

**Form SAB-QSr 4/2002**

(Q/Y)

**(for bank)**

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 Board of Management of BRE Bank SA  
publishes this Quarterly Report for Q4 2002:

28 February 2002

(date of submittal)

SELECTED FINANCIAL DATA	PLN '000		EUR '000	
	IV Q cumulative from 1 Jan 2002 to 31 Dec 2002	IV Q cumulative from 1 Jan 2001 to 31 Dec 2001	IV Q cumulative from 01.Jan.2002 to 31.Dec.2002	IV Q cumulative from 01.Jan.2001 to 31.Dec.2001
(current year)				
I. Interest income	1 684 552	1 808 751	435 319	495 426
II. Commission income	295 575	254 996	76 382	69 845
III. Profit (loss) on banking activity	914 258	932 677	236 261	255 465
IV. Operating profit (loss)	(386 484)	374 546	(99 874)	102 590
V. Gross profit (loss) before tax	(408 140)	334 593	(105 471)	91 647
VI. Net profit (loss)	(381 102)	221 400	(98 484)	60 643
VII. Net cash from operating activities	(1 632 294)	(1 383 799)	(421 814)	(379 030)
VIII. Net cash from investing activities	45 439	(421 820)	11 742	(115 539)
IX. Net cash from financing activities	1 271 728	(98 468)	328 637	(26 971)
X. Total net cash flows	(315 127)	(1 904 087)	(81 434)	(521 539)
XI. Total assets	27 516 068	24 823 310	6 844 453	7 048 272
XII. Liabilities to National Bank of Poland	1 532	2 718	381	772
XIII. Liabilities to other financial institutions	6 971 719	8 056 380	1 734 172	2 287 510
XIV. Liabilities to customers and public sector	10 334 372	10 024 914	2 570 611	2 846 450
XV. Equity	1 551 634	2 201 625	385 959	625 124
XVI. Share capital	91 882	91 882	22 855	26 089
XVII. Number of shares	22 970 500	22 970 500	22 970 500	22 970 500
XVIII. Book value per share (in PLN/EUR)	67,55	95,85	16,80	27,21
XIX. Diluted book value per share (in PLN/EUR)	-	-	-	-
XX. Solvency ratio	10,01	12,05	10,01	12,05
XXI. Profit (loss) per ordinary share (in PLN/EUR)	(16,59)	9,64	(4,29)	2,64
XXII. Diluted profit (loss) per ordinary share (in PLN/EUR)	-	-	-	-
XXIII. Dividend declared or paid out per ordinary share (in PLN/EUR)	-	10,00	-	2,84

	as at	as at	as at	as at
<b>CONSOLIDATED BALANCE SHEET (PLN '000)</b>	31.Dec.2002 end of this quarter (current year)	30.Sept.2002 end of previous quarter (current year)	31.Dec.2001 end of quarter (previous year)	30.Sept.2001 end of previous quarter (previous year)
<b>Assets</b>				
I. Cash in hand and in the National Bank of Poland	365 819	288 395	745 191	809 749
II. Debt securities eligible for refinancing at NBP	49 021	74 069	66 683	91 749
III. Receivables from other financial institution	2 447 100	2 376 637	3 075 372	2 989 082
1. Short-term receivables	1 502 713	1 231 491	865 468	1 619 246
a) Current receivables	887 406	927 019	865 468	1 619 246
b) Other short-term receivables	615 307	304 472	-	-
2. Long-term receivables	944 387	1 145 146	2 209 904	1 369 836
IV. Receivables from clients institutions	11 960 048	13 192 844	9 500 264	9 125 920
1. Short-term receivables	6 358 487	6 539 752	1 283 014	1 379 731
a) Current receivables	1 673 986	2 066 470	1 283 014	1 379 731
b) Other short-term receivables	4 684 501	4 473 282	-	-
2. Long-term receivables	5 601 561	6 653 092	8 217 250	7 746 189
V. Receivables from customers and public institutions	51 637	1 033 148	961 132	430 573
1. Short-term receivables	40 723	1 025 787	-	2 839
a) Current receivables	11 427	10 196	-	2 839
b) Other short-term receivables	29 296	1 015 591	-	-
2. Long-term receivables	10 914	7 361	961 132	427 734
VI. Receivables under acquired securities with a buy-back clause	297 613	63 240	54 965	-
VII. Debt securities	5 192 905	3 640 692	4 551 335	4 518 970
VIII. Receivables from subordinates priced with equity method	465 742	3 938	123 476	170 113
1. Subsidiaries	354 897	-	122 050	97 898
2. Correlatives	-	-	-	-
3. Affiliates	110 845	3 938	1 426	72 215
IX. Stocks or shares in subsidiaries priced with equity method	126 741	139 640	186 653	227 165
X. Stocks or shares in correlative subject to equity method valuation	-	-	-	-
XI. Stocks or shares in affiliates priced with equity method	5 811	44 452	128 087	133 660
XII. Stocks or shares in other companies	43 235	32 205	29 151	29 783
XIII. Other securities and financial assets	671 475	662 957	768 453	439 536
XIV. Intangible fixed assets, including	305 590	252 836	211 813	206 163
- goodwill of company	97 586	99 839	70 753	73 406
XV. Goodwill of subordinates	492 114	509 664	120 781	121 264
XVI. Tangible fixed assets	902 310	977 905	876 653	860 132
XVII. Other assets	3 104 202	2 179 789	2 640 764	2 122 609
1. Assets acquired - for sale	2 789	27 112	22 750	23 212
2. Inventories	27 675	5 563	-	9 361
3. Other	3 073 738	2 147 114	2 618 014	2 090 036
XVIII. Prepayments	1 034 705	845 749	782 537	774 400
1. Deferred income tax	958 903	781 143	736 639	714 813
2. Other prepayments	75 802	64 606	45 898	59 587
<b>Total assets</b>	<b>27 516 068</b>	<b>26 318 160</b>	<b>24 823 310</b>	<b>23 050 868</b>
<b>Liabilities</b>				
I. Liabilities to NBF	1 532	2 363	2 718	1 162 168
II. Liabilities to other financial institution	6 971 719	8 092 435	8 056 380	7 216 870
1. Short-term liabilities	5 609 775	6 131 636	2 341 275	672 223
a) Current liabilities	1 379 272	1 793 686	2 341 275	672 223
b) Other short-term liabilities	4 230 503	4 337 950	-	-
2. Long-term liabilities	1 361 944	1 960 799	5 715 105	6 544 647
III. Liabilities to clients institutions	10 215 397	9 920 208	9 856 532	9 106 768
1. Short-term liabilities	9 157 790	8 616 534	2 203 296	2 167 838
a) Current liabilities, including	4 787 721	4 286 227	2 203 296	2 167 838
- saving deposits	1 492 648	1 249 136	614 422	862 909
b) Other short-term liabilities, including	4 370 069	4 330 307	-	-
- saving deposits	248 380	213 421	-	-
2. Long-term liabilities, including	1 057 607	1 303 674	7 653 236	6 938 930
- saving deposits	225 585	293 918	458 172	-
IV. Liabilities to public institutions	118 975	123 279	168 382	154 271
1. Short-term liabilities	70 102	120 602	28 371	28 240
a) Current liabilities	69 842	45 740	28 371	28 240
b) Other short-term liabilities	260	74 862	-	-
2. Long-term liabilities	48 873	2 677	140 011	126 031
V. Liabilities due to sold securities with buy-back clause	1 942 315	207 578	1 132 724	-

VI. Liabilities due to issue debt securities	<b>1 700 511</b>	<b>1 634 609</b>	<b>3 015</b>	<b>1 009</b>
1. Short-term securities	238 426	199 880	3 015	-
2. Long-term securities	1 462 085	1 434 729	-	1 009
VII. Other financial instruments liabilities	<b>2 264 262</b>	<b>1 912 606</b>	<b>1 603 056</b>	<b>1 483 451</b>
VIII. Liabilities to subordinates priced with equity method	<b>117 696</b>	<b>17 677</b>	<b>77 667</b>	<b>103 922</b>
1. Subsidiaries	115 214	16 012	53 622	81 183
2. Correlatives	-	-	-	-
3. Affiliates	2 482	1 665	24 045	22 739
IX. Special funds and other liabilities	<b>200 325</b>	<b>525 332</b>	<b>70 353</b>	<b>222 931</b>
X. Accruals, deferred income and qualified income	<b>277 606</b>	<b>237 865</b>	<b>763 946</b>	<b>743 573</b>
1. Accruals	76 856	45 352	69 213	-
2. Goodwill (negative figure)	-	-	-	-
3. Other deferred and qualified income	200 750	192 513	694 733	-
XI. Goodwill of subordinated companies (negative figure)	<b>900</b>	<b>1 020</b>	-	-
XII. Reserves	<b>957 747</b>	<b>738 199</b>	<b>784 603</b>	<b>611 339</b>
1. Income tax reserve	814 450	695 171	693 839	565 763
2. Other	143 297	43 028	90 764	45 576
a) short-term	4 285	19 772	90 764	-
b) long-term	139 012	23 256	-	45 576
XIII. Subordinated liability:	<b>1 071 572</b>	<b>964 116</b>	<b>31 268</b>	-
XIV. Capitals of minority	<b>123 877</b>	<b>117 052</b>	<b>71 041</b>	<b>66 249</b>
XV. Share capital	<b>91 882</b>	<b>91 882</b>	<b>91 882</b>	<b>91 882</b>
XVI. Payment for share capital (negative figure)	-	-	-	-
XVII. Own shares (negative figure)	-	-	-	<b>(4 484)</b>
XVIII. Supplementary capital	<b>659 013</b>	<b>652 427</b>	<b>622 559</b>	<b>621 794</b>
XIX. Revaluation capital	<b>(8 643)</b>	<b>(67 687)</b>	<b>8 063</b>	<b>8 068</b>
XX. Other reserve capital	<b>1 358 267</b>	<b>1 355 067</b>	<b>1 248 541</b>	<b>1 248 552</b>
XXI. FX gains/losses from the conversion of subordinates	<b>(351)</b>	<b>246</b>	<b>(3 950)</b>	<b>446</b>
1. FX gains	1 959	3 926	-	446
2. FX losses	(2 310)	(3 680)	(3 950)	-
XXII. Profit (loss) from previous years	<b>(167 432)</b>	<b>(136 076)</b>	<b>13 130</b>	<b>11 417</b>
XXIII. Net profit (loss)	<b>(381 102)</b>	<b>(72 038)</b>	<b>221 400</b>	<b>200 642</b>
<b>Total liabilities</b>	<b>27 516 068</b>	<b>26 318 160</b>	<b>24 823 310</b>	<b>23 050 868</b>
Capital adequacy ratio	<b>10,01</b>	<b>12,60</b>	<b>12,05</b>	<b>12,05</b>
Book value	<b>1 551 634</b>	<b>1 823 821</b>	<b>2 201 625</b>	<b>2 178 317</b>
Number of shares	<b>22 970 500</b>	<b>22 970 500</b>	<b>22 970 500</b>	<b>22 970 500</b>
Book value per share (in PLN)	<b>67,55</b>	<b>79,40</b>	<b>95,85</b>	<b>94,83</b>
Diluted number of shares	-	-	-	-
Diluted book value per share (in PLN)	-	-	-	-
	<b>as at</b>	<b>as at</b>	<b>as at</b>	<b>as at</b>
<b>CONSOLIDATED OFF-BALANCE-SHEET ITEMS</b>	<b>31.Dec.2002 end of this quarter (current year)</b>	<b>30.Sept.2002 end of prev, quarter (current year)</b>	<b>31.Dec.2001 end of quarter (previous year)</b>	<b>30.Sept.2001 end of prev. quarter (previous year)</b>
I. Contingent liabilities extended and received	<b>6 623 770</b>	<b>6 527 491</b>	<b>7 206 211</b>	<b>7 032 502</b>
1. Liabilities extended	5 734 368	5 496 415	6 635 767	6 573 907
a) financing	4 459 895	4 056 445	4 175 115	4 479 348
b) guarantees	1 274 473	1 439 970	2 460 652	2 094 559
2. Liabilities received	889 402	1 031 076	570 444	458 595
a) financing	356 816	508 435	184 543	224 234
b) guarantees	532 586	522 641	385 901	234 361
II. Liabilities related to realised purchase/sale transactions	<b>147 826 286</b>	<b>173 751 602</b>	<b>142 810 529</b>	<b>157 085 691</b>
III. Other (due to)	<b>348 342</b>	<b>205 938</b>	<b>68 179</b>	-
- factoring receivables	251 976	205 938	-	-
- factoring liabilities	96 366	-	-	-
- option to acquire shares	-	-	68 179	-
<b>Total off-balance-sheet items</b>	<b>154 798 398</b>	<b>180 485 031</b>	<b>150 084 919</b>	<b>164 118 193</b>

	IV quarter (current year)	IV quarters cumulative (current year)	IV quarter (prev. year)	IV quarters cumulative (prev. year)
<b>CONSOLIDATED PROFIT AND LOSS ACCOUNT</b>	from 01.10.2002 to 31.12.2002	from 01.01.2002 to 31.12.2002	from 01.10.2001 to 31.12.2001	from 01.01.2001 to 31.12.2001
I. Interest income	363 978	1 684 552	458 846	1 808 751
II. Interest expense	257 137	1 257 706	347 883	1 442 933
III. Net interest income (I-II)	<b>106 841</b>	<b>426 846</b>	<b>110 963</b>	<b>365 818</b>
IV. Commission income	79 007	295 575	47 818	254 996
V. Commission expenses	21 181	71 427	16 208	48 888
VI. Net commission income (IV-V)	<b>57 826</b>	<b>224 148</b>	<b>31 610</b>	<b>206 108</b>
VII. Net income of goods sold	(27 731)	-	-	-
VIII. Sold goods expenses	(1 074)	-	-	-
IX. Cost of sale	-	-	-	-
X. Profit on sale (VII-VIII-IX)	<b>(26 657)</b>	-	-	-
XI. Profit on stocks or shares, other securities and financial instruments with variable income				
	<b>3 549</b>	<b>14 788</b>	<b>(40 278)</b>	<b>6 943</b>
1. From subsidiaries	1 809	7 556	1 523	3 328
2. From correlatives	-	-	-	-
3. From affiliates	(3 268)	-	(40 173)	466
4. From others	5 008	7 232	(1 628)	3 149
XII. Profit (loss) on financial operations	(122 216)	<b>(125 137)</b>	(51 932)	<b>(106 632)</b>
XIII. Profit (loss) on foreign exchange gains/losses	102 053	373 613	124 244	460 440
XIV. Profit (loss) on banking activity	<b>121 396</b>	<b>914 258</b>	<b>174 607</b>	<b>932 677</b>
XV. Other operating income	77 276	202 239	83 081	160 033
XVI. Other operating expenses	39 117	138 068	36 775	48 146
XVII. Operating and general management expenses	202 382	690 259	178 273	486 442
XVIII. Depreciation of tangible and intangible fixed assets	37 511	146 086	34 030	123 498
XIX. Deduction for reserves and revaluation	429 601	864 591	180 169	394 968
1. Deduction for specific reserves and to general banking risk	347 167	780 673	180 169	394 968
2. Revaluation of financial assets	82 434	83 918	-	-
XX. Termination of reserves and revaluation	62 555	336 023	254 947	334 890
1. Termination of specific reserves and general banking risk reserves	43 098	316 120	254 947	334 890
2. Revaluation of financial assets	19 457	19 903	-	-
XXI. Difference in value of reserves and revaluation (XIX-XX)	367 046	528 568	(74 778)	60 078
XXII. Operating profit (loss)	<b>(447 384)</b>	<b>(386 484)</b>	<b>83 388</b>	<b>374 546</b>
XXIII. Profit (loss) on extraordinary items:				
	<b>(1 371)</b>	<b>1 223</b>	<b>31</b>	<b>107</b>
1. Extraordinary gains	(1 961)	1 496	92	348
2. Extraordinary losses	(590)	273	61	241
XXIV. Deduction of subordinates' goodwill	11 775	<b>25 876</b>	26 175	<b>46 204</b>
XXV. Deduction of subordinates' goodwill (negative value)	2 637	<b>2 997</b>	-	<b>6 144</b>
XXVI. Profit (loss) before tax	<b>(457 893)</b>	<b>(408 140)</b>	<b>57 244</b>	<b>334 593</b>
XXVII. Income tax	(97 770)	(73 901)	16 620	65 674
1. Current part	(21 812)	12 072	(95 032)	76 910
2. Postponed part	(75 958)	(85 973)	111 652	(11 236)
XXVIII. Other obligatory deductions of profit (increase of loss)	5 553	5 554	-	-
XXIX. Participation in net profit (loss) of subordinated to equity method valuation	67 439	(30 780)	(21 950)	(48 787)
XXX. (Profit) loss of minority	(10 827)	(10 529)	2 084	1 268
XXXI. Net profit (loss)	<b>(309 064)</b>	<b>(381 102)</b>	<b>20 758</b>	<b>221 400</b>
Net profit (loss) (for 12 months)	<b>(381 102)</b>		<b>221 400</b>	
Weighted average number of ordinary shares	<b>22 970 500</b>		<b>22 970 500</b>	
Net profit (loss) per 1 ordinary share [PLN]	<b>(16,59)</b>		<b>9,64</b>	
Weighted average number of ordinary shares	-		-	
Diluted net profit (loss) per 1 ordinary share [PLN]	-		-	

MOVEMENTS IN CONSOLIDATED EQUITY	IV Q	IV Q cumulative	IV Q	IV Q cumulative
	(current year)	(current year)	(prev. year)	(prev. year)
	from 01.10.2002 to 31.12.2002	from 01.01.2002 to 31.12.2002	from 01.10.2001 to 31.12.2001	from 01.01.2001 to 31.12.2001
I. Equity as at the beginning of the year (OB)	1 823 821	2 201 625		2 100 616
a) changes to accounting policy	59 402	61 746	-	-
b) adjustment of key miscalculation	-	-	-	-
<b>I.a. Equity as at the beginning of the year (OB) after reconciliation to comparative data</b>	<b>1 883 223</b>	<b>2 263 371</b>	-	<b>2 100 616</b>
<b>I. Share capital as at the beginning of the year</b>	<b>91 882</b>	<b>91 882</b>		<b>91 882</b>
1.1 Changes in share capital	-	-	-	-
a) increase (due to):	-	-	-	-
- issue of shares	-	-	-	-
b) decrease (due to):	-	-	-	-
cancellation of shares	-	-	-	-
1.2. Share capital as at the end of the year	91 882	91 882	-	91 882
<b>2. Payments for share capital at the beginning of the year</b>				
2.1 Changes in payments for share capital	-	-	-	-
a) increase (due to):	-	-	-	-
b) decrease (due to):	-	-	-	-
<b>2.2 Payments for share capital at the end of the year</b>				
<b>3. Own shares at the beginning of the year</b>				
a) increase (due to):	-	-	-	-
b) decrease (due to):	-	-	-	-
3.1 Own shares at the end of the year	-	-	-	-
<b>4. Supplementary capital as at the beginning of the year</b>	<b>652 427</b>	<b>622 559</b>		<b>660 136</b>
4.1. Movements in the supplementary capital	6 586	36 454		(37 577)
a) increase (due to):	6 701	37 846		6 715
- issue of shares above nominal value	-	-		750
- allocation of the profit (statutory)	3 049	3 449		5 941
allocation of the profit (above minimal value up to statutory)	-	-		-
inclusion for consolidation	3 652	3 652		-
- exclusion from consolidation following disposal of a company	-	30 511		-
- fixed assets' sale	-	-		24
- reclassification from reserve capital	-	234		-
<b>b) decrease (due to):</b>	<b>115</b>	<b>1 392</b>		<b>44 292</b>
- loss coverage	-	-		44 292
- termination of capital in case of payment to shareholders	115	642		-
- agio correction in case of payment to shareholders	-	750		-
4.2. Supplementary capital as at the end of the year	659 013	659 013	-	622 559
<b>5. Revaluation reserve as at the beginning of the year</b>	<b>(49 275)</b>	<b>26 475</b>		<b>8 087</b>
<b>5.1. Movements in revaluation reserve</b>	<b>40 632</b>	<b>(35 118)</b>		<b>(24)</b>
a) increase (due to)	19 744	64 687	-	-
- increase of value due to foreign exchanges	(1 355)	1 921		-
- valuation of units of participation	539	754		-
- deferred income tax	(20 872)	8 128		-
- revaluation of securities	41 432	53 884		-
b) decrease (due to)	(20 888)	99 805		24
- sale of fixed assets	-	-		24
- revaluation of fixed assets	(8 327)	-		-
- deferred income tax	7	7		-
- foreign exchange	14	14		-
revaluation of securities for sale	(12 582)	99 784		-
5.2. Revaluation reserve as at the end of the year	(8 643)	(8 643)	-	8 063
<b>6. General banking risk reserve as at the beginning of the year</b>	<b>558 000</b>	<b>453 000</b>		<b>353 000</b>
6.1. Movements in general banking risk reserve	-	105 000		100 000
a) increase (due to)	-	105 000		100 000
- appropriation of profit from previous years	-	105 000		100 000
b) decrease (due to)	-	-		-

6.2. General banking risk reserve as at the end of the year	558 000	558 000	-	453 000
7. Other supplementary capitals as at the beginning of the year	797 067	795 541	-	656 441
7.1. Changes in other supplementary capitals	3 200	4 726	-	139 100
a) increase (due to):	-	2 976	-	139 100
- deduction of profit for supplementary capital	-	148	-	138 475
- acquisition consolidation of a company	-	156	-	625
- capital decrease reserve	-	2 671	-	-
- dividend payment	-	-	-	-
- other	-	1	-	-
b) decrease (due to)	(3 200)	(1 750)	-	-
- reclassification to reserve capital	-	234	-	-
- dividend payment by way of advance	(3 200)	(1 984)	-	-
	-	-	-	-
7.2. Other supplementary capital as at the end of the year	800 267	800 267	-	795 541
8. Foreign exchange losses on the translation of subordinated companies	(351)	(351)	-	(3 950)
<b>9. Profit (loss) from previous years as at the beginning of the year</b>	<b>136 076</b>	<b>234 530</b>		<b>330 927</b>
9.1. Profit from previous years as at beginning of the year	(134 442)	238 677	-	356 024
a) changes to accounting policy	304 945	295 092	-	-
b) adjustment of key miscalculation	(66 035)	(66 035)	-	-
9.2. Profit from previous years as at the beginning of the year after reconciliation to comparative data	104 468	467 734	-	356 024
9.3. Change of profit from previous years	(5 649)	(368 915)	-	(360 171)
a) increase (due to):	(2 600)	1 373	-	2 678
profit allocation from previous year:	-	-	-	-
first acquisition accounting consolidation of a company	(2 600)	1 373	-	1 972
stake increased through a subholding	-	-	-	-
dividend received from companies consolidated for the first time	-	-	-	706
b) decrease (due to):	3 049	370 288	-	362 849
- exclusion from consolidation in connection of selling the company	-	30 511	-	-
- deduction of profit for general banking risk reserve	-	105 000	-	100 000
- profit allocation to supplementary capital	-	148	-	138 475
- profit allocation to reserve capital	3 049	3 449	-	5 941
- profit allocation to shareholder dividend	-	229 705	-	114 853
- transfer to the Social Fund	-	1 475	-	3 412
- other	-	-	-	168
9.4. Profit from previous years as at the end of the year	98 819	98 819	-	(4 147)
9.5. Loss from previous years at the beginning of the year	(1 634)	(4 147)	-	(25 097)
a) changes to accounting policies	(263 955)	(251 758)	-	(348)
b) adjustment of key miscalculation	-	-	-	-
9.6. Loss from previous years as at the beginning of the year after reconciliation to comparative data	(265 589)	(255 905)	-	(25 445)
9.7. Change of loss from previous years	(662)	(10 346)	-	42 722
a) increase (due to):	(662)	(10 346)	-	(1 570)
loss to be covered brought forward from previous years	-	-	-	-
- inclusion the company to consolidation	(662)	(10 346)	-	(1 570)
b) decrease (due to):	-	-	-	(44 292)
- coverage from reserves	-	-	-	(44 292)
-	-	-	-	-
9.8. Loss from previous years as at the end of year	(266 251)	(266 251)	-	17 277
9.9. Profit (loss) from previous years as at the end of year	(167 432)	(167 432)	-	13 130
10. Net profit	(381 102)	(381 102)	-	221 400
a) net loss	-	-	-	221 400
b) net profit	(381 102)	(381 102)	-	-
<b>II. Equity as at the end of the year (CB )</b>	<b>1 551 634</b>	<b>1 551 634</b>	-	<b>2 201 625</b>
<b>III. Equity including proposed profit distribution (coverage of loss)</b>				

In revaluation capital as at the beginning of the year there is amount PLN 18,412,00 due to differences in accounting standards .

	IV Q (current year)	IV Q cumulative (current year)	IV Q (previous year)	IV Q cumulative (previous year.)
	from 01.10.2002 to 31.12.2002	from 01.01.2002 to 31.12.2002	from 01.10.2001 to 31.12.2001	from 01.01.2001 to 31.12.2001
<b>CASH FLOW STATEMENT</b>				
A. Net cash flows from operating activities - indirect method				
	<b>(641 412)</b>	<b>(1 632 294)</b>	<b>(943 318)</b>	<b>(1 383 799)</b>
I. Net profit (loss)	<b>(309 064)</b>	<b>(381 102)</b>	<b>20 758</b>	<b>221 400</b>
II. Total adjustments for:	<b>(332 348)</b>	<b>(1 251 192)</b>	<b>(964 076)</b>	<b>(1 605 199)</b>
1. Profit (loss) of minority shareholders	(10 827)	(10 529)	(2 084)	(1 268)
2. Participation in profit (loss) of subordinated companies priced with equity method	(67 439)	30 780	21 950	48 787
3. Depreciation, including:	46 649	168 965	60 205	163 558
- appropriations of goodwill of subordinates and goodwill of subordinates (negative amount)	9 138	22 879	(15 650)	(1 909)
4. Foreign exchange gains/losses	(71 825)	(2 321)	(159 828)	(116 178)
5. Interest and dividends	11 042	4 530	74 445	122 931
6. (Profit) loss on investments	13 107	56 457	88 108	(171 919)
7. Change in provisions	195 653	168 009	(38 043)	24 580
8 Change in reserves	-	-	-	-
9. Change in debt securities	(1 569 501)	(828 374)	(436 595)	(2 037 888)
10. Change in receivables from financial institutions	760 340	718 541	761 425	(654 972)
11. Change in receivables from customers and public institutions	2 361 494	(48 958)	(866 049)	(3 637 456)
12. Change in receivables from acquired securities with a buy-back clause	(179 408)	(242 648)	-	-
13. Change in stocks or shares and securities and other financial instruments	318 055	587 280	(59 567)	180 950
14. Change in liabilities to financial institutions	(1 724 910)	(3 938 027)	(408 411)	2 694 001
15. Change in liabilities to customers and public institutions	290 885	190 148	390 968	1 997 193
16. Change in liabilities due to sold securities with a buy-back clause	602 013	809 591	-	-
17. Change in liabilities due to securities	65 902	1 697 496	2 004	(1 998)
18. Change in other liabilities	(1 418 617)	182 583	(533 750)	(752 938)
19. Change in prepayments	36 802	(302 840)	868 606	664 770
20. Change in deferred and qualified income	8 237	(491 875)	(727 460)	(127 352)
21 Other	-	-	-	-
III. Net cash flows from operating activities (I - II) - indirect method	<b>(641 412)</b>	<b>(1 632 294)</b>	<b>(943 318)</b>	<b>(1 383 799)</b>
B. Net cash flows from investment operations (I-II)	<b>456 698</b>	<b>45 439</b>	<b>(210 548)</b>	<b>(421 820)</b>
I. Incomes	<b>110 041</b>	<b>742 192</b>	<b>(38 242)</b>	<b>577 930</b>
1. Sale of stocks or shares in subsidiaries	39 664	136 751	4 654	43 281
2. Sale of stocks or shares in correlatives	17	17	-	-
3. Sale of stocks or shares in affiliates	21 131	21 318	(122 940)	79 263
4. Sale of other stocks or shares, securities and financial instruments	36 284	559 907	46 288	365 655
5. Sale of intangible and tangible fixed assets	8 901	13 643	72 789	79 697
6. Sale of investment in real estate and intangible fixed assets	-	-	-	-
7. Other incomes	4 044	10 556	(39 033)	10 034

II. Expenses	<b>(346 657)</b>	<b>696 753</b>	<b>172 306</b>	<b>999 750</b>
1. Purchase of stocks or shares in subsidiaries	(2 105)	107 869	19 512	180 402
Purchase of stocks or shares in correlatives	8	8	-	-
3. Purchase of shares in affiliated	(1 660)	797	(3 028)	138 677
4. Purchase of other stocks or shares, securities and financial instruments	(28 378)	396 235	77 701	489 535
5. Purchase of intangible and tangible fixed assets	15 667	81 604	78 121	191 136
6. Investment in real estate and intangible fixed assets	(330 189)	110 240	-	-
7. Other investments' expenses	-	-	-	-
II. Net cash flows from Investment Operations (I-II)	<b>456 698</b>	<b>45 439</b>	<b>(210 548)</b>	<b>(421 820)</b>
C. Net cash flows from financing activities (I-II)	<b>184 528</b>	<b>1 271 728</b>	<b>285 852</b>	<b>(98 468)</b>
I. Incomes	<b>(71 313)</b>	<b>1 810 642</b>	<b>599 671</b>	<b>1 640 956</b>
1. Long term loans received from other banks	186 838	886 977	58 220	984 755
2. Long term loans received from financial sector, excluding banks	-	-	47 812	162 562
3. Issue of securities	(248 968)	-	462 371	462 371
4. Change in subordinated liabilities in plus	(9 183)	923 665	31 268	31 268
5. Net cash from shares' issue and payment to capital	-	-	-	-
II. Expenses	<b>(255 841)</b>	<b>538 914</b>	<b>313 819</b>	<b>1 739 424</b>
1. Long term loans repaid to other banks	(271 269)	413 665	155 886	1 320 353
2. Long term loans repaid to other financial institutions	-	18 238	44 303	83 875
3. Redemption of securities	-	-	(6)	-
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	(3 268)	-	-	114 853
8. Dividends and other participation in profit payments for minority	-	-	-	-
9 Payments for allocation of the profit (diferrent than payments to owners)	-	-	-	-
10. Acquisition of own shares	-	-	96 828	101 312
11. Other financial expenses	18 696	107 011	-	-
12. Other expenses	-	-	16 808	119 031
III. Net cash flows from financing activities (I-II)	<b>184 528</b>	<b>1 271 728</b>	<b>285 852</b>	<b>(98 468)</b>
<b>D. Total net cash flows (A+B+C)</b>	<b>(186)</b>	<b>(315 127)</b>	<b>(868 014)</b>	<b>(1 904 087)</b>
E. Net change in cash	<b>(186)</b>	<b>(315 127)</b>	<b>(868 014)</b>	<b>(1 904 087)</b>
- including change in cash due to foreign exchange	4 257	4 257	(4 844)	(4 167)
F. Cash at the beginning of the period	<b>1 418 449</b>	<b>1 733 390</b>	<b>2 615 249</b>	<b>3 651 322</b>
G. Cash at the end of the period (F+ D)	<b>1 418 263</b>	<b>1 418 263</b>	<b>1 747 235</b>	<b>1 747 235</b>
	-	-	-	-



	as at 31.Dec.2002 end of quarter (current year)	as at 30.Sept.2002 end of previous quarter (current year)	as at 31.Dec.2001 end of quarter (previous. year)	as at 30.Sept.2001 end of previous quarter (previous year)
<b>QUARTERLY SHORTENED FINANCIAL STATEMENT</b>				
<b>BALANCE SHEET (pln'000.)</b>				
<b>Assets</b>				
I. Cash in hand and in the National Bank of Poland	360 538	283 996	738 276	809 445
II. Debt securities eligible for refinancing at NBP	49 021	74 069	66 683	91 749
III. Receivables from other financial institutions	3 265 405	2 760 480	3 290 107	3 320 773
1. Current receivables	921 877	969 372	854 223	132 549
2. Term receivables	2 343 528	1 791 108	2 435 884	3 188 224
IV. Receivables from clients institutions	9 275 400	10 176 080	9 019 260	8 785 396
1. Current receivables	1 668 859	1 752 237	1 276 355	1 381 020
2. Term receivables	7 606 541	8 423 843	7 742 905	7 404 376
V. Receivables from public institutions	50 367	1 031 807	961 132	430 573
1. Current receivables	11 427	10 196	-	2 839
2. Term receivables	38 940	1 021 611	961 132	427 734
VII. Receivables under acquired securities with a buy-back clause	283 731	-	54 965	-
VII Debt securities	5 312 796	3 872 471	4 787 196	4 597 268
VIII. Stocks or shares in subsidiaries	852 493	793 016	657 499	640 005
IX Stocks or shares in correlatives	-	-	-	-
X. Stocks or shares in affiliates	22 520	51 411	120 501	141 172
XI. Stocks or shares in other companies	12 830	15 500	20 954	23 047
XII. Other securities and financial assets	629 299	510 066	641 105	389 111
XIII. Intangible fixed assets, including:	259 258	203 569	206 471	201 269
- goodwill	60 140	62 793	70 753	73 406
XIV. Tangible fixed assets	874 989	886 630	860 284	846 675
XV. Other assets	2 690 058	2 332 831	2 629 596	2 098 244
1. Assets acquired through debt recovery - for sale	2 736	22 840	22 750	23 212
2. Other	2 687 322	2 309 991	2 606 846	2 075 032
XVI. Prepayments	910 861	725 470	750 931	737 176
1. Deferred income tax	904 236	715 303	706 159	690 386
2. Other prepayments	6 625	10 167	44 772	46 790
<b>Total assets</b>	<b>24 849 566</b>	<b>23 717 396</b>	<b>24 804 960</b>	<b>23 111 903</b>
<b>Liabilities</b>				
I. Liabilities to NBP	1 532	2 363	2 718	1 162 168
II. Liabilities to other financial institutions	6 690 955	7 818 764	8 174 019	7 340 138
1. Current liabilities	1 408 358	1 619 361	2 159 898	158 443
2. Term liabilities	5 282 597	6 199 403	6 014 121	7 181 695
III. Liabilities to customers institutions	10 009 117	9 622 464	9 697 543	9 085 289
1. Saving deposits	1 958 640	1 748 399	1 072 557	862 909
a) Current deposits	1 484 675	1 241 168	614 385	862 909
b) Term deposits	473 965	507 231	458 172	-
2. Other	8 050 477	7 874 065	8 624 986	8 222 380
a) Current deposits	3 289 887	2 963 746	2 860 051	1 226 820
b) Term deposits	4 760 590	4 910 319	5 764 935	6 995 560
IV. Liabilities to public institutions	118 554	122 837	167 845	154 271
1. Current liabilities	69 683	45 517	28 371	28 240
2. Term liabilities	48 871	77 320	139 474	126 031
V. Liabilities due to sold securities with a buy-back clause	1 942 315	207 578	1 132 724	-
VI. Liabilities due to issue of debt securities	25 286	-	-	-
a) Short-term	25 286	-	-	-
b) Long-term	-	-	-	-
VII. Other liabilities due to financial instruments	2 233 465	1 912 606	1 597 197	1 483 451
VIII. Special funds and other liabilities	98 957	367 408	66 829	204 474
IX. Accruals, deferred income and qualified income	222 392	199 885	749 084	743 569
1. Costs prepayments	45 712	20 347	66 468	-
2. Goodwill (negative figure)	-	-	-	-
3. Other deferred and qualified income	176 680	179 538	682 616	-
X. Reserves	918 972	687 647	784 317	609 686
1. Income tax reserves	789 122	664 414	693 595	564 853
2. Other reserves	129 850	23 233	90 722	44 833

a) short-term	-	-	-	-
b) long-term	129 850	23 233	90 722	44 833
XI. Subordinated liabilities	<b>1 005 524</b>	<b>927 910</b>	-	-
XII. Share capital	<b>91 882</b>	<b>91 882</b>	<b>91 882</b>	<b>91 882</b>
XIII. Payment for share capital (negative figure)	-	-	-	-
XIV. Own shares (negative figure)	-	-	-	(4 484)
XV. Supplementary capital	<b>748 738</b>	<b>748 738</b>	<b>748 738</b>	<b>748 738</b>
XVI. Revaluation capital	<b>(3 045)</b>	<b>(68 032)</b>	<b>7 969</b>	<b>7 969</b>
XVII. Other reserve capital	<b>1 352 915</b>	<b>1 352 915</b>	<b>1 247 915</b>	<b>1 247 915</b>
XVIII. Net profit (loss) from previous years	<b>(228 772)</b>	<b>(207 457)</b>	-	-
XIX. Net profit (loss)	<b>(379 221)</b>	<b>(70 112)</b>	<b>336 180</b>	<b>236 837</b>
<b>Total liabilities</b>	<b>24 849 566</b>	<b>23 717 396</b>	<b>24 804 960</b>	<b>23 111 903</b>
<b>Capital adequacy ratio</b>	<b>10,01</b>	<b>12,60</b>	<b>12,05</b>	<b>12,05</b>
<b>Book value</b>	<b>1 582 497</b>	<b>1 847 934</b>	<b>2 432 684</b>	<b>2 328 857</b>
<b>Number of shares</b>	<b>22 970 500</b>	<b>22 970 500</b>	<b>22 970 500</b>	<b>22 970 500</b>
<b>Book value per share (in PLN)</b>	<b>68,89</b>	<b>80,45</b>	<b>105,90</b>	<b>101,38</b>
<b>Diluted number of shares</b>	-	-	-	-
<b>Diluted book value per share (in PLN)</b>	-	-	-	-
	as at	as at	as at	as at
<b>OFF-BALANCE-SHEET ITEMS</b>	<b>31.12.2002</b>	<b>30.09.2002</b>	<b>31.12.2001</b>	<b>30.09.2001</b>
	<b>end of quarter</b>	<b>end of previous</b>	<b>end of quarter</b>	<b>end of previous</b>
	<b>(current year)</b>	<b>quarter</b>	<b>(previous year)</b>	<b>quarter</b>
		<b>(current year)</b>		<b>(previous year.)</b>
I. Off-balance-sheet liabilities extended and received	<b>7 247 668</b>	<b>7 169 954</b>	<b>6 941 195</b>	<b>6 842 711</b>
1. Liabilities extended	6 660 149	6 553 095	6 465 737	6 485 000
a) financing	4 135 993	3 809 771	4 013 084	4 397 798
b) guarantees	2 524 156	2 743 324	2 452 653	2 087 202
2. Liabilities received	587 519	616 859	475 458	357 711
a) financing	134 654	136 381	117 480	129 543
b) guarantees	452 865	480 478	357 978	228 168
II. Liabilities related to realised purchase/sale transactions	<b>145 902 647</b>	<b>173 314 720</b>	<b>141 730 842</b>	<b>157 120 712</b>
	-	-	-	-
-				
-				
<b>Total off-balance-sheet items</b>	<b>153 150 315</b>	<b>180 484 674</b>	<b>148 672 037</b>	<b>163 963 423</b>

	IVQ (current year)	IVQ cumulative (current year)	IVQ (previous year.)	IVQ cumulative (previous year)
<b>PROFIT AND LOSS ACCOUNT</b>				
	from 01.10.2002 to 31.12.2002	from 01.01.2002 to 31.12.2002	from 01.10.2001 to 31.12.2001	from 01.01.2001 to 31.12.2001
I. Interest income	302 408	1 472 137	450 025	1 807 514
II. Interest expense	230 443	1 145 364	343 982	1 445 232
III. Net interest income (I-II)	<b>71 965</b>	<b>326 773</b>	<b>106 043</b>	<b>362 282</b>
IV. Commission income	60 321	227 000	58 095	242 434
V. Commission expense	17 826	55 674	13 146	40 449
VI. Net commission income (IV-V)	<b>42 495</b>	<b>171 326</b>	<b>44 949</b>	<b>201 985</b>
VII. Profit (loss) stocks or shares, other securities and financial instruments of variable income	<b>4 367</b>	<b>22 905</b>	<b>(33 067)</b>	<b>20 076</b>
1. From subsidiaries	(24)	10 586	7 223	13 772
2. From correlatives	-	-	-	-
3. From affiliates	(53)	6 450	(40 173)	3 201
4. From others	4 444	5 869	(117)	3 103
VIII. Profit on financial operations	(64 098)	<b>(100 222)</b>	83 056	<b>(141 525)</b>
IX. Foreign exchange gains/losses	<b>99 047</b>	<b>393 243</b>	<b>126 379</b>	<b>461 131</b>
X. Profit (loss) on banking operations	<b>153 776</b>	<b>814 025</b>	<b>327 360</b>	<b>903 949</b>
XI. Other operating income	4 435	31 915	83 411	160 411
XII. Other operating expenses	17 679	53 697	35 124	45 879
XIII. Overheads	136 319	470 607	160 567	433 015
XIV. Depreciation of tangible and intangible fixed assets	32 464	125 875	31 993	116 480
XV. Appropriation for provisions and revaluation	<b>431 789</b>	<b>804 350</b>	<b>136 425</b>	<b>387 517</b>
1 Transfer to specific provisions and to general banking risk	348 927	721 488	136 425	387 517
2 Revaluation of financial assets	82 862	82 862	-	-
XVI. Reversal of provisions and revaluation	<b>67 819</b>	<b>309 430</b>	<b>75 295</b>	<b>330 134</b>
1. Release of provisions and general banking risk reserve	47 916	289 527	124 623	330 134
2. Revaluation of financial assets	19 903	19 903	(49 328)	-
XVII. Difference in provisions and revaluation appropriations and reversal (XV-XVI)	363 970	494 920	61 130	57 383
XVIII. Operating profit (loss)	<b>(392 221)</b>	<b>(299 159)</b>	<b>121 957</b>	<b>411 603</b>
XIX. Profit (loss) on extraordinary items	<b>61</b>	<b>114</b>	<b>32</b>	<b>117</b>
1. Extraordinary gains	148	359	92	348
2. Extraordinary losses	87	245	60	231
XX. Gross profit (loss) before tax	<b>(392 160)</b>	<b>(299 045)</b>	<b>121 989</b>	<b>411 720</b>
XXI. Income tax	(106 064)	(98 968)	22 646	75 540
1. Current part	(25 721)	534	(90 323)	74 360
2. Postponed part	(80 343)	(99 502)	112 969	1 180
XXII Other obligatory deductions of profit (increase of loss)	-	-	-	-
XXIX. Participation in net profit (loss) of subordinated to equity method valuation	(23 013)	(179 144)	-	-
XXVI. Net profit (loss)	<b>(309 109)</b>	<b>(379 221)</b>	<b>99 343</b>	<b>336 180</b>
<b>Net profit (loss) (for 12 months)</b>	<b>(379 221)</b>		<b>336 180</b>	
<b>Weighted average number of ordinary shares</b>	<b>22 970 500</b>		<b>22 970 500</b>	
<b>Net profit (loss) per 1 ordinary share [PLN]</b>	<b>(16,51)</b>		<b>14,64</b>	
<b>Weighted average diluted number of ordinary shares</b>	-		-	
<b>Diluted net profit (loss) per 1 ordinary share [PLN]</b>	-		-	

	IVQ (current year)	IVQ cumulative (current year)	IVQ (previous year)	IVQ cumulative (previous year)
<b>MOVEMENTS IN EQUITY</b>				
	from 01.10.2002 to 31.12.2002	from 01.01.2002 to 31.12.2002	from 01.10.2001 to 31.12.2001	from 01.01.2001 to 31.12.2001
I. Equity as at the beginning of the year (OB)	<b>1 847 934</b>	<b>2 432 684</b>		<b>2 213 858</b>
a) changes to accounting policies	(6 169)	(213 626)	-	-
b) adjustment of key miscalculation	-	-	-	-
<b>Ia Equity as at the beginning of the year (OB) after reconciliation to comparative data</b>	<b>1 841 765</b>	<b>2 219 058</b>	-	<b>2 213 858</b>
1. Share capital as at the beginning of the year	<b>91 882</b>	<b>91 882</b>		<b>91 882</b>
1.1 Movements in share capital	-	-		-
a) increase (due to)	-	-		-
issue of shares	-	-		-
b) decrease (due to):	-	-		-
cancellation of shares	-	-		-
1.2. Share capital as at the end of the year	<b>91 882</b>	<b>91 882</b>	-	<b>91 882</b>
<b>2. Payments for share capital at the beginning of the year</b>	-	-		-
2.1 Movements in payments for share capital	-	-		-
a) increase (due to):	-	-		-
b) decrease (due to):	-	-		-
<b>2.2 Payments for share capital at the end of the year</b>	-	-	-	-
<b>3. Own shares at the beginning of the year</b>	-	-		-
a) increase (due to):	-	-		-
b) decrease (due to):	-	-		-
3.1 Own shares at the end of the year	-	-	-	-
4. Supplementary capital as at the beginning of the year	<b>748 738</b>	<b>748 738</b>		<b>748 738</b>
4.1. Movements in the supplementary capital	-	-		-
a) increase (due to):	-	-		-
- issue of shares above nominal value	-	-		-
- allocation of the profit (statutory)	-	-		-
allocation of the profit (above minimal value up to statutory)	-	-		-
b) decrease (due to):	-	-		-
loss coverage	-	-		-
4.2. Supplementary capital as at the end of the year	<b>748 738</b>	<b>748 738</b>	-	<b>748 738</b>
5. Revaluation reserve as at the beginning of the year	<b>(52 886)</b>	<b>23 115</b>		<b>7 969</b>
5.1. Movements in revaluation reserve	49 841	(26 160)		-
a) increase (due to)	(35 047)	9 645		-
- foreign exchanges gains/losses	(1 355)	1 921		-
- deferred income tax	(21 793)	7 207		-
- revaluation of securities for sale	(11 899)	517		-
b) decrease (due to)	(84 888)	35 805		-
- swap valuation	-	-		-
- revaluation of securities for sale	(84 902)	35 791		-
foreign exchanges gains/losses	14	14		-
5.2. Revaluation reserve as at the end of the year	<b>(3 045)</b>	<b>(3 045)</b>	-	<b>7 969</b>
6. General banking risk reserve as at the beginning of the year	<b>558 000</b>	<b>453 000</b>		<b>353 000</b>
6.1. Movements in general banking risk reserve	-	105 000		100 000
a) increase (due to)	-	105 000		100 000
- appropriation of profit from previous years	-	105 000		100 000
b) decrease (due to)	-	-		-
6.2. General banking risk reserve as at the end of the year	<b>558 000</b>	<b>558 000</b>	-	<b>453 000</b>
7. Other reserves as at the beginning of the year	<b>794 915</b>	<b>794 915</b>		<b>656 441</b>

7.1. Movements in other reserves	-	-	138 474
a) increase (due to):	-	-	138 475
profit allocation to supplementary capital	-	-	-
subordinated loan	-	-	-
appropriation of profit	-	-	138 475
b) decrease (due to)	-	-	1
other	-	-	1
7.2. Other reserves as at the end of the year	<b>794 915</b>	<b>794 915</b>	<b>794 915</b>
8. Profit (loss) from previous years as at the end of the year	<b>(207 457)</b>	<b>336 180</b>	<b>355 828</b>
<b>8.1 Profit from previous years as at the beginning of the year</b>	-	<b>336 180</b>	<b>355 828</b>
a) differences in accounting standards	-	-	-
b) adjustment of key miscalculation	-	-	-
	-	<b>336 180</b>	-
8.2 Profit from previous years as at the beginning of the year			<b>355 828</b>
8.3. Changes in profit from previous years	-	<b>(336 180)</b>	<b>(355 828)</b>
a) increase (due to):	-	-	-
profit allocation from previous year:	-	-	-
<b>b) decrease (due to):</b>	-	336 180	355 828
deduction for supplementary capita	-	-	138 475
- deduction for general banking risk reserve	-	105 000	100 000
- transfer to the Social Fund	-	1 475	2 500
- profit allocation to shareholder dividend	-	229 705	114 853
8.4 Profit from previous years as at the end of the year	-	-	-
<b>8.5 Loss from previous years as at the beginning of the year</b>	<b>(207 457)</b>	-	-
a) differences in accounting standards	<b>(21 315)</b>	<b>(228 772)</b>	-
b) adjustment of key miscalculation	-	-	-
<b>8.6. Loss from previous years as at the beginning of the year</b>	<b>(228 772)</b>	<b>(228 772)</b>	-
<b>8.7 Movements of loss from previous years</b>	-	-	-
a) increase (due to):	-	-	-
profit allocation from previous years for coverage	-	-	-
-	-	-	-
b) decrease (due to):	-	-	-
-	-	-	-
-	-	-	-
<b>8.8 Loss from previous years as at the end of the year</b>	<b>(228 772)</b>	<b>(228 772)</b>	-
<b>8.9 Profit (loss) from previous years as at the end of the year</b>	<b>(228 772)</b>	<b>(228 772)</b>	-
9. Net profit (loss)	<b>(379 221)</b>	<b>(379 221)</b>	-
a) net profit	-	-	<b>336 180</b>
b) net loss	<b>(379 221)</b>	<b>(379 221)</b>	-
II. Equity as at the end of the year (CB )	<b>1 582 497</b>	<b>1 582 497</b>	-
III Equity including proposed profit distribution (coverage of loss)	<b>1 582 497</b>	<b>1 582 497</b>	<b>2 201 504</b>

Revaluation capital as at the beginning of the year there is amount PLN 15,146,000 due to differences in accounting standards .

	IV Q (current year)	IVQ cumulative (current year)	IVQ (previous year)	IVQ cumulative (previous year)
	from 01.10.2002 to 31.12.2002	from 01.01.2002 to 31.12.2002	from 01.10.2001 to 31.12.2001	from 01.01.2001 to 31.12.2001
<b>CASH FLOW STATEMENT</b>				
A. Net cash flows from operating activities - indirect method				
	<b>324 369</b>	<b>(244 898)</b>	<b>(781 960)</b>	<b>(1 469 599)</b>
I. Net profit (loss)	<b>(309 109)</b>	<b>(379 221)</b>	<b>99 343</b>	<b>336 180</b>
II. Total adjustments for:	<b>633 478</b>	<b>134 323</b>	<b>(881 303)</b>	<b>(1 805 779)</b>
1. Participation in profit (loss) of subordinated companies priced with equity method	23 013	179 144	-	-
2. Depreciation	32 464	125 875	31 993	116 480
3. Foreign exchange gains/losses	8 994	78 498	(159 830)	(116 178)
4. Interest and dividends	99 413	80 896	49 641	98 797
5. (Profit) loss on investments	62 954	92 825	12 633	(146 255)
6. Change in reserves	68 013	44 366	704	(19 117)
7. Change in debt securities	(1 187 567)	(502 454)	(750 163)	(2 223 222)
8. Change in receivables from financial institutions	18 909	27 023	1 068 771	(883 185)
9. Change in receivables from customers and public institutions	2 029 307	651 424	(823 305)	(3 278 339)
10. Change in receivables from acquired securities with a buy-back clause	(228 766)	(228 766)	-	-
11. Change in stocks or shares and securities and other financial instruments	34 280	19 163	(1 524)	70 363
12. Change in liabilities to financial institutions	(1 128 640)	(1 405 382)	(435 909)	2 682 845
13. Change in liabilities to customers and public institutions	382 370	262 283	567 438	2 001 335
14. Change in liabilities due to sold securities with a buy-back clause	602 013	809 591	-	-
15. Change in liabilities due to securities	25 286	25 286	-	-
16. Change in other liabilities	(57 290)	532 643	(561 742)	(646 044)
17. Change in prepayments	(148 417)	(154 264)	166 702	(16 651)
18. Change in deferred and qualified income	(2 858)	(503 828)	(46 712)	553 392
19. Other	-	-	-	-
III. Net cash flows from operating activities (I - II) - indirect method	<b>324 369</b>	<b>(244 898)</b>	<b>(781 960)</b>	<b>(1 469 599)</b>
B. Net cash flows from investment operations (I-II)	<b>(147 889)</b>	<b>(621 047)</b>	<b>(91 919)</b>	<b>(326 846)</b>
I. Incomes	<b>75 271</b>	<b>495 376</b>	<b>111 648</b>	<b>726 101</b>
1. Sale of stocks or shares in subsidiaries	18 707	183 681	4 709	43 336
2. Sale of stocks or shares in correlatives	-	-	-	-
3. Sale of stocks or shares in affiliates	21 318	21 318	20 751	104 296
4. Sale of other stocks or shares, securities and financial instruments	29 200	263 523	46 288	482 219
5. Sale of intangible and tangible fixed assets	1 679	3 970	72 733	76 016
6. Sale of investment in real estate and intangible fixed assets	-	-	-	-
7. Other incomes	4 367	22 884	(32 833)	20 234
II. Expenses	<b>223 160</b>	<b>1 116 423</b>	<b>203 567</b>	<b>1 052 947</b>
1. Purchase of stocks or shares in subsidiaries	68 473	662 611	19 449	180 331
2. Purchase of stocks or shares in correlatives	-	-	-	-
3. Purchase of shares in affiliated	4 803	11 760	30 401	62 154
4. Purchase of other stocks or shares, securities and financial instruments	93 859	262 340	77 701	626 345
5. Purchase of intangible and tangible fixed assets	14 120	69 987	76 016	184 117
6. Investment in real estate and intangible fixed assets	41 905	109 725	-	-
7. Other investments' expenses	-	-	-	-
III. Net cash flows from Investment Operations (I-II)	<b>(147 889)</b>	<b>(621 047)</b>	<b>(91 919)</b>	<b>(326 846)</b>
C. Net cash flows from financing activities	<b>(280 921)</b>	<b>514 169</b>	<b>254 578</b>	<b>(129 736)</b>
I. Incomes	<b>(4 245)</b>	<b>923 665</b>	<b>568 403</b>	<b>1 609 688</b>
1. Long term loans received from other banks	-	-	58 220	984 755
2. Long term loans received from financial sector, excluding banks	-	-	47 812	162 562
3. Issue of securities	-	-	462 371	462 371
4. Change in subordinated liabilities in plus	(4 245)	923 665	-	-
5. Net cash from shares' issue and payment to capital	-	-	-	-
6. Other incomes	-	-	-	-
II. Expenses	<b>276 676</b>	<b>409 496</b>	<b>313 825</b>	<b>1 739 424</b>
1. Long term loans repaid to other banks	-	57 773	155 886	1 320 353
2. Long term loans repaid to other financial institutions	-	18 238	44 303	83 875
3. Redemption of securities	-	-	-	-
4. Due to other financial liabilities	-	-	-	-
5. Payments due to financial leasing liability	-	-	-	-
6. Decrease of subholding liabilities	-	-	-	-

7. Dividends and other payments to owners	229 705	229 705	-	114 853
8. Payments for allocation of the profit (diferrent than payments to owners)	-	-	-	-
9. Acquisition of own shares	-	-	96 828	101 312
10. Other financial expenses	46 971	103 780	16 808	119 031
<b>III. Net cash flows from financing activities (I-II)</b>	<b>(280 921)</b>	<b>514 169</b>	<b>254 578</b>	<b>(129 736)</b>
<b>D. Total net cash flows (A+B+C)</b>	<b>(104 441)</b>	<b>(351 776)</b>	<b>(619 301)</b>	<b>(1 926 181)</b>
E. Net change in cash	(104 441)	(351 776)	(619 301)	(1 926 181)
- including change in cash due to foreign exchange	4 257	4 257	(4 167)	(4 167)
F. Cash at the beginning of the period	1 477 017	1 724 352	2 343 653	3 650 533
G. Cash at the end of the period (F+ D)	1 372 576	1 372 576	1 724 352	1 724 352

**COMMENTARY  
TO THE CONSOLIDATED QUARTERLY REPORT  
Q4 2002**

***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 2001 concerning rules of provisioning against the risk related to banks' operations (Journal of Laws No. 149, item 1672);
- Regulation of the Minister of Finance dated 12 December 2001 concerning specific rules of recognition, methods of valuation, scope of disclosure, and mode of presentation of financial instruments (Journal of Laws No. 149, item 1674);
- Corporate Income Tax Law dated 15 February 1992 (Journal of Laws No. 106, item 482, as amended);
- 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).

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 Group and the ramifications of the new accounting rules adopted by the Group in 2002 are presented in the H1 2002 Semi-Annual Consolidated Report (SAB-PS). The Q4 Report takes into account changes of accounting rules introduced in the Regulation of the Minister of Finance dated 20 September 2002 whereby the valuation of securities available for sale is recognised in the revaluation capital rather than the income statement.

The Bank converted the 2001 closing balance into the opening balance as at 1 January 2002. The effect of changes recognised in the income statement of previous years was (PLN



228,772 thousand) and the effect recognised in revaluation reserves was PLN 15,146 thousand. This included the following items:

- equity method valuation of subsidiaries and affiliates (PLN 246,727 thousand);
- valuation of equity securities at fair value PLN 18,302 thousand, including PLN 20,802 thousand recognised in the revaluation reserves and (PLN 2,500 thousand) recognised in the income statement of previous years;
- valuation of debt securities at fair value PLN 5,484 thousand, including PLN 235 thousand recognised in the revaluation reserves and PLN 5,249 of an adjustment of the valuation of debt securities designated for trading recognised in the income statement of previous years;
- compounded interest on regular receivables moved from suspended income to the income statement of previous years PLN 2,598 thousand; discount of purchased receivables moved likewise PLN 1,249 thousand;
- interest due and not due on watch receivables recognised in 2001 under interest income charged to the income statement of previous years (PLN 1,739 thousand);
- valuation of a derivative embedded in an agreement concerning the acquisition of an IT system PLN 6,823 thousand;
- recognition of deferred tax affecting the income statement following the conversion PLN 6,275 thousand and deferred tax affecting the revaluation reserves (PLN 5,891 thousand).

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

BRE Bank SA adjusted the presentation of comparable data as at 31 December 2001, both in the consolidated financial statements and the financial data of the Bank but for practical reasons it did not apply the new valuation policies to those data.

The main adjustments of the balance sheet as at 31 December 2001 include:

#### **Assets**

1. receivables from the public sector at PLN 961,132 thousand were shown under a separate item;
2. securities acquired directly from the issuer were moved to receivables from financial institutions and receivables from clients and the public sector – PLN 696,822 thousand and PLN 149,030 thousand, respectively;
3. receivables in respect of securities acquired under buy-back arrangements at PLN 54,965 thousand and debt securities subject to repo transactions at PLN 1,077,759 thousand were recognised in the balance sheet;
4. perpetual usufruct of land at PLN 53,017 thousand was moved from intangible fixed assets to fixed assets;
5. start-up cost of expansion at PLN 3,106 thousand was moved from intangible fixed assets to accruals;
6. development expenditures at PLN 13,911 thousand were moved from fixed assets to intangible fixed assets;
7. the deferred tax asset was adjusted by PLN 720,017 thousand.

#### **Liabilities**

1. liabilities to the public sector at PLN 167,845 thousand were shown under a separate item;
2. liabilities in respect of securities sold under buy-back arrangements at PLN 1,132,724 thousand were recognised in the balance sheet;

3. liabilities under financial instruments which are the balance sheet effect of the valuation of derivatives at PLN 1,597,198 thousand were shown under a separate item (previously under special funds and other liabilities);
4. liabilities under cash security deposits (*kaucja*) at PLN 1,404,312 thousand were moved from special funds and other liabilities to liabilities to financial institutions at PLN 1,146,641 thousand and liabilities to clients and the public sector at PLN 257,671 thousand;
5. the deferred tax liability was adjusted by PLN 719,633 thousand.

No presentation adjustments of data as at 30 September 2001 and 30 September 2002 were made for items 2 and 3 under Assets and item 2 under Liabilities.

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 31 December 2002 quoted by the National Bank of Poland (NBP), i.e., 4.0202 PLN to 1 EUR;
- income statement items for the twelve months of 2002 were converted according to the arithmetic mean of the mid rates quoted by NBP on the last day of each of the twelve months of 2002, i.e., 3.8697 PLN to 1 EUR.

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

Pursuant to the requirements of the Accountancy Act (as amended), 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, as of 1 January 2002, those subsidiaries and affiliates which meet the criteria of classification as banks, credit institutions, or financial institutions in the sense of the Banking Law, are covered by the consolidated financial statements based on the acquisition accounting method. The equity method is only used for BRE.locum Sp. z o.o. which does not meet those criteria (the company is involved in real estate development business).

The structure of the Group covered by the consolidated financial statements and the methods of consolidation applied to the companies comprised by the Group did not change compared to the Q3 2002 Report.

In Q4 2002, two companies of the Group subject to consolidation were sold: BRE – Fundusz Kapitałowy Sp. z o.o. (subsidiary) and BRE Private Equity Sp. z o.o. (affiliate). The data of those companies for the period where they were part of the Bank's portfolio were included in the consolidated financial statements using the acquisition accounting method.

As at 31 December 2002, BRE Bank SA together with its subsidiaries held 18,108 thousand shares of Elektrim SA, representing 21.6% of its share capital. Thereby, under the Accountancy Act, Elektrim SA was a holding (an affiliate) of the Bank. As the Bank executed an agreement to sell the entire held package of shares at a price higher than the average cost, the shares were stated at historical cost in the balance sheet and their valuation did not affect the income statement or the equity of the Bank.

In January 2002, the company Skarbiec Asset Management Holding SA (“SAMH”) was registered. It is 100% owned by the Bank and is the focal point of the Group’s asset management operations. SAMH comprises companies operating as managers of investment funds, investment consultants, and a transfer agent. SAMH acquires shares in such companies as BRE Asset Management SA (name changed to Skarbiec Investment Management SA), Skarbiec TFI SA, Serwis Finansowy Sp. z o.o., BRE Agent Transferowy Sp. z o.o.

In the future, companies comprised by SAMH will be consolidated in the holding which in turn will be covered by the consolidated financial statements of the BRE Bank SA Group.

In Q4 2002, the capital of SAMH was increased by PLN 47,282 thousand through an issue of shares which were all acquired by BRE Bank SA. Following the increase, the share capital of SAMH is PLN 134,582 thousand. BRE Bank holds 100% of the shares and votes of SAMH.

### ***Factors and Events that Materially Affected the Profitability/Loss of Q4 2002***

At the end of Q4 2002, the Group reported a net loss of PLN 381,102 thousand; that was PLN 309,064 thousand more than the loss of the Group at the end of Q3 2002. The main factors which caused this financial result included:

- High specific provisions for loans. The Bank took a very rigorous approach to the loan portfolio and rated debt accordingly wherever the standing of the borrower aroused any doubts. As a result of this approach, the loan portfolio is secured to the maximum extent while the Bank set up high specific provisions. In Q4 2002, the provisions set up by the holding company stood at PLN 246 million. The holding company also set up large general risk provisions of ca. PLN 103 million. The balance of specific and general risk provisions set up and released by the Group was (PLN 304 million) in Q4 2002, including (PLN 301 million) at the holding company.
- In Q4 2002, the Group made write-offs in respect of permanent diminution of financial assets at a net figure of PLN 63 million, including mainly provisions for permanent diminution of Szeptel SA shares at ca. PLN 25 million and Pozmeat SA shares at ca. PLN 17 million. The write-offs fully cover the diminution of the shares; the value of the shares in the books of the holding company is now 0. In addition, provisions for Optimus SA at ca. PLN 17 million were set up in the income statement and corresponding provisions were released in the equity statement. (The shares of Szeptel SA at the end of the previous quarter were subject to equity method valuation and the shares of Pozmeat SA and Optimus SA were stated at market value.)
- Deteriorating results of financial transactions (positive results in Q3, negative results of PLN 122.2 million in Q4), mainly due to two factors: negative balance of increases and decreases in the value of securities designated for trading at the holding company (PLN 68.7 million) and losses incurred by the holding company on the sale of shares of BRE – Fundusz Kapitałowy at PLN 67.7 million and on the sale of some shares of Szeptel SA at PLN 19.2 million. Income from the sale of shares of other companies (including BRE Private Equity Sp. z o.o. at PLN 14.7 million, shares of WONLOK SA at PLN 4.7 million) and adjustments of write-offs in respect of decrease in the value of sold securities did not make up for the loss incurred on financial transactions (ca. PLN 13 million). The higher loss of the Group under “Result on financial transactions” is mainly due to the elimination of profits, unrealised from the point of view of the Group, on the sale of companies (BRE Asset Management, Skarbiec TFI) to the subsidiary Skarbiec Asset Management Holding SA.
- The Group’s net interest income, lower than in the previous period (down 24%) as a result of decrease in the loan portfolio by nearly 10% and falling interest margins. The declining

quality of the loan portfolio, evident in the share of irregular debt growing to 22.5% at the holding company in Q4 2002, adversely affected the results. It must be emphasised that in the format of the presented financial statements, in compliance with binding regulations, receivables from clients and the public sector include commercial papers acquired directly from the issuer (treated as loans given and own receivables). Under NBP requirements, this item is not part of the loan portfolio, and consequently the share of irregular loans is 19.9%, compared to the average share of 21.4% in the banking sector (according to NBP information). Looking at the entire risk portfolio (including off-balance sheet commitments under unused loans, guarantees, and L/Cs), irregular receivables were 14.1%. It must be noted that if irregular loans are understood to include only those loans where the repayment of principal or interest is overdue for at least 90 days (default portfolio under Basel II), such debt was only PLN 597.6 million, representing only 4% of the Bank's portfolio at the end of 2002. Provisions set up against such loans combined with accepted security (deducted from the basis for provisions) totalled PLN 608.2 million, more than the default loan portfolio.

- The last quarter of the year typically brings higher operating costs, which entails the need to provision against the costs of the financial year not paid up in cash but due under contracts, tariffs, and legal regulations. The operating costs of the Group grew 25.5%, those of the holding company grew 20.4%. Payroll costs remained stable while maintenance costs increased: at the holding company, those were 34% higher than in the previous quarter. In addition to the above mentioned provisions against the costs of 2002, the Bank continued to incur high costs of developing and expanding the retail banking infrastructure. The cost ratio of the holding company was 73.4% at the end of Q4, compared to 65.6% at the end of Q3.

Income tax due charged against the Group's results was PLN 12,072 thousand at the end of Q4; the deferred tax liability recognised in the income statement was PLN 85,973 thousand. The figures for the holding company were PLN 534 thousand and PLN 99,502 thousand, respectively.

Major changes in the items of the consolidated balance sheet in Q4 2002 included:

- Decrease in receivables from clients and the public sector by 15.6%. This was a result of both less intense lending due to recession prevailing in the economy and high specific provisions set up by the holding company. In addition, a large (nearly PLN 1 billion) loan was repaid by a governmental institution in late 2002. The decrease in receivables from clients and the public sector shown in the consolidated financial statements is lower than that reported by the holding company (despite the netting of transactions within the Group) due to growth in the loan portfolios of such Group companies as Rheinyp-BRE Bank Hipoteczny (up nearly 17%) and growth in receivables at BRE Leasing (up over 3%).
- The Group's portfolio of debt securities (excluding presentation adjustments described in the section "Comparability of Financial Data") grew 13.0% compared to the previous quarter, mainly due to an over 50% growth in the portfolio of government securities at the holding company. The portfolio of debt securities held by other Group companies represented only ca. 1% of the consolidated total.
- In liabilities, the liabilities to financial institutions decreased steadily, mainly due to the fact that the holding company partly switched to other sources of financing as it took subordinated loans totalling over PLN 1 billion in 2002. It also started to issue certificates of deposit whose balance sheet value was PLN 25.3 million at the end of 2002. Apart

from the holding company, BRE Leasing Sp. z o.o. had the largest liabilities to financial institutions (PLN 1.1 billion, excluding transactions within the Group).

- Liabilities of the Group to clients and the public sector grew by 3.0%, mainly due to growing retail deposits at the holding company (mBank and Multibank deposits up 12%). Deposits of private banking clients decreased (down 14% in Q4) while portfolio investment of the clients grew (up nearly 11% in Q4). Corporate deposits fell by ca. 3.5% at the holding company in Q4.

The equity of the Group (including the undistributed profit/loss of previous years and this year's loss) was PLN 1,551,634 thousand. The impact of amended accounting rules binding as of 1 January 2002 and the larger composition of the Group on the opening balance is reflected in the item "Profit (Loss) of previous years." This item reduces the equity of the Group by PLN 167,432 thousand. The equity of the Group is also reduced by the valuation of financial assets available for sale recognised in the revaluation capital.

The solvency ratio of BRE Bank SA remained at a safe level: 10% at the end of Q4 2002.

The value of off-balance sheet liabilities related to purchase/sale transactions stated at PLN 147.8 billion in the accounts as at 31 December 2002 is almost fully related to the holding company. It is partly "overstated" (by PLN 45.1 billion) as some items are not netted off 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 100.8 billion, represents the nominal value of derivative transactions and interest flows related to the following instruments:

- a) Spot and forward transactions (PLN and FX to be paid out) – PLN 19.0 billion;
- b) Forward Rate Agreements (FRA) – PLN 37.1 billion;
- c) Interest Rate Swaps (IRS) interest paid – PLN 25.9 billion;
- d) FX options – PLN 12.7 billion;
- e) Other – PLN 6.1 billion (interest rate options: PLN 4.0 billion, other: PLN 2.1 billion).

The market value of derivative transactions estimated on a current basis 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 as sensitivity to the volatility in their market value. The Bank also 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 the end of Q4 2002, amounts written off by the Group as specific provisions for loans and guarantees, and revaluation of financial assets amounted to PLN 864,591 thousand, including PLN 661,673 thousand written off as specific provisions, PLN 119,000 thousand written off as general risk provisions, and PLN 83,918 thousand written off as revaluation of financial assets. Provisions released by the Group at the end of Q4 2002 included: total amounts released PLN 336,023 thousand, specific provisions for loans and guarantees PLN 252,276 thousand, general risk provisions PLN 63,844 thousand, revaluation of financial assets PLN 19,903 thousand.

At BRE Bank SA, at the end of Q4, total write-offs for provisions amounted to PLN 804,350 thousand (PLN 431,789 thousand in Q4), including:

- written off as specific provisions for loans and guarantees: PLN 602,488 thousand (PLN 246,151 thousand in Q4);
- written off as general risk provisions: PLN 119,000 thousand (PLN 102,777 thousand in Q4);
- written off as revaluation of financial assets: PLN 82,862 thousand (the full amount in Q4).

Provisions released at BRE Bank SA at the end of Q4 were as follows:

- specific provisions for loans and guarantees: PLN 225,683 thousand (PLN 47,916 thousand in Q4);
- general banking risk provisions: PLN 63,844 thousand (no provisions released in Q4);
- revaluation of financial assets: PLN 19,903 thousand (the full amount in Q4).

### ***Major Events of Q4 2002***

- On 18 November 2002, the Banking Supervision Commission approved the merger of BRE Bank SA and Bank Częstochowa SA.
- On 10 December 2002, BRE Bank SA took over from its contractor shares of Centrostal SA under registered pledge. The receivables of BRE Bank SA secured with the pledged shares of Centrostal SA stood at PLN 16,440,588. In an off-the-stock-market package transaction on 16 December, the Bank sold all shares of Centrostal SA representing 24.99% of the capital and votes to the subsidiary SPV-EL Sp. z o.o. The value of the shares in the books of BRE Bank SA was PLN 933,599; the shares were sold for PLN 3,243,863, which is equal to the value of the shares in the books of SPV-EL Sp. z o.o. On 20 December 2002, further shares were taken over from the same contractor; the receivables secured with the shares of Centrostal SA under registered pledge stood at PLN 13,958,340. The shares represent 21.13% of the share capital and votes of Centrostal SA. The value of the shares in the books of BRE Bank SA is PLN 909,810. The Bank considers the shares taken over to be a short-term investment.
- On 13 December 2002, the court registered a PLN 47,282,000 capital increase at Skarbiec Asset Management Holding SA. The capital increase took place through an issue of shares, all of which were acquired by BRE Bank SA. Now the share capital of SAMH is PLN 134,582,000. Both before and after the capital increase the Bank held 100% of the capital and votes of the company.
- On 12 December 2002, BRE Bank sold shares of WONLOK SA with its registered office in Łódź, representing 100% of the share capital and votes of the company. The shares were sold to CA IB Securities SA acting in its own name but for Fundusz Inwestycyjny "Hetman" SA. The cost of the shares was PLN 18,500,000 and their value in the books of the Bank was PLN 23,371,524. The selling price of the shares was PLN 24,132,991.
- On 19 December 2002, BRE Bank sold shares of BRE Private Equity Sp. z o.o. to Ballinger Holdings Limited with its registered office in Nicosia. The shares represented 50% of the share capital and votes. The selling price of the shares was PLN 20,600,000 and their balance sheet value in the books of the Bank was PLN 5,711,342. Following the transaction, the Bank holds no shares of BRE Private Equity Sp. z o.o.
- On 23 December 2002, BRE Bank SA sold shares of SPV-EL Sp. z o.o. representing 100% of the share capital and votes to 6 natural persons.
- In an effort to clean up its investment portfolio, BRE Bank SA made the following transactions with its subsidiary BRE – Fundusz Kapitałowy Sp. z o.o. ("FK"):

1. On 17 December 2002, BRE Bank SA acquired from FK shares of FAMCO SA representing 100% of the share capital and votes of the company. The cost of the acquired shares was PLN 2,839,740, which is equal to their balance sheet value in the books of the Bank.
2. On 17 December 2002, BRE Bank SA acquired from FK shares of POLFACTOR SA representing 50% of the share capital and votes. The cost of the acquired shares was PLN 4,803,188 thousand.
3. On 24 December 2002, BRE Bank SA acquired from FK outside the regulated market the following shares:
  - shares of I NFI representing 14.47% of the capital and votes for PLN 15,246,247;
  - shares of V NFI VICTORIA representing 15.41% of the share capital and votes for PLN 10,690,790;
  - shares of XIII NFI FORTUNA SA representing 3.26% of the share capital and votes for PLN 3,279,951;
  - shares of Polski Koncern Naftowy ORLEN SA representing 0.62% of the share capital and votes for PLN 59,939,032.

In addition, on the same date, the Bank acquired from FK under civil law contracts the following shares and investment bills:

- shares of Billbird SA representing 51% of the capital and votes for PLN 3,296,179. In addition, FK agreed to sell to the Bank shares of a new issue of Billbird SA (following the registration of a capital increase) representing 14.19% of the increased capital and votes. FK received a down payment of PLN 3,330,122 in respect of those shares;
  - investment bills of Zakłady Azotowe Kędzierzyn SA for PLN 3,648,520.
4. On 27 December 2002, the Bank acquired from FK, under previously executed agreements, bonds with a total nominal value of US\$ 50,900,000 issued by International Trading and Investment Holdings SA ("ITI").

The total value of transactions closed between 1 October and 27 December 2002 between BRE Bank and FK was PLN 303,110,033.

- On 31 December 2002, BRE Bank SA and FSZ Sp. z o.o. entered into an agreement whereby BRE Bank SA sold shares of BRE – Fundusz Kapitałowy Sp. z o.o. ("FK") representing 100% of its share capital and votes. The value of the shares in the books of the Bank was 0. In addition, the Bank made a contingent transaction selling shares in the increased capital of FK which will represent 13.03% of the increased capital of FK. The shares will be transferred on the date of court registration of the increased capital of FK. The balance sheet value of the shares in the books of the Bank upon registration will be 0. The transaction was made as part of the effort to clean up the structure of equity investment of BRE Bank SA.

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

- On 6 January 2003, BRE Bank SA received from Dom Inwestycyjny BRE Banku SA confirmation of registration which states that under an agreement dated 18 June 2002 Tri kang Holding B.V. returned to BRE Bank SA the legal title to 12,500,000 shares of International Trading and Investments Holdings SA Luxembourg ("ITI Holdings") as the public offering of ITI Holdings shares did not materialise.
- On 22 January 2003, BRE Bank SA was informed of the registration by the District Court in Kraków on 10 January 2003 of an increase of the share capital of Billbird SA with its registered office in Kraków, a subsidiary of BRE Bank SA, by PLN 637,027 to PLN

4,490,368 through an issue of 637,027 shares with a nominal value of PLN 1 per share. Following the registration, the share capital of Billbird SA is divided into 4,490,368 shares with a nominal value of PLN 1 per share, giving 4,490,368 votes at the General Meeting of Shareholders of Billbird SA.

On the date of registration, i.e., 10 January 2003, the increased capital was acquired by BRE – Fundusz Kapitałowy Sp. z o.o.

On 24 January 2003, 637,027 shares of Billbird SA representing 14.19% of the share capital and votes of Billbird SA were transferred from BRE – Fundusz Kapitałowy Sp. z o.o. to BRE Bank SA. In addition, on 23 January 2003, BRE Bank SA sold 312,143 shares of Billbird SA representing 6.95% of the share capital and 6.95% of votes of Billbird SA to Internet Investment Fund SA. Following these transactions, BRE Bank SA holds 2,290,088 shares of Billbird SA representing 51% of the share capital and 51% of votes of Billbird SA.

- On 29 January 2003, BRE Bank SA acquired 200 registered ordinary shares (with a nominal value of HUF 1,000,000 per share) of Magyar Factor Rt. with its registered office in Budapest from Kereskedelmi es Hitelbank Rt. The shares represent 50% of the share capital and 50% of votes of Magyar Factor Rt. The cost of the shares was HUF 550,000,000 (the equivalent of PLN 9,380,250 at the mid exchange rate quoted by NBP on 29 January 2003). The transaction was financed with own funds of BRE Bank SA. Prior to the transaction, BRE Bank SA held no shares of Magyar Factor Rt.
- On 6 February 2003, 200 certificates of deposit issued by BRE Bank SA were cancelled.
- On 6 February 2003, BRE Bank SA executed two agreements with TCF Sp. z o.o. and Polsat Media SA concerning the sale of shares of Elektrim SA. The transactions under the agreements will be finalised in two tranches in June and September 2003. Following the transactions, BRE Bank SA will hold no shares of Elektrim SA. The selling price will be ca. PLN 7.50 per share. BRE Bank SA and Polsat Media SA also executed an agreement concerning restructuring of a loan taken from BRE Bank SA by a natural person and secured with Elektrim SA shares.

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

According to information obtained by the Bank's Management Board, Commerzbank AG was a shareholder holding over 5% of the share capital and votes at the General Meeting of Shareholders. Commerzbank AG holds 11,485,250 shares and the same number of votes at the General Meeting of Shareholders of BRE Bank SA.

The said shares represent 50% of the share capital and give 50% of all votes at the General Meeting of Shareholders of the Bank.

In addition, Commercial Union Otwarty Fundusz Emerytalny BPH CU WBK holds BRE Bank SA shares representing 5.07% of the capital and votes.

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

	<b>Bank's Management Board</b>	<b>Supervisory Board</b>
Number of shares held as at 30.09.02	174,003	77,617
Number of shares acquired in Q4	0	0
Number of shares sold in Q4	0	0
<b>Number of shares held as at 31.12.02</b>	<b>174,003</b>	<b>77,617</b>



Number of options held as at 30.09.02	170,000	0
Number of options acquired in Q4	0	0
Number of options sold in Q4	0	0
<b>Number of options held as at 31.12.02</b>	<b>181,000 *)</b>	<b>0</b>

Members of the Management Board acceded to the Management Stock Options Programme and executed agreements with BRE Bank SA whereby they are entitled to acquire a total of 181,000 BRE Bank stock options (for 181,000 BRE Bank shares of a new issue planned for 2003).

The change in the number of options is due to personal change on the Management Board.

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

BRE Bank SA is not a party in any proceedings whose total amount would be in excess of 10% of the Bank's equity; as a creditor, the Bank takes part in bankruptcy proceedings whose total amount is PLN 242,305 thousand. The largest item relates to the bankruptcy of the Szczecin Shipyard announced on 29 July 2002. Receivables of the Szczecin Shipyard including interest are PLN 87,655 thousand.

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

In Q4 2002, 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 in excess of 10% of the equity 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.

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

Due to a rigorous approach to the Bank's loan portfolio and as a result of provisions set up for any receivables that might arouse any doubt, there will be no need to set up additional provisions in the coming periods. The cleaned-up structure of the Bank's investment portfolio and the disposal of companies whose valuation caused losses to the Group (Szeptel SA, BRE – Fundusz Kapitałowy Sp. z o.o.) will also have a positive bearing on the results. The operating costs will be cut, mainly due to workforce reductions at BRE Bank SA and Group companies.