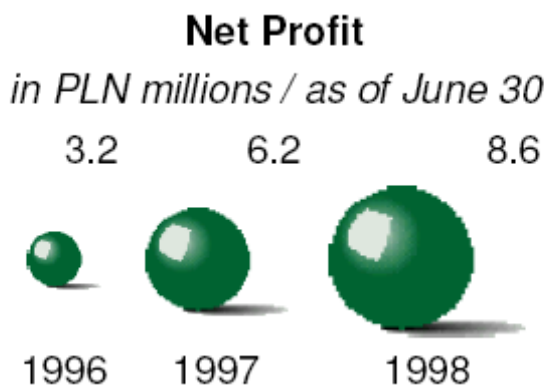


1998 Semi-annual Report

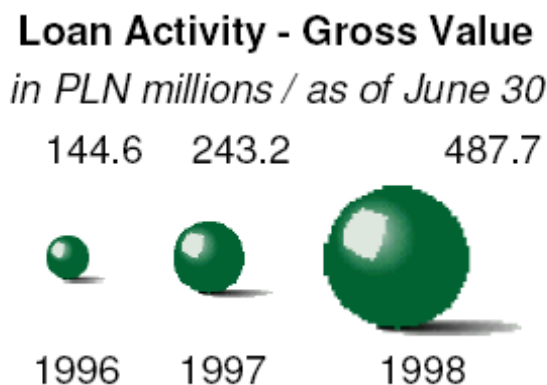
Profit

Net profit for the first six months of 1998 was PLN 8.6 million, with an end-of-year net profit forecast of PLN 18 million. The bank can contribute results to efficient allocation of available funds, an effective capital investment strategy - particularly in telecommunications and information technology - and territorial expansion.



Loans

Credit activity constitutes the principal revenue source for the bank. Credit products and services are offered primarily to small and medium-size private enterprises and include investment loans, working-capital loans, overdraft facilities, factoring, leases, trade financing and bank guarantees. A considerable proportion of funds is used to finance short-term loans granted to trading and manufacturing companies. The main types of personal loans include various personal and overdraft facilities and loans for the purchase of securities addressed to stock-market investors. The bank's loan portfolio increased from PLN 311 million at the end of 1997 to PLN 488 million after the first six months of 1998.

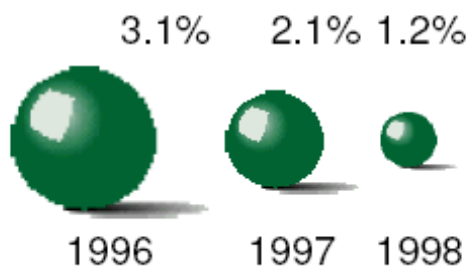


Non-performing Loans

It is the policy of PPABank to extend loans only to well-managed companies with a sound financial standing and, accordingly, the bank enjoys a high quality loan portfolio. As of 30 June 1998, the proportion of non-performing loans in the total portfolio was 1.2 percent, which translates into an aggregate amount of PLN 5.5 million. The corresponding loan-loss provision established by the bank amounted to PLN 3.8 million.

Non-performing Loans - gross, without interest

as of June 30

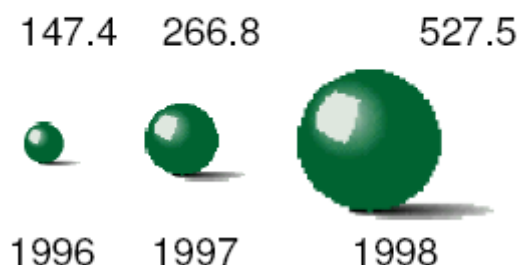


Deposits

Aggregate customer deposits at PPABank was PLN 527 million as of 30 June 1998. PPABank offers deposit accounts to individual, corporate and public-sector customers. The minimum amount of a standard PLN-denominated deposit is PLN 200. Deposits exceeding PLN 50,000 are negotiable with interest rates depending on the inter-bank rates reserve requirements currently in force and maturity. In the first half of 1998, a new type of deposit was introduced called PPABoom, available for amounts of PLN 10,000 or more. It provides an attractive way of saving for customers who are willing to deposit larger sums and expect particularly attractive terms and conditions.

Deposits - without interest

in PLN millions / as of June 30



New Services

Forward-rate currency transactions

Effective 2 January 1998, PPABank introduced new service - forward-rate currency transactions. This is an instrument, which allows customers to better manage exchange risk in foreign currency settlements.

PPABoom - a money-market linked deposit

This form of deposit offers interest rates pegged to the money market WIBID T/N rate (published daily e.g. in *Rzeczpospolita*). It follows that a different rate may apply on each day of the deposit life. The PPABoom deposit has been available since 23 January 1998.

PPABank Silver and Gold Packages

Effective 12 May 1998, PPABank introduced two packages for private customers: PPABank

Silver and PPABank Gold. These packages are for customers with above-average monthly incomes: the Silver Package requires minimum monthly income in the amount of PLN 3,000 and the Gold Package PLN 7,500. Both packages provide a comprehensive offer of banking services, the core of which are the personal PPABank Silver and PPABank Gold Accounts.

Bank-o-phone

On 22 June 1998, PPABank launched the Bank-o-phone facility - an automated, round-the-clock telephone information service which allows customers to check balance of their accounts, obtain current exchange rates and other general information on the Bank offerings. The Bank-o-phone is available at 0 800 13 00 78 (toll-free) or 012 413 38 30.

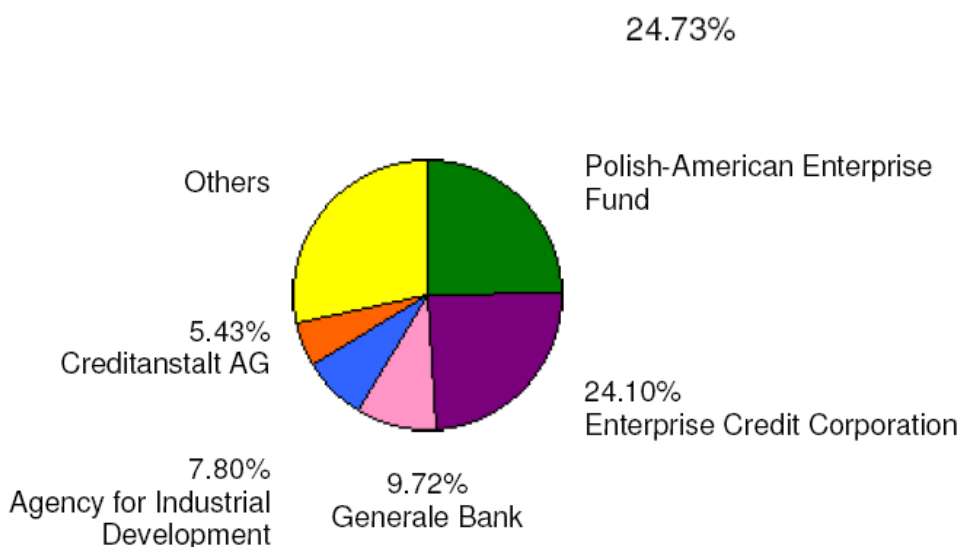
Fixed-interest term deposit

A fixed-interest term deposit in the amount of PLN 10,000, or more, offers an attractive rate, which is specified upon the establishment of the deposit and remains fixed to maturity. The rate offered by the bank on any given day depends on the money market and different rates may apply to deposits established on different dates. At maturity, the deposit may rollover - with capitalized interest - on currently applicable terms.

Our Shareholders

On 6 November 1997, the Polish-American Enterprise Fund and the Enterprise Credit Corporation, PPABank majority shareholders, agreed with Generale Bank, Belgium's leading financial institution, that Generale Bank would acquire 9.7% of PPABank shares. The agreement was effected through a public issue of Series F shares offered to existing shareholders and Series G shares offered solely to Generale Bank. On 4 June 1998, PPABank increased and registered share capital to PLN 15,230,000. Own-original funds increased to approximately PLN 112,989,000 as of 30 June 1998. At the same time, PPABank and Generale Bank entered into a commercial agreement with PPABank establishing an European Desk that provides access to a broad range of banking services for Generale Bank clients doing business in Poland.

Ownership Structure (as of July 22, 1998)



Balance Sheet Statement

	30.06.97 PLN (000)	30.06.98 PLN (000)
ASSETS		
I. Cash and National Bank of Poland balances	41 772	97 310
II. Securities eligible for rediscount at the National Bank of Poland	-	-
III. Due from financial institutions (<i>of which</i>)	75 075	85 588
1. Call	3 518	4 905
2. Term	71 557	80 683
IV. Due from customers and the public sector	243 248	487 684
V. Investment Securities	97 213	78 939
VI. Shares, investments and other floating income securities	-	72
VII. Shares and investments in subsidiary or other entities	-	-
VIII. Shares and investments in affiliated entities	-	-
IX. Other fixed-income investments and shares	5	5
X. Intangible assets	6 023	9 108
XI. Fixed assets	24 154	26 544
XII. Own shares for sale or liquidation	-	-
XIII. Other assets (<i>of which</i>)	5 033	7 544
1. Seized assets - to be liquidated	7	38
2. Other	5 026	7 506
XIV. Interperiod settlements	1 232	3 712
Total assets	493 754	796 505
LIABILITIES		
I. Due to the National Bank of Poland	4	-
II. Due to other financial institutions (<i>of which</i>)	83 763	89 116
1. Call	7 105	7 570
2. Term	76 658	81 546
III. Due to customers and the public sector (<i>of which</i>)	270 966	535 134
1. Time deposits	-	-
a) Call	-	-
b) Term	-	-
2. Other deposits	270 966	535 134
a) Call	77 582	114 644
b) Term	193 385	420 490

IV. Liabilities related to securities	-	-
V. Special funds and other liabilities	38 488	34 065
VI. Accrued costs and deferred income	3 925	6 733
VII. Provisions	1 092	2 380
VIII. Subordinated debt	11 236	7 491
IX. Share capital	12 500	15 230
X. Unpaid capital	-	-
XI. Reserve capital	47 888	66 458
XII. Revaluation reserve	620	570
XIII. Other reserve capital	17 118	30 732
XIV. Retained earnings	-	-
XV. Net profit (loss)	6 154	8 597
Total liabilities	493 754	796 505
Capital adequacy ratio	24,4%	15,9%
Net book value	84 281	121 587
Number of shares outstanding	6 250 000	7 615 000
Net book value per 1 share (in PLN)	13,48	15,97
OFF-BALANCE SHEET ITEMS		
I. Contingent liabilities:	92 277	269 413
1. Bankers acceptances, checks, endorsements, letters of credit, etc.	9 722	8 348
2. Guarantees and surety granted	41 357	143 284
3. Others	41 198	117 781
II. Liabilities related to sales/purchase transactions with repurchase option	-	-
III. Irrevocable credit commitments	-	98 486

Profit and Loss Statement

	30.06.97 PLN (000)	30.06.98 PLN (000)
I. Interest income	36 954	58 296
II. Interest expense	18 233	32 764
III. Net interest income	18 721	25 532
IV. Fee and commission income	7 471	11 763
V. Fee and commission expense	597	743
VI. Net fee and commission income	6 873	11 020

VII. Income on shares, investments and securities	-	-
VIII. Income on financial transactions	337	(215)
IX. Foreign exchange differences - net	2 179	4 103
X. Profit on banking activities	28 110	40 441
XI. Other operating income	4 235	2 651
XII. Other operating expense	1 869	1 489
XIII. General expenses	16 589	23 087
XIV. Depreciation of fixed and intangible assets	3 847	4 545
XV. Charges to loan loss provision	(1 279)	(2 045)
XVI. Release of provision and other decreases	1 314	1 230
XVII. Net release of provision	36	(815)
XVIII. Profit on operating activities	10 075	13 156
XIX. Profit (loss) on extraordinary operations	-	-
1. Extraordinary profits	-	-
2. Extraordinary losses	-	-
XX. Gross profit (loss)	10 075	13 156
XXI. Income tax	(3 921)	(4 558)
XXII. Other obligatory profit deductions	-	-
XXIII. Net profit (loss)	6 154	8 597
Net profit (loss) (in 12 months)	12 309	17 195
Weighted average number of common shares	5 625 000	7 615 000
Net profit (loss) per 1 common share	2,19	2,26

NOTE:

Charts as of June 30.

All figures published in this report haven't been authorized by auditors.