Bank Millennium

Quarterly Financial Report of Bank Millennium S.A.
prepared in accordance with
the Polish Accounting Standards
for Q1 2005

CONTENTS

I. POLICIES EMPLOYED WHEN PREPARING THE QUARTERLY REPORT

This report contains financial data of Bank Millennium („Bank") prepared in the form of a balance sheet, profit and loss account, cash flow and report on equity changes prepared as of 31 March 2005 in accordance with the Council of Ministers Ordinance dated 21 March 2005 on current and periodic reporting for issuers of securities (Ordinance).

The data were prepared on the basis of the "Accounting Policies at Bank Millennium", whose detailed description is contained in the annual report as of 31 December 2004 published on 17 February 2005.

In 2005 the Bank modified its accounting policies in as much as it started to employ the effective interest rate method in the case of certain financial instruments priced at depreciated cost. This followed from the Minister of Finance Ordinance dated 10 December 2001 on Special Principles of Bank Accounting, as later amended.

According to the Bank's analysis the implementation of the EIR methodology for financial instruments held by the Bank shall cause material adjustments only in the case of spreading credit commissions over time, and settling a specific long term agreement concluded with one of the contractors and presented below. It is important to note that the discount and premium on debt securities have already been settled before with the application of the exponential approach.

- Until the end of 2004 commissions were recognized in the Bank's profit and loss account on the cash basis when collected (except for specific commissions settled over time by linear method). Since 1 January 2005 selected commissions have been recognized in the P&L Account throughout the entire life of a credit agreement. Such depreciation over time is applicable to those credit-related commissions which – due to their specific nature - are an interest income substitute. The unsettled share of commissions is presented in the balance sheet as adjustment of the value of credit exposure, while the settled part constitutes interest income. Depending on the type of commissions the Bank spreads them over time based on the linear method, sum of digits, or EIR. As a result, compared to the previous years, there is a significant reduction of commission income in the presented report, and a decline in the Bank's own capitals at the date of EIR implementation (an opening balance sheet adjustment driven by a detachment from the previous years' profits of the share of commissions on active credit agreements to be settled over time). Another component to be settled over time shall be some of the Bank's own costs, directly related to making credit agreements (the resulting adjustment is non-material).

- In effect of the aforementioned agreement the Bank took the loan and at the same time purchased the securities issued by the contractor. Moreover, the Bank made a pre-payment of the (discounted) loan interest for the 10 last years of the contract upfront. Such a construction resulted in a material adjustment (increase) of the opening balance sheet position of own capitals when the EIR was applied.

- What has also been adjusted in the EIR methodology area are the accounting policies in the Bank's subsidiaries, namely the use of equity method valuation with respect to stocks and shares in subsidiaries resulted in the adjustment of the opening balance of the Bank's own capitals.

The process of adapting the legal regulations laid down in the Ordinance (which the EIR methodology is part of) was initiated in 2002 (the implementation of the EIR method due to complexity of issues and necessary scope of adjustments was delayed till 2005). Based on the same assumptions (i.e. using the possibility of relying on the IAS in default of an appropriate domestic regulation) the Bank in implementing as of 1st January the EIR principle employed an analogous approach as in the case of the provisions of the Ordinance identical with the IAS 39 regulations and did not adjust the comparable 2004 data.

However, in the interest of data comparability and possibility of a correct assessment of the financial situation the Bank prepared pro-forma financial reports for Q1 2004 (with less detail) in accordance with EIR requirements. Such reports were used for the needs of management analysis and also were used for preparing information about the Bank's operations in Q1 2005, which is part of this report (chapter II)

The adjustment concerning the Bank's own capitals as of 1 January 2005 as a result of taking up the EIR is as follows:

Data in PLN thous.

	Valuation of financial instruments at depreciated cost with the use of ESP - Bank	Valuation of financial instruments at depreciated cost with the use of ESP – subsidiary	TOTAL
Value of gross adjustment	+ 62,210	- 1,866	+ 60,344
Value of net adjustments (after inclusion of the deferred tax effect)	+ 50,391	- 1,511	**+ 48,880**

The following exchange rates were used for EURO-denominated figures:

- For balance sheet items 4,0837 PLN/EURO – rate of 31 March 2005 (for comparable data: 4.7455 PLN/EURO),
- For P&L items for the period from 1 January – 31 March 2005 r. – 4.0153 PLN/EURO, the rate having been calculated as the mean of the rates at the end of January, February and March 2005 (for comparable data 4.7938 PLN/EURO).

II. INFORMATION ABOUT ACTIVITY OF Bank Millennium IN THE 1ST QUARTER OF 2005

The Management Board of Bank Millennium S.A. („Bank") informs that in the 1st Quarter of 2005 (from 1 January until 31 March 2005) the net profit of the Bank according to Polish Accounting Standards totalled PLN 45.0 million.
By comparison, net profit of the Bank in Q1 2004 stood at PLN 28.2 million (pro-forma result calculated on the comparable basis) .
Moody's rating agency increased long-term deposit rating of the Bank from A3 to A2.

The activity of the Bank in the first three months of 2005 was under influence of the following factors:

A. Further improvement in profitability and lower risk profile

- Increase of net profit, which stood at PLN 45 million (increase by 59.6% as compared with Q1 2004)
- Decrease of operating expenses by 9.4 % (as compared with Q1 2004)
- Decrease of NPLs by c.a. PLN 1 billion (year-on-year) as a result of recovery efforts and better risk management
- High level of solvency ratio at 19.03% reflecting strong balance sheet structure and allowing for sustained and fast growth

B Positive business development trends

- Marked improvement in the retail banking segment: growth of mortgage loans, customer funds and the number of credit cards
- 3rd place on the market of new loans with a share of 10.8% after two months 2005; over six fold increase of newly granted mortgage loans as compared with Q1 2004
- Increase of Customer deposits by 9.8% (as compared with Q1 2004)

INCOMES

Structure of Result on Banking Activity (PLN million)	**Q1 2005**	**Q1 2004 Pro-forma**	**Change**
Net interest income	114.7	125.7	-8.8%
Net commission income	41.2	44.1	-6.5 %
Other non-interest income	252.8	33.6	+652.4%
- including dividends received	*213.0*	*3.2*	-
Result on banking activity	**408.7**	**203.4**	**+100.9%**

1.

Net interest income generated by the Bank in Q1 2005 totalled PLN 114.7 million and was 8.8 % lower than in the corresponding quarter of last year (PLN 125.7 million). The reason for lower net interest income was the decrease in loans during the analysed period (by 26.2%) mainly determined by the sale of car loans portfolio by the Bank in May 2004.

2.

Net commission income was PLN 41.2 million (44.1 million in Q1 of last year), which translates to 6.5% decrease.

3.

Other non interest income (income from shares and other securities, income from financial operations and F/X results) in the first three months of 2005 was PLN 252.8 million (of which PLN 213 million was dividends received from subordinated entities) which compares to PLN 33.6 million generated in Q1 of the previous year (of which PLN 3.2 million was dividends received from subordinated entities). The rise in analysed incomes without including dividends (from PLN 30.4 million to PLN 39.8 million) was achieved thanks to the good results from trading in fixed income securities on the local market.

The total **Result on Banking Activity** in Q1 2005 amounted to PLN 408.7, compared to PLN 203.4 million in Q1 2004 which means 100.9% growth.

COSTS

Operating Costs (PLN mln)	**Q1 2005**	**Q1 2004**	Change
Personnel costs	73.9	73.8	0.1%
Non-personnel costs	74.7	84.8	-11.9%
Depreciation	19.9	27.4	-27.4%
Total costs	**168.5**	**186.0**	**-9.4%**

4.

Total costs of the Bank in Q1 2005 fell by 9.4% as compared with the first quarter of last year and stood at PLN 168.5 million (PLN 186 million in the comparable period of 2004).

Personnel costs stood at PLN 73.9 million, at the same level when compared with Q1 2004 (PLN 73.8 million).

As at 31 March 2005, the number of employees in Bank Millennium Group was 3958 persons (against 3942 on 31 March 2004).

Non-personnel costs were PLN 74.7 million (PLN 84.8 million in Q1 2004), which means a decrease by 11.9%

Depreciation in the analysed period fell 27.4%, reaching PLN 19.9 million versus PLN 27.4 million in Q1 2004.

5.

Successful implementation of the loans restructuring programme and improvement of credit risk management permitted the Bank to keep the low level of provisions created. In Q1 2005 the Bank created PLN 0.3 million of provisions and in Q1 2004 it released PLN 2.9 million of provisions.

6.

In Q1 2005 **profit before tax** of the Bank was PLN 240.8 million, while **net profit** stood at PLN 45.0 million, and it was higher by PLN 16.8 million compared to 1 quarter 2004 pro-forma net profit (PLN 28.2 million).

BUSINESS VOLUMES

7.

As at 31 March 2005 **total assets** stood at **PLN 21 374 million**, which means their increase as compared with the end of Q1 of the previous year by 3.1 % **(PLN 20 736 million).**

Key items	**31.03.2005**	**31.03.2004**	**Change**
Balance sheet total	21 374	20 736	3.1%
Total Deposits from Customers	13 131	11 954	9.8%
Total Loans to Customers	7 148	9 690	-26.2%
• sold car loans portfolio	0	1 996	-
• other loans	7 148	7 694	-7.1%
Equity	1 862	1 790	4.0%

As at 31 March 2005 **net loans to Customers** were **PLN 7 148 million**, which means their reduction by 26.2% compared to Q1 of last year (PLN 9 690 million). The reason for that decrease was the sale in May 2004 the car loans portfolio originated by an external intermediary. If we do not take into consideration this part of loan portfolio, the decrease would be not so material (-7.1%).

Notable is the dynamic growth of the portfolio of mortgage loans. In Q1 2005 its value was **PLN 1 872 million** (26% of the entire loans portfolio), which constitutes 45% increase over Q1 2004. In the 1st Quarter of 2005 new mortgage loans worth **PLN 364 million** were granted (PLN 57.7 million in Q1 2004). This increase gave the Bank 3rd place on the market with 10.8% market share in new loans after first two months of this year. This is largely the result of launching a new attractive product offer, improvement in the performance of the retail network and development of alternative distribution channels, including direct sales, agents and Internet portals.

8.

Total Customers' Deposits were as at 31.03 2005 **PLN 13 131 million**, which means their increase from the corresponding period of 2004 by 9.8% **(PLN 11 954 million).**

In Millenet, the launch of MilleSMS – online SMS notification service for individuals – and for businesses the Online Statements and the Automatic Identification of Incoming Payments reports.
In respect to quality of its products and services, Millennium Biznes was awarded with the emblem "Friendly Bank for Entrepreneurs" in the competition arranged by Warsaw Banking Institute, National Economic Chamber and Polish-American Consulting Foundation for Small Business.

In the cards area, the Bank launched a new and innovative Debit Card for students – Millennium Euro<26.

Bank Millennium scored highest in Poland and was awarded the prestigious status "Top Rated" both in domestic as well as foreign customer service in the international ranking of best Banks offering custody services in 2004, published by the "Global Custodian Magazine" quarterly.

9 .

Loans quality

The value of the NPL portfolio (using old Polish Reporting standards) on 31 March 2005 was lower by c.a. PLN 1 billion than one year before, i.e. less 44%. This was achieved as a result of strict lending policy and credit recovery actions launched in 2004.

Loan quality ratios		**31.03.05**	**31.03.04**
NPL/total loans ratio	Timeliness of payment (90 days)	6.8%	12.0%
	NBP regulations	15.5%	20.2%
Provisions/NPL ratio	Timeliness of payment (90 days)	143.4%	91.4%
	NBP regulations	63.2%	54.6%

NPL to total loans ratio according to NBP regulations improved significantly from **20.2%** (as at 31.03.2004) to **15.5%** (as at 31.03.2005), whereas the NPL coverage ratio increased from 54.6 % to **63.2%** in the same periods.

Notable is the improvement of the **NPL ratio** according to timeliness of payment. The ratio improved from **12.0 %** (as at 31.03.2004) to **6.8%** (as at 31.03.2005) according to 90-day timeliness of payment.

In result of real improvement of the loans portfolio quality as well as consistent provisions maintenance policy, the **NPL coverage ratio** according to timeliness of payment improved significantly. It increased from 91.4% (as at end of March 2004) to 143.4% in Q1 2005.

10 .

Solvency Ratio of Bank Millennium Group reached 19.03 % and was higher than one year before (12.6%) in result of selling some non-core assets, decrease of the loans portfolio as well as a more favourable structure of risk-weighted assets.

III. DIVIDEND FOR 2004

Pursuant to Resolution No. 5 of the General Shareholders' Meeting of 8 March 2005 in the matter of distribution of profit of 2004 accounting year the General Shareholders' Meeting decided to assign from net profit generated in 2004 for payment of dividend the amount of PLN 237,770,888.32. the Bank's initial capital is PLN 849,181,744 and is divided into 849,181,744 shares, which gives a dividend payment of PLN 0.28 per share. The dividend was paid on 22 April 2005.

IV. INFORMATION ON ISSUANCE/REDEMPTION/REPAYMENT OF DEBT SECURITIES AND EQUITIES

In the period under analysis the Bank did not perform any issue, redemption or repayment of securities. The balance of debt securities changed merely due to the accrual/repayment of interest/ discount and exchange rate differences, as presented in the table below (data in PLN '000)

MOVEMENTS IN LIABILITIES FROM ISSUE OF DEBT SECURITIES	**01.01.05-31.03.05**
Balance at the beginning of the period	**275 544**
a) additions (of which)	2 272
- accrued interest	2 063
- discount settlement	55
- foreign exchange	154
b) decreases (of which)	116
- repayment of interest	116
Balance at the end of the period	**277 700**

V. MATERIAL EVENTS WHICH OCCURED BETWEEN THE DATE AS OF WHICH THIS REPORT IS MADE AND THE DATE OF ITS PUBLICATION

On 11 April 2005 the Bank was informed by Moody's Investors Service Ltd. rating agency („Moody's") about the upgrading as from 7 April 2005 of the Bank's long-term deposit rating from A3 (7th place on a 21-point scale) to A2 (6th place on a 21-point scale) with a stable prospect. Moody's rating agency also informed on raising the Bank's financial strength rating at the level of D- from stable to positive (10th place on a 13-point scale). The Bank's short-term deposit rating remained unchanged at P-1 (1st place on a 4-point scale). Moody's stated that the increased rating reflected the progressing operational integration of the Bank with its Portuguese strategic shareholder, on-going support and transfer of know-how from BCP to the Bank and the Portuguese bank's vigorous involvement in the implementation of its expansion strategy in Europe.

Moody's also stated that the increased prospects of the Bank's financial strength rating reflect the Bank's progress resulting from a deep restructuring process. Moody's also noted that the Bank laid in 2004 foundations for organic growth backed up by a strong capital base, innovative products, aggressive market strategy, strengthened sales potential, expedited risk management, as well as conducive economic climate. At the same time, according to Moody's, the implementation of such growth strategy will pose a challenge in view of a relatively low scale of the Bank's operations.

VI. SHAREHOLDERS WHO HOLD AT LEAST 5% OF THE TOTAL NUMBER OF VOTES AT THE GSM OF BANK MILLENNIUM SA

Data as of publication of the quarterly report made out as of 31 December 2004

Shareholder	**Number of shares**	**% share in share capital**	**Number of votes**	**% share in votes at the General Meeting of Shareholders**
Banco Comercial Portugues S.A.	424.624.072	50.00	424.624.072	50.00
Carothers Trading Limited	84.833.256	9.99	84.833.256	9.99
Priory Investments Group Corp.	84.833.256	9.99	84.833.256	9.99
M+P Holding S.A.	84.833.256	9.99	84.833.256	9.99

Data as of the publication of the quarterly report made out as of 31 March 2005

Shareholder	**Number of shares**	**% share in share capital**	**Number of votes**	**% share in votes at the General Meeting of Shareholders**
Banco Comercial Portugues S.A.	424.624.072	50.00	424.624.072	50.00
Carothers Trading Limited	84.833.256	9.99	84.833.256	9.99
Priory Investments Group Corp.	84.833.256	9.99	84.833.256	9.99
M+P Holding S.A.	84.833.256	9.99	84.833.256	9.99

VII. CHANGES AS REGARDS BANK MILLENNIUM S.A. SHARES HELD BY PERSONS MANAGING AND SUPERVISING THE BANK

The Bank has no information on any changes in the holding of Bank shares by persons exercising management and supervision functions since the submission of the previous quarterly report.

VIII. CASES OF COURT LITIGATIONS

The most significant proceedings involving the Bank are as follows:

- proceedings instituted by the Bank by filing a statement of claim on 22.07.1998 against the State Treasury for PLN 65.613.512,20 on account of the State Treasury's liability in connection with the acquisition by the former Bank Gdański S.A. of receivables from health care institutions, which, despite assurances, proved disputable;

- proceedings instituted by Grzegorz Jedamski against the Bank in connection with a statement of claim filed with the Regional Court in Warsaw for adjudicating PLN 299.833.300 in his favour as damages for the allegedly illegal takeover of BIG BANK Spółka Akcyjna (former ŁBR S.A.).

IX. TRANSACTIONS WITH RELATED ENTITIES WHICH EXCEEDED THE EQUIVALENT OF 500 000 EURO

In the period from 1 January to 31 March 2005 any transactions between the Bank and related entities were concluded on market terms and resulted from on-going operations.

X. CREDIT BACKING OR GUARANTEES PROVIDED BY THE BANK

In the first quarter of 2005 the Bank did not provide any backing of any credit or loan, or any guarantee, as a result of which the total value of the Bank's exposure towards a client on such account would exceed 10% of the Bank's own funds.

XI. INCOME TAX

- Income Tax Due

Income tax due to be charged against gross income was determined in accordance with the Corporate Income Tax Act of 15 February 1992.

At the end of the first quarter 2005 the Bank had a positive tax base of PLN 80.225 thous., which was mainly set off against tax losses incurred in 2003. Current income tax at the end of the quarter did not arise.

The main items which influenced the tax base at the specified level were as follows:

- interest accrued to be paid on customer deposits and Bank borrowing;
- interest accrued to be paid on REPO operations,
- realised revenues on debt security operations on the cash basis,
- realised foreign exchange differences in connection with CIRS operations representing tax revenue at the cash flow date,
- valuation of financial instruments on the accrual basis.

- Deferred income tax

Pursuant to the Accounting Act business entities are required to create provisions against deferred tax as a result of differences in recognizing revenues as generated and costs as incurred in accordance with the Corporate Income Tax Act. Therefore, Bank Millennium creates an income tax provision every month, assuming for its creation all temporary differences with respect to which it is certain that they will become a tax deductible or tax income in the following reporting periods. Thanks to applying this methodology it is possible to evenly spread the gross income and to guarantee that the expenses and revenues of the current year will not affect the financial result in future years. The deferred part disclosed in the P&L Account is the difference between a change in the provision balance and deferred income tax assets. In the consolidated balance sheet the deferred income tax provision and assets are presented separately.

Deferred income tax recognized in the consolidated P&L Account of the Bank for the 3 months of 2005 was PLN 8.138 thous.

XII. ADDITIONAL NOTES TO FINANCIAL DATA

- Earnings per share disclosed in financial data at PLN 0.31 were calculated on the basis of an annualised profit of PLN 265.431 thous. A component of the annualised profit are earnings generated in the period from 1 April to 31 December 2004, standing at PLN 220.441 thous., calculated with no adjustment of comparable data for the implementation of the EIR methodology (this adjustment treatment is described in item I „ Policies Employed when Preparing the Quarterly Report”).

The calculation the EPS ratio on the basis of the pro forma data (i.e. by adjusting 2004 data for the ESP) yields the value of PLN 0.33 per share.

- From 1 January to 31 March 2005 the Bank cancelled irrecoverable receivables against provisions created in the amount of PLN 149 thous.

MAIN FINANCIAL DATA	Amount '000 PLN		Amount '000 EUR	
	I Quarter/ 2005	I Quarter/ 2004	I Quarter / 2005	I Quarter / 2004
	period from 1.01.2005 - 31.03.2005	period from 1.01.2004 - 31.03.2004	period from 1.01.2005 - 31.03.2005	period from 1.01.2004 - 31.03.2004
I. Interest income	314 390	363 328	78 298	75 791
II. Commission income	48 039	54 935	11 964	11 460
III. Profit / (loss) on banking activity	408 653	194 729	101 774	40 621
IV. Operating profit / (loss)	240 840	10 196	59 981	2 127
V. Profit before taxes (loss)	240 840	10 196	59 981	2 127
VI. Net profit (loss)	44 990	20 063	11 205	4 185
VII. Net cash flows from operating activities	-420 574	-155 680	-104 743	-32 475
VIII. Net cash flows from investing activities	347 974	-35 057	86 662	-7 313
IX. Net cash flows from financing activities	-5 050	-26 084	-1 258	-5 441
X. Net cash flows, total	-77 650	-216 821	-19 339	-45 229
XI. Total assets	21 373 889	20 939 607	5 233 952	4 412 519
XII. Amounts due to Central Bank	1	0	0	0
XIII. Amounts due to financial sector	1 983 119	2 798 585	485 618	589 734
XIV. Amounts due to non-financial and public sector	13 131 422	11 954 287	3 215 570	2 519 078
XV. Total equity	1 862 289	1 755 195	456 030	369 865
XVI. Share capital	849 182	849 182	207 944	178 945
XVII. Number of shares	849 181 744	849 181 744	849 181 744	849 181 744
XVIII. Book value per share (in PLN/EUR)	2,19	2,07	0,54	0,44
XIX. Diluted book value per share (in PLN/EUR)	-	-	-	-
XX. Capital adequacy ratio	19,03%	12,60%	19,03%	12,60%
XXI. Earnings (losses) per ordinary share (in PLN/EUR)	0,31	0,04	0,07	0,01
XXII. Diluted earnings (losses) per ordinary share (in PLN/EUR)	-	-	-	-
XXIII. Pledged or paid dividend per share (in PLN/EUR)	0,28	-	0,07	-

BALANCE SHEET	as at 31.03.2005 end of the I quarter / 2005	as at 31.12.2004 end of the IV quarter / 2004	as at 31.03.2004 end of the I quarter / 2004	as at 31.12.2003 end of the IV quarter / 2003
ASSETS				
I. Cash, balances with Central Bank	794 244	871 835	576 829	788 754
II. Debt securities eligible for rediscount at Central Bank	17 296	9 993	12 040	11 189
III. Amounts due from financial sector	3 238 402	3 546 406	1 721 299	1 803 977
1. Current	1 238 745	80 927	382 925	427 748
2. Term	1 999 657	3 465 479	1 338 374	1 376 229
IV. Amounts due from non-finacial sektor	6 758 325	6 336 432	9 200 247	9 329 249
1. Current	964 011	852 881	1 740 211	1 809 119
2. Term	5 794 314	5 483 551	7 460 036	7 520 130
V. Amounts due from public sector	389 253	409 009	489 684	504 480
1. Current	4 998	4 987	6 997	6 872
2. Term	384 255	404 022	482 687	497 608
VI. Receivables from securities bought with sell-back clause	80 017	80 651	456 581	100 358
VII. Debt securities	7 050 772	6 915 891	5 258 616	4 836 667
VIII. Shares in subsidiaries	1 472 765	1 659 836	1 399 481	1 382 022
IX. Shares in affiliated subsidiaries	0	0	0	0
X. Shares in associated companies	3 438	6 227	5 946	6 803
XI. Shares in other companies	12 542	12 676	12 784	12 714
XII. Other securities and financial assets	459 563	546 850	325 854	677 449
XIII. Intangible assets:	36 952	40 626	223 709	227 082
of which: goodwill	5 339	5 804	7 350	7 779
XIV. Tangible fixed assets	517 042	534 386	642 566	666 042

XV. Other assets	60 487	53 920	131 569	91 674
1. Acquired assets for resale	756	756	2 990	3 228
2. Other	59 731	53 164	128 579	88 446
XVI. Prepayments and accrued income	482 791	512 388	482 402	505 743
1. Deferred income tax	237 618	228 631	204 390	238 741
2. Other	245 173	283 757	278 012	267 002
Total assets	**21 373 889**	**21 537 126**	**20 939 607**	**20 944 203**
Liabilities and Equity				
I. Amounts due to the Central Bank	1	1	0	0
II Amounts due to finacial sector	1 983 119	1 979 583	2 798 585	3 183 243
1. Current	724 985	312 765	493 305	585 243
2. Term	1 258 134	1 666 818	2 305 280	2 598 000
III. Amounts due to non-financial sector	12 208 908	13 336 914	10 797 932	10 550 414
1. Saving accounts:	0	0	0	0
a) current	0	0	0	0
b) term	0	0	0	0
2 Others:	12 208 908	13 336 914	10 797 932	10 550 414
a) current	3 339 024	2 528 331	3 107 720	2 852 561
b) term	8 869 884	10 808 583	7 690 212	7 697 853
II Amounts due to public sector	922 514	874 069	1 156 355	920 189
a) current	692 666	510 810	813 678	581 063
b) term	229 848	363 259	342 677	339 126
V. Liabilities from securities sold with buy-back clause	2 127 386	1 446 214	1 430 152	1 535 478
VI. Liabilities from debt securities	277 700	275 544	992 433	982 660
1. Short-term	178 952	176 899	745 379	736 602
2. Long-term	98 748	98 645	247 054	246 058
VII. Liabilities from securities sold with buy-back clause	383 769	390 636	360 817	444 436
VIII. Special funds and other liabilities	424 747	154 237	195 218	144 075
IX. Accruals and deferred income	455 584	415 893	653 770	660 295
1. Accruals	93 201	91 070	85 488	107 323
2. Negative goodwill	0	0	0	0
3. Other deferred income	362 383	324 823	568 282	552 972
X. Provisions	397 403	342 154	415 032	410 345
1. Deferred corporate income tax	153 447	117 430	111 278	140 603
2. Other	243 956	224 724	303 754	269 742
a) short-term	0	0	372	2 552
b) long-term	243 956	224 724	303 382	267 190
XI. Subordinated debt	330 469	326 978	384 118	378 162
XII. Share capital	849 182	849 182	849 182	849 182
XII. Unpaid share capital (negative value)	0	0	0	0
XIV. Treasury stock (negative value)	0	0	0	0
XV. Supplementary capital	472 343	508 095	542 970	542 970
XVI. Revaluation reserve	63 629	52 341	33 073	32 848
XVII. Other reserve capital	383 265	380 532	339 638	339 637
XVIII. Retained earnings	48 880	-35 751	-29 731	-70 626
XIX. Net profit (loss)	44 990	240 504	20 063	40 895
Total Liabilities and Equity	**21 373 889**	**21 537 126**	**20 939 607**	**20 944 203**

Capital adequacy ratio	19,03%	17,35%	12,60%	11,05%
Book value	1 862 289	1 994 903	1 755 195	1 734 906
Number of share	849 181 744	849 181 744	849 181 744	849 181 744
Book value per share (in PLN)	2,19	2,35	2,07	2,04

Diluted number of shares	-	-	-	-
Diluted book value per share (in PLN)	-	-	-	-
	as at	**as at**	**as at**	**as at**

OFF-BALANCE SHEET ITEMS	31.03.2005 end of the I quarter / 2005	31.12.2004 end of the IV quarter / 2004	31.03.2004 end of the I quarter / 2004	31.12.2003 end of the IV quarter / 2003
I. Contingent liabilities granted and received	4 721 259	4 476 562	3 224 140	3 625 665
1. Liabilities granted:	3 668 097	3 422 724	2 605 253	2 573 894
a) financial	3 152 965	2 974 234	2 133 103	2 138 906
b) guarantees	515 132	448 490	472 150	434 988
2. Liabilities received:	1 053 162	1 053 838	618 887	1 051 771
a) financial	0	0	0	0
b) guarantees	1 053 162	1 053 838	618 887	1 051 771
II. Liabilities in respect of sale/purchase transactions	15 795 654	13 024 534	16 634 473	17 646 900
III. Other, including:	22 103 358	22 775 802	21 993 996	18 871 096
- interest rate swaps	19 399 024	21 361 292	20 306 368	18 044 419
- options	760 630	514 510	87 628	186 677
- FRAs	1 910 000	900 000	1 600 000	640 000
- other	33 704	0	0	0
TOTAL OFF-BALANCE SHEET ITEMS	**42 620 271**	**40 276 898**	**41 852 609**	**40 143 661**

PROFIT AND LOST ACCOUNT	I Quarter	I Quarter
	period from 1.01.2005 -31.03.2005	period from 1.01.2004 -31.03.2004
I. Interest income	314 390	363 328
II. Interest cost	199 740	250 124
III. Net interest income (I-II)	114 650	113 204
IV. Commission income	48 039	54 935
V. Commission cost	6 801	7 054
VI. Net commission income (IV-V)	41 238	47 881
VII. Income from shares, other securities and other financial variable-income instruments	213 059	3 287
1. from subsidiaries	213 059	2 704
2. from affiliated subsidiaries	0	0
3. from associated companies	0	583
4. from other entities	0	0
VIII. Result on financial operations	25 786	9 752
IX. Foreign exchange gains (losses)	13 920	20 605
X. Profit / (loss) on banking activity	408 653	194 729
XI. Other operating income	7 213	3 756
XII. Other operating expenses	6 218	5 164
XIII. General and administrative expenses	148 557	158 590
XIV. Depreciation and amortization	19 943	27 397
XV. Charges to provisions and revaluation	199 873	277 880
1. Charges to provisions	196 325	277 880
2. Revaluation of financial assets	3 548	0
XVI. Release of provisions and revaluation	199 565	280 742
1. Release of provisions	195 280	280 742
2. Revaluation of financial assets	4 285	0
XVII. Net provisions and revaluation (XV-XVI)	308	-2 862
XVIII. Operating profit / (loss)	240 840	10 196
XIX. Net extraordinary gains (losses)	0	0
1. Extraordinary gains	0	0
2. Extraordinary losses	0	0
XX. Profit before taxes	240 840	10 196
XXI. Corporate income tax	8 138	3 486
1. Current		0
2. Deferred	8 138	3 486
XXII. Other obligatory charges against profit (increases in loss)	0	0
XXIII. Net income (loss) of subordinated companies subject to equity method	-187 712	13 353

XXIV. Net profit (loss)	**44 990**	**20 063**

Net profit (loss) (annualized)	265 431	30 995
Weighted average number of ordinary shares	849 181 744	849 181 744
Profit (loss) per ordinary share (in PLN)	0,31	0,04
Weighted average diluted number of ordinary shares	-	-
Diluted profit (loss) per ordinary share (in PLN)	-	-

Statement of Changes in Equity	**I Quarter**	**I Quarter**
	period from 1.01.2005 -31.03.2005	**period from 1.01.2004 -31.03.2004**
Equity at the beginning of the period (opening balance) 01.01.2004	1 994 903	1 734 906
a) Changes in adopted accounting policies	48 880	0
b) Fundamental errors corrected	0	0
Equity at the beginning of the period (opening balance) as restated to comparable data	2 043 783	1 734 906
1. Share capital at the beginning of the period	849 182	849 182
1.1. Changes in share capital	0	0
a) increases	0	0
- share issues	0	0
	0	0
b) decreases	0	0
- redemption of shares	0	0
	0	0
1.2. Share capital at the end of the period	849 182	849 182
2. Unpaid share capital at the beginning of the period	0	0
2.1. Changes in unpaid share capital	0	0
a) increases	0	0
-	0	0
b) decreases	0	0
	0	0
2.2. Unpaid share capital at the end of period	0	0
3. Treasury stock at the beginning of the period	0	0
a) increases	0	0
-	0	0
b) decreases	0	0
-	0	0
3.1. Treasury stock at the end of the period	0	0
4. Supplementary capital at the beginning of the period	508 095	542 970
4.1. Changes in supplementary capital	-35 752	0
a) increases	0	0
- appropriation of profit (above the statutory minimum)		
- appropriation of profit (statutory)		
- other		
b) decreases	35 752	0
- to cover losses from previous years	35 752	
- other		
4.2. Supplementary capital at the end of the period	472 343	542 970
5. Revaluation reserve at the beginning of the period	52 341	32 847
b) changes in adopted accounting policies	0	0
a) fundamentals corrected errors	0	0
5.a) revaluation reserve at the beginning of the period, restated to comparable data	52 341	32 847
5.1. Changes in revaluation reserve	11 288	226
a) increases	11 288	226
- purchase and valuation of available for sale financial assets	11 288	226
b) decreases	0	0
- sale and valuation of available for sale financial assets		
- other		

5.2 Revaluation reserve at the end of period	63 629	33 073
6. General Banking Risk Reserve at the beginning of the period	380 532	339 638
6.1 Changes in General Banking Risk Reserve	2 733	0
a) increases	2 733	0
- appropriation of profit	2 733	0
	0	0
b) decreases	0	0
	0	0
6.2. General Banking Risk Reserve at the end of the period	383 265	339 638
7. Other reserve capital at the beginning of the period		0
7.1. Changes in other reserve capital	0	0
a) increases	0	0
- appropriation of profit (statutory)		
	0	0
b) decreases	0	0
	0	0
7.2. Other reserve capital at the end of the period	0	0
8. Retained earnings (loss brought forward) at the beginning of the period	-35 752	-70 626
8.1. Retained earnings at the beginning of the period	0	0
a) changes in adopted accounting principles	48 880	0
b) fundamental errors corrected	0	0
8.2. Retained earnings at the beginning of the period, restated to comparable data	48 880	0
8.3. Changes in retained earnings	0	0
a) increases	240 504	0
- transfer of profit of 2004	240 504	0
	0	0
b) decreases	240 504	0
- appropriation of profit - General Banking Risk Reserve	2 733	0
- appropriation of profit - dividend payments	237 771	0
8.4. Retained earning at the end of the period	48 880	0
8.5. Loss brought forward at the beginning of the period	35 752	70 626
a) changes in adopted accounting principles	0	0
b) fundamental errors corrected	0	0
8.6. Loss brought forward at the beginning of the period, restated to comparable data	35 752	70 626
8.7. Changes in loss brought forward	-35 752	-40 895
a) increases	-35 752	-40 895
- transfer of profit from previous year		
- covering losses from Supplementary capital	-35 752	0
- transfer of profit of 2003	0	-40 895
b) decreases	0	0
- transfer of loss brought forward		
8.8. Loss brought forward at the end of the period	0	29 731
8.9. Retained earning (loss brought forward) at the end of the period	48 880	-29 731
9. Net profit (loss)	44 990	20 063
a) net profit	44 990	20 063
b) net loss	0	0
II. Equity at the end of the period (closing balance)	1 862 289	1 755 195
III. Equity after proposed appropriation of profit (coverage of loss)		

Statement of Cash Flows	**I Quarter**	**I Quarter**
	period from 1.01.2005 -31.03.2005	**period from 1.01.2004 -31.03.2004**
A. Cash flows from operating activities - indirect method		
I. Net profit (loss)	44 990	20 063

II. Adjustments for:	-465 564	-175 743
1. Share in (profits) losses of subordinated companies consolidated under the equity method	187 712	-13 353
2. Depreciation and amortization	19 943	27 397
3. Foreign exchange (gains) losses	1 446	8 743
4. Interest and share in profits (dividends)	-186 550	39 224
5. (Profit) loss on investing activities	1 302	213
6. Change in provisions	31 650	6 787
7. Change in debt securities	-396 941	-450 128
8. Change in amounts due from other financial institutions	300 640	77 782
9. Change in amounts due from non-financial and public sector	-402 137	142 947
10 . Change in receivables from reverse repo transactions	634	-356 222
11. Change in shares, other securities and other financial assets	87 287	418 564
12. Change in amounts due to other financial institutions	277 424	-415 890
13. Change in amounts due to non-financial and public sector	-1 079 561	483 684
14. Change in liabilities from securities sold with buy-back option	681 172	-105 325
15. Change in liabilities arising from securities	0	1 731
16. Change in other liabilities	19 305	-46 063
17. Change in accrued expenses and prepayments	-6 797	-11 144
18. Change in deferred and restricted incomes	-2 110	15 310
19. Other	17	0
III. Net cash flows from operating activities (I +/- II) - indirect method	-420 574	-155 680
B. Cash flows from investing activities		
I. Cash from investing activities	347 987	8 792
1. Sale of shares in subsidiaries	0	0
2. Sale of shares in jointly-controlled subsidiaries	0	0
3. Sale of shares in associated companies	175	0
4. Sale of shares in other companies, other securities and other financial assets	346 725	12
5. Sale of intangible assets and tangible fixed assets	1 087	5 706
6. Sale of investments in real estate and intangible assets	0	0
7. Other	0	3 074
II. Cash used for investing activities	13	43 849
1. Purchase of shares in subsidiaries	0	0
2. Purchase of shares in jointly-controlled subsidiaries	0	0
3. Purchase of shares in associated companies	0	0
4. Purchase of shares in other companies, other securities and other financial assets	0	41 808
5. Purchase of intangible assets and tangible fixed assets	13	1 748
6. Investments in real estate and intangible assets	0	293
7. Other	0	0
III. Net cash flows from investing activities (I - II)	347 974	-35 057
C. Cash flows from financing activities		
I. Cash from financing activities	351	0
1. Long-term bank loans	0	0
2. Long-term borrowings from financial institutions other than banks	0	0
3. Issue of debt securities	0	0
4. Increase in subordinated debt	0	0
5. Net proceeds from issues of shares and additional capital paid-in	0	0
6. Other	351	0
II. Cash used for financing activities	5 401	26 084
1. Repayment of long-term bank loans	0	0
2. Repayment of long-term borrowings from financial institutions other than banks	0	0
3. Redemption of debt securities	0	0

4. Other financial liabilities	0	0
5. Financial leasing liabilities	0	0
6. Decrease in subordinated debt	0	20 025
7. Dividends and other payments to owners	0	0
8. Appropriations of profit, other than payments to owners	0	0
10. Purchase of treasury stock	0	0
11. Other	5 401	6 059
III. Net cash flows from financing activities (I - II)	-5 050	-26 084

D. Net cash flows, total (A.III +/- B.III +/- C.III)	-77 650	-216 821
E. Change in cash and cash equivalents	-77 650	-216 821
- change in cash in respect of foreign exchange gains and losses		0
F. Cash and cash equivalents at the beginning of the period	882 017	805 402
G. Cash and cash equivalents at the end of the period (F+/- D), of which:	804 367	588 581
- assets of limited availability		