



BRE BANK SA

Summary of BRE Bank's 2th Quarter 2004 Consolidated Results

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BRE Bank SA

Warsaw, 2nd August 2004

Positive half-year figures



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- **The best half-year net profit since 2001**
- **45% growth of quarterly consolidated net profit**
in comparison to 2Q 03
- **PLN 1.439 bn increase in assets in 2Q 04**
- **Net interest income up 41%**
comparing to 1H 2003
- **21% growth in commission income**
comparing respective half-year results

- **Significant boost of capital through successful share issue**
- **mBank – gross profit**
- **MultiBank – profit on the EBITDA level**
- **ITI** – finalised restructuring of ITI bond debt owned by BRE Bank
- **RHEINHYP-BRE Bank Hipoteczny –**
acquisition of the outstanding 50% stake

Consolidated results

Q2 2004



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<i>PLN m (cumulative)</i>	30.06.2004	30.06.2003	<i>Change</i>
Profit on banking activity	521.2	435.5	
Net interest income	222.3	157.9	
Net commission income	150.6	124.3	
Result on financial operations	14.9	78.1	
Overhead costs	336.5	306.1	
Net provisions	85.1	(4.1)	
Operating profit	125.8	117.0	
Gross profit	112.8	102.7	
Net profit	70.8	55.7	






Warsaw, 2nd August 2004

Consolidated Results

Q2 2004



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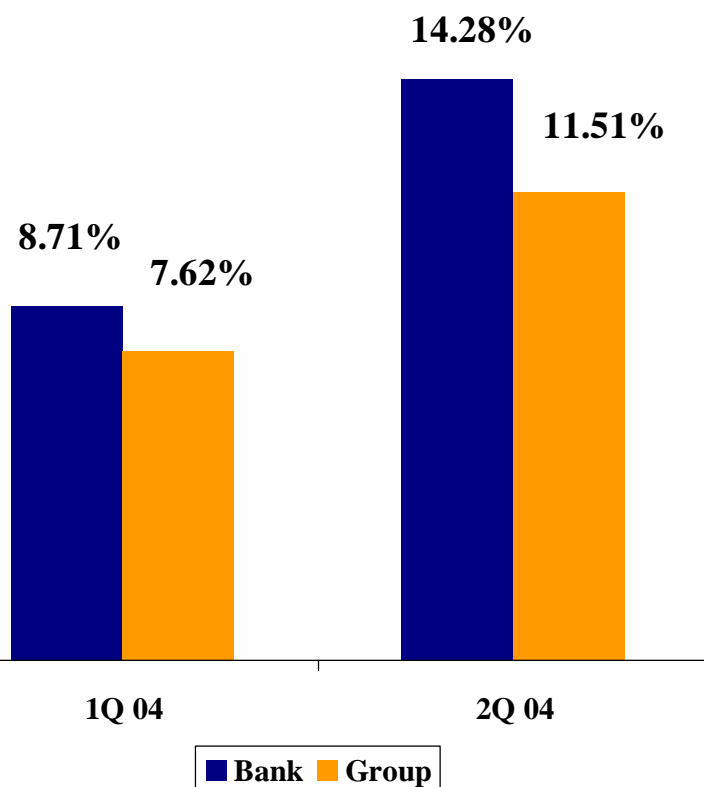
<i>PLN m</i>	<i>30.06.2004</i>	<i>30.06.2003</i>	<i>Change</i>
Balance Sheet total	33 020	29 079	
Loans to customers (incl. public sector)	15 718	13 397	
Deposits (customers + public sector)	12 368	10 602	
Capital adequacy ratio	11.51 (Group) 14.28 (Bank)	8.88 (Group) 9.54 (Bank)	
Book value per share (in PLN)	76.70	71.08	

Warsaw, 2nd August 2004

New share issue [1]



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- PLN 550m – proceeds from issue (after expenses' deduction)
- PLN 766.3 m – growth of own funds at the end of June (incl. increased utilisation of subordinated debt)
- Capital adequacy ratio of Bank at the end 2Q amounted to 14.28%, and for the Group 11.51%

New share issue [2]



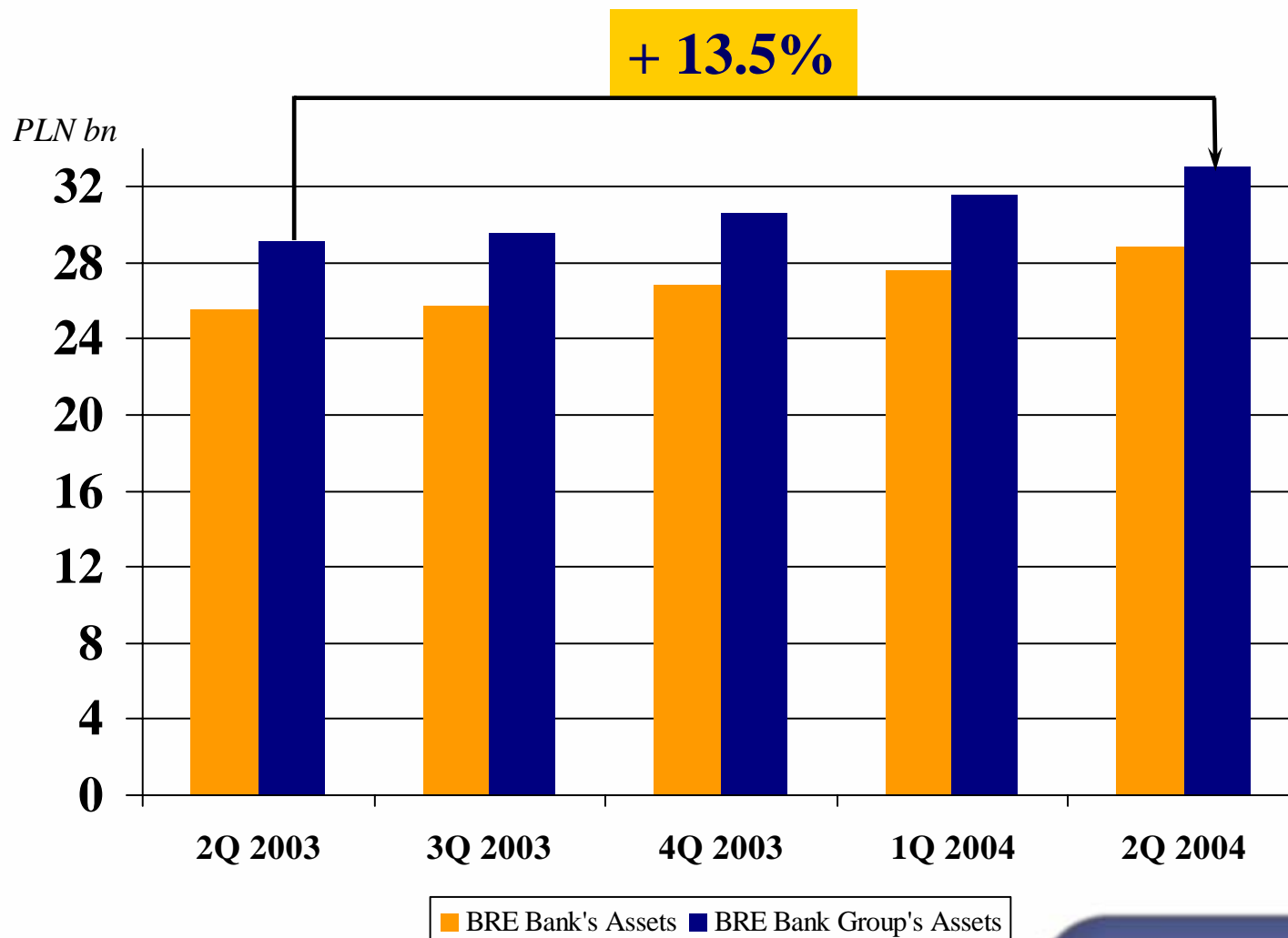
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- All shares issued were subscribed – the issue price PLN 96
- Double oversubscription during the additional subscription
- 30 June 2004 – registration of the new share capital level, which totals now PLN 114,852,500
- The current number of shares: 28,713,125
- Commerzbank acquired new shares proportionally to its stake maintaining 72.16% of all shares

Continuous asset growth



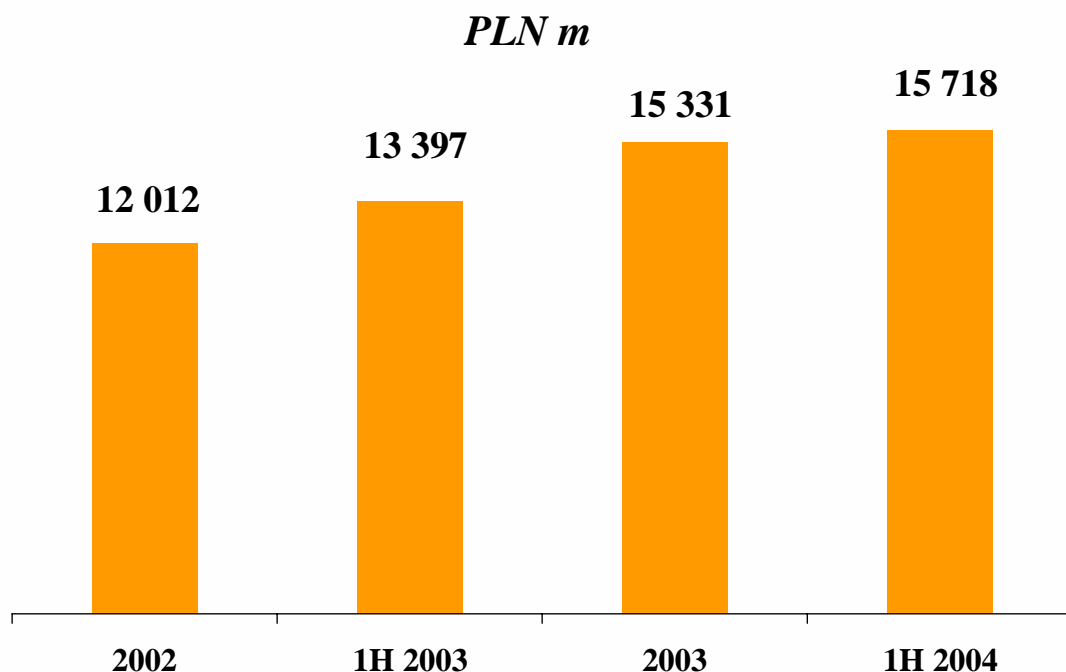
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Warsaw, 2nd August 2004

Group's loan portfolio

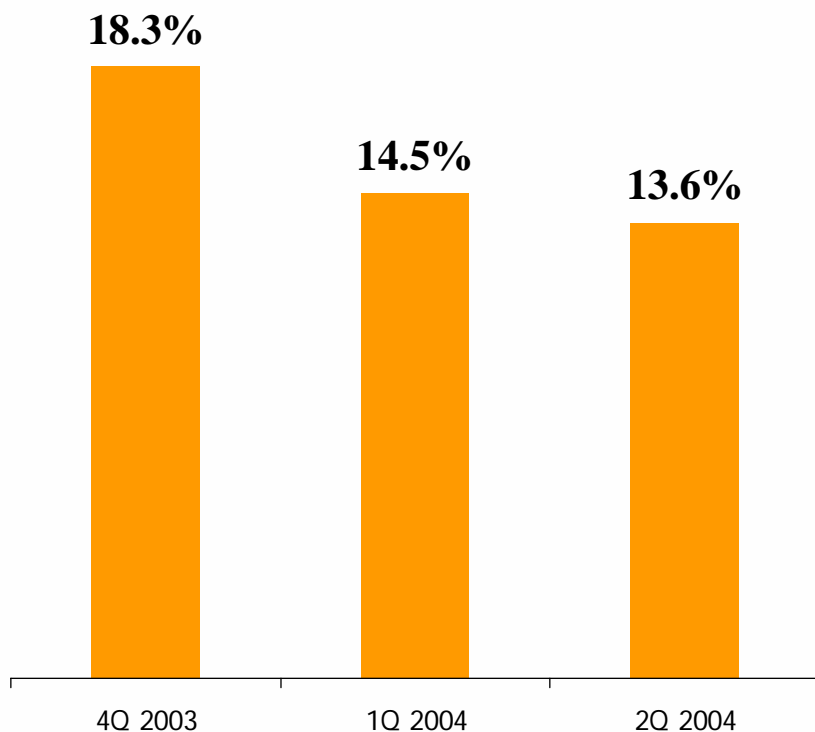
(non-financial & public sector receivables*)



*consolidated figures

- Loans over 17% up comparing to 2Q 2003
- The fastest loan growth was in retail banking: 43.5% growth since the beginning 2004.
- Their total loan portfolio as at the end of June was almost PLN 1.7bn
- 4th position in terms of mortgage loans sold in 1H 2004

NPL share in in consolidated portfolio*



**i.e. including loan portfolio of BRE Bank and
Rheinhyp-BRE Bank Hipoteczny, acc. to the new NBP's methodology*

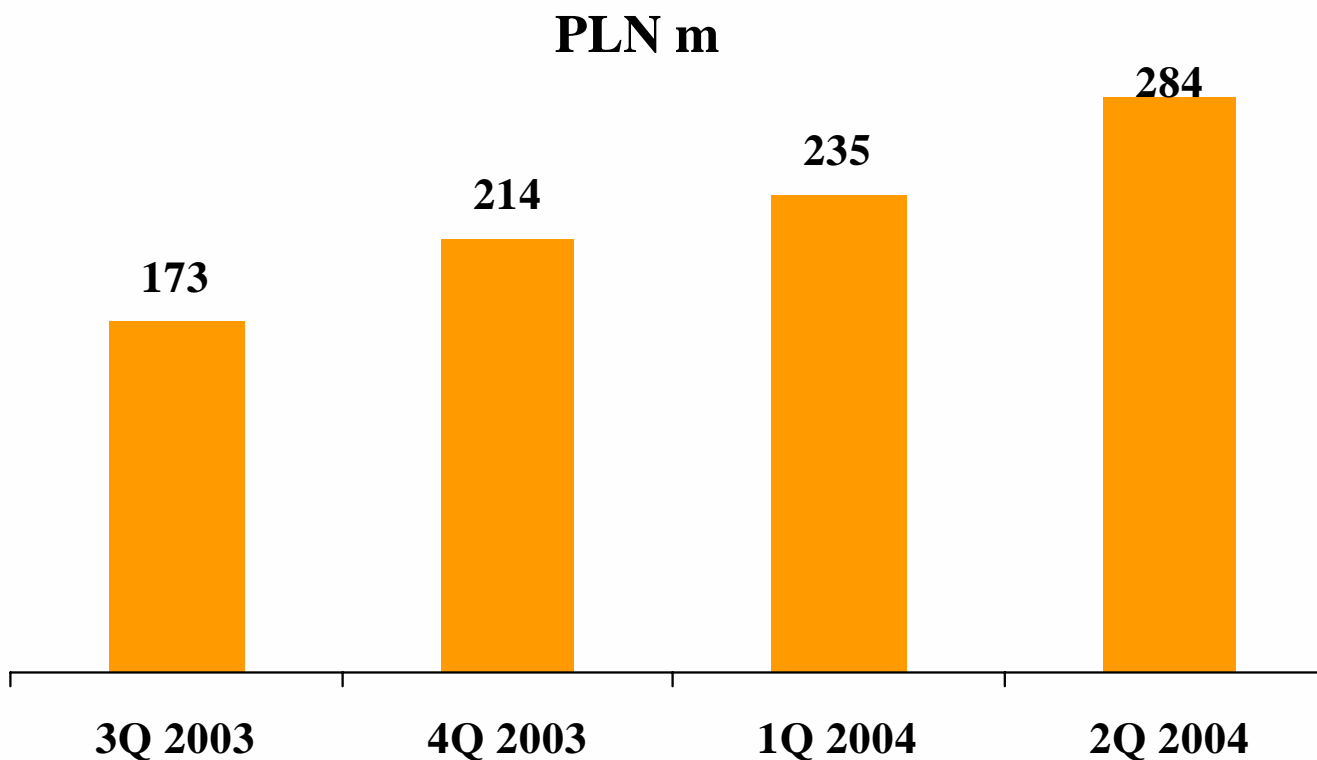
- end-June 2004 **default*** portfolio makes for **3.8%** of total BRE Bank and RHB portfolio
- The total of collateral value and provision exceeds the amount of „default” portfolio

** default loans defined according to Basel II
as past due receivables over 90 days*

The situation on the deposits side confirms the accuracy of Bank's strategy:

- **the economic take-off caused a decrease of corporate deposits in 1H 2004**
- **10% increase in retail deposits has exceeded the decrease on the corporate side by 60%. mBank and MultiBank deposits reached PLN 3.3 bn**
- **As a result: clients' deposits were up 17%**
comparing to the 1H 2003 (consolidated)

Result on banking activity – last 4 quarters



- Group's costs in 1H 2004 increased by 10% in comparison to 1H 2003. It is mainly due to administrative expenses growth related to bank's development, particularly retail business line (back-office, training, IT infrastructure).
- The costs of salaries and related remained stable (comparing to 1H 030).
- The overheads in subsidiaries decreased by 6% (Q/Q).

P&L of Business Lines

as of 30.06.2004 r. - cumulative



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In PLN m

Corporate
banking

Investment
banking
& Markets

Strategic
investments

Proprietary
investments

Retail
banking
+ PB

Other not
assigned to
business lines

Consolidation
adjustments

BRE Bank
Group

total

Profit on banking
activity after provisions

221 819

182 999

(4353)

28 574

55 890

(26 995)

(21 859)

436 075

Overheads and
depreciation (directly)

172 154

57 478

50 158

6 821

101 315

49 424

(23 771)

413 578

Gross profit (loss)

64 054

133 512

(6 882)

21 048

(37 628)

(30 813)

(30 454)

112 837

Income tax

27 866

Participation in profit
(loss) of subordinated
companies valued with
equity method

0

0

(12 238)

4 617

0

0

10 253

2 632

Net profit (loss)

70 808

Consolidated data

Warsaw, 2nd August 2004



**over 800 thsd
accounts
- 654 thsd clients**

**PLN 2.73 bn
deposits**

**PLN 463 m
sold
credit products**

**476 thsd
issued
debit cards**

**15.6 thsd
sold
credit cards**

mBank reported a gross profit again in Q2

Retail Banking

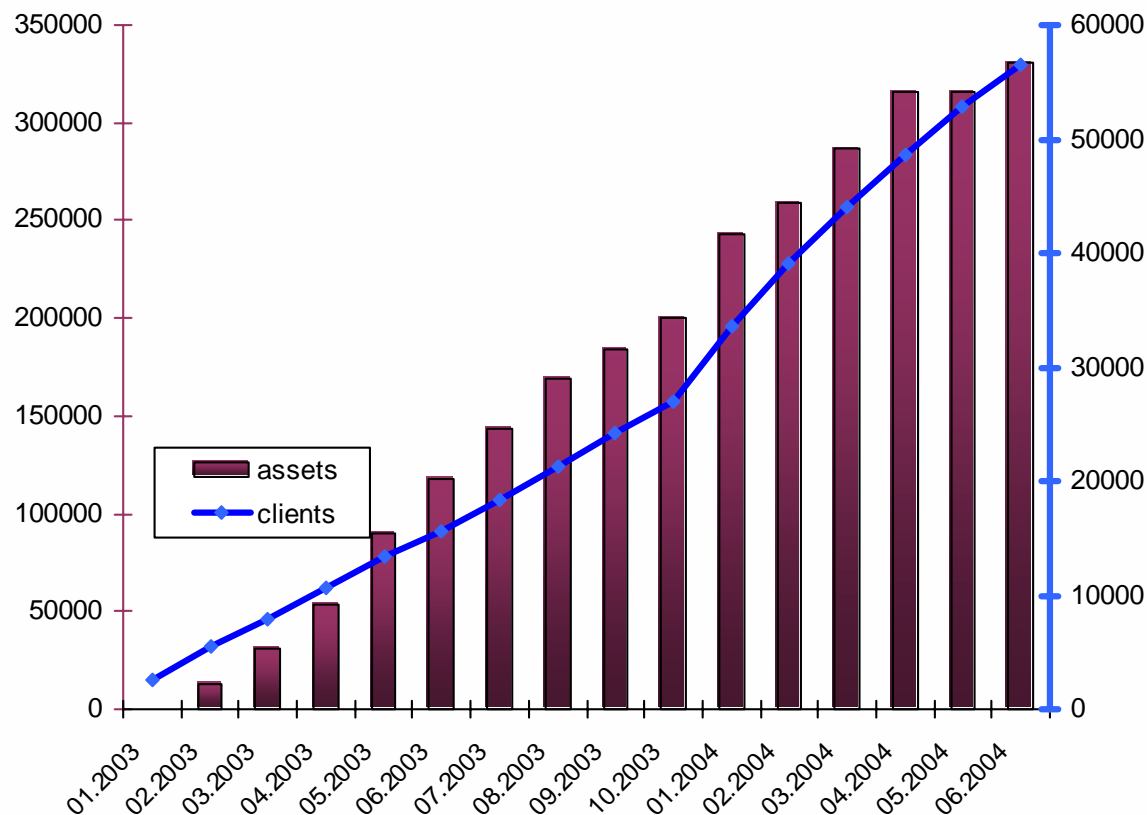
Investment Fund Supermarket (SFI)



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SFI has over **59 thsd clients**
invested in total **over PLN 333 m**
in investment funds offered

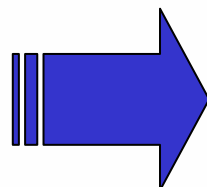
PLN thsd



Warsaw, 2nd August 2004

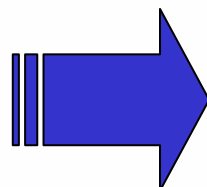
MultiBank in 1st half-year 2004 generated profit according to EBITDA formula!

**Over 150 thsd
clients**



ca. 32 % growth in clients' number
comparing to end-2003

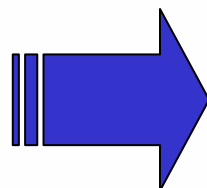
**PLN 566 m
deposits**



Over 30% increase in deposits
during the 1H 2004

Intensive expansion in credit area through
Financial Plans:

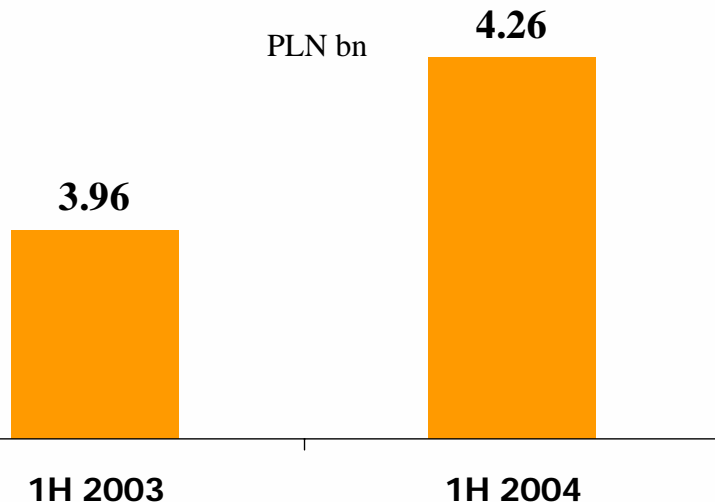
**over PLN 1.38 bn
total loan portfolio**



- PLN 1.16 bn already granted + next PLN 356 m granted but not distributed yet
- nearly PLN 220 m other credit products

SAMH
Assets under Management

PLN bn



- **ca. PLN 4.3 bn assets** under management
- Financial result of Skarbiec TFI in 2Q 2004 15% higher than in 2Q 2003
- Financial result of PTE Skarbiec-Emerytura in 2Q 2004 better by 71% comparing to 2Q 2003
- PLN 15m dividend from the 2003 profit paid by PTE Skarbiec-Emerytura to the Bank in 1H 2004

Strong position of BRE Bank in the non-treasury fixed-income market:

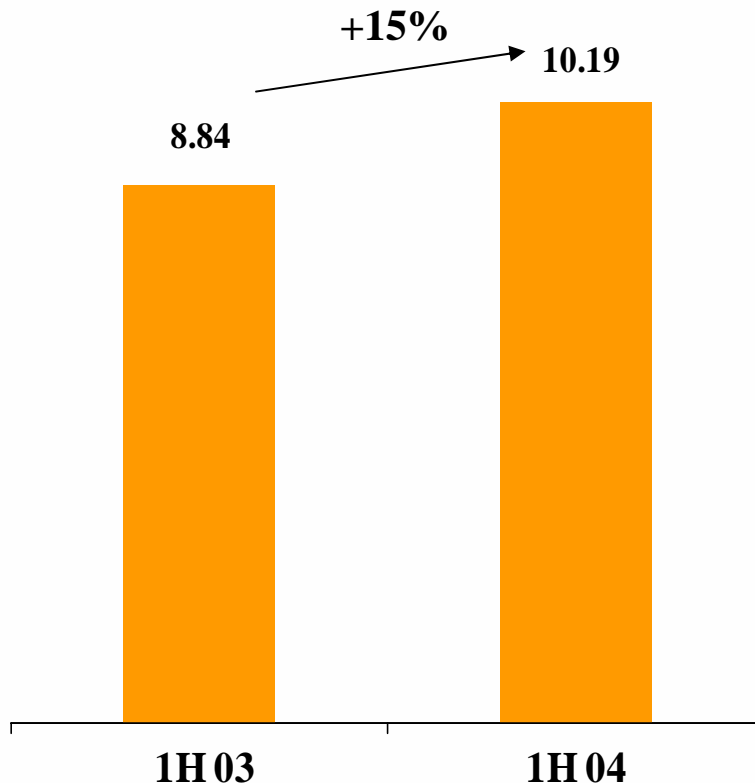
- **50.1% share in non-treasury fixed income securities in 2Q (1st position in the market)**
- **49.7% share in issues of corporate bonds in 2Q**
- **1st place in terms of outstanding debt (17.1% share in the market)**
- **2nd position among debt originators in securities with maturities over 1 year issued by corporates and banks**

DI BRE Banku (BRE Bank Securities) among top players

- **ca. PLN 4 m profit in 1H 2004 (by 71% more than total 2003 net result)**
- **Strong position in equity derivatives:**
 - **ranked 1st in option trading**
40% share in volume of GPW (Jan-Jun '04)
 - **ranked 2nd in futures trading**
12% share in volume GPW (Jan-Jun '04)

Corporate banking benefits from economic take-off

Value of settled foreign trade finance
transactions in USD bn



- Dynamic development of foreign trade settlement services
- Value of export transactions' settlements grew by 27%

BRE Bank Group's expansion in SME sector through offer development and sales intensification:

- EFEKT and EFEKT Plus packages as an effective tool for customer acquisition

at the June '04 already 1600 packages sold
50% of them purchased by newly acquired clients

- Assigning sales coordinators for SME product offer in Regional Bank Branches:

Result: sales boosted by over 50%!!!



- New product offered – Investment loan ‘BRE – UNIA’
- Employee trainings – 55 employees obtained the title **European Funds Consultant**, trainings for BRE Bank management
- Customer education – total number of participants reached 900, for large corporates: one-on-one trainings and advisory
- Cooperation with consulting firms
- In 1H 2004, 40 loans were granted within PHARE and SAPARD programs. Also more than 100 guarantees related to EU programs. Total exposure of the Bank from these activities exceeded PLN 120 m
- Due to administrative delays on the government side structural funds and Cohesion Fund will start in 2H 2004

Positive results of leasing and factoring in 1H 2004

BRE Leasing – moved up to 2nd position in the market

99% growth in value of leasing contracts comparing to 1H 2003
up to PLN 707m, incl. PLN 416 m of mobile leasing and PLN 291m in real
estate leasing

PLN 4.9m net result

Intermarket Bank Group

30% turnover increase in 1H '04 up to over EUR 1.55 bn
63% higher net profit which stood at EUR 3.5 m
98% higher turnover of the Polfactor

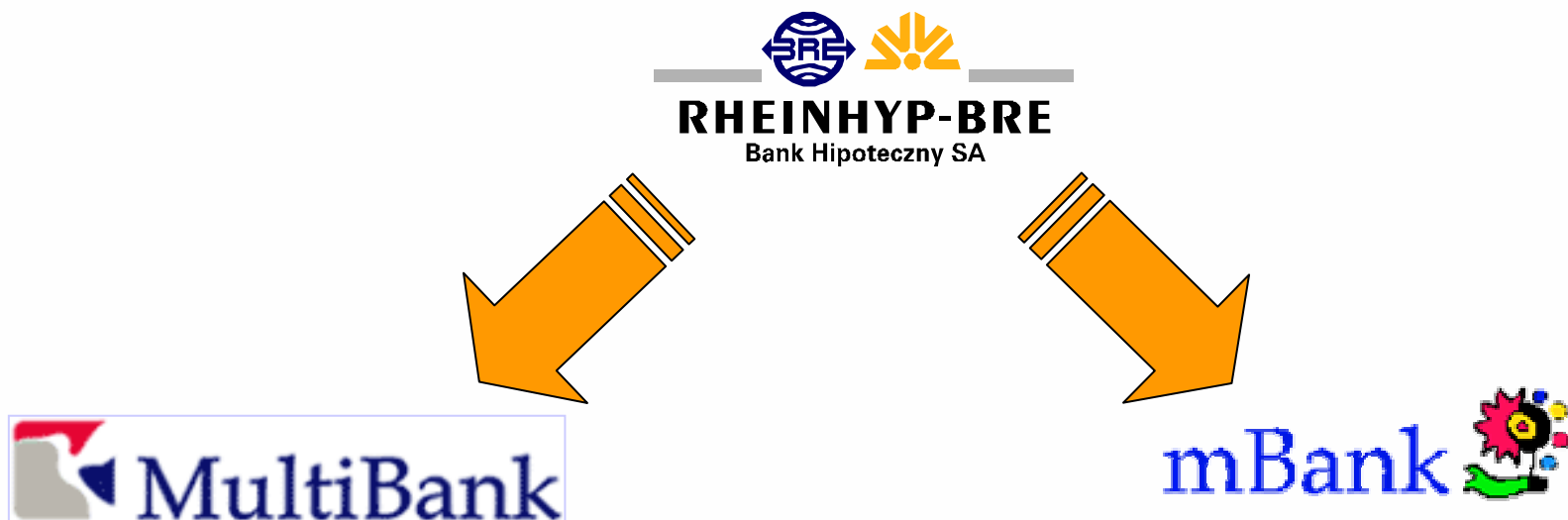
Strategic Investments

key changes



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RHEINHYP-BRE Bank Hipoteczny SA – BRE Bank acquired
50% shares from Eurohypo AG at PLN 87.5 m



Since June this year MultiBank and mBank took over individuals' housing loans business from RHB (the existing portfolio will not be transferred)

Mortgage loans

Rheinhyp-BRE Bank Hipoteczny



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Strategic directions:

- Activities concentration on corporate customers financing – particularly housing developers market servicing
- New field of expansion – financing of local governments

In 1H 2004 a portfolio growth of 6% was reported and 16% growth against the end of June 2003

PLN 2.6 m
net profit

as at 30.06.2004

14% increase in commercial clients' loan portfolio (YoY)

PLN 1.61 bn
loans

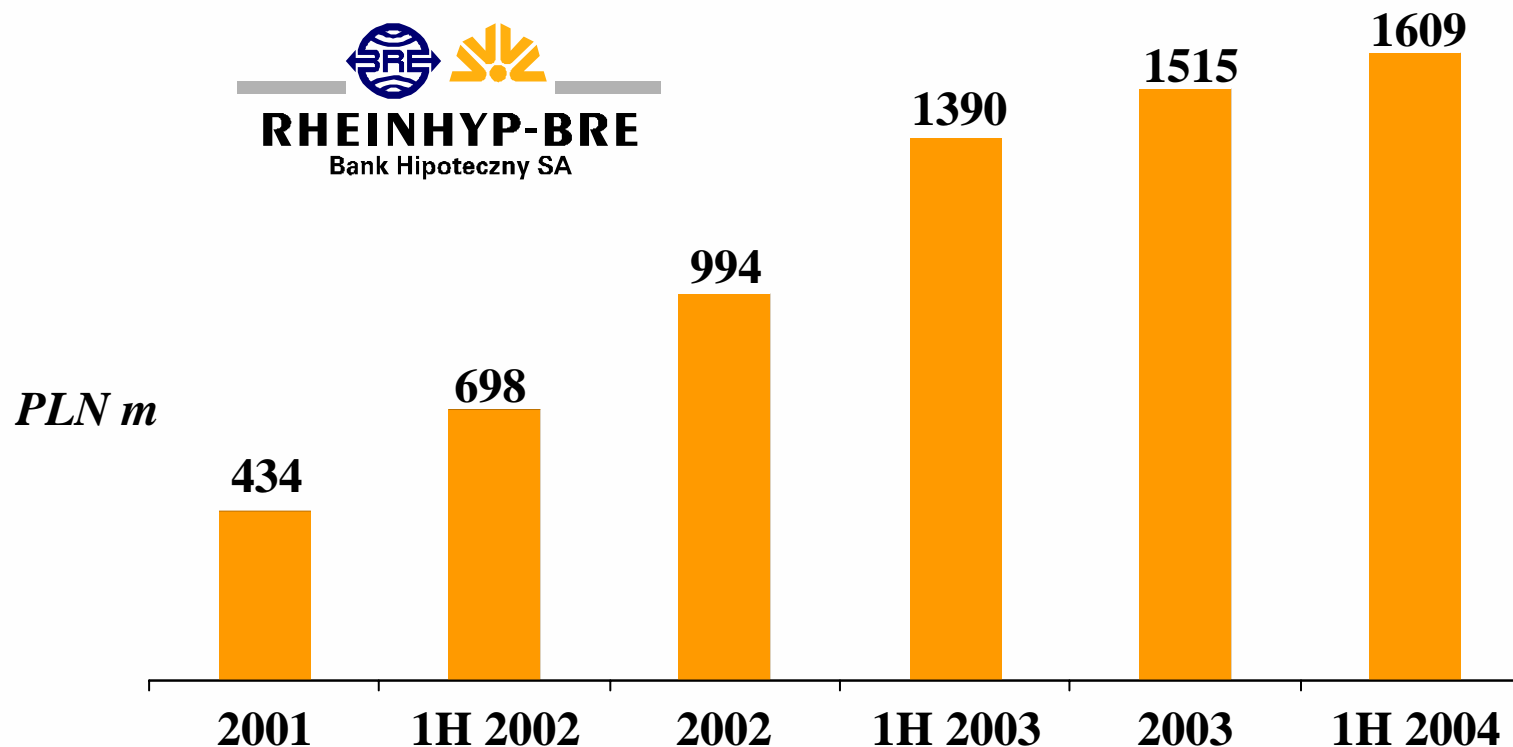
as at 30.06.2004

Loan portfolio of RHB



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Loan portfolio (balance sheet)



NPL constituted **2.9%** of loan portfolio at the end of June this year

Proprietary investments

ITI Holdings



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The contract between BRE Bank and ITI Holdings signed in June 2003 regarding restructuring the debt of nominal value **USD 84.5m** was realised

- In November 2003, bonds of **USD 42.500m** were redeemed and Bank's affiliate TV –Tech Investment bought 10% shares in TVN using the proceeds from bond sales
- In March 2004, ITI has made an earlier buy-back of its bonds of **USD 13.9m**
- On July 20, 2004 the outstanding bonds (**USD 28.1m**) have been converted to 4-year bonds of nominal value USD 28.400 thsd issued by ITI Bond Finance, collateralised with ITI Holdings guarantee and pledge on TVN shares, constituting 8.57% of company's total equity.

Expectations regarding future



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- Stable situation in the economy and high economic growth positively influence the results of both corporate and investment banking
- High capital adequacy ratio enables using the opportunities linked to positive economic outlook
- mBank will probably end 2004 with a profit
- MultiBank and mBank are preparing a special offer associated with launching Individual Pension Accounts in Poland
- Retail Banking already profitable in 2005. It is estimated that one third of revenues in 2006 should be generated by this business line