

Bank Handlowy w Warszawie S.A.

Opinion and Report of the Independent Auditor Financial Year ended 31 December 2011

The opinion contains 2 pages
The report supplementing the auditor's oppinion contains 10 pages
Opinion of the independent auditor and report supplementing the auditor's opinion on the separate financial statements for the financial year ended
31 December 2011



KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.

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OPINION OF THE INDEPENDENT AUDITOR

To the General Meeting of Bank Handlowy w Warszawie S.A.

We have audited the accompanying separate financial statements of Bank Handlowy w Warszawie S.A., seated in Warsaw, 16 Senatorska Street ("the Bank"), which comprise the separate statement of financial position as at 31 December 2011, the separate income statement and the separate statement of comprehensive income, the separate statement of changes in equity and the separate statement of cash flows for the year then ended and notes to the financial statements, comprising of a summary of significant accounting policies and other explanatory information.

Management's and Supervisory Board's Responsibility for the Financial Statements

Management of the Bank is responsible for the accuracy of the accounting records and the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, as adopted by European Union and with other applicable regulations and preparation of the Report on the Bank's activities. Management of the Bank is also responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

According to the Accounting Act dated 29 September 1994 (Official Journal from 2009, No. 152, item 1223 with amendments) ("the Accounting Act"), Management of the Bank and members of the Supervisory Board are required to ensure that the financial statements and the Report on the Bank's activities are in compliance with the requirements set forth in the Accounting Act.

Auditor's Responsibility

Our responsibility, based on our audit, is to express an opinion on these financial statements and whether the financial statements are derived from properly maintained accounting records. We conducted our audit in accordance with section 7 of the Accounting Act, national standards on auditing issued by the Polish National Council of Certified Auditors and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements and the accounting records from which they are derived are free of material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the



entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the accompanying separate financial statements of Bank Handlowy w Warszawie S.A. have been prepared and present fairly, in all material respects, the unconsolidated financial position of the Bank as at 31 December 2011 and its unconsolidated financial performance and its unconsolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union, are in compliance with the respective regulations and the provisions of the Bank's articles of association that apply to the Bank's separate financial statements and have been prepared from accounting records, that, in all material respects, have been properly maintained.

Other Matters

As required under the Accounting Act, we also report that the Report on the Bank's activities includes, in all material respects, the information required by Art. 49 of the Accounting and by the Decree of the Ministry of Finance dated 19 February 2009 on current and periodic information provided by issuers of securities and the conditions for recognition as equivalent information required by the law of a non-Member State (Official Journal from 2009, No 33, item 259) and the information is consistent with the financial statements.

On behalf of KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k. registration number 3546 ul. Chłodna 51, 00-867 Warsaw

Signed on the Polish original

Signed on the Polish original

Certified Auditor No. 90115

Magdalena Szymańska-Serwa

Limited Liability Partner with power of attorney
Bożena Graczyk

13 March 2012 Warsaw



Bank Handlowy w Warszawie S.A.

Report supplementing the auditor's opinion on the separate financial statements Financial Year ended 31 December 2011

The report supplementing the auditor's opinion contains 10 pages

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

for the financial year ended

31 December 2011



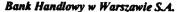
Bank Handlowy w Warszawie S.A.

Report supplementing the opinion on the separate financial statements for the financial year ended 31 December 2011

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1. General

1.1. General information about the Bank

1.1.1. The Bank's name

Bank Handlowy w Warszawie S.A.

1.1.2. Registered office

00-923 Warsaw, 16 Senatorska Street

1.1.3. Registration in the National Court Register

Registration court: District Court in Warsaw,

XII Commercial Department of the National Court Register

Date: 22 February 2001 Registration number: KRS 0000001538

Share capital as at balance

sheet date: PLN 522 638 400

1.1.4. Management of the Bank

The Management Board is responsible for management of the Bank.

At 31 December 2011, the Management Board of the Bank was comprised of the following members:

• Sławomir S. Sikora – President of the Management Board,

Robert Daniel Massey JR
 Vice-president of the Management Board,

• Misbah Ur-Rahman-Shah - Vice-president of the Management Board,

Sonia Wędrychowicz - Horbatowska – Vice-president of the Management Board,

• Witold Zieliński - Vice-president of the Management Board,

Iwona Dudzińska – Member of the Management Board.

On February 28 2011 Mr. Michał H. Mrożek ceased to function as Vice-president of the Management Board.

On 15 March 2011 the Supervisory Board passed a resolution on appointment of a new member of the Management Board Mr. Misbah Ur-Rahman-Shah.

1.2. Auditor information

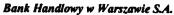
1.2.1. Key certified auditor information

Name and surname: Bożena Graczyk

Registration number: 9941

Name and surname: Magdalena Szymańska-Serwa

Registration number: 90115





1.2.2. Authorized auditor information

Name: KPMG Audyt Spółka z ograniczoną odpowiedzialnością

sp.k.

Registered office: Warsaw

Address: ul. Chłodna 51, 00-867 Warsaw

Registration number: KRS 0000339379

Registration court: District Court for the Capital City Warsaw in Warsaw,

XII Commercial Department of the National Court

Register

NIP number: 527-26-15-362

KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k. is entered in the register of entities authorised to audit financial statements under number 3546.

1.3. Prior period financial statements

The separate financial statements for the period ended 31 December 2010 were audited by KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k. and received an unqualified opinion.

The separate financial statements were approved at the General Meeting on 1 June 2011 where it was resolved to allocate the profit for the prior financial year of 748 026 thousand PLN as follows:

- 747 373 thousand PLN dividend for shareholders.
- 653 thousand PLN reserve capital.

The separate financial statements were submitted to the Registry Court on 6 June 2011 and were published in Monitor Polski B No. 2118 on 8 November 2011.

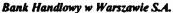
1.4. Audit scope and responsibilities

This report was prepared for the General Meeting of Bank Handlowy w Warszawie S.A. seated in Warsaw, 16 Senatorska Street and relates to the separate financial statements comprising: the separate statement of financial position as at 31 December 2011, the separate income statement and the separate statement of comprehensive income, the separate statement of changes in equity and the separate statement of cash flows for the year then ended and notes to the financial statements, comprising of a summary of significant accounting policies and other explanatory information.

The audited Bank prepares its separate financial statements in accordance with International Financial Reporting Standards as adopted by the European Union on the basis of the decision of Extraordinary General Meeting dated 7 December 2004.

The separate financial statements have been audited in accordance with the contract dated 28 November 2011, concluded on the basis of the resolution of Supervisory Board dated 15 March 2011 on the appointment of the auditor.

We conducted the audit in accordance with section 7 of the Accounting Act, national standards on auditing issued by the Polish National Council of Certified Auditors and International Standards on Auditing.





We audited the separate financial statements in the Bank's head office during the period from 28 November 2011 to 13 March 2012.

Management of the Bank is responsible for the accuracy of the accounting records and the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with other applicable regulations and preparation of the Report on the Bank's activities.

Our responsibility is to express an opinion and to prepare a supplementing report on the separate financial statements and whether the financial statements are derived from properly maintained accounting records based on our audit.

Management of the Bank submitted a statement dated the same date as this report as to the true and fair presentation of the separate financial statements presented for audit, which confirmed that there were no undisclosed matters which could significantly influence the information presented in the financial statements.

All required statements, explanations and information and all our requests for additional documents and information necessary for expressing our opinion and preparing the report have been fulfilled.

Key certified auditors and KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k. fulfill independence requirements as described in Art. 56 points 3 and 4 of the Act on Certified Auditors and Their Government, Audit Firms and Public Oversight dated 7 May 2009 (Official Journal No. 77, item 649). The scope of the work planned and performed has not been limited in any way. The method and scope of our audit is detailed in working papers prepared by us and retained in the offices of KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.



2. Financial analysis of the Bank

2.1. Summary of the separate financial statements

2.1.1. Statement of financial position ASSETS

ASSETS	31.12.2011 PLN '000	% of total assets	31.12.2010 PLN '000	% of total assets
Cash and balances with Central Bank	979 616	2,3	3 206 554	8,8
Due from banks	548 182	1,3	2 272 899	6,2
Financial assets held for trading	5 801 713	14,0	3 995 217	10,9
Debt securities available-for-sale	17 625 355	42,4	13 029 254	35,5
Capital investments	303 626	0,7	303 165	0,8
Due from customers	14 049 241	33,8	11 665 611	31,8
Property and equipment	406 632	1,0	431 366	1,2
Intangible assets	1 290 296	3,1	1 283 134	3,5
Tax assets	318 015	0,8	305 253	0,8
current	-	-	67 171	0,2
deferred	318 015	0,8	238 082	0,6
Other assets	193 676	0,5	199 319	0,5
Non-current assets held-for-sale	25 662	0,1	9 901	0,0
TOTAL ASSETS	41 542 014	100	36 701 673	100
EQUITY AND LIABILITIES	31.12.2011 PLN '000	% of total	31.12.2010 PLN '000	% of total
Liabilities				
Deposits from banks	5 543 891	13,4	2 951 518	8,0
Financial liabilities held for trading	4 840 447	11,7	2 804 437	7,6
Deposits from customers	24 130 225	58,1	23 980 184	65,3
Debt securities issued	25 336	0,1	11 533	0,0
Provisions	34 857	0,1	32 227	0,1
Tax liabilities	72 919	0,2	-	-
current	72 919	0,2	-	-
Other liabilities	538 752	1,3	499 682	1,4
Total liabilities	35 186 427	84,7	30 279 581	82,4
Equity				
Share capital	522 638	1,3	522 638	1,4
Supplementary capital	2 944 585	7,1	2 944 585	8,0
Revaluation reserve	(82 485)	(0,2)	(44 848)	(0,1)
Other reserve capitals	2 249 555	5,4	2 251 691	`6, Î
Retained earnings	<u>721 294</u>	1,7	748 026	2,0
Total equity	6 355 587	15,3	6 422 092	17,6
TOTAL EQUITY AND LIABILITIES	41 542 014	100	36 701 673	100



2.1.2. Income statement

	1.01.2011 - 31.12.2011 PLN '000	1.01.2010 - 31.12.2010 PLN '000
Interest and similar income	1 894 419	1 941 366
Interest expense and similar charges	(492 104)	(474 302)
Net interest income	1 402 315	1 467 064
Fee and commission income	664 877	671 052
Fee and commission expense	(81 350)	(71 723)
Net fee and commission income	583 527	599 329
Dividend income	26 271	12 509
Net trading income and revaluation	318 702	282 535
Net gain on investment (deposit) securities	30 142	119 921
Net gain on investment (capital) instruments	-	3 888,0
Other operating income	54 777	68 482
Other operating expenses	(42 653)	(58 678)
Net other operating income	12 124	9 804
General and administrative expenses	(1 336 206)	(1 276 558)
Depreciation expense	(52 518)	(56 762)
Profit on sale of tangible fixed assets	2 073	1 045
Net impairment loss	(86 311)	(234 561)
Gross profit	900 119	928 214
Income tax expense	(178 825)	(180 188)
Net profit	721 294	748 026
Weighted average number of ordinary shares (in pcs)	130 659 600	130 659 600
Net profit per ordinary share (PLN)	5,52	5,72
Diluted net profit per ordinary share (PLN)	5,52	5,72



2.1.3. Statement of comprehensive income

Net profit for the period	721 294	748 026
Net change in fair value of available-for-sale financial assets	(37 637)	36 178
Total comprehensive income	683 657	784 204

2.2. Selected financial ratios

	2011	2010	2009
Total assets (PLN '000)	41 542 014	36 701 673	36 455 439
Profit (loss) before income tax (PLN '000)	900 119	928 214	675 501
Profit (loss) for the period (PLN '000)	721 294	748 026	525 152
Shareholders' equity (PLN '000)*	5 634 293	5 674 066	5 609 471
Return on equity	12,80%	13,18%	9,36%
Receivables to total assets	35,14%	37,98%	43,73%
Income generating assets to total assets	94,62%	93,93%	93,32%
Interest bearing liabilities to total liabilities	83,14%	81,05%	81,88%

^{*} excluding current-year net profit



TRANSLATION

3. Detailed report

3.1. Proper operation of the accounting system

The Bank maintains current documentation describing the applied accounting principles adopted by the Management Board to the extent required by Art. 10 of the Accounting Act and the Decree of the Ministry of Finance dated 1 October 2010 on the specific accounting principles of banks (Dz. U. z 2010 r., nr 191, poz. 1279).

During the audit of the financial statements, we tested, on a sample basis, the operation of the accounting system.

On the basis of the work performed, we have not identified material irregularities in the accounting system which have not been corrected and that could have a material impact on the separate financial statements. Our audit was not conducted for the purpose of expressing a comprehensive opinion on the operation of the accounting system.

The Bank performed a physical verification of assets in accordance with the requirements and time frame specified in Art. 26 of the Accounting Act. and the Decree of the Ministry of Finance dated 1 October 2010 on the specific accounting principles of banks (Dz. U. z 2010 r., nr 191, poz. 1279)

3.2. Notes to the separate financial statements

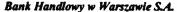
All information included in the notes to the separate financial statements, comprising of a summary of significant accounting policies and other explanatory notes, is, in all material respects, presented accurately and completely. This information should be read in conjunction with the separate financial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

3.3. Compliance with banking regulations

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

3.4. Report on the Bank's activities

The Report on the Bank's activities includes, in all material respects, information required by Art. 49 of the Accounting Act and by the Decree of the Ministry of Finance dated 19 February 2009 on current and periodic information provided by issuers of securities and the conditions for recognition as equivalent information required by the law of a non-Member State (Official Journal from 2009, No 33, item 259) and the information is consistent with the separate financial statements.





3.5. Information on the opinion of the independent auditor

Based on our audit of the separate financial statements as at and for the year ended 31 December 2011, we have issued an unqualified opinion.

On behalf of KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k. registration number 3546 ul. Chłodna 51, 00-867 Warsaw

Signed on the Polish original

Signed on the Polish original

Certified Auditor No 90115 Magdalena Szymańska-Serwa

Certified Auditor No. 9941 Limited Liability Partner with power of attorney Bożena Graczyk

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13 March 2012 Warsaw