



**CONDENSED INTERIM STAND-ALONE FINANCIAL STATEMENTS
OF BANK HANDLOWY W WARSZAWIE S.A.
FOR THE 6 MONTH PERIOD ENDED 30 JUNE 2014**

AUGUST 2014

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Condensed income statement

For a period		II quarter	I half of the year	II quarter	I half of the year
		01.04. - 30.06. 2014	01.01. - 30.06. 2014	01.04. - 30.06. 2013	01.01. - 30.06. 2013
PLN'000	Note				
Interest and similar income		384,846	761,104	407,266	844,327
Interest expense and similar charges		(86,040)	(172,917)	(102,168)	(217,702)
Net interest income		298,806	588,187	305,098	626,625
Fee and commission income		173,712	340,612	173,672	335,779
Fee and commission expense		(20,260)	(43,227)	(23,199)	(46,689)
Net fee and commission income		153,452	297,385	150,473	289,090
Dividend income		48,842	48,842	8,814	8,814
Net income on trading financial instruments and revaluation		105,898	230,965	117,044	237,918
Net gain on debt investment securities		65,656	105,288	81,334	253,298
Net gain on equity investment instruments		-	2,855	-	1,844
Net loss on hedge accounting		-	(709)	-	-
Other operating income		15,025	32,877	10,524	30,761
Other operating expenses		(9,766)	(22,113)	(13,016)	(23,528)
Net other operating income		5,259	10,764	(2,492)	(7,233)
General administrative expenses		(303,330)	(593,721)	(309,103)	(630,383)
Depreciation and amortization		(16,554)	(33,488)	(11,529)	(22,971)
Profit on sale of other assets		144	297	94	162
Net impairment allowances for financial assets and provisions for granted financial liabilities and guarantees	5	(3,946)	(1,610)	27,544	15,730
Profit before tax		354,227	655,055	367,277	787,360
Income tax expense		(50,672)	(110,709)	(74,210)	(154,258)
Net profit		303,555	544,346	293,067	633,102
Weighted average number of ordinary shares (in pcs)			130,659,600		130,659,600
Earnings per share (in PLN)			4.17		4.85
Diluted net earnings per share (in PLN)			4.17		4.85

Explanatory notes on pages 7-16 are integral part of the condensed interim standalone financial statements.

Condensed statement of comprehensive income

For a period	II quarter	I half of the year	II quarter	I half of the year
	01.04. - 30.06. 2014	01.01. - 30.06. 2014	01.04. - 30.06. 2013	01.01. - 30.06. 2013
<i>PLN'000</i>				
Net profit	303,555	544,346	293,067	633,102
Other comprehensive income, that might be subsequently reclassified to profit or loss				
Changes in value of available-for-sale financial assets	74,013	45,942	(100,370)	(286,066)
Total comprehensive income	377,568	590,288	192,697	347,036

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Condensed statement of financial position

<i>PLN '000</i>	State as at	Note	30.06.2014	31.12.2013
ASSETS				
Cash and balances with the Central Bank			1,223,516	778,464
Amounts due from banks			4,627,963	3,539,922
Financial assets held-for-trading			6,989,983	5,746,799
Debt securities available-for-sale			12,857,655	17,616,041
Equity investments			245,823	247,483
Amounts due from customers		6	16,653,746	14,811,383
Tangible fixed assets			352,968	355,655
Intangible assets			1,400,437	1,415,204
Current income tax receivables			-	72,837
Deferred income tax asset			191,512	204,035
Other assets			253,998	161,196
Non-current assets held-for-sale			13,544	12,738
Total assets			44,811,145	44,961,757
LIABILITIES				
Amounts due to banks			3,896,889	6,172,957
Financial liabilities held-for-trading			5,775,176	4,196,896
Hedging derivatives			-	24,710
Amounts due to customers			26,402,784	26,634,357
Provisions			62,084	88,701
Current income tax liabilities			12,395	-
Other liabilities			1,784,523	622,914
Total liabilities			37,933,851	37,740,535
EQUITY				
Ordinary shares			522,638	522,638
Share premium			2,944,585	2,944,585
Revaluation reserve			2,752	(43,190)
Other reserves			2,862,973	2,862,407
Retained earnings			544,346	934,782
Total equity			6,877,294	7,221,222
Total liabilities and equity			44,811,145	44,961,757

Explanatory notes on pages 7-16 are integral part of the condensed interim standalone financial statements.

Condensed statement of changes in equity

<i>PLN '000</i>	Ordinary shares	Share premium	Revaluation reserve	Other reserves	Retained earnings	Total equity
Balance as at 1 January 2014	522,638	2,944,585	(43,190)	2,862,407	934,782	7,221,222
Total comprehensive income, including:	-	-	45,942	-	544,346	590,288
Net profit	-	-	-	-	544,346	544,346
Net valuation of available-for-sale financial assets	-	-	45,942	-	-	45,942
Dividends to be paid	-	-	-	-	(934,216)	(934,216)
Transfer to capital	-	-	-	566	(566)	-
Balance as at 30 June 2014	522,638	2,944,585	2,752	2,862,973	544,346	6,877,294

<i>PLN '000</i>	Ordinary shares	Share premium	Revaluation reserve	Other reserves	Retained earnings	Total equity
Balance as at 1 January 2013	522,638	2,944,585	(257,579)	2,610,228	1,008,698	7,343,728
Total comprehensive income, including:	-	-	(286,066)	-	633,102	347,036
Net profit	-	-	-	-	633,102	633,102
Net valuation of available-for-sale financial assets	-	-	(286,066)	-	-	(286,066)
Dividends to be paid	-	-	-	-	(756,519)	(756,519)
Transfer to capital	-	-	-	252,179	(252,179)	-
Balance as at 30 June 2013	522,638	2,944,585	(28,487)	2,862,407	633,102	6,934,245

<i>PLN '000</i>	Ordinary shares	Share premium	Revaluation reserve	Other reserves	Retained earnings	Total equity
Balance as at 1 January 2013	522,638	2,944,585	257,579	2,610,228	1,008,698	7,343,728
Total comprehensive income, including:	-	-	(300,769)	-	934,782	634,013
Net profit	-	-	-	-	934,782	934,782
Net valuation of available-for-sale financial assets	-	-	(300,769)	-	-	(300,769)
Dividends paid	-	-	-	-	(756,519)	(756,519)
Transfer to capital	-	-	-	252,179	(252,179)	-
Balance as at 31 December 2013	522,638	2,944,585	43,190	2,862,407	934,782	7,221,222

Explanatory notes on pages 7-16 are integral part of the condensed interim standalone financial statements.

Condensed statement of cash flows

	For a period	01.01. – 30.06. 2014	01.01. – 30.06. 2013
<i>PLN '000</i>			
A. Cash flows from operating activities			
I. Net profit		544,346	633,102
II. Adjustments to reconcile net profit or loss to net cash provided by operating activities:		(932,474)	(1,031,485)
Current and deferred income tax recognized in income statement		110,709	154,258
Depreciation expense		33,488	22,971
Net impairment due to financial assets value loss		2,745	(16,221)
Net provisions (recoveries)		916	3,825
Net interest income		(588,188)	(626,625)
Dividend income from subsidiaries		(43,910)	(4,630)
Profit/loss on investing activities		(292)	(158)
Other adjustments		(4,561)	(9,004)
Cash flows from operating income before changes in operating assets and liabilities		(489,093)	(475,584)
Increase / decrease in operating assets (excl. cash and cash equivalents)		398,010	(2,374,386)
Increase/decrease in amounts due from banks		(1,286,189)	(241,475)
Increase/decrease in amounts due from customers		(1,843,293)	(731,061)
Increase/decrease in assets available-for-sale		4,836,341	611,598
Increase/decrease in equity investments		1,537	4,716
Increase/decrease in financial assets held-for-trading		(1,250,018)	(2,010,861)
Increase/decrease in assets held-for-sale		(1,174)	(185)
Increase/decrease in other assets		(59,194)	(7,118)
Increase/decrease in operating liabilities (excl. cash and cash equivalents)		(841,391)	1,818,485
Increase/decrease in amounts due to banks		(2,370,949)	4,671,946
Increase/decrease in amounts due to customers		(223,960)	(1,926,078)
Increase/decrease in liabilities held-for-trading		1,578,280	(1,002,583)
Increase/decrease in amounts due to hedging derivatives		(24,710)	-
Increase/decrease in other liabilities		199,948	75,200
Interest received		745,213	750,211
Interest paid		(176,168)	(219,042)
Income tax paid		(23,819)	(158,515)
III. Net cash flows from operating activities		157,098	(25,729)
B. Cash flows from investing activities			
Purchase of tangible fixed assets		(15,722)	(15,242)
Disposal of tangible fixed assets		145	70
Purchase of intangible assets		(3,461)	(31,807)
Disposal of fixed assets held-for-sale		147	88
Dividends received		14,821	-
Net cash flows from investing activities		(4,070)	(46,891)
C. Cash flows from financing activities			
Inflows due to long-term loans from financial sector		104,283	86,974
Repayment of long-term loans from financial sector		(11,273)	(11,798)
Net cash flows from financing activities		93,010	75,176
D. Exchange rates differences resulting from cash and cash equivalent calculation		1,070	9,341
E. Net (increase)/ decrease in cash and cash equivalent		247,108	11,897
F. Cash and cash equivalent at the beginning of reporting period		1,120,157	1,533,791
G. Cash and cash equivalent at the end of reporting period		1,367,265	1,545,688

Explanatory notes on pages 7-16 are integral part of the condensed interim standalone financial statements.

Supplementary notes to the condensed interim standalone financial statements

1. General information about the Bank

Bank Handlowy w Warszawie S.A. ("the Bank") Head Office is located in Warsaw at Senatorska 16, 00-923 Warszawa. The Bank was established on the strength of Notarial Deed of 13 April 1870 and was registered and entered into the Register of Companies by the District Court for the capital city of Warsaw, XII Economic Department of the National Court Register. The Bank was registered under entry No. KRS 0000001538 and was granted a statistical REGON No. 000013037 and tax identification No. (NIP) 526-030-02-91.

The Bank was set up for an unspecified period of time.

The share equity of the Bank equals PLN 522,638,400 and is divided into 130,659,600 common bearer shares with a nominal value of PLN 4.00 per share. Bank is a listed company on the Warsaw Stock Exchange.

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

The Bank operates on the basis of applicable regulations and its Articles of Association.

The Bank is a universal commercial bank that offers a wide range of banking services for individuals and corporate clients on domestic and foreign markets.

2. Declaration of conformity

These condensed standalone interim financial statements have been prepared in accordance with International Accounting Standard IAS 34 '*Interim Financial Reporting*' adopted by European Union and other applicable regulations. These financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the standalone financial statements of the Bank for the year ended 31 December 2013 and condensed interim consolidated financial statement of the Capital Group of Bank Handlowy w Warszawie S.A. for the period of 6 months ended 30 June 2014.

In accordance with the 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 2014 No 133) the Bank is obliged to publish its financial results for the six-month period ended 30 June 2014 which is deemed to be the current interim financial reporting period.

These condensed standalone interim financial statements were approved by the Board of Directors on 18 August 2014.

3. Significant accounting policies

Condensed interim standalone financial statements of the Bank for the first half of 2014 have been prepared in accordance with accounting rules applied and summarized in the annual standalone financial statements of the Bank for the financial year ended 31 December 2013.

Since 1 January the following IFRSs were implemented: IFRS 10 – Consolidated financial statements; IFRS 11- Joint arrangements; IFRS 12 -'Disclosure of interests in other entities; revised IFRS 27 - 'Separate financial statement; IFRS 28 - 'Investments in associates and joint ventures; IFRIC 21 and revisions of IASs 32, 36, 39. New standards had no significant influence on Bank's financial statement in period of their first use.

IFRIC 21 – Levies, has been implemented to use in European Union for year periods starting on 17 June 2014 or after this date. It is not expected to have significant influence on annual Bank's financial statement. However, it might have influence on interim Bank's financial statements.

The preparation of condensed interim standalone financial statements of the Bank with accordance to International Financial Reporting Standards requires from the Management to prepare certain estimates and adopt 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 Bank for the financial year ended 31 December 2013, 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 2014, concern:

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

The condensed interim standalone financial statements of the Bank have been prepared for the period from 1 January 2014 to 30 June 2014 and from 1 April 2014 to 30 June 2014, and for statements of financial situation as at 30 June 2014. Comparable financial data are presented for the period from 1 January 2013 to 30 June 2013 and from 1 April 2013 to 30 June 2013 and for statement of financial position as at 31 December 2013.

The financial statements are presented in PLN (presentation currency), rounded to the nearest thousand.

4. Segment reporting

Information on operating segments is presented in the Condensed interim consolidated financial statements of the Capital Group of Bank Handlowy w Warszawie S.A. for the 6 month period ended 30 June 2014.

5. Net impairment due to financial assets and provisions for granted financial liabilities and guarantees

PLN'000	II quarter	I half of the year	II quarter	I half of the year
	01.04. - 30.06. 2014	01.01. - 30.06. 2014	01.04. - 30.06. 2013	01.01. - 30.06. 2013
Impairment allowances for financial assets				
Equity investments	(78)	(69)	(1,430)	(1,583)
Amounts due from banks	(588)	(1,176)	(469)	(1,314)
Amounts due from customers	(52,386)	(106,710)	(60,913)	(125,444)
Receivables from matured derivative transactions	(279)	(284)	(1)	(11)
Other	(1,303)	(3,721)	(2,787)	(5,414)
	(54,634)	(111,960)	(65,600)	(133,766)
Reversals of impairment allowances for financial assets				
Amounts due from banks	347	1,696	698	1,085
Amounts due from customers	48,799	106,586	68,987	124,466
Receivables from matured derivative transactions	7	521	65	995
Recovers from sold debts	143	412	23,441	23,441
	49,296	109,215	93,191	149,987
Net impairment allowances financial assets	(5,338)	(2,745)	27,591	16,221
Created of provisions for granted financial and guarantee commitments	(6,497)	(13,750)	(8,502)	(16,362)
Release of provisions for granted financial and guarantee commitments	7,889	14,885	8,455	15,871
Net impairment allowances provisions for granted financial and guarantee commitments	1,392	1,135	(47)	(491)
Net impairment allowances financial assets and provisions for granted financial and guarantees liabilities	(3,946)	(1,610)	27,544	15,730

6. Amounts due from customers

Amounts due from customers (by category)

<i>PLN '000</i>	30.06.2014	31.12.2013
Amounts due from financial sector entities		
Loans, placements and advances	520,253	514,560
Purchased receivables	-	2
Receivables related to reverse repo transactions	557,814	100,789
Guarantee funds and deposits pledged as collateral	70,057	56,278
Total gross value	1,148,124	671,629
Impairment write-downs	(19,138)	(19,128)
Total net value	1,128,986	652,501
Amounts due from non-financial sector entities		
Loans and advances	14,071,925	12,921,969
Unlisted debt securities	1,207,604	718,003
Purchased receivables	1,074,559	1,416,240
Realized guarantees	2,347	2,173
Other receivables	16,625	3,340
Total gross value	16,373,060	15,061,725
Impairment write-downs	(848,300)	(902,843)
Total net value	15,524,760	14,158,882
Total net value of receivables from customers	16,653,746	14,811,383

The closing balance of impairment recognized on loans and advances to customers consisted of:

<i>PLN '000</i>	30.06.2014	31.12.2013
Portfolio receivables impairment loss	(446,783)	(489,564)
Individual receivables impairment loss	(345,126)	(348,042)
Incurring but not reported (IBNR)	(75,529)	(84,365)
Impairment allowances, total	(867,438)	(921,971)

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

<i>PLN '000</i>	01.01. – 30.06. 2014	01.01.– 30.06. 2013
As at 1 January	(921,971)	(1,067,127)
Increases (due to):		
Increase of write downs	(106,710)	(125,444)
Other	(208)	(3,390)
Decreases (due to):		
Release of net write-downs in the period for receivables in respect of matured derivative instrument transactions	236	984
Receivables derecognition	53,408	54,931
Write-downs release	106,586	124,466
Sale of receivables	-	2,748
Other	1,221	482
As at the end of period	(867,438)	(1,012,350)

7. Financial instruments disclosure

Fair value of financial assets and liabilities

The summary below provides statement of financial position (by category) and fair value information for each category of financial assets and liabilities.

PLN '000	30.06.2014		31.12.2013	
	Balance value	Fair value	Balance value	Fair value
Assets				
Amounts due from banks	4,627,963	4,627,966	3,539,922	3,540,148
Amounts due from customers	16,653,746	16,661,976	14,811,383	14,813,298
Liabilities				
Amounts due to banks	3,896,889	3,897,675	6,172,957	6,174,688
Amounts due to customers	26,402,784	26,402,031	26,634,357	26,633,826

With exception to information provided in the table above and investments in equity instruments available-for-sale, the balance value of other assets and financial liabilities included in the standalone statement of financial position are equal to fair value due to their short-term nature.

Investments in equity instruments available-for-sale do not have value that is actively priced at the market and their fair value cannot be reliably estimated.

According to the Bank's strategy, presented equity investments will be gradually reduced except for selected strategic investments in "infrastructure companies" that provide services to the financial sector. Particular entities will be sold at the most suitable time under market conditions.

In first half of 2014 the Bank among equity investments which valuation at fair value was not possible, the Bank decided to sell its minority shareholding in Kuźnia Polska S.A, constituting 5.20% share of shareholders' equity and 5.20% share of shareholders' general meeting. Balance value of disposed shares in Kuźnia Polska S.A amounted to 1,536 thousand PLN, profit on disposing amounted to 2,855 thousand PLN.

Valuation methods and assumptions used for the purposes of fair value

Fair value of assets and financial liabilities are calculated as follows:

- The fair value of financial instruments not quoted on active markets is determined using valuation techniques. If valuation techniques are used to determine the fair values, these methods are periodically assessed and verified. All the models are tested and approved before application. As far as possible, only observable data are used in the models, although in some areas, the Banks's management must use estimates. Changes in the assumptions relating to the estimated factors may affect the fair value of financial instruments disclosed.

The Bank applies the following methods of measurement of particular types of derivative instruments instruments:

- FX forwards – discounted cash flow model;
- options – option market-based valuation model;
- interest rate transactions – discounted cash flow model
- futures – current quotations.
- For valuation of securities' transactions - current quotations are used. In case of lack of quotations, adequate models based on discount and forward curves including decrease of credit spread if needed, are used for valuation.
- The fair value of other assets and financial liabilities (excluding described above) are estimated in accordance to commonly accepted models of valuation based on discounted cash flow analysis taking into account fluctuations in market interest rates and changes in margins during the financial period.

Fair value included in stand-alone statement of financial position

Depending on the method of determining fair value, individual financial assets or liabilities are classified into the following categories:

- Level I: financial assets / liabilities valued directly on the basis of prices quoted in an active market, where regular quotations are available and turnover is sufficient. The active market includes stock and brokerage quotes and quotes in pricing services type systems, such as Reuters and Bloomberg, which represent the actual market transactions concluded on the market conditions. Level I mainly include debt securities held-for-trading or available-for-sale;
- Level II: financial assets / liabilities valued on the basis of models based on input data from the active market, presented in Reuters and Bloomberg systems. Depending on financial instruments, the following specific valuation techniques are used:
 - listed market prices for a given instrument or listed market prices for an alternative instrument,
 - fair value of interest rate swaps and forward foreign exchange contracts is calculated as the current value of future cash flows based on the market yield curves and current NBP fixing exchange rate in case of foreign currency instruments,
 - other techniques, such as yield curves based on alternative prices for a given financial instrument.
- Level III: financial assets / liabilities valued on the basis of valuation techniques using relevant, non-market parameters (counterparty credit risk).

The tables below present values of financial assets and liabilities in the standalone statement of financial position, in accordance with a fair value, classified by above levels:

As at 30 June 2014

PLN '000	Level I	Level II	Total
Financial assets			
Financial assets held-for-trading	2,982,627	4,007,356	6,989,983
derivatives	126	3 900,974	3 901,100
debt securities	2,982,501	106,382	3,088,883
Debt securities available-for-sale	5,678,528	7,179,127	12,857,655
Financial liabilities			
Financial liabilities held-for-trading	1,470,730	4,304,446	5,775,176
short sale of securities	1,468,888	-	1,468,888
derivatives	1,842	4,304,446	4,306,288

As at 31 December 2013

PLN '000	Level I	Level II	Total
Financial assets			
Financial assets held-for-trading	2,103,652	3,643,147	5,746,799
derivatives	2,116	3,529,010	3,531,126
debt securities	2,101,536	114,137	2,215,673
Debt securities available-for-sale	6,578,656	11,037,385	17,616,041
Financial liabilities			
Financial liabilities held-for-trading	481,804	3,715,092	4,196,896
short sale of securities	481,601	-	481,601
derivatives	203	3,715,092	3,715,295
Hedge derivatives	-	24,710	24,710

In the standalone statement of financial position, except for assets described above, there are tangible assets available-for-sale, whose fair value decreased by sale cost is smaller than its carrying amount. In consequence, they are positioned in the standalone statement of financial position at fair value, which as at 30 June 2014 was PLN 3,458 thousands (31 December 2013: PLN 2,653 thousands).

In first half of 2014 the Bank has not made any transfers between levels of financial instruments' due to established method of setting fair value.

In the 6 month period of 2014 the Bank has not made any changes in classification criteria of financial instruments (presented in the standalone statement of financial position at fair value) to each category reflecting fair value method (level I, level II, level III).

In the 6 month period of 2014 the Bank has not made any changes in financial assets classification that could result from asset's purpose or usage change.

In the first half of 2014 there was no change in the business or economic situation, that could influence the fair value of Bank's financial assets or liabilities, independently whether these assets and liabilities were presented in fair value or amortized cost.

8. Seasonality or periodicity of business activity

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

9. Issue, redemption and repayment of debt and equity securities

In the first half of the year 2014 no issue, pay back or repurchase of debt or equity securities had place.

10. Paid or declared dividends

Dividends declared

The Ordinary General Meeting of Shareholders of Bank Handlowy w Warszawie S.A. (hereinafter WZ) adopted a resolution on distribution of the net profit for 2013 on June 24, 2014. The Meeting resolved to appropriate the amount of PLN 934,216,140.00 for the dividend payment, which means that the dividend per one ordinary share is PLN 7.15. The dividend has cash character and the number of shares covered by the dividend equals to 130,659,600.

Simultaneously, the WZ resolved to set the date of the right to the dividend for July 7, 2014 (day of dividend) and the day of the dividend payment for August 29, 2014 (day of the dividend payment).

11. Changes in Bank's structure

In the first half of 2014 the structure of the Bank has not changed as a result of merger, acquisition or disposal of subsidiaries, long-term investments, division, restructuring and discontinuation of activity.

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

After 30 June 2014 there were no major events undisclosed in these financial statements, that could have a significant influence on the net result of the Bank.

13. Changes in granted and received financial and guarantee commitments

The detailed specification of granted and received financial and guarantee commitments as at 30 June 2014 and changes in comparison with the end of 2013 are as follows:

PLN '000	As at		Change	
	30.06.2014	31.12.2013	PLN '000	%
Contingent liabilities				
Financial	14,145,926	14,410,308	(264,382)	(1.8)
Import letters of credit issued	205,599	135,060	70,539	52.2
Lines of credit granted	12,437,906	12,524,677	(86,771)	(0.7)

PLN '000	As at		Change	
	30.06.2014	31.12.2013	PLN '000	%
Securities issuance guarantees granted to other Issuers	1,473,050	1,508,050	(35,000)	(2.3)
Reverse repo transactions with future currency date	29,371	242,521	(213,150)	(87.9)
Guarantees	1,703,729	1,777,617	(73,888)	(4.2)
Guarantees granted	1,700,715	1,775,108	(74,393)	(4.2)
Export letters of credit confirmed	3,014	2,509	505	20.1
	15,849,655	16,187,925	(338,270)	(2.1)
Contingent liabilities received				
financial (deposits to receive)	1,296,613	1,247,960	48,653	3.9
guarantees (guarantees received)	6,023,576	4,970,167	1,053,409	21.2
	7,320,189	6,218,127	1,102,062	17.7
Contingent transactions due to FX, securities and derivatives (granted/received liabilities)				
Current*	3,815,969	2,249,655	1,566,314	69.6
Forward **	263,311,744	254,638,094	8,673,650	3.4
	267,127,713	256,887,749	10,239,964	4

*Foreign exchange and securities transactions with current value date

** Derivatives: FX, interest rate transactions and options

14. Information about shareholders

The table below presents the list of shareholders that hold at both 30 June 2014 and the day of publishing this consolidated financial statement for the first half of 2014 at least 5% of the total number of votes at the General Meeting or at least 5% of the Bank's share capital.

	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
	522,638	130,659,600	100.0	130,659,600	100.0

In the first half of 2014 or during the period from publishing last interim report for the first quarter 2014 to publishing this standalone financial statement for the first half of 2014, the structure of major shareholdings of the Bank has not undergone any changes.

15. Information on pending court proceedings

In the first half of 2014 there was no single proceeding regarding Bank'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.

In the first half of 2014 the total value of all legal proceedings regarding receivables or liabilities with the participation of the Bank did not exceed 10% of Bank's equity.

In accordance with applicable regulations, the Bank 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, the Bank recognized adequate provisions.

As at 30 June 2014, the Bank was among others a party to 31 proceedings regarding derivative transactions: in 22 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 financial statements, in cases regarding term financial operations, seven final, including five positive for Bank and two negative were made, in seven cases Bank has made an agreement.

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.

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 complaint to the Court of Appeal. On 25 October 2012, the Appeal Court changed the appealed decision by dismissing the application for suspension of the proceedings. The Appeal Court decided that, in view of the case involving the Bank and considered by SOKiK being different from the proceedings before the Court of Justice of the European Union in the case brought by MasterCard against a decision of the European Commission (ref. no. T 111/08), it is not admissible to conclude that the proceedings before the Court of Justice of the European Union are prejudicial proceedings for the case considered by SOKiK. On 21 November 2013 SOKiK gave a judgment, under which a penalty imposed on the Bank was modified and set up at the amount of PLN 1,775,720.00. SOKiK dismissed the appeals of the banks in the remaining range, refusing to consider the interchange fee agreements as complying with the law and to include them into the agreements covered with the individual exemptions as in article 11 paragraph 2 in relation to article 7 paragraph 1 of the Act on protection of competition and customers of 15 December 2000, indicating that the banks did not prove there are indications for such an exemption. The judgment is invalid and is likely to be verified of instance due to appealing by the Bank and other parties against the judgment of SOKiK. After the proceeding before the Court of Appeal, the judgment of SOKiK may be maintained, set aside or amended.

In the first half of 2014 no significant settlements due to court case had place.

16. Related parties

The Group is a member of Citigroup Inc. Citibank Overseas Investment Corporation, a subsidiary of Citibank N.A., is the ultimate parent entity for the Bank.

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

The transactions with related entities result from present Bank's activity and mainly include loans, deposits, guarantees and derivatives transactions.

Apart from the transactions described in this section, in the presented period neither the Bank nor the Bank's subsidiaries conducted any transactions with related entities, which would be individually or jointly significant. No transaction with related entities was concluded on terms other than market terms.

Transactions with subsidiaries

The receivables and liabilities towards subsidiaries are as follows

PLN '000	30.06.2014	31.12.2013
Receivables		
Overdraft facilities	1,393	26,891
Other receivables	-	2,274
	1,393	29,165

<i>PLN '000</i>	30.06.2014	31.12.2013
Receivables		
Balance at the beginning of period	29,165	163,150
Balance at the end of period	1,393	29,165
Deposits		
Current accounts	2,777	350
Term deposits	187,883	197,975
	190,660	198,325
Deposits		
Balance at the beginning of period	198,325	115,382
Balance at the end of period	190,660	198,325
Contingent liabilities granted		
Credit lines granted	232,082	325,026
	232,082	325,026
	01.01. - 30.06. 2014	01.01. - 30.06. 2013
<i>PLN '000</i>		
Interest and commission income	1,095	3,164
Interest and commission expense	2,059	2,198

On 30 June 2014 and 31 December 2013 there were no write-offs due to value loss of receivables and contingent liabilities granted

Transactions with other Citigroup Inc. subsidiaries

The receivables and liabilities towards Citigroup Inc. companies are as follows:

<i>PLN '000</i>	30.06.2014	31.12.2013
Receivables, including:	719,430	756,025
Placements	217,487	138,509
Liabilities, including:	2,758,005	3,808,551
Deposits	2,106,673	3,238,716
Derivative		
Assets held-for-trading	3,126,513	2,699,322
Liabilities held-for-trading	3,529,378	2,891,447
Liabilities on hedge derivatives	-	17,486
Contingent liabilities granted	190,146	163,971
Contingent liabilities received	1,473,855	1,418,444
Contingent derivative transactions (liabilities granted/received), including:	199,872,951	182,584,553
Interest rate instruments	182,495,301	165,280,456
Currency instruments	16,974,292	16,744,149
Securities transactions	194,133	72,059
Commodity transactions	209,225	487,889
	01.01. - 30.06. 2014	01.01. - 30.06. 2013
<i>PLN '000</i>		
Interest and commission income	12,049	15,781
Interest and commission expense	6,046	2,702

The Bank receives income and incurs costs on derivative transactions with entities of Citigroup Inc. in order to hedge market risk. These are back to back derivative transactions, opposite to transactions with Bank's other clients and closing Bank's own position. On 30 June 2014 net balance valuation of transactions on derivatives amounted to PLN (402,865) thousand (31 December 2013: PLN (209,611) thousand).

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

In the first half of 2014 The costs incurred and accrued (including VAT reflected in the Bank's costs) in the from the agreements were connected, in particular, with costs of services regarding the maintenance of Bank's information systems and advisory support and are presented in the General administrative expenses and other operating expenses; income was related to data processing and other services rendered by the Bank and is presented in the Other operating income.

PLN '000	01.01. – 30.06. 2014	01.01. – 30.06. 2013
General administrative expenses	86,336	90,120
Other operating income	5,719	11,519

17. Transactions with the key management personnel

PLN '000	30.06.2014		31.12.2013	
	Members of the Management Board	Members of the Supervisory Board	Members of the Management Board	Members of the Supervisory Board
Loans granted	2,832	-	584	-
Deposits				
Current accounts	3,206	2,062	6,827	28,701
Term deposits	4,738	1,784	3,000	271
	7,944	3,846	9,827	28,972

As at 30 June 2014 and 31 December 2013 no loans, guarantee and warranty transactions with members of the Management Board and Supervisory Board were made.

All transactions of the Bank with members of the Management Board and the Supervisory Board are at arm's length.

Staff expenses in the first half of 2014 include remuneration and bonuses paid and payable to current and former members of the Bank's Management Board in the amount of PLN 8,915 thousand (in first half of 2013: PLN 23,677 thousand).

From a range of work relation, among contracts of employment concluded between Bank and Members of Management Board, only in case of one of the members of Management Boards there is an employment contract concluded with the Bank that include a provision on the financial compensation, in case of its termination upon notice.

A separate non-competition agreement conducted with the Bank applies to each member of the Bank's Management Boards. According to its provisions, in case of termination of employment in the Bank, in the period of 12 months (in case of one member of the Management Board - of 6 months) from the date of employment termination, the member of Management Board is obliged to refrain from competitive activities against the Bank. Due to limitations mentioned above, the Bank will be obliged to pay the compensation to the member of the Management Board.

18. Other significant information

Personal changes in the Bank's bodies

On 5 March 2014 President of the Supervisory Board accepted Misbah Ur-Rahman-Shah's resignation from Board of Management Member, with 18 March 2014.

On 19 March 2014 Maciej Kropidłowski was appointed the Vice-President of the Management Board.

On 20 May 2014 Czesław Piasek was appointed Member of Management Board.

On 24 June 2014 by operation of law, expired mandate of Supervisory Board Member – Marc Luet's.

On 24 June 2014 Anil Wadhvani was appointed Member of the Supervisory Board.

Members of Management Board signatures

18.08.2014	Sławomir S. Sikora	The President of Management Board	
..... Date	..... Name	..... Position/Function	..... Signature
18.08.2014	Brendan Carney	Vice-president of Management Board	
..... Date	..... Name	..... Position/Function	..... Signature
18.08.2014	Maciej Kropidłowski	Vice-president of Management Board	
..... Date	..... Name	..... Position/Function	..... Signature
18.08.2014	Barbara Sobala	Vice-president of Management Board	
..... Date	..... Name	..... Position/Function	..... Signature
18.08.2014	Witold Zieliński	Vice-president of Management Board, Chief Financial Officer	
..... Date	..... Name	..... Position/Function	..... Signature
18.08.2014	Iwona Dudzińska	Member of Management Board	
..... Date	..... Name	..... Position/Function	..... Signature
18.08.2014	Czesław Piasek	Member of Management Board	
..... Date	..... Name	..... Position/Function	..... Signature