Form SAB-QSr 2/ 2002

(for banks)

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 Q2 2002: **7 August 2002**
(date of submittal)

SELECTED FINANCIAL DATA (current year)	PLN'000		EUR'000	
	Q2 from 1 Apr 2002 to 30 Jun 2002	Incremental from 1 Jan 2001 to 30 Jun 2000	Q1 from 1 Apr 2002 to 30 Jun 2002	Incremental from 1 Jan 2001 to 30 Jun 2000
I. Interest income	853 997		230 648	
II. Commission income	139 103		37 569	
III. Profit (loss) on banking activity	449 093		121 291	
IV. Operating profit (loss)	-40 804		-11 020	
V. Gross profit (loss) before tax	-48 575		-13 119	
VI. Net profit (loss)	-92 895		-25 089	
VII. Net cash from operating activities	-478 971		-129 361	
VIII. Net cash from investing activities	-428 846		-115 823	
IX . Net cash from financing activities	734 552		198 388	
X. Total net cash flows	-173 265		-46 795	
XI. Total assets	27 114 550		6 763 251	
XII. Liabilities to the central bank	127 176		31 722	
XIII. Liabilities to other financial institutions	7 895 076		1 969 289	
XIV. Liabilities to customers and the public sector	10 430 179		2 601 626	
XV. Equity	1 921 709		479 337	
XVI. Share capital	91 882		22 918	
XVII. Number of shares	22 970 500		22 970 500	
XVIII. Book value per share in PLN/EURO	83,66		20,87	
XIX. Diluted book value per share	83,66		20,87	
XX. Solvency ratio	11		11	
XXI. Profit (loss) per ordinary share in PLN	-4,04		-1,09	
XXII. Diluted profit (loss) per ordinary share in PLN	-4,04		-1,09	
XXIII. Dividend declared or paid out per ordinary share (in zł/EURO)	10,00		2,49	

In connexion with the lack of possibility to write down the full value of solvency ratio, we inform its value is 11,70%.

CONSOLIDATED BALANCE SHEET [PLN'000]	As at 30 Jun 2002 End of this quarter (current year)	As at 31 Mar 2002 end of previous quarter (current year)	As at 30 Jun 2001 end of this quarter (previous year)	As at 31 Mar 2001 end of previous quarter (previous year)
A s s e t s				
I. Cash in hand and in the National Bank of Poland	524 497	493 534		
II. Debt securities eligible for refinancing at NBP	75 133	23 168		
III. Receivables from other financial institutions	2 478 641	3 330 197		
1. Short-term receivables	933 538	2 248 582		
a) Current receivables	886 562	1 992 956		
b) Other short-term receivables	46 976	255 626		
2. Long-term receivables	1 545 103	1 081 615		
IV. Receivables from clients institutions	12 348 379	11 794 704		

1. Short-term receivables	3 165 629	6 332 832		
a) Current receivables	1 774 019	1 863 635		
b) Other short-term receivables	1 391 610	4 469 197		
2. Long-term receivables	9 182 750	5 461 872		
V. Receivables from governmental institutions	1 024 411	1 019 233		
1. Short-term receivables	11 128	1 006 485		
a) Current receivables	6 112	3 275		
b) Other short-term receivables	5 016	1 003 210		
2. Long-term receivables	1 013 283	12 748		
VI. Receivables under acquired securities with a buy-back clause	84 707			
VII. Debt securities	4 359 679	4 745 603		
VIII. Receivables from subordinates priced with equity method	16 362	19		
1. Subsidiaries	15 410	19		
3. Affiliates	952			
IX. Shares in subsidiaries priced with equity method	232 704	218 537		
XI. Shares in affiliates priced with equity method	41 147	24 099		
XII. Shares in other companies	52 210	36 987		
XIII. Other securities and financial assets	705 681	1 033 084		
XIV. Intangible fixed assets, including:	218 868	213 442		
- goodwill	65 446	68 099		
XV. Goodwill from subordinates	130 250	116 058		
XVI. Tangible fixed assets	967 933	959 657		
XVII. Other assets	2 867 555	2 386 666		
1. Assets acquired through debt recovery - for sale	27 568	27 832		
2. Inventories	6 392	12 311		
3. Other	2 833 595	2 346 523		
XVIII. Prepayments	986 393	798 248		
1. Deferred income tax	916 601	703 489		
2. Other prepayments	69 792	94 759		
Total assets	**27 114 550**	**27 193 236**		

Liabilities				
I. Liabilities to NBP	127 176	122 881		
II. Liabilities to other financial institutions	7 895 076	9 093 934		
1. Short-term liabilities	1 893 139	5 643 500		
a) Current liabilities	1 214 342	2 435 356		
b) Other short-term liabilities	678 797	3 208 144		
2. Long-term liabilities	6 001 937	3 450 434		
III. Liabilities to clients institutions	10 230 221	10 319 194		
1. Short-term liabilities	4 495 031	8 984 936		
a) Current liabilities, including:	4 091 518	3 629 615		
- saving deposits	1 114 065	909 927		
b) Other short-term liabilities, including:	403 513	5 355 321		
- saving deposits	4 189	163 462		
2. Long-term liabilities, including:	5 735 190	1 334 258		
- saving deposits	486 130	316 549		
IV. Liabilities to governmental institutions	199 958	276 960		
1. Short-term liabilities	65 667	271 443		
a) Current liabilities	62 558	20 948		
b) Other short-term liabilities	3 109	250 495		
2. Long-term liabilities	134 291	5 517		
V. Securities sold with a buy-back clause	202 881			
VI. Securities issued	1 517 490	1 337 041		
1. Short-term securities	192 136	60 002		
2. Long-term securities	1 325 354	1 277 039		
VII. Other financial instruments liabilities	2 354 721	1 663 855		

VIII. Liabilities to subordinates priced with equity method	8 989	2 907		
1. Subsidiaries	8 552	2 907		
3. Affiliates	437			
IX. Special funds and other liabilities	617 500	301 810		
X. Accruals and deferred income	231 297	200 450		
1. Costs prepayments	52 818	29 103		
2. Goodwill (negative amount)	0	3 314		
3. Other deferred and qualified income	178 479	168 033		
XI. Goodwill of subordinated companies (negative amount)	1 140	1 260		
XII. Provisions	895 456	743 132		
1. Income tax provision	854 998	670 794		
2. Other	40 458	72 338		
a) short-term	17 736	19 492		
b) long-term	22 722	52 846		
XIII. Subordinated liabilities	761 020	756 002		
XIV. Capitals of minority shareholders	149 916	145 841		
XV. Share capital	91 882	91 882		
XVIII. Supplementary capital	685 802	651 792		
XIX. Revaluation capital	9 868	8 063		
XX. Other reserve capital	1 356 769	1 248 697		
XXI. FX gains/losses from the conversion of subordinates	504	1 958		
1. Foreign exchange gains	3 637	6 376		
2. Foreign exchange losses	-3 133	-4 418		
XXII. Net profit (loss) from previous years	-130 221	232 022		
XXIII. Net profit (loss)	-92 895	-6 445		
Total liabilities	**27 114 550**	**27 193 236**		

Capital adequacy ratio	**11**	**14**		

Book value	**1 921 709**	**2 227 969**		
Number of shares	**22 970 500**	**22 970 500**		
Book value per share (in PLN)	**83,66**	**97,00**		

Anticipated number of shares	**22 970 500**	**22 970 500**		
Diluted book value per share (in PLN)	**83,66**	**97,00**		

In connextion with the lack of possibility to write down the full value of solvency ratio, we inform its value is 11,70% in Q2, and in Q1 the value was 14,39%.

CONSOLIDATED OFF-BALANCE-SHEET ITEMS	**As at 30 Jun 2002 end of this quarter (current year)**	**As at 31 Mar 2002 end of previous quarter (current year)**	**As at 30 Jun 2001 end of this quarter (previous year)**	**As at 31 Mar 2001 end of previous quarter (previous year)**
I. Contingent liabilities extended and received	6 084 134	6 245 074		
1. Liabilities extended	5 392 430	5 519 389		
a) financing	4 001 985	4 225 175		
b) guarantees	1 390 445	1 294 214		
2. Liabilities received	691 704	725 685		
a) financing	227 052	172 463		
b) guarantees	464 652	553 222		
II. Liabilities related to realised purchase/sale transactions	197 330 886	176 411 493		
III. Other (due to)	165 448			
- factoring receivables	165 448			
Total off-balance-sheet items	203 580 468	182 656 567		

CONSOLIDATED PROFIT AND LOSS ACCOUNT	Q2 (current year) from 1 Apr 2002 to 30 Jun 2002	Q1-2 cumulative From 1 Jan 2002 to 30 Jun 2002	Q2 (previous year) from 1 Jan 2001 to 31 Mar 2001	Q1-2 cumulative From 1 Jan 2001 to 30 Jun 2001
I. Interest income	405 011	853 997		
II. Interest expense	319 331	674 648		
III. Net interest income (I-II)	85 680	179 349		
IV. Commission income	60 011	139 103		
V. Commission expense	12 769	29 920		
VI. Net commission income (IV-V)	47 242	109 183		
VII. Net income of goods sold	7 275	14 425		
VIII. Cost of goods sold	-1 850	588		
X. Profit on sale (VII-VIII-IX)	9 125	13 837		
XI. Profit (loss) on variable income shares, associated interests and other financial instruments	6 313	8 564		
1. From subsidiaries	2 602	4 853		
3. From affiliates	3 267	3 267		
4. From others	444	444		
XII. Profit on financial operations	10 397	-35 140		
XIII. Foreign exchange gains/losses	61 374	173 300		
XIV. Profit (loss) on banking activity	220 131	449 093		
XV. Other operating income	43 721	103 252		
XVI. Other operating expenses	26 199	82 026		
XVII. Overheads	167 133	326 610		
XVIII. Depreciation of tangible and intangible fixed assets	37 461	73 752		
XIX. Appropriation for provisions and revaluation	199 711	316 495		
1 Transfer to specific provisions and to general banking risk	197 149	314 842		
2. Revaluation of financial assets	2 562	1 653		
XX. Reversal of provisions and revaluation	113 433	205 734		
1 Transfer to specific provisions and to general banking risk	119 647	205 288		
2. Revaluation of financial assets	-6 214	446		
XXI. Difference in provisions and revaluation appropriations and reversal (XIX-XX)	86 278	110 761		
XXII. Profit before extraordinary items	-53 219	-40 804		
XXIII. Profit (loss) on extraordinary items	667	1 061		
1. Extraordinary gains	996	1 696		
2. Extraordinary losses	329	635		
XXIV. Appropriations of goodwill of subordinates	223	9 072		
XXV. Transfer of negative amount of subordinates' goodwill	120	240		
XXVI. Gross profit (loss) before tax	-52 655	-48 575		
XXVII. Income tax	-33 126	-20 480		
1. Current part	2 520	5 244		
2. Postponed part	-35 646	-25 724		
XXVIII. Other obligatory deductions against the gross profit (increase in loss)	7	7		
XXIX. Participation in profit (loss) of subordinated companies priced with equity method	-60 721	-61 332		
XXX. (Profit) Loss of minority shareholders	6 193	3 461		
XXXI. Net profit (loss)	-86 450	-92 895		

Net profit (loss) (for 12 months)	**-92 895**			
Weighted average number of ordinary shares	**22 970 500**			
Net profit (loss) per 1 ordinary share [PLN]	**-4,04**			
Weighted average diluted number of ordinary shares	**22 970 500**			
Diluted net profit (loss) per 1 ordinary share [PLN]	**-4,04**			

MOVEMENTS IN CONSOLIDATED EQUITY	Q2 (current year) from 1 Apr 2002 to 30 Jun 2002	Q1-2 cumulative From 1 Jan 2002 to 30 Jun 2002	Q2 (previous year) from 1 Jan 2001 to 31 Mar 2001	Q1-2 cumulative From 1 Jan 2001 to 30 Jun 2001
I. Equity as at the beginning of the year (OB)	2 951 969	2 201 625		
a) changes to accounting policies	-221 327	-188 398		
I.a. Equity as at the beginning of the year (OB) after reconciliation to comparative data	2 730 642	2 013 227		
1. Share capital as at the beginning of the year	91 882	91 882		
1.2. Share capital as at the end of the year	91 882	91 882		
4. Supplementary capital as at the beginning of the year	651 792	622 559		
4.1. Movements in the supplementary capital	34 010	63 243		
a) increase (due to):	34 009	64 520		
- (statutory) appropriation of profit	400	400		
- reclassification from reserve capital	234	234		
- inclusion of companies	33 375	33 375		
- exclusion from consolidation in connection of selling the company		30 511		
b) decrease (due to):	-1	1 277		
- adjustment of opening balance		750		
- liquidation of capital in connection of shareholders payments	-1	527		
4.2. Supplementary capital as at the end of the year	685 802	685 802		
5. Revaluation reserve as at the beginning of the year	8 063	8 063		
5.1. Movements in revaluation reserve	1 805	1 805		
a) increase (due to)	3 015	3 015		
- foreign exchanges differences	2 800	2 800		
- valuation of units of participation	215	215		
b) decrease (due to)	1 210	1 210		
- swap valuation	1 210	1 210		
5.2. Revaluation reserve as at the end of the year	9 868	9 868		
6. General banking risk reserve as at the beginning of the year	453 000	453 000		
6.1. Movements in general banking risk reserve	105 000	105 000		
a) increase (due to)	105 000	105 000		
- appropriation of profit from previous years	105 000	105 000		
6.2. General banking risk reserve as at the end of the year	558 000	558 000		
7. Other reserves as at the beginning of the year	795 541	795 541		
7.1. Movements in other reserves	3 228	3 228		
a) increase (due to):	4 678	4 678		
- transfer from profit to the supplementary capital	148	148		
- dividend payment	4 374	4 374		
- inclusion the company to consolidation	156	156		
b) decrease (due to)	1 450	1 450		
- reclassification to reserve capital	234	234		
- dividend payment by way of advance	1 216	1 216		
7.2. Other reserves as at the end of the year	798 769	798 769		
8. Foreign exchange losses on the translation of subordinated companies	504	504		
9. Profit or loss from previous years as at the beginning of the year	232 022	234 530		
9.1. Profit from previous years as at the beginning of the year	244 227	238 677		
a) changes to accounting policies	-26 604	7 770		
9.2. Profit from previous years as at the beginning of the year after reconciliation to comparative data	217 623	246 447		
9.3. Change of profit from previous years	-341 745	-370 569		
a) increase (due to):	510	2 197		
- inclusion the company to consolidation	92	1 779		

- increase of participation through indirect dependence	418	418		
-				
b) decrease (due to):	342 255	372 766		
- exclusion from consolidation in connection of selling the company		30 511		
- appropriation of profit to dividend for shareholders	230 858	230 858		
- transfer to the general banking risk reserve	105 000	105 000		
- transfer to the Social Fund	1 475	1 475		
- appropriation of profit to the supplementary capital	548	548		
- appropriation of profit to reserves	4 374	4 374		
9.4. Profit from previous years as at the end of the year	-124 122	-124 122		
9.5. Loss brought forward as at the beginning of the year	-12 205	-4 147		
a) changes to accounting policies	10 102	7 732		
9.6. Loss brought forward as at the beginning of the year after reconciliation to comparative data	-2 103	3 585		
9.7. Change of loss brought forward	-3 996	-9 684		
a) increase (due to):	-3 996	-9 684		
- inclusion the company to consolidation	-3 996	-9 684		
9.8. Loss brought forward as at the end of the year	-6 099	-6 099		
9.9. Retained earnings or loss brought forward as at the end of the year	-130 221	-130 221		
10. Net profit (loss)	-92 895	-92 895		
b) net loss	-92 895	-92 895		
II. Equity as at the end of the year (CB)	1 921 709	1 921 709		

CONSOLIDATED CASH FLOW STATEMENT	**Q2 (current year) from 1 Apr 2002 to 30 Jun 2002**	**Q1-2 cumulative From 1 Jan 2002 to 30 Jun 2002**	**Q2 (previous year) from 1 Apr 2001 to 30 Jun 2001**	**Q1-2 cumulative From 1 Jan 2001 to 30 Jun 2001**
A. Net cash flows from operating activities (I+/-II) - indirect method	199 588	-478 971		
I. Net profit (loss)	-86 450	-92 895		
II. Total adjustments for:	286 038	-386 076		
1. Profit (loss) of minority shareholders	729	3 461		
2. Participation in (profit) loss of subordinated companies priced with equity method	60 721	61 332		
3. Depreciation, including:	28 835	82 584		
- appropriations of goodwill of subordinates and goodwill of subordinates (negative amount)	103	8 832		
4. Foreign exchange gains/losses	18 502	70 512		
5. Interest and dividends	-2 709	10 618		
6. (Profit) loss on investments	31 797	51 825		
7. Change in provisions	159 972	922 511		
9. Change in debt securities	324 181	-48 798		
10. Change in receivables from financial institutions	891 987	-60 093		
11. Change in receivables from clients and governmental institutions	-574 721	-3 076 782		
12 . Change in receivables from acquired securities with a buy-back clause	-95 281	-84 707		
13. Change in shares and securities and other financial instruments	151 132	6 871		
14. Change in liabilities to financial institutions	-1 094 136	-270 553		
15. Change in liabilities to clients and governmental institutions	-165 974	662 936		
16. Change in liabilities under issued securities with a buy-back clause	202 881	202 881		
17. Change in liabilities under securities	180 449	1 514 475		

18. Change in other liabilities	618 027	1 157 181		
19. Change in prepayments	-279 724	-897 597		
20. Change in deferred and qualified income	-170 630	-694 733		
III. Net cash flows from operating activities (I+/-II) - indirect method	199 588	-478 971		

B. Net cash flows from investing activities (I-II)	-157 270	-428 846		
I. Incomes	274 890	479 325		
1. Sale of shares in subsidiary companies	56 300	56 302		
4. Sale of other shares, securities and financial instruments	213 843	412 720		
5. Sale of intangible and tangible fixed assets	1 325	1 945		
7. Other incomes	3 422	8 358		
II. Expenses	432 160	908 171		
1. Purchase of shares in subsidiary companies	59 019	163 099		
3. Purchase of shares in affiliated companies	415	5 712		
4. Purchase of other shares, securities and financial instruments	44 601	382 732		
5. Purchase of intangible and tangible fixed assets	28 047	42 884		
6. Building and intangible assets investments	300 078	313 744		
II. Net cash flows from investing activities (I-II)	-157 270	-428 846		

C. Net cash flows from financing activities (I-II)	35 547	734 552		
I. Incomes	382 246	1 106 980		
1. Long term loans received from other banks	79 610	79 610		
3. Issue of securities	299 049	299 049		
4. Change in subordinated liabilities in plus	3 587	728 321		
II. Expenses	346 699	372 428		
1. Long term loans repaid to other banks	69 802	69 802		
2. Long term loans repaid to other financial institutions	50 307	57 773		
3. Redemption of securities	184 870	184 870		
4. Due to other financial liabilities	33	33		
7. Dividends and other payments to owners	3 655	3 655		
11. Other financial expenses	38 032	56 295		
III. Net cash flows from financing activities (I-II)	35 547	734 552		

D. Total net cash flows (A+/-B+/-C)	77 865	-173 265		
E. Net change in cash	77 865	-173 265		
F. Cash at the beginning of the period	534 267	785 397		
G. Cash at the end of the period (F+/- D)	612 132	612 132		

QUARTERLY SHORTENED FINANCIAL STATEMENT

BALANCE SHEET [PLN'000]	As at 30 Jun 2002 end of this quarter (current year)	As at 31 Mar 2002 end of previous quarter (current year)	As at 30 Jun 2001 end of this quarter (previous year)	As at 31 Mar 2001 end of previous quarter (previous year)
A s s e t s				
I. Cash in hand and in the National Bank of Poland	518 400	487 579		
II. Debt securities eligible for refinancing at NBP	75 133	23 168		
III. Receivables from other financial institutions	2 598 651	3 674 948		
1. Current receivables	710 816	1 972 984		
2. Term receivables	1 887 835	1 701 964		
IV. Receivables from clients institutions	9 786 872	9 314 656		
1. Current receivables	1 768 443	1 538 914		
2. Term receivables	8 018 429	7 775 742		
V. Receivables from governmental institutions	1 020 174	1 017 251		
1. Current receivables	6 112	3 275		
2. Term receivables	1 014 062	1 013 976		
VII. Debt securities	4 643 497	5 009 521		
VIII. Shares in subsidiaries	503 774	779 366		
X. Shares in affiliates	52 012	31 434		
XI. Shares in other companies	15 565	20 874		
XII. Other securities and financial assets	577 090	664 427		
XIII. Intangible fixed assets, including:	207 612	202 051		
- goodwill	65 446	-		
XIV. Tangible fixed assets	871 499	854 749		
XV. Other assets	2 954 989	2 436 935		
1. Assets acquired through debt recovery - for sale	22 982	22 887		
2. Other	2 932 007	2 414 048		
XVI. Prepayments	866 963	668 710		
1. Deferred income tax	849 391	622 266		
2. Other prepayments	17 572	46 444		
T o t a l a s s e t s	**24 692 231**	**25 185 669**		

L i a b i l i t i e s				
I. Liabilities to NBP	127 176	122 881		
II. Liabilities to other financial institutions	7 728 403	8 984 575		
1. Current liabilities	1 066 535	2 296 387		
2. Term liabilities	6 661 868	6 688 188		
III. Liabilities to clients institutions	9 879 467	9 846 122		
1. Saving deposits	1 603 251	1 389 924		
a) Current deposits	1 113 015	909 913		
b) Term deposits	490 236	480 011		
2. Other	8 276 216	8 456 198		
a) Current deposits	2 896 423	2 497 667		
b) Term deposits	5 379 793	5 958 531		
IV. Liabilities to governmental institutions	197 330	272 470		
1. Current liabilities	62 371	18 664		
2. Term liabilities	134 959	253 806		
V. Securities issued with a buy-back clause	202 881			
VII. Other financial instruments liabilities	2 354 721	1 655 594		
VIII. Special funds and other liabilities	521 380	246 717		
IX. Accruals and deferred income	189 308	164 287		
1. Costs prepayments	23 590	8 900		
3. Other deferred and qualified income	165 718	155 387		

X. Provisions	849 070	677 159		
1. Income tax provision	828 226	624 345		
2. Other	20 844	52 814		
b) long-term	20 844	52 814		
XI. Subordinated liabilities	724 000	724 000		
XII. Share capital	91 882	91 882		
XV. Supplementary capital	748 738	748 738		
XVI. Revaluation capital	10 769	7 969		
XVII. Other reserve capital	1 352 915	1 247 916		
XVIII. Net profit (loss) from previous years	-188 398	369 109		
XIX. Net profit (loss)	-97 411	26 250		
Total liabilities	**24 692 231**	**25 185 669**		

Capital adequacy ratio	**11**	**14**		

Book value	**1 918 495**	**2 491 864**		
Number of shares	**22 970 500**	**22 970 500**		
Book value per share (in PLN)	**83,52**	**108,48**		

Anticipated number of shares	**22 970 500**	**22 970 500**		
Diluted book value per share (in PLN)	**83,52**	**108,48**		

In connextion with the lack of possibility to write down the full value of solvency ratio, we inform its value is 11,70% in Q2, and in Q1 the value was 14,39%.

OFF-BALANCE-SHEET ITEMS	**As at 30 Jun 2002 end of this quarter (current year)**	**As at 31 Mar 2002 end of previous quarter (current year)**	**As at 30 Jun 2001 end of this quarter (previous year)**	**As at 31 Mar 2001 end of previous quarter (previous year)**
I. Contingent liabilities extended and received	7 029 302	7 125 352		
1. Liabilities extended	6 488 699	6 485 463		
a) financing	3 741 556	3 979 883		
b) guarantees	2 747 143	2 505 580		
2. Liabilities received	540 603	639 889		
a) financing	133 911	120 481		
b) guarantees	406 692	519 408		
II. Liabilities related to realised purchase/sale transactions	197 221 160	176 495 947		
Total off-balance-sheet items	**204 250 462**	**183 621 299**		

PROFIT AND LOSS ACCOUNT	**Q2 (current year) from 1 Apr 2002 to 30 Jun 2002**	**Q1-2 cumulative From 1 Jan 2002 to 30 Jun 2002**	**Q2 (previous year) from 1 Apr 2001 to 30 Jun 2001**	**Q1-2 cumulative From 1 Jan 2001 to 30 Jun 2001**
I. Interest income	377 927	781 954		
II. Interest expense	312 405	641 245		
III. Net interest income (I-II)	65 522	140 709		
IV. Commission income	53 873	108 563		
V. Commission expense	9 037	23 417		
VI. Net commission income (IV-V)	44 836	85 146		
VII. Profit (loss) on variable income shares, associated interests and other financial instruments	4 422	9 358		
1. From subsidiaries	1 844	2 822		
3. From affiliates	2 555	6 513		
4. From others	23	23		

VIII. Profit on financial operations	-22 258	-58 486		
IX. Foreign exchange gains/losses	81 304	194 707		
X. Profit (loss) on banking activity	173 826	371 434		
XI. Other operating income	8 990	15 650		
XII. Other operating expenses	22 159	23 980		
XIII. Overheads	109 100	221 057		
XIV. Depreciation of tangible and intangible fixed assets	32 317	63 639		
XV. Appropriation for provisions and revaluation	181 621	279 638		
1 Transfer to specific provisions and to general banking risk	181 621	279 638		
XVI. Reversal of provisions and revaluation	108 829	184 146		
1. Release of provisions and general banking risk reserve	108 829	184 146		
XVII. Difference in provisions and revaluation appropriations and reversal (XV-XVI)	72 792	95 492		
XVIII. Profit before extraordinary items	-53 552	-17 084		
XIX. Profit (loss) on extraordinary items	40	52		
1. Extraordinary gains	41	139		
2. Extraordinary losses	1	87		
XX. Gross profit (loss) before tax	-53 512	-17 032		
XXI. Income tax	-33 118	-22 888		
2. Postponed part	-33 118	-22 888		
XXIII. Participation in profit (loss) of subordinates pricing with equity method	-103 267	-103 267		
XXVI. Net profit (loss)	-123 661	-97 411		

Net profit (loss) (for 12 months)	**-97 411**			
Weighted average number of ordinary shares	**22 970 500**			
Net profit (loss) per 1 ordinary share [PLN]	**-4,24**			
Weighted average diluted number of ordinary shares	**22 970 500**			
Diluted net profit (loss) per 1 ordinary share [PLN]	**-4,24**			

MOVEMENTS IN EQUITY	**Q2 (current year) from 1 Apr 2002 to 30 Jun 2002**	**Q1-2 cumulative From 1 Jan 2002 to 30 Jun 2002**	**Q2 (previous year) from 1 Apr 2001 to 30 Jun 2001**	**Q1-2 cumulative From 1 Jan 2001 to 30 Jun 2001**
I. Equity as at the beginning of the year (OB)	3 215 864	2 432 684		
a) changes to accounting policies	-221 327	-188 398		
I.a. Equity as at the beginning of the year (OB) after reconciliation to comparative data	2 994 537	2 244 286		
1. Share capital as at the beginning of the year	91 882	91 882		
1.2. Share capital as at the end of the year	91 882	91 882		
4. Supplementary capital as at the beginning of the year	748 738	748 738		
4.2. Supplementary capital as at the end of the year	748 738	748 738		
5. Revaluation reserve as at the beginning of the year	7 969	7 969		
5.1. Movements in revaluation reserve	2 800	2 800		
a) increase (due to)	2 800	2 800		
- foreign exchanges differences	2 800	2 800		
5.2. Revaluation reserve as at the end of the year	10 769	10 769		
6. General banking risk reserve as at the beginning of the year	453 000	453 000		
6.1. Movements in general banking risk reserve	105 000	105 000		
a) increase (due to)	105 000	105 000		
- appropriation of profit from previous years	105 000	105 000		
6.2. General banking risk reserve as at the end of the year	558 000	558 000		
7. Other reserves as at the beginning of the year	794 915	794 915		
7.2. Other reserves as at the end of the year	794 915	794 915		
8.1. Profit from previous years as at the beginning of the year	369 109	336 180		

a) changes to accounting policies	-221 327	-188 398		
8.2. Profit from previous years as at the beginning of the year after reconciliation to comparative data	147 782	147 782		
8.3. Movements in profit from previous years	-336 180	-336 180		
b) decrease (due to)	336 180	336 180		
- dividends for the shareholders	229 705	229 705		
- transfer to the Social Fund	1 475	1 475		
- transfer to the general banking risk reserve	105 000	105 000		
8.4. Profit from previous years as at the end of the year	-188 398	-188 398		
8.9. Retained earnings or loss brought forward as at the end of the year	-188 398	-188 398		
9. Net profit (loss)	-97 411	-97 411		
a) net loss	-97 411	-97 411		
II. Equity as at the end of the year (CB)	1 918 495	1 918 495		

CASH FLOW STATEMENT	Q2 (current year) from 1 Apr 2002 to 30 Jun 2002	Q1-2 cumulative From 1 Jan 2002 to 30 Jun 2002	Q2 (previous year) from 1 Jan 2001 to 31 Mar 2001	Q1-2 cumulative From 1 Jan 2001 to 30 Jun 2001
A. Net cash flows from operating activities (I+/-II) - indirect method	165 974	-668 680		
I. Net profit (loss)	-123 661	-97 411		
II. Total adjustments for:	289 635	-571 269		
1. Participation in (profit) loss of subordinates pricing with equity method	103 267	103 267		
2. Depreciation	32 317	63 639		
3. Foreign exchange gains/losses	18 502	70 512		
4. Interest and dividends	-21 085	-7 758		
5. (Profit) loss on investments	24 638	35 335		
6. Change in provisions	207 744	877 392		
7. Change in debt securities	304 378	-96 658		
8. Change in receivables from financial institutions	1 108 556	26 460		
9. Change in receivables from clients and governmental institutions	-491 007	-992 043		
11. Change in shares and securities and other financial instruments	-9 394	-31 483		
12. Change in liabilities to financial institutions	-1 124 544	-507 162		
13. Change in liabilities to clients and governmental institutions	-41 795	469 081		
14. Change in liabilities under issued securities with a buy-back clause	202 881	202 881		
16. Change in other liabilities	143 873	577 538		
17. Change in prepayments	-176 430	-858 229		
28. Change in deferred and qualified income	7 734	-504 041		
III. Net cash flows from operating activities (I+/-II) - indirect method	165 974	-668 680		

B. Net cash flows from investing activities (I-II)	-6 116	-120 863		
I. Incomes	117 141	270 925		
1. Sale of shares in subsidiary companies	53 800	53 800		
4. Sale of other shares, securities and financial instruments	59 560	208 288		
5. Sale of intangible and tangible fixed assets	959	1 079		
7. Other incomes	2 822	7 758		
II. Expenses	123 257	391 788		
1. Purchase of shares in subsidiary companies	40 297	144 377		
3. Purchase of shares in affiliated companies	415	5 712		

4. Purchase of other shares, securities and financial instruments	27 226	161 963		
5. Purchase of intangible and tangible fixed assets	25 325	36 156		
6. Building and intangible assets investments	29 994	43 580		
II. Net cash flows from investing activities (I-II)	-6 116	-120 863		

C. Net cash flows from financing activities (I-II)	-88 090	610 181		
I. Incomes		724 000		
4. Change in subordinated liabilities in plus		724 000		
II. Expenses	88 090	113 819		
1. Long term loans repaid to other banks	18 238	18 238		
2. Long term loans repaid to other financial institutions	50 307	57 773		
10. Other financial expenses	19 545	37 808		
III. Net cash flows from financing activities (I-II)	-88 090	610 181		

D. Total net cash flows (A+/-B+/-C)	71 768	-179 362		
E. Net change in cash	71 768	-179 362		
F. Cash at the beginning of the period	534 267	785 397		
G. Cash at the end of the period (F+/- D)	606 035	606 035		

COMMENTARY
TO THE CONSOLIDATED QUARTERLY REPORT
Q2 2002

Methodology Used in the Consolidated Quarterly Report

The Consolidated Quarterly Report comprises the Balance Sheet, the Profit and Loss Account, 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), the Act Amending the Accountancy Act dated 9 November 2001 (Journal of Laws No. 113, item 1186);
- 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);
- 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);
- the 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);
- 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);
- Regulation of the Council of Ministers dated 19 March 2002 amending the Regulation concerning current and periodic reports submitted by issuers of securities (Journal of Laws No. 31, item 280).

The data contained in the Report were prepared in line with binding accounting regulations, according to the rules of assets and liabilities valuation 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 Q1 2002 Consolidated Report SAB-QS 1/2002. According to the requirements of the Regulation of the Minister of Finance dated 10 December 2001 concerning specific accounting rules for banks and the information published in the Q1 2002

Report, the Bank performed a valuation of subsidiaries using the equity method as at 30 June 2002. The results of the valuation were stated in the balance sheet under "Retained Profit (Loss)." Except the said change of the valuation of subsidiaries, the accounting policies pursued by the Group did not change.

The exchange rate 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 28 June 2002 quoted by the National Bank of Poland (NBP), i.e., 4.0091 PLN to 1 EUR;
- Profit and Loss Account items for the six 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 6 months of 2002, i.e., 3.7026 PLN to 1 EUR.
- Profit and Loss Account items for Q2 2002 were converted according to the arithmetic mean of the mid rates quoted by NBP on the last day of each of the three months of Q2 2002, i.e., 3.7928 PLN to 1 EUR.

Structure of the BRE Bank SA Group

According 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 the Group comprises all subsidiaries and affiliates relevant to the financial statements other than those acquired with the intention to sell.
Those subsidiaries and affiliates which meet the criteria of classification as a bank, a credit institution, or a financial institution in the sense of the Banking Law were consolidated in the Financial Statements using the acquisition accounting method. The equity method of consolidation was applied only to BRE.locum Sp. z o.o. which did not meet those criteria (the company is a real estate developer).

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 Q1 2002 Report. The company BRE Fundusz Kapitałowy, now consolidated, was formed through the transformation of Drugi Polski Fundusz Rozwoju BRE – Sp. z o.o. and the incorporation of Pierwszy Polski Fundusz Rozwoju BRE – Sp. z o.o. (previously consolidated using the acquisition accounting method).

At 30 June 2002, BRE Bank SA together with its subsidiaries held 18,108 thousand shares in Elektrim SA, representing 21.6% of its equity. The Bank considers this to be a mid-term investment. Thereby, under the Accountancy Act, Elektrim SA became a subsidiary (affiliate) of the Bank and BRE Bank SA became a significant investor of Elektrim. Given the complexity and the important scale of the venture, as well as its extensive time line, the Management Board of the Bank decided to perform a valuation of Elektrim SA shares using the equity method in H2 2002 unless the investment in the company was reduced. Consequently, at 30 June 2002, the shares of Elektrim SA remained classified as "available for sale" and were stated at fair value, i.e., the stock price quoted on that date. The impact of unrealised losses from the valuation of Elektrim SA shares on the Bank's net financial profit in H1 2002 (i.e., taking account of the impact of deferred tax) was PLN 40,239 thousand.

In January 2002, the company Skarbiec Asset Management Holding SA ("SAMH") was registered. It is 100% owned by the Bank and will be the focus of the Group's asset management operation. SAMH will comprise, among others, companies operating as managers of investment funds, investment consultants, and the transfer agent. All shares owned by the Bank in Skarbiec TFI SA, shares in BRE Asset Management SA, shares in Serwis Finansowy Sp. z o.o., and shares in BRE Agent Transferowy Sp. z o.o. were sold to SAMH.
In Q2 2002, the capital of SAMH was increased twice by a total of PLN 20,067 thousand. The shares of both issues were acquired by BRE Bank SA.
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.

The Report does not present comparative data for the same periods of last year.

Factors and Events that Materially Affected the Profitability/Loss of Q2 2002

In Q2 2002, the Group reported a loss of PLN 86,450 thousand; the incremental loss generated by the Group in 2002 was PLN 92,895 thousand. The main factors that affected the financial results of Q2 include the following:

- Share in the losses of subsidiaries valuated using the equity method, amounting to PLN 61,332 thousand at the end of Q2. The largest item is the result of the equity method valuation of Szeptel SA (over PLN 31 million).
- Overvaluation of securities available for sale on the Warsaw Stock Exchange due to the overall unfavourable market conditions and falling stock prices. The fall in the value of securities caused a negative result on financial transactions. The major items were the packages of shares in the following companies held by the Group, stated at market price (fair value): Elektrim SA, Optimus SA.
- Deteriorating financial standing of many clients of the Bank, resulting in a growing share of irregular receivables in the loan portfolio. At the end of June 2002, irregular receivables were 15.2% of the portfolio and lost debt was 4.6%, compared to 13.1% and 3.5%, respectively, at the end of March 2002. This required additional provisioning for receivables from borrowers whose financial standing had deteriorated. The largest portion of new provisions relates to the Szczecin Shipyard; provisions were also set up for irregular consumer loans. In addition to specific provisions for credits and guarantees, over PLN 16 million was allocated to the general risk reserve.
- Continually falling margins on performing assets (at the parent company at the end of June 2002: 3.30% for PLN assets and 1.84% for FX assets, compared to 3.44% and 2.42%, respectively, at the end of March 2002, and 3.77% and 3.24% at the end of December 2001). As a result, in the absence of a counteracting effect of growing average balances of performing assets, the net interest income in Q2 was approximately 9% lower than that of the previous quarter. Stagnation in corporate banking caused a lower commission income (down approximately 24% compared to Q1).
- The overhead costs of the Group grew 4.8% despite a pursued strict cost reduction policy.
- The planned public offering of ITI Holding was not implemented, and the Bank could not realise its capital gains on ITI Holding securities.

Looking at the results of the parent company, BRE Bank SA, it is important to note that in its banking operations the Bank generated a profit of PLN 5.9 million at 30 June 2002. The valuation of 25 subsidiaries using the equity method produced a negative result of PLN 103.3 million, which caused a loss of PLN 97.4 million at the parent company. Of the companies valuated with the equity method, 17 were comprised by the Consolidated Financial Statements of the Group. (In addition to the parent company, the Group comprises 18 companies, including one sub-subsidiary.)

The income tax charged against the Group's profit at the end of Q2 2002 was PLN 5,244 thousand; the deferred income tax credited to the income statement was PLN 25,724 thousand.

The consolidated assets of the Group at the end of Q2 2002 were PLN 27,114,550 thousand, at the same level as in the previous quarter. There was some change, however, in individual items of the Consolidated Balance Sheet, mainly due to changes in the balance sheet of the parent company, BRE Bank. The major change in the Consolidated Balance Sheet in Q2 2002 includes the following:

- Receivables from the financial sector down 26%, mainly due to decreasing short-term (current and up to 1 month) bank deposits which went down 53% at the parent company;
- Receivables from clients and governmental institutions up 4.7%. The Bank's net receivables grew approximately 5%; most of the growth pertains to the fx portfolio (up by over 10%), largely due to the growing exchange rate of the EUR since the last quarter (up by approximately 11%). Growth was noted in receivables from clients and governmental institutions in companies consolidated with the acquisition accounting method: RHEINHYP-BRE Bank Hipoteczny (up 28.9%), BRE Leasing Sp. z o.o.(up 14.2%).
- The portfolio of debt securities down 8.1%, mainly as a result of the decrease in the portfolio of Treasury securities at the parent company by nearly 11%.
- The portfolio of shares classified as other securities and other financial assets down by approximately 32%. This was due to the falling value of the portfolio of stocks listed on the Warsaw Stock Exchange, the decrease due to the classification of Szeptel SA as a subsidiary of the parent company, the sale of Onet.pl SA shares, and disposals by Group companies.

The main change in the liabilities in Q2 2002 includes the following:

- Liabilities to the financial sector down by over 13%, mainly due to decreasing current liabilities and deposits up to 1 month at the parent company (down by over 35%).
- In Q2 2002, the total volume of deposits of clients and governmental institutions did not grow although retail deposits with the parent company increased over 4%, including mBank deposits growing 14.2% and deposits with the developing Multibank growing 50.3%. Corporate deposits with BRE Bank fell. The growth of deposits with other companies of the Group (up by approximately PLN 30 million) did not have a material effect on this item of the Consolidated Balance Sheet.
- ”Other liabilities under financial instruments” covers the result on derivatives; its growth was due to the diminishing value of derivatives.
- Growth in other liabilities was mainly due to the 2001 dividend of PLN 229.8 million to be paid out, which moved to this item.

The equity of the Group (including the retained profit/loss of previous years and this year's loss) stood at PLN 1,921,709 thousand. The effect to the opening balance sheet of the amended accounting rules as of 1 January 2002 and the growing number of Group companies is shown under "Retained Profit (Loss)." This item charged against the equity of the Group is PLN 130,221 thousand.

The value of off-balance-sheet liabilities related to purchase/sale transactions stated at PLN 197.3 billion in the accounts as at 30 June 2002 is almost fully related to the parent company. It is partly "overstated" (by PLN 55.5 billion) as some items are double-accounted under 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 "net" value of off-balance-sheet items, i.e., PLN 141.8 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 31.3 billion
b) Forward Rate Agreements (FRA) – PLN 53.2 billion
c) Interest Rate Swaps (IRS) interest paid – PLN 23.3 billion
d) FX options – PLN 23.5 billion
e) Other – PLN 10.5 billion (including sell/buy back: PLN 2.4 billion, futures: PLN 0.6 billion, interest rate options: PLN 2.1 billion, other: PLN 5.4 billion).

The market value of derivative transactions estimated on a current basis is set as at each balance sheet date and reported in the Profit and Loss Account 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 standards of acceptable fx risk set by the Banking Supervision Commission as well as internal limits of open fx positions.

Feasibility of Achieving the Previously Published 2002 Profit Projection in the Light of the Presented Q2 Results

The Management Board believe that the previously published 2002 profit projection is not feasible. Market conditions have deteriorated to the extent that the disposal of some packages of stocks in the Bank's portfolio seems economically unjustified this year. The Management Board of BRE Bank have decided to postpone the sale of mBank for at least a year in order to take advantage of the value of the still dynamically growing number of clients, the expected change in the valuation of assets in the period directly preceding Poland's EU accession, and a lower income tax rate. Alternative scenarios are also being considered for the retail banking business. Work is underway to sell some stocks in PTE Skarbiec-Emerytura and/or to achieve further consolidation. The corporate banking business has been affected by the low growth rate of the Polish economy and the deteriorating standing of some clients, which required more provisioning against irregular loans. In addition to the absence of capital gains coupled with required higher provisions, operating costs were growing due to the continued development of the retail banking network Multibank; according to its business plan, the project is now generating costs not covered by income. The pursued programme of further cost reductions counteracts the negative trend in this business area even though it cannot fully counterbalance all costs.

Although the 2002 profit projection cannot be upheld, the Management Board assure that the Bank's core safety ratios (the solvency ratio, current and long-term liquidity) remain strong and that the Bank regularly monitors its risks. This is helped, among others, by the implemented system of daily monitoring of capital adequacy.

The Management Board will take action to prevent a balance sheet loss at the end of 2002. The amount of the profit will depend on improvements in the overall economy as well as in stock prices of companies in the Bank's portfolio.

Adjustments for Provisions

As at the end of Q2 2002, specific provisions against loans, guarantees, and depreciation of financial assets set up by the Group were PLN 316,495 thousand, including PLN 279,638 thousand in provisions set up by BRE Bank SA.
PLN 205,734 thousand of provisions and the general banking risk reserve were released by the Group, including PLN 184,146 thousand released by BRE Bank SA.

Major Developments of Q2 2002

- On 10 April 2002, BRE Bank SA and a borrower executed 3 agreements whose total value is in excess of 10% of the equity of the Bank:
- EUR 63,600,000 (PLN 229,699,140) Investment Credit Agreement (repayment date: 20 December 2015);
- EUR 7,500,000 (PLN 27,002,250) VAT Credit Agreement (repayment date: 31 March 2003);
- EUR 5,000,000 Overdraft Facility Agreement (repayment date: 31 March 2003).

The said credits are designated to finance the acquisition, expansion, and modernisation of an energy facility.

- On 24 April 2002, BRE Bank SA acquired from a natural person shares in WONLOK SA with its registered office in Łódź. The shares were acquired for PLN 10,250,000. On 30 April 2002, the company's share capital was increased, whereby the Bank acquired shares representing 46.22% of the increased capital and votes at the General Meeting of Shareholders of WONLOK SA. The said shares were acquired for PLN 8,250,000. The Bank holds 100% of the shares and votes at the General Meeting of Shareholders of WONLOK SA.
- In stock market transactions cleared on 21 May 2002, BRE Bank SA sold shares in Grupa Onet.pl SA representing 20.22% of the share capital and 10.01% of votes at the General Meeting of Shareholders. The value of the shares in the books of the Bank was PLN 38,746 thousand. Following the transaction, BRE Bank SA holds Grupa Onet.pl SA shares representing 3.06% of the share capital and 1.52% of the votes at the General Meeting of Shareholders.
- On 21 June 2002, the Extraordinary General Meeting of Shareholders of BRE Bank SA adopted a resolution to establish a bank capital group comprising BRE Bank SA as the parent bank and Bank Częstochowa SA as the subsidiary bank. The General Meeting also approved the sale to Bank Częstochowa SA of an organised part of the assets of BRE Bank SA consisting in tangible and intangible fixed assets designated for the operation of BRE Bank SA's electronic banking business "mBank". On 8 July 2002, in implementation

of the provisions of the said resolution and the resolution of the General Meeting of Shareholders of Bank Częstochowa dated 28 June 28, an agreement on the establishment of a bank capital group was executed.

- In order to concentrate the asset management operations of the BRE Bank Group, in Q2 2002 the Bank and Skarbiec Asset Management Holding SA ("SAMH") executed agreements concerning the sale of shares in the following companies:
  - Serwis Finansowy Sp. z o.o. The net value of the shares in the Bank's books was PLN 19,174 thousand.
  - BRE Asset Management SA. The value of the shares in the Bank's books was PLN 4,799 thousand.
  - Skarbiec TFI SA. The value of the shares in the Bank's books was PLN 33,966 thousand.
  - BRE Agent Transferowy Sp. z o.o. The value of the shares in the Bank's books was PLN 5,066 thousand.

In Q2 2002, the share capital of SAMH was increased by a total of PLN 20,067,000. All shares of the new issue were acquired by BRE Bank SA.

Major Developments after the Balance Sheet Date, Not Shown in the Balance Sheet or the Profit & Loss Account

- On 4 July 2002, BRE Leasing Sp. z o.o. (a subsidiary of the Bank) executed an agreement concerning a EUR 100,000,000 term syndicated loan to BRE Leasing. The loan is designated for the financing of leasing operations.
- On 8 July 2002, a PLN 66,733 thousand increase of the share capital of Skarbiec Asset Management Holding SA ("SAMH") was registered. BRE Bank acquired all shares of the new issue for that amount. After the registration, the share capital of SAMH is PLN 87,300 thousand. BRE Bank SA holds 100% of the shares and votes at the General Meeting of Shareholders of SAMH.
- On 18 July 2002, the court registered a decrease of the share capital of BRE Securities (Dom Inwestycyjny BRE Banku SA). The share capital was decreased by reducing the nominal value of the shares from PLN 100 to PLN 77.
- On 1 August 2002, PKP and a consortium of banks including BIG Bank Gdański SA, BRE Bank SA, Deutsche Bank Polska SA and Westdeutsche Landesbank Polska SA executed an agreement concerning servicing and underwriting of an issue of PKP bonds guaranteed by the State Treasury with the total nominal value of PLN 1,000,000,000. The bonds will be issued within 60 days of the date of the agreement. Each bank participating in the consortium undertook to acquire or to effectuate the acquisition of and payment for 25% of all bonds.
- On 31 July 2002, shares in CIMC Midas plc, a floating capital collective investment fund, were cancelled. As a result of the cancellation of the shares, BRE Bank SA will receive PLN 87,144.3 thousand in cash.

Material Share Packages

According to information received 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.

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

In Q2 2002, there were no transactions with affiliates 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 related to two guarantees of the redemption of eurobonds issued for 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 expires in June 2005, the other of PLN 125 million in November 2004.

Change in Shares and Options Held by Managers and Supervisors

	Management Board	**Supervisory Board**
Number of shares held as at 31.03.02	174,003	76,804
Number of shares acquired in Q2	0	307
Number of shares sold in Q2	0	0
Number of shares held as at 30.06.02	**174,003**	**77,111**
Number of options held as at 31.03.02	170,000	0
Number of options acquired in Q2	0	0
Number of options sold in Q2	0	0
Number of options held as at 30.06.02	**170,000**	**0**

Members of the Bank's 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 170,000 BRE Bank stock options (for 170,000 BRE Bank shares of a new issue planned for 2003).

Litigation

No material judicial proceedings at a total worth in excess of 10% of the Bank's equity were opened in Q2 2002 for or against the Bank or its subsidiaries.

Other Information

Given the macro- and microeconomic situation in the Polish economy and recent trends on the capital markets, BRE Bank SA has undertaken far-reaching measures to reduce its operating costs and improve its profitability, as well as strengthen the competitive edge of BRE Bank SA. The Bank's Management Board have decided to implement a large-scale programme of cost-cutting measures in day-to-day activities ensuring sustainable growth in income in the four core businesses of the Bank. The Management Board have also decided to carry out group redundancies of up to 500 staff between September 2002 and March 2003 and to amend the rules of staff remuneration.