



2012 SEMI-ANNUAL REPORT  
OF THE CAPITAL GROUP OF  
BANK HANDLOWY W WARSZAWIE S.A.

AUGUST 2012

SELECTED FINANCIAL DATA	In PLN '000		In EUR '000***	
	First half of 2012	First half of 2011	First half of 2012	First half of 2011
<b>Condensed Interim Consolidated Financial Statements data</b>				
Interest income	1,047,913	928,906	248,050	234,141
Fee and commission income	358,014	386,734	84,745	97,480
Profit before tax	594,918	414,717	140,822	104,534
Net profit	474,321	332,620	112,276	83,840
Comprehensive income	591,738	353,299	140,070	89,053
Increase of net cash	(184,227)	(2,070,696)	(43,608)	(521,941)
Total assets*	41,855,958	42,278,198	9,822,345	9,572,133
Amounts due to banks*	8,749,699	6,011,378	2,053,293	1,361,026
Amounts due to customers*	21,121,471	24,095,847	4,956,579	5,455,499
Shareholders' equity	6,675,322	6,095,719	1,566,499	1,529,052
Share capital	522,638	522,638	122,648	131,099
Number of shares (in pcs)	130,659,600	130,659,600	130,659,600	130,659,600
Book value per share (PLN/EUR)	51.09	46.65	11.99	11.70
Earnings per share (PLN/EUR)	3.63	2.55	0.86	0.64
Diluted net earnings per share (PLN/EUR)	3.63	2.55	0.86	0.64
<b>Condensed Interim unconsolidated Financial Statements data</b>				
Interest income	1,032,382	913,606	244,374	230,284
Fee and commission income	331,237	332,741	78,407	83,871
Profit before tax	615,159	410,776	145,614	103,540
Net profit	497,825	331,207	117,840	83,484
Comprehensive income	616,400	351,456	145,907	88,588
Increase of net cash	(204,413)	(2,061,973)	(48,386)	(519,742)
Total assets*	40,936,831	41,542,014	9,606,653	9,405,455
Amounts due to banks*	8,320,446	5,543,891	1,952,560	1,255,183
Amounts due to customers*	21,213,854	24,130,225	4,978,259	5,463,282
Shareholders' equity	6,611,366	6,023,386	1,551,490	1,510,908
Share capital	522,638	522,638	122,648	131,099
Number of shares (in pcs)	130,659,600	130,659,600	130,659,600	130,659,600
Book value per share (PLN/EUR)	50.60	46.10	11.87	11.56
Earnings per share (PLN/EUR)	3.81	2.53	0.90	0.64
Diluted net earnings per share (PLN/EUR)	3.81	2.53	0.90	0.64
Declared or paid dividends per share (PLN/EUR)**	2.76	5.72	0.65	1.43

\* Comparable data according to balance sheet as at 31 December 2011.

\*\* The presented ratios relate respectively to dividend approved from the distribution of 2011 profit and dividend paid in 2011 from the distribution of 2010 profit.

\*\*\* The following exchange rates were applied to convert PLN to EUR: for the statement of financial position- NBP average exchange rate as at 30 June 2012 – PLN 4.2613 (as at 31 December 2011: PLN 4.4168; as at 30 June 2011 – PLN 3.9866); for the income statement and statement of cash flows - the arithmetic mean of NBP end-of-month exchange rates in the first half of 2012 - PLN 4.2246 (in the first half of 2011: PLN 3.9673).



CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
OF THE CAPITAL GROUP OF  
BANK HANDLOWY W WARSZAWIE S.A.  
FOR THE PERIOD ENDED 30 JUNE 2012

AUGUST 2012

## CONTENTS

<i>Condensed consolidated income statement</i>	6
<i>Condensed consolidated statement of comprehensive income</i>	7
<i>Condensed consolidated statement of financial position</i>	8
<i>Condensed consolidated statement of changes in equity</i>	9
<i>Condensed consolidated statement of cash flows</i>	10
<i>Supplementary notes to the condensed interim consolidated financial statements</i>	11
1. General information about the Capital Group	11
2. Declaration of conformity	11
3. Significant accounting policies	11
4. Segmental reporting	12
5. Risk Management	14
6. Interest income	21
7. Net fee and commission income	21
8. Net income on financial instruments and revaluation	22
9. Net gain on debt investment securities	22
10. Net other operating income	22
11. General administrative expenses	23
12. Impairment of financial assets value and provisions for off-balance sheet liabilities	24
13. Income tax expense	24
14. Statement of changes in other comprehensive income	25
15. Amounts due from banks	25
16. Financial assets and liabilities held-for-trading	26
17. Debt securities available-for-sale	27
18. Amounts due from customers	27
19. Provisions and assets due to deferred income tax	29
20. Amounts due to banks	29
21. Amounts due to customers	29
22. Liabilities due to debt securities issuance	30
23. Financial assets and liabilities by maturity date	31
24. Financial instruments disclosure	31
25. Seasonality or periodicity of business activity	32
26. Paid or declared dividends	32
27. Changes in Group's structure	32
28. Major events after the balance sheet date not included in the financial statements	32

---

29.	Changes in off-balance-sheet commitments _____	32
30.	Information about shareholders _____	33
31.	Information on pending proceedings _____	33
32.	Related parties _____	34
33.	Transactions with members of the Management Board and Supervisory Board. _____	36

## Condensed consolidated income statement

	For a period	01.01. - 30.06. 2012	01.01. - 30.06. 2011
<i>PLN'000</i>	Note		
Interest and similar income	6	1,047,913	928,906
Interest expense and similar charges	6	(281,182)	(233,617)
<b>Net interest income</b>	<b>6</b>	<b>766,731</b>	<b>695,289</b>
Fee and commission income	7	358,014	386,734
Fee and commission expense	7	(54,668)	(49,422)
<b>Net fee and commission income</b>	<b>7</b>	<b>303,346</b>	<b>337,312</b>
Dividend income		5,489	5,657
Net income on financial instruments and revaluation	8	218,017	130,679
Net gain on debt investment securities	9	119,068	11,334
Other operating income	10	21,142	22,411
Other operating expenses	10	(26,225)	(18,483)
<b>Net other operating income</b>	<b>10</b>	<b>(5,083)</b>	<b>3,928</b>
General administrative expenses	11	(743,870)	(685,559)
Depreciation of tangible and intangible assets		(34,313)	(29,202)
Profit/(loss) on sale of non-financial assets		68	2,276
Impairment of financial assets value and provisions for off-balance sheet liabilities	12	(34,800)	(57,313)
<b>Operating income</b>		<b>594,653</b>	<b>414,401</b>
Share in net profits/losses of entities valued at equity method		265	316
<b>Profit before tax</b>		<b>594,918</b>	<b>414,717</b>
Income tax expense	13	(120,597)	(82,097)
<b>Net profit</b>		<b>474,321</b>	<b>332,620</b>
Weighted average number of ordinary shares (in pcs)		130,659,600	130,659,600
Net earnings per share (in PLN)		3.63	2.55
Diluted net earnings per share (in PLN)		3.63	2.55
Including:			
Net profit attributable to Bank's shareholders		474,321	332,620
Net profit attributable to non-controlling shareholders		-	-

Explanatory notes on pages: 11–36 are integral part of the condensed interim consolidated financial statements.

## Condensed consolidated statement of comprehensive income

	For a period	01.01. - 30.06. 2012	01.01. - 30.06. 2011
<i>PLN'000</i>	Note		
<b>Net profit</b>		<b>474,321</b>	<b>332,620</b>
<b>Other comprehensive income:</b>			
Net valuation of financial assets available-for-sale	14	118,592	20,535
Exchange rates differences		(1,175)	144
<b>Other comprehensive income after tax</b>		<b>117,417</b>	<b>20,679</b>
<b>Total comprehensive income</b>		<b>591,738</b>	<b>353,299</b>

Including:

Comprehensive income attributable to Bank's shareholders	591,738	353,299
Comprehensive income attributable to non-controlling shareholders	-	-

Explanatory notes on pages: 11–36 are integral part of the condensed interim consolidated financial statements.

## Condensed consolidated statement of financial position

<i>PLN'000</i>	As at Note	30.06.2012	31.12.2011
<b>ASSETS</b>			
Cash and balances with Central Bank		646,256	979,616
Amounts due from banks	15	1,020,211	548,256
Financial assets held-for-trading	16	6,948,566	5,805,044
Debt securities available-for-sale	17	15,608,249	17,625,355
Equity investments valued at equity method		14,835	57,945
Other equity investments		24,994	24,912
Amounts due from customers	18	14,760,867	14,719,473
Tangible fixed assets		444,539	457,929
Intangible assets		1,309,998	1,292,067
Income tax assets		294,522	338,757
current		-	3,436
deferred	19	294,522	335,321
Other assets		757,259	403,182
Non-current assets held-for-sale		25,662	25,662
<b>Total assets</b>		<b>41,855,958</b>	<b>42,278,198</b>
<b>LIABILITIES</b>			
Amounts due to banks	20	8,749,699	6,011,378
Financial liabilities held-for-trading	16	3,643,835	4,840,447
Amounts due to customers	21	21,121,471	24,095,847
Liabilities due to own issuance	22	23,054	25,336
Provisions		73,063	34,914
Income tax liabilities		22,821	72,921
current		22,821	72,921
Other liabilities		1,546,693	752,874
<b>Total liabilities</b>		<b>35,180,636</b>	<b>35,833,717</b>
<b>EQUITY</b>			
Share capital		522,638	522,638
Share premium		3,011,380	3,009,396
Revaluation reserve		36,298	(82,294)
Other reserves		2,638,277	2,264,082
Retained earnings		466,729	730,659
<b>Total equity</b>		<b>6,675,322</b>	<b>6,444,481</b>
<b>Total liabilities and equity</b>		<b>41,855,958</b>	<b>42,278,198</b>

Explanatory notes on pages: 11–36 are integral part of the condensed interim consolidated financial statements.



## Condensed consolidated statement of changes in equity

<i>PLN '000</i>	Share capital	Share premium	Revaluation reserve	Other reserves	Retained earnings	Non- controlling shares	Total equity
Balance as at 1 January 2012	522,638	3,009,396	(82,294)	2,264,082	730,659	-	6,444,481
Total comprehensive income	-	-	118,592	(1,175)	474,321	-	591,738
Dividends to be paid	-	-	-	-	(360,897)	-	(360,897)
Transfer to capital	-	1,984	-	375,370	(377,354)	-	-
Balance as at 30 June 2012	522,638	3,011,380	36,298	2,638,277	466,729	-	6,675,322

<i>PLN '000</i>	Share capital	Share premium	Revaluation reserve	Other reserves	Retained earnings	Non- controlling shares	Total equity
Balance as at 1 January 2011	522,638	3,031,149	(44,848)	2,248,707	735,289	-	6,492,935
Total comprehensive income	-	-	20,535	144	332,620	-	353,299
Valuation of capital rewards program, including:	-	-	-	(3,142)	-	-	(3,142)
change in valuation	-	-	-	(6,336)	-	-	(6,336)
deferred income tax	-	-	-	3,194	-	-	3,194
Dividends to be paid	-	-	-	-	(747,373)	-	(747,373)
Transfer to capital	-	(21,753)	-	15,050	6,703	-	-
Balance as at 30 June 2011	522,638	3,009,396	(24,313)	2,260,759	327,239	-	6,095,719

<i>PLN '000</i>	Share capital	Share premium	Revaluation reserve	Other reserves	Retained earnings	Non- controlling shares	Total equity
Balance as at 1 January 2011	522,638	3,031,149	(44,848)	2,248,707	735,289	-	6,492,935
Total comprehensive income	-	-	(37,446)	3,094	736,413	-	702,061
Valuation of capital rewards program, including:	-	-	-	(3,142)	-	-	(3,142)
change in valuation	-	-	-	(6,336)	-	-	(6,336)
deferred income tax	-	-	-	3,194	-	-	3,194
Dividends paid	-	-	-	-	(747,373)	-	(747,373)
Transfer to capital	-	(21,753)	-	15,423	6,330	-	-
Balance as at 31 December 2011	522,638	3,009,396	(82,294)	2,264,082	730,659	-	6,444,481

Explanatory notes on pages: 11–36 are integral part of the condensed interim consolidated financial statements.

## Condensed consolidated statement of cash flows

	For a period	01.01. - 30.06. 2012	01.01. - 30.06. 2011
<i>PLN '000</i>			
<b>A. Cash flows from operating activities</b>			
I. Net profit		474,321	332,620
II. Adjustments to reconcile net profit or loss to net cash provided by operating activities:		(463,477)	(2,179,541)
Current and deferred income tax recognized in income statement		120,597	82,097
Share in net profits/(losses) of entities valued at equity method		(265)	(316)
Depreciation expense		34,313	29,202
Impairment		35,011	71,944
Net provisions (recoveries)		47,353	(14,630)
Net interest income		(768 068)	(695 290)
Profit/loss on sale of investments		(61)	(1,120)
Interest received		828,099	636,052
Interest paid		(276,625)	(235,598)
Other adjustments		(5 936)	(51 285)
Cash flows from operating income before changes in operating assets and liabilities		14,418	(178,944)
Increase/decrease in operating assets (excl. cash and cash equivalents)		483,262	(3,508,363)
Increase/decrease in amounts due from banks		(322,903)	508,812
Increase/decrease in amounts due from customers		(218,990)	(417,912)
Increase/decrease in debt securities available-for-sale		2,370,594	(3,328,344)
Increase/decrease in equity investments		1,793	(2,273)
Increase/decrease in financial assets held-for-trading		(1,129,648)	(139,323)
Increase/decrease in other assets		(217,584)	(129,323)
Increase/decrease in operating liabilities (excl. cash and cash equivalents)		(961,157)	1,507,766
Increase/decrease in amounts due to banks		2,791,668	3,594,077
Increase/decrease in amounts due to customers		(2,977,108)	(2,636,029)
Increase/decrease in amounts due to debt securities issuance		(2,297)	29,401
Increase/decrease in liabilities held-for-trading		(1,196,658)	255,714
Increase/decrease in other liabilities		423,238	264,603
Cash flows from operating activities		10,844	(1,846,921)
Income tax paid		(154,724)	(140,300)
III. Net cash flows from operating activities		(143,880)	(1,987,221)
<b>B. Cash flows from investing activities</b>			
Purchase of tangible fixed assets		(23,510)	(31,634)
Disposal of tangible fixed assets		1,099	4,855
Purchase of intangible assets		(15,922)	(8,157)
Other investing inflows/outflows		42,355	-
Net cash flows from investing activities		4,022	(34,936)
<b>C. Cash flows from financing activities</b>			
Inflows due to long-term loans from financial sector		-	10,365
Repayment of long-term loans from financial sector		(39,308)	(55,826)
Net cash flows from financing activities		(39,308)	(45,461)
<b>D. Exchange rates differences resulting from cash and cash equivalent calculation</b>		(5,061)	(3,078)
<b>E. Net increase/decrease in cash and cash equivalent</b>		(184,227)	(2,070,696)
<b>F. Cash and cash equivalent at the beginning of reporting period</b>		1,044,182	3,311,780
<b>G. Cash and cash equivalent at the end of reporting period</b>		859,955	1,241,084

Explanatory notes on pages: 11–36 are integral part of the condensed interim consolidated financial statements.

## Supplementary notes to the condensed interim consolidated financial statements

### 1. General information about the Capital Group

Bank Handlowy w Warszawie S.A. ("the Bank") has its registered office in Warsaw at Senatorska 16, 00-923 Warszawa. The Bank was founded on the strength of 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 Economic Department in Warsaw, under KRS number 0000001538.

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

The Bank and its subordinated entities are expected to continue the business activity for an unspecified period of time.

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

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

The Bank is a universal commercial bank that offers a wide range of banking services for individuals and corporate clients on the domestic and foreign markets. Additionally, the Group conducts the following activities through its subordinated entities:

- brokerage operations,
- lease services,
- investment operations.

These condensed interim consolidated financial statements present financial data of the Capital Group of Bank Handlowy w Warszawie S.A. ('the Group'), composed of Bank Handlowy w Warszawie S.A. ('the Bank') as the parent and its subordinated entities.

In the first half of 2012 there were no changes in the structure of Group's entities.

### 2. Declaration of conformity

These condensed interim consolidated 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 consolidated financial statements of the Group as at and for the financial year ended 31 December 2011.

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 2012 which is deemed to be the current interim financial reporting period.

These condensed consolidated interim financial statements were approved by the Management Board on 24 August 2012.

### 3. Significant accounting policies

Condensed interim consolidated financial statements of the Group for the first half of 2012 have been prepared in accordance with accounting principles adopted and summarized in the annual consolidated

financial statements of the Group for the period ended 31 December 2011.

The preparation of condensed interim consolidated financial statements of the Group 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 Group for the period ended 31 December 2011, 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 2012, concern:

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

The condensed interim consolidated financial statements of the Group have been prepared for the period from 1 January 2012 to 30 June 2012. Comparable financial data are presented for the period from 1 January 2011 to 30 June 2011 and for statement of financial position as at 31 December 2011.

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

#### 4. Segmental reporting

An operating segment is a separable component of the Group engaged in business activity, generating income and expenses (including those on intragroup transactions between segments), whose operating results are regularly reviewed by the Management Board as chief operating decision-maker of the Group, in order to allocate resources and assess its performance.

The Group is managed in two main operating segments – Corporate Banking and Consumer Banking. The valuation of segment's assets and liabilities as well as calculation of its financial results is based on the Group's accounting policies, including intragroup transactions between segments.

The allocation of Group's assets, liabilities, income and expenses to operating segments was made on the basis of internal information prepared for management purposes. Transfer of funds between the Group segments is based on prices derived from market rates. Transfer prices are calculated using the same rules for both segments and any difference results only from maturity and currency structure of assets and liabilities.

##### Corporate Banking

Within the Corporate Banking segment the Group offers products and renders services to business entities, municipal units and public sector. Apart from traditional banking services covering credit and deposit activities, the segment provides services in the area of cash management, trade financing, leases, brokerage and custody services in respect of securities and offers treasury products on financial and commodity markets. In addition, the segment offers a wide range of investment banking services on the local and international capital markets, including advisory services as well as obtaining and underwriting financing via public and non-public issues of financial instruments. The activities also comprise proprietary transactions in the capital, debt and derivative instruments market.

## Consumer Banking

Within the Consumer Banking segment the Group provides products and financial services to individuals as well as micro enterprises and individual entrepreneurs within the framework of Citibusiness offer. Apart from keeping bank accounts and providing extensive credit and deposit products, it also offers cash loans, mortgage loans and credit cards, provides asset management services and acts as an agent in investment and insurance products sale.

The Group conducts its operations solely on the territory of Poland.

## Consolidated income statement by business segment

For the period	01.01 – 30.06.2012			01.01 – 30.06.2011		
<i>PLN '000</i>	Corporate Banking	Consumer Banking	Total	Corporate Banking	Consumer Banking	Total
Net interest income	376,350	390,381	766,731	321,368	373,921	695,289
Internal interest income, including:	1,258	(1,258)	-	5,987	(5,987)	-
Internal income	1,258	-	1,258	5,987	-	5,987
Internal expenses	-	(1,258)	(1,258)	-	(5,987)	(5,987)
Net fee and commission income	131,101	172,245	303,346	167,020	170,292	337,312
Dividend income	1,775	3,714	5,489	1,283	4,374	5,657
Net income on financial instruments and revaluation	199,454	18,563	218,017	117,247	13,432	130,679
Net gain on debt investment securities	119,068	-	119,068	11,334	-	11,334
Net other operating income	7,224	(12,307)	(5,083)	14,694	(10,766)	3,928
General administrative expenses	(323,631)	(420,239)	(743,870)	(293,879)	(391,680)	(685,559)
Depreciation of tangible and intangible assets	(16,766)	(17,547)	(34,313)	(12,955)	(16,247)	(29,202)
Profit/loss on sale of non-financial assets	47	21	68	115	2,161	2,276
Impairment of financial assets value and provisions for off-balance sheet liabilities	(8,570)	(26,230)	(34,800)	1,183	(58,496)	(57,313)
<b>Operating income</b>	<b>486,052</b>	<b>108,601</b>	<b>594,653</b>	<b>327,410</b>	<b>86,991</b>	<b>414,401</b>
Share in net profits/losses of entities valued at equity method	265	-	265	316	-	316
<b>Profit before tax</b>	<b>486,317</b>	<b>108,601</b>	<b>594,918</b>	<b>327,726</b>	<b>86,991</b>	<b>414,717</b>
Income tax expense			(120,597)			(82,097)
<b>Net profit</b>			<b>474,321</b>			<b>332,620</b>

As at:	30.06.2012			31.12.2011		
<i>PLN '000</i>	Corporate Banking	Consumer Banking	Total	Corporate Banking	Consumer Banking	Total
<b>Total assets, including:</b>	<b>36,206,936</b>	<b>5,649,022</b>	<b>41,855,958</b>	<b>36,666,378</b>	<b>5,611,820</b>	<b>42,278,198</b>
Equity investments valued at equity method	14,835	-	14,835	57,945	-	57,945
Non-current assets held-for-sale	15,760	9,902	25,662	15,760	9,902	25,662
<b>Total liabilities and equity, including:</b>	<b>33,085,119</b>	<b>8,770,839</b>	<b>41,855,958</b>	<b>34,556,302</b>	<b>7,721,896</b>	<b>42,278,198</b>
Liabilities	28,189,833	6,990,803	35,180,636	29,911,099	5,922,618	35,833,717

## 5. Risk Management

### Credit Risk

The main purpose of risk management in the Group is ensuring both high quality of credit portfolio and business activity stabilization through minimizing the risk of credit losses suffering. It is supported by Group's regulations and implemented control processes.

The Group follows a uniform intrinsic system of accounts receivable classification based on fixed criteria. Active portfolio quality management includes not only assigning proper risk rating to each exposure, but also proper classification and adaptation of remedial and vindictory actions to the classification of receivables. Risk rating assignment and classification system are crucial in defining the level of impairment losses write-downs.

In the first half of 2010 there were no significant changes in credit risk management systems and processes. Nevertheless, after taking into consideration the dynamic market conditions' fluctuations, changes in credit granting principles and procedures were implemented.

Group's credit risk portfolio is presented below. Accounts receivable with recognized value loss have been grouped for presentation purposes into risk categories using classification. Those without impairment have been presented using the internal risk ratings. The details of impairment write-downs are also presented. Accounts receivable are given risk categories from I to IV where I and IA stands for not impaired receivables, while III and IV represent those with impairment loss. Category II refers to receivables that can be treated as such with impairment loss, but part of them can be also included in non-impairment portfolio. Classification of accounts with no impairment loss is based on risk ratings which vary from 1 to 7 with 1 being the best rating.

In order to define the maximum credit risk exposure of the Group, it is necessary to take into account also the off-balance-sheet exposure (Note 29), debt securities available-for-sale (Note 17) and financial assets held-for-trading (Note 16) and other assets.

The maximum Group's credit risk exposure is presented below.

<i>PLN '000</i>	<i>Note</i>	<b>30.06.2012</b>	<b>31.12.2011</b>
Gross credit receivables (banks and customers)	15, 18	17,042,114	16,503,581
Financial assets held for trading	16	6,948,566	5,805,044
Debt securities available for sale	17	15,608,249	17,625,355
Other assets		757,259	403,182
Conditional liabilities received	29	14,140,968	13,449,643
		<b>54,497,156</b>	<b>53,786,805</b>

<i>PLN '000</i>	<b>30.06.2012</b>		<b>31.12.2011</b>	
	<b>Receivables from customers</b>	<b>Receivables from banks</b>	<b>Receivables from customers</b>	<b>Receivables from banks</b>
<b>Receivables with recognized value loss</b>				
Receivables assessed individually				
Risk category II	26,920	-	53,246	-
Risk category III	118,542	-	184,081	-
Risk category IV	446,322	-	391,132	-
<b>Gross value</b>	<b>591,784</b>	-	<b>628,459</b>	-
Impairment write downs	367,054	-	370,035	-
<b>Net value</b>	<b>224,730</b>	-	<b>258,424</b>	-

PLN '000	30.06.2012		31.12.2011	
	Receivables from customers	Receivables from banks	Receivables from customers	Receivables from banks
<b>Receivables assessed collectively</b>				
Risk category II	5,239	-	10,732	-
Risk category III	13,583	-	11,713	-
Risk category IV, including:	948,398	-	937,995	-
receivables from individuals	865,581	-	842,662	-
<b>Gross value</b>	<b>967,220</b>	-	<b>960,440</b>	-
Impairment write- downs	745,733	-	718,759	-
<b>Net value</b>	<b>221,487</b>	-	<b>241,681</b>	-
<b>Not impaired receivables</b>				
<b>from customers and banks (excluding individuals) by risk rating</b>				
Risk rating 1-4	5,808,311	959,132	6,181,522	539,362
Risk rating 5-6	3,266,470	61,110	2,862,618	8,952
Risk rating 7	294,103	238	306,754	5
<b>from individuals by delinquency</b>				
0 - 30 days	4,996,045	-	4,900,469	-
31 - 90 days	97,701	-	115,000	-
<b>Gross value</b>	<b>14,462,630</b>	<b>1,020,480</b>	<b>14,366,363</b>	<b>548,319</b>
Impairment write- downs	147,980	269	146,995	63
<b>Net value</b>	<b>14,314,650</b>	<b>1,020,211</b>	<b>14,219,368</b>	<b>548,256</b>
<b>Total net value</b>	<b>14,760,867</b>	<b>1,020,211</b>	<b>14,719,473</b>	<b>548,256</b>

  

PLN '000	30.06.2011		31.12.2010	
	Receivables from customers	Receivables from banks	Receivables from customers	Receivables from banks
<b>Impairment write-downs value for receivables with recognized value loss</b>				
<b>Impairment write-downs value for receivables assessed individually</b>				
Risk category II	5,734	-	6,847	-
Risk category III	21,121	-	29,524	-
Risk category IV	340,199	-	333,664	-
	<b>367,054</b>	-	<b>370,035</b>	-
<b>Impairment write-downs value for receivables assessed collectively</b>				
Risk category II	1,191	-	2,451	-
Risk category III	4,737	-	3,999	-
Risk category IV, including:	739,805	-	712,309	-
receivables from individuals	675,513	-	637,060	-
	<b>745,733</b>	-	<b>718,759</b>	-
<b>IBNR provisions</b>				
<b>from customers and banks (excluding individuals) by risk rating</b>				
Risk rating 1-4	2,036	52	2,245	29
Risk rating 5-6	23,543	199	20,262	34
Risk rating 7	11,260	18	11,630	-
<b>from individuals by delinquency</b>				
0 - 30 days	66,222	-	56,740	-
31 - 90 days	44,919	-	56,118	-
	<b>147,980</b>	<b>269</b>	<b>146,995</b>	<b>63</b>
<b>Total net impairment value</b>	<b>1,260,767</b>	<b>269</b>	<b>1,235,789</b>	<b>63</b>

<i>PLN '000</i>	30.06.2012	31.12.2011
<b>Receivables with incurred but not recognized (IBNR) losses</b>		
Regular receivables		
0–30 days	15,366,670	14,667,479
Overdue receivables		
31–90 days	98,261	228,614
91–180 days	450	70
181–365 days	650	1,295
over 365 days	17,124	17,224
<b>Gross value</b>	<b>15,483,110</b>	<b>14,914,682</b>

Provision coverage for Group's receivables in relation to accounts receivable are presented in the table below:

<i>PLN '000</i>	30.06.2012	31.12.2011
<b>Gross value</b>		
Receivables with recognized impairment, including	1,559,004	1,588,899
Receivables assessed individually	591,784	628,459
Receivables assessed collectively	967,220	960,440
Receivables without recognized impairment	15,483,110	14,914,682
<b>Total Gross Value</b>	<b>17,042,114</b>	<b>16,503,581</b>
<b>Impairment write-downs</b>		
Receivables with recognized impairment, including	1,112,787	1,088,794
Receivables assessed individually	367,054	370,035
Receivables assessed collectively	745,733	718,759
Receivables without recognized impairment	148,249	147,058
<b>Total Impairment write- downs</b>	<b>1,261,036</b>	<b>1,235,852</b>
<b>Net Value</b>		
Receivables with recognized impairment, including	446,217	500,105
Receivables assessed individually	224,730	258,424
Receivables assessed collectively	221,487	241,681
Receivables without recognized impairment	15,334,861	14,767,624
<b>Total Net Value</b>	<b>15,781,078</b>	<b>15,267,729</b>
<b>Provision coverage ratio for receivables with recognized impairment</b>	<b>71.4%</b>	<b>68.5%</b>

In addition to general principles of credit risk mitigation, the Group has defined specific rules for corporate and retail for acceptance various types of collaterals, including adoption of warranties, guarantees and similar instruments of support (hereinafter called jointly: collaterals). These principles are used for reducing residual risk associated with taking collaterals.

As at 30 June 2012 in the Group, the financial effect of including receivables from taken collaterals for amounts due to customers with recognized impairment in individual analysis was PLN 164,882 thousand (as at 31 December 2011: PLN 181,518 thousand). This is the amount by which the requirement level of impairment of the value assigned to this portfolio would be higher if the collaterals flows were not included in the estimation of impairment.



## Market Risk

Market risk management encompasses two fundamental risk areas: liquidity risk and price risk.

Liquidity risk is defined as the risk of Group's not being able to meet its financial commitments to customers or counterparties when due.

Price risk is the risk of negative impact on Group's financial results or capital value as a result of market interest rates, foreign exchange rates and equity prices changes as well all fluctuations of these rates and prices.

The aim of market risk management is to ensure that the level of risk run within the scope of Group corresponds to the level acceptable by shareholders and banking supervision authorities as well as to ensure that all market risk exposures are properly reflected in the calculated risk measures, communicated to relevant persons and bodies responsible for the management of the Group.

In the first half of 2012 the Group has not made any changes in market risk management processes, procedures, systems and policies.

### Liquidity risk

The level of modified cash flow gap and the level of liquid assets as at 30 June 2012 and 31 December 2011 are shown below.

The cumulated liquidity gap as at 30 June 2012 in real terms:

<i>PLN '000</i>	Up to 1 month	More than 1 to 3 months	More than 3 months to 1 year	More than 1 year to 2 years	More than 2 years
Assets	5,999,983	-	-	-	35,855,975
Liabilities	10,747,610	90,066	22,127	464,834	30,531,321
Balance-sheet gap in the period	(4,747,627)	(90,066)	(22,127)	(464,834)	5,324,654
Off-balance-sheet transactions – inflows	10,748,288	7,845,123	11,441,880	6,684,087	11,016,691
Off-balance-sheet transactions – outflows	10,279,184	7,807,883	11,443,134	6,685,544	11,528,151
Off-balance-sheet gap in the period	469,104	37,240	(1,254)	(1,457)	(511,460)
Cumulative gap	(4,278,523)	(4,331,349)	(4,354,730)	(4,821,021)	(7,827)

The cumulated liquidity gap as at 31 December 2011 in real terms:

<i>PLN '000</i>	Up to 1 month	More than 1 to 3 months	More than 3 months to 1 year	More than 1 year to 2 years	More than 2 years
Assets	9,308,485	-	-	-	32,969,713
Liabilities	10,033,999	954,309	29,492	497,129	30,763,269
Balance-sheet gap in the period	(725,514)	(954,309)	(29,492)	(497,129)	2,206,444
Off-balance-sheet transactions – inflows	17,755,307	5,764,197	10,506,762	4,035,334	11,147,661
Off-balance-sheet transactions – outflows	17,725,234	5,744,581	10,370,852	4,168,442	11,086,524
Off-balance-sheet gap in the period	30,073	19,616	135,910	(133,108)	61,137
Cumulative gap	(695,441)	(1,630,134)	(1,523,716)	(2,153,953)	113,628

## Liquid assets and cumulated liquidity gap up to 1 year:

PLN '000	30.06.2012	31.12.2011	Change
Liquid assets, including:	19,540,044	19,877,179	(337,135)
obligatory reserve in NBP and stable part of cash	325,098	310,037	15,061
debt securities held-for-trade	3,606,697	1,941,787	1,664,910
debt securities available-for-sale	15,608,249	17,625,355	(2,017,106)
Cumulative liquidity gap up to 1 year	(4,354,730)	(1,523,716)	(2,831,014)
Coverage of the gap with liquidity assets	449%	1,305%	

## Price risk

In price risk management there are two types of portfolios: trade and bank portfolios.

The following risk measures are applied to bank portfolios:

- Interest rate gap analysis determining the level of asset/liabilities reprising date risk exposure;
- Value-at-Close method estimating the entire banking book's market value (excluding the market value of credit margin), variations of open interest rate exposures' Value-at-Close and Total Return consisting of: interest rate margin result, profit on asset/liabilities liquidation or sell-off (securities available-for-sale mainly);
- Interest Rate Exposure - IRE measuring the level of assets/liabilities reprising date risk exposure and determining the potential change degree of interest rate income in 12-month period with assumption that the level of interest rate moves up by 100 basis points;
- Basis point value method (DV01) measuring the sensitivity of available-for-sale portfolio to interest rate curves changes. It estimates the value of AFS securities when the curve goes up by 1bps in the given period and assesses the yield curve risk;
- Stress tests.

Group's IRE measures as at 30 June 2012 and 31 December 2011 are presented below. The list is shown in the main currencies, i.e. PLN, USD and EUR which jointly account to over 90% of Group's balance sheet.

PLN '000	30.06.2012		31.12.2011	
	IRE 12M	IRE 5L	IRE 12M	IRE 5L
PLN	9,507	63,538	35,063	157,265
USD	4,320	14,876	1,822	(12,875)
EUR	8,448	27,836	(6,059)	(32,340)

The DV01-measured risk level for the available-for-sale securities portfolio divided into currency portfolios is shown below:

PLN '000	30.06.2012	Overall, in the period 01.01.2012 - 30.06.2012		
		Average	Maximum	Minimum
PLN	(2,583)	(1,753)	(998)	(2,583)
USD	(113)	(290)	(42)	(759)
EUR	(206)	(504)	(147)	(1,070)

PLN '000	31.12.2011	Overall, in the period 01.01.2011 - 31.12.2011		
		Average	Maximum	Minimum
PLN	(1,613)	(1,284)	(1,046)	(1,644)
USD	(739)	(381)	-	(763)
EUR	(937)	(550)	(243)	(940)

Both base risk and option risk of bank's portfolio client were considered as intangible.

The following methods are used in measuring the trade portfolios risk:

- Factor Sensitivity,
- Value at Risk (VaR),
- Stress testing.

The values of significant exposures of the bank portfolios to the interest rates risk in terms of DV01 in the first half of 2012 are listed in the table below:

PLN '000	30.06.2012	31.12.2011	in the period 01.01.2012 - 30.06.2012		
			Average	Maximum	Minimum
PLN	(30)	145	92	432	(356)
EUR	(122)	199	71	266	(190)
USD	(18)	41	47	151	(37)

The currency structure of the positions in the first half of 2012 has not changed in comparison with the year 2011, as positions in LCY, USD and EUR were still the majority. The average exposure to interest rates risk in LCY and EUR remained on the higher level than in 2011, whereas LCY and USD positions were lower. The average risk tendency for instruments denominated in PLN amounted to PLN 92 thousand and in EUR it was PLN 71 thousand. The highest exposures were taken in PLN and EUR and were respectively PLN 432 thousand and PLN 266 thousand.

The table below shows the level of risk measured using VaR (excluding exposures resulting from available-for-sale portfolio's economic securities), divided into currency risk and interest rate risk positions in the first half of 2012:

PLN '000	30.06.2012	31.12.2011	in the period 1.01.2012 - 30.06.2012		
			Average	Maximum	Minimum
FX risk	735	260	2,119	5,814	92
Interest rate risk	10,203	8,201	8,643	13,759	6,577
Spread risk	10,285	737	9,067	11,922	705
Overall risk	15,052	8,202	13,271	17,046	8,066

In February 2012 calculation of base spread risk for dual currency transactions was included in VaR calculation. The overall average price risk of trade portfolios in the first half of 2012 was higher by 57% than the average price risk in 2011 and reached the level of PLN 13.3 million, mainly because of increase in risk exposure to interest rates changes and persistence of high exposure on base spread risk in dual currency transactions. As far as maximum risk levels are concerned, they were also higher in comparison with the previous year. Maximum price risk amounted to PLN 17.1 million while in 2011 it settled at PLN 16.6 million.

### Capital instruments risk

Dom Maklerski Banku Handlowego S.A. (DMBH) is the Group's key entity transacting capital instruments. In order to run its core business, DMBH has been authorized to run the price risk of trade portfolio of shares or share rights, traded or likely to be traded on Giełda Papierów Wartościowych w Warszawie S.A. (Warsaw Stock Exchange or WSE), or Centralna Tabela Ofert (Central Bids Table or CTO), WIG20 futures and the Indexed Participation Units as well as shares on the international stock exchanges of companies listed on the WSE. DMBH portfolio's price risk has volume limits for each kind of financial instruments and concentration-warning thresholds for each issuer. For DMBH the potential loss warning thresholds are also applied to stress testing and cumulated loss on the trade portfolio.

### Currency exposure

Currency exposure of Group's assets and liabilities is presented in main currencies in the following table:

#### 30 June 2012

PLN '000	Balance-sheet transactions		Off-balance-sheet transactions		Net position
	Assets	Liabilities	Assets	Liabilities	
EUR	4,762,092	5,376,709	13,488,838	12,789,981	84,240
USD	3,178,645	7,173,079	15,886,615	11,941,745	(49,564)
GBP	848,248	848,280	66,415	64,804	1,579
CHF	421,355	265,280	245,090	392,016	9,149
Other currencies	398,815	504,900	950,383	847,316	(3,018)
	9,609,155	14,168,248	30,637,341	26,035,862	42,386

#### 31 December 2011

PLN '000	Balance-sheet transaction		Off-balance-sheet transaction		Net position
	Assets	Liabilities	Assets	Liabilities	
EUR	5,778,996	5,919,359	14,295,578	14,116,412	38,803
USD	3,689,767	6,941,684	15,393,092	12,159,887	(18,712)
GBP	665,296	787,704	126,654	34	4,212
CHF	357,479	268,902	78,209	159,865	6,921
Other currencies	371,277	406,166	950,148	930,863	(15,604)
	10,862,815	14,323,815	30,843,681	27,367,061	15,620

### Operational risk

In the first half of 2012 there were no significant changes in the Group's operational risk management.

### Capital adequacy

In the first half of 2012 the Group fulfilled the prudential regulations as far as capital adequacy is concerned. Capital adequacy ratio is calculated consistently with respective regulations.

## 6. Interest income

<i>PLN '000</i>	01.01. – 30.06. 2012	01.01. – 30.06. 2011
<b>Interest and similar income from:</b>		
Balances with Central Bank	19,464	16,224
Amounts due from banks	21,408	16,931
Amounts due from customers, in respect of:	623,918	572,947
financial sector	23,523	12,004
non-financial sector	600,395	560,943
Debt securities available-for-sale	323,697	301,056
Debt securities held-for-trading	59,426	21,748
	<b>1,047,913</b>	<b>928,906</b>
<b>Interest expense and similar charges for:</b>		
Amounts due to banks	(44 337)	(24 015)
Amounts due to financial sector entities	(44 142)	(38 784)
Amounts due to non-financial sector entities	(188 439)	(165 292)
Loans and advances acquired	(3 762)	(4 881)
Debt securities issuance	(502)	(645)
	<b>(281,182)</b>	<b>(233,617)</b>
	<b>766,731</b>	<b>695,289</b>

Net interest income for the first half of 2012 includes interest on impaired loans of PLN 6,639 thousand (for the first half of 2011: PLN 10,231 thousand).

## 7. Net fee and commission income

<i>PLN '000</i>	01.01. – 30.06. 2012	01.01. – 30.06. 2011
<b>Fee and commission income</b>		
Insurance and investment products	64,773	66,067
Payment and credit cards	125,595	112,360
Payment services	55,273	57,603
Custody services	43,721	42,429
Cash loans fees	3,767	5,359
Brokerage activity	27,044	54,027
Clients' cash on account management services	14,637	14,584
Off-balance-sheet guarantee liabilities	7,230	7,369
Off-balance-sheet financial liabilities	3,126	3,760
Other	12,848	23,176
	<b>358,014</b>	<b>386,734</b>
<b>Fee and commission expense</b>		
Payment and credit cards	(29,625)	(20,622)
Brokerage activity	(9,852)	(15,507)
Fees paid to the National Depository for Securities (KDPW)	(8,083)	(8,342)
Brokerage fees	(2,343)	(2,289)
Other	(4,765)	(2,662)
	<b>(54,668)</b>	<b>(49,422)</b>
	<b>303,346</b>	<b>337,312</b>

The net commission result for the first half of 2012 comprises commission income (other than income covered by the calculation of the effective interest rate), which are related to financial assets and liabilities not valued at their fair value through profit or loss in the amount of PLN 129,528 thousand (for the first half of 2011: PLN 116,594 thousand) and commission expenses in the amount of PLN 29,625 thousand (for the first half of 2011: PLN 20,622 thousand).

## 8. Net income on financial instruments and revaluation

<i>PLN '000</i>	01.01. – 30.06. 2012	01.01. – 30.06. 2011
<b>Net income on financial instruments valued at fair value through profit or loss</b>		
Debt instruments	90,089	11,329
Capital instruments	1,121	(1,867)
Derivative instruments, including:	(6,166)	(1,221)
Interest rate derivatives	(8,921)	(6,320)
Equity derivatives	1,946	(3)
Commodity derivatives	809	5,102
	<b>85,044</b>	<b>8,241</b>
<b>Net income on FX operations</b>		
Operations on FX derivative instruments	(53,820)	87,286
FX gains and losses (revaluation)	186,793	35,152
	<b>132,973</b>	<b>122,438</b>
	<b>218,017</b>	<b>130,679</b>

Net income on financial instruments and revaluation includes increase/decrease in net releases regarding pricing correction of counterparty's increased credit risk on derivative transactions in the amount of PLN 4,388 thousand (for the first half of 2011: net write-downs PLN 816 thousand).

Net income on debt instruments includes the net result on trading in: government securities, corporate debt securities and monetary market instruments held-for-trading.

Net income on derivative instruments comprises net income on transactions regarding interest rate swaps, options, futures and other derivatives.

Net result on FX operations contains gains and losses from revaluation of assets and liabilities denominated in foreign currency and from FX derivative instruments like forward, swap and options. Net result on FX operations contains also the margin executed on current and fixed currency transactions.

## 9. Net gain on debt investment securities

<i>PLN '000</i>	01.01. – 30.06. 2012	01.01. – 30.06. 2011
Profits/losses realized on debt securities available-for-sale	119,068	11,334

## 10. Net other operating income

<i>PLN '000</i>	01.01. – 30.06. 2012	01.01. – 30.06. 2011
<b>Other operating income</b>		
Income from data processing for related entities	3,853	4,209
Income from office rental	3,046	1,590

<i>PLN '000</i>	01.01. – 30.06. 2012	01.01. – 30.06. 2011
Income related to investment property	10	109
Other	14,233	16,503
	<b>21,142</b>	<b>22,411</b>
<b>Other operating expenses</b>		
Amicable procedure and vindication expenses	(9,638)	(8,323)
Expenses related to investment property	(1,025)	(1,239)
Other	(15,562)	(8,921)
	<b>(26,225)</b>	<b>(18,483)</b>
	<b>(5,083)</b>	<b>3,928</b>

## 11. General administrative expenses

<i>PLN '000</i>	01.01. – 30.06. 2012	01.01. – 30.06. 2011
<b>Staff expenses</b>		
Remuneration costs, including:	(328,681)	(290,625)
Provisions for retirement benefits	(12,815)	(12,379)
Bonuses and rewards including:	(66,260)	(51,339)
Payments related to own equity instruments	(3,747)	8,438
	<b>(394,941)</b>	<b>(341,964)</b>
<b>Administrative expenses</b>		
Telecommunication fees and hardware purchase costs	(95,107)	(76,567)
Advisory, audit, consulting and other external services costs	(42,348)	(42,427)
Building maintenance and rent costs	(62,965)	(51,700)
Marketing costs	(28,949)	(33,384)
Costs of cash management services, costs of KIR services and other transaction costs	(23,160)	(28,773)
Costs of external services related to distribution of banking products	(27,074)	(36,708)
Postal services, office supplies and printmaking costs	(11,618)	(16,600)
Training and education costs	(2,427)	(3,460)
Banking supervision costs	(4,266)	(4,444)
Other expenses	(51,015)	(49,532)
	<b>(348,929)</b>	<b>(343,595)</b>
	<b>(743,870)</b>	<b>(685,559)</b>

Staff expenses in the first half of 2012 include remuneration and bonuses paid and payable to current and former members of the Management Board in the amount of PLN 14,748 thousand (in first half of 2011: PLN 12,458 thousand).

Position 'Remuneration costs' for period 01.01. – 30.06.2012 includes employment restructuring costs in amounts PLN 32,400 thousand. Position 'Building maintenance and rent costs' for period 01.01.- 30.06.2012 includes the costs of restructuring the retail Bank's branches in amount PLN 9,808 thousand. A total amount of restructuring provisions made was PLN 42,208 thousand. As at 30 June 2012 the amount of PLN 9,201 thousand was used due to employment restructuring.

## 12. Impairment of financial assets value and provisions for off-balance sheet liabilities

PLN '000	01.01. – 30.06. 2012	01.01. – 30.06. 2011
<b>Impairment of financial assets value</b>		
<b>Impairment write-downs</b>		
Amounts due from banks	(405)	(851)
Amounts due from customers	(151,766)	(205,414)
Receivables from matured derivative transactions	(1,285)	(2,752)
Other	(6,639)	(9,187)
	<b>(160,095)</b>	<b>(218,204)</b>
<b>Reversals of impairment write-downs</b>		
Amounts due from banks	198	1,139
Amounts due from customers	110,081	162,453
Receivables from matured derivative transactions	252	2,670
Recovers from sold debts	14,551	-
	<b>125,082</b>	<b>166,262</b>
	<b>(35,013)</b>	<b>(51,942)</b>
<b>Result of provisions for off-balance-sheet commitments</b>		
Charges to provisions for off-balance-sheet commitments	(9,136)	(22,078)
Releases of provisions for off-balance-sheet commitments	9,349	16,707
	<b>213</b>	<b>(5,371)</b>
	<b>(34,800)</b>	<b>(57,313)</b>

## 13. Income tax expense

### Recognized in the income statement

PLN '000	01.01. – 30.06. 2012	01.01. – 30.06. 2011
<b>Current tax</b>		
Current year	(105,701)	(58,257)
Adjustments for prior years	(1,576)	(232)
	<b>(107,277)</b>	<b>(58,489)</b>
<b>Deferred tax</b>		
Origination and reversal of temporary differences	(13,320)	(23,608)
	<b>(13,320)</b>	<b>(23,608)</b>
<b>Income tax expense</b>	<b>(120,597)</b>	<b>(82,097)</b>

### Reconciliation of effective tax rate

PLN '000	01.01. – 30.06. 2012	01.01. – 30.06. 2011
Profit before tax	594,918	414,717
Income tax at the domestic tax rate of 19%	(113,034)	(78,796)
Non-deductible expenses, including:	(8,520)	(6,877)
write-down expenses	(2,752)	(3,915)



Taxable income not recognized in the income statement	(176)	(65)
Deductible expenses not recognized in the income statement	1,507	3,093
Non-taxable income	1,309	1,114
Other	(1,683)	(566)
<b>Income tax expense</b>	<b>(120,597)</b>	<b>(82,097)</b>
<b>Effective tax rate</b>	<b>20%</b>	<b>20%</b>

#### Deferred tax recognized directly in equity

Deferred tax recognized directly in equity as at 30 June 2012 is related to debt and capital instruments available-for-sale and equals PLN (8,465) thousand (30 June 2011: PLN (2,487) thousand).

#### 14. Statement of changes in other comprehensive income

Deferred income tax and reclassifications recognized in other comprehensive income relate to the valuation of financial assets available-for-sale (AFS) related to revaluation reserve.

<i>PLN '000</i>	Gross amount	Deferred income tax	Net amount
Balance as at 1 January 2012	(101,597)	19,303	(82,294)
Change in valuation of AFS	265,477	(50,440)	215,037
Valuation of AFS sold, moved to income statement	(119,068)	22,623	(96,445)
<b>Balance as at 30 June 2012</b>	<b>44,812</b>	<b>(8,514)</b>	<b>36,298</b>

<i>PLN '000</i>	Gross amount	Deferred income tax	Net amount
Balance as at 1 January 2011	(47,938)	3,090	(44,848)
Change in valuation of AFS	37,446	(7,731)	29,715
Valuation of AFS sold, moved to income statement	(11,334)	2,153	(9,181)
<b>Balance as at 30 June 2011</b>	<b>(21,826)</b>	<b>(2,487)</b>	<b>(24,313)</b>

#### 15. Amounts due from banks

Amounts due from banks (by category)

<i>PLN '000</i>	30.06.2012	31.12.2011
Current accounts	265,255	68,056
Deposits	239,125	108,108
Credits and loans	11,901	19,599
Receivables due to purchased securities with repurchase agreement	489,614	313,635
Other receivables	14,585	38,921
<b>Total gross value</b>	<b>1,020,480</b>	<b>548,319</b>
Impairment write-downs	(269)	(63)
<b>Total net value</b>	<b>1,020,211</b>	<b>548,256</b>

Movement in amounts due from banks presents as follows:

<i>PLN '000</i>	01.01. – 30.06. 2012	01.01.– 31.12. 2011
As at 1 January	(63)	(493)
Increases (due to):		
Write- downs creation	(405)	(1,276)
Other	-	(13)
Decreases (due to):		
Write-downs release	198	1,719
other	1	-
As at the end of period	(269)	(63)

As at 30 June 2012 and 31 December 2011 recognized impairment write-downs on amounts due from banks concerned incurred but not reported (IBNR) write- downs.

## 16. Financial assets and liabilities held-for-trading

### Financial assets held-for-trading

<i>PLN '000</i>	30.06.2012	31.12.2011
<b>Debt securities held-for-trading</b>		
Bonds and notes issued by:		
banks*	298,708	115,718
Government	3,307,988	1,826,069
	<b>3,606,696</b>	<b>1,941,787</b>
Including:		
Listed	2,540,443	1,234,008
Unlisted	1,066,253	707,779
<b>Capital instruments</b>	<b>17,031</b>	<b>6,851</b>
Including:		
Listed	17,031	6,851
<b>Derivatives</b>	<b>3,324,839</b>	<b>3,856,406</b>
	<b>6,948,566</b>	<b>5,805,044</b>

\* As at 30 June 2012 a part of securities (bonds) issued by banks in amount PLN 199,324 thousand are covered by guarantee of State Treasury (31.12.2011: PLN 115,718 thousand).

### Financial liabilities held-for-trading

<i>PLN '000</i>	30.06.2012	31.12.2011
Liabilities related to short-sale of securities	311,300	679,529
Derivatives	3,332,535	4,160,918
	<b>3,643,835</b>	<b>4,840,447</b>

As at 30 June 2012 and 31 December 2011 the Group did not hold any financial assets and liabilities, designed at initial recognition for valuation at fair value through profit or loss.

As at 30 June 2012 derivative financial assets were adjusted due to increased counterparty credit risk by the amount of PLN 26,786 thousand (as at 31 December 2011: PLN 26,964 thousand).

## Derivative financial instruments as at 30 June 2012

PLN '000	Notional value of derivatives with remaining life of				Total	Fair values	
	less than three months	between three months and one year	between one year and five years	more than five years		Assets	Liabilities
Interest rate instruments	28,829,352	75,198,721	82,468,521	15,916,790	202,413,384	2,677,537	2,786,691
Currency instruments	18,344,880	10,403,715	6,850,941	18,557	35,618,093	630,115	528,946
Securities transactions	1,713,356	5,937	-	-	1,719,293	1,465	1,176
Commodity transactions	1,002,211	618,437	-	-	1,620,648	15,722	15,722
<b>Derivative instruments total</b>	<b>49,889,799</b>	<b>86,226,810</b>	<b>89,319,462</b>	<b>15,935,347</b>	<b>241,371,418</b>	<b>3,324,839</b>	<b>3,332,535</b>

## Derivative financial instruments as at 31 December 2011

PLN '000	Notional value of derivatives with remaining life of				Total	Fair values	
	less than three months	between three months and one year	between one year and five years	more than five years		Assets	Liabilities
Interest rate instruments	49,092,194	56,608,889	87,644,135	16,758,891	210,104,109	3,055,251	3,490,639
Currency instruments	24,040,990	9,931,336	7,114,396	24,305	41,111,027	784,474	654,042
Securities transactions	307,377	17,156	-	-	324,533	3,566	3,122
Commodity transactions	1,500,744	1,164,562	-	-	2,665,306	13,115	13,115
<b>Derivative instruments total</b>	<b>74,941,305</b>	<b>67,721,943</b>	<b>94,758,531</b>	<b>16,783,196</b>	<b>254,204,975</b>	<b>3,856,406</b>	<b>4,160,918</b>

## 17. Debt securities available-for-sale

PLN '000	30.06.2012	31.12.2011
Bonds and notes issued by:		
Central Banks	5,233,881	8,492,235
Other banks*	2,360,471	2,287,740
Non-financial sector	-	423,185
Government	8,013,897	6,422,195
	<b>15,608,249</b>	<b>17,625,355</b>
Including:		
Listed instruments	8,350,981	4,943,141
Unlisted instruments	7,257,268	12,682,214

\*As at 30 June 2012 part of securities (bonds) issued by other banks in the amount of PLN 1,329,645 thousand is covered by guarantee of State Treasury (31.12.2011: PLN 1,004,847 thousand)

## 18. Amounts due from customers

### Amounts due from customers (by category)

PLN '000	30.06.2012	31.12.2011
<b>Amounts due from to financial sector entities</b>		
Loans, placements and advances	550,204	481,764
Purchased receivables	18,023	18,069
Receivables related to reverse repo transactions	141,783	397,030
Other receivables	80,699	131,538
<b>Total gross value</b>	<b>790,709</b>	<b>1,028,401</b>
Impairment write-downs	(19,131)	(19,086)
<b>Total net value</b>	<b>771,578</b>	<b>1,009,315</b>

<i>PLN '000</i>	<b>30.06.2012</b>	<b>31.12.2011</b>
<b>Amounts due from non-financial sector entities</b>		
Loans and advances	12,711,503	12,523,646
Unlisted debt securities	1,001,429	693,217
Purchased receivables	852,319	949,453
Realized guarantees	2,361	3,660
Other receivables*	663,313	756,885
<b>Total gross value</b>	<b>15,230,925</b>	<b>14,926,861</b>
Impairment write-downs	(1,241,636)	(1,216,703)
<b>Total net value</b>	<b>13,989,289</b>	<b>13,710,158</b>
<b>Total net value of receivables from customers</b>	<b>14,760,867</b>	<b>14,719,473</b>

\*Position "Other receivables" contains leasing receivables in amount PLN 651,539 thousand (31 December 2011: PLN 740,823 thousand)

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

<i>PLN '000</i>	<b>01.01. – 30.06. 2012</b>	<b>01.01. – 31.12. 2011</b>
<b>As at 1 January</b>	<b>(1,235,789)</b>	<b>(1,358,921)</b>
Increases (due to):		
Creation of write downs	(151,766)	(362,878)
Creations of net write-downs for receivables due to matured derivatives transactions	(1,033)	-
Other	(1,326)	(8,748)
Decreases (due to):		
Release of write-down in the period for receivables in respect of matured derivative instrument transactions	-	119
Restating receivables into write- downs	17,327	160,792
Write-downs release	110,081	303,264
Sale of receivables	-	30,583
other	1,739	-
<b>As at the end of period</b>	<b>(1,260,767)</b>	<b>(1,235,789)</b>

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

<i>PLN '000</i>	<b>30.06.2012</b>	<b>31.12.2011</b>
Portfolio receivables impairment loss	(745,733)	(718,759)
Individual receivables impairment loss	(367,054)	(370,035)
Incurred but not reported losses (IBNR)	(147,980)	(146,995)

### Finance lease receivables

The Group operates on the leasing market through its subordinated entity Handlowy-Leasing Sp. z o.o. The Group provides finance leases of vehicles, machines and technical equipment.

'Amounts due from customers' include the following amounts concerning finance lease receivables from non-financial sector entities:

<i>PLN '000</i>	<b>30.06.2012</b>	<b>31.12.2011</b>
Gross finance lease receivables	697,447	789,673
Unrealized finance income	(45,908)	(48,850)
<b>Net finance lease receivables</b>	<b>651,539</b>	<b>740,823</b>

As at 30 June 2012 impairment for finance lease receivables amounted to PLN 60,595 thousand (as at 31 December 2011 amounted PLN 63,589 thousand).

Finance lease income is presented in the 'interest income'.

## 19. Provisions and assets due to deferred income tax

<i>PLN '000</i>	<b>30.06.2012</b>	<b>31.12.2011</b>
Assets due to deferred income tax	800,494	921,989
Provisions due to deferred income tax	(505,972)	(586,668)
<b>As at the end of period</b>	<b>294,522</b>	<b>335,321</b>

The provisions and assets due to deferred income tax are presented in the consolidated statement of financial position.

## 20. Amounts due to banks

Amounts due to banks (by category)

<i>PLN '000</i>	<b>30.06.2012</b>	<b>31.12.2011</b>
Current accounts	902,673	1,304,018
Time deposits	3,983,106	4,132,423
Credits and loans received	503,640	556,973
Liabilities due to sold securities under repurchase agreements	3,351,043	-
Other liabilities	5,690	10,518
Accrued interests	3,547	7,446
	<b>8,749,699</b>	<b>6,011,378</b>

## 21. Amounts due to customers

Amounts due to customers (by category)

<i>PLN '000</i>	<b>30.06.2012</b>	<b>31.12.2011</b>
<b>Deposits from financial sector entities</b>		
Current accounts	282,115	267,645
Deposits	2,390,899	1,963,538
Accrued interest	3,555	1,077
	<b>2,676,569</b>	<b>2,232,260</b>
<b>Deposits from non-financial sector entities</b>		
Current accounts, including:	11,219,382	12,961,126
corporate customers	5,261,325	5,616,881
individual customers	4,918,517	4,736,739
budgetary units	1,039,540	2,607,506
Time deposits, including:	7,013,051	8,709,389
corporate customers	5,226,399	6,700,896
individual customers	1,194,478	1,245,610

<i>PLN '000</i>	<b>30.06.2012</b>	<b>31.12.2011</b>
budgetary units	592,174	762,883
Accrued interest	15,973	19,230
	<b>18,248,406</b>	<b>21,689,745</b>
<b>Total deposits</b>	<b>20,924,975</b>	<b>23,922,005</b>
<b>Other liabilities</b>		
Other liabilities, including:	195,775	173,089
cash collateral	60,901	73,729
Accrued interest	721	753
	<b>196,496</b>	<b>173,842</b>
	<b>21,121,471</b>	<b>24,095,847</b>

## 22. Liabilities due to debt securities issuance

Due to the Emisja Bankowych Papierów Wartościowych (Debt Security of the Bank Issue) Program, the Bank effected the issue of certificates of deposit ('BPW') in the total amount of PLN 23,054 as at 30 June 2012 (As at 31 December 2011: PLN 25,336 thousand).

<i>PLN '000</i>			
Type of issued own financial instruments as at 30 June 2011	Nominal Value	Date of issuance	Date of purchase
Certificates of deposit	2,075	04.05.2011	30.10.2012
Certificates of deposit	8,462	01.08.2011	01.08.2012
Certificates of deposit	4,470	01.09.2011	03.09.2012
Certificates of deposit	7,000	26.09.2011	26.09.2012
Certificates of deposit	1,027	02.12.2011	31.08.2012
	<b>23,034</b>		

The movement in debt securities issuance is as follows:

<i>PLN '000</i>	<b>01.01. – 30.06. 2012</b>	<b>01.01. – 31.12. 2011</b>
<b>As at 1 January</b>	<b>25,325</b>	<b>11,529</b>
Increase		
issue	-	62,607
Decrease		
buyout	1,866	48,811
pre-maturity buyout	425	-
<b>As at the end of period</b>	<b>23,034</b>	<b>25,325</b>

Provided that BPW are held until maturity, at redemption the issuer is obliged to pay the principal, guaranteed interest and premium interest.

## 23. Financial assets and liabilities by maturity date

As at 30 June 2012

PLN '000	Note	Total	Up to 1 month	1 to 3 months	3 months to 1 year	1 year to 5 years	More than 5 years
<b>Amounts due from banks (Gross)</b>	15	1,020,480	1,016,200	3,870	410	-	-
<b>Financial assets held-for-trading</b>							
Debt securities held-for-trading	16	3,606,696	22,008	159,925	433,527	1,535,724	1,455,512
<b>Financial assets available-for-sale</b>							
Debt securities available-for-sale	17	15,608,249	5,233,881	-	-	5,143,081	5,231,287
<b>Amounts due from customers (gross)</b>							
Amounts due from financial sector entities	18	790,709	231,074	33,885	289,713	219,094	16,943
Amounts due from non-financial sector entities	18	15,230,925	7,447,845	1,029,421	1,697,084	4,198,049	858,526
<b>Amounts due to banks</b>	20	8,749,699	8,162,413	52,000	460,341	37,690	37,255
<b>Amounts due to customers</b>							
Amounts due to financial sector entities:	21	2,676,601	2,609,247	28,531	12,716	26,095	12
Amounts due to non-financial sector entities	21	18,444,870	17,302,727	607,989	521,905	11,070	1,179
<b>Liabilities due to debt securities issuance</b>	22	23,054	20	20,959	2,075	-	-

As at 31 December 2011

PLN '000	Note	Total	Up to 1 month	1 to 3 months	3 months to 1 year	1 year to 5 years	More than 5 years
<b>Amounts due from banks (Gross)</b>	15	548,319	536,906	7,550	3,863	-	-
<b>Financial assets held-for-trading</b>							
Debt securities held-for-trading	16	1,941,787	-	148	67,856	1,042,710	831,073
<b>Financial assets available-for-sale</b>							
Debt securities available-for-sale	17	17,625,355	8,915,419	350,887	-	2,703,399	5,655,650
<b>Amounts due from customers (gross)</b>							
Amounts due from financial sector entities	18	1,028,400	472,983	-	387,964	150,366	17,087
Amounts due from non-financial sector entities	18	14,926,862	8,311,304	996,426	1,240,080	3,767,172	611,880
<b>Amounts due to banks</b>	20	6,011,378	4,550,141	873,480	30,975	516,141	40,641
<b>Amounts due to customers</b>							
Amounts due to financial sector entities:	21	2,232,676	2,157,278	70,036	4,669	18	675
Amounts due to non-financial sector entities	21	21,863,171	20,791,358	552,599	463,318	55,360	536
<b>Liabilities due to debt securities issuance</b>	22	25,336	684	-	24,652	-	-

## 24. Financial instruments disclosure

The increase of fair value of financial instruments classified as held-for-trading at 30 June 2012 in comparison to the end of 2011 was mainly connected with expected by the Bank changes in economic environment.

The decrease in the portfolio size of financial instruments classified as available-for-sale (AFS) was influenced by the reduction of involvement in money bills due to current liquidity management the sale of securities on which the Bank has realized profit in first half of 2012..

Despite persistently high volatility of market factors and expectations about future interest rates, their impact on change in fair value of Bank's loans and deposits portfolios can be considered negligible – in relation to the size of the respective portfolios - due to their short term nature and relatively stable quality.

In the six-month period of 2012 the Group has not made any changes in principles of financial instruments' classification (presented in the consolidated statement of financial position at fair value) to the separate categories of fair value establishing method used (level I, level II, level III).

In this period of 2012 the Group has transferred assets available for sale (AFS) from that category valuated basing on significant non-market parameters (level III) to the category valuated basing on significant market parameters (level II). The movement in the category refers to commercial debt securities and results from the model change valuated as at 31 December 2011 in the credit risk area, currently calculated basing on market data. The value of assets available for sale, which were transferred amounted PLN 928,728 thousand as at 30 June 2012.

In the first half of 2012 the Group has not made any changes in financial assets classification that may result from asset's purpose or usage change.

## 25. Seasonality or periodicity of business activity

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

## 26. Paid or declared dividends

### Dividends paid

In accordance with General Meeting of Shareholders' Resolution No 30/2012 of 20 June 2012, 2011 profit has been distributed, the resolution of dividend pay-out was adopted as well as dividend date and pay-out date was determined. From 2011 net profit PLN 360,620,496.00 was assigned for the pay-out, which means the pay-out for a single share was PLN 2.76. The number of shares subjected to dividend equals 130,659,600.

The date of determination the right to dividend was set on 5 July 2012 and the dividend will be paid out on 31 August 2012.

## 27. Changes in Group's structure

In the first half of 2011 the structure of the Group has not changed as a result of merger, acquisition or disposal of subsidiaries, long-term investments, division, restructuring and discontinuation of activity.

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

As at 30 June 2012 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 Group.

## 29. Changes in off-balance-sheet commitments

The detailed specification of off-balance-sheet commitments as at 30 June 2012 and changes in comparison with the end of 2011 are as follows:



PLN '000	As at		Change	
	30.06.2012	31.12.2011	PLN '000	%
<b>Contingent liabilities</b>				
financial	12,210,470	11,358,661	851,809	7.5%
Import letters of credit issued	151,320	132,833	18,487	13.9%
Lines of credit granted	10,624,165	10,674,678	(50,513)	(0.5%)
Securities issuance guarantees granted to other issuers	1,225,050	551,150	673,900	122.3%
Other	209,935	-	209,935	-
guarantees	1,930,498	2,090,982	(160,484)	(7.7%)
Guarantees granted	1,891,400	2,054,187	(162,787)	(7.9%)
Export letters of credit confirmed	23,177	5,385	17,792	330.4%
Other	15,921	31,410	(15,489)	(49.3%)
	<b>14,140,968</b>	<b>13,449,643</b>	<b>691,325</b>	<b>5.1%</b>
<b>Liabilities received</b>				
financial (deposits to receive)	1,464,771	6,000	1,458,771	-
guarantees (guarantees received)	4,782,362	3,807,088	975,274	25.6%
	<b>6,247,133</b>	<b>3,813,088</b>	<b>2,434,045</b>	<b>63.8%</b>
<b>Off-balance sheet transactions (liabilities granted/received)</b>				
Current*	4,658,603	4,279,555	379,048	8.9%
Forward **	236,712,815	249,925,420	(13,212,605)	(5.3%)
	<b>241,371,418</b>	<b>254,204,975</b>	<b>(12,833,557)</b>	<b>(5.0%)</b>

\*Foreign exchange and securities transactions with current value date

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

### 30. Information about shareholders

As at both 30 June 2012 and the day of publishing this consolidated financial statement for the first half of 2012 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 2012 or during the period from publishing last interim report for the second quarter 2012 to publishing this consolidated financial statement for the first half of 2012, the structure of major shareholdings of the Bank has not undergone any changes.

### 31. Information on pending proceedings

As at 30 June 2012 there was no single proceeding regarding Group's receivables or liabilities, the value of which would equal to at least 10% of Bank's equity, pending in court, public administration authority or an arbitration authority.

As at 30 June 2012 the total value of all legal proceedings regarding receivables or liabilities with the participation of the Bank and its subsidiaries did not exceed 10% of Bank's equity.

In accordance with applicable regulations, the Group recognizes impairment losses for receivables subject to legal proceedings.

In the case of legal proceedings involving the risk of cash outflow due to fulfillment of the obligation created by the Group are adequate reserves.

As at 30 June 2012, the Bank was a party to 34 proceedings regarding derivative transactions: in 25 proceedings it acted as a defendant and in 9 - as a plaintiff. The claims and allegations in the individual cases against the Bank are based on various legal bases. The subject of dispute refers mainly to the validity of the derivative transactions and client's liabilities demanded by the Bank with respect to those derivative transactions as well as potential claims regarding invalidation of such demands by court decisions. Clients try to prevent the Bank from seeking claims resulting from derivative transactions; they question the validity of the agreements, dispute their liabilities towards the Bank and, in some cases, demand payments from the Bank. As at the day of preparing the financial statements, no final settlements regarding the derivative transactions proceedings to which the Bank is a party were made in the court, no final settlements were made for other cases.

The Bank is a party to the proceeding initiated by the President of the Office of Competition and Consumer Protection (UOKiK) against the Visa Europay payment system operators and banks - issuers of Visa cards and Europay/ Eurocard/ Mastercard.

This procedure applies to practices limiting the competition on payment-cards market in Poland, by consisting in the joint determination of 'interchange fees' for transactions made by cards of Visa and Europay / Eurocard / Mastercard as well as limiting the access to market for operators who do not belong to the unions of card issuers and against whom proceedings have been initiated. On 22 April 2010 the Court of Appeal overturned the verdict of the Court of Competition and Consumer Protection (SOKiK), sending the case back to the court of first instance. As at 30 June 2012 no final settlements were made in the court. In accordance with the decision from 8 May 2012, the SOKiK has stopped the proceeding until the final ending of the proceeding taking place in European Union Court regarding MasterCard's European Commission Decision compliment (Act T 111/08). For the SOKiK decision from 8 May 2012 was made a complainment to the Court of Appeal. As at the day of signing the statement no further decisions in the Court of Appeal were made.

In the first half of 2012 no significant reckonings were made due to final settlements.

## 32. Related parties

### Transactions with related parties

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

The transactions with related entities mainly include loans, deposits, guarantees and derivatives transactions. All transactions of the Group with affiliates are made on market conditions.

## Transactions with Citigroup Inc. entities

The balance-sheet and off-balance-sheet receivables and liabilities towards Citigroup Inc. companies are as follows:

<i>PLN '000</i>	30.06.2012	31.12.2011
Receivables, including:	485,498	102,397
Placements	235,931	-
Liabilities, including:	4,689,372	4,499,545
Deposits	3,605,214	3,270,560
Loans received	428,907	466,829
Balance valuation of derivative transactions		
Assets held-for-trading	2,646,093	2,908,807
Liabilities held-for-trading	2,696,909	3,040,030
Conditional liabilities granted	155,575	406,112
Conditional liabilities received	1,259,774	221,968
Off-balance-sheet derivative transactions (liabilities granted/received), including:	160,165,376	157,370,941
Interest rate instruments	135,203,580	131,594,106
Currency instruments	23,721,435	24,389,907
Securities transactions	430,037	54,275
Commodity transactions	810,324	1,332,653

<i>PLN '000</i>	01.01. – 30.06. 2012	01.01. – 30.06. 2011
Interest and commission income	17,520	21,120
Interest and commission expense	5,937	6,793

The Group 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 Group's other clients and closing Group's own position. On 30 June 2012 net balance valuation of transactions on derivatives amounted to PLN (50,816) thousand (31 December 2011: PLN (131,223) thousand).

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

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

<i>PLN '000</i>	01.01. – 30.06. 2012	01.01. – 30.06. 2011
General administrative expenses	92,831	63,889
Other operating income	6,418	5,264

## Transactions with subordinated entities

<i>PLN '000</i>	30.06.2012	31.12.2011
<b>Receivables**</b>		
Current accounts loans	89,150	116,299
<b>Receivables</b>		
Opening balance	116,299	252,157
Closing balance	89,150	116,299

PLN '000	30.06.2012	31.12.2011
<b>Deposits</b>		
Current accounts, including:	29,440	4,254
consolidated entities*	13,763	4,141
entities valued at equity method	15,677	113
Term deposits, including:	181,442	173,685
consolidated entities*	181,442	115,916
entities valued at equity method	-	57,769
	<b>210,882</b>	<b>177,939</b>
<b>Deposits</b>		
Opening balance	177,939	224,835
Closing balance	210,882	177,939
<b>Contingent liabilities granted***</b>		
Letters of credit	3,629	17,604
Credit lines granted	418,443	395,009
	<b>422,072</b>	<b>412,613</b>
PLN '000	01.01. – 30.06. 2012	01.01. – 30.06. 2011
<b>Interest and commission income, including:</b>	<b>2,851</b>	<b>5,598</b>
consolidated entities*	2,841	5,593
entities valued at equity method	10	5
<b>Interest and commission expenses, including:</b>	<b>4,655</b>	<b>4,485</b>
consolidated entities*	3,813	3,691
entities valued at equity method	842	794

\* The consolidated entities include Dom Maklerski Banku Handlowego S.A., Handlowy- Leasing Sp. z o.o., Handlowy Investments S.A. oraz Spomasz Sp. z o.o. w likwidacji. The presented transactions with these entities are eliminated for the level of consolidated financial statement.

\*\* On 30 June 2012 and 31 December 2011 loans, advances and other receivables were related to exploited credits in current accounts of consolidation-included units.

\*\*\* On 30 June 2012 and 31 December 2011, contingent liabilities granted to dependent units concerned liabilities granted to consolidation-included units.

As at 30 June 2012 and 31 December 2011 any receivables or contingent liabilities of subsidiaries were not subject to impairment write-downs.

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

PLN '000	30.06.2012		31.12.2011	
	Members of the Management Board	Members of the Supervisory Board	Members of the Management Board	Members of the Supervisory Board
<b>Deposits</b>				
Current accounts	4,946	1,955	5,700	3,053
Term deposits	6,021	280	3,635	187
	<b>10,967</b>	<b>2,235</b>	<b>9,335</b>	<b>3,240</b>

As at 30 June 2012 and 31 December 2011 no loans, guarantee and warranty transactions with members of the Management Board and Supervisory Board were made.

Signatures of Management Board Members

24.08.2012	Sławomir S. Sikora	President of the Management Board	
..... Date	..... Name	..... Position / function	..... Signature
24.08.2012	Brendan Carney	Vice-President of the Management Board	
..... Date	..... Name	..... Position / function	..... Signature
24.08.2012	Robert Daniel Massey JR	Vice-President of the Management Board	
..... Date	..... Name	..... Position / function	..... Signature
24.08.2012	Misbah Ur-Rahman-Shah	Vice-President of the Management Board	
..... Date	..... Name	..... Position / function	..... Signature
24.08.2012	Witold Zieliński	Vice- President of the Management Board Chief Financial Officer	
..... Date	..... Name	..... Position / function	..... Signature
24.08.2012	Iwona Dudzińska	Member of the Management Board	
..... Date	..... Name	..... Position / function	..... Signature