



Individual Abbreviated Semi-Annual
Financial Statements
of Bank Handlowy w Warszawie S.A.
as at 30 June 2007

September 2007

Selected financial data

| | In PLN '000 | | In EUR '000*** | |
|--|--|--|--|--|
| | First half of 2007 | First half of 2006 | First half of 2007 | First half of 2006 |
| | period from 01/01/07 to 30/06/07 | period from 01/01/06 to 30/06/06 | period from 01/01/07 to 30/06/07 | period from 01/01/06 to 30/06/06 |
| Interest income | 922,516 | 767,125 | 239,702 | 196,689 |
| Fee and commission income | 420,598 | 334,048 | 109,286 | 85,649 |
| Profit before tax | 549,420 | 434,947 | 142,758 | 111,519 |
| Net profit | 439,243 | 341,070 | 114,131 | 87,449 |
| Increase/decrease of net cash | 914,998 | 39,688 | 242,976 | 9,816 |
| Total assets* | 36,038,247 | 35,095,894 | 9,569,878 | 9,160,549 |
| Due to Central Bank* | - | 250,113 | - | 65,283 |
| Financial liabilities valued at amortized cost* | 25,830,740 | 25,529,437 | 6,859,297 | 6,663,562 |
| Shareholders' equity | 5,098,642 | 4,901,979 | 1,353,933 | 1,212,341 |
| Share capital | 522,638 | 522,638 | 138,785 | 129,257 |
| Number of shares | 130,659,600 | 130,659,600 | 130,659,600 | 130,659,600 |
| Book value per share (PLN / EUR) | 39.02 | 37.52 | 10.36 | 9.28 |
| Capital adequacy ratio (%)* | 12.22 | 13.40 | 12.22 | 13.40 |
| Earnings per ordinary share (PLN / EUR) | 3.36 | 2.61 | 0.87 | 0.67 |
| Diluted net profit per ordinary share (in PLN) | 3.36 | 2.61 | 0.87 | 0.67 |
| Declared or distributed dividends per ordinary share (PLN / EUR)** | 4.10 | 3.60 | 1.09 | 0.89 |

* The comparable financial data as at 31 December 2006.

** The presented ratios are related to, respectively: dividends to be paid in 2007 from the appropriation of the 2006 profit and dividends distributed in 2006 from the appropriation of the 2005 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 2007 of PLN 3.7658 (as at 31 December 2006: PLN 3.8312, as at 30 June 2006: 4.0434); for the income statement – the arithmetic average of month – end NBP exchange rates in first half of 2007 – PLN 3.8486 (in the first half of 2006: PLN 3.9002).

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 semi-annual financial statements | 8 |
| 2. Statement of the Bank's Management Board | 8 |

Income statement

| | 01.01. – 30.06. 2007 | 01.01. - 30.06. 2006 |
|---|-------------------------|-------------------------|
| <i>in thousands of PLN</i> | | |
| Interest and similar income | 922,516 | 767,125 |
| Interest expense and similar charges | (358,633) | (276,283) |
| Net interest income | 563,883 | 490,842 |
| Fee and commission income | 420,598 | 334,048 |
| Fee and commission expense | (79,680) | (61,090) |
| Net fee and commission income | 340,918 | 272,958 |
| Dividend income | 22,901 | 29,061 |
| Net income on financial instruments and revaluation | 239,038 | 178,295 |
| Net gain on investment (deposit) securities | 10,740 | 33,166 |
| Net profit on investment (capital) instruments | 10,454 | - |
| Other operating income | 51,894 | 57,811 |
| Other operating expenses | (24,930) | (16,736) |
| Net other operating income | 26,964 | 41,075 |
| General administrative expenses | (680,190) | (664,465) |
| Depreciation expense | (54,892) | (65,913) |
| Profit / (loss) on sale of tangible fixed assets | (580) | 115,037 |
| Net impairment changes | 70,184 | 4,891 |
| Profit before tax | 549,420 | 434,947 |
| Income tax expenses | (110,177) | (93,877) |
| Net profit | 439,243 | 341,070 |
| Weighted average number of ordinary shares | 130,659,600 | 130,659,600 |
| Net profit per ordinary share (in PLN) | 3.36 | 2.61 |
| Diluted net profit per ordinary share (in PLN) | 3.36 | 2.61 |

Balance sheet

| <i>In thousands of PLN</i> | 30.06.2007 | 31.12.2006 |
|--|-------------------|-------------------|
| ASSETS | | |
| Cash and balances with central bank | 2,073,502 | 535,623 |
| Financial assets held for trading | 4,747,044 | 4,551,094 |
| Debt securities available-for-sale | 8,905,521 | 8,247,313 |
| Equity investments | 307,275 | 300,534 |
| Loans and advances | 17,577,776 | 19,030,974 |
| <i>to financial sector</i> | 6,565,760 | 9,562,908 |
| <i>to non-financial sector</i> | 11,012,016 | 9,468,066 |
| Property and equipment | 610,479 | 626,481 |
| <i>land, buildings and equipment</i> | 595,129 | 617,095 |
| <i>investment property</i> | 15,350 | 9,386 |
| Intangible assets | 1,281,041 | 1,284,883 |
| Deferred income tax assets | 254,193 | 273,216 |
| Other assets | 277,237 | 233,237 |
| Non-current assets held-for-sale | 4,179 | 12,539 |
| Total assets | 36,038,247 | 35,095,894 |
| LIABILITIES | | |
| Due to central bank | - | 250,113 |
| Financial liabilities held for trading | 3,692,286 | 3,316,847 |
| Financial liabilities valued at amortized cost | 25,830,740 | 25,529,437 |
| <i>deposits from</i> | 25,222,752 | 24,843,591 |
| <i>financial sector</i> | 6,766,249 | 6,481,772 |
| <i>non-financial sector</i> | 18,456,503 | 18,361,819 |
| <i>other liabilities</i> | 607,988 | 685,846 |
| Provisions | 51,283 | 47,023 |
| Income tax liabilities | 4,878 | - |
| Other liabilities | 1,360,418 | 647,910 |
| Total liabilities | 30,939,605 | 29,791,330 |
| EQUITY | | |
| Issued capital | 522,638 | 522,638 |
| Share premium | 2,944,585 | 2,944,585 |
| Revaluation reserve | (190,962) | (81,501) |
| Other reserves | 1,382,238 | 1,297,175 |
| Retained earnings | 440,143 | 621,667 |
| Total equity | 5,098,642 | 5,304,564 |
| Total liabilities and equity | 36,038,247 | 35,095,894 |

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 2006 | 522,638 | 2,944,585 | (64,554) | 1,101,418 | 667,407 | 5,171,494 |
| Valuation of financial assets available-for-sale | - | - | (139,933) | - | - | (139,933) |
| Transfer of valuation of sold financial assets available-for-sale to profit and loss account | - | - | (33,166) | - | - | (33,166) |
| Deferred income tax on valuation of financial assets available-for-sale | - | - | 32,889 | - | - | 32,889 |
| Net profit | - | - | - | - | 341,070 | 341,070 |
| Dividends paid | - | - | - | - | (470,375) | (470,375) |
| Transfers to capital | - | - | - | 195,757 | (195,757) | - |
| Closing balance as at 30 June 2006 | 522,638 | 2,944,585 | (204,764) | 1,297,175 | 342,345 | 4,901,979 |

* in respect of IAS 32 and IAS 39

| <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 |

Statement of cash flows

| For a period | 01.01. – 30.06. 2007 | 01.01. – 30.06. 2006 |
|--|-------------------------|-------------------------|
| <i>In thousands of PLN</i> | | |
| A. Cash flows from operating activities | | |
| I. Net profit (loss) | 439,243 | 341,070 |
| II. Adjustments to reconcile net profit or loss to net cash provided by operating activities: | 608,478 | (376,131) |
| Current and deferred tax income, recognized in income statement | 110,177 | 93,877 |
| Amortization | 54,892 | 65,913 |
| Impairment | (66,938) | (11,846) |
| Net provisions (recoveries) | (3,246) | 6,955 |
| Income on sale of investments | 32 | (117,433) |
| Received interest | 856,606 | 640,590 |
| Retained interest | (377,741) | (274,805) |
| Other adjustments | (1,057,965) | (1,045,658) |
| Cash flows from operating profits before changes in operating assets and liabilities | (484,183) | (642,407) |
| Increase / decrease in operating assets (excl. cash and cash equivalents) | (89,717) | (1,439,570) |
| Increase / decrease in loans and receivables | 815,317 | (1,097,827) |
| Increase / decrease in assets available-for-sale | (653,310) | (809,575) |
| Increase / decrease in equity investments | (6,741) | (1,514) |
| Increase / decrease in financial assets held-for-trading | (190,989) | 556,159 |
| Increase / decrease in other assets | (53,994) | (86,813) |
| Increase / decrease in operating liabilities (excl. cash and cash equivalents) | 1,182,378 | 1,705,846 |
| Increase / decrease in advances from central bank | (250,000) | - |
| Increase / decrease in financial liabilities valued at amortized cost | 335,599 | 1,549,875 |
| Increase / decrease in liabilities held for trading | 375,439 | (314,861) |
| Increase / decrease in other liabilities | 721,340 | 470,832 |
| Cash flows from operating activities | 1,047,721 | (35,061) |
| Income taxes (paid) refunded | (85,114) | (58,821) |
| III. Net cash flows from operating activities | 962,607 | (93,882) |
| B. Cash flows from investing activities | | |
| Cash payments to acquire tangible assets | (32,064) | (24,936) |
| Cash receipts from the sale of tangible assets | 2,078 | 5,534 |
| Cash payments to acquire intangible assets | (7,151) | (4,268) |
| Cash receipts from the sale of intangible assets | - | 139 |
| Cash receipts from the sale of tangible assets available-for-sale | 7,223 | 174,927 |
| Net cash flows from investing activities | (29,914) | 151,396 |
| C. Cash flows from financing activities | | |
| Inflows from long-term loans from financial sector | - | 19 |
| Repayment of long-term loans from financial sector | (17,695) | (17,845) |
| Net cash flows from financing activities | (17,695) | (17,826) |
| D. Effect of exchange rate changes on cash and cash equivalent | (1,708) | 1,293 |
| E. Increase in net cash | 914,998 | 39,688 |
| F. Cash at the beginning of reporting period | 1,304,621 | 1,005,263 |
| G. Cash at the end of reporting period | 2,219,619 | 1,044,951 |

Supplementary notes

1. Basis of preparation of the abbreviated semi-annual financial statements

Individual abbreviated semi-annual financial statements of Bank Handlowy w Warszawie S.A. ("Bank") have been prepared for the period from 1 January 2007 to 30 June 2007 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 semi-annual financial statements, on condition that it includes the abbreviated semi-annual 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 Capital Group and its profit or loss, with the semi-annual consolidated financial statements. In addition, it's required to prepare the semi-annual 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 individual abbreviated semi-annual financial statements are consistent with the principles, described in the note 2, 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 individual semi-annual consolidated financial statements contains all material information and explanatory data also relevant to these Bank's abbreviated semi-annual 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 2007 and the comparative data presented in the "Individual Abbreviated Semi-Annual Financial Statements of the Bank Handlowy w Warszawie S.A. for the period from 1 January 2007 to 30 June 2007" 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, reviewing the "Individual Abbreviated Semi-Annual Financial Statements of the Bank Handlowy w Warszawie S.A. for the period from 1 January to 30 June 2007", 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

| | | | |
|------------|-----------------|-----------------------------------|-----------|
| 20.09.2007 | Sławomir Sikora | President of the Management Board | |
| | | | |
| Date | Name | Position / function | Signature |

| | | | |
|------------|------------------|--|-----------|
| 20.09.2007 | Michał H. Mrozek | Vice-President of the Management Board | |
| | | | |
| Date | Name | Position / function | Signature |

| | | | |
|------------|-------------|--|-----------|
| 20.09.2007 | Edward Wess | Vice-President of the Management Board | |
| | | | |
| Date | Name | Position / function | Signature |

| | | | |
|------------|--------------------------------|--|-----------|
| 20.09.2007 | Sonia Wędrychowicz-Horbatowska | Vice-President of the Management Board | |
| | | | |
| Date | Name | Position / function | Signature |

| | | | |
|------------|------------------|---|-----------|
| 20.09.2007 | Witold Zieliński | Vice- President of the Management Board | |
| | | | |
| Date | Name | Position / function | Signature |

| | | | |
|------------|------------------------|--------------------------------|-----------|
| 20.09.2007 | Lidia Jabłonowska-Luba | Member of the Management Board | |
| | | | |
| Date | Name | Position / function | Signature |