an official stock-exchange listing market.

The consolidated financial statements were based on consolidation documentation including in particular:

- financial statements of the subordinated entities,
- consolidation adjustments and eliminations, necessary to prepare the consolidated financial statements,
- calculation of fair value of net assets of subsidiary entities.

#### **3.3 Method of consolidation**

The method of consolidation has been described in note 2 of the supplementary notes, comprising of significant accounting policies.



### **3.4 Consolidation of equity**

The share capital of the Capital Group is equivalent to the share capital of the Parent Entity.

Other equity items of the Capital Group were determined by adding the equity balances of subsidiaries included in the consolidated financial statements, in the proportion reflecting the percentage share of the Parent Entity in the subsidiaries' equity as at the balance sheet date to the corresponding positions of the equity of the Parent Entity.

Only the portion of equity of the subsidiaries, resulting after control of the Parent Entity, is included in the equity of the Capital Group.

### **3.5 Consolidation eliminations**

Intercompany balances within the Capital Group were eliminated in consolidation. Consolidation eliminations included inter alia: current accounts, deposits, interest income and expenses.

The consolidation eliminations are based on and agreed with the accounting records of Bank Handlowy w Warszawie SA and subsidiaries.

### **3.6 Compliance with banking regulations**

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

### **3.7 Audit materiality**

We have planned and applied an appropriate level of precision in conducting our audit procedures in order to obtain reasonable assurance about whether the consolidated financial statements taken as a whole are free of material misstatements.

### **3.8 Supplementary notes, comprising of significant accounting policies and other explanatory notes**

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

### **3.9 Report on activities of the Capital Group of Bank Handlowy w Warszawie SA**

The Report on activities of the Capital Group of Bank Handlowy w Warszawie SA includes, in all material respects, the information required by Art. 49 of the Accounting Act dated 29 September 1994 and by the Decree of the Ministry of Finance dated 19 October 2005 on current and periodic information provided by issuers of securities (Official Journal from 2005, No 209, item 1744) and the information is consistent with the consolidated financial statements.

### **3.10 Information on the opinion of the independent auditor**

Based on our audit of the consolidated financial statements of the Capital Group as at and for the year ended 31 December 2005, we have issued an unqualified opinion.

*Signed on the Polish original*

.....  
Certified Auditor No 9941/7390  
Bożena Graczyk

*Signed on the Polish original*

.....  
For KPMG Audyt Sp. z o.o.  
ul. Chłodna 51; 00-867 Warsaw  
Certified Auditor No. 9941/7390  
Bożena Graczyk  
Member of the Management Board

*Signed on the Polish original*

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For KPMG Audyt Sp. z o.o.  
ul. Chłodna 51; 00-867 Warsaw  
Robert J. Widdowson  
Partner

Warsaw, 27 March 2006