

## (for capital group with the bank as the parent)

Pursuant to Art. 57.2 and Art. 58.1 of the Regulation of the Council of Ministers dated 16 October 2001 (Journal of Laws No. 139, item 1569 and No. 31, item 280 (from year 2002)),

The Management Board of BRE Bank S.A.  
publishes this Quarterly Report for Q2 2004:

2 August 2004  
(date of submittal)

SELECTED FINANCIAL DATA	[000] PLN		[000] EUR	
	II Q cumulative	II Q cumulative	II Q cumulative	II Q cumulative
(current year)	from 1 Jan 2004 to 30 Jun 2004	from 1 Jan 2003 to 30 Jun 2003	from 1 Jan 2004 to 30 Jun 2004	from 1 Jan 2003 to 30 Jun 2003
I. Interest income	641 454	582 268	135 582	135 066
II. Commission income	208 873	169 560	44 149	39 332
III. Profit (loss) on banking activity	521 203	435 491	110 165	101 019
IV. Operating profit (loss)	125 767	117 080	26 583	27 158
V. Gross profit (loss) before tax	112 837	102 749	23 850	23 834
VI. Net profit (loss)	70 808	55 707	14 966	12 922
VII. Net cash from operating activities	(742 046)	1 125 299	(156 844)	261 030
VIII. Net cash from investing activities	15 277	3 928	3 229	911
IX. Net cash from financing activities	660 947	680 853	139 703	157 934
X. Total net cash flow	(65 822)	1 810 080	(13 913)	419 875
XI. Total assets	33 019 774	29 078 718	7 269 555	6 524 280
XII. Amounts due to the Central Bank	-	862	-	193
XIII. Amounts to the financial institutions	6 864 652	6 730 293	1 511 306	1 510 050
XIV. Amounts to the non-financial and public sector	12 367 933	10 602 236	2 722 895	2 378 783
XV. Equity	2 202 372	1 632 827	484 869	366 351
XVI. Share capital	114 853	91 882	25 286	20 615
XVII. Number of shares	28 713 125	22 970 500	28 713 125	22 970 500
XVIII. Book value per share (in PLN/EUR)	76.70	71.08	16.89	15.95
XIX. Diluted book value per share (in PLN/EUR)	-	-	-	-
XX. Solvency ratio	11.51	8.88	11.51	8.88
XXI. Profit (loss) per ordinary share (in PLN/EUR)	2.47	2.43	0.52	0.56
XXII. Diluted profit (loss) per ordinary share (in PLN/EUR)	-	-	-	-
XXIII. Dividend declared or paid out per ordinary share (in PLN/EUR)	-	-	-	-

CONSOLIDATED BALANCE SHEET [PLN'000]	as at 30 Jun 2004 end of this quarter (2004)	as at 31 Mar 2004 end of previous quarter (2004)	as at 30 Jun 2003 end of this quarter (2003)	as at 31 Mar 2003 end of previous quarter (2003)
<b>Assets</b>				
I. Cash and balances with the Central Bank	466 674	610 985	640 187	497 489
II. Debt securities eligible for rediscounting at the Central Bank	84 773	60 888	101 302	104 684
III. Receivables from financial institutions	5 698 616	4 952 416	3 972 325	4 029 037
1. Short-term	5 403 506	4 670 923	3 003 561	3 212 054
a) Current	2 370 457	2 743 761	2 171 685	2 114 013
b) Other short-term	3 033 049	1 927 162	831 876	1 098 041
2. Long-term	295 110	281 493	968 764	816 983
IV. Receivables from clients	14 138 662	13 803 709	13 348 749	13 065 569
1. Short-term	8 183 040	7 725 672	8 119 474	7 727 856
a) Current	1 819 851	1 591 639	2 013 389	1 712 100
b) Other short-term	6 363 189	6 134 033	6 106 085	6 015 756
2. Long-term	5 955 622	6 078 037	5 229 275	5 337 713
V. Receivables from the public sector	1 578 869	1 576 016	48 434	51 651
1. Short-term	1 553 941	1 553 885	38 628	40 093
a) Current receivables	3 699	6 791	6 274	7 462
b) Other short-term	1 550 242	1 547 094	32 354	32 631
2. Long-term	24 928	22 131	9 806	11 558
VI. Receivables under purchased securities with a buy-back clause	529 249	1 769	115 014	17 289
VII. Debt securities	4 451 827	4 666 549	4 859 179	4 940 079
VIII. Receivables from subordinated entities subject to equity accounting valuation	59 483	34 091	17 490	17 981
1. Subsidiaries	15 024	5 960	2 884	1 707
2. Joint-ventures	-	-	-	-
3. Affiliates	44 459	28 131	14 606	16 274
IX. Stocks and shares in subsidiaries subject to equity accounting valuation	159 848	100 225	104 757	89 322
X. Stocks and shares in joint ventures subject to equity accounting valuation	-	-	-	-
XI. Stocks and shares in associates subject to equity accounting valuation	4 392	4 799	28 686	25 823
XII. Stocks or shares in other entities	10 209	11 725	24 437	13 856
XIII. Other securities and financial assets	2 656 801	2 574 903	2 788 722	2 968 411
XIV. Intangible fixed assets, including:	280 596	265 169	294 574	300 009
- goodwill	84 395	87 599	97 207	100 357
XV. Goodwill of subordinated entities	447 025	453 805	473 325	480 903
XVI. Tangible fixed assets	732 966	984 183	903 773	902 086
XVII. Other assets	979 791	756 994	364 126	351 904
1. Assets taken over and held for resale	44	44	105	6 286
2. Inventories	54 350	74 733	69 055	52 177
3. Other	925 397	682 217	294 966	293 441
XVIII. Prepayments	739 993	722 683	993 638	1 012 858
1. Deferred income tax assets	651 091	627 535	907 410	929 566
2. Other prepaid items	88 902	95 148	86 228	83 292
Total assets	33 019 774	31 580 909	29 078 718	28 868 951
	-	-	-	-
<b>Liabilities</b>				
I. Amounts due to the Central Bank	-	-	862	1 685
II. Amounts due to financial institutions	6 864 652	6 717 458	6 730 293	7 196 864
1. Short-term	4 668 296	4 386 159	3 663 662	5 233 384
a) Current	944 658	899 587	615 166	1 100 790
b) Other short-term	3 723 638	3 486 572	3 048 496	4 132 594
2. Long-term	2 196 356	2 331 299	3 066 631	1 963 480
III. Amounts due to clients	12 167 272	11 679 301	10 524 297	9 825 821
1. Short-term	11 309 970	10 876 119	9 514 416	8 788 936
a) Current, including:	6 501 247	6 242 147	5 743 189	4 751 804
- saving deposits	2 524 319	2 477 056	1 948 367	1 791 073
b) Other short-term, including:	4 808 723	4 633 972	3 771 227	4 037 132
- saving deposits	606 167	549 954	426 681	346 020
2. Long-term, including:	857 302	803 182	1 009 881	1 036 885
- saving deposits	167 397	170 818	216 034	225 131
IV. Amounts due to the public sector	200 661	134 856	77 939	83 516
1. Short-term	198 075	132 270	75 336	80 918
a) Current	126 699	83 603	43 247	36 586
b) Other short-term	71 376	48 667	32 089	44 332
2. Long-term	2 586	2 586	2 603	2 598
V. Amounts due under sold securities with a buy-back clause	2 513 418	2 538 839	2 664 674	2 865 545

VI. Amounts due under issues of debt securities	4 073 138	3 941 810	2 363 587	2 195 994
1. Short-term	2 189 797	1 287 963	482 269	518 827
2. Long-term	1 883 341	2 653 847	1 881 318	1 677 167
VII. Other amounts due under financial instruments	2 334 322	2 122 947	2 233 392	2 162 503
VIII. Amounts due to the subordinated priced using equity				
method	17 455	10 721	11 832	17 400
1. Subsidiaries	14 011	8 280	11 497	16 566
2. Joint-ventures	-	-	-	-
3. Affiliates	3 444	2 441	335	834
IX. Special funds and other liabilities	362 972	494 020	349 749	439 409
X. Accruals, deferred income and qualified income	291 235	279 353	266 435	258 902
1. Prepayments	47 971	40 735	42 667	46 636
2. Goodwill (negative figure)	-	-	-	-
3. Other deferred and qualified income	243 264	238 618	223 768	212 266
XI. Goodwill of subordinated companies (negative figure)	1 650	2 093	789	916
XII. Provisions	685 860	679 477	940 721	948 434
1. Defferd income tax liabilities	550 515	540 871	801 417	803 579
2. Other	135 345	138 606	139 304	144 855
a) short-term	8 444	9 606	1 611	16 648
b) long-term	126 901	129 000	137 693	128 207
XIII. Subordinated liabilities	1 176 075	1 228 774	1 154 141	1 140 888
XIV. Minority interests	128 692	114 193	127 180	123 603
XV. Share capital	114 853	91 882	91 882	91 882
XVI. Subscribed share capital not paid up (negative amount)	-	-	-	-
XVII. Own shares (negative figure)	-	-	-	(4 545)
XVIII. Supplementary reserve	1 185 922	658 495	656 365	655 243
XIX. Revaluation reserve	1 493	13 662	7 134	5 754
XX. Other reserves	749 270	746 543	745 618	1 357 339
XXI. Foreign exchange gains/losses on the translation of subordinated companies	(427)	(236)	604	(1 487)
1. gains	9 754	13 298	8 706	6 778
2. losses	(10 181)	(13 534)	(8 102)	(8 265)
XXII. Retained profit (loss)	80 453	86 168	75 517	(531 529)
XXIII. Net profit (loss)	70 808	40 553	55 707	34 814
Total liabilities	33 019 774	31 580 909	29 078 718	28 868 951
Solvency ratio	11.51	7.62	8.88	9.77
Book value	2 202 372	1 637 067	1 632 827	1 607 471
Number of shares	28 713 125	22 970 500	22 970 500	22 970 500
Book value per share (in PLN)	76.70	71.27	71.08	69.98
Diluted number of shares	-	-	-	-
Diluted book value per share (in PLN)	-	-	-	-

	as at 30 Jun 2004 end of this quarter (2004)	as at 31 Mar 2004 end of previous quarter (2004)	as at 30 Jun 2003 end of this quarter (2003)	as at 31 Mar 2003 end of previous quarter (2003)
CONSOLIDATED OFF-BALANCE-SHEET ITEMS				
I. Contingent liabilities extended and received	7 786 159	7 611 068	6 451 492	6 172 102
1. Commitments granted:	6 839 667	6 452 988	5 684 294	5 401 375
a) financing	5 353 718	5 178 878	4 399 364	4 079 603
b) guarantees	1 485 949	1 274 110	1 284 930	1 321 772
2. Commitments received:	946 492	1 158 080	767 198	770 727
a) financing	128 451	372 249	246 470	361 928
b) guarantees	818 041	785 831	520 728	408 799
II. Commitments arising from purchase/sale transactions	216 722 941	218 523 995	178 082 540	164 272 576
III. Other (due to)	1 074 767	631 755	376 003	323 211
- factoring receivables	518 468	493 336	287 090	323 211
- factoring liabilities	149 360	138 419	88 913	-
- share acquisition rights	406 939	-	-	-
Total off-balance-sheet items	225 583 867	226 766 818	184 910 035	170 767 889

	II Q	II Q cumulative	II Q	II Q cumulative
CONSOLIDATED				
PROFIT AND LOSS ACCOUNT	from 1 Jan 2004 to 30 Jun 2004	from 1 Jan 2004 to 30 Jun 2004	from 1 Jan 2003 to 30 Jun 2003	from 1 Jan 2003 to 30 Jun 2003
I. Interest income	317 420	641 454	288 345	582 268
II. Interest cost	201 414	419 131	195 359	424 313
III. Net interest income (I-II)	116 006	222 323	92 986	157 955
IV. Commission income	99 511	208 873	91 086	169 560
V. Commission cost	27 216	58 236	22 536	45 223
VI. Net commission income (IV-V)	72 295	150 637	68 550	124 337
VII. Net income of goods sold	-	-	-	-
VIII. Cost of sold products, goods and materials	-	-	-	-
IX. Cost of sale	-	-	-	-
X. Profit on sale (VII-VIII-IX)	-	-	-	-
XI. Income from shares, other securities and financial instruments with variable income				
	8 307	8 800	6 279	6 309
1. From subsidiaries	3 091	3 091	-	-
2. From joint-ventures	-	-	-	-
3. From affiliates	-	-	6 253	6 253
4. From others	5 216	5 709	26	56
XII. Profit (loss) on financial transaction	13 809	14 912	68 615	78 142
XIII. Profit (loss) on foreign exchange result	73 787	124 531	24 799	68 748
XIV. Profit (loss) on banking activity	284 204	521 203	261 229	435 491
XV. Other operating income	295 685	352 982	40 415	79 401
XVI. Other operating expenses	241 610	249 712	3 550	18 337
XVII. Overhead costs of the bank	179 908	336 549	167 323	306 103
XVIII. Depreciation and amortisation of tangible and intangible fixed assets	38 890	77 029	38 993	77 522
XIX. Provisions and revaluation	158 490	281 653	85 020	135 984
1. specific provisions and general risk provisions	168 958	279 977	89 769	134 741
2. revaluation of financial assets	(10 468)	1 676	(4 749)	1 243
XX. Released provisions and revaluation	100 514	196 525	53 902	140 134
1. Released specific provisions and general risk provisions				139 213
	107 330	194 892	61 843	
2. Revaluation of financial assets	(6 816)	1 633	(7 941)	921
XXI. Net provisions and revaluation (XIX-XX)	57 976	85 128	31 118	(4 150)
XXII. Operating profit (loss)	61 505	125 767	60 660	117 080
XXIII. Profit (loss) on extraordinary items	2	2	(79)	44
1. gains	2	33	(188)	96
2. losses	-	31	(109)	52
XXIV. Deduction of subordinated goodwill	6 780	13 818	7 577	15 206
XXV. Deduction of subordinated goodwill (negative amount)	443	886	127	831
XXVI. Profit (loss) before tax	55 170	112 837	53 131	102 749
XXVII. Corporate income tax	10 792	27 866	24 675	40 375
1. current part	21 992	25 641	5 926	9 125
2. postponed part	(11 200)	2 225	18 749	31 250
XXVIII. Other obligatory profit appropriations (loss increase)	-	-	-	-
XXIX. Net gain (loss) on share in subordinated valued using equity method	(196)	2 632	(2 089)	(2 805)
XXX. (Profit) loss of minority	(13 927)	(16 795)	(5 474)	(3 862)
XXXI. Net profit (loss)	30 255	70 808	20 893	55 707
Net profit (loss) (for 12 months)	20 605		(225 555)	
Weighted average number of ordinary shares	22 970 500		22 970 500	
Net profit (loss) per 1 ordinary share [PLN]	0.90		(9.82)	
Weighted average number of ordinary shares	-		-	
Diluted net profit (loss) per 1 ordinary share [PLN]	-		-	

MOVEMENTS IN CONSOLIDATED EQUITY	II Q	II Q cumulative	II Q	II Q cumulative
	from 1 Apr 2004 to 30 Jun 2004	from 1 Jan 2004 to 30 Jun 2004	from 1 Apr 2003 to 30 Jun 2003	from 1 Jan 2003 to 30 Jun 2003
I. Equity as at the beginning of the period (OB)	1 641 937	1 583 757	1 884 655	1 581 306
a) changes to accounting policy	(2 471)	(6 747)	(8 546)	(9 519)
b) adjustment of key miscalculation	2 042	939	-	-
I.a. Equity as at the beginning of the period (OB) after reconciliation to comparative data	1 641 508	1 577 949	1 876 109	1 571 787
I. Share capital as at the beginning of the period	91 882	91 882	91 882	91 882
1.1 Changes in share capital	22 971	22 971	-	-
a) increase (due to):	22 971	22 971	-	-
-issue of shares	22 971	22 971	-	-

		-		-	
		-		-	
b) decrease (due to):		-	-	-	-
-cancellation of shares		-	-	-	-
		-		-	
		-		-	
1.2. Share capital as at the end of the period	114 853	114 853	91 882	91 882	
2. Payments for share capital as at the beginning of the period					
2.1 Changes in payments for share capital					
a) increase (due to):					
b) decrease (due to):					
2.2 Payments for share capital at the end of the period					
3. Own shares as at the beginning of the period			(4 545)		
a) increase (due to):				(4 545)	
b) decrease (due to):			(4 545)	(4 545)	
3.1 Own shares at the end of the period					
4. Supplementary capital as at the beginning of the period	658 495	657 157	655 243	659 013	
4.1. Movements in the supplementary capital	527 427	528 765	1 122	(2 648)	
a) increase (due to):	527 427	528 765	4 766	4 881	
- issue of shares above nominal value	526 845	526 845	-	-	
- allocation of the profit (statutory)	582	1 918	4 765	4 765	
- allocation of the profit (above minimal value up to statutory)	-	-	-	-	
- exclusion from consolidation following disposal of a	-	-	-	-	
- supplementary charge of partners	-	-	-	-	
- consolidation of company	-	-	-	-	
- reclassification from reserve capital	-	-	-	-	
- other	-	2	1	116	
b) decrease (due to):	-	-	3 644	7 529	
- loss coverage	-	-	3 534	3 534	
- correction of agio due to change of consolidation method	-	-	-	-	
- termination of capital in case of payment to shareholders	-	-	-	-	
- exclusion from consolidation following disposal of a	-	-	2	3 887	
- correction of agio due to payment to shareholders	-	-	-	-	
- foreign exchange gains/losses	-	-	108	108	
- other	-	-	-	-	
4.2. Supplementary capital as at the end of the period	1 185 922	1 185 922	656 365	656 365	
5. Revaluation reserve as at the beginning of the period	13 662	(1 988)	5 754	(8 643)	
5.1. Movements in revaluation reserve	(12 169)	3 481	1 380	15 777	
a) increase (due to)	17 969	44 776	14 416	41 538	
- foreign exchange gains/losses	1 279	4 250	6 256	11 566	
- deferred income tax	4 725	4 725	3 247	3 723	
- revaluation of securities available to sale	8 180	31 584	3 436	17 206	
- revaluation of tangible fixed assets	278	278	1 269	2 361	
- exclusion from consolidation following disposal of a company	-	-	-	6 463	
- other	3 507	3 939	208	219	
b) decrease (due to)	30 138	41 295	13 036	25 761	
- disposal of fixed assets	-	2	-	-	
- deferred income tax	1 321	4 655	3 571	5 675	
- foreign exchange gains/losses	3 934	6 222	2 208	2 209	
- exclusion from consolidation following disposal of a company	-	-	-	754	
- revaluation of tangible fixed assets	-	-	1 273	3 400	
- revaluation of securities for disposal	24 439	29 643	5 984	13 723	
- other	444	773	-	-	
5.2. Revaluation reserve as at the end of the period	1 493	1 493	7 134	7 134	
6. General banking risk reserve as at the beginning of the period	558 000	558 000	558 000	558 000	
6.1. Movements in general banking risk reserve	1 595	1 595	-	-	
a) increase (due to)	1 595	1 595	-	-	
- appropriation of retained earnings	1 595	1 595	-	-	
	-	-	-	-	
	-	-	-	-	
b) decrease (due to)	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
6.2. General banking risk reserve as at the end of the period	559 595	559 595	558 000	558 000	
7. Other supplementary capitals as at the beginning of the period	188 543	188 354	799 339	800 267	
7.1. Changes in other supplementary capitals	1 132	1 321	(611 721)	(612 649)	

a) increase (due to):	1 834	2 025	(1 056)	-
- deduction of profit for supplementary capital	1 836	2 025	-	-
- inclusion for consolidation	-	-	-	-
- capital decrease reserve	-	-	-	-
- dividend payment	-	-	(1 056)	-
- other	(2)	-	-	-
b) decrease (due to)	702	704	610 665	612 649
- reclassification to reserve capital	-	-	-	-
- dividend payment	-	-	-	-
- dividend payment by way of advance	-	-	-	-
- exclusion from consolidation following disposal of a	-	-	-	1 984
- loss coverage	702	702	607 993	607 993
- other	-	2	2 672	2 672
7.2. Other supplementary capital as at the end of the period	189 675	189 675	187 618	187 618
8. Foreign exchange gains/losses on the translation of subordinated companies	(427)	(427)	604	604
9. Retained earnings (accumulated losses) as at the beginning of the period	91 677	90 596	(531 529)	(518 862)
9.1. Retained earnings as at beginning of the period	102 593	100 409	95 671	98 819
a) changes to accounting policy	5 112	8 427	-	-
b) adjustment of key miscalculation	2 042	2 042	-	-
9.2. Retained earnings as at the beginning of the period after reconciliation to comparative data	109 747	110 878	95 671	98 819
9.3. Change in retained earnings	(3 906)	(5 037)	(5 020)	(8 168)
a) increase (due to):	(172)	501	486	486
- allocation of retained earnings	-	-	-	-
- inclusion the company to consolidation (full method)	-	-	-	-
- stake increased through a subholding	-	-	-	-
- foreign exchange gains/losses	-	-	-	-
- other	(172)	501	486	486
b) decrease (due to):	3 734	5 538	5 506	8 654
- deduction of profit for general banking risk reserve	-	-	-	-
- profit allocation to supplementary capital	3 431	3 620	(1 056)	-
- profit allocation to reserve capital	582	1 918	4 765	4 765
- profit allocation to shareholder dividend	-	-	3 378	3 378
- transfer to the Social Fund	-	-	6	6
- foreign exchange gains/losses	-	-	(2 092)	-
- other	(279)	-	505	505
9.4. Retained earnings as at the end of the period	105 841	105 841	90 651	90 651
9.5. Accumulated losses at the beginning of the period	(10 916)	(9 813)	(627 200)	(617 681)
a) changes to accounting policies	(15 174)	(15 174)	-	(9 519)
b) adjustment of key miscalculation	-	(1 103)	-	-
9.6. Accumulated losses as at the beginning of the period after reconciliation to comparative data	(26 090)	(26 090)	(627 200)	(627 200)
9.7. Change in accumulated losses	702	702	613 508	613 508
a) increase (due to):	-	-	-	-
- loss to be covered brought forward from previous years	-	-	-	-
- inclusion the company to consolidation	-	-	-	-
- other	-	-	-	-
b) decrease (due to):	(702)	(702)	(613 508)	(613 508)
- coverage from reserves	-	-	(3 534)	(3 534)
- exclusion from consolidation in connection of selling the	-	-	(1 981)	(1 981)
- coverage from supplementary capital	(702)	(702)	(607 993)	(607 993)
9.8. Accumulated losses as at the end of period	(25 388)	(25 388)	(13 692)	(13 692)
9.9. Retained earnings (accumulated losses) as at the end of period	80 453	80 453	76 959	76 959
10. Net profit/loss	70 808	70 808	55 707	55 707
a) net loss	70 808	70 808	55 707	55 707
b) net profit	-	-	-	-
II. Equity as at the end of the period (CB )	2 202 372	2 202 372	1 634 269	1 634 269
III. Equity including proposed profit distribution (coverage of loss)	2 202 372	2 202 372	1 634 269	1 634 269

CONSOLIDATED CASH FLOW STATEMENT	II Q	II Q cumulative	II Q	II Q cumulative
	from 1 Apr 2004 to 30 Jun 2004	from 1 Jan 2004 to 30 Jun 2004	from 1 Apr 2003 to 30 Jun 2003	from 1 Jan 2003 to 30 Jun 2003
A. Net cash flows from operating activities - indirect method	368 650	(742 046)	(29 662)	1 125 299
I. Net profit (loss)	30 255	70 808	20 893	55 707
II. Total adjustments for:	338 395	(812 854)	(50 555)	1 069 592
1. Profit (loss) of minority shareholders	13 927	16 795	2 250	3 862

2. Participation in profit (loss) of subordinated companies valued with equity method	196	(2 632)	2 089	2 805
3. Depreciation, including:	45 227	89 961	46 443	91 897
- appropriations of goodwill of subordinates and goodwill of subordinates (negative amount)	6 337	12 932	21 300	14 375
4. Foreign exchange gains/losses	(91 012)	(96 104)	9 865	98 236
5. Interest and dividends	51 664	67 698	22 604	52 139
6. (Profit) loss on investments	(20 027)	(27 486)	5 420	4 098
7. Change in provisions	12 538	(47 275)	17 523	(15 375)
8. Change in reserves	-	-	-	-
9. Change in debt securities	190 960	(702 859)	201 211	243 985
10. Change in receivables from the financial institutions	496 376	(1 377 156)	633 930	601 722
11. Change in receivables from the clients and public sector	(296 306)	(386 900)	(286 319)	(1 412 730)
12. Change in amounts due to purchase of securities with a buy-back clause	(527 480)	(274 931)	(97 725)	182 599
13. Change in stocks or shares and securities and other financial instruments	(204 042)	122 352	256 223	309 550
14. Change in liabilities to financial institutions	142 902	(107 074)	(1 034 854)	(984 567)
15. Change in liabilities to clients and public sector	553 776	249 983	561 961	136 926
16. Change in liabilities due to sold securities with a buy-back clause	(25 421)	1 048 421	(200 871)	722 359
17. Change in liabilities due to securities	(81 899)	511 629	(172 034)	479 082
18. Change in other liabilities	72 476	79 950	(45 093)	534 506
19. Change in prepayments	(10 074)	35 287	15 320	(4 520)
20. Change in deferred and qualified income	14 614	(12 513)	11 502	23 018
21. Other	-	-	-	-
III. Net cash flows from operating activities (I - II) - indirect method	368 650	(742 046)	(29 662)	1 125 299
B. Net cash flows from investment operations (I-II)	2 008	15 277	(19 678)	3 928
I. Incomes	32 796	97 418	50 543	110 000
1. Sale of stocks or shares in subsidiaries	-	-	-	313
2. Sale of stocks or shares in joint ventures	-	-	-	-
3. Sale of stocks or shares in affiliates	-	-	5 137	5 137
4. Sale of other stocks or shares, securities and financial instruments	33 312	96 254	42 955	101 526
5. Sale of intangible and tangible fixed assets	(796)	874	756	1 329
6. Sale of investment in real estate and intangible assets	-	-	-	-
7. Other investment incomes	280	290	1 695	1 695

II. Expenses	30 788	82 141	70 221	106 072
1. Purchase of stocks or shares in subsidiaries	628	629	3 119	6 503
2. Purchase of stocks or shares in joint ventures	-	-	-	-
3. Purchase of shares in affiliated	-	-	-	-
4. Purchase of other stocks or shares, securities and financial instruments	10	14 095	24 355	29 022
5. Purchase of intangible and tangible fixed assets	16 514	25 519	15 062	29 498
6. Investment in real estate and intangible assets	13 636	41 898	27 685	41 049
7. Other investments' expenses	-	-	-	-
III. Net cash flow from investment operations (I-II)	2 008	15 277	(19 678)	3 928
C. Net cash flow from financing activities (I-II)	751 951	660 947	547 241	680 853
I. Incomes	1 021 689	1 141 689	1 678 714	1 854 430
1. Long term loans received from other banks	291 147	411 147	1 450 993	1 503 371
2. Long term loans received from financial institutions, excluding banks	-	-	8 430	8 430
3. Issue of debt securities	180 726	180 726	222 698	342 629
4. Change in subordinated liabilities in plus	-	-	(3 407)	-
5. Net cash from shares' issue and payment to capital	549 816	549 816	-	-
6. Other	-	-	-	-
II. Expenses	269 738	480 742	1 131 473	1 173 577
1. Long term loans repaid to other banks	228 947	412 754	1 115 198	1 115 198
2. Long term loans repaid to financial institutions, excluding banks	-	-	(8 024)	-
3. Redemption of securities	-	-	-	-
4. Due to other financial liabilities	-	-	-	-
5. Payments due to financial leasing liabilities	-	-	-	-
6. Decrease of subholding liabilities	-	-	-	-
7. Dividends and other payments to owners	-	-	-	-
8. Dividends and other participation in profit payments for	-	-	-	-
9. Payments for allocation of the profit (different from payments to owners)	-	-	-	-
10. Acquisition of own shares	-	-	-	4 545
11. Other financial expenses	40 791	67 988	24 299	53 834
12. Other expenses	-	-	-	-
III. Net cash flows from financing activities (I-II)	751 951	660 947	547 241	680 853
D. Total net cash flows (A+/-B+/-C)	1 122 609	(65 822)	497 901	1 810 080
E. Net change in cash	1 122 609	(65 822)	497 901	1 810 080
- including change in cash due to foreign exchange gains/losses	(20 458)	(3 990)	1 742	4 257
F. Cash at the beginning of the period	3 867 814	5 056 245	2 730 442	1 418 263
G. Cash at the end of the period (F+/- D)	4 990 423	4 990 423	3 228 343	3 228 343

## QUARTERLY SHORTENED FINANCIAL STATEMENT

BALANCE SHEET [PLN'000]	as at 30 Jun 2004 end of this quarter (2004)	as at 31 Mar 2004 end of previous quarter (2004)	as at 30 Jun 2003 end of this quarter (2003)	as at 31 Mar 2003 end of previous quarter (2003)
<b>A s s e t s</b>				
I. Cash and balances with the Central Bank	466 163	610 138	639 878	497 351
II. Debt securities eligible for refinancing at Central Bank	84 773	60 888	101 302	75 632
III. Amounts due from the financial institutions	6 115 426	5 294 162	4 343 155	4 432 526
1. Current	2 367 958	2 747 697	2 170 583	2 132 478
2. Term	3 747 468	2 546 465	2 172 572	2 300 048
IV. Amounts from clients	9 839 855	9 767 589	9 472 497	9 311 655
1. Current	1 819 851	1 591 639	1 730 407	1 712 100
2. Term	8 020 004	8 175 950	7 742 090	7 599 555
V. Amounts due from the public sector	1 578 869	1 576 016	48 434	51 651
1. Current	3 699	6 791	6 274	7 462
2. Term	1 575 170	1 569 225	42 160	44 189
VI. Amounts due in respect of purchase of securities with a buy back clause	529 249	1 769	100 844	3 119
VII Debt securities	4 450 848	4 777 951	5 024 664	4 919 569
VIII. Stocks or shares in subsidiaries	978 468	921 408	881 528	863 716
IX Stocks or shares in joint ventures	-	-	-	-
X. Stocks or shares in affiliates	1 102	(1 391)	22 443	22 637
XI. Stocks or shares in other companies	8 321	9 412	23 966	13 371
XII. Other securities and financial assets	2 606 670	2 473 754	2 737 583	2 948 094
XIII. Intangible assets, including:	235 465	219 817	246 664	253 224
- goodwill	49 612	52 337	60 510	63 181
XIV. Tangible fixed assets	693 892	944 739	876 180	873 662
XV. Other assets	653 333	399 207	180 028	283 600
1. Assets acquired through debt recovery - for sale	44	44	105	2 809
2. Other	653 289	399 163	179 923	280 791
XVI. Prepayments	638 908	600 391	853 329	870 474
1. Deferred income tax	605 759	562 456	832 761	856 129
2. Other prepayments	33 149	37 935	20 568	14 345
<b>T o t a l a s s e t s</b>	<b>28 881 342</b>	<b>27 655 850</b>	<b>25 552 495</b>	<b>25 420 281</b>
	-	-	-	-
<b>Liabilities</b>				
I. Amounts due to Central Bank	-	-	862	1 685
II. Liabilities to the financial institutions	6 901 154	7 098 085	6 076 855	6 588 450
1. Current	1 007 227	1 069 473	692 438	936 007
2. Term	5 893 927	6 028 612	5 384 417	5 652 443
III. Liabilities to the clients sector	11 745 378	11 339 116	10 208 146	9 420 276
1. Saving deposits	3 297 883	3 197 828	2 539 756	2 362 224
a) Current	2 524 319	2 477 056	1 948 367	1 791 073
b) Term	773 564	720 772	591 389	571 151
2. Other	8 447 495	8 141 288	7 668 390	7 058 052
a) Current	3 874 745	3 619 936	3 661 209	2 965 209
b) Term	4 572 750	4 521 352	4 007 181	4 092 843
IV. Liabilities to the public institutions	200 661	134 856	77 939	83 469
1. Current liabilities	126 699	83 603	43 247	36 586
2. Term liabilities	73 962	51 253	34 692	46 883
V. Amounts due under sold securities with a buy-back clause	2 513 418	2 538 839	2 664 674	2 865 545
VI. Liabilities due to issue of debt securities	700 135	400 908	225 907	177 916
1. Short-term	610 346	321 666	222 827	174 882
2. Long-term	89 789	79 242	3 080	3 034
VII. Other liabilities due to financial instruments	2 330 250	2 099 157	2 172 390	2 117 950
VIII. Special funds and other liabilities	256 977	360 255	262 026	349 665
IX. Accruals, deferred income and qualified income	260 681	241 122	235 224	224 560
1. Costs prepayments	28 182	22 119	23 513	22 936
2. Goodwill (negative figure)	-	-	-	-
3. Other deferred and qualified income	232 499	219 003	211 711	201 624
X. Reserves	638 357	618 321	876 534	879 048
1. Income tax reserves	522 798	501 274	748 976	750 961
2. Other reserves	115 559	117 047	127 558	128 087
a) short-term	-	-	-	-
b) long-term	115 559	117 047	127 558	128 087
XI. Subordinated liabilities	1 135 766	1 186 658	1 114 591	1 101 792
XII. Share capital	114 853	91 882	91 882	91 882
XIII Payment for share capital (negative figure)	-	-	-	-

XIV. Own shares (negative figure)	-	-	-	(4 545)
XV. Supplementary capital	1 275 584	748 739	748 739	748 738
XVI. Revaluation capital	(421)	14 341	6 788	5 632
XVII. Other reserve capital	746 757	744 922	744 922	1 352 915
XVIII. Net Retained earnings (Accumulated losses)	(8 264)	(3 917)	(9 519)	(617 512)
XIX. Net profit (loss)	70 056	42 566	54 535	32 815
Total liabilities	28 881 342	27 655 850	25 552 495	25 420 281
Capital adequacy ratio	14.28	8.71	9.54	9.77
Book value	2 198 565	1 638 533	1 637 347	1 609 925
Number of shares	28 713 125	22 970 500	22 970 500	22 970 500
Book value per share (in PLN)	76.57	71.33	71.28	70.09
Diluted number of shares	-	-	-	-
Diluted book value per share (in PLN)	-	-	-	-

OFF-BALANCE-SHEET ITEMS	as at 30 Jun 2004 end of this quarter (2004)	as at 31 Mar 2004 end of previous quarter (2004)	as at 30 Jun 2003 end of this quarter (2003)	as at 31 Mar 2003 end of previous quarter (2003)
I. Off-balance-sheet liabilities extended and received	9 230 393	9 105 388	7 295 369	6 948 486
1. Liabilities extended	8 714 221	8 576 640	6 818 504	6 449 060
a) financing	4 839 493	4 771 004	4 132 631	3 682 503
b) guarantees	3 874 728	3 805 636	2 685 873	2 766 557
2. Liabilities received	516 172	528 748	476 865	499 426
a) financing	105 175	109 235	102 760	147 071
b) guarantees	410 997	419 513	374 105	352 355
II. Liabilities related to realised purchase/sale transactions	217 428 296	220 382 398	177 875 871	164 093 823
III. Other	406 939	-	-	-
-	406 939	-	-	-
-	-	-	-	-
Total off-balance-sheet items	227 065 628	229 487 786	185 171 240	171 042 309

PROFIT AND LOSS ACCOUNT	II Q	II Q cumulative	II Q	II Q cumulative
	from 1 Apr 2004 to 30 Jun 2004	from 1 Jan 2004 to 30 Jun 2004	from 1 Apr 2003 to 30 Jun 2003	from 1 Jan 2003 to 30 Jun 2003
I. Interest income	232 785	480 612	225 841	461 152
II. Interest expense	169 769	338 314	163 641	363 070
III. Net interest income (I-II)	63 016	142 298	62 200	98 082
IV. Commission income	81 428	155 610	68 157	127 468
V. Commission expense	27 249	48 959	17 716	36 481
VI. Net commission income (IV-V)	54 179	106 651	50 441	90 987
VII. Profit (loss) stocks or shares, other securities and financial instruments of variable income	8 740	25 155	9 933	9 933
1. From subsidiaries	3 549	19 502	2 571	2 571
2. From joint ventures	-	-	-	-
3. From affiliates	-	10	7 362	7 362
4. From others	5 191	5 643	-	-
VIII. Profit on financial operations	2 260	911	63 677	68 388
IX. Exchange gains/losses	73 229	121 849	33 736	88 287
X. Profit (loss) on banking operations	201 424	396 864	219 987	355 677
XI. Other operating income	265 704	295 616	16 157	32 245
XII. Other operating expenses	233 279	237 794	3 345	10 543
XIII. Overheads	129 863	232 983	116 502	206 707
XIV. Depreciation of tangible and intangible fixed assets	32 622	65 793	34 160	68 185
XV. Provisions and write-downs	139 505	246 810	69 831	111 337
1. for specific provisions and to general banking risk	138 151	245 243	69 635	111 141
2. revaluation of financial assets	1 354	1 567	196	196
XVI. Reversal of provisions and revaluation	87 643	175 091	46 816	122 986
1. Release of provisions and general banking risk reserve	87 322	173 699	46 816	122 986
2. Revaluation of financial assets	321	1 392	-	-
XVII. Difference in provisions and revaluation appropriations	51 862	71 719	23 015	(11 649)
XVIII. Operating profit (loss)	19 502	84 191	59 122	114 136
XIX. Profit (loss) on extraordinary items	-	-	19	32
1. Extraordinary gains	-	-	63	76
2. Extraordinary losses	-	-	44	44
XX. Gross profit (loss) before tax	19 502	84 191	59 141	114 168
XXI. Income tax	(4 284)	6 646	22 501	34 683
1. Current part	14 092	14 092	-	-

2. Postponed part	(18 376)	(7 446)	22 501	34 683
XXII. Other obligatory deductions of profit (increase of loss)	-	-	-	-
XXIII. Participation in net profit (loss) of subordinated to equity method valuation	3 704	(7 489)	(16 362)	(24 950)
XXIV. Net profit (loss)	27 490	70 056	20 278	54 535
Net profit (loss) (for 12 months)	17 357	-	(224 352)	-
Weighted average number of ordinary shares	22 970 500	-	22 970 500	-
Net profit (loss) per 1 ordinary share [PLN]	0.76	-	(9.77)	-
Weighted average diluted number of ordinary shares	-	-	-	-
Diluted net profit (loss) per 1 ordinary share [PLN]	-	-	-	-

MOVEMENTS IN EQUITY	II Q	II Q cumulative	II Q	II Q cumulative
	from 1 Apr 2004 to 30 Jun 2004	from 1 Jan 2004 to 30 Jun 2004	from 1 Apr 2003 to 30 Jun 2003	from 1 Jan 2003 to 30 Jun 2003
I. Equity as at the beginning of the period (OB)	1 644 042	1 583 287	1 609 925	1 582 497
a) changes to accounting policies	(2 471)	(6 747)	(8 546)	(9 519)
b) adjustment of key miscalculation	2 042	939	-	-
I.a. Equity as at the beginning of the period (OB) after reconciliation to comparative data	1 643 613	1 577 479	1 601 379	1 572 978
1. Share capital as at the beginning of the period	91 882	91 882	91 882	91 882
1.1 Movements in share capital	22 971	22 971	-	-
a) increase (due to):	22 971	22 971	-	-
- issue of shares	22 971	22 971	-	-
	-	-	-	-
b) decrease (due to):	-	-	-	-
- cancellation of shares	-	-	-	-
	-	-	-	-
1.2. Share capital as at the end of the period	114 853	114 853	91 882	91 882
2. Payments for share capital at the beginning of the period	-	-	-	-
2.1 Movements in payments for share capital	-	-	-	-
a) increase (due to):	-	-	-	-
b) decrease (due to):	-	-	-	-
2.2 Payments for share capital at the end of the period	-	-	-	-
3. Own shares as at the beginning of the period	-	-	(4 545)	-
a) increase (due to):	-	-	-	(4 545)
- purchase	-	-	-	(4 545)
b) decrease (due to):	-	-	(4 545)	(4 545)
- give out to shareholders due to merge	-	-	(4 545)	(4 545)
3.1 Own shares at the end of the period	-	-	-	-
4. Supplementary capital as at the beginning of the period	748 739	748 739	748 738	748 738
4.1. Movements in the supplementary capital	526 845	526 845	1	1
a) increase (due to):	526 845	526 845	1	1
- issue of shares above nominal value	526 845	526 845	-	-
- allocation of the profit (statutory)	-	-	-	-
- allocation of the profit (above minimal value up to statutory)	-	-	-	-
- other	-	-	1	1
b) decrease (due to):	-	-	-	-
- loss coverage	-	-	-	-
4.2. Supplementary capital as at the end of the period	1 275 584	1 275 584	748 739	748 739
5. Revaluation capital as at the beginning of the period	14 341	(1 636)	5 632	(3 045)
5.1. Movements in revaluation reserve	(14 762)	1 215	1 156	9 833
a) increase (due to)	15 008	41 871	14 192	34 840
- foreign exchanges gains/losses	1 290	4 250	6 256	11 566
- deferred income tax	4 725	4 725	3 247	3 723
- revaluation of tangible assets	2 767	3 919	1 253	2 345
- revaluation of securities for sale	6 226	28 977	3 436	17 206
b) decrease (due to)	29 770	40 656	13 036	25 007
- revaluation of tangible assets	381	441	1 273	3 400
- revaluation of securities for sale	24 134	29 338	5 984	13 723
- deferred income tax	1 321	4 655	3 571	5 675
- foreign exchanges gains/losses	3 934	6 222	2 208	2 209
5.2. Revaluation reserve as at the end of the period	(421)	(421)	6 788	6 788

6. General banking risk reserve as at the beginning of the period	558 000	558 000	558 000	558 000
6.1. Movements in general banking risk reserve	-	-	-	-
a) increase (due to)	-	-	-	-
- appropriation of retained earnings	-	-	-	-
	-	-	-	-
b) decrease (due to)	-	-	-	-
	-	-	-	-
6.2. General banking risk reserve as at the end of the period	558 000	558 000	558 000	558 000
7. Other reserves as at the beginning of the period	186 922	186 922	794 915	794 915
7.1. Movements in other reserves	1 835	1 835	(607 993)	(607 993)
a) increase (due to):	1 836	1 836	-	-
- profit allocation to supplementary capital	1 836	1 836	-	-
- appropriation of profit	-	-	-	-
b) decrease (due to)	1	1	607 993	607 993
- loss coverage	-	-	607 993	607 993
- other	1	1	-	-
	-	-	-	-
7.2. Other reserves as at the end of the period	188 757	188 757	186 922	186 922
8. Retained earnings (accumulated losses) as at the end of the period	1 592	(620)	(617 512)	(607 993)
8.1 Profit from previous years as at the beginning of the period	5 151	1 836	-	-
a) changes to accounting policy	5 112	8 427	-	-
b) adjustment of key miscalculation	2 042	2 042	-	-
8.2 Retained earnings as at the beginning of the period	12 305	12 305	-	-
8.3. Changes in retained earnings	(1 836)	(1 836)	-	-
a) increase (due to):	-	-	-	-
- allocation of retained earnings	-	-	-	-
	-	-	-	-
b) decrease (due to):	1 836	1 836	-	-
- deduction to supplementary capital	1 836	1 836	-	-
- deduction to general banking risk reserve	-	-	-	-
- transfer to the Social Fund	-	-	-	-
- profit allocation to shareholder dividend	-	-	-	-
8.4 Retained earnings as at the end of the period	10 469	10 469	-	-
8.5 Accumulated losses as at the beginning of the period	(3 559)	(2 456)	(617 512)	(607 993)
a) changes to accounting policy	(15 174)	(15 174)	-	(9 519)
b) adjustment of key miscalculation	-	(1 103)	-	-
8.6. Accumulated losses as at the beginning of the period	(18 733)	(18 733)	(617 512)	(617 512)
8.7 Movements of loss from previous years	-	-	607 993	607 993
a) increase (due to):	-	-	-	-
- loss allocation from previous years for coverage	-	-	-	-
	-	-	-	-
b) decrease (due to):	-	-	(607 993)	(607 993)
- coverage from reserve capital	-	-	(607 993)	(607 993)
	-	-	-	-
8.8 Accumulated losses as at the end of the period	(18 733)	(18 733)	(9 519)	(9 519)
8.9 Retained earnings (accumulated losses) as at the end of the period	(8 264)	(8 264)	(9 519)	(9 519)
9. Net profit (loss)	70 056	70 056	54 535	54 535
a) net profit	70 056	70 056	54 535	54 535
b) net loss	-	-	-	-
II. Equity as at the end of the period (CB )	2 198 565	2 198 565	1 637 347	1 637 347
III Equity including proposed profit distribution (coverage of loss)	2 198 565	2 198 565	1 637 347	1 637 347

CASH FLOW STATEMENT	II Q	II Q cumulative	II Q	II Q cumulative
	from 1 Apr 2004 to 30 Jun 2004	from 1 Jan 2004 to 30 Jun 2004	from 1 Apr 2003 to 30 Jun 2004	from 1 Jan 2003 to 30 Jun 2004
	376 036	(818 853)	370 026	1 668 675
I. Net profit (loss)	27 490	70 056	20 278	54 535
II. Total adjustments for:	348 546	(888 909)	349 748	1 614 140
1. Participation in profit (loss) of subordinated companies priced with equity method	(3 704)	7 489	16 362	24 950

2. Depreciation	32 622	65 793	34 160	68 185
3. Foreign exchange gains/losses	(89 210)	(94 553)	12 629	95 004
4. Interest and dividends	33 616	41 806	(2 687)	26 848
5. (Profit) loss on investments	(20 127)	(27 445)	(2 770)	(4 098)
6. Change in reserves	23 970	(35 736)	23 262	(40 247)
7. Change in debt securities	303 218	(537 198)	(126 805)	239 811
8. Change in receivables from the financial institutions	423 661	(1 285 644)	475 706	526 931
9. Change in receivables from the clients and public sector	(75 119)	(197 325)	(129 753)	(188 168)
10. Change in amounts due in respect of purchase of securities with a buy back clause	(527 480)	(274 931)	(97 725)	182 887
11. Change in stocks or shares and securities and other financial instruments	(201 599)	113 974	375 560	381 603
12. Change in liabilities to the financial institutions	(233 790)	(263 907)	(738 458)	(882 587)
13. Change in liabilities to the clients and public sector	472 067	100 885	704 744	80 818
14. Change in liabilities due to sold securities with a buy-back clause	(25 421)	1 048 421	(200 871)	722 359
15. Change in liabilities due to securities	137 602	354 111	47 993	197 621
16. Change in other liabilities	117 198	89 570	(80 113)	122 699
17. Change in prepayments	(32 454)	9 001	28 427	24 493
18. Change in deferred and qualified income	13 496	(3 220)	10 087	35 031
19. Other	-	-	-	-
III. Net cash flows from operating activities (I +/- II) - indirect method	376 036	(818 853)	370 026	1 668 675
B. Net cash flows from investment operations (I-II)	(31 426)	(15 109)	(26 295)	19 872
I. Incomes	50 611	115 009	26 790	111 937
1. Sale of stocks or shares in subsidiaries	-	-	-	313
2. Sale of stocks or shares in joint ventures	-	-	-	-
3. Sale of stocks or shares in affiliates	-	-	5 137	5 137
4. Sale of other stocks or shares, securities and other financial assets	33 312	96 254	17 027	101 526
5. Sale of intangible and tangible fixed assets	(1 316)	140	410	745
6. Sale of investment in real estate and intangible assets	-	-	-	-
7. Other incomes	18 615	18 615	4 216	4 216
II. Expenses	82 037	130 118	53 085	92 065
1. Purchase of stocks or shares in subsidiaries	57 930	57 933	3 119	6 503
2. Purchase of stocks or shares in joint ventures	-	-	-	-
3. Purchase of shares in affiliated	-	-	(593)	9 222
4. Purchase of other stocks or shares, securities and financial instruments	2	14 095	15 930	20 597
5. Purchase of intangible and tangible fixed assets	11 098	16 821	6 922	14 695
6. Investment in real estate and intangible assets	13 007	41 269	27 707	41 048
7. Other investments' expenses	-	-	-	-
III. Net cash flows from investment operations (I-II)	(31 426)	(15 109)	(26 295)	19 872
C. Net cash flows from financing activities	753 629	698 672	123 326	136 600
I. Incomes	801 430	821 430	1 130 588	1 185 966
1. Long term loans received from other banks	90 888	90 888	1 122 158	1 174 536
2. Long term loans received from financial institutions, excluding banks	-	-	8 430	8 430
3. Issue of debt securities	160 726	180 726	-	3 000
4. Change in subordinated liabilities in plus	-	-	-	-
5. Net cash from shares' issue and payment to capital	549 816	549 816	-	-
6. Other incomes	-	-	-	-
II. Expenses	47 801	122 758	1 007 262	1 049 366
1. Long term loans repaid to other banks	2 854	49 831	1 002 825	1 002 825
2. Long term loans repaid to financial institutions, excluding banks	22 195	30 831	2 908	10 932
3. Redemption of securities	-	-	-	-
4. Due to other financial liabilities	-	-	-	-
5. Payments due to financial leasing liabilities	-	-	-	-
6. Decrease of subholding liabilities	-	-	-	-
7. Dividends and other payments to owners	-	-	-	-
8. Payments for allocation of the profit (diferrent than payments to owners)	-	-	-	-
9. Acquisition of own shares	-	-	-	4 545
10. Other financial expenses	22 752	42 096	1 529	31 064
III. Net cash flows from financing activities (I-II)	753 629	698 672	123 326	136 600
D. Total net cash flows (A+B+C)	1 098 239	(135 290)	467 057	1 825 147
E. Net change in cash	1 098 239	(135 290)	467 057	1 825 147
- including change in cash due to foreign exchange	(20 466)	(3 990)	1 742	17 783
F. Cash at the beginning of the period	3 809 904	5 043 433	2 730 666	1 372 576
G. Cash at the end of the period (F+ D)	4 908 143	4 908 143	3 197 723	3 197 723

**COMMENTARY  
TO THE CONSOLIDATED QUARTERLY REPORT  
Q2 2004**

***Methodology Used in the Consolidated Quarterly Report***

The Consolidated Quarterly Report comprises the balance sheet, the income statement, the statement of change in equity, and the cash flow statement prepared in accordance with the following:

- 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);
- 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 reports of financial holdings (Journal of Laws No. 152, item 1728);
- Regulation of the Minister of Finance dated 10 December 2003 concerning rules of provisioning against the risk related to banks' operations (Journal of Laws No. 218, item 2147);
- 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, as amended);
- Corporate Income Tax Law dated 15 February 1992 (Journal of Laws No. 106, item 482, as amended);
- 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 from 2001 No. 139, item 1569, as amended);
- 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 data contained in the Report were prepared in line with binding accounting regulations, according to the rules of valuation of assets and liabilities and measurement of the net financial profit as at the balance sheet date, taking account of adjustments in respect of provisions, including the deferred income tax provision mentioned in the Accountancy Act and asset revaluation appropriations.

A detailed description of the accounting policies and the valuation methodology used by the BRE Bank SA Capital Group ("Group") are presented in the Consolidated Report for 2003 published on 15 March 2004, and changes of the accounting policies taking place in 2004 are presented in the Commentary to the Report for Q1 2004 published on 10 May 2004.

In connection with the Regulation of the Minister of Finance dated 23 February 2004 amending specific accounting rules for banks, in Q2 2004 the Group no longer identified and valued financial instruments embedded in underlying contracts as set out in the Regulation.

### ***EUR Exchange Rates Used in Translation***

The exchange rates used to convert data presented in the Report into the EUR:

- assets and liabilities items of the balance sheet were converted according to the mid rate prevailing on 30 June 2004 quoted by the National Bank of Poland (NBP), i.e., 4.5422 PLN to 1 EUR (data at 30 June 2003 at the rate of 4.4570 PLN to 1 EUR);
- income statement items for the six months of 2004 were converted according to the arithmetic mean of the mid rates quoted by NBP on the last day of each of the six months of 2003, i.e., 4.7311 PLN to 1 EUR (data at 30 June 2003 at the rate of 4.3110 PLN to 1 EUR).

### ***Structure of the BRE Bank SA Group***

Pursuant to the requirements of the Accountancy Act, the Group comprises 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 reports of financial holdings, those subsidiaries and affiliates which meet the criteria of classification as banks, credit institutions, financial institutions, or auxiliary banking service provider in the sense of the Banking Law are covered by the consolidated financial statements.

The structure of the Group did not change compared to that presented in the Q1 2004 report. The number of Group companies covered by the consolidated financial statements Q2 2004 is bigger than in Q2 2003. In Q4 2003, three new companies joined the Group: BRE Finance France SA, TV-TECH Investment Sp. z o.o., and CERI Sp. z o.o. (The companies' core business is presented in detail in the Introduction to the Consolidated Annual Report 2003 published on 15 March 2004).

At 31 December 2003, the consolidated financial statements comprised the following companies:

### ***Comparability of Financial Data***

The data presented in the Report (other than differences due to changes in the structure of the Group in 2003) are comparable, including the change concerning the presentation of embedded instruments. For the sake of comparability of financial data, respective balance sheet and income statement items at 31 March 2004, 30 June 2003, and 31 March 2003 were adjusted. As a result of the adjustment, the net profit at 31 March 2004 increased by PLN 2,859 thousand, the net profit at 30 June 2003 increased by PLN 531 thousand, and the net profit at 31 March 2003 increased by PLN 973 thousand compared to the originally published reports. The retained profit decreased respectively by PLN 5,509 thousand at 31 March 2004 and by PLN 9,519 thousand at 30 June and 31 March 2003.

### ***Factors and Events that Materially Affected the Profitability of the Group in Q2 2004***

At 30 June 2004, the Group reported a net profit of PLN 70,808 thousand, and its holding company (BRE Bank SA) a profit of PLN 70,056 thousand, up 28.3% and 29.7% respectively year on year. However, the increase in the profit is smaller than in Q1 2004.

The main factors affecting the profitability of Q2 2004 included:

- **Net interest income** – In Q2 2004, the Group's net interest income grew 9% Q/Q. BRE Bank's net interest income was down by approximately 20% in Q4. The Bank's lower net interest income was mainly due to the decrease in interest income from debt securities. Capital gains on the sale of such securities, shown under interest, were down by approximately PLN 14 million Q/Q. Other interest income on debt securities was also lower due to the reduction of Bank's portfolio of debt securities. In the context of rising interest rates, falling prices and shrinking market liquidity, the Bank is reducing its debt securities position. The average balances of those assets of the Bank were down by over 10% Q/Q in Q2 2004. While the loan portfolio and margins on loans did not grow significantly in Q2 2004, the increase in interest on loans was the same as in Q1; interest on bank placements grew by approximately 37% as the average balances of these assets rose significantly (by approximately 13%). The interest paid by the Bank in Q2 was on the Q1 level.

The companies whose business had a significant impact on the net interest income of the Group traditionally included BRE Leasing (approximately PLN 36 million), Rheinhyp-BRE Bank Hipoteczny (approximately PLN 14 million), Intermarket Bank AG (PLN 10 million). Interest paid to investors by BRE International Finance (approximately PLN 20 million) and by BRE Finance France (PLN 12 million) was a significant cost item to the Group's net interest income.

- **Net commission income** – BRE Bank's dynamically expanding retail banking business contributes significantly to the growth in commission income and commission costs reported over the past periods. In view of the dynamic growth in bank cards offered by the retail banking line, approximately 85% of income from bank card services is generated by retail banking (approximately PLN 18 million). Over 30% of front-up fees on loans (PLN 10 million) and over 20% of commission income on domestic transfers and fees charged for account maintenance were generated by mBank and MultiBank. More than a half of the costs are bank card service costs (commissions paid to institutions which issue and service cards, such as Polcard, VISA); over 90% of the costs are generated by mBank and MultiBank.

A large net commission income (after consolidation adjustments) was generated by Intermarket Bank (PLN 12 million), Dom Inwestycyjny BRE Banku (PLN 11 million), Transfinance a.s. (PLN 8 million).

- **Result on financial transactions** – This item improved Q/Q owing to, among others, a more favourable valuation of BRE Bank's portfolio of securities designated for trading, gains on the sale of NIF shares, and dividend received for stocks available for sale. The higher consolidated result on financial transactions was mainly due to consolidation adjustments.

- **Other operating income/costs** – The Bank sold the title of perpetual usufruct of land and the title of ownership of buildings on the land, housing the head office of the Bank, to the company GmbH&Co KG established under the German law which acquired the land and the buildings in order to set up a closed-end real estate fund. (The fund and BRE Bank signed an

agreement providing for operating lease of the real estate.) “Other operating income” includes the income from the sale of the real estate at PLN 254 million, and “Other operating costs” includes the net value of the real estate (PLN 225.7 million). This item was higher on a consolidated basis than on a stand-alone basis at the holding company due to the income of the Skarbiec Asset Management Holding (approximately PLN 27 million), mainly income from asset management operations of the subsidiaries of SAMH, as well as the income of PTE Skarbiec Emerytura (approximately PLN 20 million).

- **Group’s overhead costs** – Overhead costs were up 14.9% Q/Q in Q2 2004 and up by approximately 7.5% Y/Y; the increase was 25.9% and 11.5% respectively at BRE Bank. Costs grew only at BRE Bank, in close to all cost categories. The fastest growth was reported for the cost of bank security; costs of training; costs of IT infrastructure of the Bank’s outlets; fees for banking services paid to CERI (due to the growing scale of the retail banking business, the retail line has a large share in costs at 37%; the costs are netted off in the consolidated financial statements); costs of materials and services necessary in regular business operation, etc. The overhead costs of the Group subsidiaries were down by approximately 6% in Q2 2004.

- **The income tax charged against the profit of the Group** at 30 June 2004 was PLN 27,866 thousand, including current tax of PLN 25,641 thousand and deferred tax of PLN 2,225 thousand. The income tax charged against the profit of BRE Bank was PLN 6,646 thousand at the end of Q2 2004, including current tax of PLN 14,092 thousand and deferred tax of (PLN 7,446 thousand). As the current corporate income tax was reduced with the amount of the tax charged on the dividend received by the Bank and the tax charged on the Bank’s foreign income, the income tax paid was PLN 521 thousand. Under the provisions of the EU Guarantee Fund Law adopted in May 2004, the Bank’s deferred tax in Q2 2004 included assets relating to 8% of the total specific provisions not considered tax-deductible costs set up to cover debt under loans (credits) and guarantees (sureties) of the repayment of loans (credits) rated as loss and doubtful as at 31 December 2003. The assets had a positive impact on the Bank’s net profit.

The income statement of Q2 2004 by business line of the BRE Bank Group is shown in the table in page 11.

The total assets of the Group grew 4.5% in Q2 2004, the total assets of the holding company grew 4.4%.

Receivables from financial institutions grew 15% mainly as a result of growth in short-term (up to 1 month) PLN receivables of BRE Bank (up by over 38%). The Bank held mainly PLN funds raised through client deposits, own issues, and the above mentioned reduction of the debt securities portfolio; the funds were placed on the interbank market. Receivables from financial institutions at the other companies of the Group fell by approximately 4% in Q2 2004, but their contribution to the consolidated figure was minor (approximately 4%).

The loan portfolio of the Group at 30 June 2004 grew slightly by 2.2% Q/Q, mainly due to the growth of the loan portfolios of the Group subsidiaries which increased by over 7% (after consolidation adjustments). The fastest growth was reported by factor subsidiaries: Intermarket Bank (up 24%) and Polfactor (approximately 46%). The share of irregular loans in BRE Bank’s portfolio (16.7%) remained unchanged compared to the previous quarter. The major contributors to the consolidated portfolio included the loans granted by Rheinhyp-BRE

Bank Hipoteczny (PLN 1.6 billion), the receivables of BRE Leasing (PLN 1.6 billion), and Intermarket Bank AG (PLN 690 million).

The acquisition of shares followed by a capital increase of Milenium Center Sp. z o.o. (the name of the company was changed to Garbary Sp. z o.o.) totalling PLN 58.8 million was disclosed under stocks and shares in subsidiaries.

The tangible fixed assets decreased considerably as a result of the sale of BRE Bank's land and buildings housing the head office of the Bank. Their net book value was PLN 225.7 million.

On the liabilities side, BRE Bank's and Group companies' liabilities to clients grew, a reversal of the trend of the previous quarter. The growth at BRE Bank mainly concerned corporate deposits (up 4.8%) and to a lesser extent retail deposits which grew 1.4%. Other Group companies' liabilities to clients grew by approximately 25% but their impact on the consolidated figures was minor (less than 4%).

In Q2 2004 as in previous periods BRE Bank carried out several issues of certificates of deposit (under the 2002 certificate and bond issue programme) and consequently liabilities under own securities issued grew by approximately 75% in the Bank's balance sheet. (Securities previously issued under the programme were also redeemed.) The higher amount of liabilities under own securities issued on a consolidated basis compared to the stand-alone figure is due to the eurobonds issued by BRE International Finance BV and BRE Finance France, totalling EUR 325 million and EUR 200 million respectively. Securities (mortgage bonds and bonds) issued by Rheinhyp-BRE Bank Hipoteczny totalled approximately PLN 1 billion.

In Q2 2004, pursuant to Resolutions of the General Shareholders' Meeting of BRE Bank, the share capital of BRE Bank was increased through an issue of 5,742,625 stocks with a nominal value of PLN 4 and the issue price of PLN 96. As a result of the issue, the share capital was raised by the nominal value of the stocks, i.e., PLN 22,971 thousand, and the supplementary capital by PLN 526,845 thousand of the share premium.

### ***Off-Balance Sheet Liabilities***

The value of off-balance sheet liabilities related to purchase/sale transactions stated at PLN 217 billion in the accounts as at 31 March 2004 mainly includes the liabilities of the holding company adjusted for inter-Group transactions. It is partly "overstated" (by approximately PLN 76 billion) as some items are not netted off in the presentation, pursuant to the Instructions for Drafting Banks' Reports in Conjunction with the Model Chart of Accounts issued by NBP's General Inspectorate of Banking Supervision. This applies to foreign currencies and zlotys as well as interest to be received.

The netted value of off-balance sheet items, i.e., PLN 141 billion, represents the nominal value of derivative transactions and interest streams related to the following instruments:

- a) Spot and forward transactions (PLN and FX to be paid out) – PLN 25 billion;
- b) Forward Rate Agreements (FRA) – PLN 56 billion;
- c) Interest Rate Swaps (IRS) interest paid – PLN 51 billion;
- d) FX options – PLN 5 billion;
- e) Other – PLN 4 billion.

The market value of derivative transactions is set as at each balance sheet date and reported in the income statement and under relevant balance sheet items.

The risk related to those transactions is mainly measured in terms of sensitivity to the volatility in their market value. The Bank performs a regular analysis of the behaviour of relevant portfolios (stress-testing) and uses the value-at-risk assessment methodology.

The Bank also complies with the norms of acceptable fx risk set by the Banking Supervision Commission as well as internal limits of open fx positions.

### ***Adjustments for Provisions***

At 30 June 2004, amounts written off by the Group as specific provisions for loans and guarantees and the revaluation of financial assets amounted to PLN 281,653 thousand, including PLN 279,977 thousand written off as specific provisions (for loans, guarantees, and securities acquired in the primary market and recognised under receivables) and PLN 1,676 thousand written off as revaluation of financial assets. Provisions released by the Group at 30 June 2004 were PLN 196,525 thousand, including specific provisions for loans and guarantees and for general risk at PLN 194,892 thousand and revaluation of financial assets at PLN 1,633 thousand.

At BRE Bank SA at 30 June 2004, total write-offs for provisions amounted to PLN 246,810 thousand, including PLN 245,243 thousand written off as specific provisions (for the items listed above) and PLN 1,567 thousand written off as revaluation of financial assets. Provisions released were PLN 175,091 thousand, including provisions for loans and guarantees at PLN 173,699 thousand and revaluation of financial assets at PLN 1,392 thousand.

### ***Cash Flow Statement***

In both the stand-alone and the consolidated cash flow statement, “Other financial expenses” includes the cost of interest paid on liabilities in respect of long-term loans and subordinated liabilities. As a result, the level of 5% of total financial expenses was exceeded by 29.29% at the holding company and by 9.14% in the Group.

The level of 5% of total income from investing activities was exceeded by 11.19% in the Bank’s cash flow statement under “Other investment income” due to dividend received by the Bank.

### ***Major Events of Q2 2004***

- On 2 April 2004, the Bank informed that due to detected irregularities in capital market transactions caused by culpable intentional action of a Bank officer, the Bank incurred a loss. The loss was estimated to amount to PLN 18.4 million. The loss was covered by an insurance policy under an insurance contract against banking risks and computer crime executed by the Bank. The loss and the claims against the insurer were included in the Bank’s financial results for the financial period ending 30 June 2004. Given the complex and time-consuming process of loss adjustment, it was still pending at the time of publication of this report. According to the best knowledge of the Management Board of the Bank, the loss will be covered by the insurance policy and will not affect the results of the Bank. The Management Board of the Bank took necessary legal measures and additional preventive action in order to preclude similar events in the future.

- On 21 April 2004, BRE Bank SA extended a subordinated loan to its subsidiary Dom Inwestycyjny BRE Banku SA. The amount of the loan is PLN 4 million. Its final repayment is 30 April 2009 or a later date but not later than 30 October 2013. The loan was extended to increase the broker's own funds which under relevant regulations shall correspond to the scale of business and the maximum amount of credits, loans, and issued debt securities as a percentage of own funds.
- On 19 May 2004, BRE Bank and Tele-Tech Investment Sp. z o.o., its affiliate (the Bank holds 24% of shares in the company), signed an agreement providing for the acquisition of 101,500 shares of Milenium Center Sp. z o.o. with a nominal value of PLN 1,000 per share (100% of the share capital and votes at the General Meeting of the company). The transaction totalled PLN 53,101,777. In addition, on 15 June 2004, the court registered an increase of the share capital of the company by PLN 5,700,000 through an issue of 5,700 shares with a nominal value of PLN 1,000 per share, all taken up by BRE Bank. BRE Bank holds 100% of shares in the share capital and 100% of votes at the General Meeting of the company. BRE Bank considers this to be a long-term investment. Milenium Center changed its name to Garbary Sp. z o.o.
- A Resolution of the 17<sup>th</sup> General Shareholders' Meeting of BRE Bank dated 21 April 2004 amended by a Resolution of the 14<sup>th</sup> Extraordinary General Shareholders' Meeting of BRE Bank dated 24 May 2004 raised the share capital of BRE Bank by PLN 22,970,500 through an issue of not more than 5,742,625 bearer shares with a nominal value of PLN 4 per share. The shares were offered to the Bank's existing shareholders. The subscription was closed on 16 June 2004. The issue price of the shares was PLN 96 per share and the ratio applicable to the right to take up the shares was 1 share of the new issue to 4 existing shares. Commerzbank AG was the issue underwriter. As all shares of the new issue were subscribed for in the principal and additional subscription, the underwriter did not take up any shares.
- On 30 June 2004, the District Court for the Capital City of Warsaw registered the change of the share capital in connection with the issue of 5,742,625 shares. The share capital of BRE Bank SA following the registration of the change totals PLN 114,852,500 divided into 28,713,125 registered and bearer shares with a nominal value of PLN 4 per share. The shares jointly represent 28,713,125 votes at the General Shareholders' Meeting. The issued shares (following their assimilation with the shares in trading) were introduced to stock exchange trading on 16 July 2004.
- On 30 June 2004, BRE Bank signed an agreement providing for the sale of the title of perpetual usufruct of land and the title of ownership of buildings on the land housing the head office of the Bank at Senatorska St. with GmbH&Co KG, a limited partnership established under the German law, which acquired the land and the buildings in order to set up a closed-end real estate fund. The fund and BRE Bank signed an agreement for the operating lease of the buildings and an agreement concerning the lease of land for 15 years. The total selling price of the land and buildings was EUR 55.95 million plus VAT. The transaction is neutral to the financial results of the Bank due to the revaluation of other real estate owned or used by the Bank and due to an increase of the general risk provision.

### ***Major Events after the Balance Sheet Date Not Disclosed in the Balance Sheet or the Income Statement***

- On 5 July 2004, BRE Bank acquired shares of BRELBUD Sp. z o.o. (75% from Tele-Tech Investment Sp. z o.o. and 25 % from BRE Leasing Sp. z o.o.). Following the acquisition of the shares, BRE Bank holds 100% of the shares and votes of the company. Following an additional capital payment, the Bank's investment in the company's shares and additional capital payments is PLN 47,800 thousand. The Bank considers this to be a short-term investment.
- On 12 July 2004, BRE Bank and EUROHYPO AG signed a final agreement providing for the acquisition by BRE Bank from EUROHYPO AG of 675,000 stocks of RHEINHYP-BRE Bank Hipoteczny SA with a nominal value of PLN 100 per stock. (The contingent preliminary stock sale agreement was executed on 29 January 2004; all the conditions precedent were fulfilled.) The acquired stocks represent 50% of the capital and votes of RHEINHYP-BRE Bank Hipoteczny. The price of the acquired stocks was PLN 87.54 million. Following the transaction, BRE Bank holds 100% of the capital and votes of RHEINHYP-BRE Bank Hipoteczny.
- On 20 July 2004, BRE Bank sold to ITI Bond Finance Sp. z o.o. all held 561 bonds issued by ITI Holdings for their total nominal value of US\$ 28,050,000 (PLN 100,713,525 at the mid rate of exchange on 20 July 2004) plus accrued interest. In exchange, BRE Bank acquired, for their nominal value, 568 bonds issued by ITI Bond Finance Sp. z o.o. with a total nominal value of US\$ 28,400,000 (PLN 101,970,200 at the mid rate of exchange on 20 July 2004). The acquired bonds are redeemable in 4 years and are secured with a guarantee issued by ITI Holdings and with registered pledge on shares of TVN Sp. z o.o. representing 8.57% of the share capital of that company. As a result of the transaction, the unsecured ITI Holdings bonds were converted into ITI Bond Finance bonds secured with a guarantee of ITI Holdings and registered pledge on TVN Sp. z o.o. shares.
- On 26 July 2004, the District Court in Warsaw gave its decision in the case of claims lodged by Art-B Sp. z o.o. in liquidation against BRE Bank SA. The original claims amounted to PLN 99,077,860 plus statutory interest as of September 1991. In the course of the litigation, the plaintiff added other amounts of claims. The court closed the proceedings under the original claims and dismissed the other claims as overdue and ungrounded based on available evidence. The court decision is not legally valid.

### ***Material Share Packages***

Commerzbank AG was a shareholder holding over 5% of the share capital and votes at the General Meeting of Shareholders. Commerzbank AG holds 72.16% of the share capital and votes of BRE Bank SA. Commerzbank AG took up 4,143,938 stocks of the new issue with a nominal value of PLN 4 per stock. The percentage share of Commerzbank AG in the share capital and votes (72.16%) did not change after the acquisition as the issue of the new stocks did not exclude the existing shareholders and Commerzbank AG took up some of the stocks of the new issue pro rata to its stake in the share capital.

### *Change in Stocks and Options Held by Managers and Supervisors*

	<b>Bank's Management Board</b>	<b>Supervisory Board</b>
Number of stocks held as at 31 March 2004	97,915	19,168
Number of stocks acquired in Q2	0	4,866
Number of stocks sold in Q2	7,000	0
<b>Number of stocks held as at 30 June 2004</b>	<b>90,915</b>	<b>24,034</b>
Number of options held as at 31 March 2004	168,600	0
Number of options acquired in Q2		0
Number of options sold in Q2		0
<b>Number of options held as at 30 June 2004</b>	<b>168,600</b>	<b>0</b>

### *Proceedings before a Court, Arbitration Body, or Public Administration Authority*

The total value of the Bank's receivables or liabilities disputed in proceedings before a court, an arbitration body or a public administration authority is less than 10% of the Bank's equity. As a creditor, the Bank takes part in bankruptcy, restructuring and bill-of-exchange proceedings whose total amount (including interest) is PLN 421,536 thousand.

### *Transactions with Associated Entities Exceeding the Equivalent of EUR 500,000 Not in the Course of Regular Business Operations (Atypical)*

In Q2 2004, there were no transactions with associated entities in excess of the PLN equivalent of EUR 500,000, other than typical and regular transactions at market prices, whose nature or parameters would be unrelated to regular business operations of the Bank.

### *Credit and Loan Guarantees, Other Guarantees Granted in Excess of 10% of the Equity*

The Bank's exposure under extended guarantees in excess of 10% of the equity at 30 June 2004 relates to:

- two guarantees of the redemption of eurobonds issued by order of BRE International Finance B.V. (issuer of eurobonds), a 100%-owned subsidiary of BRE Bank SA, totalling EUR 325 million. The first guarantee of EUR 200 million took effect in June 2000 and its term is indefinite; the other guarantee of PLN 125 million expires in November 2004.
- a guarantee of the redemption of eurobonds issued by order of BRE Finance France SA (issuer of eurobonds), a subsidiary of BRE Bank SA. The guarantee, totalling EUR 200 million, took effect in November 2003 and expires in November 2006.

### *Factors Affecting the Results in the Coming Quarter*

Other than the day-to-day operations of the Bank and the companies of the Group, no events that might significantly affect the results of the quarter are expected to occur in Q3 2004.

Abridged Income Statement by Business Line

PL N°000

	Corporate Banking	Investment Banking	Strategic Investments	Proprietary Investmen	Private Banking and Retail Banking	Other, not allocated to segments	Consolidati adjustments netting of inter-Group transactions	BRE Bank SA Group Total
1. Result on banking operations incl. provisions	221.819	182.999	(4.353)	28.574	55.890	(26.995)	(21.859)	436.075
2. Overhead costs and denreciation	172.154	57.478	50.158	6.821	101.315	49.424	(23.771)	413.578
3. Pre-tax profit (loss)	64.054	133.512	(6.882)	21.048	(37.628)	(30.813)	(30.454)	112.837
4. Income tax								27.866
5. Share in the profit (loss) of subsidiaries in equity accounting valuation	0	0	(12.238)	4.617	0	0	10.253	2.632
6. Net profit (loss)								70.808