

# **INTRODUCTION TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR H1 2003**

## **1.     *Basic Information about the BRE Bank SA Group***

The main segments of the BRE Bank SA Group ("Group") consist of investment of the following type:

- Strategic and infrastructure investment – shares in companies supporting individual business lines of BRE Bank SA and shares in companies of financial infrastructure or areas complementary to the statutory business of BRE Bank SA.
- Long-term investment – investment oriented at return on invested equity – such equity investment provides the Bank with direct and indirect gains in terms of consolidated profitability as well as synergies and gains in other businesses, has a time horizon not shorter than 6 months, and includes investment funds.

## **2.     *The Role of the Bank in the Group***

The BRE Bank Group comprises the holding company BRE Bank SA and 12 associated companies. The product offer of the Bank combined with that of the Group ensures comprehensive financial service for both corporate clients, private banking clients, and retail clients, including the following services:

- factoring,
- leasing,
- brokerage,
- advisory,
- mortgage and construction mortgage loans, loans to refinance residential investment,
- management of pension savings,
- management of the client's securities portfolio and investment advisory,
- retail investment in funds of diverse investment strategies and risks.

As the holding company of the Group, the Bank plans to implement consistent standards in those business areas where the economies of scale offer significant economic benefits. Effective corporate governance introduced by the Bank enables it to control the budgeting system and to monitor the performance of plans.

## **3.     *The structure of the BRE Bank Group***

As at 30 June 2003, the Capital Group covered by the consolidated financial statements included the following companies:

### **1.   BRE Bank SA – holding company**

Bank Rozwoju Eksportu SA was established under Resolution No. 99 of the Council of Ministers dated 20 June 1986. The Bank was registered under the legally valid decision of the District Court of the Capital City of Warsaw, Sixteenth Economic Registering Division, dated

23 December 1986 in the Commercial Register, entry no. RHB 14036. The Ninth Extraordinary General Meeting of Shareholders held on 4 March 1999 adopted a resolution to change the Bank's name to BRE Bank SA ("Bank"). The new name of the Bank was registered on 23 March 1999.

On 11 July 2001 the District Court in Warsaw decided to enter the Bank in the National Court Register, entry no. KRS 0000025237.

Under the Polish Classification of Activities, the Bank is engaged in activity no. 6512A „Other banking activity.”

According to the Stock Exchange Register, the Bank is classified under the macro-sector „Finance”, sector „Banks”.

The Bank has its registered office in Warsaw, 18 Senatorska St.

According to the Bank's By-laws, its core business is to provide banking service, consultation and advisory in financial matters, and to carry out its business as laid down in the By-laws

The Bank may open and hold accounts with Polish and foreign banks

The Bank engages in the following:

1) banking operations:

- operating banking accounts,
- accepting savings and term deposits,
- performing financial settlements,
- extending financial credits and loans and consumer credits and loans in the sense of a separate law,
- performing cheque and bill of exchange operations,
- extending and confirming sureties,
- extending and confirming bank guarantees and opening letters of credit,
- trading in foreign-currency values and providing financial services to foreign trade,
- servicing State loans,
- issuing securities, trading in securities and operating securities deposit accounts,
- performing operations ordered by third parties related to issuing of securities,
- taking into deposit valuables and securities, and making safe deposit boxes available to customers,
- performing forward financial transactions,
- purchasing and selling of monetary indebtedness,
- performing the functions of a representative bank as stipulated in the Bonds Law.

2) other operations:

- offering services in the area of economic and financial consulting,
- administering funds upon the order of State bodies and other persons,
- acquiring shares in banks and commercial companies and purchasing participatory units and investment certificates in investment funds both in Poland and abroad,
- establishing and participating in establishing banks and corporate persons both in Poland and abroad,
- carrying out acquisition activities on behalf of pension funds,
- acting as depository in the sense of the provisions of the Law on the Organisation and Operation of Pension Funds,
- acting as depository in accordance with the provisions of the Law on Investment Funds,
- performing activities consisting in accepting purchase and re-purchase orders and subscriptions for participation units or certificates of investment in investment funds,
- managing registers of members of the pension funds and investment funds,
- operating as an insurance agent,

- acquisition and disposal of real estate,
- acquiring and purchasing shares and rights in shares, interests of another legal person,
- making, on terms arranged with the debtor, conversion of debt into assets of the debtor, provided that the Bank sells them within not more than 3 years of the date of acquisition.
- purchasing and selling foreign exchange values,
- intermediation in residents' international money transfers and settlements made domestically with non-residents

The operations of BRE Bank SA are not limited in time.

## 2. Dom Inwestycyjny BRE Banku SA – subsidiary

The company is part of the Bank's portfolio since July 1998. Bank holds 99,9998 % of the company's shares. The company's core business is to provide services related to trading in securities, other rights, and other financial instruments on the capital market under the law and held permits.

## 3. BRE Corporate Finance SA – subsidiary.

The company is part of the Bank's portfolio since July 1997. Bank holds 99,9998 % of the company's shares and votes. The company's core business includes: consulting service, service in restructuring of companies, privatisation of enterprises, consulting service on investment, finance, capital markets, and financial transactions advisory. The company also works as a financial arranger, is involved in arranging public issues and in financial training and training of managers.

## 4. PTE Skarbiec-Emerytura SA – subsidiary

The company is part of the Bank's portfolio since August 1998. The company's core business is to set manage the open-ended pension fund OFE Skarbiec-Emerytura and to represent the fund.

In 2002 the merger of PTE Skarbiec – Emerytura SA and Powszechne Towarzystwo Emerytalne BIG Banku Gdanskiego SA took place. The merger took place through the transfer of all assets of PTE BIG BG to PTE Skarbiec – Emerytura in exchange for shares representing 38.61% of the increased share capital and votes of PTE Skarbiec – Emerytura. In 2002 BRE Bank SA acquired from BIG Bank Gdanski SA shares of PTE Skarbiec – Emerytura SA representing 38.61% of the share capital and votes. As a result of the transaction, BRE Bank SA became the owner of 100% of shares and votes of PTE Skarbiec – Emerytura SA. On 12 January 2003 the merger of OFE Skarbiec – Emerytura on the OFE {ego } took place. On 1 May 2003 the court registered the raise of the share capital of PTE by PLN 14 mln. The total amount of shares held by BRE Bank raised to PLN 740,624,000

## 5. RHEINHYP-BRE Bank Hipoteczny SA – subsidiary

The company is part of the Bank's portfolio since March 1999. BRE Bank SA holds 50% of the share capital and votes of the company. The Bank exercises influence over the management of the company through 4 out of 7 Members of the Supervisory Board. The company's core business is to give mortgage loans, non-mortgage loans, to issue mortgage bonds in private placement for the bank's receivables under extended mortgage loans. The company also accepts terms deposits of financial institutions, takes credits and

loans, accept securities for safekeeping, acquires shares in other companies whose legal status ensures limitation of the Bank's liability to the amount invested

#### 6. BRE Leasing Sp. z o.o. – subsidiary

The company is part of the Bank's portfolio since December 1992. Since February 2002 BRE Bank has held 50,004% of shares and votes. The company's business is to acquire, lease, rent, and hire chattels, and to acquire, build, rent and lease all types of plots of land, buildings, and facilities. The company may make transactions and take action to directly or indirectly pursue its business purpose, including the purchase of receivables and intermediation in real estate trading.

#### 7. Skarbiec Asset Management Holding SA ("SAMH") – subsidiary

The 100% of company's share capital is owned by BRE Bank. The company was registered in January 2002. It is the centre of the Group's asset management business. SAMH comprises managers of investment funds, providers of investment consulting, and a transfer agent. In the past 3 companies belonged to holding structure were consolidated in Financial Statements of the BRE Bank Group: BRE BRE Asset Management S.A., Skarbiec TFI SA, BRE Agent Transferowy Sp. z o.o. Nowadays the companies included in the Holding (ie. Aforementioned and Skarbiec Serwis Finansowy Sp. z o.o. ) are consolidated in Financial Statements of SAMH, which is covered in BRE Bank Group Financial Statements

#### 8. Intermarket Bank AG – subsidiary

The company is part of the Bank's portfolio since July 2000. It has its registered office in Vienna, Austria. BRE Bank holds 54.84% of the company's shares and votes. The core business of the company is to provide banking service, including the purchase of corporate receivables in respect of supplies (factoring). The company is a member of international organisation Factor Chain International.

#### 9. Transfinance a.s. – subsidiary

The company is part of the Bank's portfolio since October 2000. It has its registered office in Prague, Czech Republic. BRE Bank holds 50.00% of the company's shares and Intermarket Bank AG has 50 % of shares. The core business of the company is to purchase receivables and to act as intermediary in the collection of receivables. The company is a member of international organisation Factor Chain International.

#### 10. Magyar Factor Rt – subsidiary

The company is part of the Bank's portfolio since January 2003. It has its registered office in Budapest, Hungary. BRE Bank holds 50.00% of the company's shares and Intermarket Bank AG has 50 % of shares. Magyar Factor Rt, Polfactor SA, Transfinance as and Transfinance Slovakia establish the leading factoring Group in Central Europe. Magyar Factor Rt is the leading factoring company in the Hungarian market (market share of about 38% in 2002). The company is a factor operating both in domestic and international businesses. The company is a member of international organisation Factor Chain International.

#### 11. Polfactor SA – subsidiary

The company was formed in 1995. The Bank holds a direct stake of 50% of the share capital and votes; the remaining shares are held by Intermarket Bank AG. The company is a factor operating both in domestic and international businesses. Polfactor is a member of international organisation Factor Chain International

#### 12. BRE International Finance B.V. – subsidiary

BRE International Finance B.V. is a special-purpose vehicle whose core business is to raise funds for the Bank through issues of debt securities in international financial markets. The company was registered in the Netherlands in May 2000 and is 100% owned by the Bank

#### 13. Tele-Tech Investment Sp. z o.o. – affiliate, special-purpose vehicle

The company is part of the Bank's portfolio as of 1999. As at 30 June 2003, BRE Bank SA held 24% of its shares and votes. Originally, the core business of the company was a broadly understood goods transportation and storage service. In December 1999, the company's founding deed was changed, including its original core business. At present, the company's core business is to invest in securities and to trade in receivables, to make securities transactions on its own account, to manage controlled companies, to provide business and management consulting services.

Pursuant to the requirements of the Accountancy Act (as amended), the Group includes all subsidiaries and affiliates important from the viewpoint of financial statements, other than those acquired with the sole purpose to be sold.

Pursuant to the requirements of the Regulation of the Minister of Finance dated 12 December 2001 concerning rules of drawing up consolidated financial statements of banks and consolidated financial statements of financial holdings, as of 1 January 2002, those subsidiaries and affiliates which meet the criteria of classification as banks, credit institutions, or financial institutions in the sense of the Banking Law, are covered by the consolidated financial statements based on the acquisition accounting method.

As at 30 June 2003, BRE Bank SA held the shares of Elektrim SA representing 20.3% of the share capital and votes. As the Bank executed an agreement to sell the package of shares and the shares has been sold on 22 July 2003, the shares are stated at historical cost in the balance sheet and their valuation did not affect the income statement or the equity of the Bank, but the forward contracts refer to sold shares were priced what increased financial statement by PLN 20,381,000.

The structure of the Capital Group changed in the reporting period compared to the Group presented in the H1 2002 report as follows:

1. The portfolio of consolidated companies was reduced following the disposals made in December 2002, including shares of BRE – Fundusz Kapitalowy Sp. z o.o. and BRE Private Equity Sp. z o.o.
2. The merger of BRE Bank SA and Bank Czeszochowa SA was registered on 28 February 2003. For the period where Bank Czeszochowa SA was a subsidiary, i.e., two months of 2003, its shares were subject to equity valuation and the valuation was recognised in the financial results of the Group. The goodwill of PLN 5,695 thousand arising from the merger is recognised under "Intangible fixed assets."
3. The Skarbiec Asset Management Holding SA (SAMH), the Group's centre for asset management operations, was established in 2002. The H1 2002 statements consolidated three companies now in

the SAMH portfolio: BRE Asset Management S.A. (now Skarbiec Investment Management S.A.), Skarbiec TFI SA, and BRE Agent Transferowy Sp. z o.o. The companies of the holding (those listed above and Skarbiec Serwis Finansowy Sp. z o.o.) are now consolidated within the holding which is then consolidated in the financial statements of the BRE Bank SA Capital Group.

4. The company Magyar Factor Rt. with its registered office in Budapest, whose shares representing 50% of the equity and votes were acquired by the Bank in January 2003, is now consolidated in the financial statements. Magyar Factor Rt. provides domestic, export, and import factoring services as part of Factors Chain International. The company is the leading Hungarian factor with a market share of 38% in 2002.

Detailed data of the companies of the Capital Group and other subordinated companies as at 30 June 2003 are presented in the tables in pages 9 – 15 of this Introduction.

#### **4. Financial Period**

The presented Consolidated Financial Report covers data for the period starting 1 January 2003 and ending 30 June 2003, as well as data for the period starting 1 January 2002 and ending 30 June 2002 and – in view of balance sheet – 31 December 2002 presented in a comparable format,

#### **5. On-going Concern**

The Consolidated Financial Statements are drawn up on the basis of on-going concern of the BRE Bank Group in the foreseeable future. There are no factors which might be a threat to on-going business. The Group does not comprise any internal organisational units which would draft stand-alone financial statements.

#### **6. Composition of the Management Board and the Supervisory Board of BRE Bank**

The Management Board consist of:

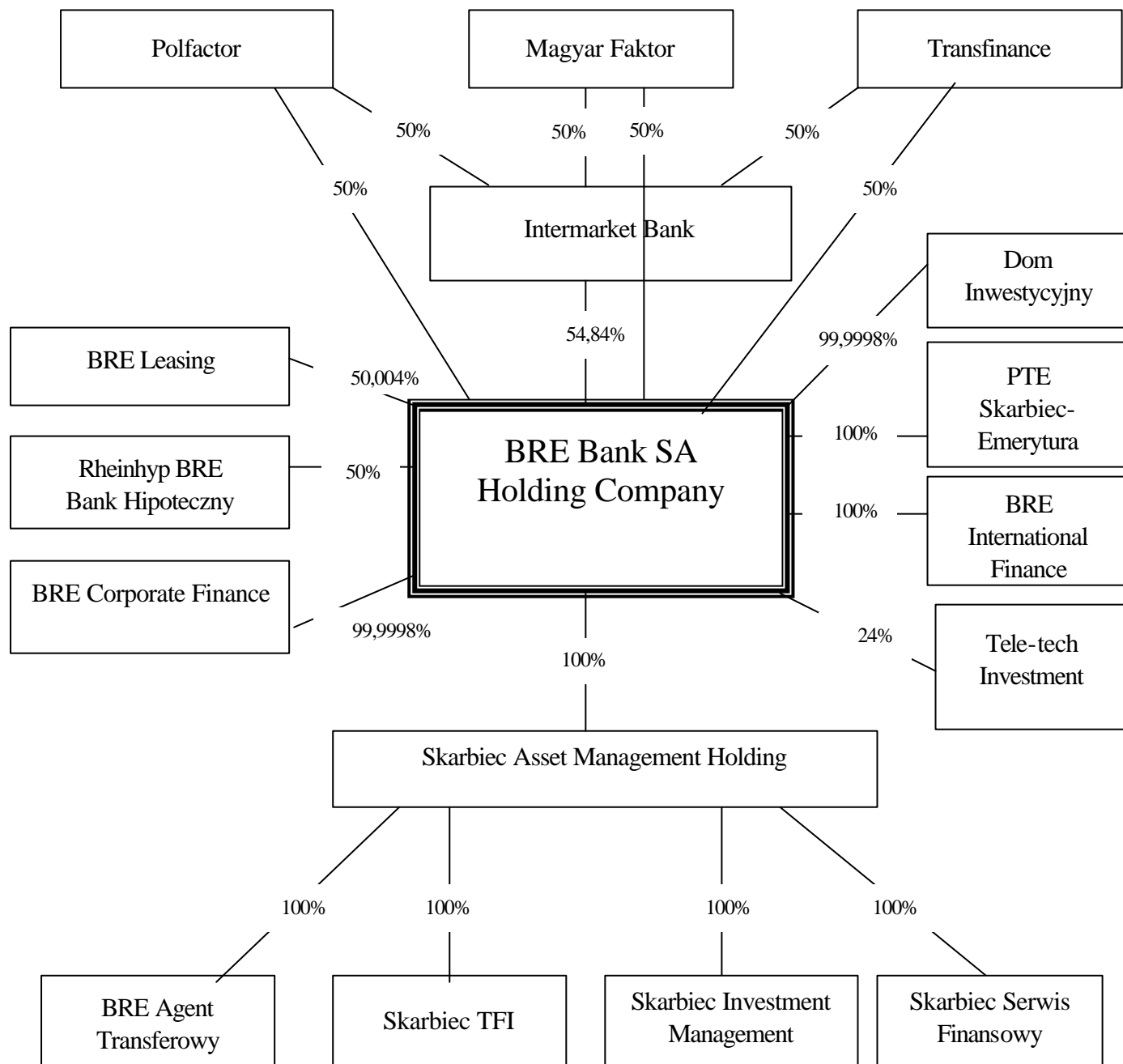
1. Wojciech Kostrzewa – President of the Board, CEO
2. Anton M. Burghardt – First Deputy President, Head of Investment Banking
3. Krzysztof Kokot – Deputy President, Head of Corporate Banking
4. Sławomir Lachowski – Deputy President, Head of Retail Banking
5. Alicja Kos-Golaszewska – Member of the Management Board, Head of Communication
6. Wiesław Thor- Member of the Management Board, Head of Risk Management

XVI General Meeting of BRE Bank held on 21 May 2003 decided to increase the Supervisory Board from 9 to 10 Members. As Mr Alberto Crippa resigned from his function the General Meeting elected Two Members of Supervisory Board for a joint term of 2 years.

Nowadays the Supervisory Board consist of:

1. Krzysztof Szwarc - Chairman of the Supervisory Board,
2. Andreas de Maiziére - Deputy Chairman of the Supervisory Board,
3. Gromosław Czempinski
4. Christian R. Eisenbeiss
5. Andrzej Ksiezny
6. Teresa Mokrysz
7. Jan Szomburg
8. Nicholas Teller
9. Michael Schmid
10. György Surányi

**7. Graphical Presentation of the Organisational Structure of the Group of Companies Associated with the Bank**





*Companies of the Capital Group, Consolidated and Not Consolidated*

COMPANIES OF THE CAPITAL GROUP CONSOLIDATED OR VALUATED USING THE EQUITY METHOD								
	NAME	Seat	Core business	Method of consolidation	Court or other registration institution	% of share capital held	% of votes held	Stake in the capital of other Group companies
1	BRE Corporate Finance S.A. <sup>1)</sup>	Warsaw	services	acquisition accounting consolidation	District Court for the Capital City of Warsaw, Twentieth Economic Division of the National Court Register, entry no. KRS 0000027381	100.00	100.00	holds 100% of shares in BMF (UK); 100% of shares in BMF Capital;
2	Dom Inwestycyjny BRE Banku S.A. <sup>1)</sup>	Warsaw	services	acquisition accounting consolidation	District Court for the Capital City of Warsaw, Nineteenth Economic Division of the National Court Register, entry no. KRS 0000003151	100.00	100.00	
3	BRE Agent Transferowy Sp. z o.o.	Warsaw	services	acquisition accounting consolidation	District Court for the Capital City of Warsaw. Nineteenth Economic Division of the National Court Register. entry no. KRS 0000003151	100.00	100.00	
4	Skarbiec Investment Management SA (previously BRE Asset Management S.A.)	Warsaw	services	acquisition accounting consolidation	District Court for the Capital City of Warsaw. Nineteenth Economic Division of the National Court	80.00	80.00	

					Register. entry no. KRS 0000021519			
5	Skarbiec TFI SA	Warsaw	investment fund	acquisition accounting consolidation	District Court for the Capital City of Warsaw, Twentieth Economic Division of the National Court Register, entry no. KRS 0000060640	100.00	100.00	
6	Skarbiec Serwis Finansowy Sp. z o.o.	Warsaw	services	acquisition accounting consolidation	District Court for the Capital City of Warsaw, Twentieth Economic Division of the National Court Register, entry no. KRS 000102775	0	0	0
7	BRE International Finance B.V.	Amsterdam, Netherlands	services	acquisition accounting consolidation	Chamber of Commerce and Industries for Amsterdam file No 34134081	100.00	100.00	
8	PTE Skarbiec – Emerytura S.A.	Warsaw	pension fund	acquisition accounting consolidation	District Court for the Capital City of Warsaw, Nineteenth Economic Division of the National Court Register, entry no. KRS 0000020745	100.00	100.00	

9	Skarbiec Asset Management Holding SA	Warsaw	services	equity accounting valuation	District Court for the Capital City of Warsaw, Nineteenth Economic Division of the National Court Register, entry no. KRS 0000087189	100.00	100.00	holds 100% of shares in BRE Agent Transferowy Sp. z o.o.; 100% of shares in Skarbiec TFI SA; 100% of shares in Skarbiec Investment Management SA; 100% of shares in Skarbiec Serwis Finansowy Sp. z o.o.;
10	ServicePoint	Warsaw	services	equity accounting valuation		100,00	100,00	
11	Famco S.A.	Warsaw	services	equity accounting valuation		100.00	100.00	
12	BMF (UK) <sup>1)</sup>	London	consulting services	equity accounting valuation		100.00	100.00	
13	BMF Capital <sup>1)</sup>	Warsaw	consulting services	equity accounting valuation		100.00	100.00	
	Centrum Rozliczeń i Informacji CERI	Aleksandrów Łódzki	services	equity accounting valuation		99.99	99.99	
14	AMBRESA Sp. z o.o.	Warsaw	services	equity accounting valuation		99.96	99.96	
15	BRELINVEST Sp. z o.o. Fly 1 Sp. komandytowa	Warsaw	services	equity accounting valuation		99.84	99.84	
16	BRELINVEST Sp. z o.o. Fly 2 Sp. komandytowa	Warsaw	services	equity accounting valuation		99.84	99.84	
17	AMBRESA Sp. z o.o. - BRELLA Sp. komandytowa	Warsaw	services	equity accounting valuation		99.68	99.68	
15	Promes Sp. z o.o.	Gdansk	services	equity accounting valuation		99.75	99.75	

23	TRANSFINANCE a.s.	Prague, Czech Republic	services	acquisition accounting consolidation	No 15272028 in the Register of Companies of Regional Commercial Court, Section B, File 649, Prague	77.42	77.42	holds 33,33% of shares in Transfinance Slovakia; 100% of shares in Vartimex s.r.o.
21	Polfactor SA	Warsaw	services	acquisition accounting consolidation	District Court for the Capital City of Warsaw, Nineteenth Economic Division of the National Court Register, entry no. KRS 0000094143	77.42	77.42	
22	Magyar Factor	Budapest, Hungary	services	acquisition accounting consolidation	Metropolitan Court as Court of Registration , Reg. No. 01-10-043934/52 Budapest	77.42	77.42	
23	Vartimex s.r.o.	Prague, Czech Republic	trade	equity accounting valuation		77.42	77.42	
24	BRE.locum Sp. z o.o.	Lódz	services	equity accounting valuation		70.00	70.00	
25	Transfinance Slovakia	Bratislava, Slovakia	factoring services	equity accounting valuation		62.37	62.37	
26	Intermarket Bank AG	Vienna, Austria	services	acquisition accounting consolidation	Commercial Court Vienna FN 94144y	54.84	54.84	holds 50% of shares in Transfinance a.s.; 50% of shares in Polfactor SA; 50% of shares in Magyar Factor SA

27	Billbird S.A.	Cracow	services	equity accounting valuation		51.00	51.00	
28	BRE Leasing Sp. z o.o. <sup>2)</sup>	Warsaw	services	acquisition accounting consolidation	District Court for the Capital City of Warsaw. Nineteenth Economic Division of the National Court Register. entry no. KRS 0000090905	50.00	50.00	holds 100% of shares in BREL-FIN Sp. z o.o.; 100% in BRELIM Sp. z o.o.; 100% in BRELINVEST Sp. z o.o.; 100% in RAVENA Szczecin; 100% in RAVENA Gdansk, 100% in RAVENA Kraków, 25% of shares in BREL-MAR Sp. z o.o.; 2% of shares in BREL-RES Sp. z o.o.
29	BREL-FIN Sp. z o.o. <sup>2)</sup>	Warsaw	real estate leasing	equity accounting valuation		50.00	50.00	
30	BRELIM Sp. z o.o. <sup>2)</sup>	Warsaw	real estate leasing	equity accounting valuation		50.00	50.00	
31	BRELINVEST Sp. z o.o. <sup>2)</sup>	Warsaw	real estate leasing	equity accounting valuation		50.00	50.00	
32	RAVENA Szczecin Sp. z o.o. <sup>2)</sup>	Warsaw	real estate leasing	equity accounting valuation		50.00	50.00	
33	RAVENA Gdansk Sp. z o.o. <sup>2)</sup>	Warsaw	real estate leasing	equity accounting valuation		50.00	50.00	
34	RAVENA Kraków Sp. z o.o. <sup>2)</sup>	Warsaw	real estate leasing	equity accounting valuation		50.00	50.00	
35	RHEINHYP-BRE Bank Hipoteczny S.A.	Warsaw	bank	acquisition accounting consolidation	District Court for the Capital City of Warsaw. Nineteenth Economic Division of the National Court Register. entry no. KRS 0000003753	50.00	50.00	
36	BREL-BUD Sp. z o.o. <sup>(*)</sup>	Warsaw	real estate leasing	equity accounting valuation		30.50	30.50	
37	BREL-MAR Sp. z o.o. <sup>(*)</sup>	Warsaw	real estate leasing	equity accounting valuation		30.50	30.50	

38	eCard SA <sup>(*)</sup>	Warsaw	IT services	equity accounting valuation		28.57	28.57	
39	Optimus SA	Nowy Sacz	IT services	equity accounting valuation		28,55	28,55	
40	Xtrade S.A. <sup>(*)</sup>	Warsaw	services	equity accounting valuation		24.90	24.90	
41	BREL-RES Sp. z o.o. <sup>(*)</sup>	Warsaw	leasing	equity accounting valuation		24.52	24.52	
42	Tele-Tech Investment Sp. z o.o. <sup>(*)</sup>		services	acquisition accounting consolidation	District Court for the Capital City of Warsaw. Economic Court. Nineteenth Economic Division of the National Court Register. nr RHB 56039	24.00	24.00	holds 98% of shares in BREL-RES Sp. z o.o.; 75% of shares in BREL-MAR Sp. z o.o.; 75% of shares in BREL-BUD; 0,05% of shares in AMBRESA Sp. z o.o.; 0,0083 of shares in CERI Sp. z o.o.; 0,0002 of shares in BRE Corporate Finance SA, 0,0003 of shares in DI BRE SA

1) 99,9998% of shares and votes

2) 50,004% of shares and votes

(\*) according to Accountancy Act the Capital Group consists of Holding Company and Subsidiaries

# COMPANIES NOT CONSOLIDATED OR VALUATED USING THE EQUITY METHOD

No .	NAME	Seat	Core business	Why not consolidated/valuated using the equity method	Stake in the capital of other Group companies	Total assets	Interest income from banking business or net income from sales of goods and products and non- banking financial transactions	Net profit (loss) of this year
1	Serwis Finansowy Sp. z o.o.	Warsaw	services	company under liquidation		2 050	23	(500)

## **8. Comparability adjustments**

The data presented in the report are comparable (other than due to changes in the structure of the Group in 2003 as described in section 3 of this Introduction).

Pursuant to the recommendations of NBP, the valuation of derivatives previously presented under “Other assets” is presented in this report under “Other securities and other financial assets.” Likewise, pursuant to the recommendations of NBP, in the income statement, the result on the sale of subsidiaries previously presented under “Result on financial transactions” is now presented under “Income from stocks and shares, other securities and other variable income financial instruments.”

## **9. Adjustments in the Financial Statements due to the Auditor’s Reservations in the Financial Statements of the Last Year**

The auditors made no reservations about the 2002 consolidated financial statements of the holding company and the other companies covered by these consolidated financial statements.

## **10. Accounting Policy**

### **Basis of the Report**

The consolidated financial statements of the BRE Bank SA Group were drawn up according to the provisions of:

- Accountancy Act of 29 September 1994 (Journal of Laws No. 121, item 591 as amended);
- Banking Law dated 29 August 1997 (Journal of Laws No. 140, item 939, as amended) (“Banking Law”);
- Regulation of the Minister of Finance dated 10 December 2001 concerning specific accounting rules for banks (Journal of Laws No. 149, item 1673, as amended);
- Regulation of the Minister of Finance dated 12 December 2001 concerning rules of drawing up consolidated financial statements of banks and consolidated financial statements of financial holdings (Journal of Laws No. 152, item 1728);
- Regulation of the Minister of Finance dated 10 December 2001 concerning rules of provisioning against the risk related to banks’ operations (Journal of Laws No. 149, item 1672);
- Regulation of the Minister of Finance dated 12 December 2001 concerning specific rules of recognition, methods of valuation, scope of disclosure, and mode of presentation of financial instruments (Journal of Laws No. 149, item 1674);
- Corporate Income Tax Law dated 15 February 1992 (Journal of Laws No. 106, item 482, as amended) (“Income Tax Law”);
- Regulation of the Minister of Finance dated 12 December 2001 concerning the model chart of accounts for banks (Journal of Laws No. 152, item 1727);
- Regulation of the Council of Ministers dated 16 October 2001 concerning current and periodic reports submitted by issuers of securities (Journal of Laws No. 139, item 1569);



- Regulation of the Council of Ministers dated 16 October 2001 concerning specific conditions to be met by issue prospectuses and abridged prospectuses (Journal of Laws No. 139, item 1568, as amended).

The notes to the financial statements were prepared in accordance with the Regulation of the Council of Ministers of 16 October 2001 concerning current and periodic reports submitted by issuers of securities (Journal of Laws No. 139, item 1569).

### **Subsidiaries and affiliates**

The consolidated financial statements were drafted on the basis of consolidation packages of Capital Group companies. Consolidation packages of the companies subject to acquisition accounting consolidation were prepared pursuant to the accounting policy described below, used by the holding company BRE Bank SA.

BRE Bank SA keeps no accounting records of hedging instruments. In the Group, BRE Leasing Sp. z o.o. carries hedging instruments in the books of account. The company hedges its cash flows: it hedges liabilities under loans bearing variable interest rates with interest rate swaps (IRS) which generate cash flows netting off any change in the cash flows of the hedged instrument. The company believes that its cash flows are effectively hedged given the full match of the amounts, due dates, and reference rates of the loans and the IRS. The effectiveness of hedging is measured with change in the present value of the cash flows of the hedged instrument to the fair value of the hedging instrument (IRS) and must fit within the range 80% - 125%. Change of the fair value of the derivative (IRS) is recognised under the revaluation reserve to the extent of effective hedging as a net figure (net of deferred tax); it was (PLN 23,520 thousand).

### **Accounting Rules Followed by the Holding Company**

#### *Bills eligible for rediscounting at the Central Bank*

Bills eligible for rediscounting at the Central Bank comprise bills of exchange denominated in Polish zloty, redeemable within up to three months, from clients with a regular standing.

#### *Amounts due from financial institutions, non financial institutions and the public sector*

Extended credits and loans and other own amounts due, not designated for trading, are stated at amount due including interest.

Amounts due are stated in the balance sheet in net amounts, i.e., at the nominal value plus accrued interest not due, due, and to be compounded, less specific provisions for receivables classified as “watch”, “substandard”, “doubtful”, and “lost”.

The Bank’s balance sheet does not comprise credits and amounts due purchased or subject to factoring where a large part of risks and benefits of such items remains with the seller of such receivables.

### Receivables/payables relating to purchasing/selling securities with a buy-back clause

‘Repo’ and ‘reverse repo’ transactions are defined as selling and purchasing securities for which a commitment has been made to buy them back or sell them back at a contractual date and for a specified contractual price. Regardless of the underlying assets, the said transactions are posted to balance sheet accounts as deposits (sale of securities) or placements (purchase of securities) secured with a lien on the securities. The transaction effects no change in the composition of the securities portfolio.

### Debt securities and equity securities

Securities are stated at the date of purchase at cost adjusted for relevant transaction costs.

At the balance sheet date, the Bank states the value of securities “Designated for trading” and “Available for sale” as follows:

#### Equity securities

- if listed on stock markets, they are stated at fair value (stock price quoted on that day). For stocks listed on the Warsaw Stock Exchange, the value is set based on the closing price.
- if not listed on stock markets, they are stated at fair value set based on information sufficient to determine the probable realisable value of securities. Such information may derive from executed securities sale contracts, preliminary contracts, and other expected benefits of the future sale of securities. If there are no grounds to determine the realisable value of securities, they are stated at historical cost less permanent diminution.
- stocks and shares in subordinated companies are stated based on the equity method.

Other stocks and shares are rated as “Designated for trading” and “Available for sale” and stated at fair value.

#### Debt securities

- if listed on stock markets or if there is an active market, they are stated at fair value (present market price).
- if there is no active market or the market is not liquid, the value is set based on discounted cash flow models.

A decrease or an increase in value, determined on the valuation date, i.e., as at the month-end, separately for each type of security, is recorded in the books of account.

The result of periodical valuation of securities rated as “Designated for trading” is credited or charged to income or cost of financial transactions and that of securities rated as “Available for sale” is recognised in the revaluation reserves.

The Bank performs an assessment of the credit risk associated with bonds issued by non-financial entities and records a specific provision to counterbalance the said risk.

The Bank sells debt securities from its portfolio, issued by the same issuer but purchased in different periods and at different prices, in accordance with the FIFO principle, which means that the securities first purchased are sold first.

Discount – if the cost is lower than the nominal value, or premium – if the cost is higher than the nominal value, are amortised on a straight-line basis over the period from the date of purchase to the date of sale or redemption. Amortised discount or the issuer’s premium are credited or debited to the income statement.

#### Intangible and tangible fixed assets

Intangible and tangible fixed assets are stated at cost less accumulated amortisation/depreciation. Amortisation/depreciation is calculated on a straight-line basis, in accordance with the principles and rates specified in the Corporate Income Tax Act. In the past, the Bank’s tangible fixed assets were revalued periodically in accordance with the principles specified in the applicable regulations. The revaluation of the said assets is reflected in the revaluation reserve in the balance sheet.

The Bank’s intangible fixed assets include the cost of successfully completed development work incurred before implementation. The cost includes costs directly related to the implementation of new technologies and the justified part of costs indirectly related to the implementation. The period of depreciation is not more than 5 years.

The Bank has depreciated the principal categories of its tangible and intangible fixed assets using the following rates:

buildings and structures	2.5% - 4.5%
plant and machinery	6.0% - 12.5%
vehicles	20.0%
computer hardware	30.0%
leasehold improvements	2.5% - 10.0%
office equipment, furniture	14.0% - 20.0%
computer software	20.0% - 50.0%
goodwill	10.0%

Tangible fixed assets with a cost of less than PLN 3,500.0 are entered in the register and depreciated on a one-off basis upon purchase.

#### Accruals and prepayments

The Bank records prepaid expenses if the expenditure relates to the months following the month in which it was incurred.

Accruals comprise the cost of benefits provided to the Bank which do not yet constitute a liability. Accrued income also comprises income received in advance and interest payable to the Bank in respect of irregular and watch receivables until received or written off.

### Liabilities

The Bank's liabilities mainly arise from deposits accepted from customers and inter-bank deposits and loans. Liabilities are stated at depreciated cost, except liabilities designated for trading which are stated at amounts due including interest.

### Specific and general provisions

The Bank records specific provisions for irregular receivables in accordance with the Regulation of the Minister of Finance dated 10 December 2001 concerning rules of provisioning against the risk related to banks' operations. General banking risk provisions are recorded in accordance with the Banking Law.

Transfers to the general risk provisions are determined in accordance with Art. 130.2 of the Banking Law. Amounts to be transferred are calculated as 1.5% of the loan portfolio based on the average value of outstanding credits and cash loans less the value of credits and loans which are covered in full by specific provisions. The general risk provisions can be used against unidentified risks of banking operations.

The Bank sets up provisions against the future cost of jubilee awards, retirement allowances and outstanding holiday on an accruals basis.

All provisions for risks and losses are taken into account in determining the financial result of the Bank.

### Deferred tax

The Bank determines deferred income tax assets and sets up provisions for temporary differences between the assets and liabilities shown in the books of account and their value for tax purposes and the tax loss deductible in the future.

Deferred income tax assets and liabilities are set taking based on tax rates applicable in the year when the tax liability originated.

Deferred income tax assets and liabilities are shown separately in the balance sheet.

Change in the balances of deferred income tax assets and liabilities since the last financial year, if the deferred tax assets and liabilities relate to items shown under equity, is disclosed in the income statement or under equity.

### Equity

The Bank's equity comprises capital and funds accumulated by the Bank in accordance with the applicable laws, i.e., the relevant acts and the Bank's By-laws.

The Bank's share capital is stated in the amount specified in the Bank's By-laws and entered in the Trade Register at par.

Supplementary capital is accumulated from transfers from profits and a share premium. In addition, the difference between the pre- and post-revaluation balance of tangible fixed assets sold is transferred from reserves to supplementary capital.

Other reserves which serve the purposes specified in the Bank's By-laws are accumulated from transfers from profits or share premium. In addition, the difference between the pre- and post-revaluation balance of tangible fixed assets may be credited to other reserves. In accordance with the Banking Law, the Bank's general risk fund is also composed of transfers from profits.

Revaluation reserve is credited with the net difference in the value of tangible fixed assets before and after revaluation performed in accordance with the Act. The reserve represents a movement in the net value of tangible fixed assets shown in the balance sheet as a result of revaluation. Upon disposal of a tangible fixed asset (i.e., selling, giving away, scrapping, or concluding that it is missing), the corresponding portion of revaluation reserve is transferred to supplementary capital. The effect of revaluation of financial assets available for sale is also recognised under the revaluation reserve.

The profit of previous years includes all adjustments of the opening balance due to changed accounting policies of BRE Bank SA. It was credited with compounded interest from regular receivables, accrued discount on regular receivables, valuation of debt and equity securities designated for trading at fair value, equity method valuation of stocks and shares in subordinated companies, and debited with due and non-due interest from watch receivables. All adjustments include the effect of deferred tax. The net profit/loss of the year represents a profit/loss as shown in the income statement. The net profit is presented net of the corporate income tax charge and movement in the deferred tax liability.

### Foreign currencies

Assets and liabilities denominated in foreign currencies are translated into Polish zloty on a daily basis, using the mid exchange rate quoted by NBP prevailing on a given day, including the exchange rate prevailing on the last business day of the reporting period. Both realised and unrealised foreign exchange gains and losses are recognised in the income statement for a given period.

The Bank includes foreign exchange gains and losses on derivatives in its income statement on their valuation.

### Off-balance sheet derivatives and forward and future transactions

As at the balance sheet date both off-balance sheet derivatives and forward and future transactions are valued. The supreme policy in the valuation of off-balance sheet instruments is valuation at present market value (fair value).

Quoted derivatives and forward and future transactions are valued based on current stock exchange quotations as at the valuation date. Other derivatives and forward and future transactions are valued using mathematical models, based on current financial data as at the valuation date.

The result of the valuation of derivatives and forward and future transactions is recognised at each time in the income statement under “Result on financial transactions” or “Foreign exchange result.”

The Bank uses the following valuation methods with respect to derivative instruments and forward and future transactions:

#### *“Market risk” instruments*

##### Warrants for securities

Warrants for securities are recorded off balance sheet at the nominal values of underlying assets. Premium earned on selling a warrant is recorded in the balance sheet under “Other liabilities under financial instruments” until realised. The profit or loss on selling a warrant is calculated using a mathematical model and recorded in the balance sheet in correspondence with the “Result on financial transactions” in the income statement.

##### Futures

Future contracts are recorded on off-balance sheet accounts at nominal value. They are valued based on stock exchange quotations. Gains or losses on the valuation are recorded in the income statement under “Result on financial transactions” in correspondence with the nostro account in the balance sheet.

#### *Interest rate instruments*

##### Forward Rate Agreement (FRA)

Forward Rate Agreements involve purchasing/selling interest rate contracts denominated in a specific currency, with a specific amount, maturity and interest rate. The nominal value of the interest rate contract is recorded off-balance sheet. FRAs are valued using a mathematical model and recorded in the balance sheet in correspondence with the “Result on financial transactions” in the income statement.

##### Interest Rate Swap (IRS)

Interest Rate Swaps involve exchanging streams of interest payments calculated on the basis of prearranged/expected interest rates and notional amounts of transactions in individual interest sub-periods, denominated in a specific currency. The notional amount is recorded off balance sheet. Net unrealised gain/loss on IRS transactions is calculated using a mathematical model and recorded in the balance sheet in correspondence with the “Result on financial transactions” in the

income statement. Interest accrued as at the balance sheet date is disclosed in the balance sheet in correspondence with the “Result on financial transactions” in the income statement.

If there are cross-currency transactions the notional amount is valued identically as in currency forward/future contracts.

### Interest rate options

Interest rate options are stated at nominal value on off-balance sheet accounts. The premium received/paid on sale/purchase of the option is disclosed in “Other assets” or „Other liabilities under financial instruments” until cleared. Options are valued using a mathematical model and disclosed in the balance sheet in correspondence with the “Result on financial transactions” in the income statement. The valuation of options (increase/decrease) is shown separately for options purchased and options sold.

### Currency futures and forwards

These transactions are disclosed by the Bank in off-balance sheet accounts at nominal value. Currency purchase/sale options and currency warrants are valued using a mathematical model.

Gains/losses on spot transactions are calculated by comparing the transaction rates with the mid rate quoted by NBP prevailing on the valuation date.

The profit/loss on forward transactions is calculated by comparing the discounted forward transaction rate as at the valuation date with the mid rate quoted by NBP prevailing on that date.

Unrealised profit/loss on the market valuation of currency future and forward transactions is stated in the income statement under “Foreign exchange result”.

## **Determining the Financial Result**

### Interest income

Interest income comprises income received or due on loans, inter-bank deposits and securities, calculated based on depreciated cost. Income relating to the reporting period is shown in the income statement on an accruals basis.

Interest income not received in the reporting period, including discount and compounded interest, on regular receivables, is credited to the income statement and disclosed in the balance sheet in amounts due from financial institutions, clients and the public sector.

Accrued interest due and not due, including compounded interest, on irregular and watch receivables constitutes suspended interest until received.

Interest on irregular and watch is included in income on a cash basis and recorded in the income statement upon receipt.

Income received in advance is recorded as part of “Deferred income” and recorded in the income statement of the period to which it relates.

Interest income also comprises capital gains on debt securities sold.

#### Interest expense

Interest expense comprises interest paid and accrued on clients’ deposits and own securities issued by the Bank, calculated based on depreciated cost.

Interest payable is calculated on a cumulative basis as at the end of each day. Costs relating to a given reporting period are recorded in the income statement on an accruals basis.

#### Commissions

Commission mainly comprises income other than interest received on loans and bank guarantees granted. Commission also comprises the Bank’s fees for conducting cash transactions, maintaining accounts for clients, making money transfers, fees relating to letters of credit, and other charges. Commission also comprises income from brokerage activities. Commission is considered immaterial or a direct fee for specific activities and is credited to the income statement when paid.

Commission cost which comprises payments made in connection with loans raised, re-financing transactions, letters of credit, collection procedures and exchange transactions is considered immaterial and charged to costs when paid.

Commissions received/paid of over PLN 500 thousand are recognised pro rata to time throughout the lifetime of the relevant transaction.

#### Income from stocks, shares and other securities

This income includes dividends received from entities in which the Bank holds stocks and shares. Dividends are recognised in the income statement upon receipt. The item also includes income from sold stocks and shares in subordinated entities.

#### Result on financial transactions

This item comprises gains/losses on the sale of securities and gains/losses on transactions in derivatives recognised upon receipt of payment. It also comprises increases and decreases in the value of securities designated for trading and available for sale, if sold, and the result of the valuation of market risk and interest rate risk derivatives.



### Foreign exchange result

Foreign exchange result comprises both realised and unrealised foreign exchange gains and losses, as well as the result of the valuation of foreign exchange risk derivatives.

Realised income and costs denominated in foreign currencies were translated at the transaction rate and unrealised income and cost at the mid rate quoted by NBP on the balance sheet date.

### Provisions and revaluation write-offs

Provisions are created in respect of:

- regular receivables – consumer credits and loans;
- irregular and watch receivables;
- off-balance sheet liabilities;
- costs to be incurred;
- general risk;
- future costs.

Specific provisions cover the risks associated with individual transactions. Provisions for risks associated with specific transactions relate to assets and off-balance-sheet liabilities which were analysed on an individual basis and classified as ‘watch,’ ‘sub-standard,’ ‘doubtful’ or ‘loss.’

The classification is performed in accordance with the Regulation of the Minister of Finance dated 10 December 2001 concerning rules of provisioning against the risk related to banks’ operations. The general risk provision is set up in accordance with the provisions of the Banking Law.

## ***11. Average Exchange Rates of the Zloty in the Period Covered by the Financial Statements and Comparable Financial Data***

Assets and liabilities in the consolidated balance sheet were converted to EUR at the average rate prevailing on 30 June 2003 quoted by the National Bank of Poland: 1 EUR = 4.4570 PLN. Items of the consolidated income statement and of the consolidated cash flow statement for the six months of 2003 were converted to EUR at the rate equal to the arithmetic mean of the average NBP rates quoted on the last day of each of the six months of 2003. The average rate was 1 EUR = 4.3110 PLN.

Comparable financial data were converted as follows. Assets and liabilities in the consolidated balance sheet were converted to EUR at the average rate prevailing on 30 June 2002 quoted by the National Bank of Poland: 1 EUR = 4.0091 PLN. Items of the consolidated income statement and of the consolidated cash flow statement for the six months of 2002 were converted to EUR at the rate equal to the arithmetic mean of the average NBP rates quoted on the last day of each of the six months of 2002. The average rate was 1 EUR = 3.7026 PLN.

The highest rate at the end of the month in the reporting period was that in June (1 EUR = 4.4570 PLN), the lowest rate – that in January (1 EUR = 4.1286 PLN).

## ***12. Differences in Adopted Accounting Policies and Methodologies and Disclosed Data under the Polish Accounting Standards and the International Financial Reporting Standards***

The differences between the financial statements drawn up under the Polish Accounting Standards and the International Financial Reporting Standards are due to the following different principles of valuation and presentation:

### ***Credit risk***

#### **1. Provisioning for credit exposure**

##### **a) Specific provisions for credit exposure – loans**

Specific provisions for loans in the financial statements drawn up under the Polish Accounting Standards are a result of the application of the provisions of the Regulation of the Minister of Finance dated 10 December 2001 concerning rules of provisioning against the risk related to banks' operations. Under IAS 39 *Financial Instruments: Treatment and Valuation*, provisions for default loans (no repayment or delayed repayment) are set up based on the assessed impairment of the value of loans and their balance is equal to the expected present value (calculated using the original effective interest rate) of future cash flows under repayment or debt enforcement less the balance sheet value in the books as at the date of the assessment.

##### **b) Provisions for credit exposure – guarantees**

Provisions for contingent commitments under guarantees in the financial statements drawn up under the Polish Accounting Standards are a result of the application of the provisions of the Regulation of the Minister of Finance dated 10 December 2001 concerning rules of provisioning against the risk related to banks' operations. Under IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, provisions for probable contingent liabilities are set up based on estimated future losses and their balance is equal to the expected present value of future losses due to default payments under guarantees.

#### **2. General risk provisions**

Under applicable provisions of the Banking Law, banks may set up general risk provisions charged against costs. The provisions cover credit risk of the existing loan portfolio not covered by the bank's specific provisions. IFRS do not provide for such general provisions. However, IFRS require the recognition in the financial statements of credit risk existing at the date of estimation but as yet not materialised at that date. The risk should materialise within 12 months of the balance sheet date. The risk is estimated based on the probability of default and the recovery rate taking account of prevailing economic conditions, e.g., on the basis of the Basel II Accord.

### ***Depreciated Cost***

Under IAS 39, selected financial assets and liabilities (e.g., “Own receivables” and “Other liabilities”) should be stated at depreciated cost based on the effective rate of return. In addition, interest income for financial instruments available for sale is also stated based on historical cost with straight-line or cash recognition of the income and cost related to such instruments.

### ***Accrual and treatment of suspended income***

Under the Polish Accounting Standards, the Bank accrues interest and commissions on watch and irregular receivables and recognises it as suspended income until received. Under IFRS, interest and commissions on such receivables are accrued in the expected amount and recognised in the income statement at depreciated cost.

### ***Company Social Benefit Fund***

Write-offs to the Company Social Benefit Fund are charged against distributed profits under the Polish Accounting Standards while they are charged to the income statement under IFRS.

### ***Consolidation of subsidiaries***

Pursuant to the requirements of the Regulation of the Minister of Finance dated 12 December 2001 concerning rules of drawing up consolidated financial statements of banks and consolidated financial statements of financial holdings, those subsidiaries which meet the criteria of classification as banks, credit institutions, or financial institutions in the sense of the Banking Law are recognised in the consolidated financial statements using acquisition accounting while all other subsidiaries are recognised using equity valuation as of 1 January 2002. Under IFRS, all subsidiaries are consolidated using acquisition accounting (whether or not they meet the criteria of classification as banks, credit institutions, or financial institutions).

Other differences between the financial statements drawn up under the Polish Accounting Standards and the International Financial Reporting Standards consists in different presentation of individual lines in the balance sheet, the income statement and the cash flow statement and the presentation of additional information disclosed in the notes.

**Main lines of the consolidated balance sheet, income statement, and cash flow statement**

**EUR'000**

	<b>30.06.2003</b>	<b>30.06.2002</b>
<b>MAIN LINES OF THE ASSETS</b>		
<b>1</b> Cash in hand, transactions with the central bank	143 636	130 827
<b>2</b> Debt securities eligible for discounting at the central bank	22 729	18 741
<b>3</b> Receivables from financial institutions	891 255	555 550
<b>4</b> Receivables from clients	2 995 008	3 131 857
<b>5</b> Receivables from the public sector	10 867	254 829
<b>6</b> Receivables under purchased securities with a buy-back clause	25 805	35 162
<b>7</b> Debt securities	1 090 235	1 390 643
<b>8</b> Receivables from subsidiaries subject to equity valuation	3 924	4 081
<b>9</b> Stocks and shares in subsidiaries subject to equity valuation	23 504	49 567
<b>10</b> Stocks and shares in joint ventures subject to equity valuation	-	-
<b>11</b> Stocks and shares in affiliates subject to equity valuation	6 436	11 056
<b>12</b> Stocks and shares in other companies	5 483	7 033
<b>13</b> Other securities and other financial assets	628 457	826 165
<b>14</b> Intangible fixed assets	66 092	54 593
<b>15</b> Goodwill of subsidiaries and affiliates	106 198	32 489
<b>16</b> Tangible fixed assets	202 776	241 908
<b>17</b> Other assets	81 698	79 518
<b>18</b> Accruals	222 939	246 806
<b>19</b> Total assets	6 527 043	7 070 824
<b>MAIN LINES OF LIABILITIES AND EQUITY</b>		
<b>1</b> Liabilities to the central bank	193	31 722
<b>2</b> Liabilities to financial institutions	1 510 050	1 968 134
<b>3</b> Liabilities to clients	2 361 296	2 537 881
<b>4</b> Liabilities to the public sector	17 487	49 321
<b>5</b> Liabilities under sold securities with a buy-back clause	597 863	367 913
<b>6</b> Liabilities under issued debt securities	530 309	379 659
<b>7</b> Other liabilities under financial instruments	501 098	595 537
<b>8</b> Liabilities to subsidiaries and affiliates subject to equity valuation	2 655	1 619
<b>9</b> Special funds and other liabilities	78 472	160 886
<b>10</b> Accruals, deferred income, suspended income	59 779	57 658
<b>11</b> Negative goodwill of subsidiaries and affiliates	177	284
<b>12</b> Provisions	211 488	223 356

13	Subordinated liabilities	258 950	189 466
14	Minority interests	28 535	37 293
15	Share capital	20 615	22 918
16	Due share capital not paid up (negative figure)	-	-
17	Own shares (negative figure)	-	-
18	Supplementary capital	147 266	162 737
19	Revaluation reserve	1 601	2 461
20	Other reserves	167 291	337 331
21	FX differences from the conversion of subsidiaries and affiliates	136	118
22	Retained profit (loss) of previous years	19 403	(30 614)
23	Net profit (loss)	12 799	(26 915)
24	Total liabilities	6 527 043	7 070 824

#### **MAIN LINES OF THE INCOME STATEMENT**

1	Net interest income	36 640	48 439
2	Net commission income	28 842	29 488
3	Result on financial transactions	17 499	(9 491)
4	FX result	15 947	46 805
5	Result on banking operations	100 391	117 347
6	Operating profit (loss)	26 531	(13 815)
7	Extraordinary gains and losses	10	287
8	Gross profit (loss)	23 207	(15 914)
9	Net profit (loss)	12 799	(26 915)

#### **MAIN LINES OF THE CASH FLOW STATEMENT**

1	Cash at the beginning of the period	328 987	499 264
2	Net cash flows from operating activities	260 906	(216 629)
3	Net profit (loss)	12 799	(26 915)
4	Total adjustments	248 108	(189 714)
5	Net cash flows from investing activities	911	(108 460)
6	Investing activities inflows	25 516	133 025
7	Investing activities outflows	24 605	241 485
8	Net cash flows from financing activities	157 934	212 300
9	Financing activities inflows	430 162	262 947
10	Financing activities outflows	272 228	50 647
11	Total net cash flows	419 751	(112 789)
12	Cash at the end of the period	748 738	386 475