

(for bank)

Pursuant to Art. 57.2 and Art. 58.1 of the Regulation of the Council of Ministers dated 16 October 2001 (Journal of Laws No. 139, item 1569 and No. 31, item 280 (from year 2002),

the Board of Management of BRE Bank SA  
publishes this Quarterly Report for Q1 2003:

05-05-03

(date of submittal)

| SELECTED FINANCIAL DATA  | PLN '000                          |                                   | EUR '000                          |                                   |
|--|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
|  | I Q cumulative                    | I Q cumulative                    | I Q cumulative                    | I Q cumulative                    |
| (current year)   | from 1 Jan 2003<br>to 31 Mar 2003 | from 1 Jan 2002<br>to 31 Mar 2002 | from 1 Jan 2003<br>to 31 Mar 2003 | from 1 Jan 2002<br>to 31 Mar 2002 |
| I. Interest income   | 293 923                           | 448 986                           | 69 201                            | 124 287                           |
| II. Commission income  | 78 474                            | 79 092                            | 18 476                            | 21 894                            |
| III. Profit (loss) on banking activity                               | 170 954                           | 157 873                           | 40 249                            | 43 702                            |
| IV. Operating profit (loss)  | 53 112                            | 12 415                            | 12 505                            | 3 437                             |
| V. Gross profit (loss) before tax                                    | 46 310                            | 4 080                             | 10 903                            | 1 129                             |
| VI. Net profit (loss)  | 33 841                            | (6 445)                           | 7 967                             | (1 784)                           |
| VII. Net cash from operating activities                              | 1 198 467                         | (687 288)                         | 282 165                           | (190 253)                         |
| VIII. Net cash from investing activities                             | (20 873)                          | (271 576)                         | (4 914)                           | (75 177)                          |
| IX. Net cash from financing activities                               | 133 612                           | 699 005                           | 31 457                            | 193 496                           |
| X. Total net cash flows  | 1 311 206                         | (259 859)                         | 308 708                           | (71 933)                          |
| XI. Total assets   | 28 880 658                        | 27 193 236                        | 6 556 038                         | 7 546 131                         |
| XII. Amounts due to Central Bank                                     | 1 685                             | 122 881                           | 383                               | 34 100                            |
| XIII. Liabilities to financial sector                                | 7 196 864                         | 9 093 934                         | 1 633 720                         | 2 523 569                         |
| XIV. Liabilities to non-financial and public sector                  | 9 909 337                         | 10 596 154                        | 2 249 464                         | 2 940 436                         |
| XV. Equity   | 1 616 017                         | 2 227 969                         | 366 843                           | 618 262                           |
| XVI. Share capital   | 91 882                            | 91 882                            | 20 858                            | 25 497                            |
| XVII. Number of shares   | 22 970 500                        | 22 970 500                        | 22 970 500                        | 22 970 500                        |
| XVIII. Book value per share (in PLN/EUR)                             | 70.35                             | 96.99                             | 15.97                             | 26.92                             |
| XIX. Diluted book value per share (in PLN/EUR)                       | -                                 | -                                 | -                                 | -                                 |
| XX. Solvency ratio   | 9.77                              | 14.39                             | 9.77                              | 14.39                             |
| XXI. Profit (loss) per ordinary share (in PLN/EUR)                   | 1.47                              | (0.28)                            | 0.35                              | (0.08)                            |
| XXII. Diluted profit (loss) per ordinary share (in PLN/EUR)          | -                                 | -                                 | -                                 | -                                 |
| XXIII. Dividend declared or paid out per ordinary share (in PLN/EUR) | -                                 | -                                 | -                                 | -                                 |

| CONSOLIDATED BALANCE SHEET (PLN '000)                                     | as at                                  | as at   | as at                                  | as at   |
|---|--|---|--|---|
|   | 31.Mar.2003<br>end of this Q<br>(2003) | 31.Dec.2002<br>end of previous<br>Q<br>(2002) | 31.Mar.2002<br>end of this Q<br>(2002) | 31.Dec.2001<br>end of previous<br>Q<br>(2001) |
| <b>Assets</b>   |  |   |  |   |
| I. Cash and balances with the Central Bank                                | 497 489                                | 365 819                                       | 493 534                                | 745 191                                       |
| II. Debt securities eligible for rediscounting at the Central Bank        | 104 684                                | 49 021  | 23 168                                 | 66 683  |
| III. Amounts due from financial sector                                    | 4 029 037                              | 2 835 778                                     | 3 330 197                              | 2 770 664                                     |
| 1. Short-term   | 3 212 054                              | 1 584 009                                     | 2 248 582                              | 1 578 474                                     |
| a) Current  | 2 114 013                              | 953 579                                       | 1 992 956                              | 865 468                                       |
| b) Other short-term   | 1 098 041                              | 630 430                                       | 255 626                                | 713 006                                       |
| 2. Long-term  | 816 983                                | 1 251 769                                     | 1 081 615                              | 1 192 190                                     |
| IV. Amounts due from non-financial sector                                 | 13 065 569                             | 11 960 048                                    | 11 794 704                             | 9 456 684                                     |
| 1. Short-term   | 7 727 856                              | 6 523 061                                     | 6 332 832                              | 4 713 705                                     |
| a) Current  | 1 712 100                              | 1 952 615                                     | 1 863 635                              | 1 283 014                                     |
| b) Other short-term   | 6 015 756                              | 4 570 446                                     | 4 469 197                              | 3 430 691                                     |
| 2. Long-term  | 5 337 713                              | 5 436 987                                     | 5 461 872                              | 4 742 979                                     |
| V. Amounts due from public sector   | 51 651                                 | 51 637  | 1 019 233                              | 962 751                                       |
| 1. Short-term   | 40 093                                 | 41 088  | 1 006 485                              | 936 306                                       |
| a) Current receivables  | 7 462                                  | 11 427  | 3 275                                  | -   |
| b) Other short-term   | 32 631                                 | 29 661  | 1 003 210                              | 936 306                                       |
| 2. Long-term  | 11 558                                 | 10 549  | 12 748                                 | 26 445  |
| VI. Amounts due in respect of purchase of securities with a resale clause | 17 289                                 | 297 613                                       | -                                      | 54 965  |

|  |            |            |            |            |
|--|------------|------------|------------|------------|
| VII. Debt securities   | 4 940 079  | 5 155 445  | 4 745 603  | 4 732 461  |
| VIII. Amounts due from subordinated priced using equity method           | 17 981     | 245        | 19         | 289 019    |
| 1. Subsidiaries  | 1 707      | 245        | 19         | 89 190     |
| 2. Correlatives  | -          | -          | -          | -          |
| 3. Associates  | 16 274     | -          | -          | 199 829    |
| IX. Stocks or shares in subsidiaries priced using equity method          | 89 322     | 123 197    | 218 537    | 179 789    |
| X. Stocks or shares in correlatives priced using equity method           | -          | -          | -          | -          |
| XI. Stocks or shares in Associates priced using equity method            | 25 823     | 13 782     | 24 099     | 134 951    |
| XII. Stocks or shares in other companies                                 | 13 856     | 11 015     | 36 987     | 29 151     |
| XIII. Other securities and financial assets                              | 684 766    | 670 972    | 1 033 084  | 768 453    |
| XIV. Intangible assets, including:                                       | 300 009    | 305 590    | 213 442    | 211 813    |
| - goodwill of company  | 100 357    | 97 586     | 68 099     | 70 753     |
| XV. Goodwill of subordinates   | 480 903    | 492 114    | 116 058    | 120 781    |
| XVI. Tangible fixed assets   | 902 086    | 902 310    | 959 657    | 876 653    |
| XVII. Other assets   | 2 647 256  | 3 173 637  | 2 386 666  | 2 640 764  |
| 1. Assets acquired - for sale  | 6 286      | 2 789      | 27 832     | 22 750     |
| 2. Inventories   | 52 177     | 27 675     | 12 311     | -          |
| 3. Other   | 2 588 793  | 3 143 173  | 2 346 523  | 2 618 014  |
| XVIII. Prepayments   | 1 012 858  | 1 023 238  | 798 248    | 782 537    |
| 1. Deferred income tax   | 929 566    | 947 436    | 703 489    | 736 639    |
| 2. Other prepayments   | 83 292     | 75 802     | 94 759     | 45 898     |
| Total assets   | 28 880 658 | 27 431 461 | 27 193 236 | 24 823 310 |
| Liabilities  |            |            |            |            |
| I. Amounts due to Central Bank   | 1 685      | 1 532      | 122 881    | 2 718      |
| II. Amounts due to financial sector                                      | 7 196 864  | 7 152 563  | 9 093 934  | 8 049 981  |
| 1. Short-term  | 5 233 384  | 5 195 558  | 5 643 500  | 4 352 708  |
| a) Current   | 1 100 790  | 1 386 269  | 2 435 356  | 2 117 799  |
| b) Other short-term  | 4 132 594  | 3 809 289  | 3 208 144  | 2 234 909  |
| 2. Long-term   | 1 963 480  | 1 957 005  | 3 450 434  | 3 697 273  |
| III. Amounts due to non-financial sector                                 | 9 825 821  | 10 215 397 | 10 319 194 | 9 856 466  |
| 1. Short-term  | 8 788 936  | 9 161 083  | 8 984 936  | 7 870 420  |
| a) Current, including:   | 4 751 804  | 4 917 942  | 3 629 615  | 1 588 516  |
| - saving deposits  | 1 791 073  | 1 492 648  | 909 927    | 614 422    |
| b) Other short-term, including:  | 4 037 132  | 4 243 141  | 5 355 321  | 6 281 904  |
| - saving deposits  | 346 020    | 248 380    | 163 462    | 283 307    |
| 2. Long-term, including:   | 1 036 885  | 1 054 314  | 1 334 258  | 1 986 046  |
| - saving deposits  | 225 131    | 225 585    | 316 549    | 169 522    |
| IV. Amounts due to public sector   | 83 516     | 118 975    | 276 960    | 168 449    |
| 1. Short-term  | 80 918     | 116 372    | 271 443    | 165 524    |
| a) Current   | 36 586     | 69 842     | 20 948     | 28 729     |
| b) Other short-term  | 44 332     | 46 530     | 250 495    | 136 795    |
| 2. Long-term   | 2 598      | 2 603      | 5 517      | 2 925      |
| V. Liabilities in respect of sale of securities with a repurchase clause | 2 865 545  | 1 942 315  | -          | 1 132 724  |
| VI. Liabilities due to issue of debt securities                          | 2 195 994  | 1 541 876  | 1 337 041  | 3 015      |
| 1. Short-term  | 518 827    | 238 426    | 60 002     | 3 015      |
| 2. Long-term   | 1 677 167  | 1 303 450  | 1 277 039  | -          |
| VII. Other liabilities due to financial instruments                      | 2 162 503  | 2 264 262  | 1 663 855  | 1 603 056  |
| VIII. Amounts due to subordinated priced using equity method             | 17 400     | 11 567     | 2 907      | 84 065     |
| 1. Subsidiaries  | 16 566     | 11 173     | 2 907      | 59 488     |
| 2. Correlatives  | -          | -          | -          | -          |
| 3. Associates  | 834        | 394        | -          | 24 577     |
| IX. Special funds and other liabilities                                  | 439 409    | 200 325    | 301 810    | 70 353     |
| X. Accruals, deferred income and suspended income                        | 258 902    | 277 606    | 200 450    | 763 946    |
| 1. Accruals  | 46 636     | 76 856     | 29 103     | 69 213     |
| 2. Goodwill (negative figure)  | -          | -          | 3 314      | -          |
| 3. Other deferred and suspended income                                   | 212 266    | 200 750    | 168 033    | 694 733    |
| XI. Goodwill of subordinated companies (negative figure)                 | 916        | 900        | 1 260      | -          |
| XII. Provisions  | 951 595    | 957 747    | 743 132    | 784 603    |
| 1. Income tax provision  | 806 740    | 814 450    | 670 794    | 693 839    |
| 2. Other   | 144 855    | 143 297    | 72 338     | 90 764     |
| a) short-term  | 16 648     | 4 285      | 19 492     | -          |

|  |                   |                   |                   |                   |
|--|-------------------|-------------------|-------------------|-------------------|
| b) long-term                                     | 128 207           | 139 012           | 52 846            | 90 764            |
| XIII. Subordinated liabilities                   | 1 140 888         | 1 041 213         | 756 002           | 31 268            |
| XIV. Minority interests                          | 123 603           | 123 877           | 145 841           | 71 041            |
| XV. Share capital                                | 91 882            | 91 882            | 91 882            | 91 882            |
| XVI. Payment for share capital (negative figure) | -                 | -                 | -                 | -                 |
| XVII. Own shares (negative figure)               | (4 545)           | -                 | -                 | -                 |
| XVIII. Supplementary capital                     | 655 243           | 659 013           | 651 792           | 622 559           |
| XIX. Revaluation reserve                         | 5 754             | (8 643)           | 8 063             | 8 063             |
| XX. Other reserves                               | 1 357 339         | 1 358 267         | 1 248 697         | 1 248 541         |
| XXI. Translation differences on consolidation    | (1 487)           | (351)             | 1 958             | (3 950)           |
| 1. gains   | 6 778             | 1 959             | 6 376             | -                 |
| 2. losses  | (8 265)           | (2 310)           | (4 418)           | (3 950)           |
| XXII. Retained earnings (Accumulated losses)     | (522 010)         | (137 946)         | 232 022           | 13 130            |
| XXIII. Net profit (loss)                         | 33 841            | (380 916)         | (6 445)           | 221 400           |
| <b>Total liabilities</b>                         | <b>28 880 658</b> | <b>27 431 461</b> | <b>27 193 236</b> | <b>24 823 310</b> |
| Capital adequacy ratio                           | 9.77              | 10.01             | 14.39             | 12.05             |
| Book value                                       | 1 616 017         | 1 581 306         | 2 227 969         | 2 201 625         |
| Number of shares                                 | 22 970 500        | 22 970 500        | 22 970 500        | 22 970 500        |
| Book value per share (in PLN)                    | 70.35             | 68.84             | 96.99             | 95.85             |
| Diluted number of shares                         | -                 | -                 | -                 | -                 |
| Diluted book value per share (in PLN)            | -                 | -                 | -                 | -                 |

| CONSOLIDATED OFF-BALANCE-SHEET ITEMS                           | as at                                  | as at                                   | as at                             | as at                                   |
|--|--|---|-----------------------------------|---|
|  | 31.Mar.2003<br>end of this Q<br>(2003) | 31.Dec.2002<br>end of prev. Q<br>(2002) | 31.Dec.2002<br>end of Q<br>(2002) | 31.Dec.2001<br>end of prev. Q<br>(2001) |
| I. Contingent liabilities extended and received                | 6 172 102                              | 6 623 770                               | 6 245 074                         | 7 206 211                               |
| 1. Liabilities extended  | 5 401 375                              | 5 734 368                               | 5 519 389                         | 6 635 767                               |
| a) financial   | 4 079 603                              | 4 498 741                               | 4 225 175                         | 4 175 115                               |
| b) guarantee   | 1 321 772                              | 1 235 627                               | 1 294 214                         | 2 460 652                               |
| 2. Liabilities received  | 770 727                                | 889 402                                 | 725 685                           | 570 444                                 |
| a) financial   | 361 928                                | 356 816                                 | 172 463                           | 184 543                                 |
| b) guarantee   | 408 799                                | 532 586                                 | 553 222                           | 385 901                                 |
| II. Liabilities related to realised purchase/sale transactions | 164 272 576                            | 146 097 417                             | 176 411 493                       | 141 732 770                             |
| III. Other (due to)  | 323 211                                | 348 342                                 | -                                 | 68 179                                  |
| - factoring receivables  | 323 211                                | 251 976                                 | -                                 | -                                       |
| - factoring liabilities  | -                                      | 96 366                                  | -                                 | -                                       |
| - option to acquire shares                                     | -                                      | -                                       | -                                 | 68 179                                  |
| <b>Total off-balance-sheet items</b>                           | <b>170 767 889</b>                     | <b>153 069 529</b>                      | <b>182 656 567</b>                | <b>149 007 160</b>                      |

| CONSOLIDATED PROFIT AND LOSS ACCOUNT   | I Q (current year)              | I Q (previous year)             |
|--|---------------------------------|---------------------------------|
|  | from 01.Jan.2003 to 31.Mar.2003 | from 01.Jan.2002 to 31.Mar.2002 |
| I. Interest income   | 293 923                         | 448 986                         |
| II. Interest expense   | 228 954                         | 355 317                         |
| III. Net interest income (I-II)  | 64 969                          | 93 669                          |
| IV. Commission income  | 78 474                          | 79 092                          |
| V. Commission expenses   | 22 687                          | 17 151                          |
| VI. Net commission income (IV-V)   | 55 787                          | 61 941                          |
| VII. Net income of goods sold  | -                               | 7 150                           |
| VIII. Sold goods expenses  | -                               | 2 438                           |
| IX. Cost of sale   | -                               | -                               |
| X. Profit on sale (VII-VIII-IX)  | -                               | 4 712                           |
| XI. Income from shares, other securities and financial instruments with variable yield | 30                              | 2 251                           |
| 1. From subsidiaries   | -                               | 2 251                           |
| 2. From correlatives   | -                               | -                               |
| 3. From Associates   | -                               | -                               |
| 4. From others   | 30                              | -                               |
| XII. Profit (loss) on financial transaction  | 6 219                           | (116 626)                       |
| XIII. Profit (loss) on foreign exchange result   | 43 949                          | 111 926                         |
| XIV. Profit (loss) on banking activity   | 170 954                         | 157 873                         |
| XV. Other operating income   | 38 986                          | 59 531                          |
| XVI. Other operating expenses  | 14 787                          | 55 827                          |
| XVII. Overhead costs of the bank   | 138 780                         | 159 477                         |
| XVIII. Depreciation and amortisation   | 38 529                          | 36 291                          |
| XIX. Provisions and write-downs  | 50 964                          | 39 035                          |
| 1 for specific reserves and to general banking risk                                    | 44 972                          | 39 035                          |
| 2. for revaluation of financial assets   | 5 992                           | -                               |
| XX. Release of provisions and reversal of write-downs                                  | 86 232                          | 85 641                          |
| 1 Release of specific reserves and general banking                                     | 77 370                          | 85 641                          |
| 2. Revaluation of financial assets   | 8 862                           | -                               |
| XXI. Net provisions and write-downs (XIX-XX)   | (35 268)                        | (46 606)                        |
| XXII. Operating profit (loss)  | 53 112                          | 12 415                          |
| XXIII. Profit (loss) on extraordinary items  | 123                             | 394                             |
| 1. gains   | 284                             | 700                             |
| 2. losses  | 161                             | 306                             |
| XXIV. Amortization of goodwill   | 7 629                           | 8 849                           |
| XXV. Recognition of negative goodwill  | 704                             | 120                             |
| XXVI. Profit (loss) before tax   | 46 310                          | 4 080                           |
| XXVII. Corporate income tax  | 13 365                          | 12 646                          |
| 1. Current part  | 3 199                           | 2 724                           |
| 2. Postponed part  | 10 166                          | 9 922                           |
| XXVIII. Other obligatory profit appropriations (loss increases)                        | -                               | -                               |
| XXIX. Gain (loss) on share in subordinated priced using equity method                  | (716)                           | (611)                           |
| XXX. (Profit) loss of minority   | 1 612                           | 2 732                           |
| XXXI. Net profit (loss)  | 33 841                          | (6 445)                         |
| Net profit (loss) (for 12 months)  | (340 630)                       | 209 606                         |
| Weighted average number of ordinary shares   | 22 970 500                      | 22 970 500                      |
| Net profit (loss) per 1 ordinary share [PLN]   | (14.83)                         | 9.13                            |
| Weighted average number of ordinary shares   | -                               | -                               |
| Diluted net profit (loss) per 1 ordinary share [PLN]                                   | -                               | -                               |

| MOVEMENTS IN CONSOLIDATED EQUITY  | I Q (current year)                 | I Q (previous year)                |
|---|------------------------------------|------------------------------------|
|   | from 01.Jan.2003 to<br>31.Mar.2003 | from 01.Jan.2002 to<br>31.Mar.2002 |
| I. Equity as at the beginning of the year (OB)  | 1 581 306                          | 2 201 625                          |
| a) changes to accounting policy   | -                                  | 32 929                             |
| b) adjustment of key miscalculation   | -                                  | -                                  |
| I.a. Equity as at the beginning of the year (OB) after reconciliation to comparative data | 1 581 306                          | 2 234 554                          |
| I. Share capital as at the beginning of the year  | 91 882                             | 91 882                             |
| 1.1 Changes in share capital  | -                                  | -                                  |
| a) increase (due to):   | -                                  | -                                  |
| -issue of shares  | -                                  | -                                  |
|   |                                    |                                    |
| b) decrease (due to):   | -                                  | -                                  |
| -cancellation of shares   | -                                  | -                                  |
|   |                                    |                                    |
| 1.2. Share capital as at the end of the year  | 91 882                             | 91 882                             |
| 2. Payments for share capital at the beginning of the year                                | -                                  | -                                  |
| 2.1 Changes in payments for share capital   | -                                  | -                                  |
| a) increase (due to):   | -                                  | -                                  |
| b) decrease (due to):   | -                                  | -                                  |
| 2.2 Payments for share capital at the end of the year                                     | -                                  | -                                  |
| 3. Own shares as at the beginning of the year   | -                                  | -                                  |
| a) increase (due to):   | (4 545)                            | -                                  |
| b) decrease (due to):   | -                                  | -                                  |
| 3.1 Own shares at the end of the year   | (4 545)                            | -                                  |
| 4. Supplementary capital as at the beginning of the year                                  | 659 013                            | 622 559                            |
| 4.1. Movements in the supplementary capital   | (3 770)                            | 29 233                             |
| a) increase (due to):   | 115                                | 30 511                             |
| - issue of shares above nominal value   | -                                  | -                                  |
| - allocation of the profit (statutory)  | -                                  | -                                  |
| - allocation of the profit (above minimal value up to statutory)                          | -                                  | -                                  |
| - inclusion for consolidation   | -                                  | -                                  |
| - exclusion from consolidation following disposal of a company                            | -                                  | 30 511                             |
| - fixed assets' disposal  | -                                  | -                                  |
| - reclassification from reserve capital   | -                                  | -                                  |
| - other   | 115                                | -                                  |
| b) decrease (due to):   | 3 885                              | 1 278                              |
| - loss coverage   | -                                  | -                                  |
| - correction of opening balace  | -                                  | 750                                |
| - termination of capital in case of payment to shareholders                               | -                                  | 528                                |
| - exclusion from consolidation following disposal of a company                            | 3 885                              | -                                  |
| 4.2. Supplementary capital as at the end of the year                                      | 655 243                            | 651 792                            |
| 5. Revaluation reserve as at the beginning of the year                                    | (8 643)                            | 8 063                              |
| 5.1. Movements in revaluation reserve   | 14 397                             | -                                  |
| a) increase (due to)  | 18 175                             | -                                  |
| - increase of value due to foreign exchanges  | 5 310                              | -                                  |
| - deferred income tax   | 476                                | -                                  |
| - revaluation of securities   | 5 915                              | -                                  |
| - exclusion from consolidation following disposal of a company                            | 6 463                              | -                                  |
| - other   | 11                                 | -                                  |
| b) decrease (due to)  | 3 778                              | -                                  |
| - disposal of fixed assets  | -                                  | -                                  |
| - revaluation of fixed assets   | -                                  | -                                  |
| - deferred income tax   | 2 104                              | -                                  |
| - foreign exchange  | 1                                  | -                                  |

|  |           |          |
|--|-----------|----------|
| - exclusion from consolidation following disposal of a company                                   | 754       |          |
| - revaluation of securities for disposal   | 919       | -        |
| 5.2. Revaluation reserve as at the end of the year   | 5 754     | 8 063    |
| 6. General banking risk reserve as at the beginning of the year                                  | 558 000   | 453 000  |
| 6.1. Movements in general banking risk reserve   | -         | -        |
| a) increase (due to)   | -         | -        |
| - appropriation of Retained earnings   | -         | -        |
|  |           |          |
| b) decrease (due to)   | -         | -        |
| -  |           |          |
| -  |           |          |
|  |           |          |
| 6.2. General banking risk reserve as at the end of the year                                      | 558 000   | 453 000  |
| 7. Other supplementary capitals as at the beginning of the year                                  | 800 267   | 795 541  |
| 7.1. Changes in other supplementary capitals   | (928)     | 156      |
| a) increase (due to):  | 1 056     | 156      |
| - deduction of profit for supplementary capital  | 1 056     | -        |
| - inclusion for consolidation  | -         | 156      |
| - capital decrease reserve   | -         | -        |
| - dividend payment   | -         | -        |
| - other  | -         | -        |
| b) decrease (due to)   | 1 984     | -        |
| - reclassification to reserve capital  | -         | -        |
| - dividend payment by way of advance   | -         | -        |
| - exclusion from consolidation following disposal of a company                                   | 1 984     | -        |
| - other  | -         | -        |
| 7.2. Other supplementary capital as at the end of the year                                       | 799 339   | 795 697  |
| 8. Foreign exchange gains/losses on the translation of subordinated companies                    | (1 487)   | 1 958    |
| 9. Retained earnings (Accumulated losses) as at the beginning of the year                        | (518 862) | 234 530  |
| 9.1. Retained earnings as at beginning of the year   | 98 819    | 238 677  |
| a) changes to accounting policy  | -         | 34 374   |
| b) adjustment of key miscalculation  | -         | -        |
| 9.2. Retained earnings as at the beginning of the year after reconciliation to comparative data  | 98 819    | 273 051  |
| 9.3. Change in retained earnings   | (3 148)   | (28 824) |
| a) increase (due to):  | -         | 1 687    |
| - allocation of retained earnings  | -         | -        |
| - first acquisition accounting consolidation of a company  | -         | 1 687    |
| - stake increased through a subholding   | -         | -        |
| -dividend received from companies consolidated for the first time                                | -         | -        |
| b) decrease (due to):  | 3 148     | 30 511   |
| - exclusion from consolidation in connection of selling the company                              | -         | 30 511   |
| - deduction of profit for general banking risk reserve   | -         | -        |
| - profit allocation to supplementary capital   | 1 056     | -        |
| - profit allocation to reserve capital   | -         | -        |
| - profit allocation to shareholder dividend  | -         | -        |
| - transfer to the Social Fund  | -         | -        |
| - foreign exchange gains/losses  | 2 092     | -        |
| - other  | -         | -        |
| 9.4. Retained earnings as at the end of the year   | 95 671    | 244 227  |
| 9.5. Accumulated losses at the beginning of the year   | (617 681) | (4 147)  |
| a) changes to accounting policies  | -         | (2 370)  |
| b) adjustment of key miscalculation  | -         | -        |
| 9.6. Accumulated losses as at the beginning of the year after reconciliation to comparative data | (617 681) | (6 517)  |
| 9.7. Change in accumulated losses  | -         | (5 688)  |
| a) increase (due to):  | -         | (5 688)  |
| - loss to be covered brought forward from previous years   | -         | -        |

|   |           |           |
|---|-----------|-----------|
| - inclusion the company to consolidation                              | -         | (5 688)   |
| b) decrease (due to):   | -         | -         |
| - coverage from reserves  | -         | -         |
| -   | -         | -         |
| 9.8. Accumulated losses as at the end of year                         | (617 681) | (12 205)  |
| 9.9. Retained earnings (Accumulated losses) as at the end of year     | (522 010) | 232 022   |
| 10. Net profit/loss   | 33 841    | (6 445)   |
| a) net loss   | 33 841    | -         |
| b) net profit   | -         | (6 445)   |
| II. Equity as at the end of the year (CB )                            | 1 616 017 | 2 227 969 |
| III. Equity including proposed profit distribution (coverage of loss) | 1 616 017 | 1 996 789 |

| CONSOLIDATED CASH FLOW<br>STATEMENT   | I Q (current year)                 | I Q (previous year)                |
|---|------------------------------------|------------------------------------|
|   | from 01.Jan.2003 to<br>31.Mar.2003 | from 01.Jan.2002 to<br>31.Mar.2002 |
| A. Net cash flows from operating activities - indirect method                               | 1 198 467                          | (687 288)                          |
| I. Net profit (loss)  | 33 841                             | (6 445)                            |
| II. Total adjustments for:  | 1 164 626                          | (680 843)                          |
| 1. Profit (loss) of minority shareholders   | 1 612                              | 2 732                              |
| 2. Participation in profit (loss) of subordinated companies priced with equity method       | 716                                | 611                                |
| 3. Depreciation, including:   | 45 454                             | 45 020                             |
| - appropriations of goodwill of subordinates and goodwill of subordinates (negative amount) | (6 925)                            | 8 729                              |
| 4. Foreign exchange gains/losses  | 88 371                             | 52 010                             |
| 5. Interest and dividends   | 29 535                             | 13 327                             |
| 6. (Profit) loss on investments   | (1 322)                            | 20 028                             |
| 7. Change in provisions   | (32 898)                           | 762 539                            |
| 8. Change in reserves   | -                                  | -                                  |
| 9. Change in debt securities  | 42 774                             | (372 979)                          |
| 10. Change in receivables from financial sector   | (32 208)                           | (952 080)                          |
| 11. Change in receivables from non-financial and public sector                              | (1 126 411)                        | (2 502 061)                        |
| 12. Change in amounts due in respect of purchase of securities with a resale clause         | 280 324                            | 10 574                             |
| 13. Change in stocks or shares and securities and other financial instruments               | 53 327                             | (144 261)                          |
| 14. Change in liabilities to financial institutions   | 50 287                             | 823 583                            |
| 15. Change in liabilities to non-financial and public sector                                | (425 035)                          | 828 910                            |
| 16. Change in liabilities due to sold securities with a buy-back clause                     | 923 230                            | -                                  |
| 17. Change in liabilities due to securities   | 651 116                            | 1 334 026                          |
| 18. Change in other liabilities   | 624 078                            | 539 154                            |
| 19. Change in prepayments   | (19 840)                           | (617 873)                          |
| 20. Change in deferred and qualified income   | 11 516                             | (524 103)                          |
| 21. Other   | -                                  | -                                  |
| III. Net cash flows from operating activities (I - II) - indirect method                    | 1 198 467                          | (687 288)                          |
| B. Net cash flows from investment operations (I-II)   | (20 873)                           | (271 576)                          |
| I. Incomes  | 96 186                             | 204 435                            |
| 1. Sale of stocks or shares in subsidiaries   | 37 042                             | 2                                  |
| 2. Sale of stocks or shares in correlatives   | -                                  | -                                  |
| 3. Sale of stocks or shares in Associates   | -                                  | -                                  |
| 4. Sale of other stocks or shares, securities and financial instruments                     | 58 571                             | 198 877                            |
| 5. Sale of intangible and tangible fixed assets   | 573                                | 620                                |
| 6. Sale of investment in real estate and intangible assets                                  | -                                  | -                                  |
| 7. Other investment incomes   | -                                  | 4 936                              |
| II. Expenses  | 117 059                            | 476 011                            |
| 1. Purchase of stocks or shares in subsidiaries   | 3 384                              | 104 080                            |
| 2. Purchase of stocks or shares in correlatives   | -                                  | -                                  |
| 3. Purchase of shares in affiliated   | 9 815                              | 5 297                              |
| 4. Purchase of other stocks or shares, securities and financial instruments                 | 76 060                             | 338 131                            |
| 5. Purchase of intangible and tangible fixed assets   | 14 436                             | 14 837                             |

|  |           |           |
|--|-----------|-----------|
| 6. Investment in real estate and intangible assets                           | 13 364    | 13 666    |
| 7. Other investments' expenses   | -         | -         |
| III. Net cash flows from investment operations (I-II)                        | (20 873)  | (271 576) |
| C. Net cash flows from financing activities (I-II)                           | 133 612   | 699 005   |
| I. Incomes   | 175 716   | 724 734   |
| 1. Long term loans received from other banks                                 | 52 378    | -         |
| 2. Long term loans received from financial sector, excluding banks           | -         | -         |
| 3. Issue of debt securities  | 119 931   | -         |
| 4. Change in subordinated liabilities in plus                                | 3 407     | 724 734   |
| 5. Net cash from shares' issue and payment to capital                        | -         | -         |
| 6. Other   | -         | -         |
| II. Expenses   | 42 104    | 25 729    |
| 1. Long term loans repaid to other banks                                     | -         | -         |
| 2. Long term loans repaid to financial sector, excluding banks               | 8 024     | 7 466     |
| 3. Redemption of securities  | -         | -         |
| 4. Due to other financial liabilities  | -         | -         |
| 5. Payments due to financial leasing liabilities                             | -         | -         |
| 6. Decrease of subholding liabilities  | -         | -         |
| 7. Dividends and other payments to owners                                    | -         | -         |
| 8. Dividends and other participation in profit payments for minority         | -         | -         |
| 9. Payments for allocation of the profit (diferrent from payments to owners) | -         | -         |
| 10. Acquisition of own shares  | 4 545     | -         |
| 11. Other financial expenses   | 29 535    | 18 263    |
| 12. Other expenses   | -         | -         |
| III. Net cash flows from financing activities (I-II)                         | 133 612   | 699 005   |
| D. Total net cash flows (A+B+C)  | 1 311 206 | (259 859) |
| E. Net change in cash  | 1 311 206 | (259 859) |
| - including change in cash due to foreign exchange gains/losses              | 16 041    | -         |
| F. Cash at the beginning of the period                                       | 1 418 263 | 785 397   |
| G. Cash at the end of the period (F+ D)                                      | 2 729 469 | 525 538   |
|  | -         | -         |

## QUARTERLY SHORTENED FINANCIAL STATEMENT

|  | as at<br>31.Mar.2003<br>end of this Q<br>(2003) | as at<br>31.Dec.2002<br>end of previous<br>Q<br>(2002) | as at<br>31.Mar.2002<br>end of this Q<br>(2002) | as at<br>31.Dec.2001<br>end of previous<br>Q<br>(2001) |
|--|---|--|---|--|
| BALANCE SHEET (PLN '000.)  |   |  |   |  |
| <b>Assets</b>  |   |  |   |  |
| I. Cash and balances with the Central Bank                                 | 497 351   | 360 538  | 487 579   | 738 276  |
| II. Debt securities eligible for refinancing at Central Bank               | 75 632  | 49 021   | 23 168  | 66 683   |
| III. Amounts due from financial sector                                     | 4 432 526                                       | 3 265 405  | 3 674 948                                       | 3 290 107  |
| 1. Current   | 2 132 478                                       | 921 877  | 1 972 984                                       | 854 223  |
| 2. Term  | 2 300 048                                       | 2 343 528  | 1 701 964                                       | 2 435 884  |
| IV. Amounts due from non-financial sector                                  | 9 311 655                                       | 9 275 400  | 9 314 656                                       | 9 019 260  |
| 1. Current   | 1 712 100                                       | 1 668 859  | 1 538 914                                       | 1 276 355  |
| 2. Term  | 7 599 555                                       | 7 606 541  | 7 775 742                                       | 7 742 905  |
| V. Amounts due from public sector  | 51 651  | 50 367   | 1 017 251                                       | 961 132  |
| 1. Current   | 7 462   | 11 427   | 3 275   | -  |
| 2. Term  | 44 189  | 38 940   | 1 013 976                                       | 961 132  |
| VII. Amounts due in respect of purchase of securities with a resale clause | 3 119   | 283 731  | -   | 54 965   |
| VII Debt securities  | 4 919 569                                       | 5 312 796  | 5 009 521                                       | 4 787 196  |
| VIII. Stocks or shares in subsidiaries                                     | 863 716   | 852 493  | 779 366   | 657 499  |
| IX Stocks or shares in correlatives  | -   | -  | -   | -  |
| X. Stocks or shares in Associates  | 22 637  | 22 520   | 31 434  | 120 501  |
| XI. Stocks or shares in other companies                                    | 13 371  | 12 830   | 20 874  | 20 954   |
| XII. Other securities and financial assets                                 | 664 449   | 629 299  | 664 427   | 641 105  |
| XIII. Intangible assets, including:  | 253 224   | 259 258  | 202 051   | 206 471  |
| - goodwill   | 63 181  | 60 140   | 68 099  | 70 753   |
| XIV. Tangible fixed assets   | 873 662   | 874 989  | 854 749   | 860 284  |
| XV. Other assets   | 2 578 952                                       | 2 690 058  | 2 436 935                                       | 2 629 596  |
| 1. Assets acquired through debt recovery - for sale                        | 2 809   | 2 736  | 22 887  | 22 750   |
| 2. Other   | 2 576 143                                       | 2 687 322  | 2 414 048                                       | 2 606 846  |
| XVI. Prepayments   | 870 474   | 910 861  | 668 710   | 750 931  |
| 1. Deferred income tax   | 856 129   | 904 236  | 622 266   | 706 159  |
| 2. Other prepayments   | 14 345  | 6 625  | 46 444  | 44 772   |
| <b>Total assets</b>  | <b>25 431 988</b>                               | <b>24 849 566</b>                                      | <b>25 185 669</b>                               | <b>24 804 960</b>                                      |
| <b>Liabilities</b>   |   |  |   |  |
| I. Amounts due to Central Bank   | 1 685   | 1 532  | 122 881   | 2 718  |
| II. Liabilities to financial sector  | 6 588 450                                       | 6 690 955  | 8 984 575                                       | 8 174 019  |
| 1. Current   | 936 007   | 1 408 358  | 2 296 387                                       | 2 159 898  |
| 2. Term  | 5 652 443                                       | 5 282 597  | 6 688 188                                       | 6 014 121  |
| III. Liabilities to non-financial sector                                   | 9 420 276                                       | 10 009 117   | 9 846 122                                       | 9 697 543  |
| 1. Saving deposits   | 2 362 224                                       | 1 958 640  | 1 389 924                                       | 1 072 557  |
| a) Current   | 1 791 073                                       | 1 484 675  | 909 913   | 614 385  |
| b) Term  | 571 151   | 473 965  | 480 011   | 458 172  |
| 2. Other   | 7 058 052                                       | 8 050 477  | 8 456 198                                       | 8 624 986  |
| a) Current   | 2 965 209                                       | 3 289 887  | 2 497 667                                       | 2 860 051  |
| b) Term  | 4 092 843                                       | 4 760 590  | 5 958 531                                       | 5 764 935  |
| IV. Liabilities to public institutions                                     | 83 469  | 118 554  | 272 470   | 167 845  |
| 1. Current liabilities   | 36 586  | 69 683   | 18 664  | 28 371   |
| 2. Term liabilities  | 46 883  | 48 871   | 253 806   | 139 474  |
| V. Liabilities due to sold securities with a buy-back clause               | 2 865 545                                       | 1 942 315  | -   | 1 132 724  |
| VI. Liabilities due to issue of debt securities                            | 177 916   | 25 286   | -   | -  |
| a) Short-term  | 174 882   | 25 286   | -   | -  |
| b) Long-term   | 3 034   | -  | -   | -  |
| VII. Other liabilities due to financial instruments                        | 2 117 950                                       | 2 233 465  | 1 655 594                                       | 1 597 197  |
| VIII. Special funds and other liabilities                                  | 349 665   | 98 957   | 246 718   | 66 829   |
| IX. Accruals, deferred income and qualified income                         | 224 560   | 222 392  | 164 287   | 749 084  |
| 1. Costs prepayments   | 22 936  | 45 712   | 8 900   | 66 468   |
| 2. Goodwill (negative figure)  | -   | -  | -   | -  |
| 3. Other deferred and qualified income                                     | 201 624   | 176 680  | 155 387   | 682 616  |
| X. Reserves  | 882 209   | 918 972  | 677 159   | 784 317  |
| 1. Income tax reserves   | 754 122   | 789 122  | 624 345   | 693 595  |

|   |            |            |            |            |
|---|------------|------------|------------|------------|
| 2. Other reserves                                 | 128 087    | 129 850    | 52 814     | 90 722     |
| a) short-term                                     | -          | -          | -          | -          |
| b) long-term                                      | 128 087    | 129 850    | 52 814     | 90 722     |
| XI. Subordinated liabilities                      | 1 101 792  | 1 005 524  | 724 000    | -          |
| XII. Share capital                                | 91 882     | 91 882     | 91 882     | 91 882     |
| XIII. Payment for share capital (negative figure) | -          | -          | -          | -          |
| XIV. Own shares (negative figure)                 | (4 545)    | -          | -          | -          |
| XV. Supplementary capital                         | 748 738    | 748 738    | 748 738    | 748 738    |
| XVI. Revaluation capital                          | 5 632      | (3 045)    | 7 969      | 7 969      |
| XVII. Other reserve capital                       | 1 352 915  | 1 352 915  | 1 247 915  | 1 247 915  |
| XVIII. Net Retained earnings (Accumulated losses) | (607 993)  | (228 772)  | 369 109    | -          |
| XIX. Net profit (loss)                            | 31 842     | (379 221)  | 26 250     | 336 180    |
| Total liabilities                                 | 25 431 988 | 24 849 566 | 25 185 669 | 24 804 960 |
| Capital adequacy ratio                            | 9.77       | 10.01      | 14.39      | 12.05      |
| Book value  | 1 618 471  | 1 582 497  | 2 491 863  | 2 432 684  |
| Number of shares                                  | 22 970 500 | 22 970 500 | 22 970 500 | 22 970 500 |
| Book value per share (in PLN)                     | 70.46      | 68.89      | 108.48     | 105.90     |
| Diluted number of shares                          | -          | -          | -          | -          |
| Diluted book value per share (in PLN)             | -          | -          | -          | -          |

| OFF-BALANCE-SHEET ITEMS  | as at                                  | as at   | as at                                  | as at   |
|--|--|---|--|---|
|  | 31.Mar.2003<br>end of this Q<br>(2003) | 31.Dec.2002<br>end of previous<br>Q<br>(2002) | 31.Mar.2002<br>end of this Q<br>(2002) | 31.Dec.2001<br>end of previous<br>Q<br>(2001) |
| I. Off-balance-sheet liabilities extended and received         | 6 948 486                              | 7 247 668                                     | 7 125 352                              | 6 941 195                                     |
| 1. Liabilities extended  | 6 449 060                              | 6 660 149                                     | 6 485 463                              | 6 465 737                                     |
| a) financing   | 3 682 503                              | 4 135 993                                     | 3 979 883                              | 4 013 084                                     |
| b) guarantees  | 2 766 557                              | 2 524 156                                     | 2 505 580                              | 2 452 653                                     |
| 2. Liabilities received  | 499 426                                | 587 519                                       | 639 889                                | 475 458                                       |
| a) financing   | 147 071                                | 134 654                                       | 120 481                                | 117 480                                       |
| b) guarantees  | 352 355                                | 452 865                                       | 519 408                                | 357 978                                       |
| II. Liabilities related to realised purchase/sale transactions | 164 093 823                            | 145 902 647                                   | 176 495 947                            | 141 730 842                                   |
| -  | -                                      | -   | -                                      | -   |
| -  | -                                      | -   | -                                      | -   |
| Total off-balance-sheet items                                  | 171 042 309                            | 153 150 315                                   | 183 621 299                            | 148 672 037                                   |

| PROFIT AND LOSS ACCOUNT  | I Q (current year)              | I Q (previous year)             |
|--|---------------------------------|---------------------------------|
|  | from 01.Jan.2003 to 31.Mar.2003 | from 01.Jan.2002 to 31.Mar.2002 |
| I. Interest income   | 235 311                         | 404 027                         |
| II. Interest expense   | 199 429                         | 328 840                         |
| III. Net interest income (I-II)  | 35 882                          | 75 187                          |
| IV. Commission income  | 59 311                          | 54 690                          |
| V. Commission expense  | 18 765                          | 14 380                          |
| VI. Net commission income (IV-V)   | 40 546                          | 40 310                          |
| VII. Profit (loss) stocks or shares, other securities and financial instruments of variable income | -                               | 4 936                           |
| 1. From subsidiaries   | -                               | 978                             |
| 2. From correlatives   | -                               | -                               |
| 3. From Associates   | -                               | 3 958                           |
| 4. From others   | -                               | -                               |
| VIII. Profit on financial operations   | 1 403                           | (75 448)                        |
| IX. Foreign exchange gains/losses  | 54 551                          | 113 403                         |
| X. Profit (loss) on banking operations   | 132 382                         | 158 388                         |
| XI. Other operating income   | 16 088                          | 6 660                           |
| XII. Other operating expenses  | 7 198                           | 1 821                           |
| XIII. Overheads  | 90 205                          | 111 957                         |
| XIV. Depreciation of tangible and intangible fixed assets  | 34 025                          | 31 322                          |
| XV. Provisions and write-downs   | 41 506                          | 19 359                          |

|  |            |            |
|--|------------|------------|
| 1. for specific provisions and to general banking risk                               | 41 506     | 19 359     |
| 2. revaluation of financial assets   | -          | -          |
| XVI. Reversal of provisions and revaluation  | 76 170     | 35 879     |
| 1. Release of provisions and general banking risk reserve                            | 76 170     | 35 879     |
| 2. Revaluation of financial assets   | -          | -          |
| XVII. Difference in provisions and revaluation appropriations and reversal (XV-      | (34 664)   | (16 520)   |
| XVIII. Operating profit (loss)   | 51 706     | 36 468     |
| XIX. Profit (loss) on extraordinary items  | 13         | 12         |
| 1. Extraordinary gains   | 13         | 98         |
| 2. Extraordinary losses  | -          | 86         |
| XX. Gross profit (loss) before tax   | 51 719     | 36 480     |
| XXI. Income tax  | 11 289     | 10 230     |
| 1. Current part  | -          | -          |
| 2. Postponed part  | 11 289     | 10 230     |
| XXII Other obligatory deductions of profit (increase of loss)                        | -          | -          |
| XXIII. Participation in net profit (loss) of subordinated to equity method valuation | (8 588)    | -          |
| XXIV. Net profit (loss)  | 31 842     | 26 250     |
| Net profit (loss) (for 12 months)  | (373 629)  | 278 618    |
| Weighted average number of ordinary shares   | 22 970 500 | 22 970 500 |
| Net profit (loss) per 1 ordinary share [PLN]   | (16.27)    | 12.13      |
| Weighted average diluted number of ordinary shares                                   | -          | -          |
| Diluted net profit (loss) per 1 ordinary share [PLN]                                 | -          | -          |

| MOVEMENTS IN EQUITY   | I Q (current year)              | I Q (previous year)             |
|---|---------------------------------|---------------------------------|
|   | from 01.Jan.2003 to 31.Mar.2003 | from 01.Jan.2002 to 31.Mar.2002 |
| I. Equity as at the beginning of the year (OB)  | 1 582 497                       | 2 432 684                       |
| a) changes to accounting policies   | -                               | 32 929                          |
| b) adjustment of key miscalculation   | -                               | -                               |
| I.a. Equity as at the beginning of the year (OB) after reconciliation to comparative data | 1 582 497                       | 2 465 613                       |
| 1. Share capital as at the beginning of the year  | 91 882                          | 91 882                          |
| 1.1 Movements in share capital  | -                               | -                               |
| a) increase (due to)  | -                               | -                               |
| - issue of shares   | -                               | -                               |
|   |                                 |                                 |
| b) decrease (due to):   | -                               | -                               |
| - cancellation of shares  | -                               | -                               |
|   |                                 |                                 |
| 1.2. Share capital as at the end of the year  | 91 882                          | 91 882                          |
| 2. Payments for share capital at the beginning of the year                                | -                               | -                               |
| 2.1 Movements in payments for share capital   | -                               | -                               |
| a) increase (due to):   | -                               | -                               |
| b) decrease (due to):   | -                               | -                               |
| 2.2 Payments for share capital at the end of the year                                     | -                               | -                               |
| 3. Own shares at the beginning of the year  | -                               | -                               |
| a) increase (due to):   | (4 545)                         | -                               |
| b) decrease (due to):   | -                               | -                               |
| 3.1 Own shares at the end of the year   | (4 545)                         | -                               |
| 4. Supplementary capital as at the beginning of the year                                  | 748 738                         | 748 738                         |
| 4.1. Movements in the supplementary capital   | -                               | -                               |
| a) increase (due to):   | -                               | -                               |
| - issue of shares above nominal value   | -                               | -                               |
| - allocation of the profit (statutory)  | -                               | -                               |
| - allocation of the profit (above minimal value up to statutory)                          | -                               | -                               |
| b) decrease (due to):   | -                               | -                               |
| loss coverage   | -                               | -                               |

|   |           |         |
|---|-----------|---------|
| 4.2. Supplementary capital as at the end of the year                | 748 738   | 748 738 |
| 5. Revaluation capital as at the beginning of the year              | (3 045)   | 7 969   |
| 5.1. Movements in revaluation reserve                               | 8 677     | -       |
| a) increase (due to)  | 11 701    | -       |
| - foreign exchanges gains/losses                                    | 5 310     | -       |
| - deferred income tax   | 476       | -       |
| - revaluation of securities for sale                                | 5 915     | -       |
| b) decrease (due to)  | 3 024     | -       |
| - swap valuation  | -         | -       |
| - revaluation of securities for sale                                | 919       | -       |
| - deferred income tax   | 2 104     | -       |
| foreign exchanges gains/losses                                      | 1         | -       |
| 5.2. Revaluation reserve as at the end of the year                  | 5 632     | 7 969   |
| 6. General banking risk reserve as at the beginning of the year     | 558 000   | 453 000 |
| 6.1. Movements in general banking risk reserve                      | -         | -       |
| a) increase (due to)  | -         | -       |
| - appropriation of Retained earnings                                | -         | -       |
|   |           |         |
| b) decrease (due to)  | -         | -       |
|   |           |         |
|   |           |         |
| 6.2. General banking risk reserve as at the end of the year         | 558 000   | 453 000 |
| 7. Other reserves as at the beginning of the year                   | 794 915   | 794 915 |
| 7.1. Movements in other reserves                                    | -         | -       |
| a) increase (due to):   | -         | -       |
| - profit allocation to supplementary capital                        | -         | -       |
| - appropriation of profit   | -         | -       |
| b) decrease (due to)  | -         | -       |
| - other   | -         | -       |
|   |           |         |
| 7.2. Other reserves as at the end of the year                       | 794 915   | 794 915 |
| 8. Retained earnings (Accumulated losses) as at the end of the year | (228 772) | -       |
| 8.1 Profit from previous years as at the beginning of the year      | -         | 336 180 |
| a) changes to accounting policy                                     | -         | 32 929  |
| b) adjustment of key miscalculation                                 | -         | -       |
|   |           | 369 109 |
| 8.2 Retained earnings as at the beginning of the year               | -         | -       |
| 8.3. Changes in Retained earnings                                   | -         | -       |
| a) increase (due to):   | -         | -       |
| - allocation of Retained earnings                                   | -         | -       |
|   |           |         |
| b) decrease (due to):   | -         | -       |
| - deduction to supplementary capital                                | -         | -       |
| - deduction to general banking risk reserve                         | -         | -       |
| - transfer to the Social Fund                                       | -         | -       |
| - profit allocation to shareholder dividend                         | -         | -       |
| 8.4 Retained earnings as at the end of the year                     | -         | 369 109 |
| 8.5 Accumulated losses as at the beginning of the year              | (228 772) | -       |
| a) changes to accounting policy                                     | -         | -       |
| b) adjustment of key miscalculation                                 | -         | -       |
|   |           |         |
| 8.6. Accumulated losses as at the beginning of the year             | (228 772) | -       |
| 8.7 Movements of loss from previous years                           | (379 221) | -       |
| a) increase (due to):   | (379 221) | -       |
| - profit allocation from previous years for coverage                | (379 221) | -       |
| -   | -         | -       |
| b) decrease (due to):   | -         | -       |
| -   | -         | -       |
| -   | -         | -       |

|  |           |           |
|--|-----------|-----------|
| 8.8 Accumulated losses as at the end of the year                     | (607 993) | -         |
| 8.9 Retained earnings (Accumulated losses) as at the end of the year | (607 993) | 369 109   |
| 9. Net profit (loss)   | 31 842    | 26 250    |
| a) net profit  | 31 842    | 26 250    |
| b) net loss  | -         | -         |
| II. Equity as at the end of the year (CB )                           | 1 618 471 | 2 491 863 |
| III Equity including proposed profit distribution (coverage of loss) |           | 2 260 683 |

|   | I Q (current year)              | I Q previous year)              |
|---|---------------------------------|---------------------------------|
|   | from 01.Jan.2003 to 31.Mar.2003 | from 01.Jan.2002 to 31.Mar.2002 |
| <b>CASH FLOW STATEMENT</b>  |                                 |                                 |
| A. Net cash flows from operating activities - indirect method                         | 1 330 896                       | (834 654)                       |
| I. Net profit (loss)  | 31 842                          | 26 250                          |
| II. Total adjustments for:  | 1 299 054                       | (860 904)                       |
| 1. Participation in profit (loss) of subordinated companies priced with equity method | 8 588                           | -                               |
| 2. Depreciation   | 34 025                          | 31 322                          |
| 3. Foreign exchange gains/losses  | 82 375                          | 52 010                          |
| 4. Interest and dividends   | 29 535                          | 13 327                          |
| 5. (Profit) loss on investments   | (1 328)                         | 10 697                          |
| 6 Change in reserves  | (63 509)                        | 669 648                         |
| 7. Change in debt securities  | 366 616                         | (401 036)                       |
| 8. Change in receivables from financial sector  | 51 225                          | (1 082 096)                     |
| 9. Change in receivables from non-financial and public sector                         | (58 415)                        | (501 036)                       |
| 10. Change in amounts due in respect of purchase of securities with a resale clause   | 280 612                         | -                               |
| 11. Change in stocks or shares and securities and other financial instruments         | 6 043                           | (22 089)                        |
| 12. Change in liabilities to financial sector   | (144 129)                       | 617 382                         |
| 13. Change in liabilities to non-financial and public sector                          | (623 926)                       | 510 876                         |
| 14. Change in liabilities due to sold securities with a buy-back clause               | 923 230                         | -                               |
| 15. Change in liabilities due to securities   | 149 628                         | -                               |
| 16. Change in other liabilities   | 237 474                         | 433 665                         |
| 17. Change in prepayments   | (3 934)                         | (681 799)                       |
| 18. Change in deferred and qualified income   | 24 944                          | (511 775)                       |
| 19. Other   | -                               | -                               |
| III. Net cash flows from operating activities (I +/- II) - indirect method            | 1 330 896                       | (834 654)                       |
| B. Net cash flows from investment operations (I-II)                                   | 11 503                          | (114 747)                       |
| I. Incomes  | 121 876                         | 153 784                         |
| 1. Sale of stocks or shares in subsidiaries   | 37 042                          | -                               |
| 2. Sale of stocks or shares in correlatives   | -                               | -                               |
| 3. Sale of stocks or shares in Associates   | -                               | -                               |
| 4. Sale of other stocks or shares, securities and other financial assets              | 84 499                          | 148 728                         |
| 5. Sale of intangible and tangible fixed assets                                       | 335                             | 120                             |
| 6. Sale of investment in real estate and intangible assets                            | -                               | -                               |
| 7. Other incomes  | -                               | 4 936                           |
| II. Expenses  | 110 373                         | 268 531                         |
| 1. Purchase of stocks or shares in subsidiaries                                       | 3 384                           | 104 080                         |
| 2. Purchase of stocks or shares in correlatives                                       | -                               | -                               |
| 3. Purchase of shares in affiliated   | 9 815                           | 5 297                           |
| 4. Purchase of other stocks or shares, securities and financial instruments           | 76 060                          | 134 737                         |
| 5. Purchase of intangible and tangible fixed assets                                   | 7 773                           | 10 831                          |
| 6. Investment in real estate and intangible assets                                    | 13 341                          | 13 586                          |
| 7. Other investments' expenses  | -                               | -                               |

|  |           |           |
|--|-----------|-----------|
| III. Net cash flows from investment operations (I-II)                        | 11 503    | (114 747) |
| C. Net cash flows from financing activities                                  | 13 276    | 698 271   |
| I. Incomes   | 55 380    | 724 000   |
| 1. Long term loans received from other banks                                 | 52 378    | -         |
| 2. Long term loans received from financial sector, excluding banks           | -         | -         |
| 3. Issue of debt securities  | 3 002     | -         |
| 4. Change in subordinated liabilities in plus                                | -         | 724 000   |
| 5. Net cash from shares' issue and payment to capital                        | -         | -         |
| 6. Other incomes   | -         | -         |
| II. Expenses   | 42 104    | 25 729    |
| 1. Long term loans repaid to other banks                                     | -         | -         |
| 2. Long term loans repaid to financial sector, excluding banks               | 8 024     | 7 466     |
| 3. Redemption of securities  | -         | -         |
| 4. Due to other financial liabilities  | -         | -         |
| 5. Payments due to financial leasing liabilities                             | -         | -         |
| 6. Decrease of subholding liabilities  | -         | -         |
| 7. Dividends and other payments to owners                                    | -         | -         |
| 8. Payments for allocation of the profit (diferrent than payments to owners) | -         | -         |
| 9. Acquisition of own shares   | 4 545     | -         |
| 10. Other financial expenses   | 29 535    | 18 263    |
| III. Net cash flows from financing activities (I-II)                         | 13 276    | 698 271   |
| D. Total net cash flows (A+B+C)  | 1 355 675 | (251 130) |
| E. Net change in cash  | 1 355 675 | (251 130) |
| - including change in cash due to foreign exchange                           | 16 041    | -         |
| F. Cash at the beginning of the period                                       | 1 372 576 | 785 397   |
| G. Cash at the end of the period (F+ D)                                      | 2 728 251 | 534 267   |

**COMMENTARY  
TO THE CONSOLIDATED QUARTERLY REPORT  
Q1 2003**

***Methodology Used in the Consolidated Quarterly Report***

The Consolidated Quarterly Report comprises the balance sheet, the income statement, the statement of change in equity, and the cash flow statement prepared in accordance with the following:

- Accountancy Act of 29 September 1994 (Journal of Laws No. 121, item 591, as amended);
- Banking Law dated 29 August 1997 (Journal of Laws No. 140, item 939, as amended);
- Regulation of the Minister of Finance dated 10 December 2001 concerning specific accounting rules for banks (Journal of Laws No. 149, item 1673, as amended);
- Regulation of the Minister of Finance dated 12 December 2001 concerning rules of drawing up consolidated financial statements of banks and consolidated reports of financial holdings (Journal of Laws No. 152, item 1728);
- Regulation of the Minister of Finance dated 10 December 2001 concerning rules of provisioning against the risk related to banks' operations (Journal of Laws No. 149, item 1672);
- Regulation of the Minister of Finance dated 12 December 2001 concerning specific rules of recognition, methods of valuation, scope of disclosure, and mode of presentation of financial instruments (Journal of Laws No. 149, item 1674);
- Corporate Income Tax Law dated 15 February 1992 (Journal of Laws No. 106, item 482, as amended);
- Regulation of the Minister of Finance dated 12 December 2001 concerning the model chart of accounts for banks (Journal of Laws No. 152, item 1727);
- Regulation of the Council of Ministers dated 16 October 2001 concerning current and periodic reports submitted by issuers of securities (Journal of Laws from 2001 No. 139, item 1569, as amended);
- Regulation of the Council of Ministers dated 16 October 2001 concerning specific conditions to be met by issue prospectuses and abridged prospectuses (Journal of Laws No. 139, item 1568).

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

A detailed description of the accounting policies and the valuation methodology used by the BRE Bank SA Group ("Group") and the ramifications of the new accounting rules adopted by the Group in 2002 are presented in the Consolidated Annual Report SAB-RS 2002 published on 21 March 2003. The accounting principles applied by the Group did not change in 2003.

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

- assets and liabilities items of the balance sheet were converted according to the mid rate prevailing on 31 March 2003 quoted by the National Bank of Poland (NBP), i.e., 4.4052 PLN to 1 EUR;

- income statement items for the three months of 2003 were converted according to the arithmetic mean of the mid rates quoted by NBP on the last day of each of the three months of 2003, i.e., 4.2474 PLN to 1 EUR.

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

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

Pursuant to the requirements of the Regulation of the Minister of Finance dated 12 December 2001 concerning rules of drawing up consolidated financial statements of banks and consolidated reports of financial holdings, 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.

As of 31 March 2003, the Group covered by the consolidated financial statements comprised the following companies:

- 1.BRE Bank SA – holding company;
- 2.Dom Inwestycyjny BRE Banku SA – subsidiary;
- 3.BRE Leasing Sp. z o.o. – subsidiary;
- 4.BRE Corporate Finance SA – subsidiary;
- 5.Rheinhyp-BRE Bank Hipoteczny SA – subsidiary;
- 6.PTE Skarbiec Emerytura SA – subsidiary;
- 7.BRE International Finance B.V. – subsidiary;
- 8.Skarbiec Asset Management Holding SA – subsidiary;
- 9.Polfactor SA – subsidiary;
- 10.Tele-Tech Investment Sp. z o.o. – affiliate;
- 11.Intermarket Bank AG – subsidiary;
12. Transfinance a.s. – subsidiary;
- 13.Magyar Factor Rt – subsidiary.

All companies of the Group were consolidated using acquisition accounting.

The structure of the Group covered by the consolidated financial statements for Q1 2003 changed compared to the Group presented in the reports for 2002.

1. The portfolio of consolidated companies decreased due to the disposal of several companies in Q4 2002, including the shares of BRE – Fundusz Kapitałowy Sp. z o.o. and BRE Private Equity Sp. z o.o.
2. The merger of Bank Częstochowa SA and BRE Bank SA was registered on 28 February 2003. The shares of Bank Częstochowa SA were subject to equity accounting valuation for the period the company was a subsidiary (2 months of 2003), and the effect of the valuation was shown in the financial results of the Group. As a result of the merger, goodwill of PLN 5,695 thousand arose and was disclosed under “Intangible fixed assets” at the end of Q1 2003.
3. The company Skarbiec Asset Management Holding SA (SAMH) was established in 2002 as the centre of the Group’s asset management business. Three companies now in the SAMH portfolio were consolidated in previous reporting periods: BRE Asset Management SA, Skarbiec TFI SA and BRE Agent Transferowy Sp. z o.o. Now the companies of the holding (the three companies mentioned above and Skarbiec Serwis

Finansowy Sp. z o.o.) are first consolidated in the holding, which is then covered by the consolidated financial statements of the BRE Bank Group.

4. The company Magyar Factor Rt with its registered office in Budapest, whose shares representing 50% of the share capital and votes were acquired by the Bank in January 2003, was included in the consolidated financial statements. Magyar Factor Rt is a domestic and international factor and a member of Factors Chain International. The company is a leading factor in Hungary with a market share of 28% in 2002.
5. The company BRE.locum Sp. z o.o. was no longer consolidated as it did not fulfil the statutory criteria of consolidation (the company is a real estate developer).

As at 31 March 2003, BRE Bank held Elektrim SA shares representing 20.3% of the share capital and votes. Thereby, under the Accountancy Act, Elektrim SA was a holding (an affiliate) of the Bank. As the Bank executed an agreement to sell the entire held package of shares at a price higher than the average cost, the shares were stated at historical cost in the balance sheet and their valuation did not affect the income statement or the equity of the Bank.

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

For practical reasons, no adjustments were made in the presentation of the balance sheet as at 31 March 2002 which would disclose debt securities under 'repo' transactions in the assets and liabilities under sold securities with a buy-back clause in the liabilities.

### ***Factors and Events that Materially Affected the Profitability of Q1 2003***

As previously projected by the Management Board of BRE Bank SA, both BRE Bank SA and the Group recorded profits in 2003. This is mainly a result of measures adopted in 2002 in order to improve the financial standing of the Bank and the Group companies. The reorganisation of the investment portfolio, the disposal of loss-making companies (Szeptel, BRE-Fundusz Kapitałowy), the provisioning of the loan portfolio, and cost-saving activities (including reorganisation of the workforce) produced first positive results. As at 31 March 2003, the Group recorded a net profit of PLN 33,841 thousand and the holding company a profit of PLN 31,842 thousand.

The following items of the income statement are important:

- Lower net interest income than in successive quarters of 2002, mainly due to macroeconomic factors. The low net interest income is a result of a series of interest rate cuts in 2002. Income from bond transactions was much lower than in Q1 2002. Slow growth in the loan portfolio coincided with falling net interest margins (excluding swaps). The margins of the holding company fell from 1.50% at 31 March 2002 to 1.35% at 31 December 2002 to 1.20% at 31 March 2003. The consolidated net interest income was PLN 29.1 million higher than that of the holding company thanks to the interest income of BRE Leasing (PLN 18.7 million), Rheinyp-BRE Bank Hipoteczny (PLN 6.0 million), Intermarket Bank (PLN 4.5 million).
- Positive result on financial transactions in Q1 2003. This was due to the positive valuation of securities designated for trading; the positive result on transactions in financial instruments; and no significant loss on the sale of companies in the investment portfolio.
- The result on banking operations was lower than in Q1 2002 due to the above mentioned fall in interest income as well as the low fx income (down over 50%).

- Significant reductions in the Group's overhead costs. As a result of the cost rationalisation policy, the overhead costs fell by over 30% compared to Q4 2002 (which however typically has higher costs than other quarters) and by 13% compared to Q1 2002. The cost reductions of the holding company were 33.8% and 19.4%, respectively. The highest cost reductions were noted in the holding company's maintenance costs: down nearly 50% and ca. 16% compared to Q4 2002 and Q1 2002, respectively. Due to workforce reductions, the cost of payroll is now ca. 10% lower than in 2002.
- Provisions set up were nearly 10 times lower than in Q4 2002. The rigorous approach to the loan portfolio adopted by the Management Board and high credit provisions created in 2002 mean that the provisions set up in 2003 are relatively low.
- Low share in the profit/loss of subsidiaries and affiliates subject to equity accounting valuation compared to 2002. Due to the disposal of loss-making companies and a better financial standing of subsidiaries and affiliates, this was a loss of PLN 725 thousand in Q1 2003 compared to a loss of over PLN 30 million as at 31 December 2002.

The income statement of Q1 2003 by business of BRE Bank SA is shown on page 10.

The income tax due of the Group was PLN 3,199 thousand in Q1 2003; the deferred income tax liability was PLN 10,166 thousand. The income tax due of the holding company was 0 as the holding company made a tax loss. Its deferred income tax liability was PLN 11,289 thousand.

The main changes in the consolidated balance sheet in Q1 2003 include:

- Growing receivables from financial institutions: up 42.1%, including a growth of 35.7% at BRE Bank as short-term funds raised by selling securities to clients (with a buy-back clause) were deposited in the interbank market.
- Reverted fall in lending: receivables from clients and the public sector grew 9.2% on a consolidated basis and 0.4% in BRE Bank. (In Q4 2002, the receivables fell 15.6%.) Lending grew faster in the Group than in the holding company due to growth in the receivables of Rheinyp-BRE Bank Hipoteczny (up 16%) and BRE Leasing (up 7.6%) as well as the consolidation of Magyar Factor Rt for the first time (receivables of PLN 243.7 million).
- The Group's portfolio of debt securities fell over 4% (BRE Bank's portfolio down 7.4%) as the Bank reduced its portfolio of Treasury papers, now less profitable.
- The liabilities of the Group to clients and the public sector fell 3.8%, mainly due to falling deposits of BRE Bank's corporate clients (down 15.5% compared to Q4 2002). Retail deposits grew (total deposits of mBank and MultiBank up 20.7% in Q1 2003). Deposits of private banking clients fell 5.7% in Q1 2003 in favour of portfolio investment of private banking clients (up nearly 24% in Q1 2003).

The equity of the Group (including the retained profit/loss of previous years and this year's profit) was PLN 1,616,017 thousand. The effect of the accounting regulations amended as of 1 January 2002, the extended composition of the Group, and the loss of 2002 are disclosed under "Retained profit/loss." This item reduced the equity of the Group by PLN 522,010 thousand. The effect of the valuation of financial assets available for sale disclosed under the revaluation reserve adds to the equity of the Group.

The solvency ratio of BRE Bank was 9.77% as at the end of Q1 2003.

The value of off-balance sheet liabilities related to purchase/sale transactions stated at PLN 164.3 billion in the accounts as at 31 March 2003 is almost fully related to the holding company. It is partly “overstated” (by PLN 51.6 billion) as some items are not netted off, pursuant to the Instructions for Drafting Banks’ Reports in Conjunction with the Model Chart of Accounts issued by NBP’s General Inspectorate of Banking Supervision. This applies to foreign currencies and zlotys as well as interest to be received.

The netted value of off-balance sheet items, i.e., PLN 112.7 billion, represents the nominal value of derivative transactions and interest streams related to the following instruments:

- a) Spot and forward transactions (PLN and FX to be paid out) – PLN 25.4 billion;
- b) Forward Rate Agreements (FRA) – PLN 36.0 billion;
- c) Interest Rate Swaps (IRS) interest paid – PLN 26.1 billion;
- d) FX options – PLN 18.0 billion;
- e) Other – PLN 7.2 billion (interest rate options: PLN 3.3 billion, other: PLN 3.9 billion).

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

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

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

### ***Adjustments for Provisions***

In Q1 2003, amounts written off by the Group as specific provisions for loans and guarantees and the revaluation of financial assets amounted to PLN 50,964 thousand, including PLN 44,972 thousand written off as specific provisions and PLN 5,992 thousand written off as revaluation of financial assets. Provisions released by the Group in Q1 2003 included were PLN 86,232 thousand, including specific provisions for loans and guarantees PLN 77,370 thousand and revaluation of financial assets PLN 8,862 thousand.

At BRE Bank SA in Q1 2003, total write-offs for provisions amounted to PLN 41,506 thousand, in full related to provisions for loans and guarantees. Provisions released were PLN 76,170 thousand, also fully related to loans and guarantees.

### ***Major Events of Q1 2003***

- On 6 January 2003, BRE Bank SA received from Dom Inwestycyjny BRE Banku SA confirmation of registration which states that under an agreement dated 18 June 2002 Tri kang Holding B.V. returned to BRE Bank SA the legal title to 12,500,000 shares of International Trading and Investments Holdings SA Luxembourg (“ITI Holdings”) as the public offering of ITI Holdings shares did not materialise.
- On 10 January 2003, the share capital of Billbird SA with its registered office in Kraków, a subsidiary of BRE Bank SA, was increased. On the date of registration, the increased capital was acquired by BRE – Fundusz Kapitałowy Sp. z o.o. On 24 January 2003, shares of Billbird SA representing 14.19% of the share capital and votes of Billbird SA were transferred from BRE – Fundusz Kapitałowy Sp. z o.o. to BRE Bank SA. In addition, on 23 January 2003, BRE Bank SA sold shares of Billbird SA representing 6.95% of the share capital and votes of Billbird SA to Internet Investment Fund SA. Following these

transactions, BRE Bank SA holds 2,290,088 shares of Billbird SA representing 51% of the share capital and 51% of votes of Billbird SA.

- On 29 January 2003, BRE Bank SA acquired 200 registered ordinary shares (with a nominal value of HUF 1,000,000 per share) of Magyar Factor Rt. with its registered office in Budapest from Kereskedelmi és Hitelbank Rt. The shares represent 50% of the share capital and 50% of votes of Magyar Factor Rt. The cost of the shares was HUF 550,000,000 (the equivalent of PLN 9,380,250 at the mid exchange rate quoted by NBP on 29 January 2003). The transaction was financed with own funds of BRE Bank SA. Prior to the transaction, BRE Bank SA held no shares of Magyar Factor Rt.
- On 6 February 2003, 200 certificates of deposit issued by BRE Bank SA were cancelled.
- On 6 February 2003, BRE Bank SA executed two agreements with TCF Sp. z o.o. and Polsat Media SA concerning the sale of shares of Elektrim SA. The transactions under the agreements will be finalised in two tranches in June and September 2003. Following the transactions, BRE Bank SA will hold no shares of Elektrim SA. The average selling price of the shares is ca. PLN 7.50 per one share. BRE Bank SA and Polsat Media SA also executed an agreement concerning restructuring of a loan taken from BRE Bank SA by a natural person and secured with Elektrim SA shares.
- On 2 March 2003, BRE Bank SA and ITI Holdings SA signed a letter of intent concerning the refinancing of the long-term debt of ITI Holdings SA. The agreement provides for reduction of the debt of ITI Holdings SA through the conversion of bonds of ITI Holdings SA held by BRE Bank SA (total nominal value US\$ 84.5 million) into:
  - shares in TVN Sp. z o.o.;
  - 4 series of short-term and mid-term bonds maturing in 6, 12, 18, and 24 months;
  - secured four-year long-term bonds.

The transaction will reduce the investment in debt securities of the ITI Holdings SA Group and will involve equity investment in TVN Sp. z o.o.

All binding agreements with ITI Holdings SA concerning the refinancing will be signed by the end of June 2003.

- Pursuant to Art. 515.1-2 of the Code of Commercial Partnerships and Companies, in stock exchange transactions cleared on 5-12 March 2003, BRE Bank SA acquired 66,397 BRE Bank shares representing 0.29% of the share capital and votes to be distributed to the minority shareholders of Bank Częstochowa SA.
- In the implementation of the certificates of deposit and/or own bonds issue programme (see BRE Bank's current report dated 12 August 2002), since 5 November 2002, the Bank has made several issues of certificates of deposits acquired by a party of the Bank for PLN 211,382,112. The largest single transaction was the issue of certificates of deposits acquired by the party for PLN 32,977,333 on 31 January 2003.
- On 27 March 2003, the District Court for Central Łódź registered the company Centrum Rozliczeń i Informacji ("CERI") with its registered office in Aleksandrów Łódzki. On the date of the registration, the Bank acquired 50 shares in the company with the nominal value of PLN 1,000 per one share. The shares represent 100% of the share capital and votes of the company. The core business of CERI is to provide auxiliary banking services, including in particular settlements and database operation, for the Bank and third party companies.

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

- On 8 April 2003, BRE Bank and Rheinhyp-BRE Bank Hipoteczny SA executed an agreement concerning the service underwriting of mortgage bonds issued by Rheinhyp-BRE Bank Hipoteczny SA admitted to public trading under the Decision of the Securities and Exchange Commission dated 25 February 2003. BRE Bank SA agreed to acquire the mortgage bonds for up to PLN 200,000,000. The issue scheduled for 10 April 2003 was successful (the subscription was greater than the size of the issue). The mortgage bonds mature on 10 April 2008.
- On 22 – 28 April 2003, 610 certificates of deposit issued by BRE Bank SA were cancelled.
- In proceedings before the International Arbitration Court at the Austrian Federal Chamber of Commerce in Vienna in a case filed by Deutsche Telekom MobilNet GmbH (DeTeMobil) against Elektrim SA and Kulczyk Holding SA, TUiR Warta SA, BRE Bank SA, Drugi Polski Fundusz Rozwoju – BRE Sp. z o.o. where DeTeMobil claimed that the acquisition of shares in Polska Telefonía Cyfrowa Sp. z o.o. by Elektrim SA from the other defendants was ineffective, the Court gave a judgement which rejected all claims of DeTeMobil challenging the effective acquisition of the PTC shares by Elektrim.

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

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

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

In addition, Commercial Union Otwarty Fundusz Emerytalny BPH CU WBK holds 1,163,566 BRE Bank SA shares representing 5.07% of the capital and votes.

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

|  | <b>Bank's Management Board</b> | <b>Supervisory Board</b> |
|--|--------------------------------|--------------------------|
| Number of shares held as at 31.12.02         | 174,003                        | 77,617                   |
| Number of shares acquired in Q1              | 0                              | 0                        |
| Number of shares sold in Q1                  | 0                              | 0                        |
| <b>Number of shares held as at 31.03.03</b>  | <b>174,003</b>                 | <b>77,617</b>            |
| Number of options held as at 31.12.02        | 181,000                        | 0                        |
| Number of options acquired in Q1             | 0                              | 0                        |
| Number of options sold in Q1                 | 0                              | 0                        |
| <b>Number of options held as at 31.03.03</b> | <b>181,000</b>                 | <b>0</b>                 |

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

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

BRE Bank SA is not a party in any proceedings whose total amount would be in excess of 10% of the Bank's equity; as a creditor, the Bank takes part in bankruptcy, creditor

restructuring and bill-of-exchange proceedings whose total amount (including interest) is PLN 320,250 thousand.

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

In Q1 2003, there were no transactions with associated entities in excess of the PLN equivalent of EUR 500,000, other than typical and regular transactions at market prices, whose nature or parameters would be unrelated to regular business operations of the Bank.

***Credit and Loan Guarantees, Other Guarantees Granted in Excess of 10% of the Equity***

The Bank's exposure in excess of 10% of the equity relates to two guarantees of the redemption of eurobonds issued by order of BRE International Finance B.V. (issuer of eurobonds), a 100%-owned subsidiary of BRE Bank SA, totalling EUR 325 million. The first guarantee of EUR 200 million took effect in June 2000 and its term is indefinite; the other guarantee of PLN 125 million expires in November 2004.

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

Shares of several companies in the BRE Bank portfolio are planned to be sold in the coming quarter, including the disposal of the first tranche of Elektrim SA shares and the shares of BPT Telbank SA and PolCard SA. The projected income from the transactions is ca. PLN 26 million.

| PLN'000   |                   |                    |                      |                        |                                  |          |                |
|---|-------------------|--------------------|----------------------|------------------------|----------------------------------|----------|----------------|
|   | Corporate Banking | Investment Banking | Strategic Investment | Proprietary Investment | Private Banking & Retail Banking | Other    | Total BRE Bank |
| 1. Result on banking operations, incl. provisions   | 77 464            | 55 231             | (149)                | 40 122                 | 10 847                           | (16 469) | 167 046        |
| 2. Overhead costs and depreciation  | 22 390            | 8 373              | 737                  | 1 148                  | 30 253                           | 61 329   | 124 230        |
| 3. Gross profit/loss  | 54 950            | 47 056             | (881)                | 43 148                 | (20 939)                         | (71 615) | 51 719         |
| 4. Share in the profit/loss of subsidiaries and affiliates subject to equity accounting valuation | 0                 | 0                  | (8 746)              | 158                    | 0                                | 0        | (8 588)        |
| 5. Net profit/loss  | 40 113            | 34 351             | (9 390)              | 31 656                 | (15 286)                         | (49 602) | 31 842         |