

Form SAB-QSr 3/ 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 Q3 2002:

12 November 2002
(date of submittal)

SELECTED FINANCIAL DATA (current year)	PLN'000		EUR'000	
	Incremental from 1 Jan 2002 to 30 Sept 2002	Incremental from 1 Jan 2001 to 30 Sept 2001	Incremental from 1 Jan 2002 to 30 Sept 2002	Incremental from 1 Jan 2001 to 30 Sept 2001
I. Interest income	1 320 574	1 349 905	344 941	368 605
II. Commission income	216 568	207 178	56 569	56 572
III. Profit (loss) on banking activity	792 862	758 070	207 100	206 999
IV. Operating profit (loss)	60 900	291 158	15 907	79 504
V. Gross profit (loss) before tax	49 753	277 349	12 996	75 733
VI. Net profit (loss)	-72 038	200 642	-18 817	54 787
VII. Net cash from operating activities	-990 882	-440 481	-258 824	-120 278
VIII. Net cash from investing activities	-411 259	-211 272	-107 423	-57 690
IX. Net cash from financing activities	1 087 200	-384 320	283 983	-104 942
X. Total net cash flows	-314 941	-1 036 073	-82 264	-282 910
XI. Total assets	26 318 160	23 050 868	6 453 376	5 939 415
XII. Liabilities to the central bank	2 363	1 162 168	579	299 451
XIII. Liabilities to other financial institutions	8 092 435	7 216 870	1 984 315	1 859 539
XIV. Liabilities to customers and the public sector	10 043 487	9 261 039	2 462 725	2 386 251
XV. Equity	1 823 821	2 178 317	447 212	561 277
XVI. Share capital	91 882	91 882	22 530	23 675
XVII. Number of shares	22 970 500	22 970 500	22 970 500	22 970 500
XVIII. Book value per share in PLN/EURO	79,40	94,83	19,47	24,43
XIX. Diluted book value per share	79,40	94,83	19,47	24,43
XX. Solvency ratio	12	12	12	12
XXI. Profit (loss) per ordinary share in PLN	-2,23		-0,58	
XXII. Diluted profit (loss) per ordinary share in PLN	-2,23		-0,58	
XXIII. Dividend declared or paid out per ordinary share (in zł/EURO)	10,00	5,00	2,45	1,29

In connexion with the lack of possibility to write down the full value of solvency ratio, we inform its value is 12,60% in Q3 2002 and 12,05% in Q3 2001.

CONSOLIDATED BALANCE SHEET [PLN'000]	As at 30 Sept 2002 End of this quarter (current year)	As at 31 Jun 2002 end of previous quarter (current year)	As at 30 Sept 2001 end of this quarter (previous year)	As at 31 Jun 2001 end of previous quarter (previous year)
Assets				
I. Cash in hand and in the National Bank of Poland	288 395	524 497	809 749	440 630
II. Debt securities eligible for refinancing at NBP	74 069	75 133	91 749	80 654
III. Receivables from other financial institutions	2 376 637	2 227 255	2 989 082	2 152 507
1. Short-term receivables	1 231 491	683 583	1 619 246	1 377 840
a) Current receivables	927 019	667 528	1 619 246	1 377 840
b) Other short-term receivables	304 472	16 055		
2. Long-term receivables	1 145 146	1 543 672	1 369 836	774 667

IV. Receivables from clients institutions	13 192 844	12 555 928	9 125 920	8 240 193
1. Short-term receivables	6 539 752	3 384 717	1 379 731	1 729 843
a) Current receivables	2 066 470	1 774 019	1 379 731	1 729 843
b) Other short-term receivables	4 473 282	1 610 698		
2. Long-term receivables	6 653 092	9 171 211	7 746 189	6 510 350
V. Receivables from governmental institutions	1 033 148	1 021 634	430 573	16 177
1. Short-term receivables	1 025 787	8 358	2 839	
a) Current receivables	10 196	6 112	2 839	
b) Other short-term receivables	1 015 591	2 246		
2. Long-term receivables	7 361	1 013 276	427 734	16 177
VI. Receivables under acquired securities with a buy-back clause	63 240	84 419		
VII. Debt securities	3 640 692	4 359 653	4 518 970	3 412 911
VIII. Receivables from subordinates priced with equity method	3 938	16 362	170 113	100 224
1. Subsidiaries		15 410	97 898	61 346
3. Affiliates	3 938	952	72 215	38 878
IX. Shares in subsidiaries priced with equity method	139 640	198 721	227 165	233 817
XI. Shares in affiliates priced with equity method	44 452	44 326	133 660	55 111
XII. Shares in other companies	32 205	28 198	29 783	28 017
XIII. Other securities and financial assets	662 957	729 693	439 536	539 424
XIV. Intangible fixed assets, including:	252 836	218 868	206 163	199 845
- goodwill	99 839	65 446	73 406	76 059
XV. Goodwill from subordinates	509 664	130 250	121 264	127 628
XVI. Tangible fixed assets	977 905	969 835	860 132	805 089
XVII. Other assets	2 179 789	2 901 281	2 122 609	1 685 307
1. Assets acquired through debt recovery - for sale	27 112	27 568	23 212	23 348
2. Inventories	5 563	6 392	9 361	
3. Other	2 147 114	2 867 321	2 090 036	1 661 959
XVIII. Prepayments	845 749	989 468	774 400	585 269
1. Deferred income tax	781 143	919 817	714 813	536 691
2. Other prepayments	64 606	69 651	59 587	48 578
Total assets	26 318 160	27 075 521	23 050 868	18 702 803

Liabilities				
I. Liabilities to NBP	2 363	127 176	1 162 168	164 555
II. Liabilities to other financial institutions	8 092 435	7 890 447	7 216 870	5 275 462
1. Short-term liabilities	6 131 636	1 888 510	672 223	2 365 792
a) Current liabilities	1 793 686	1 214 342	672 223	2 365 792
b) Other short-term liabilities	4 337 950	674 168		
2. Long-term liabilities	1 960 799	6 001 937	6 544 647	2 909 670
III. Liabilities to clients institutions	9 920 208	10 174 617	9 106 768	8 262 483
1. Short-term liabilities	8 616 534	4 439 427	2 167 838	1 830 001
a) Current liabilities, including:	4 286 227	4 091 518	2 167 838	1 830 001
- saving deposits	1 249 136	1 114 065	862 909	567 924
b) Other short-term liabilities, including:	4 330 307	347 909		
- saving deposits	213 421	4 189		
2. Long-term liabilities, including:	1 303 674	5 735 190	6 938 930	6 432 482
- saving deposits	293 918	486 130		
IV. Liabilities to governmental institutions	123 279	197 734	154 271	146 029
1. Short-term liabilities	120 602	63 443	28 240	26 974
a) Current liabilities	45 740	62 558	28 240	26 974
b) Other short-term liabilities	74 862	885		
2. Long-term liabilities	2 677	134 291	126 031	119 055
V. Securities sold with a buy-back clause	207 578	202 881		
VI. Securities issued	1 634 609	1 522 092	1 009	1 001
1. Short-term securities	199 880	30 622		
2. Long-term securities	1 434 729	1 491 470	1 009	1 001

VII. Other financial instruments liabilities	1 912 606	2 387 569	1 483 451	1 339 898
VIII. Liabilities to subordinates priced with equity method	17 677	6 489	103 922	62 564
1. Subsidiaries	16 012	6 052	81 183	24 527
3. Affiliates	1 665	437	22 739	38 037
IX. Special funds and other liabilities	525 332	645 008	222 931	287 701
X. Accruals and deferred income	237 865	231 155	743 573	515 853
1. Costs prepayments	45 352	45 810		5 128
3. Other deferred and qualified income	192 513	185 345		510 725
XI. Goodwill of subordinated companies (negative amount)	1 020	1 140		
XII. Provisions	738 199	895 456	611 339	442 523
1. Income tax provision	695 171	854 998	565 763	387 800
2. Other	43 028	40 458	45 576	54 723
a) short-term	19 772	19 590		54 723
b) long-term	23 256	20 868	45 576	
XIII. Subordinated liabilities	964 116	759 589		
XIV. Capitals of minority shareholders	117 052	149 513	66 249	65 901
XV. Share capital	91 882	91 882	91 882	91 882
XVII. Own shares (negative figure)			-4 484	
XVIII. Supplementary capital	652 427	652 427	621 794	636 275
XIX. Revaluation capital	-67 687	9 868	8 068	8 078
XX. Other reserve capital	1 355 067	1 352 395	1 248 552	1 248 563
XXI. FX gains/losses from the conversion of subordinates	246	472	446	1 109
1. Foreign exchange gains	3 926	3 604	446	2 394
2. Foreign exchange losses	-3 680	-3 132		-1 285
XXII. Net profit (loss) from previous years	-136 076	-122 735	11 417	-2 567
XXIII. Net profit (loss)	-72 038	-99 654	200 642	155 493
Total liabilities	26 318 160	27 075 521	23 050 868	18 702 803

Capital adequacy ratio	12	11	12	13
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Book value	1 823 821	1 884 655	2 178 317	2 138 833
Number of shares	22 970 500	22 970 500	22 970 500	22 970 500
Book value per share (in PLN)	79,40	82,05	94,83	93,11

Anticipated number of shares	22 970 500	22 970 500	22 970 500	22 970 500
Diluted book value per share (in PLN)	79,40	82,05	94,83	93,11

In connexion with the lack of possibility to write down the full value of solvency ratio, we inform its value is 12,60% in Q3 2002, 11,69% in Q2 2002, 12,05% in Q3 2001 and 13,27% in Q2 2001.

CONSOLIDATED OFF-BALANCE-SHEET ITEMS	As at 30 Sept 2002 end of this quarter (current year)	As at 31 Jun 2002 end of previous quarter (current year)	As at 30 Sept 2001 end of this quarter (previous year)	As at 31 Jun 2001 end of previous quarter (previous year)
I. Contingent liabilities extended and received	6 527 491	6 062 268	7 032 502	6 275 743
1. Liabilities extended	5 496 415	5 370 564	6 573 907	5 912 524
a) financing	4 056 445	3 984 242	4 479 348	4 055 133
b) guarantees	1 439 970	1 386 322	2 094 559	1 857 391
2. Liabilities received	1 031 076	691 704	458 595	363 219
a) financing	508 435	227 052	224 234	136 168
b) guarantees	522 641	464 652	234 361	227 051
II. Liabilities related to realised purchase/sale transactions	173 751 602	197 382 110	157 085 691	140 144 593
III. Other (due to)	205 938	166 851		
- factoring receivables	205 938	166 851		
Total off-balance-sheet items	180 485 031	203 611 229	164 118 193	146 420 336

CONSOLIDATED PROFIT AND LOSS ACCOUNT	Q3 2002	Q1-3 2002 cumulative	Q3 2001	Q1-3 2001 cumulative
	from 1 Jul 2002 to 30 Sept 2002	from 1 Jan 2002 to 30 Sept 2002	from 1 Jul 2001 to 30 Sept 2001	from 1 Jan 2001 to 30 Sept 2001
I. Interest income	466 792	1 320 574	471 872	1 349 905
II. Interest expense	326 136	1 000 569	383 828	1 095 050
III. Net interest income (I-II)	140 656	320 005	88 044	254 855
IV. Commission income	77 465	216 568	62 056	207 178
V. Commission expense	20 325	50 246	14 062	32 680
VI. Net commission income (IV-V)	57 140	166 322	47 994	174 498
VII. Net income of goods sold	7 954	27 731		
VIII. Cost of goods sold	486	1 074		
X. Profit on sale (VII-VIII-IX)	7 468	26 657		
XI. Profit (loss) on variable income shares, associated interests and other financial instruments	3 442	11 239	41 682	47 221
1. From subsidiaries	1 705	5 747	-1 570	1 805
3. From affiliates	1	3 268	40 219	40 639
4. From others	1 736	2 224	3 033	4 777
XII. Profit on financial operations	32 219	-2 921	8 803	-54 700
XIII. Foreign exchange gains/losses	98 260	271 560	85 057	336 196
XIV. Profit (loss) on banking activity	339 185	792 862	271 580	758 070
XV. Other operating income	27 063	124 963	10 047	76 952
XVI. Other operating expenses	16 925	98 951	3 655	11 371
XVII. Overheads	161 268	487 877	91 546	308 169
XVIII. Depreciation of tangible and intangible fixed assets	36 726	108 575	31 006	89 468
XIX. Appropriation for provisions and revaluation	107 010	434 990	43 833	214 799
1 Transfer to specific provisions and to general banking risk	107 179	433 506	43 833	214 799
2. Revaluation of financial assets	-169	1 484		
XX. Reversal of provisions and revaluation	67 734	273 468	-57 023	79 943
1 Transfer to specific provisions and to general banking risk	67 734	273 022	-57 023	79 943
2. Revaluation of financial assets	0	446		
XXI. Difference in provisions and revaluation appropriations and reversal (XIX-XX)	39 276	161 522	100 856	134 856
XXII. Profit before extraordinary items	112 053	60 900	54 564	291 158
XXIII. Profit (loss) on extraordinary items	1 533	2 594	1	76
1. Extraordinary gains	1 761	3 457	29	256
2. Extraordinary losses	228	863	28	180
XXIV. Appropriations of goodwill of subordinates	5 029	14 101	8 157	20 029
XXV. Transfer of negative amount of subordinates' goodwill	120	360		6 144
XXVI. Gross profit (loss) before tax	108 677	49 753	46 408	277 349
XXVII. Income tax	47 558	23 869	-3 372	49 054
1. Current part	28 641	33 884	2 190	171 942
2. Postponed part	18 917	-10 015	-5 562	-122 888
XXVIII. Other obligatory deductions against the gross profit (increase in loss)	1	1		
XXIX. Participation in profit (loss) of subordinated companies priced with equity method	-36 888	-98 219	-4 283	-26 837
XXX. (Profit) Loss of minority shareholders	3 386	298	-348	-816
XXXI. Net profit (loss)	27 616	-72 038	45 149	200 642

Net profit (loss) (for 12 months)	-51 280			
Weighted average number of ordinary shares	22 950 700		22 950 700	
Net profit (loss) per 1 ordinary share [PLN]	-2,23			
Weighted average diluted number of ordinary shares	22 950 700		22 950 700	
Diluted net profit (loss) per 1 ordinary share [PLN]	-2,23			

MOVEMENTS IN CONSOLIDATED EQUITY	Q3 2002	Q1-3 2002 cumulative	Q3 2001	Q1-3 2001
	from 1 Jul 2002 to 30 Sept 2002	from 1 Jan 2002 to 30 Sept 2002	from 1 Jul 2001 to 30 Sept 2001	from 1 Jan 2001 to 30 Sept 2001
I. Equity as at the beginning of the year (OB)	1 884 655	2 201 625		
a) changes to accounting policies	-16 629	2 344		
I.a. Equity as at the beginning of the year (OB) after reconciliation to comparative data	1 868 026	2 203 969		
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	652 427	622 559		
4.1. Movements in the supplementary capital		29 868		
a) increase (due to):		31 145		
- (statutory) appropriation of profit		400		
- exclusion from consolidation in connection of selling the company		30 511		
- sale of tangible fixed assets				
- reclassification from reserve capital		234		
b) decrease (due to):		1 277		
- liquidation of capital in connection of shareholders payments		527		
- agio correction in connection of shareholders payments		750		
4.2. Supplementary capital as at the end of the year	652 427	652 427		
5. Revaluation reserve as at the beginning of the year	9 868	8 063		
5.1. Movements in revaluation reserve	-77 555	-75 750		
a) increase (due to)	41 928	44 943		
- increase of value in connection of foreign exchanges	476	3 276		
- valuation of units of participation		215		
- deferred income tax	29 000	29 000		
- revaluation of securities	12 452	12 452		
b) decrease (due to)	119 483	120 693		
- swap valuation	7 117	8 327		
- revaluation of securities	112 366	112 366		
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5.2. Revaluation reserve as at the end of the year	-67 687	-67 687		
6. General banking risk reserve as at the beginning of the year	558 000	453 000		
6.1. Movements in general banking risk reserve		105 000		
a) increase (due to)		105 000		
- appropriation of profit from previous years		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	794 395	795 541		
7.1. Movements in other reserves	2 672	1 526		
a) increase (due to):	2 672	2 976		
- inclusion the company to consolidation		156		
- dividend payment				
- transfer from profit to the supplementary capital	148	148		
- capital decrease reserve	2 671	2 671		
- dividend payment	-148			
- other	1	1		
b) decrease (due to)		1 450		
- reclassification to reserve capital		234		
- dividend payment by way of advance		1 216		
7.2. Other reserves as at the end of the year	797 067	797 067		
8. Foreign exchange losses on the translation of subordinated companies	246	246		
9. Profit or loss from previous years as at the beginning of the year	-122 735	234 530		

9.1. Profit from previous years as at the beginning of the year	-116 795	238 677		
a) changes to accounting policies	-20 330	-9 853		
9.2. Profit from previous years as at the beginning of the year after reconciliation to comparative data	-137 125	228 824		
9.3. Change of profit from previous years	2 683	-363 266		
a) increase (due to):	2 414	3 973		
- inclusion of company consolidated using the acquisition accounting method	2 414	3 973		
b) decrease (due to):	-269	367 239		
- exclusion from consolidation in connection of selling the company		30 511		
- transfer to the general banking risk reserve		105 000		
- appropriation of profit to reserves		148		
- appropriation of profit to the supplementary capital		400		
- appropriation of profit to dividend for shareholders	-269	229 705		
- transfer to the Social Fund		1 475		
- other				
9.4. Profit from previous years as at the end of the year	-134 442	-134 442		
9.5. Loss brought forward as at the beginning of the year	-5 940	-4 147		
a) changes to accounting policies	3 701	12 197		
9.6. Loss brought forward as at the beginning of the year after reconciliation to comparative data	-2 239	8 050		
9.7. Change of loss brought forward	605	-9 684		
a) increase (due to):	605	-9 684		
- inclusion the company to consolidation	605	-9 684		
- coverage from reserves				
9.8. Loss brought forward as at the end of the year	-1 634	-1 634		
9.9. Retained earnings or loss brought forward as at the end of the year	-136 076	-136 076		
10. Net profit (loss)	-72 038	-72 038		
b) net loss	-72 038	-72 038		
II. Equity as at the end of the year (CB)	1 823 821	1 823 821		

CONSOLIDATED CASH FLOW STATEMENT	Q3 2002	Q1-3 2002 cumulative	Q3 2001	Q1-3 2001 cumulative
	from 1 Jul 2002 to 30 Sept 2002	from 1 Jan 2002 to 30 Sept 2002	from 1 Jul 2001 to 30 Sept 2001	from 1 Jan 2001 to 30 Sept 2001
A. Net cash flows from operating activities (I+/-II) - indirect method	-188 793	-990 882	13 284	-440 481
I. Net profit (loss)	27 616	-72 038	45 149	200 642
II. Total adjustments for:	-216 409	-918 844	-31 865	-641 123
1. Profit (loss) of minority shareholders	-2 790	298	348	816
2. Participation in (profit) loss of subordinated companies priced with equity method	36 888	98 219	4 283	26 837
3. Depreciation, including:	50 467	122 316	39 163	103 353
- appropriations of goodwill of subordinates and goodwill of subordinates (negative amount)	4 909	13 741	13 741	13 741
4. Foreign exchange gains/losses	-1 008	69 504	44 936	43 650
5. Interest and dividends	-17 130	-6 512	-6 548	48 486
6. (Profit) loss on investments	3 969	43 350	-80 908	-260 027
7. Change in provisions	-162 915	-27 644	61 300	62 623
9. Change in debt securities	929 309	741 127	-747 854	-1 601 293
10. Change in receivables from financial institutions	128 359	-41 799	-1 520 008	-1 416 397
11. Change in receivables from clients and governmental institutions	-626 720	-2 410 452	-1 335 680	-2 771 407
12. Change in receivables from acquired securities with a buy-back clause	21 179	-63 240		

13. Change in shares and securities and other financial instruments	297 678	269 225	44 468	240 517
14. Change in liabilities to financial institutions	-1 038 784	-2 213 117	2 567 963	3 102 412
15. Change in liabilities to clients and governmental institutions	-331 532	-100 737	940 201	1 606 225
16. Change in liabilities under issued securities with a buy-back clause	4 697	207 578		
17. Change in liabilities under securities	112 517	1 631 594	8	-4 002
18. Change in other liabilities	540 657	1 601 200	-259 804	-219 188
19. Change in prepayments	-177 392	-339 642	-366 533	-203 836
20. Change in deferred and qualified income	16 142	-500 112	582 800	600 108
III. Net cash flows from operating activities (I+/-II) - indirect method	-188 793	-990 882	13 284	-440 481

B. Net cash flows from investing activities (I-II)	-9 674	-411 259	-63 273	-211 272
I. Incomes	139 612	632 151	170 591	616 172
1. Sale of shares in subsidiary companies	23 567	97 087	5	38 627
3. Sale of shares in affiliated companies	187	187	4 340	202 203
4. Sale of other shares, securities and financial instruments	114 905	523 623	122 136	319 367
5. Sale of intangible and tangible fixed assets	2 799	4 742	2 218	6 908
7. Other incomes	-1 846	6 512	41 892	49 067
II. Expenses	149 286	1 043 410	233 864	827 444
1. Purchase of shares in subsidiary companies	-51 857	109 974	3 881	160 890
3. Purchase of shares in affiliated companies	-3 255	2 457	11 997	141 705
4. Purchase of other shares, securities and financial instruments	54 519	424 613	179 814	411 834
5. Purchase of intangible and tangible fixed assets	23 194	65 937	38 172	113 015
6. Building and intangible assets investments	126 685	440 429		
II. Net cash flows from investing activities (I-II)	-9 674	-411 259	-63 273	-211 272

C. Net cash flows from financing activities (I-II)	301 139	1 087 200	138 272	-384 320
I. Incomes	908 369	1 881 955	951 372	1 041 285
1. Long term loans received from other banks	620 529	700 139	836 622	926 535
2. Long term loans received from financial sector, excluding banks			114 750	114 750
3. Issue of securities	84 744	248 968		
4. Change in subordinated liabilities in plus	203 096	932 848		
II. Expenses	607 230	794 755	813 100	1 425 605
1. Long term loans repaid to other banks	615 132	684 934	758 304	1 164 467
2. Long term loans repaid to other financial institutions	-39 535	18 238	10 539	39 572
3. Redemption of securities				6
7. Dividends and other payments to owners	-387	3 268		114 853
10. Acquisition of own shares			4 484	4 484
11. Other financial expenses	32 020	88 315		
III. Net cash flows from financing activities (I-II)	301 139	1 087 200	138 272	-384 320

D. Total net cash flows (A+/-B+/-C)	102 672	-314 941	88 283	-1 036 073
E. Net change in cash	102 672	-314 941	88 283	-1 036 073
- including change in cash due to foreign exchange differences			5 773	677
F. Cash at the beginning of the period	1 430 961	1 848 574	2 452 493	3 576 849
G. Cash at the end of the period (F+/- D)	1 533 633	1 533 633	2 540 776	2 540 776

QUARTERLY SHORTENED FINANCIAL STATEMENT

BALANCE SHEET [PLN'000]	As at 30 Sept 2002 end of this quarter (current year)	As at 31 Jun 2002 end of previous quarter (current year)	As at 30 Sept 2001 end of this quarter (previous year)	As at 31 Jun 2001 end of previous quarter (previous year)
Assets				
I. Cash in hand and in the National Bank of Poland	283 996	518 400	809 445	440 570
II. Debt securities eligible for refinancing at NBP	74 069	75 133	91 749	80 654
III. Receivables from other financial institutions	2 760 480	2 598 651	3 320 773	2 351 046
1. Current receivables	969 372	710 816	132 549	1 387 214
2. Term receivables	1 791 108	1 887 835	3 188 224	963 832
IV. Receivables from clients institutions	10 176 080	9 775 387	8 785 396	8 032 524
1. Current receivables	1 752 237	1 768 443	1 381 020	1 731 201
2. Term receivables	8 423 843	8 006 944	7 404 376	6 301 323
V. Receivables from governmental institutions	1 031 807	1 020 174	430 573	16 177
1. Current receivables	10 196	6 112	2 839	
2. Term receivables	1 021 611	1 014 062	427 734	16 177
VII. Debt securities	3 872 471	4 643 497	4 597 268	3 418 826
VIII. Shares in subsidiaries	793 016	502 829	640 005	639 749
X. Shares in affiliates	51 411	52 012	141 172	49 656
XI. Shares in other companies	15 500	15 565	23 047	22 170
XII. Other securities and financial assets	510 066	577 090	389 111	484 775
XIII. Intangible fixed assets, including:	203 569	207 612	201 269	194 912
- goodwill	62 793	65 446	73 406	76 059
XIV. Tangible fixed assets	886 630	873 402	846 675	790 941
XV. Other assets	2 332 831	2 955 017	2 098 244	1 680 926
1. Assets acquired through debt recovery - for sale	22 840	22 982	23 212	23 348
2. Other	2 309 991	2 932 035	2 075 032	1 657 578
XVI. Prepayments	725 470	870 179	737 176	565 882
1. Deferred income tax	715 303	852 607	690 386	517 464
2. Other prepayments	10 167	17 572	46 790	48 418
Total assets	23 717 396	24 684 948	23 111 903	18 768 808

Liabilities				
I. Liabilities to NBP	2 363	127 176	1 162 168	164 555
II. Liabilities to other financial institutions	7 818 764	7 728 403	7 340 138	5 399 609
1. Current liabilities	1 619 361	1 066 535	158 443	2 378 788
2. Term liabilities	6 199 403	6 661 868	7 181 695	3 020 821
III. Liabilities to clients institutions	9 622 464	9 879 467	9 085 289	8 207 967
1. Saving deposits	1 748 399	1 603 334	862 909	567 924
a) Current deposits	1 241 168	1 113 015	862 909	567 924
b) Term deposits	507 231	490 319		
2. Other	7 874 065	8 276 133	8 222 380	7 640 043
a) Current deposits	2 963 746	2 896 421	1 226 820	1 205 606
b) Term deposits	4 910 319	5 379 712	6 995 560	6 434 437
IV. Liabilities to governmental institutions	122 837	197 330	154 271	145 196
1. Current liabilities	45 517	62 371	28 240	26 974
2. Term liabilities	77 320	134 959	126 031	118 222
V. Securities issued with a buy-back clause	207 578	202 881		
VII. Other financial instruments liabilities	1 912 606	2 354 721	1 483 451	1 340 287
VIII. Special funds and other liabilities	367 408	521 408	204 473	281 880
IX. Accruals and deferred income	199 885	189 308	743 569	515 138
1. Costs prepayments	20 347	23 590		49 381
3. Other deferred and qualified income	179 538	165 718		465 757

X. Provisions	687 647	849 070	609 686	441 774
1. Income tax provision	664 414	828 226	564 853	387 051
2. Other	23 233	20 844	44 833	54 723
b) long-term	23 233	20 844	44 833	54 723
XI. Subordinated liabilities	927 910	724 000		
XII. Share capital	91 882	91 882	91 882	91 882
XIV. Own shares (negative figure)			-4 484	
XV. Supplementary capital	748 738	748 738	748 738	748 738
XVI. Revaluation capital	-68 032	9 559	7 969	7 969
XVII. Other reserve capital	1 352 915	1 352 915	1 247 916	1 247 916
XVIII. Net profit (loss) from previous years	-207 457	-191 576		
XIX. Net profit (loss)	-70 112	-100 334	236 837	175 897
Total liabilities	23 717 396	24 684 948	23 111 903	18 768 808

Capital adequacy ratio	12	11	12	13
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Book value	1 847 934	1 911 184	2 328 858	2 272 402
Number of shares	22 970 500	22 970 500	22 970 500	22 970 500
Book value per share (in PLN)	80,45	83,20	101,38	98,93

Anticipated number of shares	22 970 500	22 970 500	22 970 500	22 970 500
Diluted book value per share (in PLN)	80,45	83,20	101,38	98,93

In connexion with the lack of possibility to write down the full value of solvency ratio, we inform its value is 12,60% in Q3 2002, 11,69% in Q2 2002, 12,05% in Q3 2001 and 13,27% in Q2 2001.

OFF-BALANCE-SHEET ITEMS	As at 30 Sept 2002 end of this quarter (current year)	As at 31 Jun 2002 end of previous quarter (current year)	As at 30 Sept 2001 end of this quarter (previous year)	As at 31 Jun 2001 end of previous quarter (previous year)
I. Contingent liabilities extended and received	7 169 954	7 029 302	6 842 711	6 234 113
1. Liabilities extended	6 553 095	6 488 699	6 485 000	5 899 822
a) financing	3 809 771	3 741 556	4 397 798	4 049 744
b) guarantees	2 743 324	2 747 143	2 087 202	1 850 078
2. Liabilities received	616 859	540 603	357 711	334 291
a) financing	136 381	133 911	129 543	112 109
b) guarantees	480 478	406 692	228 168	222 182
II. Liabilities related to realised purchase/sale transactions	173 314 720	197 221 160	157 120 712	140 073 514
Total off-balance-sheet items	180 484 674	204 250 462	163 963 423	146 307 627

PROFIT AND LOSS ACCOUNT	Q3 2002 from 1 Jul 2002 to 30 Sept 2002	Q1-3 2002 cumulative from 1 Jan 2002 to 30 Sept 2002	Q3 2001 from 1 Jul 2001 to 30 Sept 2001	Q1-3 2001 cumulative from 1 Jan 2001 to 30 Sept 2001
I. Interest income	387 775	1 169 729	469 348	1 357 489
II. Interest expense	273 676	914 921	385 009	1 101 250
III. Net interest income (I-II)	114 099	254 808	84 339	256 239
IV. Commission income	58 116	166 679	55 258	184 339
V. Commission expense	14 431	37 848	12 613	27 303
VI. Net commission income (IV-V)	43 685	128 831	42 645	157 036
VII. Profit (loss) on variable income shares, associated interests and other financial instruments	9 180	18 538	41 964	53 143
1. From subsidiaries	7 788	10 610	34	6 549
3. From affiliates	-10	6 503	40 454	43 374
4. From others	1 402	1 425	1 476	3 220

VIII. Profit on financial operations	22 362	-36 124	-176 058	-224 581
IX. Foreign exchange gains/losses	99 489	294 196	82 448	334 752
X. Profit (loss) on banking activity	288 815	660 249	75 338	576 589
XI. Other operating income	11 830	27 480	10 223	77 000
XII. Other operating expenses	12 038	36 018	3 585	10 755
XIII. Overheads	113 232	334 288	79 860	272 448
XIV. Depreciation of tangible and intangible fixed assets	31 675	93 411	29 275	84 487
XV. Appropriation for provisions and revaluation	81 438	372 561	-4 829	251 092
1 Transfer to specific provisions and to general banking risk	81 438	372 561	80 660	251 092
2 Revaluation of financial assets			-85 489	
XVI. Reversal of provisions and revaluation	57 465	241 611	83 619	254 839
1. Release of provisions and general banking risk reserve	57 465	241 611	74 280	205 511
2. Revaluation of financial assets			9 339	49 328
XVII. Difference in provisions and revaluation appropriations and reversal (XV-XVI)	23 973	130 950	-88 448	-3 747
XVIII. Profit before extraordinary items	119 727	93 062	61 289	289 646
XIX. Profit (loss) on extraordinary items	1	53	10	85
1. Extraordinary gains	72	211	29	256
2. Extraordinary losses	71	158	19	171
XX. Gross profit (loss) before tax	119 728	93 115	61 299	289 731
XXI. Income tax	33 199	7 096	359	52 894
1. Current part	26 255	26 255	-6 506	164 683
2. Postponed part	6 944	-19 159	6 865	-111 789
XXIII. Participation in profit (loss) of subordinates pricing with equity method	-56 307	-156 131		
XXVI. Net profit (loss)	30 222	-70 112	60 940	236 837

Net profit (loss) (for 12 months)	29 231		299 902	
Weighted average number of ordinary shares	22 970 500		22 970 500	
Net profit (loss) per 1 ordinary share [PLN]	1		13	
Weighted average diluted number of ordinary shares	22 970 500		22 970 500	
Diluted net profit (loss) per 1 ordinary share [PLN]	1		13	

MOVEMENTS IN EQUITY	Q3 2002	Q1-3 2002 Cumulative	Q3 2001	Q1-3 2001 Cumulative
	from 1 Jul 2002 to 30 Sept 2002	from 1 Jan 2002 to 30 Sept 2002	from 1 Jul 2001 to 30 Sept 2001	from 1 Jan 2001 to 30 Sept 2001
I. Equity as at the beginning of the year (OB)	1 911 184	2 432 684		
a) changes to accounting policies	-15 881	-207 457		
I.a. Equity as at the beginning of the year (OB) after reconciliation to comparative data	1 895 303	2 225 227		
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	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	9 559	7 969		
5.1. Movements in revaluation reserve	-77 591	-76 001		
a) increase (due to)	41 892	44 692		
- foreign exchanges differences	476	3 276		
- deferred income tax	29 000	29 000		
- revaluation of securities	12 416	12 416		
b) decrease (due to):	119 483	120 693		
- swap valuation	7 117	8 327		
- revaluation of securities	112 366	112 366		
5.2. Revaluation reserve as at the end of the year	-68 032	-68 032		

6. General banking risk reserve as at the beginning of the year	558 000	453 000		
6.1. Movements in general banking risk reserve		105 000		
a) increase (due to)		105 000		
- appropriation of profit from previous years		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		
- appropriation of profit				
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	-191 576	336 180		
a) changes to accounting policies	-15 881	-207 457		
8.2. Profit from previous years as at the beginning of the year after reconciliation to comparative data	-207 457	128 723		
8.3. Movements in profit from previous years		-336 180		
b) decrease (due to)		336 180		
- transfer to supplementary capital				
- transfer to the general banking risk reserve		105 000		
- transfer to the Social Fund		1 475		
- dividends for the shareholders		229 705		
8.4. Profit from previous years as at the end of the year	-207 457	-207 457		
8.9. Retained earnings or loss brought forward as at the end of the year	-207 457	-207 457		
9. Net profit (loss)	-70 112	-70 112		
b) net loss	-70 112	-70 112		
II. Equity as at the end of the year (CB)	1 847 934	1 847 934		

CASH FLOW STATEMENT	Q3 2002	Q1-3 2002 cumulative	Q3 2001	Q1-3 2001 cumulative
	from 1 Jul 2002 to 30 Sept 2002	from 1 Jan 2002 to 30 Sept 2002	from 1 Jul 2001 to 30 Sept 2001	from 1 Jan 2001 to 30 Sept 2001
A. Net cash flows from operating activities (I+/-II) - indirect method	296 506	-569 267	-302 963	-687 639
I. Net profit (loss)	30 222	-70 112	60 940	236 837
II. Total adjustments for:	266 284	-499 155	-363 903	-924 476
1. Participation in (profit) loss of subordinates pricing with equity method	56 307	156 131	0	0
2. Depreciation	31 675	93 411	29 275	84 487
3. Foreign exchange gains/losses	-1 008	69 504	44 938	43 652
4. Interest and dividends	-10 759	-18 517	-2 119	49 156
5. (Profit) loss on investments	-5 464	29 871	-58 626	-158 888
6. Change in provisions	-136 344	-23 647	-12 136	-19 821
7. Change in debt securities	772 090	685 113	-820 735	-1 473 059
8. Change in receivables from financial institutions	161 529	8 114	-1 880 812	-1 951 956
9. Change in receivables from clients and governmental institutions	-397 326	-1 377 883	-1 167 268	-2 455 034
11. Change in shares and securities and other financial instruments	-13 126	-15 117	34 968	71 887
12. Change in liabilities to financial institutions	-27 251	-276 742	2 598 730	3 118 754
13. Change in liabilities to clients and governmental institutions	-331 496	-120 087	837 574	1 433 897
14. Change in liabilities under issued securities with a buy-back clause	4 697	207 578		
16. Change in other liabilities	12 396	589 933	-202 120	-84 302
17. Change in prepayments	147 293	-5 847	-348 375	-183 353
18. Change in deferred and qualified income	3 071	-500 970	582 803	600 104
III. Net cash flows from operating activities (I+/-II) - indirect method	296 506	-569 267	-302 963	-687 639

B. Net cash flows from investing activities (I-II)	-369 513	-473 158	-8 801	-234 927
I. Incomes	131 962	420 105	224 051	614 453
1. Sale of shares in subsidiary companies	93 956	164 974	5	38 627
2. Sale of shares in affiliated companies			4 340	83 545
4. Sale of other shares, securities and financial instruments	26 035	234 323	175 596	435 931
5. Sale of intangible and tangible fixed assets	1 212	2 291	2 218	3 283
7. Other incomes	10 759	18 517	41 892	53 067
II. Expenses	501 475	893 263	232 852	849 380
1. Purchase of shares in subsidiary companies	449 761	594 138	3 880	160 882
3. Purchase of shares in affiliated companies	1 245	6 957	11 997	31 753
4. Purchase of other shares, securities and financial instruments	6 518	168 481	179 813	548 644
5. Purchase of intangible and tangible fixed assets	19 711	55 867	77 304	108 101
6. Building and intangible assets investments	24 240	67 820	-40 142	
II. Net cash flows from investing activities (I-II)	-369 513	-473 158	-8 801	-234 927
C. Net cash flows from financing activities (I-II)	184 909	795 090	138 272	-384 314
I. Incomes	203 910	927 910	951 372	1 041 285
1. Long term loans received from other banks			836 622	926 535
2. Long term loans received from financial sector, excluding banks			114 750	114 750
4. Change in subordinated liabilities in plus	203 910	927 910		
II. Expenses	19 001	132 820	813 100	1 425 599
1. Long term loans repaid to other banks		57 773	758 304	1 164 467
2. Long term loans repaid to other financial institutions		18 238	10 539	39 572
7. Dividends and other payments to owners				114 853
9. Acquisition of own shares			4 484	4 484
10. Other financial expenses	19 001	56 809	39 773	102 223
III. Net cash flows from financing activities (I-II)	184 909	795 090	138 272	-384 314
D. Total net cash flows (A+/-B+/-C)	111 902	-247 335	-173 492	-1 306 880
E. Net change in cash	111 902	-247 335	-173 492	-1 306 880
F. Cash at the beginning of the period	1 365 115	1 724 352	2 442 672	3 576 060
G. Cash at the end of the period (F+/- D)	1 477 017	1 477 017	2 269 180	2 269 180

**COMMENTARY
TO THE Q3 2002
CONSOLIDATED QUARTERLY REPORT**

Methodology used in the Consolidated Quarterly Report

The Consolidated Quarterly Report comprises the Balance Sheet, the Profit and Loss Account, the Equity Statement, and the Cash Flow Statement prepared in accordance with

- 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 financial statements 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 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).

Data contained in the Report were prepared in accordance with binding accounting rules, using a methodology 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 liability and assets revaluation appropriations.

A detailed description of the accounting rules and the valuation policy of the BRE Bank SA Group as well as the effect of the change following the adoption by the Group of new accounting rules in 2002 are presented in the H1 2002 Consolidated Report SAB-PSr. Pursuant to the requirements of the Regulation of the Minister of Finance dated 10 December 2001 concerning specific accounting rules for banks, the Bank performed an equity method valuation of subsidiaries at 1 January 2002 (opening balance). The result of the valuation was shown in the Balance Sheet under "Retained profit (loss)." The effect of the valuation of subsidiaries in 2002 is shown under the profit/loss of this year.

Change of accounting rules introduced in 2002 was implemented pursuant to the Regulation of the Minister of Finance dated 20 September 2002 amending the Regulation concerning specific accounting rules for banks. The Q3 2002 Quarterly Report was drafted in line with the provisions of that Regulation.

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

- assets and liabilities items of the Balance Sheet were converted according to the mid rate prevailing on 30 September 2002 quoted by the National Bank of Poland (NBP), i.e., 4.0782 PLN to 1 EUR;
- Profit and Loss Account items for January-September 2002 were converted according to the arithmetic mean of the mid rates quoted by NBP on the last day of each of the 9 months of January-September 2002, i.e., 3.8284 PLN to 1 EUR;
- Profit and Loss Account items for Q3 2002 were converted according to the arithmetic mean of the mid rates quoted by NBP on the last day of each of the 3 months of Q3 2002, i.e., 4.0800 PLN to 1 EUR.

Structure of the BRE Bank SA Capital Group

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

Pursuant to the requirements of the Regulation of the Minister of Finance dated 12 December 2001 concerning rules of drawing up consolidated financial statements of banks and consolidated financial statements of financial holdings, as of 1 January 2002, those subsidiaries and affiliates which meet the criteria of classification as banks, credit institutions, or financial institutions in the sense of the Banking Law, are covered by the Consolidated Financial Statements based on the acquisition accounting method. The equity method is only used to consolidate BRE.locum Sp. z o.o. which does not meet those criteria (the company is involved in real estate development business).

The structure of the Capital Group covered by the Consolidated Financial Statements and the methodology of consolidation applied to Group companies did not change compared to the Q2 2002 Report.

As at 30 June 2002, BRE Bank SA with its subsidiaries held 18,108 thousand shares in Elektrim S.A., representing 21.6% of the share capital. Therefore, under the Accountancy Act, Elektrim S.A. was an affiliate of the Bank. Given that the Bank was considering reduction of its investment in the company within 12 months of the date of acquisition, at 30 June 2002 Elektrim S.A. shares were still classified as “available for sale” and stated at fair value, i.e., at the stock price quoted on that date. The result of the valuation (including the effect of deferred tax) shown under the equity of the Group was PLN 69.3 million.

The company Skarbiec Asset Management Holding SA (“SAMH”) was registered in January 2002. The company, 100% owned by the Bank, is the Group’s asset management centre. SAMH comprises companies which manage investment funds or offer investment consulting services, as well as a transfer agent. In Q3 2002, shares of BRE Asset Management SA representing 70% of the share capital and votes at the General Meeting of Shareholders were sold to SAMH. (In Q2 2002, SAMH bought from BRE Bank its entire package of stocks of

Skarbiec TFI SA, part of its BRE Asset Management SA stocks, shares in Serwis Finansowy Sp. z o.o. and shares in BRE Agent Transferowy Sp. z o.o.)

In Q3 2002, the share capital of SAMH was increased by PLN 66,733 thousand through an issue of shares, all of which were acquired by BRE Bank SA.

In the future, SAMH companies will be consolidated in the holding which in turn will be covered by the Consolidated Financial Statements of the BRE Bank SA Group.

The Bank adjusted the presentation of comparable data both in the Consolidated Financial Statements and in the financial data of the Bank for the same periods of 2001 but it did not apply new valuation rules to those data.

Factors and events that materially affected the profit/loss of Q3 2002

At the end of Q3 2002, the Group reported a loss of PLN 72,038 thousand, i.e., PLN 27,616 thousand less than the Group's loss at the end of Q2 2002. The main factors that affected that financial result included:

- Changed presentation of the result of valuation of assets available for sale shown under the revaluation reserve pursuant to the said Regulation of the Minister of Finance in force as of 30 September 2002. The result of the valuation of such assets reduced the Group's revaluation reserve at 30 September 2002. The main items reducing the equity (including the effect of deferred tax) are provisions against Elektrim SA stocks at PLN 69.3 million and against Optimus SA stocks at PLN 12.1 million. Taking into account other consolidation adjustments, the Group's revaluation reserve fell by PLN 77.6 million. This presentation of the valuation of assets available for sale was the main factor that helped the Group's result on financial transactions to grow in Q3 2002.
- The share in losses of subsidiaries subject to equity method valuation at PLN 98,219 thousand at the end of Q3 2002, reducing the Group's profitability by PLN 36,888 thousand in Q3 2002. The main impact came with the loss of BRE Skarbiec Asset Management Holding SA which charged the Group's profitability with nearly PLN 16 million.
- In Q3 2002, the Group's net interest income significantly improved, mainly as a result of faster growth in interest income (up 15.3%) than in interest costs (up 2.2%). The cost of interest paid and due in Q3 2002 in the holding company was down ca. 12% compared to the previous quarter. This was a result of both lower interest rates on deposits and a lower volume of client deposits (down ca. 2.5% compared to the end of the previous quarter). Higher interest income came mostly from bond transactions taking advantage of advantageous conditions on the market of Polish bonds.
- Due to the stringent policy aimed at reducing the overhead costs of the Group, the costs were 3.5% lower in Q3 2002 than in Q2 2002. Group subsidiaries reported considerable cost reductions (down 15% in Q3 2002 compared to Q2 2002) while the overhead costs of the holding company grew 3.8% in Q3 2002. This was mainly due to the growing cost of the development of IT and telecommunications infrastructure necessary for the retail banking line. Other categories of overhead costs either went down or remained stable in Q3 2002 compared to Q2 2002.

The Group's income tax was PLN 33,884 thousand at the end of Q3 2002; the deferred tax liability was PLN 10,015 thousand.

The consolidated assets of the Group stood at PLN 26,318,160 thousand at the end of Q3 2002, down 2.8% compared to Q2 2002. Changes in the Balance Sheet of the holding company BRE Bank were decisive to changes in the Consolidated Balance Sheet. Major changes in the Consolidated Balance Sheet in Q3 2002 included:

- the portfolio of debt securities down 16.6% due to a 31% decrease in the holding company's portfolio of governmental papers and an over 15% decrease in the portfolio of securities issued by financial companies;
- the Group's receivables from clients and governmental institutions up 5.1%. BRE Bank's net receivables grew ca. 4.1%. The Group's portfolio grew faster with growth in receivables of subsidiaries consolidated using the equity method, mainly RHEINHYP-BRE Bank Hipoteczny (up 22%) and Intermarket Bank AG (up 13%). The share of irregular receivables in the portfolio of BRE Bank SA decreased to 14.7% in Q3 2002 (from 15.2% in Q2 2002).
- the merger of the pension funds PTE Skarbiec-Emerytura SA and PTE BIG Banku Gdańskiego SA through transfer of all assets of PTE BIG BG to PTE Skarbiec-Emerytura SA and acquisition from BIG Bank Gdański SA of stocks in the merged company held by BIG BG SA generated goodwill of PLN 354,219 thousand, shown in the Group's assets under "Goodwill of subsidiaries." The period of depreciation of the goodwill is 15 years.
- The value of other assets decreased, mainly in those categories which include the valuation of derivatives (balance-sheet items accounting for growth in the value of derivatives).

Major changes in the liabilities in Q3 2002 included:

- Deposits of clients and governmental institutions down ca. 2.5%, both in the Group and the holding company, although mBank client deposits grew 7.9% and those of Multibank grew 35.0%. Corporate deposits went down 3.5%, including deposits of State-owned companies and enterprises down ca. 34%. Private banking client deposits decreased somewhat as such clients were more willing to invest in securities. The portfolio investment of private banking clients grew 57% in Q3 2002. There was only minor growth in deposits in other companies of the Group; client deposits fell 9.3% in Bank Częstochowa.
- "Other liabilities in respect of financial instruments" now include the effect of the valuation of derivatives (balance-sheet items accounting for decrease in the value of derivatives).
- Subordinated liabilities grew following an issue of EUR 50 million subordinated bonds by BRE Bank SA. With the approval of the Banking Supervision Commission, the liabilities were included in the Bank's equity.

The equity of the Group (including the retained profit/loss of previous years and the loss of this year) were PLN 1,820,941 thousand. The effect on the opening balance of changes in accounting rules effective as of 1 January 2002 and the enlargement of the Group is shown under "Retained profit (loss)" which reduced the Group's equity by PLN 136,076 thousand. The equity of the Group was also reduced by the result of the valuation of assets available for sale shown under the revaluation reserve.

The value of off-balance-sheet liabilities related to purchase/sale transactions stated at PLN 173.8 billion in the accounts as at 30 September 2002 mostly concerns the holding company. It is partly "overestimated" (by PLN 49.5 billion) as some items are not netted off, 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 netted value of off-balance-sheet items, i.e., PLN 124.3 billion, represents the nominal value of derivatives transactions and interest flows related to the following instruments:

- a) spot and forward transactions (PLN and FX to be paid) – PLN 27.2 billion;
- b) Forward Rate Agreements (FRA) – PLN 50.2 billion;
- c) Interest Rate Swaps (IRS) interest paid – PLN 22.4 billion;
- d) FX options – PLN 14.8 billion;
- e) Other – PLN 9.7 billion (including sell/buy back transactions PLN 0.9 billion, interest rate options PLN 4.6 billion, other instruments PLN 4.2 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 the transactions is mainly measured as 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 standards of acceptable fx risk set by the Banking Supervision Commission as well as internal limits of open fx positions.

Feasibility of attaining the targets of the published 2002 profit projection in the light of the Q3 2002 results

Although the 2002 profit projection is unattainable, the Management Board emphasise that the Bank's safety ratios (the solvency ratio, the current and long-term liquidity ratios) have remained adequate and the Bank continues to monitor its risks. This is helped, among others, by the implemented system of daily monitoring of capital adequacy.

The Bank's solvency ratio has improved: it was 12.6% at the end of Q3 2002, compared to 11.7% at the end of Q2 2002.

The Management Board will take action to reduce or eliminate the balance sheet loss at the end of 2002. The Bank's eventual financial result will depend both on improvement of the overall economic climate and stock prices of companies in the Bank's portfolio.

Adjustments for Provisions

As at the end of Q3 2001, provisions against loans, guarantees, and revaluation of financial assets set up by the Group were PLN 434,990 thousand, including PLN 372,561 thousand in provisions set up by BRE Bank SA.

Provisions of PLN 273,468 thousand were released by the Group, including PLN 241,611 thousand released by BRE Bank SA. General risk reserves remained stable in Q3 2002.

Major Events of Q3 2002

- On 4 July 2002, BRE Leasing Sp. z o.o. (a subsidiary of the Bank) executed an agreement concerning a EUR 100,000,000 loan given by a banking consortium arranged by

Commerzbank AG. The loan was extended to finance leasing operations. Details of the agreement were presented in the current report no. 116 dated 5 July 2002.

- 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 [Polish State Railways] 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. Each bank participating in the consortium undertook to acquire or to effectuate the acquisition of and payment for 25% of all bonds. The issue took place on 4 October 2002. As a result of subscription by investors, BRE Bank SA did not acquire the 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 received PLN 87,144.3 thousand in cash.
- On 2 August 2002, Skarbiec Asset Management Holding bought from Allgemeine Deutsche Investment-Gesellschaft (ADIG) shares in Skarbiec Towarzystwo Funduszy Inwestycyjnych SA representing 49% of the share capital and votes at the General Meeting of Shareholders. The value of the purchased shares in the books of SAMH is PLN 47,399,600.
- On 7 August 2002, the District Court of the Capital City of Warsaw registered the merger of the subsidiary of BRE Bank SA PTE Skarbiec-Emerytura SA and Powszechnie Towarzystwo Emerytalne BIG Banku Gdańskiego SA. The merger was effected through the transfer of all assets of PTE BIG BG to PTE Skarbiec-Emerytura in exchange for shares representing 38.61% of the increased share capital and votes at the General Meeting of Shareholders of PTE Skarbiec-Emerytura. On 26 September 2002, BRE Bank SA bought the shares from BIG Bank Gdański and now holds 100% of the share capital and votes at the General Meeting of Shareholders of PTE Skarbiec-Emerytura SA.
- On 20 August 2002, Skarbiec Asset Management Holding SA (“SAMH”), a subsidiary of BRE Bank SA, and the Foundation for Polish Science (Fundacja na rzecz Nauki Polskiej) executed an agreement providing for the sale of shares in BRE Asset Management SA representing 20.004% of the share capital and votes at the General Meeting of Shareholders for PLN 4,000,000. Following the transaction, SAMH holds 100% of the share capital and votes at the General Meeting of Shareholders of BRE Asset Management Holding.
- On 29 August 2002, the Bank was informed of the registration of a capital increase in Transfinance a.s. The capital increase was acquired pro rata by the existing shareholders of the company: BRE Bank SA and Intermarket Bank AG, a subsidiary of BRE Bank SA. BRE Bank SA acquired shares representing 25% of the increased share capital and votes at the General Meeting of Shareholders and Intermarket Bank AG acquired shares representing 25% of the increased share capital and votes at the General Meeting of

Shareholders. Both BRE Bank SA and Intermarket Bank AG held before the registration and still hold 50% of the share capital and votes at the General Meeting of Shareholders of Transfinance a.s.

- At its meeting on 12 September 2002, the Supervisory Board of BRE Bank SA obligated the Management Board of BRE Bank SA to take action to merge Bank Częstochowa SA (acquired company) and BRE Bank SA (acquiring company) through the transfer of the assets of Bank Częstochowa SA to BRE Bank SA in return for BRE Bank SA shares pursuant to Art. 124 of the Banking Law and Art. 492.1.1 of the Code of Commercial Companies. Given the planned merger of the two banks, the restructuring programme of Bank Częstochowa SA will be amended. A plan of the merger of BRE Bank SA and Bank Częstochowa SA was drafted and presented in the current report no. 166 dated 1 October 2002.
- On 25 September 2002 in Budapest, BRE Bank SA and Kereskedelmi és Hitelbank Rt. executed an agreement whereby BRE Bank SA shall acquire shares in Magyar Factor Rt. The shares to be acquired represent 50% of the share capital and votes at the General Meeting of Shareholders. The agreement is contingent and shall take effect on the approval by the Hungarian Regulator of Financial Institutions of the acquisition of the shares in Magyar Factor Rt. by BRE Bank SA. The shares will be acquired for HUF 550,000,000 (at the NBP rate of the forint on the date the transaction is closed, not later than 31 March 2003). At present, BRE Bank SA holds no shares in Magyar Factor Rt., its subsidiary Intermarket Bank AG holds 50% of the shares. The Bank considers this a long-term investment.
- On 26 September 2002, BRE Bank SA issued subordinated bonds with a total nominal value of EUR 50 million. The entire issue was acquired by Atlas-Vermögensverwaltungs-Gesellschaft mbH with its registered office in Germany. The redemption date of the bonds is 26 September 2012. On 30 September 2002, the Banking Supervision Commission approved the inclusion of funds raised in the issue into BRE Bank SA's supplementary capital.
- On 30 September 2002, BRE Bank SA acquired bonds with a nominal value of PLN 105,100,000 issued by BRE-Fundusz Kapitałowy Sp. z o.o. The bonds were issued with a discount based on WIBOR.

Significant events after the balance sheet date not disclosed in the Balance Sheet or the Profit and Loss Account

There were no significant events at the Group after the balance sheet date not disclosed in the Balance Sheet or the Profit and Loss Account.

Material share packages

According to the 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 held 11,485,250 shares and votes at the General Meeting of Shareholders of BRE Bank SA. Those shares represented 50% of the share capital and gave 50% of votes at the General Meeting of Shareholders of the Bank.

In addition, Commercial Union Otwarty Fundusz Emerytalny BPH CU WBK held BRE Bank SA shares representing 5.07% of the share capital and votes at the General Meeting of Shareholders.

Transactions with associated companies in excess of the equivalent of EUR 500,000 unrelated to day-to-day operations (atypical)

There were no transactions with associated companies in excess of the PLN equivalent of EUR 500,000 in Q3 2002 other than typical, routine transactions executed on market conditions whose nature and terms were determined by the day-to-day operations of the Bank.

Extended credit, loan, or other guarantees in excess of 10% of the equity

The Bank's exposure in excess of 10% of the equity related to two guarantees of redemption of eurobonds issued by order of BRE International Finance B.V. (the issuer of the eurobonds), a 100% subsidiary of BRE Bank SA, for a total of EUR 325 million. One guarantee worth EUR 200 million took effect in June 2000 for 20 years; the other guarantee at EUR 125 million expires in November 2004.

Change in stocks and options held by managers and supervisors

	Management Board	Supervisory Board
Number of stocks held as at 30 June 2002	174,003	77,111
Number of stocks acquired in Q3 2002	0	506
Number of stocks sold in Q3 2002	0	0
Number of stocks held as at 30 September 2002	174,003	77,617
Number of options held as at 30 June 2002	170,000	0
Number of options acquired in Q3 2002	0	0
Number of options sold in Q3 2002	0	0
Number of options held as at 30 September 2002	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 worth in excess of 10% of the Bank's equity were opened in Q3 2002 for or against the Bank or its subsidiaries.

Other

Given the macroeconomic and microeconomic situation in Poland and prevailing trends on capital markets, BRE Bank SA has taken radical action to ensure lasting reduction in its operating costs and to grow its effectiveness and improve its competitive position. 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 business areas of the Bank. In addition, the Management Board have decided to carry out group workforce reductions of up to 500 staff in September 2002 – March 2003 and to amend

the rules of staff remuneration at the Bank. The workforce restructuring programme was launched in September 2002.