

(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 Q3 2003:

07-11-03
(date of submittal)
EUR '000

PLN '000

SELECTED FINANCIAL DATA (current year)	QI - III Incremental	QI - III Incremental	QI - III Incremental	QI - III Incremental
	from 1 Jan 2003 to 30 Sept 2003	from 1 Jan 2002 to 30 Sept 2002	from 1 Jan 2003 to 30 Sept 2003	from 1 Jan 2002 to 30 Sept 2002
I. Interest income	840 643	1 320 574	192 728	344 941
II. Commission income	265 286	216 568	60 820	56 569
III. Profit (loss) on banking activity	605 576	792 862	138 836	207 100
IV. Operating profit (loss)	105 442	60 900	24 174	15 907
V. Gross profit (loss) before tax	84 656	49 753	19 409	12 996
VI. Net profit (loss)	68 592	(72 038)	15 726	(18 817)
VII. Net cash from operating activities	1 368 330	(743 723)	313 708	(194 265)
VIII. Net cash from investing activities	25 560	(428 713)	5 860	(111 982)
IX. Net cash from financing activities	189 412	857 495	43 425	223 983
X. Total net cash flow	1 583 302	(314 941)	362 993	(82 264)
XI. Total assets	29 551 977	27 771 320	6 364 160	6 809 700
XII. Liabilities due to Central Bank	901	2 363	194	579
XIII. Liabilities to the financial sector	6 575 460	8 092 435	1 416 057	1 984 315
XIV. Liabilities to the non-financial and public sector	10 694 533	10 043 487	2 303 119	2 462 725
XV. Equity	1 675 320	1 826 561	360 788	447 884
XVI. Share capital	91 882	91 882	19 787	22 530
XVII. Number of shares	22 970 500	22 970 500	22 970 500	22 970 500
XVIII. Book value per share (in PLN/EUR)	72.93	79.52	15.71	19.50
XIX. Diluted book value per share (in PLN/EUR)	-	-	-	-
XX. Solvency ratio	8.91	12.60	8.91	12.60
XXI. Profit (loss) per ordinary share (in PLN/EUR)	2.99	(3.14)	0.68	(0.82)
XXII. Diluted profit (loss) per ordinary share (in PLN/EUR)	-	-	-	-
XXIII. Dividend declared or paid out per ordinary share (in PLN/EUR)	-	10.00	-	2.45

CONSOLIDATED BALANCE SHEET [PLN'000]	As at 30.09.2003 End of this quarter (current year)	As at 30.06.2003 end of previous quarter (current year)	As at 30.09.2002 end of this quarter (previous year)	As at 30.06.2002 end of previous quarter (previous year)
Assets				
I. Cash and balances with the Central Bank	575 642	640 187	288 395	524 497
II. Debt securities eligible for rediscounting at the Central Bank	56 294	101 302	74 069	75 133
III. Amounts due from the financial sector	3 824 812	3 972 325	3 052 127	2 227 255
1. Short-term	3 403 982	3 003 561	1 833 436	1 363 968
a) Current	1 755 452	2 171 685	927 019	667 528
b) Other short-term	1 648 530	831 876	906 417	696 440
2. Long-term	420 830	968 764	1 218 691	863 287
IV. Amounts due from the non-financial sector	14 014 888	13 348 749	13 315 207	12 555 928
1. Short-term	8 300 563	8 119 474	6 662 115	7 434 284
a) Current	1 808 744	2 013 389	2 066 470	1 774 019
b) Other short-term	6 491 819	6 106 085	4 595 645	5 660 265
2. Long-term	5 714 325	5 229 275	6 653 092	5 121 644
V. Amounts due from the public sector	72 349	48 434	1 033 148	1 021 634
1. Short-term	48 522	38 628	1 025 787	1 012 440
a) Current receivables	7 505	6 274	10 196	6 112
b) Other short-term	41 017	32 354	1 015 591	1 006 328
2. Long-term	23 827	9 806	7 361	9 194
VI. Amounts due purchase of securities with a buy-back clause	743 515	115 014	63 240	140 967
VII. Debt securities	4 053 911	4 859 179	4 289 678	5 575 225
VIII. Amounts due from subordinated valued using equity method	12 446	17 490	3 938	16 362
1. Subsidiaries	1 474	2 884	-	15 410
2. Joint-ventures	-	-	-	-
3. Affiliates	10 972	14 606	3 938	952
IX. Stocks or shares in subsidiaries valued using equity method	106 678	104 757	145 961	198 801
X. Stocks or shares in joint-ventures valued using equity method	-	-	-	-
XI. Stocks or shares in affiliates valued using equity method	6 528	28 686	44 452	44 326
XII. Stocks or shares in other companies	12 957	24 437	32 205	28 198
XIII. Other securities and financial assets	2 702 504	2 801 033	2 607 374	3 312 180
XIV. Intangible assets, including:	280 250	294 574	252 836	218 868
- goodwill of company	94 005	97 207	99 839	65 447
XV. Goodwill of subordinates	465 747	473 325	509 664	130 250
XVI. Tangible fixed assets	948 550	903 773	977 905	969 835
XVII. Other assets	664 732	364 126	235 372	318 794
1. Assets acquired - for sale	989	105	27 112	27 568
2. Inventories	76 919	69 055	5 563	6 392
3. Other	586 824	294 966	202 697	284 834
XVIII. Prepayments	1 010 174	993 638	845 749	989 468
1. Deferred income tax	931 301	907 410	781 143	919 817
2. Other prepayments	78 873	86 228	64 606	69 651
Total assets	29 551 977	29 091 029	27 771 320	28 347 721
	-	-	-	-
Liabilities				
I. Amounts due to Central Bank	901	862	2 363	127 176
II. Amounts due to the financial sector	6 575 460	6 730 293	8 092 435	7 890 447
1. Short-term	4 245 219	3 663 662	6 131 636	5 307 413
a) Current	1 197 793	615 166	1 793 686	1 214 342
b) Other short-term	3 047 426	3 048 496	4 337 950	4 093 071
2. Long-term	2 330 241	3 066 631	1 960 799	2 583 034
III. Amounts due to the non-financial sector	10 615 146	10 524 297	9 920 208	10 174 617
1. Short-term	9 646 445	9 514 416	8 616 534	8 826 362
a) Current, including:	5 640 500	5 743 189	4 286 227	4 091 518
- saving deposits	2 068 570	1 948 367	1 249 136	1 114 065
b) Other short-term, including:	4 005 945	3 771 227	4 330 307	4 734 844
- saving deposits	481 947	426 681	213 421	4 189
2. Long-term, including:	968 701	1 009 881	1 303 674	1 348 255
- saving deposits	209 601	216 034	293 918	486 130
IV. Amounts due to the public sector	79 387	77 939	123 279	197 734
1. Short-term	76 784	75 336	120 602	195 047
a) Current	49 632	43 247	45 740	62 558
b) Other short-term	27 152	32 089	74 862	132 489
2. Long-term	2 603	2 603	2 677	2 687

V. Liabilities in respect of sale of securities with a buy-back clause	2 953 452	2 664 674	1 654 417	1 475 001
VI. Liabilities due to issue of debt securities				
1. Short-term	2 494 539	2 363 587	1 634 609	1 522 092
2. Long-term	490 270	482 269	199 880	30 622
VII. Other liabilities due to the financial instruments	2 004 269	1 881 318	1 434 729	1 491 470
VIII. Amounts due to the subordinated priced using equity method	2 226 597	2 233 392	1 912 606	2 387 569
	16 357	11 832	17 677	6 489
1. Subsidiaries	13 574	11 497	16 012	6 052
2. Joint-ventures	-	-	-	-
3. Affiliates	2 783	335	1 665	437
IX. Special funds and other liabilities	353 617	349 749	525 332	645 008
X. Accruals, deferred income and suspended income	276 128	266 435	237 865	231 155
1. Accruals	35 115	42 667	45 352	45 810
2. Goodwill (negative figure)	-	-	-	-
3. Other deferred and suspended income	241 013	223 768	192 513	185 345
XI. Goodwill of subordinated companies (negative figure)	2 981	789	4 601	5 037
XII. Provisions	941 419	942 603	738 199	895 456
1. Defferd income tax provision	792 955	803 299	695 171	854 998
2. Other	148 464	139 304	43 028	40 458
a) short-term	5 279	1 611	19 772	19 590
b) long-term	143 185	137 693	23 256	20 868
XIII. Subordinated liabilities	1 212 260	1 154 141	964 116	759 589
XIV. Minority interests	128 413	127 180	117 052	143 272
XV. Share capital	91 882	91 882	91 882	91 882
XVI. Payment for share capital (negative figure)	-	-	-	-
XVII. Own shares (negative figure)	-	-	-	-
XVIII. Supplementary capital	657 159	656 365	652 427	652 427
XIX. Revaluation reserve	22 101	7 134	(67 687)	9 868
XX. Other reserves	745 655	745 618	1 355 067	1 352 395
XXI. Foreign exchange gains/losses on the translation of subordinated companies				
1. gains	1 255	604	246	472
2. losses	13 365	8 706	3 926	3 604
XXII. Retained earnings (Accumulated losses)	(12 110)	(8 102)	(3 680)	(3 132)
XXIII. Net profit (loss)	88 676	86 478	(133 336)	(120 311)
XXIII. Net profit (loss)	68 592	55 175	(72 038)	(99 654)
Total liabilities	29 551 977	29 091 029	27 771 320	28 347 721
Capital adequacy ratio	8.91	8.88	12.60	11.69
Book value	1 675 320	1 643 256	1 826 561	1 887 079
Number of shares	22 970 500	22 970 500	22 970 500	22 970 500
Book value per share (in PLN)	72.93	71.54	79.52	82.15
Diluted number of shares	-	-	-	-
Diluted book value per share (in PLN)	-	-	-	-

CONSOLIDATED OFF-BALANCE-SHEET ITEMS	As at 30.09.2003 End of this quarter (current year)	As at 30.06.2003 end of previous quarter (current year)	As at 30.09.2002 end of this quarter (previous year)	As at 30.06.2002 end of previous quarter (previous year)
I. Contingent liabilities extended and received	6 926 236	6 451 492	6 527 491	6 062 268
1. Liabilities extended	6 175 069	5 684 294	5 496 415	5 370 564
a) financial	4 795 106	4 399 364	4 056 445	3 984 242
b) guarantee	1 379 963	1 284 930	1 439 970	1 386 322
2. Liabilities received	751 167	767 198	1 031 076	691 704
a) financial	107 305	246 470	508 435	227 052
b) guarantee	643 862	520 728	522 641	464 652
II. Liabilities related to realised purchase/sale transactions	187 830 732	178 082 540	172 841 312	196 053 442
III. Other (due to)	-	376 003	205 938	166 851
- factoring receivables	-	287 090	205 938	166 851
- factoring liabilities	-	88 913	-	-
- option to acquire shares	-	-	-	-
Total off-balance-sheet items	194 756 968	184 910 035	179 574 741	202 282 561

CONSOLIDATED	Q3 2003	Q1-3 2003 cumulative	Q3 2002	Q1-3 2002 cumulative
PROFIT AND LOSS ACCOUNT	from 01.07.2003 to 30.09.2003	from 01.01.2003 to 30.09.2003	from 01.07.2002 to 30.09.2002	from 01.01.2002 to 30.09.2002
I. Interest income	258 375	840 643	466 792	1 320 574
II. Interest expense	214 839	639 152	326 136	1 000 569
III. Net interest income (I-II)	43 536	201 491	140 656	320 005
IV. Commission income	95 726	265 286	77 465	216 568
V. Commission expenses	26 851	72 074	20 325	50 246
VI. Net commission income (IV-V)	68 875	193 212	57 140	166 322
VII. Net income of goods sold	-	-	27 731	27 731
VIII. Sold goods, services expenses	-	-	1 074	1 074
IX. Cost of sale	-	-	-	-
X. Profit on sale (VII-VIII-IX)	-	-	26 657	26 657
XI. Income from shares, other securities and financial instruments with variable yield	12 935	19 244	4 872	12 669
1. From subsidiaries	1 496	1 496	1 705	5 747
2. From joint-ventures	-	-	-	-
3. From affiliates	11 404	17 657	1 431	4 698
4. From others	35	91	1 736	2 224
XII. Profit (loss) on financial transaction	(34 188)	41 250	30 789	(4 351)
XIII. Profit (loss) on foreign exchange result	81 631	150 379	98 260	271 560
XIV. Profit (loss) on banking activity	172 789	605 576	358 374	792 862
XV. Other operating income	30 476	109 877	7 286	124 963
XVI. Other operating expenses	6 018	24 355	15 985	98 951
XVII. Overhead costs of the bank	159 180	465 283	161 620	487 877
XVIII. Depreciation and amortisation of tangible and intangible fixed assets	38 495	116 017	36 726	108 575
XIX. Provisions and write-downs	110 382	246 366	107 010	434 990
1. for specific reserves and to general banking risk	110 572	245 313	107 179	433 506
2. for revaluation of financial assets	(190)	1 053	(169)	1 484
XX. Release of provisions and reversal of write-downs	101 876	242 010	67 734	273 468
1. Release of specific reserves and general banking	100 080	239 293	67 734	273 022
2. Revaluation of financial assets	1 796	2 717	-	446
XXI. Net provisions and write-downs (XIX-XX)	8 506	4 356	39 276	161 522
XXII. Operating profit (loss)	(8 934)	105 442	112 053	60 900
XXIII. Profit (loss) on extraordinary items	21	65	1 533	2 594
1. gains	81	177	1 761	3 457
2. losses	60	112	228	863
XXIV. Deduction of subordinated goodwill	7 551	22 757	5 029	14 101
XXV. Deduction of subordinated goodwill (negative amount)	1 075	1 906	120	360
XXVI. Profit (loss) before tax	(15 389)	84 656	108 677	49 753
XXVII. Corporate income tax	(33 543)	4 660	47 558	23 869
1. current part	5 560	14 685	28 641	33 884
2. postponed part	(39 103)	(10 025)	18 917	(10 015)
XXVIII. Other obligatory profit appropriations (loss increase)	-	-	1	1
XXIX. Net gain (loss) on share in subordinated valued using equity method	(566)	(3 371)	(36 888)	(98 219)
XXX. (Profit) loss of minority	(4 171)	(8 033)	3 386	298
XXXI. Net profit (loss)	13 417	68 592	27 616	(72 038)
Net profit (loss) (for 12 months)	(240 286)		(51 280)	
Weighted average number of ordinary shares	22 970 500		22 970 500	
Net profit (loss) per 1 ordinary share [PLN]	(10.46)		(2.23)	

MOVEMENTS IN CONSOLIDATED EQUITY	Q3 2003	Q1-3 2003 cumulative	Q3 2002	Q1-3 2002 cumulative
	from 01.07.2003 to 30.09.2003	from 01.01.2003 to 30.09.2003	from 01.07.2002 to 30.09.2002	from 01.01.2002 to 30.09.2002
I. Equity as at the beginning of the period (OB)	1 643 256	1 581 306	1 884 655	2 201 625
a) changes to accounting policy	3 055	3 055	(14 205)	4 136
b) adjustment of key miscalculation	-	-	-	-
I.a. Equity as at the beginning of the period (OB) after reconciliation to comparative data	1 646 311	1 584 361	1 870 450	2 205 761
I. Share capital as at the beginning of the period	91 882	91 882	91 882	91 882
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 period	91 882	91 882	91 882	91 882
2. Payments for share capital at the beginning of the period	-	-	-	-
2.1 Changes in payments for share capital	-	-	-	-
a) increase (due to):	-	-	-	-
b) decrease (due to):	-	-	-	-
2.2 Payments for share capital at the end of the period	-	-	-	-
3. Own shares as at the beginning of the period	-	-	-	-
a) increase (due to):	-	(4 545)	-	-
b) decrease (due to):	-	(4 545)	-	-
3.1 Own shares at the end of the period	-	-	-	-
4. Supplementary capital as at the beginning of the period	656 365	659 013	652 427	622 559
4.1. Movements in the supplementary capital	794	(1 854)	-	29 868
a) increase (due to):	11	4 892	-	31 145
- issue of shares above nominal value	-	-	-	-
- allocation of the profit (statutory)	4	4 769	-	400
- allocation of the profit (above minimal value up to statutory)	-	-	-	-
- exclusion from consolidation following disposal of a company	-	-	-	30 511
- fixed assets' disposal	-	-	-	-
- reclassification from reserve capital	-	-	-	234
- other	7	123	-	-
b) decrease (due to):	(783)	6 746	-	1 277
- loss coverage	(675)	2 859	-	-
- correction of agio due to change of consolidation method	-	-	-	-
- termination of capital in case of payment to shareholders	-	-	-	527
- exclusion from consolidation following disposal of a company	-	3 887	-	-
	-	-	-	750
- foreign exchange gains/losses	(108)	-	-	-
- other	-	-	-	-
4.2. Supplementary capital as at the end of the period	657 159	657 159	652 427	652 427
5. Revaluation reserve as at the beginning of the period	7 134	(8 643)	9 868	8 063
5.1. Movements in revaluation reserve	14 967	30 744	(77 555)	(75 750)
a) increase (due to)	27 906	69 444	41 928	44 943
- foreign exchange gains/losses	13 061	24 627	476	3 276
- deferred income tax	2 751	6 474	29 000	29 000
- revaluation of securities	7 802	25 008	12 452	12 452
- revaluation of tangible fixed assets	4 412	6 773	-	-
- exclusion from consolidation following disposal of a company	1	6 464	-	-
- valuation of participation unit	12	12	-	215
- other	(133)	86	-	-
b) decrease (due to)	12 939	38 700	119 483	120 693
- disposal of fixed assets	1	1	-	-
- deferred income tax	5 841	11 516	-	-
- foreign exchange gains/losses	4 537	6 746	-	-
- exclusion from consolidation following disposal of a company	(754)	-	-	-
- revaluation of tangible fixed assets	1 102	4 502	7 117	8 327
- revaluation of securities for disposal	204	13 927	112 366	112 366
- valuation of participation unit	1	1	-	-
- other	2 007	2 007	-	-
5.2. Revaluation reserve as at the end of the period	22 101	22 101	(67 687)	(67 687)

6. General banking risk reserve as at the beginning of the period	558 000	558 000	558 000	453 000
6.1. Movements in general banking risk reserve	-	-	-	105 000
a) increase (due to)	-	-	-	105 000
- appropriation of retained earnings	-	-	-	105 000
				-
b) decrease (due to)	-	-	-	-
-				
-				
6.2. General banking risk reserve as at the end of the period	558 000	558 000	558 000	558 000
7. Other supplementary capitals as at the beginning of the period	187 618	800 267	794 395	795 541
7.1. Changes in other supplementary capitals	37	(612 612)	2 672	1 526
a) increase (due to):	37	37	2 672	2 976
- deduction of profit for supplementary capital	-	-	-	148
- inclusion for consolidation	-	-	-	156
- capital decrease reserve	-	-	2 671	2 671
- dividend payment	-	-	-	-
- other	37	37	1	1
b) decrease (due to)	-	612 649	-	1 450
- reclassification to reserve capital	-	-	-	234
- dividend payment by way of advance	-	-	-	-
- exclusion from consolidation following disposal of a company	-	-	-	1 216
- exclusion from consolidation following disposal of a company	-	1 984	-	-
- loss coverage	-	607 993	-	-
- other	-	2 672	-	-
7.2. Other supplementary capital as at the end of the period	187 655	187 655	797 067	797 067
8. Foreign exchange gains/losses on the translation of subordinated companies	1 255	1 255	246	246
9. Retained earnings (accumulated losses) as at the beginning of the period	86 478	(518 862)	(122 735)	234 530
9.1. Retained earnings as at beginning of the period	90 651	98 819	(116 795)	238 677
a) changes to accounting policy	3 055	3 055	(17 906)	(8 061)
b) adjustment of key miscalculation	-	-	-	-
9.2. Retained earnings as at the beginning of the period after reconciliation to comparative data	93 706	101 874	(134 701)	230 616
9.3. Change in retained earnings	3 072	(5 096)	2 999	(362 318)
a) increase (due to):	626	1 112	2 730	4 921
- allocation of retained earnings	-	-	-	-
- inclusion the company to consolidation	-	-	2 414	3 973
- stake increased through a subholding	-	-	-	-
- foreign exchange gains/losses	62	62	-	-
- dividends from companies consolidated first time	-	-	-	-
- other	564	1 050	316	948
b) decrease (due to):	(2 446)	6 208	(269)	367 239
- exclusion from consolidation in connection of selling the company	-	-	-	30 511
- deduction of profit for general banking risk reserve	-	-	-	105 000
- profit allocation to supplementary capital	-	-	-	148
- profit allocation to reserve capital	(13)	4 752	-	400
- profit allocation to shareholder dividend	(2 422)	956	(269)	229 705
- transfer to the Social Fund	-	6	-	1 475
- foreign exchange gains/losses	-	-	-	-
- other	(11)	494	-	-
9.4. Retained earnings as at the end of the period	96 778	96 778	(131 702)	(131 702)
9.5. Accumulated losses at the beginning of the period	(4 173)	(617 681)	(5 940)	(4 147)
a) changes to accounting policies	-	-	3 701	12 197
b) adjustment of key miscalculation	-	-	-	-
9.6. Accumulated losses as at the beginning of the period after reconciliation to comparative data	(4 173)	(617 681)	(2 239)	8 050
9.7. Change in accumulated losses	(3 929)	609 579	605	(9 684)
a) increase (due to):	(1 273)	(1 273)	605	(9 684)
- loss to be covered brought forward from previous years	-	-	-	-
- inclusion the company to consolidation	-	-	605	(9 684)
- other	(1 273)	(1 273)	-	-
b) decrease (due to):	2 656	(610 852)	-	-
- coverage from reserves	675	(2 859)	-	-
- exclusion from consolidation in connection of selling the company	1 981	-	-	-
- coverage from supplementary capital	-	(607 993)	-	-
9.8. Accumulated losses as at the end of period	(8 102)	(8 102)	(1 634)	(1 634)
9.9. Retained earnings (accumulated losses) as at the end of period	88 676	88 676	(133 336)	(133 336)
10. Net profit/loss	68 592	68 592	(72 038)	(72 038)
a) net loss	68 592	68 592	-	-
b) net profit	-	-	(72 038)	(72 038)
II. Equity as at the end of the period (CB)	1 675 320	1 675 320	1 826 561	1 826 561

CONSOLIDATED CASH FLOW STATEMENT	Q3 2003	Q1-3 2003 cumulative	Q3 2002	Q1-3 2002 cumulative
	from 01.07.2003 to 30.09.2003	from 01.01.2003 to 30.09.2003	from 01.07.2002 to 30.09.2002	from 01.01.2002 to 30.09.2002
A. Net cash flows from operating activities - indirect method	243 563	1 368 330	91 495	(743 723)
I. Net profit (loss)	13 417	68 592	27 616	(72 038)
II. Total adjustments for:	230 146	1 299 738	63 879	(671 685)
1. Profit (loss) of minority shareholders	4 171	8 033	(2 790)	298
2. Participation in profit (loss) of subordinated companies valued with equity method	566	3 371	36 888	98 219
3. Depreciation, including:	44 971	136 868	50 467	122 316
- appropriations of goodwill of subordinates and goodwill of subordinates (negative amount)	6 476	20 851	4 909	13 741
4. Foreign exchange gains/losses	11 275	109 511	(1 008)	69 504
5. Interest and dividends	25 322	77 461	(17 130)	(6 512)
6. (Profit) loss on investments	(22 232)	(18 134)	3 969	43 350
7. Change in provisions	(19 471)	(34 846)	(162 915)	(27 644)
8. Change in reserves	-	-	-	-
9. Change in debt securities	860 055	1 104 040	929 309	741 127
10. Change in receivables from the financial sector	(23 137)	578 585	128 359	(41 799)
11. Change in receivables from the non-financial and public sector	(662 822)	(2 075 552)	(626 720)	(2 410 452)
12. Change in amounts due to purchase of securities with a buy-back clause	(628 501)	(445 902)	21 179	(63 240)
13. Change in stocks or shares and securities and other financial instruments	39 992	349 542	297 678	269 225
14. Change in liabilities to financial institutions	302 318	(682 249)	(1 038 784)	(2 213 117)
15. Change in liabilities to non-financial and public sector	92 297	229 223	(331 532)	(100 737)
16. Change in liabilities due to sold securities with a buy-back clause	288 778	1 011 137	4 697	207 578
17. Change in liabilities due to securities	129 564	608 646	112 517	1 631 594
18. Change in other liabilities	(260 235)	274 271	820 945	1 848 359
19. Change in prepayments	29 990	25 470	(177 392)	(339 642)
20. Change in deferred and qualified income	17 245	40 263	16 142	(500 112)
21. Other	-	-	-	-
III. Net cash flows from operating activities (I - II) - indirect method	243 563	1 368 330	91 495	(743 723)
B. Net cash flows from investment operations (I-II)	21 632	25 560	(60 257)	(428 713)
I. Incomes	105 757	215 757	147 347	632 151
1. Sale of stocks or shares in subsidiaries	4 929	5 242	23 567	97 087
2. Sale of stocks or shares in joint ventures	-	-	-	-
3. Sale of stocks or shares in affiliates	16 486	21 623	187	187
4. Sale of other stocks or shares, securities and financial instruments	77 962	179 488	114 905	523 623
5. Sale of intangible and tangible fixed assets	3 702	5 031	2 799	4 742
6. Sale of investment in real estate and intangible assets	-	-	-	-
7. Other investment incomes	2 678	4 373	5 889	6 512

II. Expenses	84 125	190 197	207 604	1 060 864
1. Purchase of stocks or shares in subsidiaries	5 833	12 336	1 164	127 428
2. Purchase of stocks or shares in joint ventures	-	-	-	-
3. Purchase of shares in affiliated	10 027	10 027	2 042	2 457
4. Purchase of other stocks or shares, securities and financial instruments	6 661	35 683	54 519	424 613
5. Purchase of intangible and tangible fixed assets	33 205	62 703	23 194	65 937
6. Investment in real estate and intangible assets	28 399	69 448	126 685	440 429
7. Other investments' expenses	-	-	-	-
III. Net cash flow from investment operations (I-II)	21 632	25 560	(60 257)	(428 713)
C. Net cash flow from financing activities (I-II)	(491 441)	189 412	31 899	857 495
I. Incomes	1 094 652	2 949 082	908 369	1 881 955
1. Long term loans received from other banks	492 480	1 995 851	620 529	700 139
2. Long term loans received from financial sector, excluding banks	-	8 430	-	-
3. Issue of debt securities	602 172	944 801	84 744	248 968
4. Change in subordinated liabilities in plus	-	-	203 096	932 848
5. Net cash from shares' issue and payment to capital	-	-	-	-
6. Other	-	-	-	-
II. Expenses	1 586 093	2 759 670	876 470	1 024 460
1. Long term loans repaid to other banks	956 238	2 071 436	615 132	684 934
2. Long term loans repaid to financial sector, excluding banks	-	-	-	18 238
3. Redemption of securities	600 784	600 784	-	-
4. Due to other financial liabilities	-	-	-	-
5. Payments due to financial leasing liabilities	-	-	-	-
6. Decrease of subholding liabilities	1 134	1 134	-	-
7. Dividends and other payments to owners	-	-	229 318	232 973
8. Dividends and other participation in profit payments for minority	-	-	-	-
9. Payments for allocation of the profit (diferrent from payments to owners)	-	-	-	-
10. Acquisition of own shares	-	4 545	-	-
11. Other financial expenses	27 937	81 771	32 020	88 315
12. Other expenses	-	-	-	-
III. Net cash flows from financing activities (I-II)	(491 441)	189 412	31 899	857 495
D. Total net cash flows (A+/-B+/-C)	(226 246)	1 583 302	63 137	(314 941)
E. Net change in cash	(226 246)	1 583 302	63 137	(314 941)
- including change in cash due to foreign exchange gains/losses	68 790	86 573	29 377	43 879
F. Cash at the beginning of the period	3 227 811	1 418 263	1 470 496	1 848 574
G. Cash at the end of the period (F+/- D)	3 001 565	3 001 565	1 533 633	1 533 633

QUARTERLY SHORTENED FINANCIAL STATEMENT

BALANCE SHEET [PLN'000]	As at 30.09.2003 end of this quarter (current year)	stan na 30.06.2003 end of previous quarter (current year)	stan na 30.09.2002 end of this quarter (previous year)	stan na 30.06.2002 end of previous quarter (previous year)
A s s e t s				
I. Cash and balances with the Central Bank	575 323	639 878	283 996	518 400
II. Debt securities eligible for refinancing at Central Bank	56 294	101 302	74 069	75 133
III. Amounts due from the financial sector	4 330 570	4 343 155	3 435 969	3 326 282
1. Current	1 829 811	2 170 583	969 372	710 816
2. Term	2 500 759	2 172 572	2 466 597	2 615 466
IV. Amounts due from from the non-financial sector	10 021 452	9 472 497	10 298 443	9 942 154
1. Current	1 808 744	1 730 407	1 752 237	1 768 443
2. Term	8 212 708	7 742 090	8 546 206	8 173 711
V. Amounts due from the public sector	72 324	48 434	1 031 807	1 020 174
1. Current	7 505	6 274	10 196	6 112
2. Term	64 819	42 160	1 021 611	1 014 062
VI. Amounts due in respect of purchase of securities with a buy back clause	729 345	100 844	-	56 548
VII Debt securities	4 203 863	5 024 664	4 521 458	4 889 912
VIII. Stocks or shares in subsidiaries	904 386	881 528	793 016	502 829
IX Stocks or shares in joint ventures	-	-	-	-
X. Stocks or shares in affiliates	1 037	22 443	51 411	52 012
XI. Stocks or shares in other companies	11 587	23 966	15 500	15 565
XII. Other securities and financial assets	2 674 363	2 749 894	2 454 483	3 165 261
XIII. Intangible assets, including:	233 872	246 664	203 569	207 612
- goodwill	57 786	60 510	62 793	65 446
XIV. Tangible fixed assets	910 589	876 180	886 630	873 402
XV. Other assets	201 439	180 028	388 414	366 846
1. Assets acquired through debt recovery - for sale	319	105	22 840	22 982
2. Other	201 120	179 923	365 574	343 864
XVI. Prepayments	842 004	853 329	725 470	870 179
1. Deferred income tax	825 672	832 761	715 303	852 607
2. Other prepayments	16 332	20 568	10 167	17 572
T o t a l a s s e t s	25 768 448	25 564 806	25 164 235	25 882 309
L i a b i l i t i e s				
I. Amounts due to Central Bank	901	862	2 363	127 176
II. Liabilities to the financial sector	5 784 603	6 076 855	7 818 764	7 653 644
1. Current	1 002 591	692 438	1 619 361	1 066 535
2. Term	4 782 012	5 384 417	6 199 403	6 587 109
III. Liabilities to the non-financial sector	10 287 090	10 208 146	9 622 464	9 879 467
1. Saving deposits	2 697 498	2 539 756	1 748 399	1 603 334
a) Current	2 068 570	1 948 367	1 241 168	1 113 015
b) Term	628 928	591 389	507 231	490 319
2. Other	7 589 592	7 668 390	7 874 065	8 276 133
a) Current	3 476 064	3 661 209	2 963 746	2 896 421
b) Term	4 113 528	4 007 181	4 910 319	5 379 712
IV. Liabilities to the public institutions	79 266	77 939	122 837	197 330
1. Current liabilities	49 632	43 247	45 517	62 371
2. Term liabilities	29 634	34 692	77 320	134 959
V. Liabilities due to sold securities with a buy-back clause	2 953 452	2 664 674	1 654 417	1 475 001
VI. Liabilities due to issue of debt securities	302 726	225 907	-	-
1. Short-term	269 290	222 827	-	-
2. Long-term	33 436	3 080	-	-
VII. Other liabilities due to financial instruments	2 186 014	2 172 390	1 912 606	2 354 721
VIII. Special funds and other liabilities	230 870	262 026	367 408	521 408

IX. Accruals, deferred income and qualified income	242 802	235 224	199 885	189 308
1. Costs prepayments	15 194	23 513	20 347	23 590
2. Goodwill (negative figure)	-	-	-	-
3. Other deferred and qualified income	227 608	211 711	179 538	165 718
X. Reserves	866 659	879 858	687 647	849 070
1. Income tax reserves	734 674	752 300	664 414	828 226
2. Other reserves	131 985	127 558	23 233	20 844
a) short-term	-	-	-	-
b) long-term	131 985	127 558	23 233	20 844
XI. Subordinated liabilities	1 161 052	1 114 591	927 910	724 000
XII. Share capital	91 882	91 882	91 882	91 882
XIII. Payment for share capital (negative figure)	-	-	-	-
XIV. Own shares (negative figure)	-	-	-	-
XV. Supplementary capital	748 739	748 739	748 738	748 738
XVI. Revaluation capital	21 317	6 788	(68 032)	9 559
XVII. Other reserve capital	744 922	744 922	1 352 915	1 352 915
XVIII. Net Retained earnings (Accumulated losses)	-	-	(207 457)	(191 576)
XIX. Net profit (loss)	66 153	54 003	(70 112)	(100 334)
T o t a l l i a b i l i t i e s	25 768 448	25 564 806	25 164 235	25 882 309
Capital adequacy ratio	9.18	9.54	12.60	11.69
Book value	1 673 013	1 646 334	1 847 934	1 911 184
Number of shares	22 970 500	22 970 500	22 970 500	22 970 500
Book value per share (in PLN)	72.83	71.67	80.45	83.20
Diluted number of shares	-	-	-	-
Diluted book value per share (in PLN)	-	-	-	-

OFF-BALANCE-SHEET ITEMS	As at 30.09.2003 end of this quarter (current year)	stan na 30.06.2003 end of previous quarter (current year)	stan na 30.09.2002 end of this quarter (previous year)	stan na 30.06.2002 end of previous quarter (previous year)
I. Off-balance-sheet liabilities extended and received	7 411 671	7 295 369	7 169 954	7 029 302
1. Liabilities extended	6 884 827	6 818 504	6 553 095	6 488 699
a) financing	4 169 146	4 132 631	3 809 771	3 741 556
b) guarantees	2 715 681	2 685 873	2 743 324	2 747 143
2. Liabilities received	526 844	476 865	616 859	540 603
a) financing	107 305	102 760	136 381	133 911
b) guarantees	419 539	374 105	480 478	406 692
II. Liabilities related to realised purchase/sale transactions	188 283 888	177 875 871	172 404 430	195 892 492
-	-	-	-	-
-	-	-	-	-
T o t a l o f f - b a l a n c e - s h e e t i t e m s	195 695 559	185 171 240	179 574 384	202 921 794

PROFIT AND LOSS ACCOUNT	Q3 2003	Q1-3 2003 cumulative	Q3 2002	Q1-3 2002 cumulative
	from 01.07.2003 to 30.09.2003	from 01.01.2003 to 30.09.2003	from 01.07.2002 to 30.09.2002	from 01.01.2002 to 30.09.2002
I. Interest income	193 337	654 489	387 775	1 169 729
II. Interest expense	179 665	542 735	273 676	914 921
III. Net interest income (I-II)	13 672	111 754	114 099	254 808
IV. Commission income	68 495	195 963	58 116	166 679
V. Commission expense	20 863	57 344	14 431	37 848
VI. Net commission income (IV-V)	47 632	138 619	43 685	128 831
VII. Profit (loss) stocks or shares, other securities and financial instruments of variable income	12 440	22 373	20 051	43 935
1. From subsidiaries	2 145	4 716	17 229	34 577
2. From joint ventures	-	-	-	-
3. From affiliates	10 295	17 657	1 420	7 933
4. From others	-	-	1 402	1 425
VIII. Profit on financial operations	(41 685)	23 999	11 491	(61 521)
IX. Exchange gains/losses	78 688	166 975	99 489	294 196
X. Profit (loss) on banking operations	110 747	463 720	288 815	660 249
XI. Other operating income	7 616	39 861	11 830	27 480
XII. Other operating expenses	3 608	14 151	12 038	36 018
XIII. Overheads	109 672	316 379	113 232	334 288
XIV. Depreciation of tangible and intangible fixed assets	33 415	101 600	31 675	93 411
XV. Provisions and write-downs	88 931	200 268	81 438	372 561
1. for specific provisions and to general banking risk	88 146	199 287	81 438	372 561
2. revaluation of financial assets	785	981	-	-
XVI. Reversal of provisions and revaluation	89 928	212 914	57 465	241 611
1. Release of provisions and general banking risk reserve	89 677	212 663	57 465	241 611
2. Revaluation of financial assets	251	251	-	-
XVII. Difference in provisions and revaluation appropriations and	(997)	(12 646)	23 973	130 950
XVIII. Operating profit (loss)	(27 335)	84 097	119 727	93 062
XIX. Profit (loss) on extraordinary items	20	52	1	53
1. Extraordinary gains	68	144	72	211
2. Extraordinary losses	48	92	71	158
XX. Gross profit (loss) before tax	(27 315)	84 149	119 728	93 115
XXI. Income tax	(14 052)	18 459	33 199	7 096
1. Current part	-	-	26 255	26 255
2. Postponed part	(14 052)	18 459	6 944	(19 159)
XXII. Other obligatory deductions of profit (increase of loss)	-	-	-	-
XXIII. Participation in net profit (loss) of subordinated to equity method valuation	25 413	463	(56 307)	(156 131)
XXIV. Net profit (loss)	12 150	66 153	30 222	(70 112)
Net profit (loss) (for 12 months)	(242 956)		29 231	
Weighted average number of ordinary shares	22 970 500		22 970 500	
Net profit (loss) per 1 ordinary share [PLN]	(10.58)		1.27	
Weighted average diluted number of ordinary shares	-		-	
Diluted net profit (loss) per 1 ordinary share [PLN]	-		-	

MOVEMENTS IN EQUITY	Q3 2003	Q1-3 2003 cumulative	Q3 2002	Q1-3 2002 cumulative
	from 01.07.2003 to 30.09.2003	from 01.01.2003 to 30.09.2003	from 01.07.2002 to 30.09.2002	from 01.01.2002 to 30.09.2002
I. Equity as at the beginning of the period (OB)	1 646 334	1 582 497	1 911 184	2 432 684
a) changes to accounting policies	-	-	(15 881)	(207 457)
b) adjustment of key miscalculation	-	-	-	-
I.a. Equity as at the beginning of the period (OB) after reconciliation to comparative data	1 646 334	1 582 497	1 895 303	2 225 227
1. Share capital as at the beginning of the period	91 882	91 882	91 882	91 882
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 period	91 882	91 882	91 882	91 882
2. Payments for share capital at the beginning of the period	-	-	-	-
2.1 Movements in payments for share capital	-	-	-	-
a) increase (due to):	-	-	-	-
b) decrease (due to):	-	-	-	-
2.2 Payments for share capital at the end of the period	-	-	-	-
3. Own shares at the beginning of the period	-	-	-	-
a) increase (due to):	-	(4 545)	-	-
- purchase	-	(4 545)	-	-
b) decrease (due to):	-	(4 545)	-	-
- give out to shareholders due to merge	-	(4 545)	-	-
3.1 Own shares at the end of the period	-	-	-	-
4. Supplementary capital as at the beginning of the period	748 739	748 738	748 738	748 738
4.1. Movements in the supplementary capital	-	1	-	-
a) increase (due to):	-	1	-	-
- issue of shares above nominal value	-	-	-	-
- allocation of the profit (statutory)	-	-	-	-
- allocation of the profit (above minimal value up to statutory)	-	-	-	-
		1		
b) decrease (due to):	-	-	-	-
loss coverage	-	-	-	-
4.2. Supplementary capital as at the end of the period	748 739	748 739	748 738	748 738
5. Revaluation capital as at the beginning of the period	6 788	(3 045)	9 559	7 969
5.1. Movements in revaluation reserve	14 529	24 362	(77 591)	(76 001)
a) increase (due to)	26 213	61 053	41 892	44 692
- foreign exchanges gains/losses	13 061	24 627	476	3 276
- deferred income tax	2 325	6 048	29 000	29 000
- revaluation of tangible assets	3 025	5 370	-	-
- revaluation of securities for sale	7 802	25 008	12 416	12 416
b) decrease (due to)	11 684	36 691	119 483	120 693
- revaluation of tangible assets	1 102	4 502	7 117	8 327
- revaluation of securities for sale	204	13 927	112 366	112 366
- deferred income tax	5 841	11 516	-	-
- foreign exchanges gains/losses	4 537	6 746	-	-
5.2. Revaluation reserve as at the end of the period	21 317	21 317	(68 032)	(68 032)

6. General banking risk reserve as at the beginning of the period	558 000	558 000	558 000	453 000
6.1. Movements in general banking risk reserve	-	-	-	105 000
a) increase (due to)	-	-	-	105 000
- appropriation of retained earnings	-	-	-	105 000
	-	-	-	-
	-	-	-	-
b) decrease (due to)	-	-	-	-
	-	-	-	-
	-	-	-	-
6.2. General banking risk reserve as at the end of the period	558 000	558 000	558 000	558 000
7. Other reserves as at the beginning of the period	186 922	794 915	794 915	794 915
7.1. Movements in other reserves	-	(607 993)	-	-
a) increase (due to):	-	-	-	-
- profit allocation to supplementary capital	-	-	-	-
- appropriation of profit	-	-	-	-
b) decrease (due to)	-	607 993	-	-
- loss coverage	-	607 993	-	-
- other	-	-	-	-
	-	-	-	-
	-	-	-	-
7.2. Other reserves as at the end of the period	186 922	186 922	794 915	794 915
8. Retained earnings (accumulated losses) as at the end of the period	-	(607 993)	(191 576)	336 180
8.1 Profit from previous years as at the beginning of the period	-	-	(191 576)	336 180
a) changes to accounting policy	-	-	(15 881)	(207 457)
b) adjustment of key miscalculation	-	-	-	-
8.2 Retained earnings as at the beginning of the period	-	-	(207 457)	128 723
8.3. Changes in retained earnings	-	-	-	(336 180)
a) increase (due to):	-	-	-	-
- allocation of retained earnings	-	-	-	-
	-	-	-	-
	-	-	-	-
b) decrease (due to):	-	-	-	336 180
- deduction to supplementary capital	-	-	-	-
- deduction to general banking risk reserve	-	-	-	105 000
- transfer to the Social Fund	-	-	-	1 475
- profit allocation to shareholder dividend	-	-	-	229 705
8.4 Retained earnings as at the end of the period	-	-	(207 457)	(207 457)
8.5 Accumulated losses as at the beginning of the period	-	(607 993)	-	-
a) changes to accounting policy	-	-	-	-
b) adjustment of key miscalculation	-	-	-	-
8.6. Accumulated losses as at the beginning of the period	-	(607 993)	-	-
8.7 Movements of loss from previous years	-	607 993	-	-
a) increase (due to):	-	-	-	-
- loss allocation from previous years for coverage	-	-	-	-
-	-	-	-	-
b) decrease (due to):	-	(607 993)	-	-
- coverage from reserve capital	-	(607 993)	-	-
-	-	-	-	-
8.8 Accumulated losses as at the end of the period	-	-	-	-
8.9 Retained earnings (accumulated losses) as at the end of the period	-	-	(207 457)	(207 457)
9. Net profit (loss)	66 153	66 153	(70 112)	(70 112)
a) net profit	66 153	66 153	-	-
b) net loss	-	-	70 112	70 112
II. Equity as at the end of the period (CB)	1 673 013	1 673 013	1 847 934	1 847 934

CASH FLOW STATEMENT	Q3 2003	Q1-3 2003 cumulative	Q3 2002	Q1-3 2002 cumulative
	from 01.07.2003 to 30.09.2003	from 01.01.2003 to 30.09.2003	from 01.07.2002 to 30.09.2002	from 01.01.2002 to 30.09.2002
A. Net cash flows from operating activities (I+/-II) - indirect method				
	568 140	2 236 283	526 211	(339 562)
I. Net profit (loss)	12 150	66 153	30 222	(70 112)
II. Total adjustments for:	555 990	2 170 130	495 989	(269 450)
1. Participation in profit (loss) of subordinated companies priced with equity method	(25 413)	(463)	56 307	156 131
2. Depreciation	33 415	101 600	31 675	93 411
3. Foreign exchange gains/losses	14 507	109 511	(1 008)	69 504
4. Interest and dividends	12 051	38 899	(10 759)	(18 517)
5. (Profit) loss on investments	(13 798)	(17 896)	(5 464)	29 871
6. Change in reserves	(31 486)	(71 733)	(136 344)	(23 647)
7. Change in debt securities	875 588	1 115 399	772 090	685 113
8. Change in receivables from the financial sector	(132 799)	394 132	161 529	8 114
9. Change in receivables from the non-financial and public sector	(545 613)	(733 781)	(397 326)	(1 377 883)
10. Change in amounts due in respect of purchase of securities with a buy back clause	(628 501)	(445 614)	-	-
11. Change in stocks or shares and securities and other financial instruments	3 571	385 174	(13 126)	(15 117)
12. Change in liabilities to the financial sector	518 646	(363 941)	(27 251)	(276 742)
13. Change in liabilities to the non-financial and public sector	80 271	161 089	(331 496)	(120 087)
14. Change in liabilities due to sold securities with a buy-back clause	288 778	1 011 137	4 697	207 578
15. Change in liabilities due to securities	46 619	244 240	-	-
16. Change in other liabilities	41 251	163 950	242 101	819 638
17. Change in prepayments	3 006	27 499	147 293	(5 847)
18. Change in deferred and qualified income	15 897	50 928	3 071	(500 970)
19. Other	-	-	-	-
III. Net cash flows from operating activities (I +/- II) - indirect method				
	568 140	2 236 283	526 211	(339 562)
B. Net cash flows from investment operations (I-II)				
	48 548	68 420	(369 513)	(473 158)
I. Incomes	106 396	218 333	131 962	420 105
1. Sale of stocks or shares in subsidiaries	4 697	5 010	93 956	164 974
2. Sale of stocks or shares in joint ventures	-	-	-	-
3. Sale of stocks or shares in affiliates	16 486	21 623	-	-
4. Sale of other stocks or shares, securities and other financial assets	77 940	179 466	26 035	234 323
5. Sale of intangible and tangible fixed assets	3 352	4 097	1 212	2 291
6. Sale of investment in real estate and intangible assets	-	-	-	-
7. Other incomes	3 921	8 137	10 759	18 517
II. Expenses	57 848	149 913	501 475	893 263
1. Purchase of stocks or shares in subsidiaries	5 643	12 146	449 761	594 138
2. Purchase of stocks or shares in joint ventures	-	-	-	-
3. Purchase of shares in affiliated	805	10 027	1 245	6 957
4. Purchase of other stocks or shares, securities and financial instruments	1 638	22 235	6 518	168 481
5. Purchase of intangible and tangible fixed assets	21 362	36 057	19 711	55 867
6. Investment in real estate and intangible assets	28 400	69 448	24 240	67 820
7. Other investments' expenses	-	-	-	-
III. Net cash flows from investment operations (I-II)				
	48 548	68 420	(369 513)	(473 158)

C. Net cash flows from financing activities	(826 510)	(689 910)	(44 796)	565 385
I. Incomes	56 340	1 242 306	203 910	927 910
1. Long term loans received from other banks	26 140	1 200 676	-	-
2. Long term loans received from financial sector, excluding banks	-	8 430	-	-
3. Issue of debt securities	30 200	33 200	-	-
4. Change in subordinated liabilities in plus	-	-	203 910	927 910
5. Net cash from shares' issue and payment to capital	-	-	-	-
6. Other incomes	-	-	-	-
II. Expenses	882 850	1 932 216	248 706	362 525
1. Long term loans repaid to other banks	848 170	1 850 995	-	57 773
2. Long term loans repaid to financial sector, excluding banks	18 708	29 640	-	18 238
3. Redemption of securities	-	-	-	-
4. Due to other financial liabilities	-	-	-	-
5. Payments due to financial leasing liabilities	-	-	-	-
6. Decrease of subholding liabilities	-	-	-	-
7. Dividends and other payments to owners	-	-	229 705	229 705
8. Payments for allocation of the profit (diferrent than payments to owners)	-	-	-	-
9. Acquisition of own shares	-	4 545	-	-
10. Other financial expenses	15 972	47 036	19 001	56 809
III. Net cash flows from financing activities (I-II)	(826 510)	(689 910)	(44 796)	565 385
D. Total net cash flows (A+B+C)	(209 822)	1 614 793	111 902	(247 335)
E. Net change in cash	(209 822)	1 614 793	111 902	(247 335)
- including change in cash due to foreign exchange	68 790	86 573	29 377	43 879
F. Cash at the beginning of the period	3 197 191	1 372 576	1 365 115	1 724 352
G. Cash at the end of the period (F+ D)	2 987 369	2 987 369	1 477 017	1 477 017

**COMMENTARY
TO THE CONSOLIDATED QUARTERLY REPORT
Q3 2003**

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, as amended).

The data contained in the Report were prepared in line with binding accounting regulations, according to the rules of valuation of assets and liabilities and measurement of the net financial profit as at the balance sheet date, taking account of adjustments in respect of provisions, including the deferred income tax provision mentioned in the Accountancy Act and asset revaluation appropriations.

A detailed description of the accounting policies and the valuation methodology used by the BRE Bank SA Capital Group ("Group") are presented in the Consolidated Semi-Annual Report for H1 2003 published on 30 September 2003.

The following changes of the accounting principles were introduced in 2003:

- commissions received or paid greater than PLN 500 thousand are recognised over time throughout the lifetime of the transaction;
- as of January 2003, the Bank sets up provisions for employee benefits based on actuarial valuation under IAS 19.

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

- assets and liabilities items of the balance sheet were converted according to the mid rate prevailing on 30 September 2003 quoted by the National Bank of Poland (NBP), i.e., 4.6435 PLN to 1 EUR;

- income statement items for the nine months of 2003 were converted according to the arithmetic mean of the mid rates quoted by NBP on the last day of each of the nine months of 2003, i.e., 4.3618 PLN to 1 EUR.

Structure of the BRE Bank SA Capital Group

Pursuant to the requirements of the Accountancy Act, the Group comprises all subsidiaries and affiliates important from the viewpoint of financial statements, other than those acquired with the sole purpose to be sold.

Pursuant to the requirements of the Regulation of the Minister of Finance dated 12 December 2001 concerning rules of drawing up consolidated financial statements of banks and consolidated reports of financial holdings, those subsidiaries and affiliates which meet the criteria of classification as banks, credit institutions, or financial institutions in the sense of the Banking Law are covered by the consolidated financial statements.

The structure of the Group did not change compared to that presented in the Q2 2003 report. The Q1 2003 commentary includes a detailed discussion of changes in the structure of the Group compared to that presented in 2002 reports.

Comparability of Financial Data

The data presented in the report (other than differences due to changes in the structure of the Group in 2003) are comparable.

The valuation of derivatives previously presented under "Other assets" is presented in this Report under "Other securities and other financial assets." Pursuant to the recommendations of NBP concerning the presentation of the income statement, the result on the sale of subsidiaries previously presented under "Result on financial transactions" is now presented under "Income from stocks and shares, other securities and other variable income financial instruments." Respective adjustments were made in the data for all periods presented in the Report.

In the consolidated financial statements at 30 September 2003, the Bank changed the recognition of the indirect holding (via Intermarket Bank AG) of the stocks of Transfinance a.s. and Polfactor SA. Previously, the indirect holding was recognised through an (upward) adjustment of cost in correspondence with the net assets for Intermarket Bank AG and through a (downward) adjustment of cost for Transfinance a.s. and Polfactor SA.

The Bank changed the recognition of the negative goodwill arising from the Bank's indirect acquisition of stocks in Transfinance a.s. and Polfactor SA in 2000.

	Transfinance a.s PLN'000	Polfactor SA PLN'000
Cost	0	0
Share in net assets on acquisition	2,342	3,980
Negative goodwill	-2,342	-3,980

The negative goodwill of these two companies totalling PLN 2,319 thousand including depreciation was recognised in correspondence with an adjustments of retained profit (at PLN 3,055 thousand). Current depreciation of the negative goodwill was recognised in the consolidated income statement at PLN 948 thousand. If the above mentioned change were made in the semi-annual financial statements, the change of the net profit would be PLN 632 thousand.

In order to ensure the comparability of data, the respective amounts at 30 September 2002 and 30 June 2002 were adjusted.

Factors and Events that Materially Affected the Profitability of the Group Q3 2003

At 30 September 2003, the Group reported a net profit of PLN 68,592 thousand, and its holding company (BRE Bank SA) a profit of PLN 66,153 thousand. The growth in the profit in Q3 2002 was lower than in Q2 2003: ca. 37% and 45%, respectively.

The main factors affecting the profitability of Q3 2003 included:

- **Net interest income** – In Q3 2003, the growth of the net interest income was small compared to earlier periods. The low growth (PLN 13.7 million, compared to PLN 62.2 million in Q2 2003) was mainly recorded by BRE Bank. This net interest income is a result of the downturn on the securities market. Falling prices of securities forced the Bank to sell securities at a loss, affecting the net interest income.

The lower growth of interest on securities in Q3 2003 was not set off by income on the growing loan portfolio.

The net interest income of Group subsidiaries (net of mutual transactions) was down 4.8% in Q3 2003. The companies whose income has a strong impact on the results of the Group traditionally include BRE Leasing (PLN 55.0 million) and Rheinhyp-BRE Bank Hipoteczny (PLN 16.9 million). Interest paid to investors by BRE International Finance at PLN 30 million was a significant cost item to the Group's net interest income.

- **Result on financial transactions** – In Q3 2003, the result on financial transactions went down PLN 41.7 million in the holding company and PLN 34.2 million on a consolidated basis. The falling market prices of debt securities required a revaluation of the portfolio of securities marked for trading. In Q3 2003, the value of these securities went down (PLN 4.7 million). However, the incremental change in the valuation of the portfolio year to date is positive (PLN 94 million). The valuation of derivatives was also down in Q3 (ca. PLN 36 million). The effect of the financial transactions of the subsidiaries of the Group is minor (ca. PLN 7 million up at the end of Q3).

- **FX result** – In Q3, the fx results nearly doubled, mainly due to the fx result of BRE Bank. BRE Bank's result of PLN 167 million included realised and unrealised fx differences from the revaluation of the balance sheet and off balance sheet position (PLN 105.9 million) and the fx margin (PLN 61 million). The lower consolidated result is due to consolidation adjustments (result down ca. PLN 25 million) while the total fx result of the other subsidiaries of the Group added PLN 8.8 million to the consolidated result. The fx result includes interest income and cost realised on fx swaps. If it were recognised under interest income, the Bank's fx result would be PLN 62.3 million lower to the advantage of net interest income.

- **Other operating income** – This item was much higher on a consolidated basis than on a stand-alone basis at the holding company due to the income of the Skarbiec Asset Management Holding (ca. PLN 36 million), mainly income from asset management

operations of the subsidiaries of SAMH, as well as the income of PTE Skarbiec Emerytura (ca. PLN 24 million).

- **Overhead costs of the Group** – The costs of the Group incurred in Q3 were nearly 5% down Q/Q, mainly due to reduced costs of the holding company whose overheads were down ca. 6% Q/Q. Personnel costs remained largely unchanged while other overheads dropped by nearly 10%. In Q3, unlike in earlier quarters, no significant cost of advertising and promotion of the retail banking business was incurred, the costs of IT infrastructure were lower, some maintenance costs were cut. The subsidiaries of the Group reduced their costs by ca. 3% Q/Q.

The income statement of Q3 2003 by business line of the BRE Bank Group is shown in the table in page 10.

The income tax charged against the profit of the Group at 30 September 2003 was PLN 4,660 thousand, including current tax of PLN 14,685 thousand and reduction of the deferred tax (increase of the profit) of PLN 10,025 thousand. No income tax was charged against the profit of the holding company as it was set off by a part of the tax loss incurred in 2002. The deferred tax of the Bank decreased by PLN 14,052 thousand Q/Q.

The long-term outlook of PTE Skarbiec Emerytura improved due to amended regulations applicable to pension funds and the resolved problem of the debt of FUS [Social Security Fund] to private pension funds. Consequently, the consolidated financial statements include an item “Deferred tax asset” due to tax losses incurred in previous years. The deferred tax asset recognised in the consolidated financial statements was PLN 19.8 million.

The positive outlook of the subsidiaries of the Skarbiec Asset Management Holding allowed for the recognition of a tax loss of PLN 2.1 million.

The total assets of the Group grew 1.6% in Q3 2003, the total assets of the holding company grew 0.8%. The major changes in the balance sheet in Q3 2003 included:

- Further growth of the loan portfolio. BRE Bank’s receivables from clients grew 5.8%. The portfolios of those subsidiaries of the Group for whom this is an important asset also grew. Loans granted grew by over PLN 115 million (8.3%) at Rheinhyp-BRE Bank Hipoteczny, ca. PLN 113 million (7.9%) at BRE Leasing, PLN 63 million (12.3%) at Intermarket Bank, and PLN 38 million (25.5%) at Magyar Factor.
- The debt securities portfolio was down over 16%, mainly due to the reduction of the Treasury bond portfolio by ca. PLN 640 million (36%).
- The change in the portfolio of stocks and shares was due to disposals of stocks and shares in the following companies (balance sheet value in brackets): Jasan Sp. z o.o. (PLN 12.7 million), Optimus SA (PLN 16 million), Elektrim SA (PLN 71 million), Orlen SA (PLN 59.9 million).
- Small (less than 15) growth in deposits of clients and governmental institutions. At BRE Bank in Q3 2003, only retail deposits were on the increase (up 6%), including mBank deposits (up 5.4%) and Multibank deposits (up 10.5%). Corporate deposits fell 1.4%. In the subsidiaries of the Group, liabilities to clients grew 5.4%. The highest growth in liabilities to clients was reported by BRE Bank Securities where funds in clients’ investment accounts grew 43.5%.

The solvency ratio of the BRE Bank Group was 8.91% at 30 September 2003.

The value of off-balance sheet liabilities related to purchase/sale transactions stated at PLN 187.8 billion in the accounts as at 30 September 2003 is almost fully related to the holding company. It is partly “overstated” (by PLN 59.8 billion) as some items are not netted off in the presentation, pursuant to the Instructions for Drafting Banks’ Reports in Conjunction with the Model Chart of Accounts issued by NBP’s General Inspectorate of Banking Supervision. This applies to foreign currencies and zlotys as well as interest to be received.

The netted value of off-balance sheet items, i.e., PLN 128.5 billion, represents the nominal value of derivative transactions and interest streams related to the following instruments:

- a) Spot and forward transactions (PLN and FX to be paid out) – PLN 29.6 billion;
- b) Forward Rate Agreements (FRA) – PLN 48.2 billion;
- c) Interest Rate Swaps (IRS) interest paid – PLN 30.2 billion;
- d) FX options – PLN 14.0 billion;
- e) Other – PLN 6.5 billion (interest rate options: PLN 1.0 billion, other instruments: PLN 5.5 billion).

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

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

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

Adjustments for Provisions

At 30 September 2003, amounts written off by the Group as specific provisions for loans and guarantees and the revaluation of financial assets amounted to PLN 246,366 thousand, including PLN 245,313 thousand written off as specific provisions and PLN 1,053 thousand written off as revaluation of financial assets. Provisions released by the Group at 30 September 2003 were PLN 242,010 thousand, including specific provisions for loans and guarantees PLN 239,293 thousand and revaluation of financial assets PLN 2,717 thousand.

At BRE Bank SA at 30 September 2003, total write-offs for provisions amounted to PLN 200,268 thousand, including PLN 199,287 thousand written off as specific provisions and PLN 981 thousand written off as revaluation of financial assets. Provisions released were PLN 212,914 thousand, including provisions for loans and guarantees PLN 212,663 thousand and revaluation of financial assets PLN 251 thousand.

Major Events of Q3 2003

- On 21 July 2003, the company BRE Finance France with a share capital of EUR 225,000 was registered in Levallois-Perret, France. The Bank took up shares representing 99.97% of the share capital and votes. This is a long-term investment of the Bank.
- BRE Bank SA sold a package of 8,211,092 Elektrim SA stocks to Polsat Media on 22 July 2003.
- On 8 August 2003, BRE Bank acquired discounted bonds of Optimus SA, an affiliate of BRE Bank SA, with a total nominal value of PLN 8,120 thousand. The cost of the bonds was PLN 7,953 thousand. The bonds are redeemable on 28 November 2003.
- On 27 August 2003, BRE Bank SA signed an agreement to sell shares in Jasan Sp. z o.o. to Jasan Nowy Sp. z o.o. The sold shares represent 71.5% of the share capital and votes of

Jasan Sp. z o.o. The price for the sold shares was equivalent to PLN 12,675 thousand, equal to the value in the Bank's books. The Bank had acquired the shares in Jasan Sp. z o.o. under a registered pledge agreement.

- Following the call by BRE Bank SA on International Trading and Investments Holdings SA (ITI Holdings) to sell 163,256 stocks of Optimus SA and in connection to the fact that ITI Holdings informed BRE Bank of the sale of 160,932 Optimus SA stocks closed on 28 August 2003, BRE Bank SA was relieved from the obligation to acquire 160,932 Optimus SA stocks from ITI Holdings, i.e., the vast majority of the remainder of the second package of Optimus SA stocks. Neither BRE Bank nor any of the companies associated with BRE Bank acquired the said packages.
- In stock exchange transactions closed on 1–4 September 2003, BRE Bank SA sold 1,021,863 Optimus SA stocks representing 10.89% of the share capital and votes in the company. On 4 and 5 September 2003, BRE Bank sold 718,603 Optimus SA stocks representing 7.66% of the share capital and votes in the company. After these transactions, BRE Bank SA holds 938,511 Optimus SA stocks representing 10.0% of the share capital and votes in the company.
- On 23 September 2003, BRE Bank SA and Tele-Tech Investment Sp. z o.o. (TTI), an affiliate of BRE Bank SA, executed an agreement providing for the sale to TTI of 1,601 shares of BRE.locum Sp. z o.o. for PLN 9,684,536. The sold package of shares represents 20.01% of the share capital and votes of BRE.locum. The value of the sold shares in the books of BRE Bank SA was PLN 9,684,536.

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

- As of 9 September 2003, BRE Bank on several occasions issued certificates of deposit taken up by a contractor of the Bank for PLN 212,748,744 thousand. BRE Bank issued further certificates as of 14 October 2003; these were taken up by a contractor of the Bank for PLN 181,663,703 thousand.
- BRE Bank's supervisors and managers sold 68,586 BRE Bank stocks for PLN 7,318,049.
- On 21 October 2003, BRE Bank and Rheinyp-BRE Bank Hipoteczny ("Rheinyp") executed an agreement concerning a service sub-issue of mortgage bonds issued by Rheinyp and admitted into public trading under a decision of the Securities and Exchange Commission of February 2003. BRE Bank agreed to subscribe for and to take up mortgage bonds for not more than PLN 200,000,000. The issue was successful and all mortgage bonds were taken up by investors.
- On 27 October 2003, BRE Bank and Erste Europaeische Pfandbrief – und Komunalcreditbank AG in Luxembourg, a subsidiary of Commerzbank AG, entered into an agreement whereby BRE Bank was given a three-year loan of CHF 75,000,000 (PLN 225,892,500) which falls due on 23 November 2006.
- On 27 October 2003, BRE Bank and Eurohypo AG signed a letter of intent concerning BRE Bank's purchase of 50% of stocks of Rheinyp-BRE Bank Hipoteczny SA. If the binding agreement concerning the sale of the stocks is concluded, BRE Bank will become the owner of 100% of stocks of Rheinyp-BRE Bank Hipoteczny SA. The parties intend to sign the stocks sale agreement before 30 November 2003.
- On 30 October 2003, BRE Bank as the Guarantor of Eurobonds and BRE Finance France (subsidiary) as the Issuer of Eurobonds, Commerzbank and Dresdner Bank AG as Lead Managers, Erste Bank der Österreichen Sparkassen AG, Standard Bank London Limited and WZG-Bank Westdeutsche Genossenschafts-Zentralbank AG as Managers signed a

subscription agreement whereby BRE Finance France shall issue EUR 200 million bonds. On 3 November 2003, BRE Finance France issued the Eurobonds with a nominal value of EUR 200 million (PLN 931.3 million). On 3 November 2003, BRE Bank and BRE Finance France signed a cash deposit agreement whereby the company made a cash deposit of EUR 199.5 million (PLN 929.1 million) securing the guarantee on 3 November 2003. The cash deposit will remain with BRE Bank SA until the redemption of the bonds in 2006.

- The conditions precedent were met under the agreement dated 30 June 2003 concerning the refinancing of the long-term debt of ITI Holdings to BRE Bank SA. As the transaction was closed, a company where BRE Bank holds a minority stake took up 10% of shares in TVN Sp. z o.o. in return for ITI Holdings bonds with a nominal value of US\$ 42.5 million held by BRE Bank. Under an additional agreement, the parties amended the terms and conditions of the issue of short-term and long-term bonds issued by a subsidiary of ITI Holdings whereby, in the case of a significant increase in the consolidated debt of TVN Sp. z o.o.:
 - the security of the long-term bonds worth US\$ 50,050,000 issued for BRE Bank SA and other investors and guaranteed by ITI Holdings SA will be increased accordingly;
 - short-term bonds (also guaranteed by ITI Holdings SA) will be issued in two series (rather than four): one with a nominal value of US\$ 6,000,000 redeemable in December 2003, and the other with a nominal value of US\$ 11,000,000 redeemable in June 2005.
 The restructuring of the debt of ITI Holdings SA should be closed before the end of December 2005.

Material Share Packages

Commerzbank AG was a shareholder holding over 5% of the share capital and votes at the General Meeting of Shareholders. Commerzbank AG increased its stake of shares and votes at the General Meeting of Shareholders of BRE Bank SA from 50% to 50.10% as of 28 October 2003.

Commercial Union Otwarty Fundusz Emerytalny BPH CU WBK, who in previous reporting periods held over 5% of the share capital and votes at the General Meeting of Shareholders of BRE Bank SA, informed on 17 October 2003 that following a disposal of shares it holds 4.86% of the share capital and votes.

Change in Shares and Options Held by Managers and Supervisors

	Bank's Management Board	Supervisory Board
Number of shares held as at 30 June 2003	113,335	77,617
Number of shares acquired in Q3	0	0
Number of shares sold in Q3	0	0
Number of shares held as at 30 September 2003	113,335	77,617
Number of options held as at 31 June 2003	133,000	0
Number of options acquired in Q3	0	0
Number of options sold in Q3	0	0
Number of options held as at 30 September 2003	133,000	0

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

The total value of the Bank's receivables or liabilities disputed in proceedings before a court, an arbitration body or a public administration authority is less than 10% of the Bank's equity. As a creditor, the Bank takes part in bankruptcy, restructuring and bill-of-exchange proceedings whose total amount (including interest) is PLN 434,229 thousand.

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

In Q3 2003, 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 at 30 September 2003 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

Other than the day-to-day operations of the Bank and the companies of the Group, no events that might significantly affect the results of the quarter are expected to occur in Q4 2002.

BRE Bank SA Group
At 30 September 2003

Income Statement by Business Line

PLN'000

	Corporate Banking	Investment Banking	Strategic Investments	Proprietary Invest	Private Banking + Retail Banking	Other - not assigned to business lines/consoli- dation adjustments	Total BRE Bank Group
1. Result on banking operations, incl. provisions	367 549	143 311	(39 554)	94 129	42 949	(7 163)	601 220
2. Overhead costs and depreciation	223 119	75 403	65 853	11 364	145 126	60 436	581 300
3. Gross profit (loss)	144 569	73 547	(49 879)	85 358	(101 913)	(67 027)	84 656
4. Share in the profit (loss) of subsidiaries subject to equity accounting valuation	4 488	0	10 834	(14 359)		(4 335)	(3 371)
5. Net profit (loss)	117 302	44 474	(4 479)	49 457	(74 396)	(63 766)	68 592