This document is a translation from the original Polish version. In case of any discrepancies between the Polish and English versions, the Polish version shall prevail.

TRANSLATION

CONDENSED INTERIM STAND-ALONE FINANCIAL STATEMENTS OF BANK HANDLOWY W WARSZAWIE S.A. FOR THE 6 MONTH PERIOD ENDED 30 JUNE 2019

AUGUST 2019

CONTENTS

Condensed income statement

For a period		II quarter	I half of the year	II quarter	I half of the year
		01.04. - 30.06. 2019	01.01. - 30.06. 2019	01.04. - 30.06. 2018	01.01. - 30.06. 2018
PLN'000	Note				
Interest income		324,682	640,675	305,541	617,812
Similar income		26,206	48,637	11,229	26,654
Interest expense and similar charges		(63,028)	(124,622)	(46,790)	(97,910)
Net interest income		**287,860**	**564,690**	**269,980**	**546,556**
Fee and commission income		168,287	314,710	152,295	304,299
Fee and commission expense		(19,912)	(38,319)	(17,879)	(36,432)
Net fee and commission income		**148,375**	**276,391**	**134,416**	**267,867**
Dividend income		**10,703**	**10,779**	**23,523**	**23,581**
Net income on trading financial instruments and revaluation		**94,804**	**185,140**	**94,665**	**191,395**
Net gain/(loss) on debt investment financial assets measured at fair value through other comprehensive income		**24,852**	**54,147**	**42,492**	**79,193**
Net gain/(loss) on equity and other instruments measured at fair value through income statement		**7,249**	**13,155**	**6,070**	**6,546**
Net gain/(loss) on hedge accounting		**(346)**	**(758)**	**-**	**3,682**
Other operating income		4,919	12,241	6,621	24,229
Other operating expense		(7,391)	(14,452)	(7,414)	(13,741)
Net other operating income and expense		**(2,472)**	**(2,211)**	**(793)**	**10,488**
General administrative expense		**(251,747)**	**(608,248)**	**(255,580)**	**(576,013)**
Depreciation and amortization		**(21,422)**	**(42,196)**	**(18,526)**	**(37,050)**
Profit on sale of other assets		**(32)**	**(31)**	**(604)**	**(858)**
Provision for expected credit losses on financial assets and provisions for off–balance sheet commitments	5	**(106,490)**	**(134,851)**	**(27,023)**	**(32,563)**
Tax on some financial institutions		**(22,314)**	**(44,205)**	**(22,935)**	**(41,933)**
Profit before tax		**169,020**	**271,802**	**245,685**	**440,891**
Income tax expense		**(36,960)**	**(80,257)**	**(48,025)**	**(98,394)**
Net profit		**132,060**	**191,545**	**197,660**	**342,497**
Weighted average number of ordinary shares (in pcs)			130,659,600		130,659,600
Earnings per share (in PLN)			1.47		2.62
Diluted net earnings per share (in PLN)			1.47		2.62

Explanatory notes on pages 9-22 are integral part of the condensed interim standalone financial statements.

Financial data presented on quarterly basis for the period of 1 April 2019 to 30 June 2019 was not subject to a separate review or audit by an auditor.

Condensed statement of comprehensive income

For a period	II quarter 01.04. - 30.06. 2019	I half of the year 01.01. - 30.06. 2019	II quarter 01.04. - 30.06. 2018	I half of the year 01.01. - 30.06. 2018
PLN'000				
Net profit	**132,060**	**191,545**	**197,660**	**342,497**
Other comprehensive income, that might be subsequently reclassified to profit or loss				
Changes in value of financial assets measured at fair value through other comprehensive income	67,305	15,646	(48,795)	38,045
Other comprehensive income net of tax	**67,305**	**15,646**	**(48,795)**	**38,045**
Total comprehensive income	**199,365**	**207,191**	**148,865**	**380,542**

Explanatory notes on pages 9-22 are integral part of the condensed interim standalone financial statements.

Financial data presented on quarterly basis for the period of 1 April 2019 to 30 June 2019 was not subject to a separate review or audit by an auditor.

Condensed statement of financial position

PLN '000 State as at	Note	30.06.2019	31.12.2018
ASSETS			
Cash and balances with the Central Bank		376,742	7,272,193
Amounts due from banks		960,513	1,333,816
Financial assets held-for-trading		5,604,951	2,213,849
Hedging derivatives		474	-
Debt investment financial assets measured at fair value through other comprehensive income		19,836,965	14,241,363
Shares in subsidiaries		105,986	106,075
Equity and other instruments measured at fair value through income statement		58,143	48,511
Amounts due from customers	6	21,865,987	21,853,349
Tangible fixed assets		499,285	363,002
Intangible assets		1,410,347	1,417,506
Deferred tax asset		248,486	205,165
Other assets		203,141	187,195
Total assets		**51,171,020**	**49,242,024**
LIABILITIES			
Amounts due to banks		4,337,582	1,402,124
Financial liabilities held-for-trading		1,729,670	1,606,189
Hedging derivatives		4,064	-
Amounts due to customers		37,047,918	38,395,885
Provisions		32,702	29,984
Current income tax liabilities		47,788	66,297
Other liabilities		1,245,720	734,493
Total liabilities		**44,445,444**	**42,234,972**
EQUITY			
Ordinary shares		522,638	522,638
Share premium		2,944,585	2,944,585
Revaluation reserve		100,018	84,372
Other reserves		2,878,294	2,877,122
Retained earnings		280,041	578,335
Total equity		**6,725,576**	**7,007,052**
Total liabilities and equity		**51,171,020**	**49,242,024**

Explanatory notes on pages 9-22 are integral part of the condensed interim standalone financial statements.

Condensed statement of changes in equity

PLN '000	Ordinary shares	Share premium	Revaluation reserve	Other reserves	Retained earnings	Total equity
Balance as at 1 January 2019	**522,638**	**2,944,585**	**84,372**	**2,877,122**	**578,335**	**7,007,052**
Total comprehensive income, including:	-	-	15,646	-	191,545	207,191
Net profit	-	-	-	-	191,545	191,545
Net valuation of financial assets measured at fair value through other comprehensive income	-	-	15,646	-	-	15,646
Net actuarial gains on defined benefit plan	-	-	-	-	-	-
Dividends to be paid	-	-	-	-	(488,667)	(488,667)
Transfer to capital	-	-	-	1,172	(1,172)	-
Balance as at 30 June 2019	**522,638**	**2,944,585**	**100,018**	**2,878,294**	**280,041**	**6,725,576**

PLN '000	Ordinary shares	Share premium	Revaluation reserve	Other reserves	Retained earnings	Total equity
Balance as at 1 January 2018	**522,638**	**2,944,585**	**(9,376)**	**2,879,669**	**537,102**	**6,874,618**
Impact of adopting IFRS 9	-	-	(796)	-	(74,784)	(75,580)
Restated balance as at 1 January 2018	**522,638**	**2,944,585**	**(10,172)**	**2,879,669**	**462,318**	**6,799,038**
Total comprehensive income, including:	-	-	38,045	-	342,497	380,542
Net profit	-	-	-	-	342,497	342,497
Net valuation of financial assets measured at fair value through other comprehensive income	-	-	38,045	-	-	38,045
Dividends to be paid	-	-	-	-	(537,011)	(537,011)
Transfer to capital	-	-	-	91	(91)	-
Balance as at 30 June 2018	**522,638**	**2,944,585**	**27,873**	**2,879,760**	**267,713**	**6,642,569**

PLN '000	Ordinary shares	Share premium	Revaluation reserve	Other reserves	Retained earnings	Total equity
Balance as at 1 January 2018	**522,638**	**2,944,585**	**(9,376)**	**2,879,669**	**537,102**	**6,874,618**
Impact of adopting IFRS 9	-	-	(796)	-	(74,784)	(75,580)
Restated balance as at 1 January 2018	**522,638**	**2,944,585**	**(10,172)**	**2,879,669**	**462,318**	**6,799,038**
Total comprehensive income, including:	-	-	94,544	(2,638)	653,119	745,025
Net profit	-	-	-	-	653,119	653,119
Net valuation of financial assets measured at fair value through other comprehensive income	-	-	94,544	-	-	94,544
Net actuarial profits/(losses) on defined benefit plan	-	-	-	(2,638)	-	(2,638)
Dividends	-	-	-	-	(537,011)	(537,011)
Transfer to capital	-	-	-	91	(91)	-
As at 31 December 2018	**522,638**	**2,944,585**	**84,372**	**2,877,122**	**578,335**	**7,007,052**

Explanatory notes on pages 9-22 are integral part of the condensed interim standalone financial statements.

TRANSLATION

Condensed statement of cash flows

PLN '000 For a period	01.01. – 30.06. 2019	01.02. – 30.06. 2018
A. Operating activities		
I. Net profit	**191,545**	**342,497**
II. Adjustments:	**(7,066,171)**	**(224,736)**
Current and deferred income tax recognized in income statement	80,257	98,394
Depreciation expense	42,196	37,050
Net impairment due to financial assets value loss	132,998	35,084
Net provisions (recoveries)	2,109	(2,537)
Net interest income	(564,690)	(546,556)
Dividend income	(10,779)	(23,581)
Profit/loss on sale of fixed assets	31	860
Net unrealized exchange differences	1,179	(6,329)
Equity and other investment measured at fair value though the income statement	(13,155)	(6,546)
Other adjustments	(4,890)	968
Change in amounts due from banks	341,731	(128,925)
Change in amounts due from customers	(97,517)	(1,320,027)
Change in debt securities measured at fair value through other comprehensive income	(5,667,397)	1,711,373
Change in financial assets held-for-trading	(3,353,146)	(1,335,188)
Change in derivative hedging instruments	(474)	-
Change in other assets	(5,492)	(16,745)
Change in amounts due to banks	2,936,677	523,863
Change in amounts due to customers	(1,350,972)	360,619
Change in liabilities held-for-trading	123,481	265,307
Change in amounts due to hedging derivatives	4,064	(50,191)
Change in other liabilities	337,618	178,371
Interest received	**718,217**	**732,251**
Interest paid	**(120,319)**	**(96,595)**
Income tax paid	**(145,758)**	**(123,110)**
III. Net cash flows from operating activities	**(6,422,486)**	**630,307**
B. Investing activities		
Inflows		
Disposal of tangible fixed assets	18	-
Disposal of capital shares	20,640	-
Disposal of fixed assets held-for-sale	-	1,068
Dividends received	65	732
Outflows		
Purchase of tangible fixed assets	(10,308)	(29,011)
Purchase of intangible assets	(15,053)	(3,294)
Purchase of capital shares	(41)	-
Net cash flows from investing activities	**(4,679)**	**(30,505)**
C. Financing activities		
Outflows		
Dividends paid	(488,667)	(537,011)
Repayment of long-term loans from financial sector	(1,673)	(25,445)
Outflows from lease payments	(8,340)	-
Net cash flows from financing activities	**(498,680)**	**(562,456)**
D. Exchange rates differences resulting from cash and cash equivalent calculation	**(1,815)**	**7,053**
E. Net increase/(decrease) in cash and cash equivalent	**(6,927,660)**	**44,399**
F. Cash and cash equivalent at the beginning of reporting period	**7,474,817**	**514,477**
G. Cash and cash equivalent at the end of reporting period (see note 9)	**547,157**	**558,876**

Explanatory notes on pages 9-22 are integral part of the condensed interim standalone financial statements.

Supplementary notes to the condensed interim standalone financial statement

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 Warsaw. The Bank was established on the basis 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 is expected to continue the business activity in the foreseeable future.

The share equity of the Bank equals PLN 522,638,400 and is divided into 130,659,600 common bearer shares with a par 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 with its' headquarter in New Castle, USA, a subsidiary of Citibank N.A with its' headquarters in New York, USA, 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

The condensed standalone interim financial statements has been prepared in accordance with International Accounting Standard IAS 34 'Interim Financial Reporting' adopted by European Union and other applicable regulations.

The financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the condensed standalone annual financial statements of the Bank for the financial year ended 31 December 2018 and the consolidated interim financial statements of the Capital Group of Bank Handlowy w Warszawie S.A. for the six-month period ended 30 June 2019.

In accordance with the Decree of the Ministry of Finance dated 29 March 2018 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 2018 No 757) the Bank is obliged to publish its financial results for the six-month period ended 30 June 2019 which is deemed to be the current interim financial reporting period.

The condensed standalone interim financial statements of the Bank were approved by the Board of Directors on 21 August 2019.

3. Significant accounting policies

The interim condensed standalone financial statements of the Bank for the first half of 2019 has been prepared in accordance with accounting principles adopted and described in the annual consolidated financial statements of the Group for the financial year ended 31 December 2018, except for accounting principles amendments effective from 1 January 2019 described further resulting from implementation of IFRS 16 "Leasing".

The interim condensed standalone income statement, statement of comprehensive income, statement of cash flows and statement of changes in equity of the Bank have been prepared for the period from 1 January 2019 to 30 June 2019 and for the standalone statement of financial position as at 30 June 2019. Comparative financial data are presented for the period from 1 January 2018 to 30 June 2018 and for the standalone statement of financial position as at 31 December 2018.

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

The preparation of interim condensed standalone financial statements of the Group with accordance to International Financial Reporting Standards requires that the Management should make certain estimates and adopt related assumptions that affect the amounts reported in the financial statements. The financial statements are based on the same estimation rules which were used in the annual standalone financial statements of the Bank for the financial year ended 31 December 2018 (as well as changes due to IFRS 16), including the reasons and sources of uncertainty as at the balance sheet date.

The estimations and respective assumptions are made based on historical data available and multiple other factors which under given conditions are considered proper and which form the basis for estimation regarding balance sheet values of assets and liabilities whose value cannot be determined clearly based on other sources. Real values may differ from estimation values.

The estimations and respective assumptions are subject recurring to reviews. Changes of estimations are recognized in the period in which the estimation was modified if the adjustment concerns only this period or in the period of the change and future periods if the adjustment concerns both this period and the future periods.

The most significant estimates made for the 6 month period ended 30 June 2019, concern:

- impairment of financial assets,
- measurement of the fair value of derivatives,
- employee benefits.

Standards and interpretations awaiting European Union's approval:

- IFRS 17 „Insurance" replacing IFRS 4 „Insurance contracts" and introducing comprehensive regulations for accounting of insurance contracts, in particular the measurement of relevant liabilities. Standard eliminates differences in accounting of insurance contracts depending on local jurisdictions, allowed by IFRS 4,
- Changes in the Conceptual Framework introducing comprehensive clarifications in respect of financial reporting, among others regulating the area of measurement and its basis, presentation and disclosures, derecognition of assets and liabilities from balance sheet, and update and explanations of certain definitions,
- IFRS 3 'Business combinations' amendment - introducing a clarification of the definition of a project that helps to distinguish between acquisitions as a group of assets or a project,
- IAS 1 and IAS 8 amendments – changing definition of materiality.

will not have significant impact on the financial statements.

Standards and interpretations applicable from 1 January 2019:

- IFRS 16 "Leasing". Described further.
- IFRS 9 amendment. It clarifies situations in which prepayment of receivable results in repayment of significantly lower amount than outstanding one; in cases when it is reasonable, it does not impact SPPI test – the amendment does not have a significant impact on the financial statements,
- IAS 28 amendment regarding measurement of the long-term share in affiliate companies and joined ventures - the amendment does not have a significant impact on the financial statements,
- IAS 19 amendment stating that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the re-measurement are determined using the assumptions used for the re-measurement - the amendment does not have a significant impact on the financial statements,
- IFRIC 23 specifying measurement of uncertainties resulting from solutions applied for use of IAS 12 „Income taxes" when it is not clear if they are appropriate from perspective of tax authorities - the amendment does not have a significant impact on the financial statements.
- standard amendments cycle 2015-2017 including: IFRS 3 'Business combinations' and IFRS 11 'Joint Arrangements' in respect of measurement of interest in case of taking control over joint arrangements, IAS 12 in respect of recognition of tax on dividends in profit and loss, IAS 23 'Borrowing costs' for borrowing costs treatment – the amendments do not have a significant impact on the financial statements.

IFRS 16 Leases

On 1 January 2019 the Bank adopted IFRS 16 "Leases" ("IFRS 16") replacing IAS 17 "Leases".

The new standard relates to all leases of tangible assets excluding certain items that are in scope of other IFRS. IFRS 16 contains a holistic approach to leases identification, recognition and measurement in the financial statements of lessees and lessors. Particularly impactful changes were introduced to accounting for leases by lessees by assuming a single accounting model and abandoning a distinction between operating and finance leases.

In order to identify a lease contract, IFRS 16 uses a concept of control over an asset. The standard distinguishes lease contracts from service agreements depending on whether there is a specified asset that is controlled by a lessee. According to IFRS 16 a contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At commencement of each lease IFRS 16 requires a lessee to recognize a lease liability (resulting from an obligation to make lease payments) and an asset - right of use of a specified asset over a lease term. A lessee may elect not to apply the requirement to:

- short-term leases that at the commencement date, have a lease term of 12 months or less; and
- leases for which the underlying asset is of low value.

Implementation of IFRS 16 has not changed the classification and measurement of lease contracts where the Bank is a lessor.

At the commencement date, the Bank as a lessee measures the lease liability at the present value of the lease payments that are not paid at that date. The payments include*, inter alia*:

- fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate.

At the commencement date, right-of-use assets are measured at cost, comprising:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the lessee; and
- an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The Bank recognizes a lease contract as a right-of-use asset and corresponding lease liability at lease commencement date.

The majority of real estate leases are denominated in foreign currency and the corresponding lease liabilities are monetary items re-measured at each reporting date with revaluation gains and losses recognized in the income statement.

The Bank presents right-of-use assets within Tangible fixed assets and it includes lease liabilities in Other liabilities line.

Interest expense resulting from a lease liability is recognized in profit and loss during lease using effective interest method, in order to produce a constant periodic rate of interest on the remaining balance of the lease liability.

A right-of-use asset is amortized on linear basis until earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Bank applies a short-term exemption to leases with undefined term and short termination periods for which no leasehold improvement was created and there are no significant termination penalties. Low-value exemption on the other hand is used with respect to e.g. office equipment.

The Bank elected to apply the following practical expedients:

- the Bank applies a single discount rate to a portfolio of leases with reasonably similar characteristics (such as leases with a similar remaining lease term for a similar class of underlying asset in a similar economic environment),
- the Bank applies an exemption for short-term leases for which the lease term ends within 12 months of the date of initial application,
- the Bank elected not to separate non-lease components from lease components, and instead accounts for each lease component and any associated non-lease components as a single lease component,
- the Bank used hindsight, such as in determining the lease term if the contract contains options to extend or terminate the lease,
- for operating lease contracts for which the underlying asset is of low value, the Bank did not recognize any lease liabilities or related right-of-use assets. Lease payments on this account are recognized as expenses during the leasing period.

Initial application of IFRS 16

In accordance with the transitional provisions included in IFRS 16, when adopting the new standard, the Bank as a lessee opted to follow a simplified approach based on which comparative information is not restated and cumulative effect is recognized as an adjustment to the opening balance of retained earnings (however no retained earnings adjustment was recognized because right-of-use asset balance was equal to lease liabilities).

As at initial application of IFRS 16, i.e. 1 January 2019, the Bank recognized new assets, mainly related to right-of-use of real estate linked to the Bank's branches as well as perpetual usufruct of land. IFRS 16 initial application resulted in an increase in Bank's assets and liabilities by PLN 146.0 million (equivalent of 0.3% of the Bank's total assets as at 31 December 2018).

The impact of IFRS 16 first time adoption as at 1 January 2019 is presented below:

in PLN thousand	**31 December 2018**	**IFRS 16 impact**	**1 January 2019**
Tangible fixed assets	363,002	145,964	508,966
Total assets	**363,002**	**145,964**	**508,966**
Other liabilities	734,493	145,964	880,457
Total liabilities	**734,493**	**145,964**	**880,457**

The following table presents the reconciliation between operating lease commitments disclosed applying IAS 17 as at 31 December 2018 and lease liabilities recognized in the statement of financial position at the date of IFRS 16 initial application.

Reconciliation of Lease Liabilities

in PLN thousand	Rights to perpetual usufruct	Real estate and other	Total
Weighted-average Incremental Borrowing Rate	4.3%	1.4%	3,8%
Total non-cancellable operating lease rentals disclosed as at 31 December 2018 in accordance with IAS 17	**-**	**58,719**	**58,719**
Inclusion of Rights to perpetual usufruct and lease term change options	268,695	9,116	277,811
Total Undiscounted Lease Liability	**268,695**	**67,835**	**336,530**
Imputed Interest	186,507	4,059	190,566
Total Discounted Lease Liability as at 1 January 2019	**82,188**	**63,776**	**145,964**

The Bank applies its incremental borrowing rates because interest rates implicit in leases are not readily determined. Incremental borrowing rates are determined by the Bank taking into account risk-free rate, credit risk spread of the Bank and they reflect lease term as well as a currency of a lease contract.

The following rates were applied as at 1 January 2019:

- PLN: 1.6% - 4.3% depending on remaining lease term
- EUR: 0.02% - 2.2% depending on remaining lease term

The Bank updates the rate curves on recurring basis and applies new rates to new leases (and with respect to certain modified leases).

IFRS 16 changes the accounting of leases in the income statement by replacing rental costs with depreciation and interest expense and the timing of cost recognition – under IFRS 16 cost recognition will be front-loaded due to effective interest rate method applied to lease liabilities which was not used with respect to operating leases under principles in force before 31 December 2018. The Bank estimates that the impact is not significant and will be reversed as leases mature.

Foreign currency

The statement of financial position and contingent liabilities received and granted items denominated in foreign currencies are converted to PLN equivalents using the average exchange rate of the currency determined by the Governor of the National Bank of Poland ("NBP") prevailing at the date of preparation of the condensed interim statement of financial position.

Foreign currency transactions are converted at initial recognition to the functional currency (PLN) using the exchange rates prevailing at the date of transactions.

Foreign exchange profits and losses resulting from revaluation of the statement of financial position items denominated in foreign currencies and settlement of transactions in foreign currencies are included in net profit on foreign exchange, within the trade financial instruments and revaluation income.

The exchange rates of the major currencies applied in the preparation of these financial statements are:

PLN		30 June 2019	31 December 2018	30 June 2018
1	USD	3.7336	3.7597	3.7440
1	CHF	3.8322	3.8166	3.7702
1	EUR	4.2520	4.3000	4.3616

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 2019.

5. Provision for expected credit losses on assets and provisions for off-balance sheet commitments

PLN '000	II quarter 01.04. - 30.06. 2019	I half of the year 01.01. - 30.06. 2019	II quarter 01.04. - 30.06. 2018	I half of the year 01.01. - 30.06. 2018
Provision for expected credit losses on equity investments				
Write-offs creation	(6)	(89)	(31)	(39)
Write-offs reversals	-	-	-	-
	(6)	**(89)**	**(31)**	**(39)**
Provision for expected credit losses on amounts due from banks				
Write-offs creation	(425)	(945)	(777)	(3,021)
Write-offs reversals	659	1,191	1,001	1,609
	234	**246**	**224**	**(1,412)**
Provision for expected credit losses on amounts due from customers				
Write-offs creation and reversals	**(101,500)**	**(131,645)**	**(30,515)**	**(34,267)**
Write-offs creation	(135,035)	(193,342)	(60,340)	(109,729)
Net write-offs creation on receivables on taken instruments transactions	(1)	(5)	(12)	(51)
Write-offs reversals	33,735	61,954	30,216	75,865
Net write-offs creation on receivables on taken instruments transactions	44	92	84	129
Other	(243)	(344)	(463)	(481)
Recoveries from sold debts (written off)	**24**	**33**	**7**	**14**
	(101,476)	**(131,612)**	**(30,508)**	**(34,253)**
Provision for expected credit losses on debt investment financial assets measured at fair value through other comprehensive income				
Write-offs creation	(766)	(1,544)	-	-
Write-offs reversals	-	-	178	620
	(766)	**(1,544)**	**178**	**620**
Provision for expected credit losses on financial assets	**(102,014)**	**(132,999)**	**(30,137)**	**(35,084)**
Created provisions for granted financial and guarantee commitments	(9,891)	(15,755)	(7,866)	(16,820)
Release of provisions for granted financial and guarantee commitments	5,415	13,903	10,980	19,341
Provision for expected credit losses for granted off-balance sheet commitments	**(4,476)**	**(1,852)**	**3,114**	**2,521**
Provision for expected credit losses on financial assets and provisions for off-balance sheet commitments	**(106,490)**	**(134,851)**	**(27,023)**	**(32,563)**

6. Amounts due from customers

PLN '000	30.06.2019	30.06.2018
Amounts due from financial sector entities		
Loans, placements and advances	521,827	401,223
Unlisted debt financial assets	742,036	1,156,233
Receivables from purchased repo securities	7,778	182,613
Guarantee funds and deposits pledged as collateral	568,536	312,695
Total gross value	**1,840,177**	**2,052,764**
Impairment write-downs	(1,395)	(1,391)
Total net value	**1,838,782**	**2,051,373**
Amounts due from non-financial sector entities		
Loans and advances	18,960,464	18,047,445
Unlisted debt financial assets	305,850	568,024

PLN '000	30.06.2019	30.06.2018
Purchased receivables	1,530,187	1,830,937
Realized guarantees	481	481
Other receivables	19,488	18,084
Total gross value	**20,816,470**	**20,464,971**
Impairment write-downs	(789,265)	(662,995)
Total net value	**20,027,205**	**19,801,976**
Total net value of receivables from customers	**21,865,987**	**21,853,349**

In accordance with Transition Resource Group for Impairment of Financial Instruments the value of receivables in Stage 3 shall be presented increased by accrued contract interest in total amount of PLN 423,549 thousand (as at 31 December 2018 PLN 411,529 thousand). The result of this presentation of receivables is also the growth of provisions for expected credit losses by the same amount. This change has no influence on total net value of receivables in Stage 3.

PLN '000	30.06.2019	30.06.2018
Gross total value including contract interest in Stage 3	23,080,196	22,929,264
Provision for expected credit losses including contract interest in Stage 3	(1,214,209)	(1,075,915)
Net total value	**21,865, 987**	**21,853,349**

Movement in amounts due from customers presents as follows:

PLN '000 **Loss allowance - amounts due from customers**	Stage 1	Stage 2	Stage 3	Total
Loss allowance as at 1 January 2019	**(56,110)**	**(74,776)**	**(533,500)**	**(664,386)**
Transfer to Stage 1	(304)	304	-	-
Transfer to Stage 2	804	(804)	-	-
Transfer to Stage 3	73	6,237	(6,310)	-
Creations/Releases in the period through the income statement	699	(11,795)	(119,382)	(130,478)
Net changes due to modification derecognition	-	-	(1,167)	(1,167)
Amounts written off	-	-	5,756	5,756
Foreign exchange and other movements	68	31	(484)	(385)
Loss allowance as at 30 June 2019	**(54,770)**	**(80,803)**	**(655,087)**	**(790,660)**

As at 30 June 2019 the Bank did not identify POCI assets (assets acquired or granted with initial impairment)

PLN '000 **Loss allowance - amounts due from customers**	Stage 1	Stage 2	Stage 3	Total
Loss allowance as at 31 December 2017	**-**	**-**	**-**	**(585,609)**
Impact of adopting IFRS 9	-	-	-	(86,124)
Reclassification	-	-	-	5,178
Loss allowance as at 1 January 2018	**(54,767)**	**(76,847)**	**(534,941)**	**(666,555)**
Transfer to Stage 1	(1,460)	1,460	-	-
Transfer to Stage 2	1,040	(1,040)	-	-
Transfer to Stage 3	-	270	(270)	-
(Creation)/Releases in the period though the income statement	(697)	1,569	(75,971)	(75,099)
Decrease in write-downs due to write-offs	-	-	57,158	57,158
Decrease in write-downs in connection with the sale of receivables	-	-	21,292	21,292
Foreign exchange and other movements	(226)	(188)	(768)	(1,182)
Loss allowance as at 31 December 2018	**(56,110)**	**(74,776)**	**(533,500)**	**(664,386)**

As at 31 December 2018 the Bank did not identify POCI assets (assets acquired or granted with initial impairment)

7. Financial instruments disclosures

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	30.06.2019		31.12.2018	
	Balance value	**Fair value**	**Balance value**	**Fair value**
Assets				
Cash and balances with the Central Bank	376,742	376,742	7,272,193	7,272,193
Amounts due from banks	960,513	960,517	1,333,816	1,333,735
Amounts due from customers	21,865,987	21,921,915	21,853,349	21,801,583
Liabilities				
Amounts due to banks	4,337,582	4,337,632	1,402,124	1,402,217
Amounts due to customers	37,047,918	37,042,993	38,395,885	38,394,319

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 measured at fair value through other comprehensive income;
- 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 prices for a given instrument or listed 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.

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 2019

PLN '000	Level I	Level II	Level III	Total
Financial assets				
Financial assets held-for-trading	4,162,513	1,442,438	-	5,604,951
derivatives	-	1,442,437	-	1,442,437
debt securities	4,162,513	1	-	4,162,514
Hedging derivatives	-	474	-	474
Debt financial assets measured at fair value through other comprehensive income	16,537,383	3,299,582	-	19,836,965
Equity and other investments measured at fair value through income statement	902	-	57,241	58,143
Financial liabilities				
Financial liabilities held-for-trading	156,035	1,573,635	-	1,729,670
short sale of securities	156,035	-	-	156,035
derivatives	-	1,573,635	-	1,573,635
Hedging derivatives	-	4,064	-	4,064

As at 31 December 2018

PLN '000	Level I	Level II	Level III	Total
Financial assets				
Financial assets held-for-trading	931,893	1,281,956	-	2,213,849
derivatives	722	1,281,955	-	1,282,677
debt securities	931,171	1	-	931,172
Debt financial assets measured at fair value through other comprehensive income	14,241,363	-	-	14,241,363
Equity and other investments measured at fair value through income statement	770	-	47,741	48,511
Financial liabilities				
Financial liabilities held-for-trading	348,130	1,258,059	-	1,606,189
short sale of securities	348,130	-	-	348,130
derivatives	-	1,258,059	-	1,258,059
Hedging derivatives	-	-	-	-

On the 30th of June 2019 the amount of financial assets classified to the Level III includes the share of PLN 37,036 thousand in Visa Inc. and the share of PLN 21,107 thousand in other minority shareholding. On the 31st of December 2018 that amount includes the share of PLN 28,520 thousand in Visa Inc. and the share of PLN 19,221 thousand in other minority shareholding.

The fair value valuation method takes into account the value of shares of Visa Inc. as well as corrections resulting from legal cases (actual and potential) a party of which could be Visa or the Bank. Minority shareholdings in partnerships of Biuro Informacji Kredytowej S.A. and Krajowa Izba Rozliczeniowa S.A. were measured to fair value based on book value of net assets based on available annual and audited financial statements of partnerships.

Changes in financial assets and liabilities in, measured at a fair value that was defined by using relevant parameters not-market based are presented below:

	Equity and other investments measured at fair value through income statement	
PLN '000	01.01.-31.06. 2019	01.01.-31.12. 2018
As at the beginning of period	**47,741**	**41,248**
Sale	(600)	-
Revaluation	10,100	6,493
As at the end of period	**57,241**	**47,741**

In the first half of 2019 the Bank has made no transfers between levels of instruments' fair value due to established method of setting fair value.

In the first half of 2019, the Bank has not made any changes in classification criteria of financial instruments' (presented in the stand-alone statement of financial position at fair value) to each category reflecting the fair value (level I, level II, level III).

During the same period, 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 2019 there was no change in the business or economic situation that could influence the fair value of Bank's financial assets or liabilities, regardless of their presentation in the fair value or amortized cost.

As at 30 June 2019, there was a substantial change in the financial instruments fair value, classified to measure at the fair value portfolio in comparison to the end of 2018 reporting period, which was caused by increasing the size of portfolio resulting primarily from both increasing of securities held-for-trading portfolio and securities held-for-sale portfolio in the first half of 2019.

8. Net gain/ (loss) on derecognition of asset from balance sheet

The amount from derecognition of financial assets in Bank comes down to gain on debt investment financial assets measured at fair value through other comprehensive income and amounted to PLN 54,147 thousand in the first half of 2019 (PLN 79,193 thousands in the first half of 2018).
Due to specific activity of the Bank, changes in debt investment financial assets measured at fair value through other comprehensive income are presented in operating activities in cash flow statement.

9. Additional information to the statement of cash flows

PLN'000	**30.06.2019**	**31.12.2018**	**30.06.2018**
Cash related items:			
Cash in hand	364,964	422,064	376,028
Nostro current account in Central Bank	11,172	6,850,088	133,015
Current accounts in other banks (nostro, overdrafts on loro accounts)	171,021	202,665	49,833
	547,157	**7,474,817**	**558,876**

10. 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.

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

In the first half of the year 2019 no issue, pay back or repurchase of debt or equity securities took place.

12. Paid or declared dividends

Dividends declared for 2018

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 2018 on June 5, 2019. The Meeting resolved to appropriate the amount of PLN 488,666,904.00 for the dividend payment, which means that the dividend per one ordinary share is PLN 3.74. 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 June 13, 2019 (the day of the dividend) and the day of the dividend payment for June 24, 2019 (the day of the dividend payment).

As at day of approval of the financial statements by Management Board the dividend was paid.

13. Changes in Bank's structure

In the first half of 2019 the structure of the Bank has not changed. Changes in Group's structure were presented in consolidated interim financial statements of the Group.

14. Changes in granted and received financial and guarantee commitments

The detailed specification of granted and received financial and guarantee commitments as at 30 June 2019 and changes in comparison with the end of 2018 are as follows:

PLN '000	State as at		Change	
	30.06.2019	31.12.2018	PLN '000	%
Contingent liabilities and guarantees granted				
Letters of credit	134,766	137,669	(2,903)	(2.1%)
Guarantees granted	2,406,399	2,589,013	(182,614)	(7.1%)
Credit lines granted	15,144,379	14,103,607	1,040,772	7.4%
	17,685,544	**16,830,289**	**855,255**	**5.1%**
Letters of credit				
Import letters of credit issued	**132,996**	137,669	**(4,673)**	**(3.4%)**
Export letters of credit confirmed	1,770	-	1,770	100.0%
	134,766	**137,669**	**(2,903)**	**(2.1%)**

The provisions of contingent liabilities and guarantees granted by the Bank are established. As at 30 June, 2019 the amount of provisions of granted contingent liabilities and guarantees was PLN 28,367 thousand (31 December 2018: PLN 26,481 thousand).

Guarantees granted include guarantees of credit repayment for payer, other guarantees of payment, guarantees on advance payments, guarantees on properly performance, tender guarantees and endorsements on bills.

PLN '000	State as at		Change	
	30.06.2019	31.12.2018	PLN '000	%
Contingent liabilities and guarantees received				
Financial	-	-	-	-
Guarantees	19,529,479	19,278,757	250,722	1.3%
	19,529,479	**19,278,757**	**250,722**	**1.3%**

15. Information about shareholders

The table below presents the list of shareholders that hold at both 30 June 2019 and the day of publishing the standalone financial statements for the first half of 2019 directly or indirectly through subsidiaries 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 2019 the structure of major shareholdings of the Bank has not undergone any changes.

16. Information on pending court proceedings

In the half of 2019 there was no single proceeding regarding receivables and liabilities of the Bank pending in court, public administration authority or an arbitration authority, the value of which would make at least 10% of own equities of the Bank.
Total value of all proceedings with the participation of the Bank concerning receivables and liabilities in the 1 half of 2019 did not make at least 10% of own equities of the Bank.
Total value of liabilities of the Bank from proceedings in terms of liabilities in the 1 half of 2019 did not make at least 10% of own equities of Bank.

On January 2019, the Bank became aware of the filing of lawsuits by two previous agents, Rigall Arteria Management Ltd. with registered office in Warsaw and Rotsa Sales Direct Ltd. with registered office in Katowice. The lawsuits concerned claims related to agency agreements which in the past merged agents with the Bank and which expired as a result of termination by the Bank in 2014.
As at 27 May 2019 Rigall Management Sp. z.o.o. spółka komandytowa with its registered office in Warsaw submitted a statement of claim for the payment of PLN 386,139,180.89 along with statutory interest for delay from the date of filing the claim to the payment date and the amount of PLN 50,017,463.89 including statutory interest for delay from the date of filing the claim to the date of payment. The statement of claim refers to the agency agreement with covered intermediary services for the Bank's products and services, primarily in the segment of consumer banking, which was terminated in 2014. The Court has referred the

matter to mediation proceedings. The deadline to replay to the statement of claim is three months since mediations finish. Until the publication of this financial statements the Bank has not received summons from Rotsa Sales Direct sp. z o.o.

In the Bank's opinion, the amount of claims filed by the companies is not justified. The Bank's position is confirmed by legally binding resolutions of legal actions taken by the companies against the Bank, which are beneficial for the Bank.

As at 30 June 2019, the Bank was, among others, a party to 19 court proceedings associated directly with derivative transactions that have not been legally terminated: in 12 proceedings the Bank acted as a defendant and in 7 as a plaintiff. The claims and allegations in the individual cases against the Bank are based on various legal bases. The subject of the dispute refers mainly to the validity of the derivative transactions and clients' liabilities demanded by the Bank with respect to those derivative transactions, as well as potential claims regarding potential invalidation of such demands by court decisions. Clients try to prevent the Bank from seeking claims resulting from derivative transactions; they dispute their liabilities towards the Bank, question the validity of the agreements and, in some cases, demand payment from the Bank.

The Bank was a party to proceedings initiated by the President of the Office of Competition and Consumer Protection (UOKiK) against the Visa and Europay payment system operators and banks - issuers of Visa cards and Europay/Eurocard/Mastercard cards. The Bank was one of the addressees of the President of UOKiK's decision in the case. The proceedings have concerned alleged practices limiting competition on the payment cards market in Poland consisting in the fixing of interchange fees for transactions made with Visa and Europay/Eurocard/Mastercard cards, as well as limiting access to the market for operators who do not belong to the unions of card issuers, against whom the proceedings were initiated. The President of UOKiK's decision was the subject of legal analyses in appeal proceedings. On April 22, 2010, the Appeal Court overturned the verdict of the Court of Competition and Consumer Protection (SOKiK) and referred the case back to the court of first instance. On 21 November 2013 SOKiK, gave a judgment, under which a penalty imposed on the Bank was modified and set in the amount of PLN 1,775,720. On October 6, 2015 the Appeal Court modified the verdict of the Competition and Consumer Protection Court and denied all appeals from the decision of the President of the Competition and Consumer Protection Office, including the changes of amounts of the fines that were imposed upon banks. As a result, the fine in the amount of 10,228,470 PLN that was originally imposed upon the Bank has been reinstated. The verdict is binding and enforceable. Due to the Banks submitted extraordinary appeal on the 25 October 2017 the Supreme Court has overturned the Appeal Court's verdict and the case has been returned to the Appeal Court for a second review. The appeals proceedings have begun again. In the first quarter of 2018, the Bank received the reimbursed of the fine which was recognized in the profit and loss. In the first half of 2019 no settlements were made.

In the case of legal proceedings involving the risk of cash outflow due to fulfillment of the obligation, the Group creates adequate reserves. The amount of created provisions was equal to PLN 3,447 thousand as at 30 June 2019 (PLN 3,221 thousand as at 31 December 2018).

In the first half of 2019 the Bank did not make any significant settlement due to court ended with the final judgment.

17. Transactions with the key management personnel

PLN '000	30.06.2019		31.12.2018	
	Members of the Management Board	**Members of the Supervisory Board**	**Members of the Management Board**	**Members of the Supervisory Board**
Loans granted	**121**	**-**	**165**	**-**
Current accounts	10,076	10,245	8,969	2,307
Term deposits	8,955	2,423	7,695	380
Deposits	**19,031**	**12,668**	**16,664**	**2,687**

As at 30 June 2019 and 31 December 2018, no loans or guarantees were granted to members of the Management Board and the Supervisory Board.

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

Staff expenses for the first half of 2019 include costs of remuneration and awards for current and former members of the Management Board amounting to PLN 8,702 thousand (for the first half of 2018: PLN 9,652 thousand).

From the scope of work relationship, among contracts of employment between Bank and Members of Management Board, only in one case of one Member of Management Board the contract includes 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 Board. 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 the Management Board is obligated 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. Related parties

The Bank is a member of Citigroup Inc. Citibank Overseas Investment Corporation, a subsidiary of Citibank N.A., which 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	**30.06.2019**	**31.12.2018**
Receivables		
Overdraft facilities	5,724	**-**
	5,724	**-**
Receivables		
Balance at the beginning of period	-	21
Balance at the end of period	5,724	-
Deposits		
Current accounts	126,278	111,354
Term deposits	106,585	151,486
	232,863	**262,840**
Deposits		
Balance at the beginning of period	262,840	221,989
Balance at the end of period	232,863	262,840
Contingent liabilities granted		
Credit lines granted		
	74,847	80,550

PLN '000	**01.01. - 30.06. 2019**	**01.01. - 30.06. 2018**
Interest and commission income	1,647	5,003
Interest and commission expense	690	905
Other operating income	1,132	1,149

On 30 June 2019 and 31 December 2018 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:

PLN '000	**30.06.2019**	**31.12.2018**
Receivables	**73,053**	**172,180**

PLN '000	30.06.2019	31.12.2018
Deposits	-	-
Liabilities, including:	**3,595,263**	**722,185**
Deposits*	1,743,264	179,854
Received credits	-	-
Derivative	-	-
Assets held-for-trading	437,008	449,183
Liabilities held-for-trading	339,894	379,293
Liabilities on hedge derivatives	-	-
Contingent liabilities granted	**429,279**	**439,748**
Contingent liabilities received	**62,529**	**34,834**
Contingent derivative transactions (liabilities granted/received), including:	**46,199,897**	**28,293,455**
Interest rate instruments	27,179,870	6,740,216
Currency instruments	18,440,831	20,561,934
Securities transactions	330,529	963,107
Commodity transactions	248,667	28,198

**Including deposits of parent undertaking in amount of PLN 10 thousand (31 December 2018: PLN 9 thousand)*

PLN '000	01.01. – 30.06. 2019	01.01. – 30.06. 2018
Interest and commission income*	14,964	15,383
Interest and commission expense*	35,588	16,662
General administrative expenses	87,065	79,554
Other operating income	4,387	3,376

**Interest and commission income in amount of PLN 631 thousand (for the first half of 2018: PLN 800 thousand) and interest and commission expense in amount of PLN 2 thousand (for the first half of 2018 PLN 2 thousand) refer to parent undertaking.*

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 that is related to the risk of market parameter (exchange rate, FX), whereas the stable part e.g. the margin cannot be closed due to the risk involved in those transactions On 30 June 2019 net balance valuation of transactions on derivatives amounted to PLN (97,114) thousand (31 December 2018: PLN (69,890) thousand). The Bank runs a compression of derivative transaction portfolios' periodically. It is one of the risk-mitigation techniques recommended by the "Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories" and the implementing regulations (EMIR Regulation). In accordance with the EMIR Regulation this in particular applies to the portfolios exceeding 500 derivative transactions.

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 2019 the costs incurred and accrued (including VAT reflected in the Bank's costs) in the form 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.

In first half of 2019 there was a capitalization of investments regarding efforts over modification of functionality of IT Bank's systems'. Total value of payments to Citigroup Inc. units amounted to PLN 397 thousand (in 2018: PLN 32,912 thousand).

19. Other significant information

Personal changes in the Bank's bodies

On 1 February 2019 Mr. James Foley has started three-year term of Member of the Management Board function. Mr. Foley was appointed by the Supervisory Board to the function of Member of the Management Board on 7 December 2018.

On 4 June 2019 Mr. Marek Belka and Mr. Grzegorz Bielicki handed in theirs' resignation from the function of Member of the Supervisory Board. On 5 June 2019 Annual General Meeting of Shareholders appointed Mrs. Anna Rulkiewicz and Mrs. Barbara Smalska to the function of Member of the Supervisory Board.

On 27 June 2019 Mr. Marc Luet handed in his resignation from the function of Member of the Supervisory Board.

20. Major events after the balance sheet date

After the balance sheet date there were no events that should be disclosed in the financial statements.

Members of Management Board

	Sławomir S. Sikora	The President of Management Board	
....	....	....	....
Date	Name	Position/Function	Signature
	Natalia Bożek	Vice-president of Management Board	
....	....	....	....
Date	Name	Position/Function	Signature
	Maciej Kropidłowski	Vice-president of Management Board	
....	....	....	....
Date	Name	Position/Function	Signature
	David Mouillé	Vice-president of Management Board	
....	....	....	....
Date	Name	Position/Function	Signature
	Barbara Sobala	Vice-president of Management Board	
....	....	....	....
Date	Name	Position/Function	Signature
	James Foley	Member of Management Board	
....	....	....	....
Date	Name	Position/Function	Signature
	Katarzyna Majewska	Member of Management Board	
....	....	....	....
Date	Name	Position/Function	Signature