

Bank Handlowy w Warszawie S.A.

Opinion and Report of the Independent Auditor Financial Year ended 31 December 2012

The opinion contains 2 pages
The supplementary report contains 10 pages
Opinion of the independent auditor
and the supplementary report
on the audit of the separate financial statements
for the financial year ended
31 December 2012

This document is a free translation of the Polish original. Terminology current in Anglo-Saxon countries has been used where practicable for the purposes of this translation in order to aid understanding. The binding Polish original should be referred to in matters of interpretation.

OPINION OF THE INDEPENDENT AUDITOR

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

Opinion on the Separate Financial Statements

We have audited the accompanying separate financial statements of Bank Handlowy w Warszawie S.A., with its registered office in Warsaw, 16 Senatorska Street ("the Bank"), which comprise the statement of financial position as at 31 December 2012, the income statement and the statement of comprehensive income, the statement of changes in equity and the 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 separate 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 separate 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 separate 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 separate financial statements and whether the separate 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 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 separate 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 separate financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the separate 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 separate 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 separate 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 financial position of the Bank as at 31 December 2012 and its financial performance and its 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.

Specific Comments on Other Legal and Regulatory Requirements

Report on the Bank's Activities

As required under the Accounting Act, we report that the report on the Bank's activities includes, in all material respects, the 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 with amendments) and the information is consistent with the separate 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

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

14 March 2013 Warsaw Signed on the Polish original

Magdalena Szymańska-Serwa Certified Auditor Registration No. 90115



Bank Handlowy w Warszawie S.A.

Supplementary report on the audit of the separate financial statements Financial Year ended 31 December 2012

The supplementary report contains 10 pages

The supplementary report
on the audit of the separate financial statements
for the financial year ended

31 December 2012



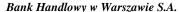
Bank Handlowy w Warszawie S.A.

The supplementary report on the audit of the separate financial statements for the financial year ended 31 December 2012

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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

the 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 2012, the Management Board of the Bank was comprised of the following members:

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

Brendan Carney - Vice-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,
 Witold Zieliński - Vice-president of the Management Board,

Iwona Dudzińska – Member of the Management Board.

On 13 May 2012 Mrs. Sonia Wędrychowicz-Horbatowska ceased to function as Vice-president of the Management Board.

On 21 May 2012 the Supervisory Board passed a resolution on appointment of a new member of the Management Board Mr. Brendan Carney.

1.2. Auditor information

1.2.1. Key Certified Auditor information

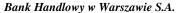
Name and surname: Bożena Graczyk

Registration number: 9941

1.2.2. Audit Firm information

Name: KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.

Address of registered office: ul. Chłodna 51, 00-867 Warsaw





Registration number: KRS 0000339379

Registration court: District Court for the Capital City of 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, maintained by the National Council of Certified Auditors.

1.3. Prior period financial statements

The separate financial statements for the financial year ended 31 December 2011 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 20 June 2012 where it was resolved to allocate the net profit for the prior financial year of PLN 721,294 thousand as follows:

- PLN 360,621 thousand dividend for shareholders,
- PLN 10,000 thousand general risk fund,
- PLN 350,673 thousand reserve capital.

The separate financial statements were submitted to the Registry Court on 27 June 2012 and were published in Monitor Polski B No. 2287 on 28 September 2012.

1.4. Audit scope and responsibilities

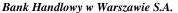
This report was prepared for the General Meeting of Bank Handlowy w Warszawie S.A. with its registered office in Warsaw, 16 Senatorska Street and relates to the separate financial statements comprising: the statement of financial position as at 31 December 2012, the income statement and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended and notes to the separate 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 30 October 2012, concluded on the basis of the resolution of the Supervisory Board dated 16 March 2012 on the appointment of the auditor.

We conducted the audit in accordance with section 7 of the Accounting Act dated 29 September 1994 (Official Journal from 2009, No. 152, item 1223 with amendments) ("the Accounting Act"), National Standards on Auditing issued by the National Council of Certified Auditors and International Standards on Auditing.

We audited the separate financial statements at the Bank during the period from 26 November 2012 to 14 March 2013.





Management of the Bank is responsible for the accuracy of the accounting records and the preparation and fair presentation of the separate 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 supplementary report on the audit of the separate financial statements and whether the separate financial statements are derived from properly maintained accounting records based on our audit.

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

All required statements, explanations and information were provided to us by Management of the Company and all our requests for additional documents and information necessary for expressing our opinion and preparing the report have been fulfilled.

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 the Audit Firm.

The Key Certified Auditor and the Audit Firm fulfil the independence requirements as described in Art. 56 points 3 and 4 of the Act on Certified Auditors and Their Self-Government, Audit Firms and Public Oversight dated 7 May 2009 (Official Journal from 2009, No. 77, item 649 with amendments).

31.12.2011 % of total



ASSETS

The supplementary report on the audit of the separate financial statements for the financial year ended 31 December 2012 TRANSLATION

31.12.2012 % of total

2. Financial analysis of the Bank

2.1. Summary analysis of the separate financial statements

2.1.1. Statement of financial position

ASSETS	31.12.2012	/o or total	31.12.2011	/U UI tutai
	PLN '000	assets	PLN '000	assets
Cook and halamass with Control Donle	1 257 200	3.2	070 616	2.2
Cash and balances with Central Bank Amounts due from banks	1,357,308	3.4	979,616	2.3
	1,451,370		548,182	1.3
Financial assets held for trading	6,838,483	16.0 35.0	5,801,713	14.0 42.4
Debt securities available-for-sale	15,003,003		17,625,355	
Equity investments	258,441	0.6	303,626	0.7
Amounts due from customers	15,768,922	36.8	14,049,241	33.8
Tangible fixed assets	370,483	0.8	406,632	1.0
Intangible assets	1,377,632	3.2	1,290,296	3.1
Income tax assets	220,804	0.5	318,015	0.8
deferred	220,804	0.5	318,015	0.8
Other assets	214,788	0.5	193,676	0.5
Non-current assets held-for-sale	12,554	-	25,662	0.1
TOTAL ASSETS	42,873,788	100	41,542,014	100
EQUITY AND LIABILITIES	31.12.2012	% of total	31.12.2011	% of total
	PLN '000	liabilities	PLN '000	liabilities
Liabilities				
Amounts due to banks	2,097,033	4.9	5,543,891	13.3
Financial liabilities held-for-trading	5,846,404	13.6	4,840,447	11.7
Amounts due to customers	26,882,179	62.7	24,130,225	58.1
Liabilities due to debt securities issuance	-	-	25,336	0.1
Provisions	28,596	0.1	34,857	0.1
Liabilities due to income tax	54,774	0.1	72,919	0.2
current	54,774	0.1	72,919	0.2
Other liabilities	621,074	1.5	538,752	1.3
Total liabilities	35,530,060	82.9	35,186,427	84.7
Equity				
Share capital	522,638	1.2	522,638	1.3
Supplementary capital	2,944,585	6.9	2,944,585	7.1
Revaluation reserve	257,579	0.6	(82,485)	(0.2)
Other reserves	2,610,228	6.1	2,249,555	5.4
Retained earnings	1,008,698	2.3	721,294	1.7
Total equity	7,343,728	17.1	6,355,587	15.3
TOTAL EQUITY AND LIABILITIES	42,873,788	100	41,542,014	100
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2.1.2. Income statement

	1.01.2012 - 31.12.2012 PLN '000	1.01.2011 - 31.12.2011 PLN '000
Interest and similar income Interest expense and similar charges Net interest income	2,047,013 (590,669) 1,456,344	1,894,419 (492,104) 1,402,315
Fee and commission income Fee and commission expense Net fee and commission income	660,110 (88,461) 571,649	664,877 (81,350) 583,527
Dividend income Net income on trading financial instruments and revaluation Net gain on investment securities	38,565 373,188 279,451	26,271 318,702 30,142
Other operating income Other operating expenses Net other operating income	34,036 (53,006) (18,970)	54,777 (42,653) 12,124
General administrative expenses Depreciation expense Profit on sale of tangible fixed assets Net impairment due to financial assets and provisions value losses for granted financial and guarantees liabilities	(1,338,422) (54,906) 78 (52,895)	(1,336,206) (52,518) 2,073 (86,311)
Profit before tax	1,254,082	900,119
Income tax expense	(245,384)	(178,825)
Net profit	1,008,698	721,294
Weighted average number of ordinary shares (in pcs) Net earnings per share (PLN) Diluted net earnings per share (PLN)	130,659,600 7.72 7.72	130,659,600 5.52 5.52



2.1.3. Statement of comprehensive income

	1.01.2012 - 31.12.2012 zł '000	1.01.2011 - 31.12.2011 zł '000
Zysk netto za rok obrotowy	1,008,698	721,294
Wycena aktywów finansowych dostępnych do sprzedaży (netto)	340,064	(37 637)
Całkowite dochody ogółem	1,348,762	683,657

2.2. Selected financial ratios

	2012	2011	2010
Total assets (PLN '000)	42,873,788	41,542,014	36,701,673
Profit (loss) before income tax (PLN '000)	1,254,082	900,119	928,214
Profit (loss) for the period (PLN '000)	1,008,698	721,294	748,026
Shareholders' equity (PLN '000)*	6,335,030	5,634,293	5,674,066
Return on equity	15.92%	12.80%	13.18%
Receivables to total assets	40.17%	35.14%	37.98%
Income generating assets to total assets	94.88%	94.62%	93.93%
Interest bearing liabilities to total liabilities	81.23%	83.14%	81.05%

^{*} excluding current-year net profit



3.

The supplementary report on the audit of the separate financial statements for the financial year ended 31 December 2012 TRANSLATION

3.1. Accounting system

Detailed report

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 (Official Journal from 2010, No 191, item 1279).

During the audit of the separate 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 any material irregularities in the accounting system which have not been corrected and that could have a material effect 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.

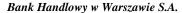
The Bank performed a physical verification of its assets in accordance with the requirements and time frame specified in Art. 26 of the Accounting Act and the Decree of the Ministry of Finance dated 1 October 2010 on the specific accounting principles of banks (Official Journal from 2010, No 191, item 1279) and reconciled and recorded the results thereof in the accounting records.

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 significant incompliance by the Bank with the banking prudential regulatory norms pertaining among other to exposure concentration, obligatory reserve and capital adequacy.





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 with amendments) and the information is consistent with the separate 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

Bożena Graczyk

Key Certified Auditor
Registration No. 9941
Limited Liability Partner with power of attorney

14 March 2013 Warsaw Signed on the Polish original

Magdalena Szymańska-Serwa Certified Auditor Registration No. 90115

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