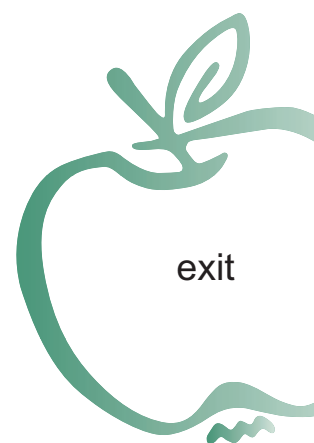


Annual report 2002  
Bank Zachodni WBK Group

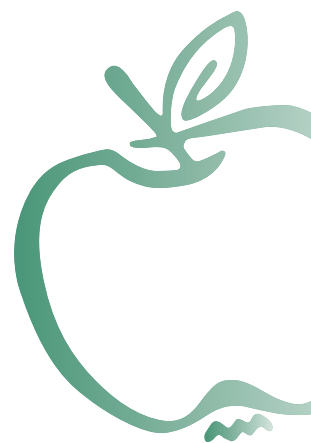


## Contents:

<b>1. Statement of Chairman of the Bank Council</b>	<b>7</b>
<b>2. Statement of President of Management Board</b>	<b>9</b>
<b>3. Management report on the activity of the Bank Zachodni WBK Group</b>	<b>15</b>
3.1. Macroeconomic environment of the BZ WBK Group	17
3.2. Financial situation	17
3.3. Activity development	19
3.4. Organization and infrastructure development	28
3.5. Key risk areas	35
<b>4. Consolidated financial statements in accordance with Polish Accounting Regulations (PAR) for the year ended 31 December 2002</b>	<b>42</b>
4.1. Registered auditor's opinion	42
4.2. Introduction	45
4.3. Consolidated balance sheet	71
4.4. Off-balance sheet items	73
4.5. Consolidated profit and loss account	73
4.6. Movements in consolidated equity	75
4.7. Consolidated cash flow statement	77
4.8. Notes to the financial statements	79
4.9. Additional notes	133

Statement of the Chairman of the Bank Supervisory Board

Statement of the President of Management Board





## Ladies and Gentlemen,

Last year, despite the difficult economic conditions, Bank Zachodni WBK S.A. achieved very good results, which is best evidenced by pre-tax profit and after-tax profit growth of 189% and 79%, respectively. In 2002, the Bank recorded an 11% increase in income, primarily attributable to growth in non-interest income in excess of 30%. Shareholders will appreciate other positive trends: last year saw a reduction in the operating costs by 3.6% and together with enhancement of key profitability ratios, including an increase in ROE from 7.2% to 11.6% and in ROA from 0.63% to 1.09%. Another success is the reduction in the Bank's NPL ratio from 19.5% to 16.8%. This reduction is one of the best in the sector, nevertheless, further reductions in this area, along with the improvement in the cost/income ratio, remain as key objectives of the Bank going forward.

Results confirm that Bank Zachodni WBK is an effectively managed and safe bank. This is further confirmed by the ratings given to the Bank by Fitch Ratings and Moody's Investors Service. Ratings given by these agencies, BBB+ and A2 respectively,

imply that the risk of BZ WBK was assessed at a level as consistent with the risk of investments in Polish government bonds. Shareholders therefore must be satisfied to note that earning per share increased from PLN 2.08 in 2001 to PLN 3.71 in 2002. It is also worth adding that the "Parkiet" Stock Exchange Bulletin ranked Bank Zachodni WBK the best WIG20 investment in 2002. This has not come as a surprise because BZ WBK shares listed on the Stock Exchange, brought the highest rate of return recorded in 2002 (+40%). What makes this achievement even more significant is the fact that, at the same time, the World Banks Index (MSCI) was reduced by 10%.

The shareholders of Bank Zachodni WBK will also note with satisfaction that last year the Bank's Supervisory and Management Boards committed to adhere to the principles of corporate governance set out in the "Best Practices for Public Companies", introduced by force of a through Stock Exchange resolution.

Last year the Bank continued to build strong foundations for the future. This was evidenced by the adoption of a new strategy and implementation of a modern IT system. The latter will facilitate and boost the efficiency of customer service. In addition it will allow for more effective management of the Bank and provide a faster and more flexible in response to market requirements. The roll-out of the new IT system will be completed in April 2003; by 2002 year-end 76% of the Bank's outlets already operated in the new IT environment. Last year, Bank Zachodni WBK launched several other projects the delivery of which will enhance the value of the organisation and will allow to manage it even more effectively. This, paralleled by good financial performance recorded in 2002, allows us to be optimistic about the future.

Marian Górski

Chairman of the Bank Supervisory Board



## Ladies and Gentlemen,

Last year Bank Zachodni WBK commenced the implementation of a new strategy aimed at the delivery of superior service quality. We identified a group of strategic products that will strengthen further our market position and primarily will considerably enhance the service experience of our customers. It is also the underlying objective of the implementation of a new IT system which will not only enable a more efficient and effective management of the Bank but also will significantly facilitate delivery of services and provide an easy and convenient access to bank products. As the IT system implementation process was on schedule in 2002, the deadline for the new system will be met and the entire branch network of Bank Zachodni WBK will be working in a new IT environment at the beginning of the 2nd quarter of 2003.

Our focus on satisfaction of customer needs led to improvement in the quality of numerous products which is best evidenced by prizes awarded to Bank Zachodni WBK S.A. for Konto24 Prestiż and Biznes Hipoteka at the recent Polish Capital and Financial Forum "Twoje Pieniądze" ("Your Money"), as well as a number of other awards, for example "The Most

Customer-friendly Bank in Poland", "The Best Lender" – awarded by the most influential Polish media. Innovation, a significant driver behind service enhancement, led to the introduction of a number of new products to the market in 2002. This again can be illustrated best by the prize awarded to the Brokerage House of BZ WBK by the Central Table of Offers for placing the investment bonds offer on the market for the first time in the CeTO history.

Other companies in the BZ WBK Group also recorded a successful year. The growth rate of assets managed by BZ WBK AIB Towarzystwo Funduszy Inwestycyjnych S.A. (BZWBK AIB Investment Fund Corporation) last year exceeded 422% and was the fastest growing on the market, where the average growth rate was slightly higher than 87%. The Company's market share went up in 2002 from 1.3% to 3.6%, and the Brokerage House of BZ WBK can boast nearly the same growth rate. More importantly, the Company recorded an 8% increase in turnover whereas the turnover on the stock exchange equity market dropped by 21%.

BZ WBK shares yielded the highest return in 2002 and were recognised by "Parkiet", the Stock Exchange newspaper, as the best investment in a company from the main exchange index WIG20. Please note that the high return is not a matter of just one year. On the contrary, the price of shares bought in the public offering grew by mid-February 2003 by as much as 4 829.24%, i.e. by over 1400 p.p. more than shares of the public company ranked second.

We owe all successes of Bank Zachodni WBK S.A. in 2002 to our employees. Their knowledge, commitment and creativity represent the largest and most valuable asset of Bank Zachodni WBK Group. I wish to express my gratitude for their contribution and hard work in 2002. I also would like to thank Bank Zachodni WBK Supervisory Board for good and harmonious cooperation.

Jacek Kseń

President of Management Board

Report of  
the Management Board  
on  
Bank Zachodni WBK Group  
Performance  
in 2002



<b>I.</b>	<b>MACROECONOMIC ENVIRONMENT IN 2002</b>	<b>15</b>
<b>II.</b>	<b>FINANCIAL PERFORMANCE</b>	<b>17</b>
	Financial performance of Bank Zachodni WBK Group	17
	Profit and Loss account	17
	Balance sheet structure	18
<b>III.</b>	<b>BUSINESS DEVELOPMENT OF BANK ZACHODNI WBK GROUP</b>	<b>19</b>
	BANK ZACHODNI WBK S.A.	19
	Corporate strategy Po pierwsze klient	19
	Retail Banking	20
	Commercial Banking	21
	Corporate Banking	22
	Electronic Banking	23
	Investment Banking	24
	Custodian Services	25
	Relationship with International Financial Institutions	25
	SUBSIDIARIES CONSOLIDATED WITH BANK ZACHODNI WBK S.A.	25
	Dom Maklerski BZ WBK S.A. (BZ WBK Brokerage House)	25
	BZ WBK AIB Towarzystwo Funduszy Inwestycyjnych S.A. (BZ WBK Investment Funds)	26
	BZ WBK AIB Asset Management S.A.	27
	BZ WBK Finance & Leasing S.A. (BZ WBK Finance & Leasing)	27
	BZ WBK Leasing S.A.	27
	BZ WBK Inwestycje Sp. z o.o. (BZ WBK Investments)	28
	AIB WBK Fund Management Sp. z o.o.	28
	WBK Nieruchomości S.A. i Wspólnicy Spółka Komandytowa	28
<b>IV.</b>	<b>DEVELOPMENT OF ORGANIZATION AND INFRASTRUCTURE</b>	<b>28</b>
	Management	28
	Corporate Governance Principles	31
	Human Resources	32
	Training	32
	Infrastructure	33
	B1 Program	34
	Capital expenditure	35
<b>V.</b>	<b>KEY RISK AREAS</b>	<b>35</b>
	Capital management	35
	Asset and liability management	35
	Credit risk management	36
	Market risks	37

## I. Macroeconomic environment in 2002

After the significant slowdown of the economy in 2001, the GDP growth in 2002 accelerated only moderately. A gradual improvement of economic activity was observed – GDP grew from 0.2% in 4Q 2001 to 0.4%, 0.8% and 1.6% in the first three quarters, respectively. We estimate that GDP growth amounted to 2% in 4Q 2002 and 1.3% in 2002 overall.

Similarly to 2001, the low investment activity was the main driver of low GDP growth rate. Fixed investments fell for the second consecutive year, and the reversal of this negative trend was not observed even at the end of 2002. Polish firms undergoing restructuring managed to increase high foreign trade volumes in the face of relatively strong zloty. Net exports had positive contribution to the overall GDP growth despite low economic activity in the global economy and in Germany in particular, as the main Poland's trading partner. Difficult economic situation abroad led, however, to a decrease in foreign direct investment inflow, although it has to be emphasized that privatisation slowdown also contributed to this phenomenon.

Further acceleration of GDP growth is expected in 2003. This would ensue as an accumulated effect of interest rate reduction over 2001-2002 and changes in the legal environment conducive to entrepreneurship development. These factors together with the prospects of accession to the European Union are likely to increase investments which will drive GDP growth in the following years. We expect GDP growth at around 3% in 2003, as above-mentioned institutional changes are not sufficient to bring higher level of economic development.

Two years of low GDP growth led to deteriorating the situation on the labour market. In 2002 the number of employed in the enterprises sector fell on average by 4.0% against 3.4% in 2001. The unemployment rate increased to above 18% in 2002 from 17.5% at the end of 2001. High unemployment transformed the labour market and greatly relieved the wage pressure. Diminishing employment and low wage growth had also some positive effects – higher productivity and lower unit labour costs. The enterprises could earmark this additional gain for lowering prices and financing new investments.

Low wage pressure, limited domestic demand, improved terms of trade (i.e. relation of import and export prices), and the second consecutive year of good crops in the agriculture helped reduce the inflation. In December 2002, consumer prices were merely 0.8% higher than a year before. Despite the gradual inflation pick up in 2003 (mainly due to diminishing positive supply shock on the labour market), the inflationary pressure should remain low, and the price growth at the end of the year should stay in the lower end of the central bank's inflation target - 3% (+/-1%).

The weak economic growth and deceleration of inflationary process led to further loosening of the monetary policy. There were eight interest rate cuts made by the central bank. The reference rate, the most important rate for the financial market, fell from 11.5% at the end of 2001 to 6.75% in December 2002. In April the Monetary Policy Council announced the adoption of "small steps" approach, reducing the scale of interest rate reductions to 50 bps. In November the scale of one-off rate cuts has been reduced once again to 25 bps. In total, the interest rate reductions in 2003 should not exceed 100 bps.

Despite gradual relaxation of monetary policy, the credit market stagnated in the protracting economic slowdown. The pace of growth in households and business borrowings decelerated. Moreover, the share of non-performing loans in banks' portfolios increased further. Parallel to the overall contraction of broad money, the growth of cash in circulation accelerated significantly. Due to the fall of interest rates and the introduction of deposit interest withholding tax in March 2002, the growth pace in households' savings initially decelerated sharply and then the household deposit



volumes begun to shrink in line with total deposits in the banking sector. The bulk of the money was transferred from bank deposits into investment funds. It should be expected that in 2003 the negative trends regarding loans and deposits would reverse gradually in line with the progressing economic recovery.

The situation of public finance in 2002 was more stable than in 2001. There were no significant problems with the performance of state budget, which was developed on the basis of conservative macroeconomic assumptions. Large issues of state treasury papers necessary to finance big budget gap easily met the demand of investors encouraged by the prospects of falling interest rates. There should be also no problems with delivering and financing of budget in 2003.

High demand for Polish debt securities led to real appreciation of the zloty. Nevertheless, the zloty exchange rate was not moving in one direction only. In the middle of the year the change on the finance minister post in the government triggered nervous market reaction, leading to depreciation of the zloty by ca. 5%. Later during the year, Polish currency was strengthening amid positive developments related to European Union accession negotiations. Consequently, zloty should remain strong also in 2003.

		<b>Main macroeconomic indicators</b>						
		<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002(E)</b>	<b>2003(F)</b>
GDP	% y/y	6.8	4.8	4.1	4.0	1.0	1.3	3.0
GDP	PLN bn	472.4	553.6	615.1	712.3	749.3	770.6	804.5
Industrial output	% y/y	11.5	3.5	3.6	6.8	-0.2	1.7	4.5
Retail sales in real terms	% y/y	6.8	2.6	4.0	1.0	0.2	3.5	3.1
Unemployment rate*	%	10.3	10.4	13.1	15.1	17.5	18.1	18.5
Real gross wages growth	% y/y	6.5	4.3	3.3	1.3	1.6	1.5	2.5
Current account	USD m	-4 309	-6 862	-11 558	-9 946	-7 075	-7 045	-9 009
Current account	% GDP	-3.0	-4.3	-7.4	-6.3	-4.0	-3.7	4.3
Budget deficit*	PLN bn	-5.9	-13.2	-12.5	-15.4	-32.6	-40.0	-36.7
Budget deficit*	% GDP	-1.2	-2.4	-2.0	-2.2	-4.4	-5.1	-4.5
Inflation*	% y/y	13.2	8.6	9.8	8.5	3.6	0.8	2.5
Inflation	% y/y	14.9	11.8	7.3	10.1	5.5	1.9	1.4
Production prices	% y/y	12.2	7.3	5.7	7.8	1.6	1.1	2.0
USD/PLN	PLN	3.28	3.49	3.97	4.35	4.09	4.08	3.85
EUR/PLN	PLN	3.71	3.92	4.23	4.01	3.67	3.85	3.85
NBP intervention rate*	%	23.50	15.50	16.50	19.00	11.50	6.75	6.00
3M WIBOR	%	23.93	21.34	14.73	18.78	16.08	9.09	6.43

\* year-end, E - estimation, F - forecast; Source: GUS, NBP, own calculations and forecasts

## II. Financial performance

### Financial performance of Bank Zachodni WBK Group <sup>1</sup>

The table below presents major developments in key categories of the consolidated profit and loss account of Bank Zachodni WBK in 2002.

PLN m	31-12-2002	31-12-2001 <sup>2</sup>	31-12-2001 <sup>3</sup>	Change
P&L account	1	2	3	1:3
Net-interest income <sup>4</sup>	1.088,5	1.044,5	1.063	5 2.4%
Non-interest income <sup>4</sup>	722,8	592,0	644,8	12.1%
Total income <sup>5</sup>	1.811,3	1.636,5	1.708	3 6.0%
Total costs <sup>6</sup>	1.256,7	1.321,7	1.373,5	-8.5%
Profit-before-tax	388,5	122,3	133,4	191.2%
Profit-after-tax	272,7	148,5	155,1	75.8%

<sup>2</sup>) data from the tables of consolidated financial statements of Bank Zachodni WBK for 2002; they take account of the Bank's consolidation with Dom Maklerski BZ WBK

<sup>3</sup>) data from "pro forma" Profit and Loss account included in "Additional Explanatory Notes" (No. 32) of consolidated financial statements of Bank Zachodni WBK for 2002; they take account of all the companies (eight) consolidated with the Bank in 2002

<sup>4</sup>) adjusted for: income on SWAP transactions (PLN 176.8m) and revaluation of trading securities (PLN 92.5m) in 2002, income on SWAP transactions (PLN 422.7m) in 2001

<sup>5</sup>) including other operating income

<sup>6</sup>) including other operating costs and depreciation

In the environment of economic slowdown, which continued throughout 2002, Bank Zachodni WBK Group's performance was much better than a year before. The Group's profit-after-tax amounted to PLN 272.7m and was 75.8% up on 2001. This is a cumulated effect of dynamic sales growth of the Group's key products and services, prudent credit policy and tight cost control.

### Profit and Loss account

#### Income

In 2002, the Group's total income increased by 6% compared to 2001 and amounted to PLN 1,811.3m.

Net interest income along with income on SWAP transactions and revaluation of trading securities (ca. PLN 269.3m) increased by 2.4% and totalled PLN 1,088.5m. Despite substantial cuts of the NBP interest rates over 2002 (by 475bps) and challenging macro-economic situation, the interest income on loans, deposits, lease agreements and securities increased by 27.8% up to PLN 819.2m. It was driven by the higher pace of decline in interest expense than in interest income, among others, under the impact of movements in the Group's balance sheet.

In 2002, non-interest income totalled PLN 722.8m and was higher by 12.1% on 2001. Non-interest income was brought up mainly by good growth in net commission income, income on shares and participations and foreign exchange profits.

Net commission income increased by 15.6% up to PLN 464.2m, mostly on the back of fees and commissions related to account maintenance, cash transfers, card business and fx transactions. Foreign exchange profits grew by

(1) Consolidated financial data of Bank Zachodni WBK S.A. for 2002 are referenced in this chapter to comparative data for 2001 presented in "Additional Explanatory Notes" (No.32 "pro forma" B/S and P&L account) to consolidated financial statements of Bank Zachodni WBK for 2002. The data take account of all the companies consolidated with the Bank in 2002.

7.2% and totalled PLN 148.3m. Income on shares and participations went up by 34.4% up to PLN 30.1m as a result of dividend income and a number of sales of equity stakes. Income on asset management-related fees generated by three subordinated companies of Bank Zachodni WBK, i.e. AIB WBK Fund Management, BZ WBK AIB Asset Management and BZ WBK Towarzystwo Funduszy Inwestycyjnych amounted to PLN 28.3m and was higher than a year before by 16.9%. In 2002, the Group also incurred a loss of PLN 22.3m on revaluation of trading debt securities.

Non-interest income becomes increasingly important as a source of the Group's income, which demonstrates itself by the growth of its contribution to total income from 37.7% at end-2001 to 39.9% at end-2002.

#### Costs

In 2002, total operating costs of Bank Zachodni WBK Group (operating costs, other operating costs and depreciation) decreased by 8.5% to PLN 1,256.7m.

The Group's operating costs amounted to PLN 1,068.0m and were 6.6% lower than in 2001. Staff costs, which represent the largest item in the mix of such costs, decreased by 17.9% to PLN 435.6m. This mostly reflects a gradual rationalization of employment in Bank Zachodni WBK S.A. resulting from the implementation of the new IT system in the branch network and organisational changes in the Business Support Centre. Similar processes were also evident in Dom Maklerski BZ WBK which is the second largest employer in Bank Zachodni WBK Group. The subsidiary reduced its headcount by 11,4% (in FTEs) throughout the year.

Rigid cost controls were introduced and the Purchasing and Cost Management Area was established which is in charge of centralized negotiations and procurement as well as saving schemes implemented across the Bank and its Capital Group. As a result of these initiatives, there was a clear decrease in a number of cost items, including business travel costs, office supplies, repairs and renovations, external services, security systems, etc.

Non-staff related operating costs totalled PLN 632.4m at end-2002 and went up by 3.1%. The main growth driver here were the Bank's costs related to IT systems and data transmission stemming from the need to maintain three different branch banking systems in the interim period until the full roll-out of ICBS, to develop the WAN system and applications to ICBS and specialised systems.

In 2002, the Group began depreciation of ICBS system. The respective charge was PLN 6.7m.

The costs-to-income ratio in Bank Zachodni WBK Group decreased from 80.4% at end-2001 to 69.4% at end-2002. We expect this trend to continue in 2003.

#### Balance sheet structure

As at 31 December 2002, total assets of Bank Zachodni WBK Group totalled PLN 24,913.0m (1.9% down on end-2001).

The dominant item of the consolidated balance sheet total were deposits from the non-financial sector, which amounted to PLN 16,254.9m at end-2002, accounting for 65% of the total liabilities. Although, deposits decreased by 8.1% y-o-y as a result of a change in savings and investment preferences among clients, they were largely substituted by assets accumulated by the mutual funds of BZ WBK AIB Towarzystwo Funduszy Inwestycyjnych available in the Bank's branch network. In 2002, the funds under its management increased from PLN 153.6m to PLN 802.5m. Also, some other flagship term deposit products showed good growth trend. These include Lokata24, Impet and EURO Index. In the same period, current deposits went up by 6.4% (up to PLN 4,520.9m), mainly in accounts of

personal customers. In order to meet the market demand for alternative savings products, Bank Zachodni WBK Group launched investment bonds. Until the end of 2002 the Group's liabilities arising from the issue of such securities totalled PLN 381.8m (at the nominal price less discount).

The Group's amounts due to central and local government units are subject to significant seasonal changes and fell at end-2002 by 14.4%, totalling PLN 994.8m.

Loans to non-financial sector clients accounted for the largest portion of assets. As at 2002-end they represented 48% of total assets, whereas a year before they accounted for 42% of total assets. In 2002, loans to business and personal customers increased by 11.8% and as at the balance sheet date they totalled PLN 12,002.4m. The main growth driver of receivables from the non-financial sector was high sales dynamics of home loans and advances (mortgages). The value of mortgages sanctioned in 2002 was PLN 790.7m, and the total mortgage portfolio increased up to PLN 1.35bn retaining its good quality. Leasing receivables also contributed to this change, going up by 97% over the year to PLN 692.8m. Good growth dynamics was also shown by credit card borrowings. Business loans increased as well, albeit at a lower pace.

In 2002, amounts due from the public sector increased at a higher rate than amounts due from the non-financial sector. As at 31 December 2002, they totalled PLN 447.7m and were 16.2% up on end-2001.

The Group's loan book was very well diversified. The largest exposure was to wholesalers (9.6%), while the exposures to other industries did not exceed 10%.

At end-2002, the "sub-standard", "doubtful" and "loss" receivables (excluding interest) from non-financial and public sector accounted for 16.2% of the Group's portfolio with the loan loss coverage ratio at 40.6%. The value of loans referred to as "technical NPLs"<sup>2</sup> totalled PLN 225.6m. Their exclusion from the impaired portfolio brings the NPL ratio down to 14.5%

In 2002, the Group grew its portfolio of debt securities up to 5,890,1 i.e. 46.2% up on the previous year. The bulk of them (81%) were represented by securities issued by the State Treasury, the remainder being composed of the NBP, municipal and commercial bonds.

Interest rates on business loans and term deposits applied by Bank Zachodni WBK Group are linked with the inter-bank market rates (e.g. WIBOR and WIMEAN). Pursuant to the decision of the Monetary Policy Council and changes in the market interest rates, the Asset and Liability Management Committee (ALCO) sets interest rates on current and term deposits with a variable rate and on personal loans.

### III. Business development of Bank Zachodni WBK Group

Bank Zachodni WBK S.A.

Corporate strategy Po pierwsze klient

In 2002, Bank Zachodni WBK launched its new corporate strategy - Po pierwsze klient<sup>3</sup> for 2002–2005. After developing the conceptual design of strategic programs, producing project documentation and deploying relevant resources, the implementation phase commenced in line with the adopted timetables. As at year-end, 11 strategic programs including 28 projects were being implemented whereas 12 other projects had been executed and closed. All

(2) Technical NPLs are non-performing loans whose repayment is guaranteed by the a credible parent entity of the borrower.

(3) Po pierwsze klient = Customer Comes First

strategic initiatives in the Bank were subject to the change control procedure, which ensures co-ordination, monitoring and necessary intervention at the stage of project planning, execution and implementation. This procedure limited the risk of the change introduction.

In line with the strategy, the Bank focused on developing the areas considered as the most promising. This involved a segmented approach to the customer base, with a particular focus on selected segments of Premium Personal Customers and Premium SME Customers, in addition to corporate customers. Complimenting this segmented approach, there was also an enhanced focus on key products of mortgages, credit cards, leasing and mutual funds. At the same time, resources were mobilized to follow through undertakings related to enhancement of credit delivery process, upgrading cost effectiveness, development of the delivery channels and upskilling staff.

During 2002, the benefits of the strategic initiatives were evident, confirming that the strategic choices made were right. Thanks to focusing selling and organizational efforts on selected strategic products, sales in the Bank grew considerably as compared to 2001. The most spectacular sales growth was witnessed in the mutual funds area – 1646%. The value of sanctioned mortgage loans and concluded leasing contracts increased by 82% and 79%, respectively. The number of credit cards used by the Bank's customers went up by 76%.

In 2002, a number of actions were taken with a view to supporting the strategy execution. The most significant of these were the reorganization of the Business Support Center and the launch of the Performance Management Program, which allowed to align the Bank's organizational structure and to focus the staff on the strategic objectives.

Bank Zachodni WBK will continue delivery of its strategic agenda aimed at achieving the leading position in selected target markets. Further development of customer segmentation and the introduction of a new customer relationship management (CRM) model are worth highlighting among the number of strategic undertakings which will bring the Bank closer to delivering its goals. We expect that both above-mentioned initiatives will be well advanced by the end of 2003. As a result of the credit delivery projects for Personal and SME lending, a number of automated decision engines will be delivered during 2003. The Bank will continue to enhance the quality of the product offering, banking procedures and processes. It will further increase its cost-effectiveness, improve the loan book quality, develop its delivery channels and invest in staff and management training and development. Moreover, in April 2003, the ICBS system will have been rolled out across the entire network.

### Retail Banking

In line with the corporate strategy *Po pierwsze klient*, in 2002, the Bank worked to adjust its product offering to the new segmentation for personal customers and their evolving savings preferences, perfected strategic products addressed to this customer sector and implemented the program of migrating their transactions to electronic channels.

In 2002, the Bank extended the range of products enabling the customers to effectively invest their financial surpluses. Relevant initiatives were undertaken in response to the changes on the savings market triggered by regular NPB interest rate cuts, the introduction of deposit interest tax for private individuals and the growing level of financial sophistication of the society.

September 2002 saw the introduction of a new investment fund – ARKA Obligacje FIO (a bond fund) which supplemented the range of funds offered by the Bank in liaison with its subsidiary BZ WBK AIB Towarzystwo Funduszy Inwestycyjnych (Investment Fund Corporation). ARKA funds were unflinchingly popular during the year but the strongest demand was displayed for both safe funds: ARKA Ochrona Kapitału FIO and ARKA Obligacji FIO. In 2002,

customers of Bank Zachodni WBK S.A. invested PLN 700.1m in the funds, i.e. 17 times more than a year before.

In early November 2002 Bank Zachodni WBK as the first bank in Poland commenced the sales of investment bonds. By the end of December 2002, the Issue Program designed to place on the market several series of securities for the total value of PLN 600m had been completed in 67%.

Among the deposit products offered by the Bank, the most sought-after were deposits tailored to the specific needs of personal customers with due regard to prevailing market trends, i.e. 6M Impet Deposit sold traditionally and in e-channels, 1M electronic deposit Lokata24 and long term Guarantee Investment Deposit EURO INDEX and AMER INDEX.

2002 witnessed further development of the Bank's home mortgage offering and dynamic growth in the mortgage portfolio. The attractiveness of the facility was greatly enhanced by several innovations, of which the most noteworthy are long term promotional activities such as introduction of the fixed interest rate of 7.99% on the PLN facility in the first year of lending and exemption of mortgagors from the current account fees for one year. BZWBK Home Mortgage has become a leading proposition on the market which was confirmed by the "Pieniądz" monthly which in May 2002 ranked the product as the most competitive, in terms of pricing, home mortgage offered on the Polish market. Home mortgages sanctioned to personal customers in 2002 totalled PLN 790.7m, i.e. 82% up on the previous year. Following the establishment of the Credit Centre (as a result of the merger of the Mortgage Banking Centre and the Personal Credit Centre), the Bank's capacity of processing credit requests increased, which made it possible to maintain the high service standard in spite of the growing dynamics of home mortgage sales.

As a result of the activities undertaken in 2002 and in the previous years, the Bank has a comprehensive offering for personal customers, which also contains products offered by the Bank's subsidiaries, including BZ WBK AIB Towarzystwo Funduszy Inwestycyjnych, Dom Maklerski BZ WBK (Brokerage House), BZ WBK AIB Asset Management, BZ WBK Leasing, BZ WBK Finanse & Leasing. The Bank offers highly competitive products with the strategic products taking a lead: credit cards, home mortgages, investment funds and leasing facilities. The Bank's core product for personal customers, i.e. Konto24 is also characterised by high quality and functionality. The product was chosen the best banking product of 2002 and won the award "Złoty Pieniądz 2002". Due to the cumulated strengths of its product proposition, the Bank won the first prize in the competition of "Gazeta Finansowa" for the 2002 best retail offering.

### Commercial Banking

The strategy of Bank Zachodni WBK for the years 2002–2005 defines the SME segment as the Bank's target market, and recommends implementation of customer value-based segmentation and customer relationship model (CRM). In line with the strategic guidelines in 2002 the Bank developed a uniform approach and consistent standards for the selected customer segments and service classes. After the necessary preparations, in the second half of 2002 the implementation of the Segmentation and CRM Program was commenced in pilot branches. The mass roll-out is envisaged in 2003.

Based on the market research, in 2002 the Bank extended its offering for SMEs. The customers were offered new short-term deposits in electronic channels, new investment loan for projects refinanced under the SAPARD Programme, a loan for pre-financing export contracts and a mortgage loan Biznes Hipoteka. The design of the mortgage loan was highly appreciated by specialists which was proven by the gold medal awarded to the Bank at the

2 National Banking Olympics - an event organised as part of the Polish Capital and Financial Forum "Twoje Pieniądze". Biznes Hipoteka is a long term facility sanctioned for up to 15 years for financing a purchase or renovation of commercial properties.

The Bank followed through and supported undertakings facilitating SME customers access to sources of funding and practical business knowledge. To this end, the Bank established or continued relationships with a number of external institutions.

On 25 January 2002, Bank Zachodni WBK entered into the third agreement with the European Bank for Reconstruction and Development and based on it was granted a credit line totalling EUR 20m earmarked for financing small and medium-sized enterprises. In total, the Bank obtained EUR 40m for this purpose. The total value of loan agreements concluded in 2002 and financed by the EBRD facility amounted to EUR 42.8m, i.e. 76% up on 2001. As part of the technical support, the EBRD allocated a pool of funds to financing training sessions for officers involved in the process of SME lending which upgraded qualifications of a significant Group of the Bank's staff.

In liaison with local authorities, the Canadian Polish Entrepreneurship Fund and the Loan Guarantee Fund POL-FUND, the Bank continued implementation of the project called "Partner of Local Initiatives" addressed to SMEs, including start-ups. The goal of the undertaking is to facilitate access to sources of funding for SMEs, to win support for SMEs from local authorities and to organise training sessions. Over 1000 entrepreneurs participated in 42 training sessions and 143 businesses took advantage of the credit guarantees included in the training programme and provided by the Bank's associate Loan Guarantee Fund POLFUND. September saw the launch of the National SME Forum "Your Company in Europe" which was co-participated by the Canadian Polish Entrepreneurship Fund and the Polish Agency for Entrepreneurship Development. The programme was organised under the patronage of the European Integration Commission. In 2002, over 3000 entrepreneurs participated in the series of 30 conferences. The participants got acquainted with the European Union and the available EU support, they also got some practical guidelines on running the business in the existing macroeconomic and legal environment. The above listed educational projects foster the Bank's relations with small and medium-sized enterprises and build up the Bank's image and brand in the local markets.

#### Corporate Banking

In 2002 the Bank continued to expand its Corporate Business Banking Model. A new Corporate Centre of Bank Zachodni WBK was set up in Kraków which, together with three other centres in Wrocław, Poznań and Warsaw, provides services to the Bank's corporate customers.

The core of the corporate banking model adopted by Bank Zachodni WBK is the relationship banking with the relationship manager taking responsibility for all contacts of assigned customers with the Bank. The strategy involves developing long-standing relations, which in turn brings loyalty. It has proved successful, evidenced by an 18% increase throughout 2002 in the corporate customer base which is the most demanding and difficult sector to attract on the market. Credit facilities remain the core products in the basket of banking services used by this customer segment, particularly overdrafts and investment loans. At the end of the year, the corporate credit portfolio represented 49% of the Bank's receivables from the non-financial sector and was characterized by sound quality. In 2001 the corresponding share equalled 44%. In 2002 corporate customers frequently sought products and services from the Treasury Division. They were also increasingly interested in the office banking services or more precisely the state-



of-the-art Minibank24 application which both in the active and passive version facilitates customers' co-operation with the Bank.

### Electronic Banking

Bank Zachodni WBK is still one of the top banks on the e-financial services market. The top position is ensured by the functionality of the offered services, pioneering nature of the proposed solutions and effective promotion of electronic channels as the most convenient and cheap form of concluding core banking transactions.

### Electronic channels

In 2002, the Bank introduced a new upgraded version of BZWBK24 service which provides customers with access to banking accounts via a choice of electronic channels (GSM SMS, telephone, the Internet) and with tools for remote conclusion of a wide range of banking operations. The Bank's e-banking package enjoys wide recognition, which is evidenced by the high growth in the number of users and by their over-the-average activity in electronic channels. In 2002, the number of customers using BZWBK24 services increased by 56% to reach the level of 314.9k at the end of December. In the group of BZWBK24 users, personal customers prevail, representing nearly 79% of the total. The Internet remains the most popular e-channel. As at 31 December 2002, 213.6k customers had access to the Bank's Internet services, i.e. 64% up on the previous year. The BZWBK24 customer activity measured by the number of transactions carried out through electronic channels increased by 48% and materially exceeded the results achieved by other banks. The migration of transactions into electronic channels brought tangible savings to the customers and the Bank.

As part of the office-banking offering for corporate business customers, new Minibank24 application was implemented in 2002. The application employs the state-of-the-art IT and telecommunications solutions. By the end of December 2002, the bulk of the 2.8k customers using office-banking had been incorporated into the Minibank24 system. The number of customers using such services grew by ca 500 and their activity increased by 24%.

### Cards

In 2002, Bank Zachodni WBK became one of Poland's top issuers of credit cards. This was possible due to awarding the credit card the status of a strategic product, and consequently allocating appropriate resources to its development and sales. During 2002, the number of the issued credit cards grew by 76% to 102k as at the end of December. Credit cards issued by Bank Zachodni WBK meet the highest standards and are distinctive in a number of ways. The major advantages are: competitive fees, high security level (the card with a scanned signature and the holder's photo), broad insurance package, program of discounts offered by a network of merchants. In 2002, the Bank issued two further affinity cards with the Kraków University and the Mikołaj Kopernik University in Toruń. With three cards of this type on its offer (in 2001, along with the Wrocław University the introduced Visa Credit Uniwersytet card), it is the leader on the affinity card market.

The number of debit cards issued by the Bank increased marginally and exceeded 1,042k at the end of 2002. Visa Business Electron was conspicuous in this category as it sold dynamically throughout the year to reach the volume of



43.5k. The growth of debit cards decelerated as a result of the regular development of the card offering, which enables the customers to replace the “traditional” cards with some novelties, e.g. debit cards with credit cards. Another reason was gradual elimination of unused cards as a result of introducing fees for the card renewal and eliminating dormant accounts from the customer data base as part of the ICBS roll-out. Debit cards are used increasingly often. Given a stable volume of such cards, the number and value of transactions they generated grew by 19% and 29%, respectively.

#### Investment Banking

In 2002, the Bank's activity on the capital market focused on organizing debt securities-related financing, advisory services with regard to non-public transactions, arranging management buy-outs and dealings in securities.

Preparation and initiation of the “Program of Investment Bonds Issue” belongs to the largest investment banking undertakings of the year 2002. The program envisages the issue of up to 6m bearer bonds with the nominal value of PLN 100 each. In the primary offering, the bonds are sold with a discount against their nominal value. The issue is divided into two tranches varying in yield: large investors' tranche and small investors' tranche. The redemption periods of individual series range from 9 to 12 months, however, in 2002, 12-month bonds were offered only. The yield on the securities is comparable to the yield on deposits with similar maturity. Since 6 November 2002 until the end of the year, Bank Zachodni WBK has placed two series of the investment bonds and has commenced the subscription for another one. As at the end of 31 December 2002, the total amount of the issued and distributed bonds was PLN 399.5m at the nominal price.

Apart from the investment bonds issue, the Bank handled issues of debt securities for 12 customers and concluded 8 transactions of share purchase on customers' account. In consideration of the dynamic development of the Bank's leasing companies, a concept of partial financing of respective operations through the public market was developed. Consequently, the approval for introducing bonds of BZ WBK Finance & Leasing into public trading was obtained from the Securities and Stock Exchange Commission. The Bank also arranged financing for two new management buy-outs, carried out a number of consultancy projects and some others related to non-public market transactions.

2002 saw the continuation of the process of aligning the Bank's investment portfolio with the target structure. Following the decision of the Banking Supervision Commission to cancel the banking licence of Gliwicki Bank Handlowy, all shares of this company held by the Bank were sold. The Bank also reduced its investments in Inter Groclin Auto and AWSA Holland II B.V. As at the end of 2002, a conditional agreement on sale of the entire shareholding in the Bank's subsidiary, Projekty Bankowe POLSOFT Sp. z o.o. was signed. The agreement will be finalized in 2003.

The most important investments made by Bank Zachodni WBK in 2002 were designed to develop its Capital Group and provide its customers with access to the possibly widest range of products supplementing the Bank's offering. In June 2002, the Bank purchased, from BZ WBK Finance & Leasing, a 99.99% shareholding in its subsidiary BZ WBK Leasing. The two entities have begun to specialise in leasing different categories of assets, and therefore the transaction streamlined the Group's structure. October 2002 witnessed the inception of a new entity, BZ WBK Faktor Sp. z o.o. The Bank took up and paid for a 100% shareholding in the new company. BZ WBK Faktor will specialise in factoring services, managing debt books and monitoring debtors. The entity had not become operational by 31 December 2002 as the registration procedures in the National Court Register were still pending.

Furthermore, as a result of a debt/equity swap, the Bank purchased a 97.2% shareholding in Kupcy Gdynscy Sp. z o.o.

As at 31 December 2002, Bank Zachodni WBK held shares and interests in 43 companies, which was two entities less compared to the beginning of the year. The Bank's portfolio produced substantial income on dividends. The gross value of dividends received in 2002 totalled ca PLN 26.2m.

#### Custodian Services

In 2002, Bank Zachodni WBK continued its operations on the custodian services market. The Bank provided custodian services to residents, including private persons, companies and investment funds. It kept their securities account, settled dealing in securities, handled dividend and interest payments, redeemed debt instruments, assessed the value of portfolios and concluded operations by proxy. It also acted as a custodian bank for Investment Fund Arka Obligacji FIO established by BZ WBK AIB Towarzystwo Funduszy Inwestycyjnych.

#### Relationship with International Financial Institutions

Bank Zachodni WBK co-operates with major banks and financial institutions of the world. One of the Bank's vital advantages which facilitates its activities on the international market is its membership in AIB Group.

The main area of co-operation with foreign banks are cross-border settlement transactions and foreign trade finance operations. Thanks to the attractive terms and conditions as well as the quality of internal IT solutions applied, the Bank offers top quality products and services at competitive prices.

Bank Zachodni WBK also focuses on acquiring new business partners from among foreign banks and their customers. In 2002, several new LORO accounts were opened for foreign banks, providing them with access to the Polish financial market. A relationship agreement was concluded with Bank of America, on the basis of which Bank Zachodni WBK delivers comprehensive services to strategic clients of the American partner. The Bank also developed relations with German banks whose customers are interested in conducting operations in Poland.

In 2002, Bank Zachodni WBK extended the relationship with Western Union Financial Services. A new service was added to the offering of the dynamically developing Western Union Money Transfer services – payment transfers from the USA directly to customers' accounts with Polish banks.

The year 2002 was characterised by high growth dynamics of the turnover in the fx accounts. 460k transactions totalling PLN 22bn were settled. That means a 25% growth in terms of volume against the previous year and makes the Bank one of the top domestic financial institutions in the area of cross-border settlements.

#### Subsidiaries consolidated with Bank Zachodni WBK S.A.

##### Dom Maklerski BZ WBK S.A. (BZ WBK Brokerage House)

In 2002, the stock exchange performance was definitely worse than the previous year despite similar macro-economic environment. In this adverse investment climate, BZ WBK Brokerage House was able to strengthen its market position.

April 2002, the company contributed to the consolidation process in the sector by acquiring customers of Profit 4U Brokerage House whose market share was 0.4%. As a part of the market expansion, additional resources were allocated to BZ WBK Brokerage House in Warsaw. At the same time the company strove to establish stronger relations with the investors and introduced elements of customer relationship management.

In spite of the 21% slowdown on the share market, the sales of the Brokerage House grew by 8% during the year to reach PLN 2,543.0m, paralleled by market share growth from 3.9% as at the end of 2001 to 5.3% at the end of 2002. The turnover on the bonds market was considerably lower, in line with overall market trends, with the falling pace being similar to the stock exchange. The 27.1% decline in turnover (22% slump at the stock exchange) to the level of PLN 280.5m resulted in the reduction of the company's market share by merely 0.6 percentage point (from 7.6% to 7%).

In 2002, the total futures trading of the Brokerage House was high. Thanks to 684.5k transactions the company ranked third among brokerage houses and increased its share in the futures market from 8% to 10.8%. This was possible thanks to - among other things - the day-trading service, that is buying and selling positions on the same trading day. Other significant innovative services include short sale, (which allows clients to capitalise on expected market decline), SMS alerts informing customers of the standing of their securities and the real-time charts. Owing to the range and quality of the personal services of BZ WBK Brokerage House, its offering was found the most competitive on the brokerage services market.

In 2002, the primary market saw stagnation resulting from a combination of the difficult macroeconomic environment, bad stock exchange performance and lack of large privatisation transactions. During this period, BZ WBK Brokerage House prepared and handled five issues with subscription rights, eight issues without subscription rights and in two cases acted as an offeror.

From November 2002, BZ WBK Brokerage House in liaison with Bank Zachodni WBK has carried out the sale of investment bonds. It has also acted as an agent responsible for sales co-ordination, settlements and redemption of the securities in the OTC market. For the investment bonds offer, which was the first on the market, BZ WBK Brokerage House received the CeTO award.

During 2002, the Brokerage House liaised closer with other subsidiaries of Bank Zachodni WBK, i.e. BZ WBK AIB Asset Management and BZ WBK AIB Investment Funds, for which it obtains funding.

#### BZ WBK AIB Towarzystwo Funduszy Inwestycyjnych S.A. (BZ WBK Investment Funds)

The year 2002 saw a dynamic development of BZ WBK AIB Investment Funds, which was due to increased interest of customers in mutual funds as a result of interest rate cuts and introduction of the deposit interest withholding tax.

In 2002, the company expanded its offer, adding the 5th fund: Arka Obligacji FIO (Bonds Fund), which met with a good response on the market. The main distribution channel for the participation units of the mutual funds managed by BZ WBK AIB Investment Funds was Bank Zachodni WBK which gave them the status of a strategic product and for the first time included them in its sales targets. The Bank also increased effectiveness of participation units sale thanks to re-organising the work in branches where sales roles began to include specialist tasks related to distribution of investment & savings products.

The market demand, combined with the attractive offering and effective sales, led to the growth of assets under the company's management by PLN 648.9m in the course of 2002. The pace of assets growth reached 422.4% in 2002 and was the fastest in the market whose growth pace in the corresponding period was 87.4%. At end-December

the value of the portfolio of ARKA Funds was PLN 802.5m, which was equivalent to a market share of 3.6% and represented a considerable progress against the end of the previous year when it had been only 1.3%. In 2002, the biggest demand was for safe funds, namely ARKA Ochrona Kapitału FIO and ARKA Obligacji FIO, which at end-December accounted for 96.7% of all the company's assets.

#### BZ WBK AIB Asset Management S.A.

2002 was another year of the company's stable development. Despite the noticeable decrease in customers' interest in portfolios including shares, caused by the bearish shares market prevailing ever since March 2000, the company managed to increase its sales. In 2002, the sale of individual and standard portfolios offered by the company reached nearly PLN 60m, which was 18% higher than a year before. At end-December the value of assets managed by BZ WBK AIB Asset Management, including ARKA Funds, was PLN 1,089m.

#### Bank Zachodni WBK Leasing Companies

In June 2002 Bank Zachodni WBK purchased from its subsidiary BZ WBK Finance & Leasing shares of BZ WBK Leasing, thus acquiring a 99.99% stake in the company's share capital and the corresponding number of votes at AGM. The companies' specialisation in financing different categories of leased assets, which took place in 2002, facilitated this transaction.

#### BZ WBK Finance & Leasing S.A. (BZ WBK Finance & Leasing)

In 2002, BZ WBK Finance & Leasing focused on leasing two groups of assets: machinery and equipment (offer called "Maszyneria") as well as computers and office equipment (offer called "Biuromania"). Vehicles were excluded from the company's offering and are dealt with exclusively by the twin company, i.e. BZ WBK Leasing.

In 2002, BZ WBK Finance & Leasing strengthened its position on the fixed asset financing market by developing its supplier relationships and by more effective use of the Bank Zachodni WBK customer base. Leasing services were offered by specialised leasing advisors through the company's network of 27 regional offices and 432 branches of the parent company. Leasing services became easily accessible thanks to an interactive Internet-based service which allows customers to obtain information about the offer, place a request for price or submit an application.

The net value of assets leased out by BZ WBK Finance & Leasing totalled PLN 200.8m. The bulk of sales was represented by machinery and equipment (74.5%). Computers and office equipment made up 6.5%, the rest comprising vehicles leased out prior to the decision on specialisation.

In December 2002, the Securities and Stock Exchange Commission allowed public trading in BZ WBK Finance & Leasing bonds. The permit was obtained for the issue of no less than 500 and no more than 1000 straight, unsecured bonds of nominal value of PLN 100,000 each, addressed to qualified investors.

#### BZ WBK Leasing S.A.

In line with its selected business profile, BZ WBK Leasing provides funding for vehicles. Using the opportunities

created by changes in the legislation regulating passenger car leasing, the company expanded its offer to include leasing of passenger cars for personal customers. BZ WBK Leasing uses the same delivery channels as BZ WBK Finance & Leasing, but relies more extensively on the Bank Zachodni WBK network.

The net value of assets leased out by the company in 2002 was PLN 301.4m. Vans accounted for 50.3% of the business, whereas passenger cars constituted 7.5% of the net value of leased assets.

#### BZ WBK Inwestycje Sp. z o.o. (BZ WBK Investments)

BZ WBK Investments was established at the end of 2001. Its business operations involve trading in commercial companies shares and other securities, seeking investors for companies and providing consultancy services.

At the beginning of 2002 the company had shares of 22 entities in its portfolio. Due to transactions carried out throughout the year, its contents shrank to 15 companies towards the end of 2002.

The key transactions effected by BZ WBK Investments in 2002 include the sale to a third party of 100% stake in the Niepruszewo Farm following its restructuring. The company also acquired all shares of Gliwicki Bank Handlowy held by Bank Zachodni WBK as well as some shares from minority shareholders. Most of the purchased shares were subsequently sold to the issuer in connection with the EGM resolution of Gliwicki Bank Handlowy to buy its own shares for redemption.

#### AIB WBK Fund Management Sp. z o.o.

In 2002, AIB WBK Fund Management was providing services to three funds: National Investment Fund Magna Polonia, Nova Polonia PEF and Prospect Poland Fund. While managing Magna Polonia Fund, the company carried out numerous undertakings: shares of three entities from the portfolio of key companies were sold as well as a number of minority shareholdings; a new company was also established from the merger of two entities. As at 31 December 2002 the National Investment Fund held 73.7% stake in its share capital with a corresponding number of votes at the AGM.

#### WBK Nieruchomości S.A. i Wspólnicy Spółka Komandytowa

The company's business is to manage vehicle leasing contracts entered in 2001 for the term of 10 years.

## IV. Development of organization and infrastructure

### Management

### Annual General Meeting

On 11 April 2002, Annual General Meeting of Bank Zachodni WBK shareholders was held which approved the following reports submitted by the Management Board: the financial statements of Bank Zachodni WBK and its Capital Group for 2001 and the reports on their performance in 2001. Profit distribution and dividend disbursement were

approved and a word of approval for 2001 was granted to the Members of the Management Board and Supervisory Board. The Annual General Meeting appointed the following persons to the Supervisory Board: Gerry Byrne, Waldemar Frąckowiak, Marian Górski, Marek Grzegorzewicz, John Power, Aleksander Szwarc, Jacek Ślotąfa. Marian Górski was appointed Chairman of the Supervisory Board.

The Extraordinary General Meeting of Bank Zachodni WBK Shareholders was held on 10 October 2002. It increased the Bank's reserve capital by PLN 288k. This amount represents part of the dividend due to the shareholder - AIB European Investments Ltd. - pursuant to the Resolution of Annual General Meeting held on 11 April 2002. This amount was not paid out based on the shareholder's statement dated 12 April 2002. The Extraordinary General Meeting appointed two new members to the Supervisory Board: Cornelius O'Sullivan and Dermot Gleeson.

#### Supervisory Board

From 1 January 2002 to 11 April 2002, the Supervisory Board of Bank zachodni WBK was composed of the following persons

Marian Górski	– Chairman of the Supervisory Board
Józef Frąckowiak	– Vice-Chairman of the Supervisory Board
Billy Andrews	– Member of the Supervisory Board
Gerry Byrne	– Member of the Supervisory Board
Waldemar Frąckowiak	– Member of the Supervisory Board
Marek Grzegorzewicz	– Member of the Supervisory Board
Thomas P. Mulcahy	– Member of the Supervisory Board
Aleksander Szwarc	– Member of the Supervisory Board
Robert Wrzesiński	– Member of the Supervisory Board

Pursuant to the Resolution of Annual General Meeting, dated 11 April 2002, the following persons were appointed to the Supervisory Board:

Marian Górski	– Chairman of the Supervisory Board
Gerry Byrne	– Member of the Supervisory Board
Waldemar Frąckowiak	– Member of the Supervisory Board
Marek Grzegorzewicz	– Member of the Supervisory Board
John Power	– Member of the Supervisory Board
Aleksander Szwarc	– Member of the Supervisory Board
Jacek Ślotąfa	– Member of the Supervisory Board

Pursuant to the Resolution of the Extraordinary General Meeting of Shareholders, dated 10 October 2002, two new members were appointed to the Supervisory Board:

Cornelius O'Sullivan	– Member of the Supervisory Board
Dermot Gleeson	– Member of the Supervisory Board

## Management Board

The Management Board of Bank Zachodni WBK started its operations in 2002 in the following composition:

Jacek Kseń	– President of the Management Board
William Richard Horgan	– First Vice-President of the Management Board
Aleksander Kompf	– Vice-President of the Management Board
Tadeusz Figiel	– Member of the Management Board
Declan Flynn	– Member of the Management Board
Michael L. Keegan	– Member of the Management Board
Janusz Krawczyk	– Member of the Management Board
Justyn Konieczny	– Member of the Management Board
Jędrzej Marciniak	– Member of the Management Board
Mateusz Morawiecki	– Member of the Management Board
Dorota Poniatowska-Mańczak	– Member of the Management Board
Jacek Sieniawski	– Member of the Management Board
Romuald Szeliga	– Member of the Management Board
Maciej Węgrzyński	– Member of the Management Board

On 24 January 2002, Supervisory Board of Bank Zachodni WBK recalled the following persons the from the Management Board:

Aleksander Kompf	– from the role of Vice-President of the Bank's Management Board
Tadeusz Figiel	– from the role of Member of the Bank's Management Board
Jędrzej Marciniak	– from the role of Member of the Bank's Management Board
Dorota Poniatowska-Mańczak	– from the role of Member of the Bank's Management Board
Jacek Sieniawski	– from the role of Member of the Bank's Management Board
Romuald Szeliga	– from the role of Member of the Bank's Management Board

At the same time the following persons were appointed Members of the Management Board:

Michał Gajewski	– as Management Board Member in charge of the Sales Division
Jacek Marcinowski	– as Management Board Member in charge of Strategic Development Division

As at 31 December 2002, the Management Board of Bank Zachodni WBK was composed of:

Jacek Kseń	– President of the Management Board
William Richard Horgan	– First Vice-President of the Management Board
Declan Flynn	– Member of the Management Board
Michał Gajewski	– Member of the Management Board
Michael L. Keegan	– Member of the Management Board

Justyn Konieczny	– Member of the Management Board
Janusz Krawczyk	– Member of the Management Board
Jacek Marcinowski	– Member of the Management Board
Mateusz Morawiecki	– Member of the Management Board
Maciej Węgrzyński	– Member of the Management Board

The table below presents the number and face value of Bank Zachodni WBK's shares held by the Management Board and the Supervisory Board of Bank Zachodni WBK as at 17 February 2003:

Members	Number of shares	Nominal value of shares in PLN
<b>Management Board of Bank Zachodni WBK</b>		
Jacek Kseń	232	2320
William Richard Horgan	–	–
Declan Flynn	–	–
Michał Gajewski	–	–
Michael L. Keegan	–	–
Justyn Konieczny	–	–
Janusz Krawczyk	–	–
Jacek Marcinowski	–	–
Mateusz Morawiecki	–	–
Maciej Węgrzyński	–	–
<b>Supervisory Board of Bank Zachodni WBK</b>		
Marian Górski	52	520
Gerry Byrne	–	–
Waldemar Frąckowiak	278	2780
Dermot Gleeson	–	–
Marek Grzegorzewicz	–	–
Cornelius O'Sullivan	–	–
John Power	–	–
Jacek Ślotąła	–	–
Aleksander Szwarc	–	–

#### Corporate Governance Principles

Bank Zachodni WBK intends to adhere to corporate governance principles defined in "Best practices in public companies in 2002", which were introduced by force of Resolution No. 58/952/2002 of the Stock Exchange Board, dated 16 October 2002.

With a view to delivering the stipulations of the quoted Resolution, the Bank's Management Board and Supervisory Board recommended to submit the document detailing the practices along with comments and application proposal to Annual General Meeting to be convened in 2003.



## Human Resources and training

In 2002, human resources and training activities in Bank Zachodni WBK were subordinated to two key undertakings: strategy execution and implementation of ICBS in the Bank's branch network.

### Human Resources

At the beginning of 2002, the Performance Management Program was launched which orientated all the Bank's staff towards the execution of the Po pierwsze klient strategy. The management plays a key role in this undertaking. Line managers are obliged to specify the involvement of each of their direct reports in the implementation of the business and strategic objectives of the organizational units they manage. The procedure includes a planning session with the employee on assigned tasks, on-going coaching process as well as an interim review of progress and performance. The alignment of individual objectives behind the overall objectives of the organization enhanced the strategic staff awareness and the level of their identification with the strategy. The process provided also a good incentive for the people to upgrade the quality of their performance.

In 2002, Bank Zachodni WBK continued the manpower restructuring process due to the reorganization of the Business Support Center and the implementation of the new IT system - ICBS. The reduced manpower requirement in the franchise results from the automation of branch processes, centralization of the back-office functions, change of job roles and other organizational modifications. In spite of the regularly conducted process of eliminating redundant job roles, the outflow of professional cadre was restrained by filling in emerging vacancies by way of mandatory internal recruitment. In 2002, as a result of the restructuring process, the headcount in the Bank was reduced from 9,764 down to 9,116 FTEs. The number of FTEs in Bank Zachodni WBK Group (the Bank along with the eleven subordinated companies) decreased from 10.216 to 9.541.

### Training

In 2002, the Bank focused on developing skills and competencies required by the staff to deliver their strategic and operational objectives. Over 100 training initiatives have been conducted which were attended by ca 21.9k participants. In majority, the training sessions were addressed to the branch staff and supported key business areas. The main training blocks were: sales techniques, SME lending, e-banking products and services investment funds and operational risk management. The SME lending courses were funded from the pool of the European Bank for Restructuring and Development for enhancing the skills of the Bank staff servicing this sector. In 2002, 650 individuals participated in this type of training.

The introduction of the new IT platform required a thorough staff training with regard to ICBS operations, new processes and procedures. The relevant training sessions were conducted within the B1 Program framework and the process is fully discussed in the part devoted to this undertaking.

An important part of the Bank's training operations is the development of the present and future managers. In 2002, all individuals holding managerial positions were diligently trained as regards the performance management process, the success of which depends greatly on their commitment and relevant preparation. 2002 also saw the launch of the Developing Successful Managers Program for the best performers, demonstrating potential and apti-

tude for managerial positions. The program is aimed at developing leadership skills of future managers as well as other competencies driving high quality and effective management.

The number of training sessions and their importance for the success of the strategy and ICBS roll-out resulted in the need to introduce a centralized system of approving, planning and co-ordinating training initiatives.

#### Infrastructure

#### Business Support Centre

In January 2002 the organizational structure of Bank Zachodni WBK Head Office was reengineered and renamed into the Business Support Centre. The new name reflects better the positioning of the central unit in the Bank and in particular, its supportive role in business generation. The direct stimulus to introduce changes was work on the Bank's strategy for 2002–2005. The efficient delivery of strategic tasks required better alignment of the organization with a view to ensuring more customer focus, streamlining activities and procedures, increasing coordination and effectiveness of activities as well as the cost structure optimisation.

Three new divisions were established out of the existing and newly founded units of a lower rank:

- Strategic Development Division – responsible for creating the business strategy of the Bank's products and services addressed to personal and institutional customers in line with the strategy *Po pierwsze klient*.
- Sales Division - responsible for the management of sales in all delivery channels so as to ensure the delivery of the Bank's business, sales and financial objectives; works towards the Bank's long-term business objectives through participating in the strategic sales planning, in the development of organizational structures and staff sales skills; it also coordinates changes introduced to the sales network.
- Business Support Division supports the Bank's management process through the delivery of tasks in four key areas: IT technologies, banking operations, branch network support as well as purchasing, real estate and cost management.

The establishment of the Purchasing and Cost Management Area within the Business Support Division proves that the cost management process has been recognised as of strategic importance. The new unit integrates all aspects of purchasing, real estate, cost and procurement management across the Bank and the Capital Group. Its purpose is to create an efficient process of managing the above categories, to establish effective controls and to achieve high and sustainable savings.

#### Branch network

Despite a continued development of electronic banking, Bank Zachodni WBK branches remain the main delivery channel. As at 2002-end, the Bank's network had 432 branches and was divided into three macro-regions (with seats in Wrocław, Poznań and Warsaw), which in turn are composed of 17 regions. In 2002, 14 new branches were launched, most of them being relatively small, standard outlets providing services both to personal clients and SMEs. In order to enhance the functionality of branch premises and the customer service quality complex refurbishment was conducted in 19 branches. The bulk of the remaining branches saw adaptation work in order to adjust them to require-

ments of the implemented ICBS system and new customer service standards. In 2002, the process of network rationalization continued, as a result of which 23 branches were closed and 15 branches were relocated to other, more advantageous sites.

#### Business Centers

In July 2002, the Corporate Business Banking Centre of Bank Zachodni WBK in Kraków was established. This is the Bank's fourth centre specialized in providing services to corporate business customers and selected commercial clients. The other centres are based in Wrocław, Poznań and Warsaw.

#### Electronic banking infrastructure

As at 2002-end, the network of Bank Zachodni WBK network comprised 578 machines and ranked fourth in the country by size. In 2002 it was enlarged by 24 new ATMs and further modified in terms of the location optimisation.

Bank Zachodni WBK is one of the five institutions servicing merchants in Poland. As at 31 December 2002, the Bank operated 7,156 POS terminals located at merchants all over the country. In 2002, the number of POSes went up by 447, and the value of generated transactions by 54%.

#### B1 Program

B1 Program is the largest undertaking in the Bank's history which covers the implementation of a new IT platform - ICBS - and related projects, including the change in the work organization in retail outlets, centralization of the "back office function", streamlining the banking processes and procedures and replacement of the Bank's IT infrastructure. The introduced changes limit the number of processes in branches, make them more efficient and focus the staff attention on sales and building relations with clients.

2002 was a turning point in the delivery of B1 Program. The conversion was completed in a number of pilot branches, a new version of the system with tax solutions was developed, the procedures and processes were reviewed. As of 14 June 2002, the mass roll-out began and conversions are made every week simultaneously in a dozen or so branches. Linking each outlet to the new ICBS platform is preceded by comprehensive preparations including replacement of the technical infrastructure, delivery of numerous business and IT projects, training for future users, cleansing the branch data bases in the existing systems (SEZAM and ZORBA), etc. By the end of December 2002, ICBS system was implemented in 324 outlets of Bank Zachodni WBK, which means conversion of 2.5m client accounts and delivery of the B1 Program in 76%.

B1 Program means also a huge training effort. In 2002, the employees of the Branches and the Business Support Center were subsequently trained. Training sessions, covering varied issues, were harmonized with the ICBS roll-out schedule. Basic skills were developed in the course of weekly sessions organized in three special training centres with training facilities for the new system. By 2002-end over 4.5k persons were trained there. Post-implementation supplementary training was conducted in branches. Employees were also offered access to the cutting-edge software operating on the basis of "BZ WBK Intranet", which facilitates for individual training sessions. Educational function is also played by Help Desk, which is to support branches as regards the broad range of business and IT issues rela-

ted to ICBS operations.

B1 training program and conversion of the remaining branches will have been completed in early April 2003. This means that the roll-out will be finished within a very short time, i.e. 1.5 year and the entire B1 Program within nearly 3 years.

#### Capital expenditure

In 2002, capital expenditure of Bank Zachodni WBK totalled PLN 228.7m. The amount of PLN 158.6m was spent on IT and PLN 70.1m on investments in real estate and other fixed assets.

The largest IT investments were related to the roll-out of a new Branch IT system - ICBS in the Bank's branch network. Parallel to the conversion, the process of standardizing the IT infrastructure in the Bank's outlets was conducted. In addition, capacity testing of the system in terms of the planned development of the Bank's business operations was conducted. Other capital-intensive projects were related to introducing new electronic services and expanding the functionality of the existing solutions.

The bulk of capital outlays for fixed assets is represented by modernization of outlets prior to ICBS roll-out, adaptation of new premises for the needs of Business Support Centre of Bank Zachodni WBK in Warsaw and launching new outlets.

In 2002, the capital expenditure of subsidiaries consolidated with Bank Zachodni WBK S.A. amounted to PLN 5.6m.

## V. Key risk areas

#### Capital management

Bank Zachodni WBK's policy is to maintain a strong capital base and to utilize it effectively for the benefit of its shareholders. At the end of December 2002, the Bank's capital resources amounted to PLN 2,523.8m (the Group's capital - PLN 2,515.9m). Assuming further stable development of its activities, Bank Zachodni WBK plans to maintain the existing proportion of earnings allocated for capital increases (i.e. ca. 80% of profit after tax). As at 31 December 2002, the Bank's solvency ratio was 10.86 % (the Group' ratio – 10.36%).

#### Asset and liability management

The main objective of asset and liability management is the profitable development of the Bank's risk-taking activities within prudential parameters. Risk management in the Bank is conducted within the boundaries set in cooperation with AIB Group and covers three major risk areas: market risk, credit risk and liquidity risk.

The Bank's Management Board, which is ultimately responsible for risk management, has delegated authority to the following high level committees: the Asset and Liability Committee (ALCO), the Credit Committee and the Provisions Committee. These committees manage their relevant risk areas, monitor the Bank's risk profile on an ongoing basis and map out current policies within the framework set by the Management Board.

## Credit risk management

The lending activity of Bank Zachodni WBK was focused on growing its portfolio in a way which would ensure high quality, good profitability and customer satisfaction.

The Bank's credit risk stems primarily from its lending activities on retail, corporate and interbank markets. It is managed within the lending policy framework set by the Management Board through a system of delegated discretionary limits which reflect the knowledge and experience of individual managers. The Bank operates an internal credit grading system which provides early warning signals with regard to the loan portfolio quality.

## Credit Forum

As part of the Risk Management Process, Bank Zachodni WBK has a Credit Forum. Its main objective is agreeing, approving and communicating best industry practices, industry analyses, credit policies, grading and risk assessment systems to the Bank's branches and the Business Support Center divisions (which are directly responsible for business development and support). The Forum is composed of the management representatives from individual divisions.

## Credit policies

Credit policies are guidelines concerning: identification of risk types, risk assessment and the methods of risk mitigation to the level acceptable by the Bank (e.g. fx risk in the case of fx loans). Credit policies of Bank Zachodni WBK, compliant with AIB Group standards, are at the same time adjusted to the specific nature of BZWBK lending activities.

## Grading

Apart from conducting grading based on general regulations, the Bank develops and applies internal grading systems, tailored to the profile of individual segments of Borrowers (corporate customers, commercial customers), based on the experience and best practices of AIB Group. Based on the internal grading systems, the Bank commenced the implementation of risk based methods of loan pricing, capital allocation and effectiveness measurement.

## Provisioning

Bank Zachodni WBK raises provisions in line with the applicable legal regulations (Ordinance of the Minister of Finance, dated 10 December 2001, on Provisioning against risks related to banking operations, Journal of Laws No 149, item 1672, dd. 22 December 2001 with subsequent changes), and gives preference to a prudential approach in recognizing security when calculating provisions. Provisions Committee is responsible for maintaining an adequate level of loan loss provisioning.

### Return on risk

The Bank commenced the implementation of tools based on statistical analysis which support the process of setting credit prices in relation to the incurred risk.

### Process of taking credit decisions

The credit decision taking process, as part of risk management, is based on the system of lending discretions assigned so as to reflect the knowledge and the experience of individual employees. Exposures in excess of PLN 15m are approved by Credit Committees composed of top management & executives.

### Credit reviews

Focusing on the quality of credit portfolio, the Bank conducts regular quality assurance reviews aimed at ensuring the compliance with best practices of credit delivery, adequate grading, adequate provisioning, The reviews also allow to assess objectively the professionalism of credit management. They are conducted by the Quality Assurance unit, which operates independently of the units accepting risk within their lending discretions.

### Market risks

Bank Zachodni WBK's ALCO is responsible for strategic balance sheet management within risk policies approved by the board. Its primary focus is on capital management, funding/liquidity, market risk capacity and market risk management. Market and liquidity risk management is carried out in the Bank within the scope determined by AIB Group and approved by the Management Board of Bank Zachodni WBK. The ALCO comprises senior divisional management. ALCO policies determine the basis for managing liquidity, interest and foreign exchange risks arising from the structure of the Bank's balance sheet.

### Market risk management

Market risks arising in the Bank's retail and commercial activities are transferred to the Bank's Treasury Division, which takes positions in marketable securities and derivatives to mitigate these risks. ALCO has the responsibility for identifying and measuring these risks and transferring them to the Treasury.

The key objective of the Bank's market risk policies is to limit the adverse impact of interest and exchange rate movements on the Bank's profitability and shareholder value, and to enhance earnings within clearly defined risk parameters. The Bank's policies and practices in relation to market risk management reflect the following guiding principles:

- Key market risk activities are subject to the Management Board approval based on the adopted policy,
- Market risk is substantially centralized in the Treasury, managed by skilled personnel and monitored using appropriate systems and controls,

- Market risk is measured and monitored by risk management personnel operating independently of risk taking units.
- Bank Zachodni WBK operates within the parameters of conservative risk limits.

#### Liquidity risk management

The objective of the bank's Liquidity Policy is to ensure the availability, at all times, of sufficient funds to meet claims arising from either liability demands or asset commitments, both actual and contingent, at an economic price. The policy is designed to provide adequate cover in normal and abnormal operating conditions. It also incorporates a liquidity contingency plan for critical situations.

#### Operational risk management

Complying with respective AIB standards, Bank Zachodni WBK put in place a clear-cut system of identifying, monitoring and reporting operational risk. The main tool used for preventing potential threats and mitigating the effects of their occurrence is a self-assessment procedure and the process of reporting the loss events arising from the operational risk. The operational risk management system aims at identifying and rating of all risk related to processes executed in the Bank. Owing to this the Management is well-positioned to focus attention on the most important issues.

At the end of 2002, as a result of initiative undertaken by the senior management, a Change Program for Operational Risk Management was launched across AIB Group. The program was developed with the assistance of Deloitte & Touche subsequently to a careful review of current status of Operational Risk Management in all the Divisions.

Key elements of the program are as follows:

- Raising awareness of management and staff about benefits of effective Operational Risk Management,
- Including objectives of effective Operational Risk Management in the mission of every business unit of the Bank,
- Extending the scope of responsibility of management to include Operational Risk Management,
- Strengthening internal structures that support Operational Risk Management process,
- Including operational risk issues in the scope of regular internal controls,
- Improving efficiency of operational risks identification, their assessment and implementation of effective controls,
- Implementation of monitoring and quarterly reporting on controls employed to mitigate key risks,
- Extending the scope and improving quality of operational losses reports,
- Including Operational Risk Management in relevant staff performance criteria,
- Effective utilization of tools that support Operational Risk Management (Intranet ORM Application).

It is planned that the programme will be completed in June 2003.

Consolidated financial statements in accordance  
with Polish Accounting Regulations (PAR)  
for the year ended 31 December 2002

Registered auditor's opinion	42
Introduction	45
Consolidated balance sheet	71
Off-balance sheet items	73
Consolidated profit and loss account	73
Movements in consolidated equity	75
Consolidated cash flow statement	77
Notes to the financial statements	79
Additional notes	133





## Opinion of the Independent Auditor

To the Shareholders of Bank Zachodni WBK S.A.

We have audited the accompanying consolidated financial statements of Bank Zachodni WBK S.A. Capital Group seated in Wrocław, consisting of the introduction to the consolidated financial statements, the consolidated balance sheet as at 31 December 2002, with total assets and total liabilities and equity of PLN 24,913,038 thousand, the capital adequacy ratio, the statement of consolidated contingencies and commitments granted as at 31 December 2002 amounting to PLN 3,654,523 thousand, the consolidated profit and loss account for the year then ended with a net profit of PLN 272,693 thousand, the statement of changes in consolidated equity for the period from 1 January 2002 to 31 December 2002, with an increase in equity of PLN 361,475 thousand, the consolidated cash flow statement for the year then ended with an increase in cash amounting to PLN 419,030 thousand, and the supplementary information and explanations.

These financial statements are the responsibility of the Management Board of the parent entity. Our responsibility is to audit and express an opinion on whether these financial statements and the accounting records from which they were derived present a true and fair view.

We conducted our audit in accordance with International Standards on Auditing as promulgated by the International Federation of Accountants, section 7 of the Polish Accounting Act dated 29 September 1994 (Official Journal published 2002, No 76, item 694, unified version) and the professional standards established by the Polish National Council of Certified Auditors. These standards require that we plan and perform the audit to obtain reasonable assurance that will enable us to express an opinion on the consolidated financial statements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management Board of the parent entity, as well as evaluating the overall consolidated financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements of Bank Zachodni WBK S.A. Capital Group present fairly, in all material aspects, the financial position of the Capital Group as at 31 December 2002 and the results of its operations and cash flows for the year then ended in accordance with the accounting standards applied in Poland as set out in the Polish Accounting Act dated 29 September 1994, the ordinance of Minister of Finance dated 10 December 2001 regarding special accounting principles for banks (Official Journal published 2001, no 149, item 1673 with subsequent amendments), the ordinance of Minister of Finance dated 12 December 2001 regarding the preparation of the consolidated financial statements of banks and financial holdings (Official Journal published 2001, no 152, item 1728), the requirements relating to issuers of publicly traded securities and are in compliance with the respective laws, regulations of the Capital Group, that apply to the consolidated financial statements.



As required under the Polish Accounting Act dated 29 September 1994 we also report that the Report on the Capital Group's activities includes the information required by Art. 49 Note 2 of the Accounting Act and the information is consistent with the consolidated financial statements.

signed on the Polish original

.....

Certified Auditor No. 4979/2575

Hanna Fludra

signed on the Polish original

.....

For KPMG Polska Audyt Sp. z o.o.

ul. Chłodna 51; 00-867 Warsaw

Certified Auditor No. 796/1670

Bodgan Dębicki,

Member of the Board

signed on the Polish original

.....

For KPMG Polska Audyt Sp. z o.o.

ul. Chłodna 51; 00-867 Warsaw

Richard Cysarz, Proxy

Warsaw, 5 March 2003



## Introduction to the consolidated financial statements of BANK ZACHODNI WBK S.A. for 2002

Bank Zachodni WBK S.A. is a dominant entity of Bank Zachodni WBK Group. The Bank was established following the merger of Bank Zachodni S.A with the registered office in Wrocław with Wielkopolski Bank Kredytowy S.A. with the registered office in Poznań. The merger was effected through the issue of new shares in Bank Zachodni S.A. to shareholders of WBK in exchange for the transfer of the entire assets of Wielkopolski Bank Kredytowy S.A. to Bank Zachodni S.A. The new entity with a seat in Wrocław was entered into the register of business in the Domestic Court Registry on 13 June 2001.

The parent company of Bank Zachodni WBK S.A. is AIB European Investments Ltd. which is a subsidiary of Allied Irish Banks plc. AIB European Investments Ltd. holds a 70.5% interest in the share capital of Bank Zachodni WBK S.A. Both AIB European Investments Ltd. and Allied Irish Banks plc have registered offices in Dublin, Ireland.

1. Basic information and core business of Bank Zachodni WBK S.A., key segments of the bank's capital group operations and description of its role in the group

Bank Zachodni WBK S.A.

The District Court for Wrocław – Fabryczna, VI Economic Unit of the Domestic Court Registry, issued a decision on entering the Bank to the register of businesses under the name "Bank Zachodni WBK Spółka Akcyjna" and number KRS: 0000008723. The Bank's registered office is in Wrocław at ul. Rynek 9/11.

Pursuant to the classification of the Stock Exchange in Warsaw, Bank Zachodni WBK S.A. represents the sector of "banks". According to Polish Business Classification, the Bank's core business is "other banking operations" marked as 65.12 A.

In line with the Statutes, the operations of Bank Zachodni WBK S.A. include:

1) the following banking activities:

- accepting money deposits payable on demand or at a due date as well as operating accounts for these deposits, including accepting and depositing cash in domestic and foreign banks,
- operating other bank accounts,
- granting loans,
- granting and confirming guarantees and opening letters of credit,
- issuing banking securities,
- performing banking financial settlements,
- granting cash advances,
- performing cheque and bill of exchange operations,
- issuing payment cards and processing card operations,
- performing term financial operations,

- trading in receivables,
- safekeeping of objects and securities as well as providing access to safe deposit-boxes,
- foreign currency operations,
- granting civil law guarantees,
- performing operations related to the issue of securities,
- acting as the representative of bond holders.

2) other activities, which include:

- taking up or acquiring shares, rights attached to shares and participations of another corporate entity and contributions to limited partnerships or limited joint stock partnerships, or units and investment certificates in investment funds and making contributions to limited liability companies within the limits specified by the Banking Law act,
- incurring liabilities related to the issue of securities,
- trading in securities on the bank's own account or on other parties' account,
- performing swaps of debts into elements of the debtor's assets,
- acquiring and disposing of real estate and debts secured by a mortgage,
- providing consultancy and advisory services in relation to financial matters,
- providing other financial services.

A complete list of activities which comprise the Bank's business is presented in the Bank's Statutes.

According to the Polish Business Classification, the operations listed above correspond to the following sub-classes:

■ other banking operations	- 65.12 A
■ other monetary intermediation, non-classified elsewhere	- 65.12 B
■ finance leasing	- 65.21 Z
■ brokerage operations and fund management	- 67.12 Z
■ other financial intermediation, non-classified elsewhere	- 65.23 Z
■ financial auxiliary operations, non-classified elsewhere	- 67.13 Z
■ other commercial activities, non-classified elsewhere	- 74.84 B



## Bank Zachodni WBK Group

A strong majority of entities composing Bank Zachodni WBK Group are active participants of the financial services market. They represent the following types of business operations:

- intermediation in trading in securities,
- leasing,
- asset/fund management,
- insurance services,
- trading in shares and interests of the commercial law companies.

A list of Bank Zachodni WBK subsidiaries and description of their operations are presented in point 9 of this "Introduction".

Bank Zachodni WBK S.A. exercises control over its subsidiaries with which it composes a capital group. Except for BZ WBK AIB Asset Management S.A., the Bank's role as a dominant entity stems from the fact of having a prevailing number of votes in the supervisory bodies of those entities. Exercising the rights of a majority shareholder, the Bank decides about the composition of their supervisory bodies, has influence on the strategic development of the companies and their financial and operational policy. Owing to the presence of its representatives in management bodies of the subsidiaries, it can also directly influence their current operations.

In the case of BZ WBK AIB Asset Management S.A., its co-owners are Bank Zachodni WBK S.A. and AIB Capital Markets plc. The other shareholder is an entity hived off from the banking structures of Allied Irish Banks Group and holding a legal personality. Registered in Ireland, the company conducts international operations specializing in Treasury operations, investment and corporate banking. Both owners of BZ WBK Asset Management S.A. are therefore members of Allied Irish Banks Group and have a 50% shareholding in the company each which gives them an equal number of votes at the Annual General Meeting. In practice, Bank Zachodni WBK S.A. exercises control over the company and its subsidiary BZ WBK AIB Towarzystwo Funduszy Inwestycyjnych S.A. (BZ WBK AIB Investment Fund Corporation) since the dominant entity of a higher rank (Allied Irish Banks) effects its policy in Poland through the Bank. The Irish owner treats products and services of both the above-mentioned companies as a supplement to the Bank's offering and the entities themselves as members of Bank Zachodni WBK Capital Group.

### 2. Duration of Bank Zachodni WBK S.A. and its Group members

Both Bank Zachodni WBK S.A. and its Group members were established for an undefined period of time.

### 3. Periods covered by the consolidated statements

Bank Zachodni WBK S.A. – as a dominant entity and an important investor - presents the consolidated financial statements for the accounting year beginning on 1 January 2002 and ending on 31 December 2002. Comparative consolidated data relate to the corresponding period of 2001.

#### 4. Composition of the Management Board and Supervisory Board of Bank Zachodni WBK S.A.

##### Supervisory Board

As at 31 December 2002, the Supervisory Board of Bank Zachodni WBK S.A. was composed of the following persons:

Marian Górski	- Chairman of the Supervisory Board
Gerry Byrne	- Member of the Supervisory Board
Waldemar Frąckowiak	- Member of the Supervisory Board
Dermot Gleeson	- Member of the Supervisory Board
Marek Grzegorzewicz	- Member of the Supervisory Board
Cornelius O'Sullivan	- Member of the Supervisory Board
John Power	- Member of the Supervisory Board
Jacek Ślotafa	- Member of the Supervisory Board
Aleksander Szwarc	- Member of the Supervisory Board

Changes in the composition of the Supervisory Board that took place in 2002 are presented in the "Report of the Management Board on Bank Zachodni WBK Group Performance" in the section devoted to the Bank's Management.

##### Management Board

As at 31 December 2002, the Management Board of Bank Zachodni WBK S.A. was composed of the following persons:

Jacek Kseń	- President of the Management Board
William Richard Horgan	- First Vice-President of the Management Board
Declan Flynn	- Member of the Management Board
Michał Gajewski	- Member of the Management Board
Michael L. Keegan	- Member of the Management Board
Justyn Konieczny	- Member of the Management Board
Janusz Krawczyk	- Member of the Management Board
Jacek Marcinowski	- Member of the Management Board
Mateusz Morawiecki	- Member of the Management Board
Maciej Węgrzyński	- Member of the Management Board

Changes in the composition of the Management Board that took place in 2002 are presented in the "Report of the Management Board on Bank Zachodni WBK Group Performance" in the section devoted to the Bank's Management.

5. Internal organizational units of Bank Zachodni WBK Group and the organization of the Group's financial accounting

There are no internal organizational units in the Bank's structures which produce financial statements on their own. All accounting activities are centralized in the Finance and Risk Management Division in the Bank's Business Support Center. Subsidiaries of Bank Zachodni WBK Group do not have such units, either.

6. Merger of companies

In 2002, neither Bank Zachodni WBK S.A. nor its Group members merged with any entity.

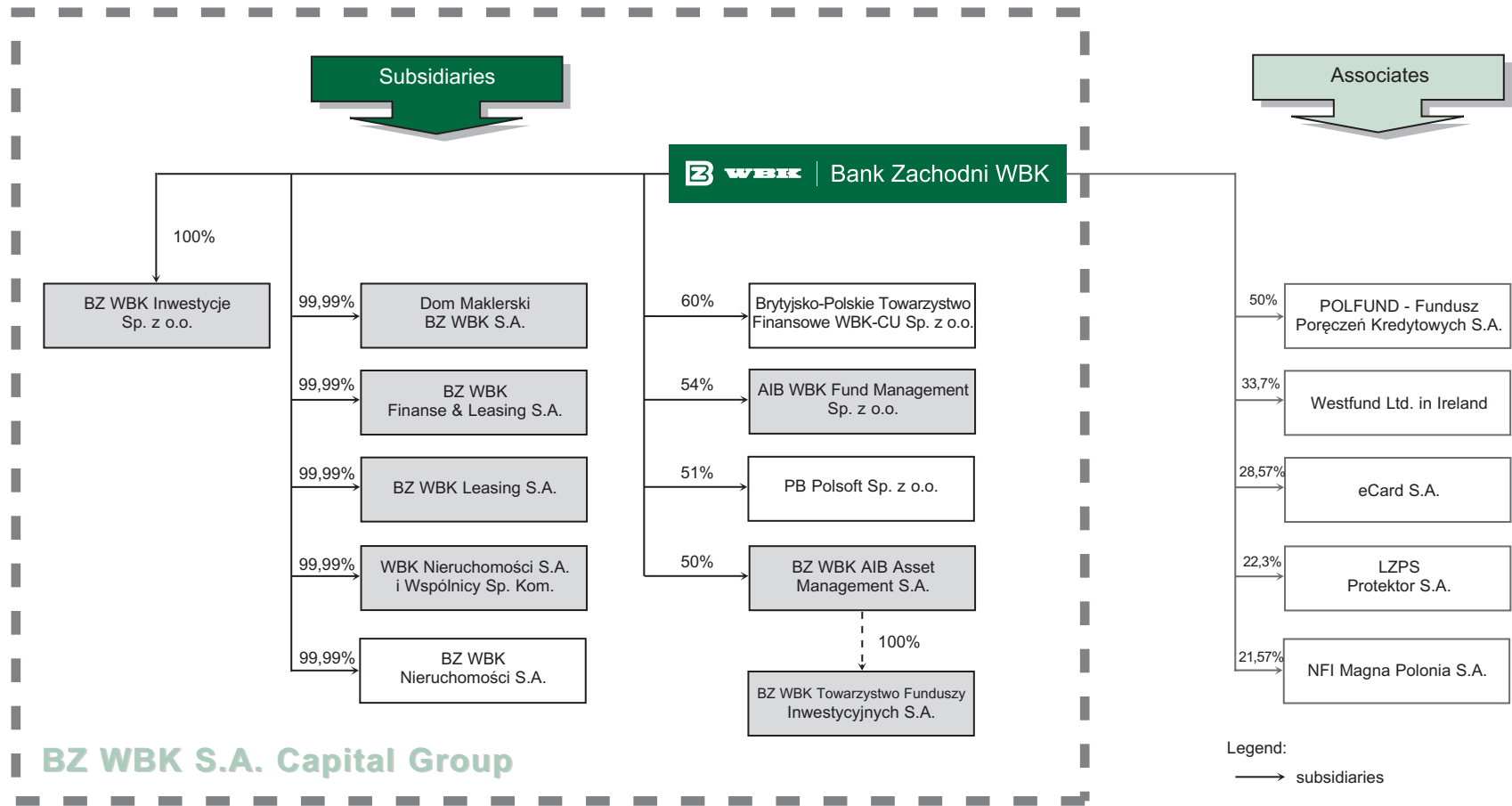
7. Continuation of operations

The 2002 consolidated financial statements of Bank Zachodni WBK S.A. were produced based on the assumption that the Bank and its Group members continue business operations in the foreseeable future. There are no circumstances that might indicate that the operations of the Parent Entity or any of its subsidiaries are threatened in any way.



8. Graphic presentation of Bank Zachodni WBK Group's organizational structure and information on the type of connections within the Group

Entities connected with Bank Zachodni WBK S.A.



Legend:

- subsidiaries
- associates
- - - > subsidiary of a subsidiary
- - - BZ WBK Group
- ▭ Entities consolidated on a line-by-line basis



9. Bank Zachodni WBK subsidiaries consolidated on line-by-line basis or under equity method in the 2002 financial statements

No.	Subordinated entity	Seat	Business	Shareholding [%] as at 31.12.2002	Voting power [%] as at 31.12.2002	Registration details	Consolidation accounting method
<b>I. Subsidiaries</b>							
1	BZ WBK Inwestycje Sp. z o.o.	Poznań	Trading in shares and interests of commercial law companies as well as in other securities on its own and third parties' account, searching for investors for companies	100.00	100.00	District Court in Poznań XXI Economic Unit KRS: 0000069070	Line-by-line consolidation
2	Dom Maklerski BZ WBK S.A.	Poznań	Offering securities in primary trading, buying or selling securities on behalf of customers, trading in securities on its own account in order to progress tasks related to the organization of the regulated market, operating securities accounts and securities-related accounts	99.99	99.99	District Court in Poznań XXI Economic Unit KRS: 0000006408	Line-by-line consolidation
3	BZ WBK Finanse & Leasing S.A.	Poznań	Operating and finance lease of machines and equipment excluding vehicles	99.99	99.99	District Court in Poznań XXI Economic Unit KRS: 0000008924	Line-by-line consolidation
4	BZ WBK Leasing S.A.	Poznań	Operating and finance lease of vehicles excluding machines and equipment	99.99	99.99	District Court in Poznań XXI Economic Unit KRS: 0000026084	Line-by-line consolidation
5	BZ WBK Nieruchomości S.A.	Poznań	Organization and provision of catering and hotel services, agency in providing tourist services and provision of tourist services	99.99	99.99	District Court in Poznań XXI Economic Unit KRS: 0000081788	Equity method

6	WBK Nieruchomości S.A. i Wspólnicy Spółka Komandytowa	Poznań	Lease operations	99.99	99.99	District Court in Poznań XXI Economic Unit KRS: 0000024728	Line-by-line consolidation
7	Brytyjsko-Polskie Towarzystwo Finansowe WBK – CU Sp. z o.o.	Poznań	Distribution of insurance products	60.00	60.00	District Court in Poznań XXI Economic Unit KRS: 0000056938	Equity method
8	AIB WBK Fund Management Sp. z o.o.	Warszawa	Management of VI NIF Magna Polonia S.A., management of other funds in Poland	54.00	54.00	District Court in Warsaw XIX Economic Unit KRS: 0000033694	Line-by-line consolidation
9	Projekty Bankowe Polsoft Sp. z o.o.	Poznań	IT services	51.00	51.00	District Court in Poznań XXI Economic Unit KRS: 0000090264	Equity method
10	BZ WBK AIB Asset Management S.A.	Poznań	Brokerage operations – management of third party's securities admitted or non- admitted to public trading	50.00	50.00	District Court in Poznań XXI Economic Unit KRS: 0000000920	Line-by-line consolidation
11	BZ WBK AIB Towarzystwo Funduszy Inwestycyjnych S.A.	Poznań	Establishment of investment funds, their management and representation to third parties	Wholly owned by BZ WBK AIB Asset Management S.A.	100% Voting power held by BZ WBK AIB Asset Management S.A.	District Court in Poznań XIV Economic Unit KRS: 0000001132	Line-by-line consolidation

## II. Associates

1	POLFUND - Fundusz Poręczeń Kredytowych S.A.	Szczecin	Sanctioning loan guarantees, depositing entrusted monies and their management	50.00	50.00	District Court in Szczecin XVII Economic Unit KRS: 0000045150	Equity method
2	International Westfund Holdings Ltd. in Ireland	Dublin, Ireland	Management of investment funds; at present it is not operational	33.70	33.70	Company Registration Number: 225712, Ireland	Equity method
3	eCard S.A.	Warszawa	Software operations, data processing, operations related to databases, other IT operations, other financial intermediation, design services and advertisement of a different type	28.57	28.57	District Court in Warsaw XX Economic Unit KRS: 0000042304	Equity method
4	Lubelskie Zakłady Przemysłu Skórzanego Protektor S.A.	Lublin	Production of military, working and protection footwear	22.30	22.30	District Court in Lublin XI Economic Unit RHB: 2650	Equity method
5	NFI Magna Polonia S.A.	Warszawa	Purchase of securities issued by the State Treasury, buying or taking up interest or shares in entities registered and operational in Poland, purchase of other securities issued by those entities, sanctioning advances to companies and other entities registered and operational in Poland, raising advances and loans for the Fund's purposes	21.57	21.57	District Court in Warsaw XIX Economic Unit KRS: 0000019740	Equity method

Presentation of subordinated entities covered by the consolidated financial statements and consolidated comparative data

Pursuant to the amended "Accounting Act of 29 September 1994" (Journal of Laws No. 76, item 694 consolidated text), in effect since 1 January 2002, the following entities were consolidated on line-by-line basis in the 2002 consolidated financial statements of Bank Zachodni WBK S.A.:

- BZ WBK Inwestycje Sp. z o.o.
- Dom Maklerski BZ WBK S.A.
- BZ WBK Finanse & Leasing S.A.
- BZ WBK Leasing S.A.
- WBK Nieruchomości S.A. i Wspólnicy Spółka Komandytowa
- AIB WBK Fund Management S.A.
- BZ WBK AIB Asset Management S.A.
- BZ WBK AIB Towarzystwo Funduszy Inwestycyjnych S.A. – a subsidiary of BZ WBK AIB Asset Management S.A.

The remaining companies were valued under the equity method in line with art. 59 sec. 2 of the applicable "Accounting Act" and § 6 sec. 2 of the Finance Minister's Ordinance, dated 12 December 2001 re. producing consolidated financial statements and consolidated statements of a financial holding (Journal of Laws No. 152, item 1728). These regulations stipulate that the subsidiaries which run a different type of operations are excluded from the consolidation requirements. This applies to companies which are not banks, credit institutions or financial services institutions. These conditions are met by the following entities:

- BZ WBK Nieruchomości S.A.
- Brytyjsko-Polskie Towarzystwo Finansowe WBK – CU Sp. z o.o.
- Projekty Bankowe Polsoft Sp. z o.o.

Kupcy Gdyńscy S.A., where the Bank has a 97.2% shareholding, is not subject to consolidation or valuation under the equity method as in line with art. 57 sec.1 point 1 and art. 63a of the amended "Accounting Act", pursuant to which the subsidiaries acquired with a view to reselling them in the future are excluded from consolidation.

In the 2002 consolidated financial statements of Bank Zachodni WBK, the associate undertakings are valued under the equity method pursuant art. 59 sec. 3 of the Act referred to above. This applies to the following entities:

- POLFUND – Fundusz Poręczeń Kredytowych S.A.
- International Westfund Holdings Ltd. in Ireland
- eCard S.A.
- Lubelskie Zakłady Przemysłu Skórzanego Protektor S.A.
- NFI Magna Polonia S.A.

In 2001, Bank Zachodni WBK consolidated only Dom Maklerski BZ WBK S.A. on line-by-line basis. Other subsidiary undertakings were excluded from line-by-line consolidation pursuant to art. 56. sec. 2 of the Accounting Act, dated 29 September 1994 (Journal of Laws No. 121 item 591) applicable until the end of 2001.

#### Changes in the composition of Bank Zachodni WBK subordinated companies

In 2002, the configuration of subsidiaries changed as a result of the investment policy implemented by the Bank. The following two subsidiaries were removed from the Bank's portfolio:

- Gospodarstwo Rolne Cisy in liquidation with the registered office in Cisy near Malbork  
Pursuant to the agreement dated 31 October 2002 concluded by BZ WBK Inwestycje Sp. z o.o. (wholly owned by Bank Zachodni WBK S.A.), a 100% of the company's share capital entitling to the same amount of votes at the AGM was sold. The purpose of the transaction was to adjust the investment portfolio to the target structure.
- Gliwicki Bank Handlowy S.A. with the registered office in Gliwice  
Pursuant to the agreement dated 4 November 2002, Bank Zachodni WBK S.A. sold its entire shareholding in Gliwicki Bank Handlowy S.A. to BZ WBK Inwestycje Sp. z o.o. The shares entitling to a 97.29% shareholding in the bank and to 98.33% of votes at the Annual General Meeting. On 30 December 2002 the new owner of the shares - BZ WBK Inwestycje Sp. z o.o. – concluded a sales agreement pursuant to which Gliwicki Bank Handlowy S.A. took up a shareholding entitling to 94.62% of the share capital and 94.73% of votes at the company's Annual General Meeting. The shares were purchased by Gliwicki Bank Handlowy S.A. with a view to redeeming them.

#### 10. Transformations ensuring data comparability

The comparable 2001 data included in the Bank's consolidated financial statements as at 31 December 2002, take account of the representation changes arising from the amended Accounting Act and relevant executive guidelines effective since 1 January 2002, to the degree to which they could be practically applied. The specification of relevant differences in the presentation of the 2001 and 2002 data and the explanations behind them are included in point 32 of the "Additional Explanatory Notes."

In the tabular part of the consolidated financial statements produced as at 31 December 2002, the comparative data for 2001 cover exclusively Dom Maklerski BZ WBK S.A., i.e. one of the eight companies consolidated on line-by-line basis in the Bank Zachodni WBK consolidated financial statements for 2002. Comparable financial data for 2001 are presented in "pro forma" balance sheet and profit and loss account included in point 32 of the "Additional Explanatory Notes".



11. The auditor's opinion on the examination of financial statements for the previous periods

The Consolidated Financial Statements of Bank Zachodni WBK S.A. produced as at 31 December 2001 and as at 31 December 2002 were audited and the auditors did not raise any qualifications to the presented data. As a result, the presented 2002 Financial Statements of Bank Zachodni WBK S.A. do not include any corrections arising from qualifications raised by entities entitled to auditing financial statements.

12. Accounting principles applied in Bank Zachodni WBK Group

Legal basis

The 2002 Consolidated Financial Statements of Bank Zachodni WBK S.A. including balance sheet, profit and loss account, cash flow statement, schedule of movements in equity as well as additional information comprising "Introduction to the Financial Statements" and "Additional Explanatory Notes" were produced in line with the following legal acts:

- Accounting Act, dated 29 September 1994 (Journal of Laws No. 76, item 694 consolidated text),
- Banking Law Act, dated 29 August 1997 (Journal of Laws No. 72, item 665 consolidated text with subsequent amendments),
- Corporate Income Tax Act, dated 15 February 1992 (Journal of Laws No. 54, item 654 with subsequent amendments),
- Act on Public Trading in Securities, dated 21 August 1997 (Journal of Laws No. 49, item 447 consolidated text),
- Ordinance of the Council of Ministers, dated 16 October 2001, on current and periodic reports submitted by issuers of quoted securities (Journal of Laws No. 139, item 1569 with subsequent amendments),
- Ordinance of the Council of Ministers, dated 16 October 2001 on detailed conditions the issue prospectus and the mini-prospectus should meet (Journal of Laws No. 139, item 1568 with subsequent amendments),
- Ordinance of the Minister of Finance, dated 10 December 2001 on detailed accounting principles for banks (Journal of Laws No. 149, item 1673 with subsequent amendments),
- Ordinance of the Minister of Finance, dated 10 December 2001, on principles of raising provisions for the risk related to banking operations (Journal of Laws No. 149, item 1672 with subsequent amendments),
- Ordinance of the Minister of Finance, dated 12 December 2001, on special principles of recognition, valuation methods, disclosure scope and presentation of financial instruments (Journal of Laws No. 149, item 1674),
- Ordinance of the Minister of Finance, dated 12 December 2001, on producing consolidated financial statements of banks and consolidated statements of financial holdings (Journal of Laws No. 152, item 1728),
- Ordinance of the Minister of Finance, dated 18 December 2001, on special accounting principles for brokerage houses and bank's organizational units conducting brokerage operations (Journal of Laws No 153, item 1753).



## Principles of asset and liability valuation and financial result calculation in Bank Zachodni WBK Group

In line with the above regulations, Bank Zachodni WBK Group applies the following principles for asset and liability valuation, calculation of the financial results and presentation of data in the financial statements:

### Receivables

The receivables are originally presented in the due amount arising from a concluded transaction refundable expenses incurred by the bank, identified overpayments or presented based on the purchase price of external receivables. As at the balance sheet day, receivables are valued in the amount of the due payment which represents the nominal debt together with the interest due as at the valuation date. In line with the prudence principle, the receivables are re-valued taking account of the likelihood of repayment of those receivables by making a revaluation charge.

Amounts due from financial and non-financial sector, and the public sector are reduced by the value of specific provisions raised for the credit risk. The Group raises specific provisions in line with the principles specified in the "Ordinance of the Ministry of Finance, dated 10 December 2001 (Journal of Laws No. 149, clause 1672 with subsequent amendments) on raising provisions for risk related to banking operations."

Receivables and claims which meet the criteria of the finance lease are presented in the balance sheet as receivables arising from finance lease, however, in terms of tax issues, pursuant to the Corporate Income Tax Act, they can be settled as receivables from operating lease.

### Financial Instruments – assets

The Group breaks down financial instruments by their nature and purpose into the following categories:

- financial instruments held for trading,
- financial instruments held to maturity,
- financial instruments available for sale,
- loans and receivables originated by the Bank.

The Group breaks down financial instruments by their types into the following categories:

- debt securities,
- shares and interests (except for shares and interests of subordinated entities),
- repo transactions,
- loans and advances.



## Securities

The applicable principle is to classify securities on the day of their purchase or origination to one of the following categories:

- securities held for trading – securities held for trading include securities purchased with a view to obtaining economic benefits arising from short term movements in prices and fluctuations in other market components,
- securities held to maturity – securities with specified or possible to specify payments or with a set maturity, which the Bank intends to hold to their maturity,
- loans and receivables originated by the Bank – loans and receivables originated by the Bank are financial assets originated by the Bank by delivery of monies, goods or services for the benefit of a debtor, except for such loans and receivables which were originated for the purpose of quick sales,
- securities available for sale – other securities which do not fall under any of the above categories.

Securities are entered into accounting books, as at the day of concluding the contract, at the purchase price, i.e. the fair value of the incurred expenses or assets transferred in return for other assets, taking account of the incurred costs of the transaction.

Securities held for trading are stated at their market value, and securities for which there is no active market, at their fair value established in some other way. The difference in the market or fair value is taken to income or costs of financial operations, respectively.

Securities held to maturity are stated at the purchase price adjusted by accrued interest, discount and premium (using the effective interest rate) and taking account of the charges arising from permanent loss in value. The valuation effects are taken to income or costs of financial operations, respectively.

Sanctioned loans and borrowings and other receivables originated by the Bank which are not held for trading are stated at the due payment which also includes the interest on the receivables. The valuation effects are taken to income or costs of financial operations, respectively.

Securities available for sale are stated at their fair value, while the results of the change in the fair value have an impact on the capital arising from revaluation.

Securities the fair value of which cannot be reliably established are stated at amortized costs. The valuation effects are taken to income or costs of financial operations, respectively.

Interest on debt securities, coupon interest, discount and premium is presented as interest income and costs and taken to the profit and loss account.



## Reverse repo transactions

A repo contract covers both sell-buy back transactions and repo transactions.

The manner of disclosing sell/buy back transactions depends on whether there is or not the control over contractual rights to financial assets which are subject to the transaction. If following a sell/buy back transaction, the Bank lost the control over securities which are subject to the transaction, the securities are struck off from the balance sheet register. If the Bank did not lose the control over them, the transaction is treated as a regular repo transaction.

Securities subject to sell/buy back or repo transactions are allocated on the day of their purchase or origination to the following categories:

- securities held for trading,
- securities available for sale.

The methodology of valuing those securities corresponds to that applied for other securities.

The deposit valuation process related to repo transactions includes the comparison of current interest rates on taken deposits with relevant market rates over the transaction term. The market rate for the valuation process is WIBOR/WIBID for relevant term of the transaction and interpolation rate for the periods between them.

Repo transactions are subject to the requirement of establishing an obligatory provision, except when the parties to the transaction are domestic banks

## Derivatives

The Group deals in the following derivatives: interest rate SWAP, F/X SWAP, dual currency interest rate SWAP, interest rate SWAP options and Forward Rate Agreement transactions. All F/X Forward transactions are closed with Spot transactions – as a result of this, F/X SWAP transactions emerge.

All derivatives are classified as financial assets or liabilities held for trading.

Originally, they are taken to the balance sheet by costs (including transaction costs), and then are re-valued based on their fair value. The results of the change in the fair value are taken to the profit and loss account.

Fair value is established based on the quotations of market prices, discounted cash flow models and option valuation models depending on which solution fits the situation. All derivatives are disclosed in the balance sheet as assets when their fair value is positive and as liabilities if their fair value is negative.

- F/X SWAP transactions

Currencies to be given away and received as a result of the concluded F/X Swap transactions calculated based on the NBP exchange rate as at the balance sheet day are presented in the off balance-sheet items as “liabilities related to concluding sale/purchase transactions.”

F/X Swap transactions are valued against the market based on discounting future cash flows with market rate, while the results of the valuation are posted in the balance sheet under “other assets/other liabilities arising from financial instruments” and under profit/loss on financial operations in the profit and loss account.

The rates are taken from the Reuters' sites: "Zero-coupon Yield curve" and fixing sites of NBPQ.

#### ■ Interest rate deals

Interest rate derivatives include SWAPs (further referred to as IRS) and FRAs. IRS and FRA transactions are valued against the market based on future discounted financial flows (NPV). Change in valuation against the fair value is disclosed in the balance sheet under "other financial assets/other liabilities arising from financial instruments" in correspondence to the profit/loss on financial operations.

The rates applied to generate the zero-coupon yield curve are taken from Reuters' screens. While valuing interest rate swaps, the Bank applies WIMEAN taken from the special Reuters' WIBO screen. For terms ranging from 1 to 10 years, the Bank uses rates of interest rate swaps (IRS) published on "CCMPB" site – Continental Capital Markets, "PYDERV" site – Prebon Yamane and "PLN21" – CeDeF.

#### ■ Interest rate SWAP options

They are valued based on the market value taking account of the discounted financial flows (Black-Scholes method).

#### Shares and interests

Minority interests taken to fixed assets are stated at purchase price taking account of the charges due to permanent loss in value. Effects of changes in the value of such assets are reflected in the profit and loss account.

#### Tangible fixed assets and intangible assets

##### Tangible fixed assets

Fixed assets are stated at historical cost (purchase price, production price or value adjusted for revaluation of fixed assets).

Fixed assets under construction are valued at the total of costs related to their purchase or production, reduced by charges arising from the permanent loss in their value.

The initial value of fixed assets is reduced by the write-down charges to reflect the loss in their value, as a result of the wear-and-tear or lapse of time. The net book value of a fixed asset calculated as a result of a revaluation should not exceed its fair value, the write-down of which in the period of further use is economically warranted.

The depreciation or write-down charges are made by spreading its initial value over a defined period of time in a systematic and planned manner.

On the day of accepting a given fixed asset for use, the period, rate and method of its depreciation are set to be applied across the entire depreciation period. The adequacy of the applied depreciation periods and rates is reviewed periodically, resulting in relevant adjustments of the depreciation charges conducted in the subsequent accounting years.

Land and fixed assets under construction are not depreciated.

Profits or losses from the sale of the fixed asset components are defined based on the book value and taken to the operating profit/loss. The costs of modernization and repair are taken to the P&L account on an on-going basis.

#### Intangible assets

Intangible assets are stated at their purchase price and amortized over their economically useful life so as to reflect their wear-and-tear.

Intangible assets also include the Company's goodwill as well as the costs of completed development work. (The costs of completed development work are amortised over the maximum period of five years.)

The goodwill represents the difference between the purchase price of a given entity or its organized part and the fair value of the acquired net assets (lower). When the purchase price is lower than the fair value of the acquired net assets, negative goodwill arises. Negative goodwill, up to the amount of the fair value of the acquired assets (excluding long-term financial assets quoted on the regulated markets) is taken by the bank to prepayments for the period representing an average economic useful life of the acquired and depreciated assets. If the negative goodwill exceeds the fair value of fixed assets (excluding long-term financial assets quoted on the regulated markets) it is taken to the income as at the date of the acquisition.

The goodwill is subject to amortization over the maximum period of 5 years. Amortization charges are conducted on a straight-line basis and taken to other operating costs/income.

The development cost related to the development and implementation of the IT systems (developed internally or delivered by external providers) are taken to the P&L account unless all of the criteria listed below are met:

- there is a clearly defined project,
- the costs related to the project can be identified separately,
- the project deliverable is certain in terms of its technological feasibility and commercial usefulness in view of the existing market conditions,
- it is expected that the future economic benefits arising from the project will exceed the aggregated or spread over time costs of systems development.

In such a case the costs are capitalized in the balance sheet.

#### Tangible fixed assets and intangible assets subject to finance lease

In case the leasing contract meets at least one of the conditions specified below:

- the contract stipulates the transfer of the ownership of the leased asset onto the user after the end of the contractual period,
- it includes a right of the user to purchase the leased asset, after the end of the contractual period, at the price lower than the market price as at the date of its purchase,
- the period for which it was concluded matches, to a major extent, the expected period of economic useful life of the fixed asset or a property right, however, it cannot be shorter than  $\frac{3}{4}$  of that period; the proprietary right of the leased asset can be, after the expiry of the contractual period, transferred onto the user,
- discounted value of the lease rentals exceeds 90% of the market value of the fixed asset as at the day of entering into the contract,

- the contract includes a promise of the financing party to enter into a subsequent contract with the user or to extend the existing contract based on more favourable terms and conditions,
- the contract assumes a possibility of its termination, provided that, however, all costs and losses incurred by the financing party and arising from this termination are covered by the user,
- the leased asset was tailored to the user's individual needs; it can be used exclusively by the user unless material changes are introduced to it,

the value of the leased asset is taken to fixed or intangible assets and concurrently to liabilities; the value of the leased asset set upon the conclusion of the leasing contract is equal to the lower of its purchase price and the current leasing rental; the leasing rentals comprise the liability and the financial costs; the valuation and depreciation/amortisation is conducted based on the principles adopted for fixed assets and intangibles.

#### Assets taken over for debts

Assets taken over for debts are stated at fair value. A specific provision is raised for the difference between the amount of the debt or else a relevant revaluation charge is made. If the fair value of the taken over assets is higher than the debt, the difference constitutes an obligation towards the borrower.

#### Financial liabilities

The Group classifies financial liabilities by their nature and purpose into the following categories:

- financial liabilities held for trading,
- financial liabilities not held for trading.

Financial liabilities held for trading, including derivatives recognized as liabilities, are stated at their market value. Financial liabilities the fair value of which cannot be reliably established are stated at amortized costs. The valuation effects are taken to income or costs of financial operations, respectively.

Financial liabilities which are not held for trading and are not derivatives are stated at the amortized costs.

#### Liabilities

Liabilities are disclosed in the amount of the due payment.

#### Equity

Equity comprises capital and reserves created in accordance with applicable law, acts and the Statutes. Equity also includes retained earnings and prior year losses carried forward.

Share capital is carried at its nominal value in accordance with the Statutes of the Bank and the entry in the commercial register.

Supplementary capital is created from allocations of profit share premium.

Reserve capital is created from profit allocations and is earmarked for covering balance sheet losses.

Revaluation reserve comprises:

- write-downs due to permanent loss in value of fixed assets subject to the revaluation pursuant to separate regulations,
- revaluation differences related to financial instruments available for sale,
- revaluation differences related to fixed assets.

Revaluation reserve realized on disposal of a fixed asset is transferred to reserve capital. Revaluation reserve is not distributable.

General risk reserve is created from after tax profit to cover unidentified banking risks.

Net financial result for the accounting year is the profit disclosed in the income statement. Net profit reflects the corporate tax charge.

#### F/x assets and liabilities

F/x assets and liabilities are accounted for at the average exchange rate for each currency set by the Governor of the National Bank of Poland, applicable on the balance sheet day. Transactions in foreign currencies are posted at Bank Zachodni WBK rate applicable on the transaction day. The f/x valuation differences are carried to f/x income.

#### Net interest income

Interest income and expense are recognised in the income statement on an accrual basis.

Interest income includes:

- not received income over the accounting period on:
  - interest due to the bank, including discount and capitalised interest on receivables categorised as regular,
  - interest income received in previous periods, including discount, which falls for the current accounting period,
  - interest income received in the current period, which falls due for the accounting period,
  - expenses of interest accrued and of interest due but not paid on the bank's liabilities for the accounting period.

Net interest income does not include interest accrued and interest due but not paid, including capitalised one, on "impaired" and "watch" receivables which by the time of its receipt or write down is recorded in the balance sheet as suspended income. Neither does it include discount and interest received in advance, which falls due for future accounting periods.

#### Commission income

Commissions comprising, among others, amounts received in connection with the granting of loans, advances and banking guarantees are recognised in the P&L account at the moment of granting a loan or a guarantee. This does not apply to loans which simultaneously meet the following two conditions: the minimum loan amount is PLN 1 million and the repayment period is longer than 12 months. The related fees are settled in a straight-line manner over the life of the loan.

#### Fx profit and profit on financial operations

Result on SPOT transactions taken to the F/X profits is calculated by way of comparing the transaction exchange rate with the average NBP rate as at the balance sheet date.

The result on f/x SWAPs is disclosed in the item 'Profit on financial operations'.

F/X SWAPS were valued in such a way that their forward leg reflects the market value, while the spot leg is revalued in line with the fixing rate as at 31 December, 2002.

#### Dividends and income on shares and interests

Dividends are recognized in the income statement when the dividend is declared. The net gain or loss on the sale of shares is determined as the difference between their net book value and the sell price. In the case of subordinated entities, it is stated in line with the equity method.

#### Provisions

Specific provisions are created for individual transactions in line with the principles stipulated in the Ordinance of the Minister for Finance, dated 10 December 2001, re. creating provisions for risks related to the banking operations and Ordinance of the Minister for Finance, dated 22 March 2002, amending this "ordinance".

Pursuant to art. 130 of the Banking Law, dated 29 August 1997, provision for general risk is charged to costs of the current year in order to cover risks related to the banking operations.

The bank creates provisions for the long-service (jubilee) bonuses and one-off retirement payments for employees for particular years up to the balance sheet date. When raising the provision, the amount of current liabilities resulting from services rendered and the related present employee costs are determined based on the actuarial valuation method (projected individual entitlements).

The Group creates provisions for unused staff holiday leaves.

#### Income tax

Corporate Income Tax consists of current and deferred tax. Current tax is impacted by profit and loss account income and cost adjusted for non-taxable income and cost. The Group determines deferred tax provisions and assets which arise from the timing difference in recognition of income as earned and costs as incurred by the tax and accounting regulations. The amount of deferred tax is set on the basis of assets and liabilities which are due to be settled in the future, using the tax rate prevailing in the year when the tax becomes payable. Deferred tax is calculated taking into account unrealised interest income and expense, unrealised liabilities related to derivatives, non-tax deductible loan loss provisions.

#### Consolidation methods

Consolidated financial statements of Bank Zachodni WBK S.A. are produced on the basis of financial statements

of the dominant entity and subordinated entities using line-by-line consolidation or equity method. Subsidiaries acquired by the Bank with a view of exercising a permanent control and conducting similar operations on the financial services market are consolidated on line-by-line basis. Subsidiaries with a different business profile and associated undertakings are stated in the financial statements using an equity method.

#### Line-by-line consolidation

Line-by-line consolidation of subsidiaries consists in summing up individual items in the company's and Bank's financial statements in their full amounts as well as making relevant adjustments and consolidation exclusions.

Subject to exclusion is the value of interests held by the bank and stated at the purchase price in subsidiaries against this part of net assets stated at fair value of subsidiaries which corresponds to the bank's share in subsidiaries as at the date of commencement of exercising the control over them. If the value of interests held and the part of net assets in subsidiaries stated at their fair value differ, then:

- goodwill is disclosed under assets of the consolidated balance sheet in a separate item of fixed assets as "goodwill of subordinated entities",
- negative goodwill is disclosed under liabilities of the consolidated balance sheet in a separate item as a "negative goodwill of subordinated entities".

The following are also subject to full exclusion:

- mutual receivables and liabilities as well as other similar settlements of consolidated entities,
- income and costs of business operations conducted among the consolidated entities,
- gains or losses originated as a result of business operations conducted among the consolidated entities and included in the value of assets subject to consolidation,
- dividends accrued or paid by subsidiaries to the bank and other consolidated entities.

#### Equity method

When applying the equity method, there is a separate item "Interests in subordinated entities stated under the equity method" in the fixed assets of the consolidated balance sheet. The interests are disclosed at their purchase prices adjusted by the difference between the purchase price of interests and the value of interests in the equity of these entities. This difference is established and disclosed in a separate item of the consolidated balance sheet and is reflected in the consolidated profit and loss account.

The adjusted purchase price established as at the date of acquiring a significant influence or as at the date of commencing the control or joint control is increased or decreased by increases or decreases in equity of the subordinated entities falling for the benefit of a dominant entity or other entity of the capital group subject to consolidation, where those increases or decreases took place as from the date of obtaining a significant influence or the date of commencing the control or joint control by the balance sheet date (including decreases arising from settlements with the owners).

When applying an equity method, the Bank's share in the financial result of a subordinated entity is disclosed in the consolidated profit and loss account. Profits or losses disclosed under assets on transactions concluded between the entities subject to consolidation and an individual subordinated entity are excluded from the results of this subordinated entity.

Differences in the applied accounting policy of companies consolidated with Bank Zachodni WBK S.A.

WBK AIB Asset Management S.A.

Financial assets held to maturity are stated at amortized cost while taking account of an effective interest rate.

Financial assets available for sale are stated at fair value where effects of change in the fair value impact the income or costs related to financial instruments available for sale.

Due income from valuation of T-bills available for sale or held to maturity is reflected in the profit and loss account at each month-end; reversing these amounts from the due income takes place at the moment of sales or redemption by the issuer – then, the total value arising from the sale transaction is taken to income from the sale of financial instruments available for sale or held to maturity.

Dom Maklerski BZ WBK S.A.

Securities purchased under the function of the issuer's market maker as financial assets held for trading and own securities categorized as financial assets available for sale were originally disclosed at purchase price and then stated at fair value based on the noted sale prices. All gains and losses, realized or not, were disclosed in the profit/loss on financial operations.

Different presentation of financial assets by the above-mentioned companies are based on the Ordinance of the Minister of Finance dd. 18 December 2001 on specific accounting principles of brokerage houses and organizational units of banks dealing with brokerage operations (Journal of Laws No.153, item 1753). The amount of differences resulting from divergent valuation of respective assets is negligible.





## 13. EUR rates in the period covered by the consolidated financial statements and the comparative financial data

The average EUR rate expressed in the zloty, set by the National Bank of Poland and applicable on the last day of individual months of the accounting years 2002 and 2001, was as follows:

Month	EUR/PLN	
	2002	2001
January	3.5929	3.8015
February	3.6410	3.7535
March	3.6036	3.6170
April	3.5910	3.5364
May	3.7782	3.3969
June	4.0091	3.3783
July	4.0810	3.7110
August	4.0809	3.8843
September	4.0782	3.8810
October	3.9793	3.7069
November	3.9809	3.6223
December	4.0202	3.5219

The average EUR rate calculated as the arithmetic mean of the average National Bank of Poland exchange rates applicable on the last day of each month in 2002 and 2001 was as follows:

Period	EUR/PLN
2002	3.8697
2001	3.6509

The highest and lowest EUR rates in 2002 and 2001:

EUR/PLN	2002	2001
Maximum rate	4.2116	3.9569
Minimum rate	3.5015	3.3564

The rates quoted above come from the average exchange rates archive of the National Bank of Poland available in the Internet at [www.nbp.pl/statystyka/index.html](http://www.nbp.pl/statystyka/index.html)



#### 14. Key items of the consolidated 2002 financial statements expressed in EUR

Principles of converting the selected items of the consolidated financial statements from PLN into EUR

Selected financial data for 2002 and comparative data for 2001 from the consolidated financial statements of Bank Zachodni WBK S.A. as at 31 December 2002, were converted into EUR according to the following rules:

- the balance sheet items and the book value per share – according to the EUR average rate announced by the National Bank of Poland as at the balance sheet date.
- P&L account and cash flow items - according to the exchange rate calculated as the arithmetic mean of average exchange rates announced by the National Bank of Poland and applicable on the last day of each month in the accounting year.



## Selected items of the consolidated balance sheet, P&amp;L account and cash flow

Selected items of the consolidated financial statements of Bank Zachodni WBK S.A. as at 31 December 2002 are presented in the table below:

Selected financial figures	PLN'000		EUR'000	
	2002	2001	2002	2001
I. Interest income	1 835 102	2 650 326	474 224	725 934
II. Commission income	553 954	481 329	143 152	131 838
III. Profit on banking operations	1 737 045	1 582 641	448 885	433 491
IV. Operating profit	385 416	124 466	99 599	34 092
V. Gross profit (loss)	388 539	122 297	100 406	33 498
VI. Net profit (loss)	272 693	148 509	70 469	40 677
VII. Net cash flow from operating activities	116 338	286 633	30 064	78 510
VIII. Net cash flow from investing activities	177 258	265 904	45 807	72 832
IX. Net cash flow from financial activities	125 434	(76 153)	32 414	(20 859)
X. Total net cash flow	419 030	476 384	108 285	130 483
XI. Total assets	24 913 038	25 042 260	6 196 965	7 110 440
XII. Deposits of the Central Bank	-	-	-	-
XIII. Deposits of financial sector	2 609 966	1 998 703	649 213	567 507
XIV. Deposits of non-financial and public sector	17 249 715	18 847 028	4 290 760	5 351 381
XV. Equity	2 515 907	2 154 432	625 816	611 724
XVI. Share capital	729 603	729 603	181 484	207 162
XVII. Number of shares (pcs.)	72 960 284	72 960 284		
XVIII. Book value per share (in PLN / EUR)	34.48	29.53	8.58	8.38
XIX. Diluted book value per share (in PLN / EUR)	-	-	-	-
XX. Solvency ratio (in %)	10.36	13.14		
XXI. Profit (loss) per ordinary share (in PLN / EUR)	3.74	2.04	0.97	0.56
XXII. Diluted profit (loss) per ordinary share (in PLN / EUR)	-	-	-	-



15. Differences between Polish Accounting Principles (PAP) and International Accounting Standards (IAS) as regards the accounting policy and the size of disclosed figures

The main differences in the consolidated financial statements prepared in line with the Polish Accounting Principles (PAR) and the International Accounting Standards (IAS) would consist in:

- different classification and presentation of items in the balance sheet, profit and loss account and the cash flow statement (receivables/liabilities from/to banks, other receivables/liabilities from financial sector entities, pre-payments/accruals and provisions),
- different disclosure of general risk provisions in the balance sheet,
- removal of suspended and capitalised interest from the balance sheet,
- netting receivables due to loans granted from the Company's Social Fund with the item related to the Company's Social Fund in the bank's liabilities.

In line with the new Accounting Act, the consolidated financial statements prepared according to the Polish Accounting Principles (PAR) as at 31 December 2002 include valuation of all the financial instruments as required by IAS 39 except for the group of "granted loans and receivables originated by the enterprise" which in compliance with the International Accounting Standards should be valued based on amortised costs, with the use of effective interest rate, which will become a binding banking standard effective from 1 January 2004.

Bank Zachodni WBK S.A. has not produced the consolidated financial statements for 2002 in line with the International Accounting Standards. In the dominant entity's opinion, the consolidated financial statements prepared in compliance with the International Accounting Standards would not significantly differ from the consolidated financial statements following the Polish Accounting Standards.



CONSOLIDATED BALANCE SHEET			PLNk	
	NOTE	2002	2001	
<b>ASSETS</b>				
I. Cash, operations with the Central Bank	1	1 389 428	1 316 242	
II. Debt securities with the right to rediscount at the Central Bank		-	-	
III. Amounts due from financial sector	2	2 661 082	6 461 330	
1. Short-term		2 109 030	5 773 891	
a) in current accounts		413 571	125 664	
b) other short-term		1 695 459	5 648 227	
2. Long-term		552 052	687 439	
IV. Amounts due from non-financial sector	3	12 002 392	10 245 127	
1. Short-term		6 065 901	4 553 226	
a) in current accounts		1 716 341	858 795	
b) other short-term		4 349 560	3 694 431	
2. Long-term		5 936 491	5 691 901	
V. Amounts due from public sector	4	447 668	385 300	
1. Short-term		96 540	53 386	
a) in current accounts		17 517	20 848	
b) other short-term		79 023	32 538	
2. Long-term		351 128	331 914	
VI. Reverse repo transactions	5	37 994	43 736	
VII. Debt securities	6	5 890 068	4 022 209	
VIII. Amounts due from subordinated entities valued under equity method	2, 3	44	159 242	
1. Subsidiaries		44	159 242	
2. Joint-ventures		-	-	
3. Associates		-	-	
IX. Shares or interests in subsidiaries valued under equity method	7, 10	1 680	84 372	
X. Shares or interests in joint-ventures valued under equity method	8, 10	-	-	
XI. Shares or interests in associates valued under equity method	9, 10	57 867	47 407	
XII. Shares and interests in other entities	11	240 043	94 127	
XIII. Other securities and other financial assets	12	240 803	480 309	
XIV. Intangible assets, of which:	14	263 343	62 607	
- goodwill		-	592	
XV. Goodwill of subordinated entities	15	-	-	
XVI. Tangible fixed assets	16	902 442	1 023 096	
XVII. Other assets	17	309 392	219 845	
1. Assets taken-over - for sale		506	719	
2. Stocks		-	-	
3. Other		308 886	219 126	
XVIII. Prepayments	18	468 792	397 311	
1. Deferred income tax assets		439 899	376 581	
2. Other pre-payments		28 893	20 730	
<b>TOTAL ASSETS</b>		<b>24 913 038</b>	<b>25 042 260</b>	

**LIABILITIES**

<b>I. Deposits of the Central Bank</b>		-	-
<b>II. Amounts due to financial sector</b>	<b>21</b>	<b>2 609 966</b>	<b>1 998 703</b>
1. Short-term		<b>2 199 445</b>	<b>1 905 984</b>
a) in current accounts		769 700	122 552
b) other short-term		1 429 745	1 783 432
2. Long-term		<b>410 521</b>	<b>92 719</b>
<b>III. Amounts due to non-financial sector</b>	<b>22</b>	<b>16 254 877</b>	<b>17 684 973</b>
1. Short-term		<b>15 114 634</b>	<b>14 740 395</b>
a) in current accounts, of which:		4 520 947	4 253 420
- savings accounts		-	-
b) other short-term, of which:		10 593 687	10 486 975
- savings accounts		-	-
2. Long-term, of which:		<b>1 140 243</b>	<b>2 944 578</b>
- savings accounts		-	-
<b>IV. Amounts due to public sector</b>	<b>23</b>	<b>994 838</b>	<b>1 162 055</b>
1. Short-term		994 439	1 160 864
a) in current accounts		569 839	596 492
b) other short-term		424 600	564 372
2. Long-term		399	1 191
<b>V. Repo transactions</b>	<b>24</b>	<b>20 004</b>	-
<b>VI. Liabilities arising from the issue of debt securities</b>	<b>21,22,23,25</b>	<b>381 823</b>	-
1. Short-term		381 823	-
2. Long-term		-	-
<b>VII. Other liabilities arising from financial instruments</b>		<b>330 214</b>	<b>232 488</b>
<b>VIII. Amounts due from subordinated entities valued under equity method</b>	<b>21,22,23</b>	<b>104 340</b>	<b>38 350</b>
1. Subsidiaries		1 386	38 165
2. Joint-ventures		-	-
3. Associates		102 954	185
<b>IX. Special funds and other liabilities</b>	<b>26</b>	<b>677 709</b>	<b>697 671</b>
<b>X. Accrued and suspended income and expenses</b>	<b>27</b>	<b>603 123</b>	<b>688 126</b>
1. Accruals		168 650	193 990
2. Negative goodwill		-	-
3. Other deferred and suspended income		434 473	494 136
<b>XI. Negative goodwill of subordinated entities</b>	<b>28</b>	<b>9 379</b>	-
<b>XII. Provisions</b>	<b>29</b>	<b>403 068</b>	<b>375 414</b>
1. Provision for deferred income tax		292 474	253 952
2. Other provisions		110 594	121 462
a) short-term		-	-
b) long-term		110 594	121 462
<b>XIII. Subordinated liabilities</b>	<b>30</b>	-	<b>10 048</b>
<b>XIV. Minority interests</b>	<b>31</b>	<b>7 790</b>	-
<b>XV. Share capital</b>	<b>32</b>	<b>729 603</b>	<b>729 603</b>
<b>XVI. Due contributions to share capital (negative value)</b>		-	-
<b>XVII. Bank's own shares (negative value)</b>	<b>33</b>	-	-
<b>XVIII. Supplementary capital</b>	<b>34</b>	<b>375 425</b>	<b>380 466</b>
<b>XIX. Balance of revaluation reserve</b>	<b>35</b>	<b>192 506</b>	<b>70 087</b>

			PLNk
<b>XX. Other reserve capital</b>	<b>36</b>	<b>938 229</b>	<b>820 393</b>
<b>XXI. Foreign exchange differences arising from valuation of subordinated entities</b>		-	-
1. Positive foreign exchange differences		-	-
2. Negative foreign exchange differences		-	-
<b>XXII. Profit (loss) from previous years</b>		<b>7 451</b>	<b>5 374</b>
<b>XXIII. Net profit (loss)</b>		<b>272 693</b>	<b>148 509</b>
<b>TOTAL LIABILITIES</b>		<b>24 913 038</b>	<b>25 042 260</b>

<b>Solvency ratio (%)</b>	<b>37</b>	<b>10,36</b>	<b>13,14</b>
Book value		2 515 907	2 154 432
Number of shares		72 960 284	72 960 284
<b>Book value per one share (PLN)</b>	<b>38</b>	<b>34,48</b>	<b>29,53</b>
Diluted number of shares		-	-
Diluted book value per one share (PLN)	38	-	-

<b>OFF-BALANCE SHEET ITEMS</b>	<b>NOTE</b>	<b>2002</b>	<b>2001</b>
<b>I. Contingent liabilities granted and received</b>		<b>4 771 158</b>	<b>3 918 219</b>
1. Granted:	39	<b>3 654 523</b>	<b>3 126 213</b>
a) financial		2 975 302	2 478 723
b) guarantees		679 221	647 490
2. Received:	40	<b>1 116 635</b>	<b>792 006</b>
a) financial		471 430	37 924
b) guarantees		645 205	754 082
<b>II. Commitments arising from purchase/sale transactions</b>		<b>48 112 336</b>	<b>51 520 289</b>
<b>III. Other, of which</b>		<b>273 243</b>	<b>694 236</b>
- liabilities received		13 760	17 839
- assets taken-over		241 466	19 862
- other liabilities		18 017	656 535
<b>Total off-balance sheet items</b>		<b>53 156 737</b>	<b>56 132 744</b>

<b>CONSOLIDATED PROFIT AND LOSS ACCOUNT</b>	<b>NOTE</b>	<b>2002</b>	<b>2001</b>
I. Interest income	41	1 835 102	2 650 326
II. Interest expense	42	(1 015 879)	(2 028 576)
<b>III. Net interest income (I-II)</b>		<b>819 223</b>	<b>621 750</b>
IV. Commission income	43	553 954	481 329
V. Commission expense		(89 784)	(79 275)
<b>VI. Net commission income (IV-V)</b>		<b>464 170</b>	<b>402 054</b>
VII. Net income from sales of products, goods and materials		28 291	-
VIII. Costs of sold products, goods and materials		-	-
IX. Sales costs		-	-
<b>X. Profit/loss on sales (VII-VIII-IX)</b>		<b>28 291</b>	<b>-</b>
<b>XI. Income from shares or interests, other securities and other financial instruments with variable yield</b>	<b>44</b>	<b>30 134</b>	<b>22 661</b>
1. From subsidiaries		-	6 723
2. From joint-ventures		-	-
3. From associates		(720)	15 938

			PLNk
4. From other entities		30 854	-
<b>XII. Profit on financial operations</b>	<b>45</b>	<b>246 970</b>	<b>399 100</b>
<b>XIII. Foreign exchange profit</b>		<b>148 257</b>	<b>137 076</b>
<b>XIV. Profit on banking operations</b>		<b>1 737 045</b>	<b>1 582 641</b>
XV. Other operating income	46	74 206	53 722
XVI. Other operating expense	47	(27 265)	(77 380)
XVII. Costs of Bank's operations and general management	48	(1 067 966)	(1 109 226)
XVIII. Depreciation/amortization of tangible fixed assets and intangible assets		(161 416)	(135 082)
<b>XIX. Allocations to provisions</b>	<b>49</b>	<b>(1 206 493)</b>	<b>(858 954)</b>
1. Allocations to specific provisions and general banking risk provisions		(1 172 697)	(858 793)
2. Revaluation of financial assets		(33 796)	(161)
<b>XX. Release of provisions</b>	<b>50</b>	<b>1 037 305</b>	<b>668 745</b>
1. Release of specific provisions and of general banking risk provision		1 020 629	622 970
2. Revaluation of financial assets		16 676	45 775
<b>XXI. Balance of provisions (XIX - XX)</b>		<b>(169 188)</b>	<b>(190 209)</b>
<b>XXII. Profit on operations</b>		<b>385 416</b>	<b>124 466</b>
<b>XXIII. Profit/loss on extraordinary operations</b>		<b>189</b>	<b>(210)</b>
1. Extraordinary gains	52	499	286
2. Extraordinary losses	53	(310)	(496)
XXIV. Amortization of goodwill of subordinated entities	54	(231)	(1 959)
XXV. Amortization of negative goodwill of subordinated entities	55	3 165	-
<b>XXVI. Gross profit (loss)</b>		<b>388 539</b>	<b>122 297</b>
<b>XXVII. Income tax</b>	<b>56</b>	<b>(113 400)</b>	<b>26 212</b>
1. Current tax		(185 143)	(128 796)
2. Deferred tax		71 743	155 008
XXVIII. Other taxes and charges decreasing the profit (increasing the loss)	57	-	-
XXIX. Share in net profits (losses) of subordinated entities valued under equity method		1 354	-
XXX. (Profits) losses of minority shareholders		(3 800)	-
<b>XXXI. Net profit (loss)</b>	<b>58</b>	<b>272 693</b>	<b>148 509</b>
<b>Net profit (loss) (annualized)</b>		<b>272 693</b>	<b>148 509</b>
<b>Average weighted number of ordinary shares</b>		<b>72 960 284</b>	<b>72 960 284</b>
<b>Profit (loss) per one ordinary share (PLN)</b>	<b>59</b>	<b>3,74</b>	<b>2,04</b>
Average weighted diluted number of ordinary shares		-	-
Diluted profit (loss) per one ordinary share (PLN)	59	-	-



	PLNk	
<b>MOVEMENTS IN CONSOLIDATED EQUITY</b>	<b>2002</b>	<b>2001</b>
I. Shareholders' equity at the beginning of the period (OB)	2 154 432	2 052 307
a) changes in adopted accounting principles (policy)	(26 083)	-
b) corrections of fundamental errors	-	-
I.a. Shareholders' equity at the beginning of the period (OB), after reconciliation with comparable data	2 128 349	2 052 307
1. Share capital at the beginning of the period	729 603	729 603
1.1. Movements in share capital	-	-
a) increase (due to)	-	-
- issue of shares	-	-
b) decrease (due to)	-	-
- redemption of shares	-	-
<b>1.2. Share capital at the end of the period</b>	<b>729 603</b>	<b>729 603</b>
2. Due contributions to share capital at the beginning of the period	-	-
2.1. Movement in due contributions to share capital	-	-
a) increase (due to)	-	-
b) decrease (due to)	-	-
<b>2.2. Due contributions to share capital at the end of the period</b>	<b>-</b>	<b>-</b>
3. Own shares at the beginning of the period	-	-
a) increase (due to)	-	-
b) decrease (due to)	-	-
<b>3.1. Own shares at the end of the period</b>	<b>-</b>	<b>-</b>
4. Supplementary capital at the beginning of the period	380 466	463 405
4.1. Movements in the balance of supplementary capital	(5 041)	(82 939)
a) increase (due to)	6 707	7 041
- issue of shares in excess of their nominal value	-	2 634
- distribution of profit (statutory)	-	-
- transfer of capital of companies consolidated for the first time	-	-
- transfer of reserve capital from revaluation	-	-
- supplementary capital of companies consolidated for the first time	6 707	-
- distribution of profit (in excess of statutory minimum)	-	-
- transfer of capital	-	4 407
- other	-	-
b) decrease (due to)	(11 748)	(89 980)
- cover of loss	-	(89 980)
- transfer of capital of companies consolidated for the first time	(11 748)	-
<b>4.2. Supplementary capital at the end of the period</b>	<b>375 425</b>	<b>380 466</b>
5. Revaluation reserve at the beginning of the period	70 087	71 004
5.1. Movements in revaluation reserve	122 419	(917)
a) increase (due to)	140 053	-
- valuation of assets	140 053	-
b) decrease (due to)	(17 634)	(917)
- disposal of fixed assets	(1 355)	(917)
- valuation of assets	(16 118)	-
- other	(161)	-
<b>5.2. Revaluation reserve at the end of the period</b>	<b>192 506</b>	<b>70 087</b>
6. General banking risk fund at the beginning of the period	259 810	204 810
6.1. Movements in the general banking risk fund	80 000	55 000

		PLNk
a) increase (due to)	80 000	55 000
- profit allocation	80 000	55 000
b) decrease	-	-
<b>6.2. General banking risk fund at the end of the period</b>	<b>339 810</b>	<b>259 810</b>
7. Other reserve capital at the beginning of the period	<b>560 583</b>	<b>438 201</b>
7.1. Movements in other reserve capital	37 836	122 382
a) increase (due to)	43 260	125 847
- disposal of fixed assets	1 355	917
- distribution of profit	40 755	124 930
- distribution of profit of companies consolidated for the first time	862	-
- portion of unpaid dividend (to AIB) moved to capital	288	-
b) decrease (due to)	(5 424)	(3 465)
- goodwill depreciation	(5 424)	(3 465)
- cover of loss	-	-
<b>7.2. Other reserve capital at the end of the period</b>	<b>598 419</b>	<b>560 583</b>
8. Foreign exchange differences from revaluation of subordinated entities	-	-
9. Profit (loss) from previous years at the beginning of the period	<b>153 883</b>	<b>145 284</b>
9.1. Profit from previous years at the beginning of the period	<b>153 883</b>	<b>145 284</b>
a) changes in adopted accounting principles (policy)	(26 083)	-
b) correction of fundamental errors	-	-
9.2. Profit from previous years at the beginning of the period after reconciliation with comparable data	127 800	145 284
9.3. Change in the profit from previous years	(120 349)	(139 910)
a) increase (due to)	33 448	93 445
- valuation of assets	28 024	-
- goodwill depreciation	5 424	3 465
- cover of loss	-	89 980
b) decrease (due to)	(153 797)	(233 355)
- allocation to reserve capital	(40 755)	(128 810)
- allocation to general risk fund	(80 000)	(55 000)
- allocation to dividend	(30 643)	(44 730)
- other/allocation to cover losses of companies consolidated for the first time	(2 399)	(408)
- transfer of capital	-	(4 407)
<b>9.4. Profit from previous years at the end of the period</b>	<b>7 451</b>	<b>5 374</b>
<b>9.5. Loss from previous years at the beginning of the period</b>	<b>-</b>	<b>-</b>
a) changes in adopted accounting principles (policy)	-	-
b) correction of fundamental errors	-	-
<b>9.6. Loss from previous years at the beginning of the period after reconciliation with comparable data</b>	<b>-</b>	<b>-</b>
<b>9.7. Change in loss from previous years</b>	<b>-</b>	<b>-</b>
a) increase (due to)	-	-
- losses from previous years carried forward to be covered	-	-
b) decrease	-	-
<b>9.8. Loss from previous years at the end of the period</b>	<b>-</b>	<b>-</b>
<b>9.9. Profit (loss) from previous years at the end of the period</b>	<b>7 451</b>	<b>5 374</b>
10. Net profit/loss	<b>272 693</b>	<b>148 509</b>
a) net profit	272 693	148 509

			PLNk
b) net loss	-	-	-
II. Shareholders' equity at the end of the period (CB)	2 515 907	2 154 432	
III. Shareholders' equity after the proposed profit distribution (loss cover)	2 461 916	2 123 789	

CONSOLIDATED CASH FLOW STATEMENT	2002	2001
<b>A. Cash flow from operating activities</b>		
<b>(indirect method)</b>		
<b>I. Net profit (loss)</b>	<b>272 693</b>	<b>148 509</b>
<b>II. Total adjustments:</b>	<b>(156 355)</b>	<b>138 124</b>
1. Profits (losses) of minority shareholders	3 800	-
2. Share in net (profits) losses of subordinated entities valued under equity method	(1 355)	-
3. Amortization, including:	141 655	170 448
- amortization of goodwill and negative goodwill of subordinated entities	(1 962)	1 959
4. (Profits) losses on foreign exchange differences	41 134	-
5. Interest and profit sharing (dividends)	7 466	(203 362)
6. (Profit) loss on investing activities	40 111	(104 626)
7. Movements in the balance of provisions	68 146	(24 275)
8. Movement in the balance of stocks	-	-
9. Movement in the balance of debt securities	(2 259 068)	395 446
10. Movement in the balance of amounts due from financial sector	4 016 711	(995 531)
11. Movement in the balance of amounts due from non-financial and public sectors	(1 329 975)	(594 306)
12. Movement in the balance of receivables arising from reverse repo transactions	8 655	-
13. Movement in the balance of shares, interest, other securities and other financial assets	247 462	(19 034)
14. Movement in the balance of amounts due to financial sector	190 617	106 540
15. Movement in the balance of amounts due to non-financial and public sectors	(1 499 320)	1 346 712
16. Movement in the balance of liabilities arising from repo transactions	20 004	-
17. Movement in the balance of liabilities arising from securities	381 823	(1 642)
18. Movement in the balance of other liabilities	(137 255)	89 259
19. Movement in the balance of accruals	(31 294)	86 307
20. Balance in the deferred and suspended income	(60 453)	4 416
21. Other adjustments	(5 219)	(118 228)
<b>III. Net cash flows from operating activities (I+/-II) - indirect method</b>	<b>116 338</b>	<b>286 633</b>
<b>B. Cash flows from investing activities</b>		
<b>I. Inflows</b>	<b>1 079 780</b>	<b>6 158 943</b>
1. Sales of shares or interests in subsidiaries	22 881	9 549
2. Sales of shares or interests in joint-ventures	-	-
3. Sales of shares or interests in associates	-	862
4. Sales of shares or interests in other entities, of other securities and other financial assets	1 018 377	6 120 414
5. Sales of tangible fixed assets and intangible assets	7 839	22 804
6. Sales of investments in real estates and intangible assets	3	-
7. Other investing inflows	30 680	5 314

PLNk

<b>II. Expenses</b>	<b>(902 522)</b>	<b>(5 893 039)</b>
1. Purchase of shares or interests in subsidiaries	(1)	(53 242)
2. Purchase of shares or interests in joint-ventures	-	-
3. Purchase of shares or interests in associates	-	(41 267)
4. Purchase of shares or interests in other entities, of other securities and other financial assets	(618 718)	(5 351 168)
5. Purchase of intangible assets and tangible fixed assets	(274 187)	(447 362)
6. Investments in real estate and intangible assets	(3)	-
7. Other investing expenses	(9 613)	-
<b>III. Net cash flows from investing activities (I-II)</b>	<b>177 258</b>	<b>265 904</b>
<b>C. Cash flows from financing activities</b>		
<b>I. Inflows</b>	<b>538 217</b>	<b>-</b>
1. Long-term loans drawn from other banks	538 163	-
2. Long-term loans drawn from financial institutions other than banks	-	-
3. Issue of debt securities	-	-
4. Increase in the balance of subordinated liabilities	-	-
5. Net inflows from the issue of shares and contributions to capital	-	-
6. Other financial inflows	54	-
<b>II. Expenses</b>	<b>(412 783)</b>	<b>(76 153)</b>
1. Repayment of long-term loans to banks	(302 473)	-
2. Repayment of long-term loans to financial institutions other than banks	(33 782)	(24 009)
3. Repurchase of debt securities	-	-
4. Other financial liabilities	-	-
5. Payments under finance lease agreements	-	-
6. Decrease in the balance of subordinated liabilities	-	-
7. Dividends and other amounts paid to shareholders	(32 671)	(45 231)
8. Dividends and other payments to minorities	-	-
9. Other expenses than payments to majority shareholders arising from the profit distribution	-	(1 040)
10. Purchase of Bank's own shares	-	-
11. Other financial expenses	(43 857)	(5 873)
<b>III. Net cash flows from financing activities (I-II)</b>	<b>125 434</b>	<b>(76 153)</b>
<b>D. Total net cash flows (A.III+/-B.III+/-C.III)</b>	<b>419 030</b>	<b>476 384</b>
<b>E. Change in the balance of cash, of which:</b>	<b>419 030</b>	<b>476 384</b>
- movement in the cash balance arising from foreign exchange differences	5	-
<b>F. Cash at the beginning of the period</b>	<b>1 413 366</b>	<b>936 982</b>
<b>G. Cash at the end of the period (F+/-D), of which:</b>	<b>1 832 396</b>	<b>1 413 366</b>
- with limited disposal potential	-	-



NOTE 1A	PLNk	
<b>Cash and operations with the Central Bank</b>	<b>2002</b>	<b>2001</b>
a) current account	1 388 095	1 314 702
b) obligatory reserve	-	-
c) funds of the Bank Guarantee Fund	-	-
d) other	1 333	1 540
<b>Total cash and operations with the Central Bank</b>	<b>1 389 428</b>	<b>1 316 242</b>

NOTE 1B	PLNk	
<b>Cash (by currency)</b>	<b>2002</b>	<b>2001</b>
a) in Polish currency	<b>1 309 582</b>	<b>1 031 250</b>
b) in foreign currencies (by currency and its equivalent in PLN)	<b>79 846</b>	<b>284 992</b>
b1. unit/currency EUR	11 643	58 331
PLNk	46 809	205 436
b2. unit/currency USD	4 731	7 247
PLNk	18 161	28 883
b3. unit/currency GBP	924	946
PLNk	5 710	5 460
b4. unit/currency FRF	-	10 494
PLNk	-	5 634
other currencies (in PLNk)	9 166	39 579
<b>Total cash</b>	<b>1 389 428</b>	<b>1 316 242</b>

NOTE 2A	PLNk	
<b>Amounts due from financial sector (by category)</b>	<b>2002</b>	<b>2001</b>
a) current account	413 573	125 513
b) loans, placements and advances, of which:	2 109 551	6 459 056
- placements with other banks and other financial institutions	1 165 205	5 834 647
c) purchased debt	110	-
d) realized guarantees	-	-
e) other receivables	13 166	7 464
- Company Social Fund	7 226	7 453
- finance lease	4 435	-
- other	1 505	11
f) interest:	157 432	119 619
- accrued	142 969	94 845
- due, not received	14 463	24 774
<b>Total receivables from financial sector (gross)</b>	<b>2 693 832</b>	<b>6 711 652</b>
g) provision for amounts due from financial sector (negative value)	(32 725)	(91 104)
<b>Total receivables from financial sector (net)</b>	<b>2 661 107</b>	<b>6 620 548</b>

There are not any non-interest bearing loans or advances.

NOTE 2B	PLNk	
<b>Amounts due (gross) from financial sector (by maturity)</b>	<b>2002</b>	<b>2001</b>
<b>a) in current account</b>	<b>413 573</b>	<b>125 513</b>
<b>b) term receivables with residual maturity of:</b>	<b>2 122 827</b>	<b>6 466 520</b>
- up to 1 month	1 257 275	2 501 807
- from 1 month to 3 months	15 811	1 815 596

		PLNk
- from 3 months to 1 year	265 262	1 145 079
- from 1 year to 5 years	351 792	840 718
- over 5 years	199 712	121 088
- overdue amounts	32 975	42 232
<b>c) interest</b>	<b>157 432</b>	<b>119 619</b>
- accrued	142 969	94 845
- due, not received	14 463	24 774
<b>Total amounts due (gross) from financial sector</b>	<b>2 693 832</b>	<b>6 711 652</b>

#### NOTE 2C

		PLNk
<b>Amounts due (gross) from financial sector (by original maturity)</b>	<b>2002</b>	<b>2001</b>
<b>a) in current account</b>	<b>413 573</b>	<b>125 513</b>
<b>b) term receivables with maturity of:</b>	<b>2 122 827</b>	<b>6 466 520</b>
- up to 1 month	1 783 129	2 165 056
- from 1 month to 3 months	-	2 524 648
- from 3 months to 1 year	-	1 089 657
- from 1 year to 5 years	135 216	534 325
- over 5 years	204 482	152 834
<b>c) interest</b>	<b>157 432</b>	<b>119 619</b>
- accrued	142 969	94 845
- due, not received	14 463	24 774
<b>Total amounts due (gross) from financial sector</b>	<b>2 693 832</b>	<b>6 711 652</b>

#### NOTE 2D

		PLNk
<b>Amounts due (gross) from financial sector (by currency)</b>	<b>2002</b>	<b>2001</b>
<b>a) in Polish currency</b>	<b>1 210 785</b>	<b>1 409 719</b>
<b>b) in foreign currencies (by currency and its equivalent in PLN)</b>	<b>1 483 047</b>	<b>5 301 933</b>
b1. unit/currency in USDk	240 607	1 072 226
PLNk	923 640	4 274 225
b2. unit/currency in EURk	129 898	272 457
PLNk	522 209	959 568
b3. unit/currency in GBPk	1 180	1 002
PLNk	7 294	5 783
b4. unit/currency in DEMk	-	10 380
PLNk	-	18 691
other currencies (in PLNk)	29 904	43 666
<b>Total amounts due (gross) from financial sector</b>	<b>2 693 832</b>	<b>6 711 652</b>

#### NOTE 2E

		PLNk
<b>Amounts due (gross) from financial sector</b>	<b>2002</b>	<b>2001</b>
<b>1. Regular</b>	<b>2 427 303</b>	<b>6 290 978</b>
<b>2. Watch</b>	<b>58 933</b>	<b>180 307</b>
<b>3. Problem, of which:</b>	<b>50 164</b>	<b>120 748</b>
a) sub-standard	3 024	2 611
b) doubtful	9 760	14 898
c) loss	37 380	103 239
<b>4. interest:</b>	<b>157 432</b>	<b>119 619</b>

a) accrued	142 969	94 845
b) due, not received	14 463	24 774
- on regular and watch receivables	4 476	20
- on problem receivables	9 987	24 754
<b>Total amounts due (gross) from financial sector</b>	<b>2 693 832</b>	<b>6 711 652</b>

**NOTE 2F**

PLNk

**Value of security recognized when setting specific provisions for receivables****from financial sector categorized as**

	2002	2001
<b>a) watch</b>	<b>18 026</b>	<b>19 526</b>
<b>b) problem</b>	<b>17 324</b>	<b>27 020</b>
- sub-standard	2 906	1 095
- doubtful	9 760	11 904
- loss	4 658	14 021

**Total value of security recognized when setting specific provisions for****receivables from financial sector**

<b>35 350</b>	<b>46 546</b>
---------------	---------------

**NOTE 2G**

PLNk

**Balance of provisions for amounts due from financial sector**

	2002	2001
<b>a) watch</b>	-	-
<b>b) problem</b>	<b>(32 725)</b>	<b>(91 104)</b>
- sub-standard	(23)	(316)
- doubtful	(1)	(1 496)
- loss	(32 701)	(89 292)
<b>Total provisions for amounts due from financial sector</b>	<b>(32 725)</b>	<b>(91 104)</b>

**NOTE 2H**

PLNk

**Movements in provisions for amounts due from financial sector**

	2002	2001
<b>1. Balance of provisions for amounts due from financial sector at the beginning of the period</b>	<b>(91 104)</b>	<b>(98 184)</b>
<b>a) increase (due to)</b>	<b>(93 718)</b>	<b>(47 251)</b>
- charge to profit and loss account	(93 242)	(46 624)
- foreign exchange differences	(476)	(627)
<b>b) utilization</b>	<b>80 229</b>	<b>5 980</b>
- write-off, write-down and lapse of receivables	80 229	5 980
<b>c) release</b>	<b>71 868</b>	<b>48 351</b>
- repayment of receivables	-	45 874
- foreign exchange differences	-	2 469
- release to revenues	71 868	8
<b>2. Balance of provisions for amounts due from financial sector at the end of the period</b>	<b>(32 725)</b>	<b>(91 104)</b>
<b>3. Required level of provisions for amounts due from financial sector at the end of the period, in line with applicable regulations</b>	<b>(33 359)</b>	<b>(93 430)</b>

**NOTE 2I**

PLNk

**Amounts due (gross) from financial sector**

	2002	2001
a) from subordinated entities valued under equity method	25	159 218
b) from other entities	2 693 807	6 552 434
<b>Total amounts due (gross) from financial sector</b>	<b>2 693 832</b>	<b>6 711 652</b>

NOTE 3A	PLNk	
<b>Amounts due (net) from non-financial sector (by category)</b>	<b>2002</b>	<b>2001</b>
a) loans and advances	11 481 197	10 541 630
b) purchased debts	99 823	227 565
c) realized guarantees	3 071	2 634
d) other receivables	854 298	32 340
- finance lease agreements	841 491	-
- other	12 807	32 340
e) interest	435 313	495 981
- accrued	51 972	81 315
- due, not received	383 341	414 666
<b>Total amounts due (gross) from non-financial sector</b>	<b>12 873 702</b>	<b>11 300 150</b>
f) provision for amounts due from non-financial sector (negative value)	(871 291)	(1 054 999)
<b>Total amounts due (net) from non-financial sector</b>	<b>12 002 411</b>	<b>10 245 151</b>

*Calculation of interest on loans and advances may be ceased only when restructuring proceedings are underway.  
As at 31 December 2002 non-interest bearing receivables are negligible.*

NOTE 3B	PLNk	
<b>Amounts due (gross) from non-financial sector (by maturity)</b>	<b>2002</b>	<b>2001</b>
a) in current account	1 686 880	1 567 839
b) term receivables with residual maturity of:	10 751 509	9 236 330
- up to 1 month	745 799	991 750
- from 1 month to 3 months	559 216	543 742
- from 3 months to 1 year	2 677 745	2 158 962
- from 1 year to 5 years	3 724 091	3 015 353
- over 5 years	2 058 859	1 403 455
- overdue amounts	985 799	1 123 068
c) interest	435 313	495 981
- accrued	51 972	81 315
- due, not received	383 341	414 666
<b>Total amounts due (gross) from non-financial sector</b>	<b>12 873 702</b>	<b>11 300 150</b>

NOTE 3C	PLNk	
<b>Amounts due (gross) from non-financial sector (by original maturity)</b>	<b>2002</b>	<b>2001</b>
a) in current account	1 686 880	1 567 839
b) term receivables with maturity of:	10 751 509	9 236 330
- up to 1 month	1 055 236	81 081
- from 1 month to 3 months	166 389	62 073
- from 3 months to 1 year	1 584 870	2 838 505
- from 1 year to 5 years	3 507 774	3 126 730
- over 5 years	4 437 240	3 127 941
c) interest	435 313	495 981
- accrued	51 972	81 315
- due, not received	383 341	414 666
<b>Total amounts due (gross) from non-financial sector</b>	<b>12 873 702</b>	<b>11 300 150</b>



NOTE 3D	PLNk	
Amounts due (gross) from non-financial sector (by currency)	2002	2001
a) in Polish currency	9 532 580	8 855 367
b) in foreign currencies (by currency and its equivalent in PLN)	3 341 122	2 444 783
b1. unit/currency EURk	371 178	372 299
PLNk	1 492 179	1 311 196
b2. unit/currency CHFk	430 445	111 465
PLNk	1 191 255	264 841
b3. unit/currency USDk	165 985	185 436
PLNk	637 183	739 204
other currencies (in PLNk)	20 505	129 542
<b>Total amounts due (gross) from non-financial sector</b>	<b>12 873 702</b>	<b>11 300 150</b>

NOTE 3E	PLNk	
Amounts due (gross) from non-financial sector	2002	2001
<b>1. Regular</b>	<b>8 094 556</b>	<b>6 255 672</b>
<b>2. Watch</b>	<b>2 204 480</b>	<b>2 285 546</b>
<b>3. Problem, of which:</b>	<b>2 139 353</b>	<b>2 262 951</b>
a) sub-standard	587 404	514 065
b) doubtful	591 381	627 495
c) loss	960 568	1 121 391
<b>4. Interest:</b>	<b>435 313</b>	<b>495 981</b>
a) accrued	51 972	81 315
b) due, not received	383 341	414 666
- on regular and watch receivables	5 147	5 178
- on problem receivables	378 194	409 488
<b>Total amounts due (gross) from non-financial sector</b>	<b>12 873 702</b>	<b>11 300 150</b>

NOTE 3F	PLNk	
Value of security recognized when setting specific provisions for receivables from non-financial sector categorized as:	2002	2001
a) regular	-	-
b) watch	858 832	665 821
c) problem	949 452	816 879
- sub-standard	271 444	183 487
- doubtful	402 645	379 447
- loss	275 363	253 945
<b>Total value of security recognized when setting specific provisions for receivables from non-financial sector</b>	<b>1 808 284</b>	<b>1 482 700</b>

NOTE 3G	PLNk	
Balance of provisions for amounts due from non-financial sector	2002	2001
a) regular	-	-
b) watch	(2 623)	(13 722)
c) problem	(868 668)	(1 041 277)
- sub-standard	(87 567)	(69 240)
- doubtful	(94 529)	(123 797)
- loss	(686 572)	(848 240)
<b>Total provisions for amounts due from non-financial sector</b>	<b>(871 291)</b>	<b>(1 054 999)</b>

## NOTE 3H

PLNk

Movement in the balance of provisions for amounts due from non-financial sector		
	2002	2001
<b>1. Balance of provisions for amounts due from non-financial sector at the beginning of the period</b>	<b>(1 054 999)</b>	<b>(885 017)</b>
- companies consolidated for the first time - opening balance adjustment	(46 007)	-
<b>1. Balance of provisions for amounts due from non-financial sector at the beginning of the period, taking account of companies consolidated for the first time</b>	<b>(1 101 006)</b>	<b>(885 017)</b>
<b>a) increase (due to)</b>	<b>(1 039 718)</b>	<b>(788 546)</b>
- charge to profit and loss account	(1 034 155)	(778 544)
- balance of provisions of the companies consolidated for the first time	-	-
- revaluation of deferred payment provisions	-	-
- foreign exchange differences	(5 563)	(9 906)
- other	-	(96)
<b>b) utilization</b>	<b>362 948</b>	<b>80 095</b>
- write-off to provisions	362 948	80 095
<b>c) release</b>	<b>906 485</b>	<b>538 469</b>
- release to revenues	906 151	246
- repayment of receivables and revaluation	-	526 919
- revaluation of deferred payment provisions	334	-
- foreign exchange differences	-	11 304
<b>2. Balance of provisions for amounts due from non-financial sector at the end of the period</b>	<b>(871 291)</b>	<b>(1 054 999)</b>
<b>3. Required level of provisions for amounts due from non-financial sector at the end of the period, in line with applicable regulations</b>	<b>(852 539)</b>	<b>(1 081 881)</b>

## NOTE 3I

PLNk

Amounts due (gross) from non-financial sector		
	2002	2001
a) from subordinated entities valued under equity method	19	24
b) from other entities	12 873 683	11 300 126
<b>Total amounts due (gross) from non-financial sector</b>	<b>12 873 702</b>	<b>11 300 150</b>

## NOTE 4A

PLNk

Amounts due from public sector (by category)		
	2002	2001
<b>a) loans and advances</b>	<b>447 353</b>	<b>370 701</b>
<b>b) purchased debts</b>	<b>1 567</b>	<b>18 247</b>
<b>c) realized guarantess</b>	<b>-</b>	<b>-</b>
<b>d) other amounts due</b>	<b>74</b>	<b>103</b>
- other	51	103
- receivables due to preferential loans	23	-
<b>e) interest</b>	<b>7 625</b>	<b>5 003</b>
- accrued	1 334	4 800
- due, not received	6 291	203
<b>Total amounts due (gross) from public sector</b>	<b>456 619</b>	<b>394 054</b>
f) provision for amounts due from public sector (negative value)	(8 951)	(8 754)
<b>Total amounts due (net) from public sector</b>	<b>447 668</b>	<b>385 300</b>

*There are no loans related to finance lease.*

NOTE 4B	PLNk	
<b>Amounts due from public sector (by maturity)</b>	<b>2002</b>	<b>2001</b>
<b>a) in current account</b>	<b>17 517</b>	<b>20 849</b>
<b>b) term receivables with residual maturity of:</b>	<b>431 477</b>	<b>368 202</b>
- up to 1 month	4 143	5 567
- from 1 month to 3 months	7 344	2 785
- from 3 months to 1 year	59 911	24 186
- over 1 year to 5 years	231 099	142 395
- over 5 years	125 911	190 231
- overdue amounts	3 069	3 038
<b>c) interest</b>	<b>7 625</b>	<b>5 003</b>
- accrued	1 334	4 800
- due, not received	6 291	203
<b>Total amounts due (gross) from public sector</b>	<b>456 619</b>	<b>394 054</b>

NOTE 4C	PLNk	
<b>Amounts due (gross) from public sector (by original maturity)</b>	<b>2002</b>	<b>2001</b>
<b>a) in current account</b>	<b>17 517</b>	<b>20 849</b>
<b>b) term receivables with maturity of:</b>	<b>431 477</b>	<b>368 202</b>
- up to 1 month	5 111	996
- from 1 month to 3 months	323	40
- from 3 months to 1 year	969	1 798
- over 1 year to 5 years	127 882	126 097
- over 5 years	297 192	239 271
<b>c) interest</b>	<b>7 625</b>	<b>5 003</b>
- accrued	1 334	4 800
- due, not received	6 291	203
<b>Total amounts due (gross) from public sector</b>	<b>456 619</b>	<b>394 054</b>

NOTE 4D	PLNk	
<b>Amounts due (gross) from public sector (by currency)</b>	<b>2002</b>	<b>2001</b>
<b>a) in Polish currency</b>	<b>311 689</b>	<b>271 077</b>
<b>b) in foreign currencies (by currency and its equivalent in PLNk)</b>	<b>144 930</b>	<b>122 977</b>
b1. unit/currency EURk	32 296	31 443
PLNk	129 839	110 740
b2. unit/currency CHFk	4 391	186
PLNk	12 151	442
b3. unit/currency USDk	766	2 959
PLNk	2 940	11 795
other currencies (PLNk)	-	-
<b>Total amounts due (gross) from public sector</b>	<b>456 619</b>	<b>394 054</b>

NOTE 4E	PLNk	
<b>Amounts due (gross) from public sector</b>	<b>2002</b>	<b>2001</b>
<b>1. Regular receivables</b>	<b>416 003</b>	<b>368 825</b>
<b>2. Watch category loans</b>	<b>9 346</b>	<b>2 220</b>
<b>3. Problem receivables, of which:</b>	<b>23 645</b>	<b>18 006</b>
a) sub-standard	6 184	-

b) doubtful	1 392	1 937
c) loss	16 069	16 069
<b>4. Interest:</b>	<b>7 625</b>	<b>5 003</b>
a) accrued	1 334	4 800
b) due, not received	6 291	203
- on regular and watch loans	857	184
- on problem loans	5 434	19
<b>Total amounts due (gross) from public sector</b>	<b>456 619</b>	<b>394 054</b>

#### NOTE 4F

PLNk

#### Value of security recognized when setting specific provisions

#### for receivables from public sector categorized as

	2002	2001
a) regular	-	-
b) watch	661	17
c) problem	12 950	9 127
- sub-standard	4 060	-
- doubtful	1 303	1 540
- lost	7 587	7 587

#### Total value of security recognized when setting specific provisions

#### for receivables from public sector

13 611 9 144

#### NOTE 4G

PLNk

#### Balance of provisions for receivables from the public sector

	2002	2001
a) regular	-	-
b) watch	-	(72)
c) problem	(8 951)	(8 682)
- sub-standard	(425)	-
- doubtful	(43)	(200)
- loss	(8 483)	(8 482)
<b>Total provisions for receivables from the public sector</b>	<b>(8 951)</b>	<b>(8 754)</b>

#### NOTE 4H

PLNk

#### Movement in provisions for receivables from public sector

	2002	2001
<b>1. Balance of provisions for receivables from public sector</b>		
at the beginning of the period	(8 754)	(3 467)
a) increase (due to)	(9 249)	(5 724)
- charge to the profit and loss account	(9 249)	(5 724)
b) utilization	8 301	-
- write-off, write down and lapse	8 301	-
c) release	751	437
- release in revenue	751	437
<b>2. Balance of provisions for receivables from public sector at the end of the period</b>	<b>(8 951)</b>	<b>(8 754)</b>
<b>3. Balance of provisions for receivables from public sector</b>		
at the end of the period, in line with applicable regulations	(9 082)	(8 714)

The amount of irregular receivables does not exceed 10% of the balance sheet total.

The analysis of the required provisioning level for all the receivables should take into account general risk provisions which constitute a collateral for watch receivables. In the comparable period it amounted to PLN (87,537)k.

The data displayed in the notes also cover receivables from the subsidiaries and associates which are not consolidated with the bank on line-by-line basis.

NOTE 5	PLNk	
<b>Amounts due on securities purchased which are subject to repurchase agreement</b>	<b>2002</b>	<b>2001</b>
a) from financial sector	994	-
b) from non-financial sector	37 000	43 736
c) from public sector	-	-
d) interest	-	-
<b>Total amounts due on securities purchased which are subject to repurchase agreement</b>	<b>37 994</b>	<b>43 736</b>

*Securities purchased under reverse repo agreements are disclosed separately from other securities. Therefore, the value of securities included in Notes 11A and 11B has been decreased by respective amounts as displayed in Note 5.*

NOTE 6A	PLNk	
<b>Debt securities</b>	<b>2002</b>	<b>2001</b>
a) issued by central banks, of which:	1 031 328	1 062 878
- bonds in foreign currencies	-	-
b) issued by other banks, of which:	-	-
- expressed in foreign currencies	-	-
c) issued by other financial entities, of which:	-	-
- in foreign currencies	-	-
d) issued by non-financial entities, of which:	30 778	92 605
- expressed in foreign currencies	25 634	22 007
e) issued by the State budget, of which:	4 771 019	2 793 013
- in foreign currencies	-	-
f) issued by local budget, of which:	56 943	73 713
- in foreign currencies	-	-
g) repurchased own debt securities	-	-
<b>Total debt securities</b>	<b>5 890 068</b>	<b>4 022 209</b>

NOTE 6B	PLNk	
<b>Debt securities (by type)</b>	<b>2002</b>	<b>2001</b>
<b>1. Issued by the State budget, of which:</b>	<b>4 771 019</b>	<b>2 793 013</b>
a) bonds	2 573 556	2 275 455
b) Treasury bills	2 152 585	517 558
c) other (by type):	44 878	-
- restructuring bonds	44 878	-
<b>2. Issued by dominant entity, of which:</b>	-	-
a) bonds	-	-
b) other (by type):	-	-
<b>3. Issued by significant investor, of which:</b>	-	-
a) bonds	-	-
b) other (by type):	-	-
<b>4. Issued by subsidiaries, of which:</b>	-	-
a) bonds	-	-
b) other (by type):	-	-
<b>5. Issued by joint-ventures, of which:</b>	-	-
a) bonds	-	-
b) other (by type):	-	-

<b>6. Issued by associates, of which:</b>	-	-
a) bonds	-	-
b) other (by type):	-	-
<b>7. Issued by other entities, of which:</b>	<b>1 119 049</b>	<b>1 229 196</b>
a) bonds	1 091 704	1 084 401
- NBP bonds	1 003 983	963 545
- municipal bonds	56 943	73 651
- commercial bonds	30 778	47 205
b) other (by type):	27 345	144 795
- NBP bills	27 345	99 334
- commercial bills	-	45 461
<b>Total debt securities</b>	<b>5 890 068</b>	<b>4 022 209</b>

As at 31 December 2002 Treasury bonds of PLN 98,927k were accepted as a collateral for the Bank Guarantee Fund.

<b>NOTE 6C</b>		PLNk
<b>Movement in the balance of securities</b>	<b>2002</b>	<b>2001</b>
<b>Balance at the beginning of the period</b>	<b>4 022 209</b>	<b>4 611 723</b>
- valuation through capital - opening balance adjustment	21 133	-
- companies consolidated for the first time - opening balance adjustment	5 516	-
<b>Balance at the beginning after adjustment</b>	<b>4 048 858</b>	<b>4 611 723</b>
<b>a) increase (due to)</b>	<b>47 422 605</b>	<b>35 838 992</b>
- increase in the value of NBP bills	3 687 424	18 006 561
- increase in the value of Government bonds	32 121 633	7 790 640
- increase in the value of NBP bonds	60 360	51 316
- increase in the value of Treasury bills	11 528 748	9 122 047
- increase in the value of other debt securities	16 511	866 996
- release of provisions	1	1 432
- other /purchase/	7 928	-
<b>b) decrease (due to)</b>	<b>(45 581 395)</b>	<b>(36 428 506)</b>
- purchase/sale of monetary bills	(3 759 413)	(18 553 042)
- purchase/sale of Government bonds	(31 803 183)	(7 970 143)
- purchase/sale of monetary NBP bonds	(19 921)	(59 440)
- purchase/sale of Treasury bills	(9 902 723)	(8 966 088)
- purchase/sale of other debt securities	(30 365)	(875 216)
- charges to provision	(20 172)	(4 577)
- commercial bills transfer to receivables	(45 618)	-
- other	-	-
<b>Balance of debt securities at the end of the period</b>	<b>5 890 068</b>	<b>4 022 209</b>

<b>NOTE 7A</b>		PLNk
<b>Shares or interests in subsidiaries valued under equity method</b>	<b>2002</b>	<b>2001</b>
a) in banks	-	22 892
b) in other entities of financial sector	1 680	58 285
c) in entities of non-financial sector	-	3 195
<b>Total shares or interests in subsidiaries valued under equity method</b>	<b>1 680</b>	<b>84 372</b>

NOTE 7B	PLNk	
<b>Movement in the balance of shares or interests in subsidiaries valued under equity method</b>	<b>2002</b>	<b>2001</b>
<b>Balance at the beginning of the period</b>	<b>84 372</b>	<b>47 553</b>
- valuation through capital - opening balance adjustment	16 759	-
- companies consolidated for the first time - opening balance adjustment	14 021	-
<b>Balance at the beginning after adjustment</b>	<b>115 152</b>	<b>47 553</b>
<b>a) increase (due to)</b>	<b>41 250</b>	<b>58 676</b>
- purchase	27 758	5 504
- release of provisions	-	15 488
- paid up stake in the limited partnership company	-	37 684
- current revaluation	11 714	-
- other	1 778	-
<b>b) decrease (due to)</b>	<b>(154 722)</b>	<b>(21 857)</b>
- sale	-	(19 456)
- current revaluation	(121 878)	-
- release of provisions	(32 844)	(2 401)
<b>Balance of shares or interests in subsidiaries valued under equity method</b>	<b>1 680</b>	<b>84 372</b>

NOTE 8A	PLNk	
<b>Shares or interests in joint-ventures valued under equity method</b>	<b>2002</b>	<b>2001</b>
a) in banks	-	-
b) in other entities of financial sector	-	-
c) in entities of non-financial sector	-	-
<b>Total shares or interests in joint-ventures valued under equity method</b>	<b>-</b>	<b>-</b>

NOTE 8B	PLNk	
<b>Movement in the balance of shares or interests in joint-ventures valued under equity method</b>	<b>2002</b>	<b>2001</b>
<b>Balance at the beginning of the period</b>	<b>-</b>	<b>-</b>
a) increase (due to)	-	-
b) decrease (due to)	-	-
<b>Balance of shares or interests in joint-ventures valued under equity method</b>	<b>-</b>	<b>-</b>

NOTE 9A	PLNk	
<b>Shares or interests in associates valued under equity method</b>	<b>2002</b>	<b>2001</b>
a) in banks	-	-
b) in other entities of financial sector	54 869	42 480
c) in entities of non-financial sector	2 998	4 927
<b>Total shares or interests in associates valued under equity method</b>	<b>57 867</b>	<b>47 407</b>

NOTE 9B	PLNk	
<b>Movement in the balance of shares or interests in associates valued under equity method</b>	<b>2002</b>	<b>2001</b>
<b>Balance at the beginning of the period</b>	<b>47 407</b>	<b>9 890</b>
- valuation through capital - opening balance adjustment	6 916	-
<b>Balance at the beginning after adjustment</b>	<b>54 323</b>	<b>9 890</b>
<b>a) increase (due to)</b>	<b>3 544</b>	<b>43 962</b>

		PLNk
- purchase	3 000	7 204
- release of provisions	544	3 118
- revaluation	-	7
- reclassification	-	33 633
<b>b) decrease (due to)</b>	-	<b>(6 445)</b>
- sale	-	(4 370)
- current revaluation	-	-
- charge to provisions	-	(2 075)
<b>Balance of shares or interests in associates valued using an equity method at the end of the period</b>	<b>57 867</b>	<b>47 407</b>





Shares or interests in subordinated entities												
a	b	c	d	e	f	g	h	i	j	k	l	
name (company) of the entity and its legal status	registered office	business	type of the capital link (subsidiary, interdependent, associated with indication of direct or indirect links)	applied consolidation method / valuation using an equity method or indication that the entity is not subject to consolidation / valuation using an equity method	date of taking up control / joint control / gaining significant influence	value of shares / interests at purchase price	total adjustments for revaluation	balance sheet value of shares / interests	% shareholding	number of votes at AGM	other than indicated in j) or k) control basis / joint control / significant influence	
1	BZ WBK Nieruchomości S.A.	Poznań	completion organisation of various events, catering and hotel services	subsidiary	not consolidated	07.1998	103	(18)	85	99,99	99,99	
2	Brytyjsko-Polskie Towarzystwo Finansowe WBK-CU Sp. z o.o.	Poznań	distribution of insurance products	subsidiary	not consolidated	02.1993 associated 06.1993 subsidiary	218	270	488	60,00	60,00	
3	Projekty Bankowe Polsoft Sp. z o.o.	Poznań	IT services	subsidiary	not consolidated	12.1996	102	1 787	1 889	51,00	51,00	
4	POLFUND - Fundusz Poręczeń Kredytowych S.A.	Szczecin	providing lending guarantees, investing funds vested in companies and their management	associated	not consolidated	8.2001	8 000	408	8 408	50,00	50,00	
5	WESTFUND Ltd	Dublin, Ireland	investment fund management services	associated	not consolidated	07.1995	172	1 754	1 926	33,67	33,67	
6	eCard S.A.	Warsaw	software development, data processing, data bases, other activities related to IT	associated	not consolidated	11.2000	3 171	(3 171)	0	28,57	28,57	
7	LZPS PROTEKTOR S.A.	Lublin	production of protective, military and ordinary footwear	associated	not consolidated	12.2001	1 605	(532)	1 073	21,80	21,80	
8	NFI Magna Polonia S.A.	Warsaw	buying securities issued by State Treasury, buying or taking up interests or shares in entities registered and operating in Poland	associated	not consolidated	06.2001	42 073	1 755	43 828	21,57	21,57	
<b>Total</b>							<b>55 444</b>	<b>2 253</b>	<b>57 697</b>			

Moreover, the following consolidation transfers were made in the balance sheet value of shares and interests in subordinated entities in order to state properly the positive and negative goodwill of the companies in the consolidated financial statements:

- LZPS Protektor S.A. - PLN 1,022k

- NFI Magna Polonia S.A. - PLN 1,612k

As a result of elimination of unrealised profit in the Group, the value of interests in Polsoft was also decreased by PLN (784)k

Shares or interests in subordinated entities																		
Lp.	a name of entity (and its legal status)	m the entity's equity, of which:							n liabilities of entity of which:			o receivables of entity, of which:		p total assets	r income from sales	s value of shares interests not paid by the issuer	t dividend received or due for the last accounting year	
		share capital	unpaid share capital	supplementary capital	other own funds of which:			short-term	long-term	short-term	long-term							
					retained profit (uncovered loss) from previous years	profit (loss) net												
1	BZ WBK Nieruchomości S.A.	86	100	-	8	(22)	-	(22)	130	116	14	32	32	-	226	932	-	8
2	Brytyjsko-Polskie Towarzystwo Finansowe WBK-CU Sp. z o.o.	813	350	-	417	46	12	28	449	424	25	521	521	-	1 299	6 054	-	46
3	Projekty Bankowe Polsoft Sp. z o.o.	5 925	200	-	1 288	4 437	-	4 437	2 031	2 031	-	5 056	5 056	-	8 258	25 926	-	3 031
4	POLFUND - Fundusz Poręczeń Kredytowych S.A.**	10 816	16 000	(6 000)	-	816	-	816	6	6	-	3	3	-	10 823	318	-	-
5	International Westfund Holdings Ltd. (as at 31 December 2001)*	9 183	591	-	-	8 592	7 323	300	280	280	-	9	9	-	9 183	-	-	1 250
6	eCard S.A.	(1 146)	8 350	-	2 750	(12 246)	(7 301)	(4 945)	3 526	604	2 922	738	738	-	2 388	981	-	-
7	LZPS Protektor S.A. (as at March 2002)	9 611	5 016	-	4 699	(104)	-	(3 386)	12 605	12 605	-	5 987	5 987	-	25 318	20 542	-	-
8	NFI Magna Polonia S.A. (as at 30 September 2002)	210 669	3 006	-	203 340	4 323	(9 625)	18 940	3 711	3 711	-	16 297	16 297	-	215 502	921	-	-

\* data converted into PLN according to the average NBP exchange rate of GBP as at 31 December 2001 which equalled PLN 5,7722

\*\* the valuation made as at 31 December 2002 takes account of the portion of equity capital paid up in December 2002

NOTE 11A	PLNk	
	2002	2001
<b>Shares or interests in other entities</b>		
<b>a) in entities of financial sector</b>	<b>199 521</b>	<b>32 359</b>
- short-term	1 563	472
- long-term	197 958	31 887
<b>b) in entities of non-financial sector</b>	<b>40 522</b>	<b>61 768</b>
- short-term	5 185	4 123
- long-term	35 337	57 645
<b>Total shares or interests in other entities</b>	<b>240 043</b>	<b>94 127</b>

NOTE 11B	PLNk	
	2002	2001
<b>Movement in the balance of shares or interests in other entities</b>		
<b>Balance at the beginning of the period</b>	<b>94 127</b>	<b>158 744</b>
- valuation through capital - opening balance adjustment	165 763	-
- companies consolidated for the first time - opening balance adjustment	5 226	-
<b>Balance at the beginning after adjustment</b>	<b>265 116</b>	<b>158 744</b>
<b>a) increase (due to)</b>	<b>322 088</b>	<b>126 527</b>
- purchase	316 315	86 691
- release of provisions	-	34 917
- current revaluation	5 348	2 787
- current reclassification	-	9
- other	425	2 123
<b>b) decrease (due to)</b>	<b>(347 161)</b>	<b>(191 144)</b>
- sale	(343 102)	(140 697)
- revaluation	(1 335)	(2 539)
- current reclassification	(1 492)	(43 517)
- charges to provisions	(1 232)	(4 263)
- other	-	(128)
<b>Balance of shares or interests in other entities at the end of the period</b>	<b>240 043</b>	<b>94 127</b>



Shares or interests in other entities										
No	a	b	c	d	e	f	g		h	i
	name (company) of the entity and its legal status	registered office	business	balance sheet value of shares /interests	% shareholding	number of votes at AGM	own funds, of which:	- share capital	value of shares /interests in the entity unpaid by the issuer	received or due dividends from the entity for the last accounting year
1	Euroad-Leasing Sp. z o.o.***	Warsaw	debt trading	400	37,50	35,91	1 078	1 065	-	-
2	Polmo Gniezno Sp. z o.o.***	Gniezno	metal products manufacturing	10	18,46	18,46	2 474	2 258	-	-
3	Krajowa Izba Rozliczeniowa S.A.**	Warsaw	National Clearing House	625	11,48	11,48	71 273	5 445	-	1 250
4	Commercial Union Polska Towarzystwo Ubezpieczeń na Życie S.A.***	Warsaw	life insurance	173 167	10,00	10,00	723 635	82 500	821	17 383
5	Commercial Union Polska Towarzystwo Ubezpieczeń Ogólnych S.A.***	Warsaw	property insurance	2 119	10,00	10,00	30 609	20 000	-	-
6	Commercial Union Powszechnie Towarzystwo Emerytalne BPH, CU, WBK S.A.**	Warsaw	establishing and managing pension funds and representing them to third parties	21 013	10,00	10,00	128 049	137 000	-	-
7	TIM S.A.***	Wrocław	wholesale trading	937	9,29	9,29	21 622	3 579	-	-
8	Gorzowski Rynek Hurtowy S.A.***	Gorzów	wholesale market organization	50	5,70	5,70	N/A	9 580	-	-
9	AWSA Holland II B.V.	Poznań	holding interests in Autostrada Wielkopolska S.A. (established to build and operate a highway at the section Swiecko-Konin)	24 962	5,44	5,44	N/A	72	-	-
10	Biuro Informacji Kredytowej S.A.***	Warsaw	collecting and providing access to information on banks' borrowers	800	5,14	5,14	4 796	15 550	-	-
11	Other			15 939						
	<b>Total</b>			<b>240 022</b>						

\* equity of the entity disclosed based on data as at 30 June 2002

\*\* equity of the entity disclosed based on data as at 30 September 2002

\*\*\* equity of the entity disclosed based on data as at 31 December 2001

As a result of elimination of losses on the sale of GBH S.A. the value of interests was increased by PLN 20k

<b>NOTE 12A</b>		PLNk
<b>Other securities and other financial assets (by type)</b>	<b>2002</b>	<b>2001</b>
a) pre-emptive rights	-	-
b) derivative rights	225 961	470 764
c) other (by type)	14 842	9 545
- trust funds units	14 842	9 545
<b>Total other securities and other financial assets</b>	<b>240 803</b>	<b>480 309</b>

<b>NOTE 12B</b>		PLNk
<b>Other securities and other financial assets</b>	<b>2002</b>	<b>2001</b>
a) short-term	1 627	-
b) long-term	239 176	480 309
<b>Total other securities and other financial assets</b>	<b>240 803</b>	<b>480 309</b>

<b>NOTE 12C</b>		PLNk
<b>Movement in the balance of other securities and other financial assets</b>	<b>2002</b>	<b>2001</b>
<b>Balance at the beginning of the period</b>	<b>480 309</b>	<b>436 328</b>
- valuation through capital - opening balance adjustment	363	-
- companies consolidated for the first time - opening balance adjustment	2 924	-
<b>Balance at the beginning of the period after adjustment</b>	<b>483 596</b>	<b>436 328</b>
<b>a) increase (due to)</b>	<b>8 498</b>	<b>407 030</b>
- purchase	8 222	144 036
- option-related premium settlement	-	37 325
- increase in value of SWAP points	140	225 669
- other	136	-
<b>b) decrease (due to)</b>	<b>(251 291)</b>	<b>(363 049)</b>
- sale	(5 573)	(363 049)
- option-related premium settlement	(20 302)	-
- decrease in value of SWAP points	(224 501)	-
- revaluation	(915)	-
<b>Balance of other securities and other financial assets at the end of the period</b>	<b>240 803</b>	<b>480 309</b>

<b>NOTE 12D</b>		PLNk
<b>Other securities and other financial assets (by currency)</b>	<b>2002</b>	<b>2001</b>
<b>a) in Polish currency</b>	<b>231 737</b>	<b>474 969</b>
<b>b) in foreign currencies (by currency and its equivalent in PLN)</b>	<b>9 066</b>	<b>5 340</b>
b1. unit / currency EURk	2 079	754
PLNk	8 358	2 656
b1. unit / currency USDk	167	674
PLNk	642	2 684
other currencies (PLNk)	66	-
<b>Total other securities and other financial assets</b>	<b>240 803</b>	<b>480 309</b>

<b>NOTE 13A</b>		PLNk
<b>Financial assets</b>	<b>2002</b>	<b>2001</b>
a) financial assets held for trading	2 115 462	726 568
b) granted loans, advances and the company's own debt - not for trading	1 187 337	1 536 286
c) financial assets held to maturity	1 447 516	1 464 668

d) financial assets available-for-sale	1 454 185	530 138
e) other *	17 677 536	20 236 598
<b>Total financial assets (gross)</b>	<b>23 882 036</b>	<b>24 494 258</b>
<b>Provision for financial assets at the end of the period</b>	<b>(912 967)</b>	<b>(1 154 857)</b>
<b>Total financial assets</b>	<b>22 969 069</b>	<b>23 339 401</b>

\* "Other financial assets" include: cash, receivables from financial, non-financial and budget sector, repo transactions, settlements of securities, derivatives and SWAPs.

#### NOTE 13B PLNk

Financial assets (by currency)	2002	2001
<b>a) in Polish currency</b>	<b>18 797 928</b>	<b>16 312 226</b>
<b>b) in foreign currencies (by currency and its equivalent in PLN)</b>	<b>5 084 108</b>	<b>8 182 032</b>
b1. unit/currency EURk	553 471	746 724
PLNk	2 225 029	2 630 293
b2. unit/currency USDk	412 256	1 268 541
PLNk	1 582 566	5 056 791
b3. unit/currency GBPk	2 104	1 948
PLNk	13 004	11 243
b4. unit/currency CHFk	407 414	111 651
PLNk	1 127 516	265 284
b5. unit/currency FRFk		10 494
PLNk		5 634
other currencies (in PLN)-k	135 993	212 787
<b>Total financial assets</b>	<b>23 882 036</b>	<b>24 494 258</b>

#### NOTE 13C PLNk

Financial assets held for trading (by marketability)	2002	2001
<b>A. With unlimited marketability, listed on stock exchange (balance sheet value)</b>	<b>658 199</b>	<b>196 628</b>
<b>a) shares (balance sheet value):</b>	<b>4 309</b>	<b>4 234</b>
- fair value	4 309	4 335
- market value	4 309	4 335
- value at purchase price	5 478	4 597
<b>b) bonds (balance sheet value):</b>	<b>653 890</b>	<b>192 394</b>
- fair value	653 890	193 449
- market value	653 890	193 449
- value at purchase price	639 248	187 908
<b>c) other - by type (balance sheet value):</b>	<b>-</b>	<b>-</b>
c1) ...	-	-
- fair value	-	-
- market value	-	-
- value at purchase price	-	-
<b>B. With unlimited marketability listed on off stock-exchange markets (balance sheet value)</b>	<b>1 455 098</b>	<b>385 795</b>
<b>a) shares (balance sheet value):</b>	<b>16</b>	<b>20</b>
- fair value	16	20
- market value	16	20
- value at purchase price	28	29
<b>b) bonds (balance sheet value):</b>	<b>58</b>	<b>62</b>

		PLNk
- fair value	58	62
- market value	58	62
- value at purchase price	57	62
<b>c) other - by type (balance sheet value):</b>	<b>1 455 024</b>	<b>385 713</b>
c1. Treasury bills	1 427 679	286 379
- fair value	1 427 679	290 407
- market value	1 427 679	290 407
- value at purchase price	1 394 947	283 750
c2. monetary bills	27 345	99 334
- fair value	27 345	99 334
- market value	27 345	99 334
- value at purchase price	27 217	99 114
<b>C. With unlimited marketability, not listed on regulated markets (balance sheet value)</b>	<b>-</b>	<b>144 145</b>
<b>a) shares (balance sheet value):</b>	<b>-</b>	<b>-</b>
- fair value	-	-
- market value	-	-
- value at purchase price	-	-
<b>b) bonds (balance sheet value):</b>	<b>-</b>	<b>98 684</b>
- fair value	-	99 830
- market value	-	99 830
- value at purchase price	-	96 894
<b>c) other - by type (balance sheet value):</b>	<b>-</b>	<b>45 461</b>
c1. commercial bills	-	45 461
- fair value	-	45 618
- market value	-	45 618
- value at purchase price	-	45 204
<b>D. With limited marketability (balance sheet value)</b>	<b>2 165</b>	<b>-</b>
<b>a) shares and interests (balance sheet value):</b>	<b>2 165</b>	<b>-</b>
- fair value	2 165	-
- market value	2 165	-
- value at purchase price	2 130	-
<b>b) bonds (balance sheet value):</b>	<b>-</b>	<b>-</b>
- fair value	-	-
- market value	-	-
- value at purchase price	-	-
<b>c) other - by category (balance sheet value):</b>	<b>-</b>	<b>-</b>
c1. ...	-	-
- fair value	-	-
- market value	-	-
- value at purchase price	-	-
<b>Total value at purchase price</b>	<b>2 069 105</b>	<b>717 558</b>
<b>Value at the beginning of the period</b>	<b>725 710</b>	<b>717 558</b>
<b>Total revaluation adjustments (for the period)</b>	<b>1 389 752</b>	<b>9 010</b>
<b>Total balance sheet value</b>	<b>2 115 462</b>	<b>726 568</b>

## NOTE 13D

PLNk

	2002	2001
<b>Financial assets held to maturity (by maturity)</b>		
<b>A. With unlimited marketability, listed on stock exchanges (balance sheet value)</b>	<b>1 372 614</b>	<b>1 277 653</b>
<b>a) bonds (balance sheet value):</b>	<b>1 372 614</b>	<b>1 277 653</b>
- revaluation adjustments (for the period)	140 986	113 245
- value at the beginning of the period	1 231 628	1 164 408
- value at purchase price	1 277 196	1 164 408
<b>b) other - by type (balance sheet value):</b>	-	-
b1. ...	-	-
- revaluation adjustments (for the period)	-	-
- value at the beginning of the period	-	-
- value at purchase price	-	-
<b>B. With unlimited marketability listed on off stock-exchange markets (balance sheet value)</b>	<b>4 286</b>	<b>36 631</b>
<b>a) bonds (balance sheet value):</b>	-	-
- revaluation adjustments (for the period)	-	-
- value at the beginning of the period	-	-
- value at purchase price	-	-
<b>b) other - by type (balance sheet value):</b>	<b>4 286</b>	<b>36 631</b>
b1. Treasury bills	4 286	36 631
- revaluation adjustments (for the period)	(81 869)	1 546
- value at the beginning of the period	86 155	35 085
- value at purchase price	4 167	35 085
<b>C. With unlimited marketability, not listed on regulated markets (balance sheet value)</b>	<b>44 878</b>	<b>104 378</b>
<b>a) bonds (balance sheet value):</b>	<b>44 878</b>	<b>104 378</b>
- revaluation adjustments (for the period)	1 544	5 292
- value at the beginning of the period	43 334	99 086
- value at purchase price	43 334	99 086
<b>b) other - by category (balance sheet value):</b>	-	-
b1. commercial bills	-	-
- revaluation adjustments (for the period)	-	-
- value at the beginning of the period	-	-
- value at purchase price	-	-
<b>D. With limited marketability (balance sheet value)</b>	<b>25 738</b>	<b>46 006</b>
<b>a) bonds (balance sheet value):</b>	<b>25 738</b>	-
- revaluation adjustments (for the period)	-	-
- value at the beginning of the period	25 738	-
- value at purchase price	25 225	-
<b>b) other - by category (balance sheet value):</b>	-	<b>46 006</b>
b1. Treasury bills	-	46 006
- revaluation adjustments (for the period)	-	4 119
- value at the beginning of the period	-	41 887
- value at purchase price	-	41 887
<b>Total value at purchase price</b>	<b>1 349 922</b>	<b>1 340 466</b>
<b>Value at the beginning of the period</b>	<b>1 386 855</b>	<b>1 340 466</b>
<b>Total revaluation adjustments (for the period)</b>	<b>60 661</b>	<b>124 202</b>
<b>Total balance sheet value</b>	<b>1 447 516</b>	<b>1 464 668</b>



NOTE 13E	PLNk	
Financial assets available for sale (by marketability)	2002	2001
<b>A. With unlimited marketability listed on stock-exchange</b>		
<b>markets (balance sheet value)</b>	<b>412 467</b>	<b>338 667</b>
<b>a) shares (balance sheet value):</b>	<b>48 770</b>	<b>39 725</b>
- fair value	48 770	42 598
- market value	39 169	42 598
- value at purchase price	46 523	51 318
<b>b) bonds (balance sheet value):</b>	<b>363 697</b>	<b>298 942</b>
- fair value	363 697	328 579
- market value	363 697	328 579
- value at purchase price	285 174	264 121
<b>c) other - by category (balance sheet value):</b>	-	-
c1. ...	-	-
- fair value	-	-
- market value	-	-
- value at purchase price	-	-
<b>B. With unlimited marketability listed on off stock-exchange</b>		
<b>markets (balance sheet value)</b>	<b>621 694</b>	-
<b>a) shares (balance sheet value):</b>	-	-
- fair value	-	-
- market value	-	-
- value at purchase price	-	-
<b>b) bonds (balance sheet value):</b>	-	-
- fair value	-	-
- market value	-	-
- value at purchase price	-	-
<b>c) other - by category (balance sheet value):</b>	<b>621 694</b>	-
c1. Treasury bills	621 694	-
- fair value	621 694	-
- market value	621 694	-
- value at purchase price	578 196	-
<b>C. With unlimited marketability, not listed on regulated</b>		
<b>markets (balance sheet value)</b>	<b>321 006</b>	<b>191 405</b>
<b>a) shares (balance sheet value):</b>	<b>218 603</b>	<b>86 907</b>
- fair value	218 603	87 728
- market value	218 603	87 728
- value at purchase price	86 509	94 035
<b>b) bonds (balance sheet value):</b>	<b>61 925</b>	-
- fair value	61 925	-
- market value	61 925	-
- value at purchase price	78 941	-
<b>c) other - by category (balance sheet value):</b>	<b>40 478</b>	<b>104 498</b>
c1. shares	25 636	57 217
- fair value	25 636	57 217
- market value	25 846	57 217
- value at purchase price	23 399	59 343
c2. shares in limited liability partnerships	-	37 736

- fair value	-	42 048
- market value	-	42 048
- value at purchase price	-	42 048
c3. trust funds units	14 842	9 545
- fair value	14 842	9 545
- market value	14 842	9 545
- value at purchase price	15 076	9 545
<b>D. With limited marketability (balance sheet value)</b>	<b>99 018</b>	<b>66</b>
<b>a) shares and interests (balance sheet value):</b>	<b>91</b>	<b>66</b>
- fair value	91	66
- market value	91	66
- value at purchase price	91	66
<b>b) bonds (balance sheet value):</b>	-	-
- fair value	-	-
- market value	-	-
- value at purchase price	-	-
c) other - by category (balance sheet value):	98 927	-
c1. treasury bills	98 927	-
- fair value	98 927	-
- market value	98 927	-
- value at purchase price	96 009	-
<b>Total value at purchase price</b>	<b>1 209 918</b>	<b>520 476</b>
<b>Value at the beginning of the period</b>	<b>688 818</b>	<b>520 476</b>
<b>Total revaluation adjustments (for the period)</b>	<b>765 367</b>	<b>9 662</b>
<b>Total balance sheet value</b>	<b>1 454 185</b>	<b>530 138</b>

#### NOTE 14A

PLNk

	2002	2001
<b>Intangible assets</b>		
a) development work capitalized	-	-
b) goodwill	-	592
c) patents, licences and similar intangibles, of which:	263 073	53 155
- software	259 655	48 920
d) other intangible assets	18	8 562
e) pre-payments for intangible assets	252	298
<b>Total intangible assets</b>	<b>263 343</b>	<b>62 607</b>



## NOTE 14B

## Movements intangibles (by type)

PLNk

	a	b	c		d	e	Total intangible assets
	costs of finished development works	goodwill	Licences, patents and similar assets, of which:	software	other intangible assets	prepayments for intangible assets	
<b>a) value of intangible assets at the beginning of the period</b>	-	145 679	133 040	112 905	14 946	298	293 963
<b>b) increase (due to)</b>	-	-	239 618	238 127	-	252	239 870
- purchase	-	-	234 354	233 072	-	251	234 605
- investment	-	-	298	99	-	-	298
- reclassification	-	-	2 875	2 875	-	-	2 875
- gross value of consolidated companies	-	-	2 091	2 081	-	1	2 092
<b>c) decrease (due to)</b>	-	-	(332)	(994)	(9 521)	(298)	(10 151)
- liquidation	-	-	(332)	(285)	-	-	(332)
- transfer	-	-	-	-	(9 521)	-	(9 521)
- other	-	-	-	(709)	-	(298)	(298)
<b>d) gross value of intangible assets at the end of the period</b>	-	145 679	372 326	350 038	5 425	252	523 682
<b>e) accumulated depreciation (amortization) at the beginning of the period</b>	-	(145 087)	(78 029)	(63 985)	(6 384)	-	(229 500)
<b>f) depreciation for the period (with regard to)</b>	-	(592)	(27 617)	(26 398)	977	-	(27 232)
- intangibles	-	(592)	(23 127)	(22 008)	(12)	-	(23 731)
- depreciation of the opening balance of companies consolidated for the first time	-	-	(952)	(949)	-	-	(952)
- sale and liquidation	-	-	139	137	-	-	139
- capitalisation	-	-	(1 302)	(1 032)	-	-	(1 302)
- release of provision	-	-	500	-	-	-	500
- reclassification	-	-	(2 875)	(2 546)	989	-	(1 886)
- other	-	-	-	-	-	-	-
<b>g) accumulated depreciation at the end of the period</b>	-	(145 679)	(105 646)	(90 383)	(5 407)	-	(256 732)
<b>h) write-offs due to permanent loss in value at the beginning of the period</b>	-	-	(1 856)	-	-	-	(1 856)
- increase	-	-	(1 751)	-	-	-	(1 751)
- decrease	-	-	-	-	-	-	-
<b>i) write-offs due to permanent loss in value at the end of the period</b>	-	-	(3 607)	-	-	-	(3 607)
<b>j) net value of intangible assets at the end of the period</b>	-	-	263 073	259 655	18	252	263 343

<b>NOTE 14C</b>	PLNk	
<b>Intangible assets (ownership structure)</b>	<b>2002</b>	<b>2001</b>
a) Bank's own	263 343	62 607
b) used on the basis of a rental, lease or other agreements, including a lease contract, of which:	-	-
<b>Total intangible assets</b>	<b>263 343</b>	<b>62 607</b>

<b>NOTE 15A</b>	PLNk	
<b>Goodwill of subordinated entities</b>	<b>2002</b>	<b>2001</b>
a) goodwill - subsidiaries	-	-
b) goodwill - joint-ventures	-	-
c) goodwill - associates	-	-
<b>Total goodwill of subordinated entities</b>	<b>-</b>	<b>-</b>

<b>NOTE 15B</b>	PLNk	
<b>Changes in goodwill - subsidiaries</b>	<b>2002</b>	<b>2001</b>
a) gross value at the beginning of the period	-	17 208
b) increase (due to)	-	-
- valuation based on equity method	-	-
c) decrease (due to)	-	-
d) gross value at the end of the period	-	17 208
e) goodwill written down at the beginning of the period	-	(15 249)
f) goodwill written down for the period (due to)	-	(1 959)
- current goodwill write-down	-	(1 959)
g) goodwill written down at the end of the period	-	(17 208)
h) net value at the end of the period	-	0

<b>NOTE 15C</b>	PLNk	
<b>Changes in goodwill - joint ventures</b>	<b>2002</b>	<b>2001</b>
a) gross value at the beginning of the period	-	-
b) increase (due to)	-	-
c) decrease (due to)	-	-
d) gross value at the end of the period	-	-
e) goodwill written down at the beginning of the period	-	-
f) goodwill written down for the period (due to)	-	-
g) goodwill written down at the end of the period	-	-
h) net value at the end of the period	-	-

<b>NOTE 15D</b>	PLNk	
<b>Changes in goodwill - associates</b>	<b>2002</b>	<b>2001</b>
a) gross value at the beginning of the period	-	-
b) increase (due to)	295	-
- valuation based on equity method	295	-
c) decrease (due to)	-	-
d) gross value at the end of the period	295	-
e) goodwill written down at the beginning of the period	-	-
f) goodwill written down for the period (due to)	(295)	-
- as at the day of valuation based on equity method	(64)	-

- current goodwill write-down	(231)	-
<b>g) goodwill written down at the end of the period</b>	<b>(295)</b>	<b>-</b>
<b>h) net value at the end of the period</b>	<b>0</b>	<b>-</b>

Goodwill arising from consolidation as shown in Note 15B refers to eCard S.A.

Goodwill of eCard S.A. from consolidation as at the day of taking control by

Bank Zachodni WBK S.A. (November 2000):

1. purchase price of eCard shares paid by Bank Zachodni WBK S.A.	PLN 1,600k
2. net assets of eCard at market price as at the day of taking control by Bank Zachodni WBK S.A.	PLN 4,568k
3. Bank Zachodni WBK's contribution to the eCard share capital	28,57 %
4. net assets as at the day of taking control by Bank Zachodni WBK S.A. in proportion to Bank Zachodni WBK's contribution to the eCard share capital	PLN 1,305k
5. goodwill from consolidation as at November 2000	PLN 295k

Gross value as at 31.12.2002

PLN 295k

Amortization of goodwill from consolidation for the period from November 2000 to December 2002:

as at the first consolidation day, i.e. 01.01.2002

PLN (64)k

01.01.2002 - 31.12.2002

PLN (231)k

Total goodwill from consolidation of the company written down as at 31 December 2002

PLN (295)

Net value of eCard S.A. from consolidation

0

## NOTE 16A

PLNk

	2002	2001
<b>Tangible fixed assets</b>		
<b>Tangible fixed assets</b>		
<b>a) fixed assets, including:</b>	<b>886 074</b>	<b>693 836</b>
- land (including the title to perpetual usufruct)	4 406	4 994
- buildings, premises and objects of civil and water engineering	477 097	443 134
- technical devices and machines	387 098	221 742
- vehicles	9 253	9 384
of which: leased fixed assets in the opening balance	-	-
- other fixed assets	8 220	14 582
<b>b) assets under construction</b>	<b>16 356</b>	<b>329 213</b>
<b>c) pre-payments for assets under construction</b>	<b>12</b>	<b>47</b>
<b>Total tangible fixed assets</b>	<b>902 442</b>	<b>1 023 096</b>



## NOTE 16B

PLNk

Movements in fixed assets (by type)	land (including perpetual usufruct)	- buildings, premises and objects of civil and water engineering	- technical devices and machines	- transportation means	- other fixed assets	Total fixed assets
<b>a) value of fixed assets at the beginning of the period</b>	<b>5 637</b>	<b>569 539</b>	<b>525 050</b>	<b>16 052</b>	<b>68 845</b>	<b>1 185 123</b>
- of which: leased fixed assets included in the opening balance	-	-	-	-	-	-
<b>b) increase (due to)</b>	<b>1 374</b>	<b>50 612</b>	<b>266 466</b>	<b>4 430</b>	<b>9 837</b>	<b>332 719</b>
- reclassification	1 350	9 351	47	-	-	10 748
- transfers	24	40 651	253 554	-	8 835	303 064
- purchase	-	237	3 649	943	324	5 153
- gross value of fixed assets consolidated for the first time	-	373	2 427	659	678	4 137
- leasing	-	-	6 789	2 828	-	9 617
<b>c) decrease (due to)</b>	<b>(1 826)</b>	<b>(15 508)</b>	<b>(24 284)</b>	<b>(1 599)</b>	<b>(5 808)</b>	<b>(49 025)</b>
- sale	(647)	(7 764)	(4 079)	(1 460)	(557)	(14 507)
- liquidation	-	(7 744)	(17 792)	(139)	(2 158)	(27 833)
- reclassification	-	-	-	-	(2 875)	(2 875)
- free ownership transfer	(1 179)	-	(2 413)	-	(218)	(3 810)
- other	-	-	-	-	-	-
<b>d) gross value of fixed assets at the end of the period</b>	<b>5 185</b>	<b>604 643</b>	<b>767 232</b>	<b>18 883</b>	<b>72 874</b>	<b>1 468 817</b>
<b>e) accumulated depreciation (amortization) at the beginning of the period</b>	<b>(643)</b>	<b>(106 162)</b>	<b>(291 999)</b>	<b>(6 668)</b>	<b>(54 263)</b>	<b>(459 735)</b>
<b>f) depreciation for the period (with regard to)</b>	<b>(136)</b>	<b>(20 134)</b>	<b>(82 878)</b>	<b>(2 962)</b>	<b>(10 391)</b>	<b>(116 501)</b>
- depreciation	(136)	(23 049)	(98 547)	(3 529)	(12 314)	(137 575)
- accumulated depreciation of the companies consolidated for the first time at the beginning of the period	-	(317)	(1 353)	(428)	(409)	(2 507)
- sale/ liquidation	-	4 360	21 379	947	2 448	29 134
- reclassification	-	(989)	-	-	2 875	1 886
- capitalisation of ICBS roll-out	-	(90)	-	(10)	(5)	(105)
- decrease of write-off (due to sale and liquidation)	-	33	394	239	111	777
- leasing	-	(82)	(4 751)	(181)	(3 097)	(8 111)
<b>g) accumulated depreciation at the end of the period</b>	<b>(779)</b>	<b>(126 296)</b>	<b>(374 877)</b>	<b>(9 630)</b>	<b>(64 654)</b>	<b>(576 236)</b>
<b>h) write-offs due to permanent loss in value at the beginning of the period</b>	<b>-</b>	<b>(20 243)</b>	<b>(11 309)</b>	<b>-</b>	<b>-</b>	<b>(31 552)</b>
- increase	-	-	-	-	-	-
- decrease	-	18 993	6 052	-	-	25 045
<b>i) write-offs due to permanent loss in value at the end of the period</b>	<b>-</b>	<b>(1 250)</b>	<b>(5 257)</b>	<b>-</b>	<b>-</b>	<b>(6 507)</b>
<b>j) net value of fixed assets at the end of the period</b>	<b>4 406</b>	<b>477 097</b>	<b>387 098</b>	<b>9 253</b>	<b>8 220</b>	<b>886 074</b>

NOTE 16C	PLNk	
Balance sheet fixed assets (ownership structure)	2002	2001
a) Bank's own assets	886 064	693 786
b) used on the basis of a rental, lease or other agreement, including		
a lease contract, of which:	10	50
- finance lease	10	50
- equipment	-	-
- cars	-	-
<b>Total balance sheet assets</b>	<b>886 074</b>	<b>693 836</b>

NOTE 16D	PLNk	
Fixed assets (off-balance sheet)	2002	2001
- used on the basis of a rental, lease or other agreement, including		
a lease contract, of which:		
- value of land held under perpetual usufruct	18 017	14 150
- transportation means	4 641	6 958
- other equipment	42	7 302
- received for management and use free of charge	-	-
<b>Total off-balance sheet assets</b>	<b>22 700</b>	<b>28 410</b>

NOTE 17A	PLNk	
Other assets	2002	2001
a) assets taken-over - for sale	506	719
b) other, for which:	308 886	219 126
- sundry debtors	222 462	154 644
- settlements	61 211	14 602
- subordinated loans	-	8 892
- loan from the Company Social Fund	22 892	24 432
- other	2 321	16 556
<b>Total other assets</b>	<b>309 392</b>	<b>219 845</b>

NOTE 17B	PLNk	
Assets taken over - for sale	2002	2001
a) assets under construction	-	-
b) real estate	86	85
c) other	420	634
<b>Total assets taken over - for sale</b>	<b>506</b>	<b>719</b>

NOTE 17C	PLNk	
Movement in assets taken over - for sale	2002	2001
<b>Balance at the beginning of the period</b>	<b>719</b>	<b>899</b>
- real estate	85	86
- stocks	27	20
- other	607	793
<b>a) increase (due to)</b>	<b>266</b>	<b>531</b>
- exchanged for debts	-	360
- release of provisions	266	83
- other	-	88

<b>b) decrease (due to)</b>	<b>(479)</b>	<b>(711)</b>
- sale	(479)	(575)
- charges to provisions	-	(83)
- other	-	(53)
<b>Balance at the end of the period</b>	<b>506</b>	<b>719</b>
- real estate	86	85
- stocks	-	27
- other	420	607

#### NOTE 17D

PLNk

<b>Movements in assets taken over - for sale in connected entities (by type)</b>	<b>2002</b>	<b>2001</b>
<b>Balance at the beginning of the period (by type)</b>	-	-
- real estate	-	-
- stocks	-	-
- other	-	-
<b>a) increase (due to)</b>	-	-
- assets taken-over for debts	-	-
- release of provisions	-	-
<b>b) decrease (due to)</b>	-	-
- sale	-	-
- charges to provisions	-	-
- other	-	-
<b>Balance of assets taken-over for sale in connected entities at the end of the period (by type)</b>	-	-
- real estate	-	-
- stocks	-	-
- other	-	-

#### NOTE 18A

PLNk

<b>Prepayments</b>	<b>2002</b>	<b>2001</b>
<b>a) long-term</b>	<b>438 411</b>	<b>206 952</b>
- deferred income tax assets	438 411	206 952
- other pre-payments	-	-
<b>b) short-term, of which:</b>	<b>30 381</b>	<b>190 359</b>
- deferred income tax assets	1 488	169 629
- other pre-payments	22 318	20 594
- insurance settlements	5 927	-
- costs paid in advance	648	136
<b>Total prepayments</b>	<b>468 792</b>	<b>397 311</b>

#### NOTE 18B

PLNk

<b>Movement in deferred tax assets</b>	<b>2002</b>	<b>2001</b>
<b>1. Assets at the beginning of the period, of which</b>	<b>376 581</b>	<b>178 011</b>
- companies consolidated for the first time - opening balance adjustment	4 003	-
<b>1. Assets at the beginning of the period, of which:</b>	<b>380 584</b>	<b>178 011</b>
a) assets that impact the financial result	380 584	178 011
- unrealized deposit interest	60 445	46 843
- unrealized liabilities due to derivatives	68 370	28 937



		PLNk
- specific provisions which are non-taxable costs	174 100	57 707
- other provisions which are non-taxable costs	63 993	34 414
- settlement of loss	696	-
- other	12 980	10 110
b) assets that impact shareholders' equity	-	-
c) assets that impact goodwill or negative goodwill	-	-
<b>2. Increase</b>	<b>86 918</b>	<b>200 745</b>
a) assets that impact the financial result of the period in relation to negative timing differences	86 918	200 745
- tax assets of companies consolidated for the first time at the beginning of the period	-	13 600
- specific provisions which are non-taxable costs	42 027	116 393
- unrealized liabilities due to derivatives	32 785	39 433
- provisions which are not-taxable costs	2 907	28 778
- taxable income due to leasing	8 361	-
- unrealised deposit interest	4	-
- cost accruals	-	-
- deferred tax assets	-	-
- other	834	2 541
b) assets that impact the financial result of the period in relation to a tax loss	-	-
c) assets that impact the shareholders' equity in relation to negative timing differences	-	-
d) assets that impact the shareholders' equity in relation to a tax loss	-	-
e) assets that impact the goodwill or negative goodwill in relation to negative timing differences	-	-
<b>3. Decrease</b>	<b>(27 603)</b>	<b>(2 175)</b>
a) assets that impact the financial result of the period in relation to negative timing differences	(27 193)	(2 175)
- unrealized deposits interests	(11 729)	-
- other provisions which are not-taxable cost	(10 057)	-
- taxable income due to leasing	-	-
- release of cost accruals	-	-
- deferred tax assets	-	-
- exchange differences	-	-
- other	(5 407)	(2 175)
- unrealised liabilities due to derivatives	-	-
b) assets that impact the financial result of the period in relation to a tax loss	(410)	-
c) assets that impact the shareholders' equity in relation to negative timing differences	-	-
d) assets that impact the shareholders' equity in relation to a tax loss	-	-
e) assets that impact the goodwill or negative goodwill in relation to negative timing differences	-	-
<b>4. Balance of deferred tax assets at the end of the period, of which:</b>	<b>439 899</b>	<b>376 581</b>
a) assets that impact the financial result	439 899	376 581
- unrealized deposits interests (not paid)	48 720	60 443
- unrealised liabilities due to derivatives	101 155	68 370
- specific provisions which are non-taxable costs	216 127	174 100
- other provisions which are non-taxable cost	56 843	63 192

- tax loss	286	-
- tax on realized income due to leasing	8 361	-
- other	8 407	10 476
b) assets that impact the shareholders' equity	-	-
c) assets that impact the goodwill or negative goodwill	-	-

The calculation of deferred income tax assets as at 31 December 2002 takes account of the whole amount of specific provisions that will decrease the tax base in the future. Previously, only the provisions for loss debts and part of provisions for doubtful debts which were likely to be realized the next tax year were taken into consideration. As at 31 December 2002 the negative timing differences resulting from in the use of specific provisions in the calculation of deferred income tax assets amounted to PLN 218,072 k.

When calculating deferred income tax assets as at 31 December 2002, specific provisions were taken into account using the tax rate at which timing differences are expected to become realized. As at 31 December 2001 the tax rate was applied which was to be binding in the next tax year. The impact of change in the income tax rates amounts to PLN 7,003k.

#### NOTE 18C

PLNk

<b>Other prepayments</b>	<b>2002</b>	<b>2001</b>
<b>a) prepayments, of which:</b>	<b>28 893</b>	<b>20 730</b>
- costs paid in advance	15 033	19 870
- deferred income	7 296	550
- due to insurance	2 106	-
- other	4 458	310
<b>b) other prepayments, of which:</b>	<b>-</b>	<b>-</b>
-other	-	-
<b>Total other prepayments</b>	<b>28 893</b>	<b>20 730</b>

#### NOTE 19

##### Subordinated loans

a	b		c	d
name of entity	loan value		interest rate	maturity date
	currency of the loan	in PLN k		
-	-	-	-	-

#### NOTE 21A

PLNk

<b>Amounts due to financial sector (by type)</b>	<b>2002</b>	<b>2001</b>
<b>a) funds in accounts and deposits, of which:</b>	<b>2 110 997</b>	<b>1 855 169</b>
- deposits of banks and other financial entities	1 776 550	1 683 621
<b>b) loans and advances received</b>	<b>475 984</b>	<b>156 716</b>
<b>c) own bills of exchange</b>	<b>-</b>	<b>-</b>
<b>d) own issue of securities</b>	<b>-</b>	<b>-</b>
<b>e) other liabilities (due to)</b>	<b>6 112</b>	<b>13 058</b>
- investment accounts of brokerage offices	3	7
- special purpose funds	53	7 118
- Company Social Fund	-	-
- other	6 056	5 933
<b>f) interest</b>	<b>17 515</b>	<b>6 465</b>
<b>Total amounts due to financial sector</b>	<b>2 610 608</b>	<b>2 031 408</b>

NOTE 21B	PLNk	
Amounts due to financial sector (by maturity)	2002	2001
<b>a) current liabilities</b>	<b>770 272</b>	<b>131 697</b>
<b>b) term liabilities with residual maturity of:</b>	<b>1 822 821</b>	<b>1 893 246</b>
- up to 1 month	756 544	1 538 440
- from 1 month to 3 months	376 202	52 466
- over 3 months to 1 year	280 451	192 526
- over 1 year to 5 years	264 424	67 732
- over 5 years to 10 years	145 200	42 082
- over 10 years to 20 years	-	-
- over 20 years	-	-
- overdue amounts	-	-
<b>c) interest</b>	<b>17 515</b>	<b>6 465</b>
<b>Total amounts due to financial sector</b>	<b>2 610 608</b>	<b>2 031 408</b>

NOTE 21C	PLNk	
Amounts due to financial sector (by original maturity)	2002	2001
<b>a) current liabilities</b>	<b>770 272</b>	<b>131 697</b>
<b>b) term liabilities with maturity of:</b>	<b>1 822 821</b>	<b>1 893 246</b>
- up to 1 month	571 904	1 338 008
- from 1 month to 3 months	588 421	176 538
- from 3 months to 1 year	249 980	180 278
- from 1 year to 5 years	97 244	89 256
- over 5 years to 10 years	315 272	109 166
- over 10 years to 20 years	-	-
- over 20 years	-	-
- overdue amounts	-	-
<b>c) interest</b>	<b>17 515</b>	<b>6 465</b>
<b>Total amounts due to financial sector</b>	<b>2 610 608</b>	<b>2 031 408</b>

NOTE 21D	PLNk	
Amounts due to financial sector (by currency)	2002	2001
<b>a) in Polish currency</b>	<b>1 705 137</b>	<b>1 078 883</b>
<b>b) in foreign currencies (by currency and its equivalent in PLN)</b>	<b>905 471</b>	<b>952 525</b>
b1. unit/currency USD	118 867	196 079
PLNk	456 305	781 631
b2. unit/currency EUR	109 094	46 119
PLNk	438 580	162 427
other currencies (in PLNk)	10 586	8 467
<b>Total amounts due to financial sector</b>	<b>2 610 608</b>	<b>2 031 408</b>

NOTE 21E	PLNk	
Amounts due to financial sector	2002	2001
a) to subsidiaries valued under equity method	642	32 705
b) to other entities	2 609 966	1 998 703
<b>Total amounts due to financial sector</b>	<b>2 610 608</b>	<b>2 031 408</b>

NOTE 22A	PLNk	
Amounts due to non-financial sector (by category)	2002	2001
a) funds in accounts and deposits	16 181 207	17 448 921
b) loans and advances received	-	-
c) own bills of exchange	-	-
d) own issue of securities	-	-
e) other liabilities	8 573	10 139
- liabilities in the clearing /settlement process	8 573	10 139
f) interest	168 795	231 558
<b>Total amounts due to non-financial sector</b>	<b>16 358 575</b>	<b>17 690 618</b>

NOTE 22B	PLNk	
Amounts due to non-financial sector - savings deposits (by maturity)	2002	2001
a) current liabilities	-	-
b) term liabilities with residual maturity of:	-	2
- up to 1 month	-	-
- from 1 month to 3 months	-	-
- from 3 months to 1 year	-	-
- from 1 year to 5 years	-	1
- over 5 years to 10 years	-	1
- from 10 years to 20 years	-	-
- over 20 years	-	-
- overdue amounts	-	-
c) interest	-	-
<b>Total amounts due to non-financial sector - savings deposits</b>	<b>-</b>	<b>2</b>

NOTE 22C	PLNk	
Amounts due to non-financial sector - savings deposits (by original maturity)	2002	2001
a) current liabilities	-	-
b) term liabilities with maturity of:	-	2
- up to 1 month	-	-
- from 1 month to 3 months	-	2
- from 3 months to 1 year	-	-
- from 1 year to 5 years	-	-
- over 5 years to 10 years	-	-
- from 10 years to 20 years	-	-
- over 20 years	-	-
- overdue amounts	-	-
c) interest	-	-
<b>Total amounts due to non-financial sector - savings deposits</b>	<b>-</b>	<b>2</b>

NOTE 22D	PLNk	
Amounts due to non-financial sector - other (by maturity)	2002	2001
a) current liabilities	4 521 569	4 856 020
b) term liabilities with residual maturity of:	11 668 211	12 603 038
- up to 1 month	4 873 545	5 196 110
- from 1 month to 3 months	2 533 222	3 186 339
- from 3 months to 1 year	3 121 201	2 133 107

- from 1 year to 5 years	831 616	1 753 590
- over 5 years to 10 years	308 627	333 892
- from 10 years to 20 years	-	-
- over 20 years	-	-
- overdue amounts	-	-
<b>c) interest</b>	<b>168 795</b>	<b>231 558</b>
<b>Total of other amounts due to non-financial sector</b>	<b>16 358 575</b>	<b>17 690 616</b>

**NOTE 22E**

PLNk

<b>Amounts due to non-financial sector - other (by original maturity)</b>	<b>2002</b>	<b>2001</b>
<b>a) current liabilities</b>	<b>4 521 569</b>	<b>4 856 020</b>
<b>b) term liabilities with maturity of:</b>	<b>11 668 211</b>	<b>12 603 038</b>
- up to 1 month	3 358 146	3 670 073
- from 1 month to 3 months	2 666 716	4 421 244
- from 3 months to 1 year	3 166 570	4 012 936
- from 1 year to 5 years	2 165 512	498 785
- over 5 years to 10 years	311 267	-
- from 10 years to 20 years	-	-
- over 20 years	-	-
- overdue amounts	-	-
<b>c) interest</b>	<b>168 795</b>	<b>231 558</b>
<b>Total of other amounts due to non-financial sector</b>	<b>16 358 575</b>	<b>17 690 616</b>

**NOTE 22F**

PLNk

<b>Amounts due to non-financial sector (by currency)</b>	<b>2002</b>	<b>2001</b>
<b>a) in Polish currency</b>	<b>13 641 043</b>	<b>14 905 894</b>
<b>b) in foreign currencies (by currency and its equivalent in PLN)</b>	<b>2 717 532</b>	<b>2 784 724</b>
b1. unit/currency USD	342 753	361 612
PLNk	1 315 760	1 441 496
b2. unit/currency EUR	324 154	353 771
PLNk	1 303 163	1 245 956
b3. unit/currency GBP	12 779	11 523
PLNk	78 977	66 509
other currencies (in PLNk)	19 632	30 763
<b>Total amounts due to non-financial sector</b>	<b>16 358 575</b>	<b>17 690 618</b>

**NOTE 22G**

PLNk

<b>Amounts due to non-financial sector</b>	<b>2002</b>	<b>2001</b>
a) to subordinated entities valued under equity method	103 698	5 645
b) to other entities	16 254 877	17 684 973
<b>Total amounts due to non-financial sector</b>	<b>16 358 575</b>	<b>17 690 618</b>

**NOTE 23A**

PLNk

<b>Amounts due to public sector (by type)</b>	<b>2002</b>	<b>2001</b>
<b>a) funds in accounts and deposits</b>	<b>992 471</b>	<b>1 157 613</b>
<b>b) loans and advances received</b>	-	-
<b>c) own bills of exchange</b>	-	-
<b>d) own issue of securities</b>	-	-

<b>e) other amounts due</b>	<b>1 965</b>	<b>2 262</b>
- liabilities in the clearing/settlement process	11	149
- ARiMR amounts	1 954	2 071
- tax, customs duties, insurance	-	-
- other	-	42
<b>f) interest</b>	<b>402</b>	<b>2 180</b>
<b>Total amounts due to public sector</b>	<b>994 838</b>	<b>1 162 055</b>

#### NOTE 23B

PLNk

Amounts due to public sector - total savings deposits (by maturity)	2002	2001
<b>a) current liabilities</b>	-	-
<b>b) term liabilities with residual maturity of:</b>	-	-
- up to 1 month	-	-
- from 1 month to 3 months	-	-
- from 3 months to 1 year	-	-
- from 1 year to 5 years	-	-
- over 5 years to 10 years	-	-
- from 10 years to 20 years	-	-
- over 20 years	-	-
- overdue amounts	-	-
<b>c) interest</b>	-	-
<b>Amounts due to public sector - total savings deposits</b>	-	-

#### NOTE 23C

PLNk

Amounts due to public sector - total savings deposits (by original maturity)	2002	2001
<b>a) current liabilities</b>	-	-
<b>b) term liabilities with residual maturity of:</b>	-	-
- up to 1 month	-	-
- from 1 month to 3 months	-	-
- from 3 months to 1 year	-	-
- from 1 year to 5 years	-	-
- over 5 years to 10 years	-	-
- from 10 years to 20 years	-	-
- over 20 years	-	-
- overdue amounts	-	-
<b>c) interest</b>	-	-
<b>Amounts due to public sector - total savings deposits</b>	-	-

#### NOTE 23D

PLNk

Amounts due to public sector - other (by maturity)	2002	2001
<b>a) current liabilities</b>	<b>569 808</b>	<b>596 492</b>
<b>b) term liabilities with residual maturity of:</b>	<b>424 628</b>	<b>563 383</b>
- up to 1 month	391 716	500 851
- from 1 month to 3 months	25 706	39 609
- from 3 months to 1 year	6 807	21 732
- from 1 year to 5 years	399	884
- over 5 years to 10 years	-	307
- from 10 years to 20 years	-	-

- over 20 years	-	-
- overdue amounts	-	-
<b>c) interest</b>	<b>402</b>	<b>2 180</b>
<b>Total of other amounts due to public sector</b>	<b>994 838</b>	<b>1 162 055</b>

**NOTE 23E**

PLNk

<b>Amounts due to public sector - other (by original maturity)</b>	<b>2002</b>	<b>2001</b>
<b>a) current liabilities</b>	<b>569 808</b>	<b>596 492</b>
<b>b) term liabilities with residual maturity of:</b>	<b>424 628</b>	<b>563 383</b>
- up to 1 month	378 220	465 139
- from 1 month to 3 months	36 580	78 809
- from 3 months to 1 year	8 832	17 652
- from 1 year to 5 years	996	1 783
- over 5 years to 10 years	-	-
- from 10 years to 20 years	-	-
- over 20 years	-	-
- overdue amounts	-	-
<b>c) interest</b>	<b>402</b>	<b>2 180</b>
<b>Total of other amounts due to public sector</b>	<b>994 838</b>	<b>1 162 055</b>

**NOTE 23F**

PLNk

<b>Amounts due to public sector (by currency)</b>	<b>2002</b>	<b>2001</b>
<b>a) in Polish currency</b>	<b>984 331</b>	<b>1 144 803</b>
<b>b) in foreign currencies (by currency and its equivalent in PLN)</b>	<b>10 507</b>	<b>17 252</b>
b1. unit/currency EUR	2 087	4 344
PLNk	8 392	15 298
b2. unit/currency USD	497	433
PLNk	1 909	1 725
b3. unit/currency GBP	33	37
PLNk	206	215
other currencies (in PLNk)	-	14
<b>Total amounts due to public sector</b>	<b>994 838</b>	<b>1 162 055</b>

Data displayed in the notes include amounts due to subsidiaries and associates that are not consolidated on line-by-line basis.

**NOTE 24**

PLNk

<b>Amounts payable on securities sold which are subject to repurchase agreements</b>	<b>2002</b>	<b>2001</b>
a) to financial sector	20 000	-
b) to non-financial and public sectors	-	-
c) interest	4	-
<b>Total amounts payable on securities sold which are subject to repurchase agreements</b>	<b>20 004</b>	<b>-</b>

**NOTE 25A**

PLNk

	2002	2001
<b>Liabilities arising from the issue of debt securities</b>		
a) bonds	381 823	-
b) certificates	-	-
c) other (by type)	-	-
d) interest	-	-
<b>Total liabilities arising from the issue of debt securities</b>	<b>381 823</b>	<b>-</b>

*Liabilities arising from the issue of debt securities have been decreased by the discount in the amount of PLN 17,654 k*

**NOTE 25B**

PLNk

	2002	2001
<b>Movement in the balance of liabilities arising from the issue of debt securities</b>		
<b>Balance at the beginning of the period</b>	<b>-</b>	<b>1 642</b>
a) increase (due to)	381 823	-
- issue	381 823	-
b) decrease (due to)	-	(1 642)
- other	-	-
- securities matured	-	(1 642)
<b>Balance of liabilities arising from the issue of debt securities at the end of the period</b>	<b>381 823</b>	<b>-</b>





**NOTE 25C****Long-term liabilities arising from the issue of debt securities**

PLNk

a	b	c	d	e	f	g	h
debt financial instruments by type	nominal value less discount	interest rate	repurchase date	guarantees/ collaterals	additional rights	market of quotations	other
commercial bonds	153 125	small investors tranche 4.25 large investors tranche 5.75	2003-11-06	none	none	Central Table of Offers	none
commercial bonds	180 190	small investors tranche 4.25 large investors tranche 5.75	2003-11-19	none	none	Central Table of Offers	none
commercial bonds	48 508	small investors tranche 4.25 large investors tranche 5.75	2003-12-09	none	none	Central Table of Offers	none
Total	381 823						

NOTE 26	PLNk	
<b>Special funds and other liabilities</b>	<b>2002</b>	<b>2001</b>
<b>a) special funds</b>	<b>38 980</b>	<b>34 895</b>
- special funds	38 980	34 895
<b>b) other liabilities (due to)</b>	<b>638 729</b>	<b>662 776</b>
- sundry creditors	190 546	172 834
- settlement accounts	447 466	489 942
- other	717	-
<b>Special funds and other liabilities in total</b>	<b>677 709</b>	<b>697 671</b>

NOTE 27A	PLNk	
<b>Accrued expenses</b>	<b>2002</b>	<b>2001</b>
<b>a) short-term, of which:</b>	<b>124 069</b>	<b>148 669</b>
- pre-paid income	17 747	42 128
- costs to be paid	88 988	106 541
- deferred income	17 334	-
<b>b) long-term, of which:</b>	<b>44 581</b>	<b>45 321</b>
- pre-paid income	44 581	45 321
<b>Total accrued expenses</b>	<b>168 650</b>	<b>193 990</b>

NOTE 27B	PLNk	
<b>Movement in the balance of negative goodwill</b>	<b>2002</b>	<b>2001</b>
<b>Balance at the beginning of the period</b>	-	-
<b>a) increase (due to)</b>	-	-
<b>b) decrease (due to)</b>	-	-
<b>Balance of negative goodwill at the end of the period</b>	-	-

NOTE 27C	PLNk	
<b>Other deferred and suspended income</b>	<b>2002</b>	<b>2001</b>
<b>a) short-term, of which:</b>	<b>434 473</b>	<b>494 136</b>
- suspended interest	428 448	478 693
- interest capitalised based on separate agreements	10	4 088
- other	6 015	11 355
<b>b) long-term, of which:</b>	-	-
<b>Other deferred and suspended income, total</b>	<b>434 473</b>	<b>494 136</b>

NOTE 28A	PLNk	
<b>Negative goodwill of subordinated entities</b>	<b>2002</b>	<b>2001</b>
a) negative goodwill - subsidiaries	6 745	-
b) negative goodwill - joint-ventures	-	-
c) negative goodwill - associates	2 634	-
<b>Total negative goodwill of subordinated entities</b>	<b>9 379</b>	-

NOTE 28B	PLNk	
<b>Movement in the balance of negative goodwill - subsidiaries</b>	<b>2002</b>	<b>2001</b>
<b>a) gross negative value at the beginning of the period</b>	-	-
<b>b) increase (due to)</b>	<b>12 240</b>	-
- consolidation for the first time	12 240	-

c) decrease (due to)	-	-
d) gross negative goodwill at the end of the period	12 240	-
e) amortization of negative goodwill at the beginning of the period	-	-
f) amortization of negative goodwill for the period	(5 495)	-
- write-down as at the first consolidation date	(3 047)	-
- current write-down of negative goodwill	(2 448)	-
g) amortization of negative goodwill at the end of the period	(5 495)	-
h) net value at the end of the period	6 745	-

## NOTE 28C

PLNk

Movement in the balance of negative goodwill - joint ventures	2002	2001
a) gross negative value at the beginning of the period	-	-
b) increase (due to)	-	-
c) decrease (due to)	-	-
d) gross negative goodwill at the end of the period	-	-
e) amortization of negative goodwill at the beginning of the period	-	-
f) amortization of negative goodwill for the period	-	-
g) amortization of negative goodwill at the end of the period	-	-
h) net value at the end of the period	-	-

## NOTE 28D

PLNk

Movement in the balance of negative goodwill - associates	2002	2001
a) gross negative value at the beginning of the period	-	-
b) increase (due to)	3 581	-
- first valuation based on equity method	3 581	-
c) decrease (due to)	-	-
d) gross negative goodwill at the end of the period	3 581	-
e) amortization of negative goodwill at the beginning of the period	-	-
f) amortization of negative goodwill for the period	(947)	-
- write-down of the first valuation based on equity method	(230)	-
- current write-down of negative goodwill	(717)	-
g) amortization of negative goodwill at the end of the period	(947)	-
h) net value at the end of the period	2 634	-

Negative goodwill arising from consolidation as displayed in Note 28 refers to BZ WBK Leasing S.A., NFI Magna S.A. and LZPS Protector S.A.

Negative goodwill from consolidation of BZ WBK Leasing S.A. as at the day of taking control by Bank Zachodni WBK S.A. (September 2000).

1. purchase price of BZ WBK Leasing shares paid by Bank Zachodni WBK S.A.	PLN 5,213k
2. net assets of BZ WBK Leasing S.A. at market price as at the day of taking control by Bank Zachodni WBK S.A.	PLN 17,402k
3. Bank Zachodni WBK S.A.'s contribution to the BZ WBK Leasing share capital	100 %
4. net assets as at the day of taking control by Bank Zachodni WBK S.A. in proportion to Bank Zachodni WBK's contribution to the share capital	PLN 17,402k
5. negative goodwill from consolidation as at September 2000	PLN 12,189k

Increase/decrease of negative goodwill from consolidation in the period from September 2000 to December 2002	PLN 51k
Gross value as at 31 December 2002	PLN 12,240k
Amortization of negative goodwill from consolidation for the period from September 2000 to December 2002:	
as at the first consolidation day, i.e. 1 January 2002	PLN (3,047)k
1.01.2002 - 31.12.2002	PLN (2,448)k
Total negative goodwill from consolidation written-down as at 31 December 2002	PLN (5,495)k
Negative goodwill (net) of BZ WBK Leasing S.A. as at 31 December 2002	PLN 6,745k
Negative goodwill from consolidation of NFI Magna S.A. as at the day of taking control by Bank Zachodni WBK S.A. (June 2001).	
1. purchase price of NFI Magna Polonia shares paid by Bank Zachodni WBK S.A.	PLN 42,073k
2. net assets of NFI Magna Polonia S.A. at market price as at the day of taking control by Bank Zachodni WBK S.A.	PLN 205,730k
3. Bank Zachodni WBK's contribution to the share capital of NFI Magna Polonia S.A.	21.57%
4. net assets as at the day of taking control by Bank Zachodni WBK S.A. in proportion to Bank Zachodni WBK's contribution to the share capital	PLN 44,376k
5. negative goodwill from consolidation as at June 2001	PLN 2,303k
Increase/decrease of negative goodwill from consolidation in the period: from June 2001 to December 2002	
Gross value as at 31 December 2002	PLN 2,303k
Amortization of negative goodwill from consolidation for the period from June 2000 to December 2002 as at the first consolidation day, i.e. 1 January 2002	
1.01.2002 - 31.12.2002	PLN( 230)k
Total negative goodwill from consolidation written down as at 31 December 2002	PLN (461)k
Negative goodwill (net) of NFI Magna Polonia S.A.as at 31 December 2002	PLN (691)k
Negative goodwill arising from consolidation of LZPS Protector S.A. as at the day of taking control by Bank Zachodni WBK S.A. ( December 2000)	
1. purchase price of LZPS Protector shares paid by Bank Zachodni WBK S.A.	PLN 1,605k
2. net assets of LZPS Protector at market price as at the day of taking control by Bank Zachodni WBK S.A.	PLN 13,225k
3. Bank Zachodni WBK's contribution to the share capital of LZPS Protector S.A.	21.80%
4. net assets as at the day of taking control by Bank Zachodni WBK S.A. in proportion to Bank Zachodni WBK contribution to the share capital	PLN 2,883k
5. negative goodwill from consolidation as at December 2001	PLN 1,278k
Increase/decrease of negative goodwill arising from consolidation in the period: from December 2001 to December 2002	
Gross value as at 31 December 2002	-
Amortization of negative goodwill from consolidation for the period from December 2001 to December 2002:	
1.01.2002 - 31.12.2002	PLN (256)k
Total negative goodwill from consolidation written down as at 31 December 2002	PLN (256)k
Negative goodwill (net) of LZPS Protector as at 31 December 2002	PLN 1,022k

## NOTE 29A

	PLNk	
Movement in the balance of deferred tax provision	2002	2001
<b>1. Balance of deferred tax provision at the beginning of the period C638</b>	<b>253 952</b>	<b>217 417</b>
- companies consolidated for the first time - opening balance adjustment	5 744	
<b>1. Balance of deferred tax provision at the beginning of the period, which:</b>	<b>259 696</b>	<b>217 417</b>
a) impacts the financial result	256 789	217 417
- unrealised loans interests (accrued, not received)	21 877	29 766
- unrealised interests from securities and interbank deposits	90 432	74 371

		PLNk
- unrealised receivables on derivatives	75 636	49 087
- unrealised interest income on restructuring bonds	35 444	40 956
- provision due to application of investment relief	20 800	23 156
- balance sheet valuation	445	
- other	12 155	81
b) impacts the shareholders' equity	2 907	-
c) impacts the goodwill or negative goodwill	-	-
<b>2. Increases, which</b>	<b>85 447</b>	<b>52 524</b>
a) impact the financial result of the period due to positive timing differences	39 442	52 524
- unrealised loan interests	96	
- balance sheet valuation	895	-
- unrealised interests from securities and interbank deposits	33 584	16 050
- unrealised receivables due to derivatives		26 549
- income memorial taken to profit	545	105
- other	4 322	9 820
b) impact the shareholders' equity in relation to positive timing differences	46 005	-
- valuation of assets and liabilities as at 31.12.2001	46 005	-
c) impact the goodwill or negative goodwill in relation to positive timing differences	-	-
<b>3. Decreases, which</b>	<b>(52 669)</b>	<b>(15 989)</b>
a) impact the financial result of the period in relation to positive timing differences	(51 870)	(15 989)
- unrealised loans interests	(13 242)	(8 026)
- unrealised interest income on restructuring bonds	(5 996)	(5 512)
- provision due to application of investment relief	(4 756)	(2 356)
- unrealised receivables on derivatives	(25 098)	-
- released provisions to future income	(105)	(95)
- balance sheet valuation	(445)	
- other	(2 228)	-
b) impact the shareholders' equity in relation to positive timing differences	(799)	-
c) impact the goodwill or negative goodwill in relation to positive timing differences	-	-
<b>4. Total balance of deferred tax provision at the end of the period in total, comprising balances which:</b>	<b>292 474</b>	<b>253 952</b>
a) impact the financial result	244 361	253 952
- unrealised loans interests (accrued, not received)	8 731	21 740
- unrealised interests from securities and interbank deposits	124 016	90 421
- unrealised receivables due to derivatives	50 538	75 636
- unrealised interest income on restructuring bonds	30 002	35 444
- provision due to application of investment relief	16 044	20 800
- balance sheet valuation	895	-
- other	14 135	9 911
b) impact the shareholders' equity	48 113	-
- valuation of assets and liabilities as at 31.12.2002	48 113	-
c) impact the goodwill or negative goodwill	-	-

NOTE 29B	PLNk	
Deferred tax provision (by currency)	2002	2001
a) in Polish currency	292 474	253 952
b) in foreign currencies (by currency and its equivalent in PLN)	-	-
b1. unit/currency ... / ...	-	-
PLNk	-	-
other currencies (in PLNk)	-	-
<b>Total deferred tax provision</b>	<b>292 474</b>	<b>253 952</b>

NOTE 29C	PLNk	
Other provisions (by category), of which:	2002	2001
- for contingent liabilities	17 053	14 162
- for general risk	87 537	87 537
- for disputable items	6 004	19 763
<b>Other provisions, total</b>	<b>110 594</b>	<b>121 462</b>

NOTE 29D	PLNk	
Other provisions	2002	2001
a) short-term (by type):	-	-
b) long-term (by type):	110 594	121 462
- contingent liabilities	17 053	14 162
- for general risk	87 537	87 537
- for disputable items	6 004	19 763
<b>Other provisions, total</b>	<b>110 594</b>	<b>121 462</b>

NOTE 29E	PLNk	
Other provisions (by currency)	2002	2001
a) in Polish currency	109 874	116 026
b) in foreign currencies (by currency and its equivalent in PLN)	720	5 436
b1. unit/currency EUR	162	1 531
PLNk	651	5 172
other currencies (in PLNk)	69	264
<b>Other provisions, total</b>	<b>110 594</b>	<b>121 462</b>

NOTE 29F	PLNk	
Movement in the balance of other short-term provisions	2002	2001
Balance at the beginning of the period (by type)	-	-
a) increase (due to)	-	-
b) utilization	-	-
c) release	-	-
Balance of other short-term provisions at the end of the period (by type)	-	-
<b>Total balance of other short-term provisions at the end of the period</b>	<b>-</b>	<b>-</b>

NOTE 29G	PLNk	
<b>Movement in the balance of long-term provisions</b>	<b>2002</b>	<b>2001</b>
<b>Balance at the beginning of the period (by type)</b>	<b>121 462</b>	<b>134 762</b>
- for off-balance sheet contingent liabilities	14 162	10 437
- for General Risk	87 537	117 537
- for disputable items	19 763	6 788
<b>a) increase (due to)</b>	<b>44 771</b>	<b>35 873</b>
- write-off due to off-balance sheet liabilities	44 596	22 898
- foreign exchanges differences relating to provision for off-balance sheet liabilities	175	-
- other	-	12 975
<b>b) utilization (due to)</b>	<b>(2 069)</b>	<b>-</b>
- disputable items	(2 069)	-
- damages paid	-	-
<b>c) release (due to)</b>	<b>(53 570)</b>	<b>(49 173)</b>
- costs to be paid	-	-
- General Risk	(41 880)	(30 000)
- disputable items	(11 690)	-
- off-balance sheet liabilities	-	(19 173)
<b>Balance of other long-term provisions at the end of the period</b>	<b>110 594</b>	<b>121 462</b>
- off-balance sheet liabilities	17 053	14 162
- General Risk	87 537	87 537
- disputable items	6 004	19 763
<b>Total balance of other long-term provisions at the end of the period</b>	<b>110 594</b>	<b>121 462</b>

Note 30A	PLNk	
<b>Subordinated debts</b>		

a	b		c	d	e	f
name of the borrower	value of loan		interest rate	maturity date	balance of subordinated debts	interest
	currency	PLNk				
-	-	-	-	-	-	-

NOTE 30B	PLNk	
<b>Movement in the balance of subordinated liabilities</b>	<b>2002</b>	<b>2001</b>
<b>Balance at the beginning of the period</b>	<b>10 048</b>	<b>10 048</b>
<b>a) increase (due to)</b>	<b>-</b>	<b>100</b>
- interest	-	100
<b>b) decrease (due to)</b>	<b>(10 048)</b>	<b>(100)</b>
- interest	-	(100)
<b>Balance of subordinated liabilities at the end of the period</b>	<b>-</b>	<b>10 048</b>

## NOTE 31

PLNk

	2002	2001
<b>Movement in the balance of minority interests</b>		
<b>Balance at the beginning of the period</b>	-	593
<b>a) increase</b>	10 749	-
- minority capital as at date of consolidation for the first time	6 949	-
- shareholders' net profit	3 800	-
<b>b) decrease</b>	(2 959)	(593)
- dividend paid to minority shareholders	(2 428)	-
- accounting policy changes and revaluation of assets	(531)	-
- other	-	(593)
<b>Balance of minority interests at the end of the period</b>	7 790	-





**NOTE 32****Share capital (structure)** Nominal value of one share = 10,00 PLN

PLNk

Series/issue	Type of shares	Type of preference	Limitation of rights to shares	Number of shares	Nominal value of series/issue	Form of contributing the capital	Registration date	Right to dividend (beginning from)
A	bearer	none	none	5 120 000	51 200	cash	08.11.1991	01.01.1992
B	bearer	none	none	724 073	7 241	non-cash	21.12.1996	01.01.1997
C	bearer	none	none	22 155 927	221 559	cash	31.12.1996	01.01.1997
D	bearer	none	none	1 470 589	14 706	cash	25.10.1999	01.01.2000
E	bearer	none	none	980 393	9 804	cash	17.05.2000	01.01.2001
F	bearer	none	none	2 500 000	25 000	cash	30.11.2000	01.01.2001
G	bearer	none	none	40 009 302	400 093	non-cash	13.06.2001	01.01.2002
<b>Total number of shares</b>				<b>72 960 284</b>				
<b>Total share capital</b>					<b>729 603</b>			

According to the best knowledge of the Management Board of Bank Zachodni WBK S.A., AIB European Investments Ltd. based in Dublin was the only shareholder with more than 5% of the total number of votes at AGM.

## NOTE 33A

PLNk

## Issuer's shares

a	b	c	d	e
number of shares	value at purchase	balance sheet value	purpose of acquisition	designation
-	-	-	-	-

## NOTE 33B

PLNk

## Issuer's shares owned by subordinated entities

a	b	c	d
name (company) of the entity, registered office	number of shares	value at purchase price	balance sheet value
-	-	-	-

## NOTE 34

PLNk

Supplementary capital	2002	2001
a) due to sale of shares over nominal value	261 699	261 857
b) created as required by law	112 211	117 094
c) created in line with Statutes	-	-
d) contributed by shareholders	-	-
e) other (by category)	1 515	1 515
- other	1 515	1 515
<b>Total supplementary capital</b>	<b>375 425</b>	<b>380 466</b>

## NOTE 35

PLNk

Revaluation reserve	2002	2001
a) revaluation of fixed assets	68 733	70 087
b) deferred income tax	(45 779)	-
c) foreign exchange differences relating to foreign branches	-	-
d) other (by type)	169 552	-
- write-down of debt securities	3 357	-
- write-down of shares and interests	165 999	-
- write-down of other financial assets	139	-
- write-down of leased tangible assets	57	-
<b>Total revaluation reserve</b>	<b>192 506</b>	<b>70 087</b>

## NOTE 36

PLNk

Other reserve capital (by its purpose)	2002	2001
- general risk fund	339 810	259 810
- reserve capital	598 419	560 583
<b>Other reserve capital, total</b>	<b>938 229</b>	<b>820 393</b>

## NOTE 37

PLNk

Solvency ratio	2001
1. Risk weighted assets and off-balance sheet liabilities	13 732 682
2. Basic funds	1 938 021
share capital	729 603
supplementary capital	373 371
other reserve capital	835 047
3. Deductions from basic capital	(3 999)

4. Supplementary funds	70 087
reserve capital arising from revaluation	70 087
5. Deductions from basic and supplementary funds	(200 210)
6. Own funds used for calculation of solvency ratio	1 803 899
<b>Solvency ratio</b>	<b>13,14%</b>

<b>Solvency ratio</b>	<b>2002</b>
1. Total capital required	1 390 835
2. Own funds used for calculation of solvency ratio	1 800 532
- basic funds	2 058 498
- supplementary funds	68 790
- deductions from the basic and supplementary funds	(326 756)
<b>3. Solvency ratio</b>	<b>10,36 %</b>

Effective from January 1, 2002, there was a change in the way of solvency ratio calculation and presentation of the respective algorithm. The new formula for the solvency ratio is as follows: own funds (decreased by the amount in excess of capital concentration threshold) are in the numerator of the quotient and hypothetical risk-weighted assets (total capital requirement times 12.5) in the denominator. Own funds used for the calculation of the ratio are decreased by the capital from revaluation in accordance with article 127 of the Banking Law.

<b>NOTE 38</b>		PLNk
<b>Net book value</b>	<b>2002</b>	<b>2001</b>
Share capital	729 603	729 603
Supplementary capital	375 425	380 466
Reserve capital	938 229	820 393
Reserve capital arising on revaluation	192 506	70 087
Retained profits from previous years	7 451	5 374
Net profit of current year (in PLNk)	272 693	148 509
<b>Net book value (PLNk)</b>	<b>2 515 907</b>	<b>2 154 432</b>
Number of shares	72 960 284	72 960 284
<b>Net book value per share (in PLN)</b>	<b>34,48</b>	<b>29,53</b>

<b>NOTE 39</b>		PLNk
<b>Contingent liabilities toward connected entities</b>	<b>2002</b>	<b>2001</b>
<b>a) granted guarantees for the benefit of:</b>	<b>2 057</b>	<b>160</b>
- subsidiaries	2 057	160
- joint ventures	-	-
- associates	-	-
- significant investor	-	-
- dominant entity	-	-
<b>b) other</b>	<b>14 691</b>	<b>36 403</b>
- open credit line	14 691	36 403
- of which: for the benefit of subsidiaries	11 689	36 395
- of which: for the benefit of joint-ventures	-	-
- of which: for the benefit of associates	3 002	8
- of which: for the benefit of significant investor	-	-
- of which: for the benefit of dominant entity	-	-
- of which: for the benefit of subsidiaries	-	-
- of which: for the benefit of joint ventures	-	-

- of which: for the benefit of associates	-	-
- of which: for the benefit of significant investor	-	-
- of which: for the benefit of dominant entity	-	-
<b>Contingent liabilities for the benefit of connected entities in total</b>	<b>16 748</b>	<b>36 563</b>

#### NOTE 40

	PLNk	
<b>Contingent liabilities from connected entities</b>	<b>2002</b>	<b>2001</b>
<b>a) received guarantees:</b>	-	-
- from subsidiaries	-	-
- from joint-ventures	-	-
- from associates	-	-
- from significant investor	-	-
- from dominant entity	-	-
<b>b) other</b>	-	-
- of which: from subsidiaries	-	-
- of which: from joint-ventures	-	-
- of which: from associates	-	-
- of which: from significant investor	-	-
- of which: from dominant entity	-	-
- of which: from subsidiaries	-	-
- of which: from joint-ventures	-	-
- of which: from associates	-	-
- of which: from significant investor	-	-
- of which: from dominant entity	-	-
<b>Total contingent liabilities from connected entities</b>	<b>-</b>	<b>-</b>

#### NOTE 41

	PLNk	
<b>Interest income</b>	<b>2002</b>	<b>2001</b>
a) from financial sector	221 611	416 812
b) from non-financial sector	1 071 911	1 537 667
c) from public sector	34 790	52 771
d) from securities with fixed yield	506 790	643 076
e) other	-	-
<b>Total interest income</b>	<b>1 835 102</b>	<b>2 650 326</b>

#### NOTE 42

	PLNk	
<b>Interest expense</b>	<b>2002</b>	<b>2001</b>
a) from financial sector	(150 777)	(225 865)
b) from non-financial sector	(811 084)	(1 685 482)
c) from public sector	(54 018)	(117 229)
d) other	-	-
<b>Total interest expense</b>	<b>(1 015 879)</b>	<b>(2 028 576)</b>

#### NOTE 43

	PLNk	
<b>Commission income</b>	<b>2002</b>	<b>2001</b>
b) commissions on brokerage operations	531 887	456 336
a) commissions on banking operations	22 067	24 993
<b>Commission income, total</b>	<b>553 954</b>	<b>481 329</b>

NOTE 44	PLNk	
<b>Income from shares or interests, other securities and other financial instruments with variable yield</b>	<b>2002</b>	<b>2001</b>
a) from subsidiaries	-	6 723
b) from joint-ventures	-	-
c) from associates	(720)	15 938
d) from other entities	30 854	-
<b>Total income from shares or interests, other securities and other financial instruments with variable yield</b>	<b>30 134</b>	<b>22 661</b>

*"Income on shares and interests, other securities and other financial instruments with variable yield" includes dividends as well as income and cost of shares and interests in unconsolidated subsidiaries, associates and other entities.*

NOTE 45	PLNk	
<b>Profit on financial operations</b>	<b>2002</b>	<b>2001</b>
<b>a) securities and other financial instruments</b>	<b>242 669</b>	<b>399 100</b>
- income on operations in securities and other financial instruments	1 275 083	1 428 758
- costs of operations in securities and other financial instruments	(1 032 414)	(1 029 658)
<b>b) other</b>	<b>4 301</b>	<b>-</b>
<b>Total profit on financial operations</b>	<b>246 970</b>	<b>399 100</b>

NOTE 46	PLNk	
<b>Other operating income</b>	<b>2002</b>	<b>2001</b>
a) from management of third party assets	8 489	10 971
b) sales or liquidation of fixed assets, intangible assets and assets for disposal	2 508	14 435
c) recovery of prescribed, written-off and irrecoverable debts	524	451
d) received compensations, penalties and fines	616	824
e) received donations	15	20
f) other (due to)	62 054	27 021
- sundry income	9 269	12 690
- release of expense accruals, other assets	15 253	3 449
- release of provision	9 157	-
- other	28 375	10 882
<b>Other operating income, total</b>	<b>74 206</b>	<b>53 722</b>

NOTE 47	PLNk	
<b>Other operating costs</b>	<b>2002</b>	<b>2001</b>
a) from management of third party assets	(1 775)	(2 000)
b) sales or liquidation of fixed assets, intangible assets and assets for disposal	(703)	(7 604)
c) receivables written-off	(759)	(873)
d) paid compensations, penalties and fines	(1 489)	(1 932)
e) donations granted	(1 328)	(1 428)
f) other (due to)	(21 211)	(63 543)
- sundry costs	(605)	(588)
- contributions to organisations where membership is not obligatory	(664)	(880)
- other assets	-	(18 546)
- costs of court proceedings	(2 758)	(3 156)
- deficiencies and damages	(79)	(96)

- unplanned depreciation charges	(1 751)	(33 409)
- other	(15 354)	(6 868)
<b>Other operating costs, total</b>	<b>(27 265)</b>	<b>(77 380)</b>

#### NOTE 48

PLNk

<b>Bank's operating costs and general management costs</b>	<b>2002</b>	<b>2001</b>
a) remuneration	(435 592)	(520 763)
b) insurance and other employment costs	(112 727)	(99 474)
c) tangible costs	(264 887)	(229 250)
d) taxes and fees	(15 182)	(12 859)
e) contribution to the Bank Guarantee Fund	(5 771)	(9 391)
f) other (due to)	(233 807)	(237 489)
- repairs and renovations	(13 146)	(27 894)
- services	(83 599)	(73 247)
- security	(31 310)	(35 439)
- maintenance and rental costs	(105 752)	(100 909)
<b>Bank's operating costs and general management costs, total</b>	<b>(1 067 966)</b>	<b>(1 109 226)</b>

#### NOTE 49

PLNk

<b>Charge of provisions and revaluation</b>	<b>2002</b>	<b>2001</b>
<b>a) transfers to provisions for:</b>	<b>(1 172 697)</b>	<b>(853 950)</b>
- regular receivables	-	-
- watch receivables	(3 200)	(43 286)
- problem receivables	(1 133 446)	(787 605)
- general banking risk	(36 051)	(22 898)
- off-balance sheet liabilities	-	(161)
<b>b) revaluation:</b>	<b>(33 796)</b>	<b>(5 004)</b>
- financial assets	(33 796)	(5 004)
- other	-	-
<b>Total transfers to provisions and revaluation</b>	<b>(1 206 493)</b>	<b>(858 954)</b>

#### NOTE 50

PLNk

<b>Release of provisions</b>	<b>2002</b>	<b>2001</b>
<b>a) release of provisions for:</b>	<b>1 020 629</b>	<b>623 005</b>
- regular receivables	-	-
- watch receivables	11 200	25 846
- problem receivables	967 570	547 622
- general banking risk	-	30 000
- off-balance sheet liabilities	41 859	19 173
- other	-	364
<b>b) revaluation:</b>	<b>16 676</b>	<b>45 740</b>
- financial assets	16 676	45 740
- other	-	-
<b>Total release of provisions</b>	<b>1 037 305</b>	<b>668 745</b>

NOTE 51		PLNk	
Profit (loss) on sale of all or part of shares in subordinated entities		2002	2001
<b>a) profit on sales of shares and interests</b>		-	-
- in subsidiaries		-	-
- in joint-ventures		-	-
- in associates		-	-
<b>b) loss on sale of shares and interests</b>		<b>(720)</b>	-
- in subsidiaries		-	-
- in joint-ventures		-	-
- in associates		(720)	-
<b>Total profit (loss) on sale of all or part of shares in subordinated entities</b>		<b>(720)</b>	-

NOTE 52		PLNk	
Extraordinary gains		2002	2001
a) force majeure		499	286
b) other (due to)		-	-
<b>Extraordinary gains, total</b>		<b>499</b>	<b>286</b>

NOTE 53		PLNk	
Extraordinary losses		2002	2001
a) force majeure		(310)	(496)
b) other (due to)		-	-
<b>Extraordinary losses, total</b>		<b>(310)</b>	<b>(496)</b>

*Items other than "force majeure" have been moved from "extraordinary gains and losses" to "other operating income and costs" in the 2001 comparative period.*

NOTE 54		PLNk	
Amortization of goodwill of subordinated entities		2002	2001
a) subsidiaries		-	(1 959)
b) joint-ventures		-	-
c) associates		(231)	-
<b>Total amortization of goodwill of subordinated entities</b>		<b>(231)</b>	<b>(1 959)</b>

NOTE 55		PLNk	
Amortization of negative goodwill of subordinated entities		2002	2001
a) subsidiaries		2 448	-
b) joint-ventures		-	-
c) associates		717	-
<b>Total amortization of negative goodwill of subordinated entities</b>		<b>3 165</b>	-

NOTE 56A		PLNk	
Current income tax		2002	2001
1. Profit (loss) before taxation (consolidated)		388 539	122 297
2. Consolidation adjustments		20 240	(1 305)
3. Differences between accounting profit (loss) and taxable income:		253 243	338 994
- non-taxable income		(2 244 649)	(1 249 874)
- taxable income not included in P&L account		561 675	366 193
- non-taxable costs		2 333 299	1 433 056

- taxable costs not included in P&L account	(392 990)	(206 760)
- reliefs (donations, bonuses) expenses and investments to which taxpayer lost rights	(4 314)	(6 164)
- dividend tax	-	(469)
- timing differences	5 044	1 267
- valuation	(995)	-
- liquidation of fixed assets - non-taxable costs	-	-
- insurance of cars over EUR 10.000	-	-
- other	600	1 741
- tax loss	(4 427)	-
- other non-taxable expenditures	-	-
- costs included in P&L account in 2001	-	-
- realised income in 2001	-	-
- income earned outside Poland	-	4
4. Tax base	662 022	459 986
5. Income tax 28 %	185 366	128 796
6. Increases, relinquishment, exemption, deduction, reduction in tax	(144)	-
7. Current income tax presented (disclosed) in a tax return for the period, of which:	(185 222)	(128 796)
- disclosed in the profit and loss account	(185 222)	(128 796)

Amount of PLN 79k is a tax on dividends charged to the profit of 2002 but is not included in the CIT declaration for the year 2002.

#### NOTE 56B

	PLNk	
<b>Deferred income tax disclosed in profit and loss account</b>	<b>2002</b>	<b>2001</b>
- decrease (increase) due to occurrence and reversal of timing differences	48 671	144 128
- decrease (increase) due to change in tax rates	(6 992)	-5 809
- decrease (increase) due to tax loss, tax premium or timing difference of the previous period not disclosed yet	(141)	-
- decrease (increase) due to allocation of deferred income tax assets or lack of possibilities to utilize deferred tax provisions	30 205	602
- other components of deferred tax	-	16 087
- reclassification from permanent differences to timing differences	-	16 087
Total deferred income tax	71 743	155 008

#### NOTE 56C

	PLNk	
<b>Total deferred tax</b>	<b>2002</b>	<b>2001</b>
- included in shareholders' equity	45 960	-
- included in goodwill or negative goodwill	-	-

#### NOTE 56D

	PLNk	
<b>Income tax disclosed in profit and loss account relating to</b>	<b>2002</b>	<b>2001</b>
- discontinued operations	-	-
- profit/loss on extraordinary operations	67	71



<b>NOTE 57</b>	PLNk	
<b>Other obligatory profit reductions (loss increases), due to:</b>	<b>2002</b>	<b>2001</b>
Other obligatory profit reductions (loss increases) due to:	-	-
Other obligatory profit reductions (loss increases) in total	-	-

<b>NOTE 58</b>	PLNk	
<b>Net profit (loss)</b>	<b>2002</b>	<b>2001</b>
b) net profits (losses) of subsidiaries	270 357	151 398
a) net profits (losses) of dominant entity	27 413	468
c) net profits (losses) of joint-ventures	-	-
d) net profits (losses) of associates	-	-
e) consolidation adjustments	(25 077)	(3 357)
<b>Net profit (losses)</b>	<b>272 693</b>	<b>148 509</b>

*The dominant entity's profit includes its share in the profits of subsidiaries and associates. It is determined by applying the equity method for the balance sheet valuation of subordinated entities and amounts to PLN 1,354.0k.*

<b>NOTE 59</b>	PLNk	
<b>Earnings per share</b>	<b>2002</b>	<b>2001</b>
Net profit for 12 months	272 693	148 509
Weighted average number of ordinary shares	72 960 284	72 960 284
Earnings per share	3,74	2,04

<b>NOTE 60</b>	PLNk	
Cash flow statement is prepared according to the direct method		
<b>Cash consolidated</b>	<b>2002</b>	<b>2001</b>
Cash	385 483	591 630
Treasury stamps	1 321	1 446
Current account held with Central Bank	991 865	723 166
Traveller's cheques	2	-
Current account held with other banks	453 725	91 093
Funds of the Brokerge House in the Stock Exchange Guarantee Fund	-	6 031
<b>Total</b>	<b>1 832 396</b>	<b>1 413 366</b>

*The split of the cash flow statement into operating, investing and financing activities are based on the following:*

- scope of information for particular kinds of activities as specified in the statement template,
- guidelines of the General Inspectorate of the Banking Supervision
- the nature of operations performed by Bank Zachodni WBK S.A.

*The operating activities cover the basic range of Bank Zachodni WBK S.A. activities not included in investing or financing activities.*

*The investing activities comprise:*

*\* purchase and sale of:*

- tangible fixed assets
- intangible assets
- shares, interests and other securities available-for-sale or held until maturity

*\* other items related to the investing activities (i.e. dividends, changes in the balance of subordinated loans, interest earned on the investing activities)*

*The financing activities comprise:*

*\* increases and decreases due to:*

- drawdown and repayment of loans and advances from banks and other financial institutions
- subordinated liabilities

- issue and redemption of bonds and other securities from financial institutions  
\*other items related to financing activities (i.e. dividend payments, other profit allocations, interest earned on financing activities)

The differences between the balance sheet changes and those displayed in the Profit & Loss account concern the following :

\* "movements in the balance of debt securities" include only changes in the balance of trading debt securities; the data on

changes in debt securities available-for-sale or held until maturity are incorporated in the following items:

- "sales of shares or interests in other entities, of other securities and other assets" (investing activities) - PLN 1,018,377k
- "purchase of shares or interests in other entities, of other securities and other assets" (investing activities) - PLN (619,943)k
- "interests and profit sharing (dividends)" ( operating activities) - PLN (7.466)k

\* "movement in the balance of amounts due from the financial sector" does not include:

- movement in the balance of amounts in current accounts held with other banks which is included in

" cash at the end of the period" - PLN 362,283k"

\* "movements in the balance of shares, interests and other securities of variable yield" include only the changes in assets held for trading (disclosed in operating activities); the data on changes in shares, interests and other securities available-for- sale or held until maturity are included in cash flow statement from investing activities

\* "movements in the balance of amounts due to the the financial sector"

- does not include the change in the balance of BFG loan (including interests) of PLN (23,782)k referring to financial activities

\* " movements in the balance of other liabilities" include the changes in the balance of "other assets" and "special funds and liabilities". The amount thus calculated was adjusted for:

- income tax settlements - PLN (111,862)k
- income tax provisions - PLN 292,836k
- change in the balance of subordinated loans - PLN (10.000)k (investing activities)
- change in the balance of assets for sale in the amount of PLN 213k included in "other adjustments" in operating activities

\* " other expenses" in financing activities include:

- interest paid from Bank Guarantee Fund - PLN (5,231)k
- interest on subordinated liabilities - (PLN 48k)
- interest paid on loans and commissions - (PLN 38,578k)

" Other adjustments" include among other adjustments regarding differences from valuation of securities - (PLN 6,808k), assets for sale - PLN 213k, tangible fixed assets and intangible assets - (PLN 317k) and result from fixed assets liquidation - PLN 119 k

Moreover "other investment inflows" contain:

- received dividends - PLN 23.367k
- donations received - PLN 14k
- sale of Treasury bills - PLN 7,299k

" Other investment expenses" include donations granted - (PLN 1,685k)

## Additional Notes

1. Concentration mix of the bank's exposure to individual entities, capital groups, sectoral and geographical market segments along with assessment of the related risk

Bank Zachodni WBK S.A. fully adheres to the norms of credit concentration as stipulated in the Banking Law Act. As at 2002-end, the maximum credit concentration limits for Bank Zachodni WBK S.A. were (in line with the art. 71 of the Act):

- PLN 362 539k (according to regulations 20%) in the case of the exposure to subsidiary or dominant undertakings,
- PLN 453 174k (according to regulations 25%) in other cases.

The policy pursued by the bank aims at minimization of the credit concentration risk, which is reflected by the application of more rigorous rules than the regulatory ones in this respect.

In 2002, the bank recorded an 10% growth in the total loan book which as at 31.12.2002 totaled PLN 12 820 m and a 31% increase in the personal credit book, which totaled PLN 2 357 m at the year-end. Over the analyzed period, the relation between the volume of personal loans and the total loan book was subject to marginal movements (between 18% and 22%).

At the same time, Bank Zachodni WBK S.A. recorded a fall in impaired loans in the loan book (from 20% December 2001 to 18% as at 31 December 2002), whereas for the entire banking sector this ratio went up to 21% at 2002-end. The Bank recorded an even better result as regards the personal loan book, where the share of impaired loans fell during the year from 13.4% to 10.8% (for the entire banking sector, the ratio is 16%).

In pursuing its credit policy, Bank Zachodni WBK S.A. consistently applies the rule of credit exposure to industries of a relatively low risk level and diversifies its exposure to individual industries. As at 31.12.2002, the bank's portfolio did not include a dominant industry and the largest share in individual industry does not exceed 10%.



PKD	PKD name	Exposure*	%	Gr1	Gr2	Gr3	Gr4	% gr. 2-4
51	Wholesale trade and commission trade without motor vehicles/	1 252 898	9.6%	897 947	61 483	56 454	237 014	28.3%
15	Manufacture of food products and beverages	1 203 010	9.2%	1 069 302	7 186	49 395	77 127	11.1%
65	Financial intermediation	762 453	5.9%	716 906	34	9 987	35 526	6.0%
40	Electricity, gas, steam and hot water supply	731 956	5.6%	728 407	1 283	4	2 262	0.5%
01	Agriculture and hunting	639 627	4.9%	536 878	12 078	19 848	70 823	16.1%
52	Retail trade /except for motor vehicles/	521 597	4.0%	328 860	15 422	138 123	39 192	37.0%
75	State administration and defense	475 218	3.6%	458 104	475	-	16 639	3.6%
45	Construction	464 175	3.6%	282 303	29 287	94 045	58 540	39.2%
70	Real estate activities	438 769	3.4%	296 014	96 049	41 684	5 022	32.5%
64	Post and telecommunications	344 391	2.6%	343 868	-	-	523	0.2%
	Other	3 841 342	29.5%	2 941 858	257 244	166 139	476 101	-
<b>A.</b>	<b>Businesses</b>	<b>10 675 436</b>	<b>81.9%</b>	<b>8 600 447</b>	<b>480 541</b>	<b>575 679</b>	<b>1 018 769</b>	<b>19.4%</b>
<b>B.</b>	<b>Private individuals</b>	<b>2 356 761</b>	<b>18.1%</b>	<b>2 102 041</b>	<b>50 148</b>	<b>26 849</b>	<b>177 723</b>	<b>10.8%</b>
	incl. mortgages	1 346 572	10.3%					
<b>A+B</b>	<b>Bank's portfolio</b>	<b>13 032 197</b>	<b>100%</b>	<b>10 702 488</b>	<b>530 689</b>	<b>602 528</b>	<b>1 196 492</b>	<b>17.9%</b>

\* gross receivables



The table below presents the bank's 10 largest exposures to personal clients:

	PKD	Risk grade	Balance	Open credit line	Guarantees	Total exposure
<b>Client 1</b>	65	1B	243 347	2 380	-	245 727
<b>Client 2</b>	64	1A	204 315	7 400	-	211 715
<b>Client 3</b>	71	1B	195 467	4 698	2 037	202 202
<b>Client 4</b>	15	1A	174 197	-	563	174 760
<b>Client 5</b>	40	1B	152 867	-	-	152 867
<b>Client 6</b>	51	1B	150 000	-	-	150 000
<b>Client 7</b>	23	1A, 1B	145 874	-	-	145 874
<b>Client 8</b>	65	1A	145 652	7 065	2 924	155 641
<b>Client 9</b>	65	1A, 1B	138 792	152	-	138 944
<b>Client 10</b>	65	1B	133 731	-	-	133 731

The table below presents the bank's 10 largest exposures to capital groups:

	PKD	Risk grade	Balance	Open credit line	Guarantees	Total exposure
<b>Capital group 1</b>	64	1A	204 315	7 400	-	211 715
<b>Capital group 2</b>	65	1A, 1B	138 791	153	-	138 944
<b>Capital group 3</b>	40	1B, 1C	152 687	-	-	152 687
<b>Capital group 4</b>	40	1A	106 083	13 804	-	119 887
<b>Capital group 5</b>	23	1A, 1B	145 874	-	-	145 874
<b>Capital group 6</b>	01	1B	115 750	5 234	-	120 984
<b>Capital group 7</b>	17	1A	102 822	70	22 294	125 186
<b>Capital group 8</b>	15	1A	174 197	-	563	174 760
<b>Capital group 9</b>	15	1A, 1B, 1C	132 222	13 844	-	146 066
<b>Capital group 10</b>	75	1A	106 387	1 170	-	107 557

Figures standing for individual credit risk grades are as follows:  
 1 – regular, 1C – watch, 2 – substandard, 3 – doubtful, 4 – lost. In the case of businesses, the bank applies a more detailed split of categories: 1 – regular into two sub-categories: 1A – high quality, 1B – stable.



The mix of Bank Zachodni WBK receivables as at 31 December 2002 and 31 December 2001 across different geographies was as follows:

<b>Net receivables from the non-financial and public sectors</b>				
	31.12.2002		31.12.2001	
<b>Province</b>	<b>Value</b>	<b>%</b>	<b>Value</b>	<b>%</b>
1. dolnośląskie	2 728 969	23.45 %	2 795 789	26.30 %
2. kujawsko-pomorskie	519 226	4.46 %	403 954	3.80 %
3. lubelskie	160 346	1.38 %	116 934	1.10 %
4. lubuskie	671 424	5.77 %	701 605	6.60 %
5. łódzkie	143 179	1.23 %	159 456	1.50 %
6. małopolskie	240 566	2.07 %	212 608	2.00 %
7. mazowieckie	1 532 915	13.18 %	1 243 754	11.70 %
8. opolskie	413 933	3.56 %	425 215	4.00 %
9. podkarpackie	23 718	0.20 %	21 261	0.20 %
10. podlaskie	71 108	0.61 %	74 413	0.70 %
11. pomorskie	260 651	2.24 %	255 129	2.40 %
12. śląskie	544 701	4.68 %	552 780	5.20 %
13. świętokrzyskie	201 650	1.73 %	95 673	0.90 %
14. warmińsko-mazurskie	87 627	0.75 %	74 413	0.70 %
15. wielkopolskie	3 793 366	32.60 %	3 295 417	31.00 %
16. zachodniopomorskie	243 355	2.09 %	201 977	1.90 %
<b>Total</b>	<b>11 636 734</b>	<b>100 %</b>	<b>10 630 378</b>	<b>100 %</b>

2. Information on the deposit sources - sectoral and geographical market segments

The mix of Bank Zachodni WBK deposits as at 31 December 2002 and 31 December 2001 by sectors was as follows:

**31.12.2002**

<b>Deposits</b>	<b>Businesses and public sector units</b>	<b>Private individuals</b>	<b>Total</b>
<b>PLN</b>	<b>4 819 894</b>	<b>9 718 173</b>	<b>14 538 067</b>
■ current	2 508 144	1 600 217	4 108 361
■ term	2 303 969	7 968 799	10 272 768
■ interest	7 781	149 157	156 938
<b>Fx</b>	<b>532 859</b>	<b>2 195 180</b>	<b>2 728 039</b>
■ current	289 108	606 298	895 406
■ term	243 519	1 576 855	1 820 374
■ interest	232	12 027	12 259
<b>Total</b>	<b>5 352 753</b>	<b>11 913 353</b>	<b>17 266 106</b>



31.12.2001

Deposits	Businesses and public sector units	Private individuals	Total
<b>PLN</b>	<b>4 948 511</b>	<b>10 964 472</b>	<b>15 912 983</b>
■ current	2 327 894	1 402 351	3 730 245
■ term	2 604 856	9 360 982	11 965 838
■ interest	15 761	201 139	216 900
<b>FX</b>	<b>613 263</b>	<b>2 187 961</b>	<b>2 801 224</b>
■ current	282 706	653 063	935 769
■ term	330 404	1 518 263	1 848 667
■ interest	153	16 635	16 788
<b>Total</b>	<b>5 561 774</b>	<b>13 152 433</b>	<b>18 714 207</b>

The breakdown of Bank Zachodni WBK liabilities as at 31 December 2002 and 31 December 2001 across geographies was as follows:

#### Amounts due to the non-financial and public sectors

Province	31.12.2002		31.12.2001	
	Value	%	Value	%
1. dolnośląskie	5 459 494	31.62 %	5 745 262	30.70 %
2. kujawsko-pomorskie	595 875	3.45 %	580 140	3.10 %
3. lubelskie	8 798	0.05 %	37 428	0.20 %
4. lubuskie	1 095 509	6.34 %	842 139	4.50 %
5. łódzkie	279 233	1.62 %	617 596	3.30 %
6. małopolskie	160 146	0.93 %	168 428	0.90 %
7. mazowieckie	1 374 213	7.96 %	1 553 279	8.30 %
8. opolskie	861 036	4.99 %	954 425	5.10 %
9. podkarpackie	24 743	0.14 %	18 714	0.10 %
10. podlaskie	55 241	0.32 %	56 143	0.30 %
11. pomorskie	774 366	4.48 %	823 425	4.40 %
12. śląskie	828 506	4.80 %	973 139	5.20 %
13. świętokrzyskie	108 882	0.63 %	130 999	0.70 %
14. warmińsko-mazurskie	74 950	0.43 %	56 143	0.30 %
15. wielkopolskie	5 289 646	30.64 %	5 932 404	31.70 %
16. zachodniopomorskie	275 478	1.60 %	224 570	1.20 %
<b>Total</b>	<b>17 266 106</b>	<b>100 %</b>	<b>18 714 207</b>	<b>100 %</b>



3. Information on changes in subsidies to foreign branches, taking account of the period opening balance, increases and decreases with a break down into individual entities and balance at the period-end.

Entities of Bank Zachodni WBK Group do not have any foreign branches.

4. Information about financial instruments while taking account of the specific nature of the issuer.

Bank Zachodni WBK Group allocates the following financial instruments according to their character and purpose to the following categories:

- Financial instruments held for trading,
- Financial instruments held to maturity,
- Financial instruments available for sale,
- Sanctioned loans and advances and other own receivables.

- 4.1. Financial instruments taking account of the opening balance, increases, decreases and balance at the period-end.

Information on financial asset classification, such as: debt securities, shares and interests, presenting changes in their balance in the period, with the breakdown into:

- securities held for trading,
- securities available for sale,
- securities held to maturity

are presented in notes to financial statements /Notes from 6 to 11/.

---

**Amounts due from reverse repo transactions**

---

	OB /01.01.2002/	increase	decrease	CB /31.12.2002/
<b>Instrument 1</b>	16 157	2 052	(18 209)	-
<b>Instrument 2</b>	4 210	540	-	4 750
<b>Instrument 3</b>	-	2 876	-	2 876
<b>Instrument 4</b>	23 357	2 575	-	25 932
<b>Instrument 5</b>	-	5 168	(5 168)	-
<b>Instrument 6</b>	-	1 285	-	1 285
<b>Instrument 7</b>	-	2 157	-	2 157
<b>Instrument 8*</b>	608	26 846	(26 460)	994
<b>total</b>	<b>44 332</b>	<b>43 499</b>	<b>(49 837)</b>	<b>37 994</b>

\*subsidiaries



## Reverse repo transactions (debt securities) – subsidiary undertakings

Reverse repo agreement*	Date of concluding the agreement	Date of reselling	Purchase value	Reselling value	Effective interest rate
T-bills	23.12.2002	13.01.2003	993	997	6.80

## Loans and advances sanctioned

	Loan book*	Earning loans*	NPLs*
<b>The bank's loan book</b>	<b>13 032 196</b>	<b>10 702 488</b>	<b>2 329 708</b>
<b>Business loan</b>	<b>10 675 436</b>	<b>8 600 449</b>	<b>2 074 987</b>
<b>Personal loan</b>	<b>2 356 761</b>	<b>2 102 040</b>	<b>254 721</b>
■ Overdrafts	376 285	323 242	53 043
■ Mortgages	1 346 572	1 271 788	74 784
■ Credit cards	136 505	127 868	8 637
■ Cash loans	497 399	379 142	118 257

\*gross credit portfolio



## 4.2. Financial assets and liabilities

### 4.2.1. a) Volume and value of financial instruments, including a description of significant terms and conditions that may have impact on the size, spread over time and certainty of future cash flows

#### Derivative instruments 31.12.2002

Instrument	PLN Interest Rate SWAP	FX Swaps	Options for Euroindex in PLN bought	PLNk Bi-currency interest rate SWAP
Number of transactions	90	710	12	1
Adopted accounting principles	( 1 )	( 1 )	( 2 )	( 3 )
Fair value	(28 784,70)	(7 066,15)		
Purpose	Trading	Trading	Trading	Trading
Nominal value	2 606 524,73	20 445 017,21	579 041,64	396 620,00
Future income/ payments	Variable	Variable	Variable	Variable
Maturity	from 09.01.03 to 27.11.06	from 02.01.03 to 17.05.04	from 26.09.03 to 13.03.07	to 17.05.04
Possibility of early settlement	None	None	None	None
Price/Range of Prices	from 6,6% to 17,8%	from 0,01 to 14,37	(54 467,96)	6,85% ; 3,294%
Possibility to convert into other asset/liability	None	None	None	None
Set interest rates/ amounts, Payment dates	Variable	Variable	Variable	Variable
Additional collaterals	None	None	None	None
Other terms & conditions	None	None	None	None
Type of risk	Interest rate	Interest rate /liquidity	Interest rate	Interest rate /liquidity

( 1 ) Notional amount is posted to off balance sheet accounts. The interest is accrued under a straight-line method against the balance sheet and income statement over the SWAP life.

( 2 ) Notional amount is posted to off balance sheet accounts. Premium settled under a straight-line method against the option maturity.

( 3 ) Notional amount is posted to off balance sheet accounts or FX Swap & IRS transactions. The interest is accrued under a straight-line method against the balance sheet and income statement over the SWAP life. Adjustment to the market value at the period-end.

31.12.2001						PLNk
Instrument	PLN Interest Rate SWAP	FX Swaps	Option for iRS in USD sold	Option for iRS in USD bought	Options for Euroindex in PLN bought	
<b>Adopted accounting principles</b>	(1)	(3)	(2)	(2)	(2)	
<b>Purpose</b>	hedging	trading	trading	trading	hedging	
<b>Nominal value</b>	2 181 742,33	22 512 521,34	32 488,35	32 488,35	513 564,73	
<b>Future income/ payments</b>	Variable	Variable	Variable	Variable	Variable	
<b>Maturity</b>	from 21.01.02 to 27.11.06	from 02.01.02 to 03.01.03	12.08.2002	12.08.2002	from 03.09.03 to 22.11.06	
<b>Possibility of early settlement</b>	None	None	None	None	None	
<b>Price/Range of Price</b>	from 8.5% to 17.8%	from 0.0086% to 6.5670	37.9	-12,41	-47 516,44	
<b>Possibility to convert into other asset/liability</b>	None	None	None	None	None	
<b>Set rates/interest, Payments dates</b>	Variable	Variable	Variable	Variable	Variable	
<b>Additional collaterals</b>	None	None	None	None	None	
<b>Others terms &amp; conditions</b>	None	None	None	None	None	
<b>Type of risk</b>	Interest rate	Interest rate /liquidity	Interest rate	Interest rate	Interest rate	

( 1 ) Notional amount is posted to off balance sheet accounts. The interest is accrued under a straight-line method against the balance sheet and P&L account over the SWAP life; adjustment to fair value as at the end of the accounting period.

( 2 ) Notional amount is posted to off balance sheet accounts. Premium settled under a straight-line method to the option maturity.

( 3 ) Notional amount is posted to off balance sheet accounts for Fx Swap and IRS transactions. The interest is accrued under a straight-line method against the balance sheet and P&L account over the SWAP life; adjustment to fair value as at the end of the accounting period under a straight-line method against the balance sheet and P&L account over the SWAP life; adjustment to fair value as at the end of the accounting period.

Receivables arising from the purchased securities with the repurchase promise – 2002 – terms and conditions (volume and value described in note 4.2.1.)

Subject of transaction	Scope and type of the instrument	Basis of payment calculation	Transaction settlements	Income, price setting	Security for transaction	Risk type
Instrument 1	Mandated purchase transaction of the Company's ordinary shares listed on WSE	Value of shares calculated acc. to purchase price (excluding brokerage fees)	Mandator repurchased all shares in October 2002.	Repurchase price represented the value of shares at purchase price increased by a fee; the fee was calculated based on average 1M WIBOR for the overall transaction life increased by the margin	The core security was blank B/E issued by Mandator	Risk of mandator's insolvency; in case this happens, there can also emerge the risk of change in the market price of the Company's shares
Instrument 2	Mandated purchase transaction of the Company's ordinary shares listed on WSE	Value of shares calculated acc. to purchase price (excluding brokerage fees)	Mandator is obliged to repurchase all shares; mandator is entitled to repurchase shares at any earlier date; the Bank has such a right in closely defined circumstances (e.g. deterioration of the mandator's financial standing).	Repurchase price will represent the value of shares at purchase price increased by a fee; the fee is calculated on the basis of the average 1M WIBOR for the life of the transaction increased by the margin	The core security is blank bill of exchange drawn by the Mandator	Risk of mandator's insolvency; in case this happens, there can also emerge the risk of change in the market price of the Company's shares

Receivables arising from the purchased securities with the repurchase promise – 2002 – terms and conditions (volume and value described in note 4.2.1.)

Subject of transaction	Scope and type of the instrument	Basis of payment calculation	Transaction settlements	Income, price setting	Security for transaction	Risk type
Instrument 3	Mandated purchase transaction of the Company's ordinary shares listed on WSE	Value of shares calculated acc. to purchase price (excluding brokerage fees)	Mandator is obliged to repurchase all shares; mandator is entitled to repurchase shares at any earlier date; the Bank has such a right in closely defined circumstances (e.g. deterioration of the mandator's financial standing.)	Repurchase price will represent the value of shares at purchase price increased by a fee; the fee is calculated according to the average rate of 1M WIBOR for the overall transaction life increased by the margin	The core security are the shares of the Company held by the Mandator	Risk of mandator's insolvency; in case this happens, there can also emerge the risk of change in the market price of the Company's shares
Instrument 4	Mandated purchase transaction of the Company's ordinary shares listed on WSE	Value of shares calculated acc. to purchase price (excluding brokerage fees)	Mandator is obliged to repurchase all shares; mandator is entitled to repurchase shares at any earlier date; the Bank has such a right in closely defined circumstances (e.g. deterioration of the mandator's financial standing.)	Repurchase price will represent the value of shares at purchase price increased by a fee; the fee is made up of a fee and the reimbursement of the financial cost according to the average rate of 1M WIBOR for the overall transaction life	The core security is cash in a dedicated banking account	Risk of mandator's insolvency; in case this happens, there can also emerge the risk of change in the market price of the Company's shares

Receivables arising from the purchased securities with the repurchase promise – 2002 – terms and conditions (volume and value described in note 4.2.1.)

Subject of transaction	Scope and type of the instrument	Basis of payment calculation	Transaction settlements	Income, price setting	Security for transaction	Risk type
Instrument 5	Mandated purchase transaction of the Company's ordinary shares listed on WSE	Value of shares calculated acc. to purchase price (excluding brokerage fees)	Mandator repurchased all the shares in December 2002	Repurchase price represented the value of shares at purchase price increased by a fee; the fee was made up of a fee and the reimbursement of the financial cost according to the average 1M WIBOR for the life of the transaction	The core security was cash in dedicated banking accounts and cash accounts as well as Companies' shares listed on WSE	Risk of mandator's insolvency; in case this happens, there can also emerge the risk of change in the market price of the Company's shares
Instrument 6	Mandated purchase transaction of the Company's ordinary shares listed on WSE	Value of shares calculated acc. to purchase price (excluding brokerage fees)	Mandator is obliged to repurchase all shares; mandator is entitled to repurchase shares at any earlier date; the Bank has such a right in closely defined circumstances (e.g. deterioration of the mandator's financial standing)	Repurchase price will represent the value of shares at purchase price increased by a fee; the mandator's fee will be made up of a fee and the reimbursement of the financial cost according to the average 1M WIBOR for the life of the transaction	The core security is cash in a dedicated banking account	Risk of mandator's insolvency; in case this happens, there can also emerge the risk of change in the market price of the Company's shares

Receivables arising from the purchased securities with the repurchase promise – 2002 – terms and conditions (volume and value described in note 4.2.1.)

Subject of transaction	Scope and type of the instrument	Basis of payment calculation	Transaction settlements	Income, price setting	Security for transaction	Risk type
Instrument 7	Mandated purchase transaction of the Company's ordinary shares listed on WSE	Value of shares calculated acc. to purchase price (excluding brokerage fees)	Mandator is obliged to repurchase all shares; mandator is entitled to repurchase shares at any earlier date; the Bank has such a right in closely defined circumstances (e.g. deterioration of the mandator's financial standing.)	Repurchase price will represent the value of shares at purchase price increased by a fee; the fee is made up of a fee and the reimbursement of the financial cost according to the average 1M WIBOR for the life of the transaction	The core security is cash in a dedicated banking account	Risk of mandator's insolvency; in case this happens, there can also emerge the risk of change in the market price of the Company's shares
Instrument 8*	Purchase of T-bills	Value of T-bills stated at the purchase price (excl. costs)	The commissioning party repurchased T-bills on 13.01.2003	-	If the commissioning party has not repurchased the bills then the company holds them to redemption date (05.02.2003)	Insolvency risk

\* subsidiaries

b) Methods and significant assumptions adopted for setting the fair value of financial assets and liabilities

Valuation of assets and financial liabilities is described in detail in point 12 of the Introduction.

Debt securities and derivatives /except for Options for the Stock Exchange Index/ are stated according to commonly adopted algorithms based on daily closing rates of renowned markets/brokerage houses which are published by an independent source /e.g. Reuters/. The value of derivatives denominated in a foreign currency is measured by means of fixing NBP exchange rates as at the B/S date.

Options for the Stock Exchange Index are stated based on the amortized premium and are not subject to mark-to-market valuation. Since these options fully secure liabilities arising from the guaranteed investment deposits which are also stated at the market value, the difference between the net valuation of assets and liabilities which would arise as a result of applying market valuation can be considered insignificant.

Participation units are stated based on recent buy offers on the interbank market.

c) Principles of introducing financial instruments purchased on the regulated market to accounting books

As regards setting the moment of registering the transactions of financial instrument purchase on the regulated market, it is assumed that the date of relevant postings shall be the moment of concluding the transaction on the stock exchange.

The applied standard for the valuation of debt securities is the value date.

d) Information on interest rate risk charge, including contractual dates of interest rate changes or payment terms (for all classes of financial assets and financial liabilities, both balance sheet and off balance sheet ones)

financial assets

Instruments with the original maturity period longer than 1 year included in the bank's portfolio are securities with a variable interest rate, i.e. fixed in each interest period, but variable in individual interest periods. In the case of municipal bonds, the interest is changed on an annual basis. In case of commercial bonds, the interest changes on a semi-annual basis.

Instruments with the original maturity period up to 1 year are securities with a fixed interest rate.

financial liabilities

Investment bonds are the bank's financial liability with a fixed interest rate and one defined date of redemption without a possibility for it to be redeemed earlier either by the customer or the bank. Investment bonds issued in 2002 have a 12-month maturity period.



Interest rate risk is also run in the case of Autostrada Wielkopolska S.A. bonds held by the bank.

- e) information on credit risk charge, including the value which best reflects maximum credit risk charge as at the B/S date (excluding the value of securities on the property) in the event if the counterparty fails to fulfill the terms and conditions of the agreement on the financial instruments (for all classes of financial assets and liabilities, both on balance sheet and off balance sheet ones)

The bank conducts significant trading activity and calculates the capital adequacy ratio as a total of assets and granted liabilities multiplied by 8% (based on the banking book portfolio only). Total assets and granted off-balance sheet liabilities referring to the bank's portfolio are allocated to relevant risk weights in accordance with the Appendix 3 to the Bank Supervisory Resolution and is presented below:

Structure of assets accord. to risk weights

	Balance sheet amount	Weighted value
<b>Assets with 0% risk weight</b>	<b>4 532 255</b>	<b>-</b>
1. Cash	397 563	-
2. Funds in the obligatory reserve account with the Central Bank	-	-
3. Receivables from Class I entities	693 074	-
4. Receivables from Class II and III entities	44 430	-
5. Debt securities whose issuer is Class I entity	3 077 284	-
6. Debt securities whose issuer is Class II and Class III entity	-	-
7. Assets reducing own funds	319 904	-
<b>Assets with 20% risk weight</b>	<b>2 776 785</b>	<b>555 357</b>
1. Receivables due from Class II entities not covered with 0% risk weight	2 775 265	555 053
2. Receivables due from Class III entities – in the secured part	-	-
	1 520	304
3. Debt securities whose issuer is Class II entity	-	-
	-	-
4. Debt securities whose issuer is Class III entity – in the part guaranteed by Class II entity	-	-
	-	-
<b>Assets with 50% risk weight</b>	<b>1 240 040</b>	<b>620 020</b>
1. Receivables due from Class III entities – in the part secured with mortgage on real estate (inhabited or leased out)	672 237	336 119
2. Other B/S settlement accounts	567 803	283 901

<b>Assets with 100% risk weight</b>	<b>13 260 522</b>	<b>13 260 522</b>
1. Assets not covered with smaller risk weights	12 087 517	12 087 517
2. Securities, interests and other elements of the other entities' own funds not covered with smaller risk weights	88 013	88 013
3. Fixed assets	902 694	902 694
4. Intangible and legal assets which do not reduce the Bank's own funds	181 755	181 755
5. Other assets which do not reduce the Bank's own funds	543	543

Off balance sheet liabilities – 0% counterparty risk weight

	<b>Original exposure method</b>	<b>M-T-M method</b>	<b>Equivalent</b>
<b>1. 0% product risk weight</b>	<b>140</b>	<b>-</b>	<b>-</b>
a) Credit commitments in the pipeline with the original maturity up to 1 year with an unconditional termination option	140	-	-
<b>2. 20% product risk weight</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>3. 50% product risk weight</b>	<b>923</b>	<b>-</b>	<b>462</b>
a) Open and confirmed letters of credit	908	-	454
b) Quality guarantee given and others	15	-	8

Off balance sheet liabilities – 20% counterparty risk weight

	<b>Original exposure method</b>	<b>M-T-M method</b>	<b>Credit equivalent</b>
<b>1. 0% product risk weight</b>	<b>16 740</b>	<b>-</b>	<b>-</b>
a) Credit commitments in the pipeline with the original maturity up to 1 year or with an unconditional termination option	16740	-	-
<b>2. 50% product risk weight</b>	<b>81 638</b>	<b>-</b>	<b>40 820</b>
a) quality guarantees given and others	52 211	-	26 106
b) credit commitments in the pipeline with the original maturity longer than 1 year	29 427	-	14 714

## Off balance sheet liabilities – 20% counterparty risk weight

	Original exposure method	M-T-M method	Credit equivalent
<b>3. 100% product risk weight</b>	<b>192 021</b>	<b>-</b>	<b>192 021</b>
a) granted guarantees - substitutes for a loan	34 074	-	34 074
b) granted B/E guarantees	56 825	-	56 825
c) term deposits with a future starting date of the deposit period	95 989	-	95 989
d) other granted off balance sheet liabilities	5 133	-	5 133

## Off balance sheet liabilities –100% counterparty risk weight

	Amount	Credit equivalent
<b>1. 0% product risk weight</b>	<b>1 499 337</b>	<b>-</b>
a) credit commitments in the pipeline with the original maturity up to 1 year or an unconditional termination option	1 499 337	-
<b>2. 50% product risk weight</b>	<b>1 864 699</b>	<b>932 350</b>
a) open and confirmed letters of credit	101 790	50 895
b) quality guarantees given and others	441 263	220 632
c) credit commitments in the pipeline with the original maturity longer than 1 year	1 321 646	660 823
<b>3. 100% product risk weight</b>	<b>95 016</b>	<b>95 016</b>
a) granted guarantees – substitute for a loan	94 026	94 026
b) other granted off balance sheet liabilities	990	990

4.2.2. In case of financial assets available for sale or held for trading, stated at the amortized cost, if there is no possibility to establish a reliable fair value of these assets, the balance sheet value should be indicated together with reasons why it is impossible to state credibly their fair value and to provide their estimated, approximate fair value.

Options for the Stock Exchange Index are stated based on the amortized premium. These options are not subject to mark-to-market valuation. As these options fully back the liabilities arising from the guaranteed investment deposits whose valuation is not marked-to-market either, the difference in the net price of these assets and liabilities which would arise on applying the market price can be considered insignificant.

4.2.3. In case of financial assets and liabilities which are not stated at fair value:

a) data on their fair value; if for warranted reasons the fair value of such assets or liabilities has not been stated then this fact should be disclosed and the basic profile be given for financial instruments which otherwise would be stated at the price set based on the active regulated market where public trading in financial instruments is conducted, and the information on such a price is commonly available.

It should be stressed that if as at a reporting date it was not possible to determine a reliable market value of a given asset because of lack of quotations on the active, regulated market or lack of adequate methods for setting a fair value, or if input data to a given model were not available or sufficiently reliable, a given asset was stated at the purchase price while taking into account potential write-down due to the permanent loss in value. In most cases, they are low equity investments with a minimum shareholding or number of votes at AGM of a given company.

b) in case the fair value of financial assets and liabilities is lower than their balance sheet value, the balance sheet value and the fair value of the asset should be given together with the reasons for abandoning the revaluation charges and rationale behind the belief that the indicated value can be recovered in the full amount.

There is no such case in Bank Zachodni WBK Group.

4.2.4. In the case the issuer was a party to an agreement pursuant to which financial assets are converted into securities or to a repurchase agreement the following should be presented for each transaction separately:

a) character and size of the concluded transactions including the description of accepted or granted guarantees and security covers, data adopted for calculating the fair value of interest income related to both contracts concluded in a given period as well as those concluded in previous periods, both completed and pending for a given period.

b) information on financial assets excluded from accounting books.

On 30 October 2002, Bank Zachodni WBK S.A. concluded a conditional agreement with CENTROMOR S.A. on the sales of shares in Kupcy Gdynscy S.A., as a result of which it acquired 5 000 shares (55% of shares and votes). On 30 October 2002, the bank paid PLN 240k for this shareholding and additionally undertook to pay PLN 2 160k by 31 December 2003.

Moreover, in the period from 23.10.2002 to 30.10.2002, Bank Zachodni WBK S.A. entered into agreement on the sale of shares in Kupcy Gdynscy S.A. with eighteen private individuals as result of which it acquired 3 745 shares (42% shares and votes) for the total of PLN 18.00. The bank has the right to exit from this agreement by 30 June 2003. In such an event, the seller is obliged to repurchase the shares taken up by the bank.

4.2.5. Data on the effects of stating the value of assets available for sale up to the fair value level

Information is included in the movements in the equity (see revaluation reserve) in the tabular part of the financial statements.

Moreover, in the case of subsidiaries (as described in p. 12 of the Introduction to the consolidated financial statements) the income arising from valuation of T-bills available for sale is taken to the profit and loss account. In subsidiaries, the difference on valuation is reflected in profit/loss on financial operations (PLN 1115k), which was described in detail in point 12 of the Introduction to the consolidated financial statements.

As at 01.01.2002, effects of revaluation totaling PLN 498k were taken to profit/loss from previous years.

#### 4.2.6. Information on income and costs on financial assets available for sale which were removed from the Balance Sheet (sold, liquidated)

Trading in shares and interests from the bank's portfolio available for sale and effected in 2002 are presented in the table below:

<b>Income at fair value</b>	<b>71 847</b>
<b>Cost</b>	<b>60 347</b>

Transactions in debt securities effected in 2002 are presented in the table below:

<b>Bank:</b>	
<b>Income at fair value</b>	<b>834 286</b>
<b>Cost</b>	<b>811 383</b>
<b>Discount</b>	<b>22 354</b>
<b>Profit</b>	<b>549</b>
<b>Subsidiaries:</b>	
Treasury bills	146
Participation units	452
Treasury bonds	2
<b>Total</b>	<b>600</b>

#### 4.2.7. Information on income and costs arising on the sale of financial assets whose fair value could not have been credibly stated earlier and indication of the balance sheet value of assets set as at the sale date.

There is no such situation in Bank Zachodni WBK Group.

#### 4.2.8. In the case of reclassifying financial assets stated at fair value to assets stated at adjusted purchase price, reasons for changing the valuation principles need to be provided.

In line with the GINB's letter (General Inspectorate of Banking Supervision) of 12 November 2002 containing an explanation to § 26 sec. 1 pt. 5 of the Finance Minister's Ordinance, dated 10 December 2001 re. specific accounting principles for banks, the shares and interests recognized as fixed assets are stated at their purchase price, taking account of the write-downs for permanent loss in value. The above mentioned category includes shares and interests of five companies in the bank's portfolio.

4.2.9. In case of revaluation charges due to a permanent loss in value of financial assets or if the reason ceased for which such charges were made, the value of the assets was increased, it is necessary to provide amounts decreasing or increasing the value of financial assets.

No	Specification	Value acc. to purchase price	Fair value as at 01.01.2002	Increase in the revaluation charge	Decrease in the revaluation charge	Fair value as at 31.12.02
<b>SHARES</b>						
1.	Biuro Informacji Kredytowej S.A.	800	620	-	180	800
2.	Scanclimber Sp. z o.o	1 690	1 090	523	-	567
<b>DEBT SECURITIES</b>						
1.	Mostostal Gdańsk S.A.	25 000	26 467	23 589	2 162	5 040
<b>TOTAL</b>		<b>27 490</b>	<b>28 177</b>	<b>24 112</b>	<b>2 342</b>	<b>6 407</b>

4.2.10. Interest income on debt securities, advances granted or receivables originated by the bank calculated by means of interest rates stemming from the concluded contracts, with a break-down into the categories of assets that the interest refers to; it is necessary to separately disclose the interest accrued and cashed in a given period as well as interest accrued but not cashed.

Bank:	Unrealized interest by maturity			
	State Treasury bonds	NBP bonds	Municipal bonds	Commercial bonds
Up to 3 months	28 607	46 810	839	-
From 3 to 12 months	65 527	2 531	1 329	16
Up to 3 months/restructured/	1 544	-	-	-
<b>Total</b>	<b>95 678</b>	<b>49 341</b>	<b>2 168</b>	<b>16</b>



Subsidiaries:

Financial assets	Realized interest	Interest accrued but not realized according to payment dates as from the day of producing the financial statements		
		Up to 3M	from 3M to 12M	Over 12M
Advances granted and own receivables	60	1	-	-
Securities held to maturity	403	8	187	-

4.2.11. As regards the revaluation charges in respect of advances granted or receivables originated by the bank due to the permanent loss in their value, it is necessary to disclose interest accrued but not cashed on those receivables.

Receivables	21 131 k
Debt securities	1 465 k

4.2.12. Interest expense on financial liabilities calculated by means of interest rates stemming from the concluded contracts, with a break-down into interest expense related to liabilities held for trading, other short-term and long-term financial liabilities; costs of interest accrued and cashed in a given period should be disclosed separately from the expense of interest accrued but not cashed.

#### Interest accrued on amounts due

<b>Amounts due from the financial sector</b>	<b>27 471</b>
■ current	70
■ term	27 401
■ bank	13 345
■ subsidiaries*	14 056
<b>Amounts due from the non-financial sector</b>	<b>168 795</b>
■ current	130
■ term	168 665
<b>Amounts due from the public sector</b>	<b>402</b>
■ current	31
■ term	371

\*of which unrealized – PLN 4 100k with a tenor of up to 3 months.

#### 4.2.13. Provide the information on the notional amount of base instruments, which are subject of transactions in derivative instruments

Such information is included in Note no. 6 and in Additional Note no. 4.2.1.

#### 4.2.14. Objectives and principles of risk management

Credit risk in Bank Zachodni WBK Group.

Credit risk is associated with the Group's exposure to losses resulting from default on the part of its counterparts or customers. Credit risk arises at the inception of an exposure and is present until the exposure is cleared.

Credit risk arises in the following two areas of activities:

- in connection with the Bank's lending activities,
- in connection with transactions concluded by the Treasury Division.

Control of credit risk related to lending activities

Credit risk is controlled and managed by Bank Zachodni WBK Group based on established credit processes which include credit procedures, policies and best practices and a system of lending discretions based on the skills and experience of the Bank employees. The applied credit grading and monitoring systems allow for early identification and management of any quality deterioration in the loan portfolio. In addition, the process is supported by an independent system of credit controls and reviews, which are carried out separately for large exposures (corporate customers) and other exposures.

Lending discretions

The resolution on lending discretions specifies rules for making credit decisions by Credit Committees and the employees of the Corporate and Commercial Banking (Credit Division) depending on their experience, skills and positions as well as a borrower's risk grade.

For all exposures, which exceed the credit authorities/IDLs of the Directors of the Corporate and Commercial Banking Departments and the Management Board member in charge of the Corporate and Commercial Banking Division, there is a procedure, which requires the credit decision to be made by a Credit Committee.

The 1st Stage Credit Committee approves loan applications where the total exposure of the Bank to a given borrower and its related companies exceeds PLN 15m, and the 2nd Stage Credit Committee approves applications where the total exposure exceeds PLN 30m.

Credit reviews

Loan portfolio reviews are carried out regularly at Bank Zachodni WBK Group. Reviews are conducted in the Bank's branches and in: Corporate and Commercial Banking Departments, High Risk Loans Department, BZ WBK



Finance & Leasing, Credit Center and Capital Markets Department.

As a result of the reviews, reports are prepared covering all areas of lending, monitoring, grading, provisions and recommended changes. The reviews allow for: an independent assessment of loan quality, permit the identification of loans with a potential high risk, ensure that the best loan management standards are adhered to, ensure the verification of compliance with credit policies and procedures, ensure that effective loan recovery strategies are implemented and include an assessment of the adequacy of the provisions raised.

#### Credit Forum

To ensure that the process of consulting sectoral policies is efficient, a credit forum is convened. The Credit Forum constitutes a platform for decision taking and communication, which leverages the best practices of Bank Zachodni WBK Group in respect of the management of assets, charged with credit risk. The Forum communicates the best sectoral practices, sectoral analyses, grading systems, risk valuations and lending policies to the branch network and the Business Center Support Divisions.

The Credit Task Force performs such tasks as: analysis of the volume trends and loan portfolio quality, analysis of provisioning levels, analysis of NPLs, recommendations of activities which would facilitate the NPLs recovery process.

The Credit Delivery Task Force analyses and recommends changes to lending procedures and processes with a view to creating an optimum credit delivery process.

The main areas of credit risk management are supervision and management of risk assessment systems, supervision in the context of the National Bank of Poland, Chief Inspectorate of the Banking Supervision, Basle Committee, participation in the decision-taking process in large exposures, assessment of credit processes, creating lending policy and best practices, risk measurement, as well as development of measurement methods and training.

#### Credit risk associated with interbank transactions

Credit limits for interbank transactions are set by the Interbank Limits Committee which reviews analyses and proposes limits to be approved by the Bank's Management Board in line with the Interbank Credit Limits Policy.

The Policy specifies maximum limits for foreign banks based on ratings issued by Moody's. Limits for Polish banks are determined on a case-by-case basis. Decisions are reviewed at least once a year.

Exposures are monitored daily, taking into account additional factors to estimate the effect of derivative transactions. There are plans for implementing a more dynamic methodology that will enable a more precise measurement of exposures and will also take into account netting agreements, which will permit interbank limits to be used more effectively.

#### Credit risk associated with corporate client transactions

The corporate activities of the Treasury are limited to fx transactions, including fx swaps, and "Sell Buy back" transactions. Credit lines for Treasury are based on Credit Risk Equivalents in accordance with the policies of the

Corporate & Commercial Banking Departments. Credit risk exposures are monitored on a daily basis and relevant information is sent to the Corporate & Commercial Banking Departments.

#### Market risk

The Group is exposed to the market risk arising from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements. The group applies a “value at risk” (VAR) methodology to estimate the market risk of positions held and the maximum losses expected, based upon a number of assumptions for various changes in market conditions. The Management Board sets limits on the value at risk that may be accepted, which is monitored on a daily basis. The daily market value at risk (VAR) measure is an estimate, with a confidence level set at 99%, of the potential loss which might arise if the current positions were to be held unchanged for one business day. The value is calculated separately for interest rate risk and currency risk transactions.

This measurement is structured so that daily losses exceeding the VAR figure should occur, on average, not more than once every 100 days. Actual outcomes are monitored regularly to test the validity of the assumptions and parameters/factors used in the VAR calculation. Since VAR constitutes an integral part of the Group’s market risk control regime, VAR limits are established by the Management Board for all trading and portfolio transactions; actual exposures against limits and VAR for the Bank are reviewed daily by management.

#### Currency risk

The Group takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Management Board sets limits on the level of this exposure for overnight and intra-day positions, which are monitored daily.

#### Interest rate risk

The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Interest margins may increase as a result of such changes, but they also may shrink or create losses in the event of unexpected movements.

#### Liquidity risk

The Group is exposed to daily calls on its available cash resources from overnight deposits, current accounts, maturing deposits, loan draw downs, guarantees and derivatives settled on a cash basis. The Group does not maintain cash resources to meet all of these needs as experience shows that a minimum level of reinvestment of maturing funds can be predicted with a high level of certainty. The Management Board sets limits on the minimum proportion of maturing funds available to meet such calls and on the minimum level of interbank and other borrowing facilities that should be in place to cover unexpected level of withdrawals.

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of the Group. It is unusual for banks ever to be completely matched since business transacted is often diversified and of unpredicted maturity dates. An unmatched position potentially enhances profitability, but also increases the risk of losses. The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity of the Bank and its exposure to changes in interest rates and exchange rates. Liquidity requirements to support calls under guarantees and standby letters of credit are considerably less than the amount of the commitment because the Group does not generally expect the third party to draw funds under the agreement. The total outstanding contractual amount of commitments to extend credit does not necessarily represent future cash requirements, since many of these commitments will expire or terminate without being funded.

#### Operational risk management

Operational risk covers risk of losses arising from inadequate internal processes, human and system errors or external factors.

Operational risk management in Bank Zachodni WBK S.A. set the following scopes of responsibility:

- organizational units - responsible for operational risk occurring in their areas (risk identification, self-assessment, loss reporting),
- operational risk team – responsible for co-ordination of the operational risk management process (system development, providing support to units, reporting, creation of data base on losses),
- Audit – responsible for control and assessment of the operational risk management quality (independent assessment of operational risk management process quality, reviews of risk identification standard in organizational units, assessment of controls).

Bank Zachodni WBK S.A. developed IT System Security Standards which cover issues related to security of the processed information, supervision of their implementation, assessment of projects in terms of their compliance with applicable standard, risk analysis while making changes to IT systems, on-going analysis of information relating to information confidentiality threats.

Bank Zachodni WBK S.A. supervises the implementation of the Group's policy in the area of business continuity management, co-operates with business units in this respect, analyses needs and develops plans in this area.

Other operational risk areas on which Bank Zachodni WBK Group focuses are:

- Money laundering,
- Operational risk self-assessment and analysis,
- Fraud prevention,
- Personal data protection

4.2.15. Application of the hedge accounting principles while taking account of the break-down into the goodwill hedging, cash flow hedging and hedging of the investment in foreign entities.

Entities of Bank Zachodni WBK Group do not apply the hedge accounting.

4.2.16. In the case of hedging a planned transaction or probable future liability, provide information about the purposes and principles of financial risk management, taking account of a break-down into hedges of basic types of planned transactions or probable future liabilities.

Entities of Bank Zachodni WBK Group do not apply the hedge accounting.

4.2.17. If gains or losses on the valuation of hedging instruments, being both financial derivatives as well as assets or liabilities of a different profile, in the case of cash flow hedging impacted the revaluation reserve.

Entities of Bank Zachodni WBK Group do not apply the hedge accounting.

5. Concluded option, subscription and share sales contracts.

Put option re. AWSA HOLLAND II B.V. interests

Since 1998 the bank has held a put option for 83 927 interests in AWSA HOLLAND II B.V. for the benefit of Kulczyk Holding S.A. and TUIR Warta S.A. or an entity indicated by them jointly and provided there is a prior consent of the Bank.

On 29 April 2002 the option tenor was extended until 6 December 2002. At the same time Kulczyk Holding S.A. was granted a call option, which will allow it to buy the same number of interests from the bank on similar terms and conditions.

On 6 December 2002, the interests of AWSA HOLLAND II B.V. covered by the option were sold by the bank (83 927 shares). The payment was split into installments. The first installment of PLN 11 510k was paid on 10 December 2002. The payment of the second installment of PLN 21 247k is due on 31 October 2003 (an early repayment – acceptable). This installment is interest bearing, and the interest amount depends on the date of the second installment payment.

Agreement on disposal of shares in PB POLSOFT Sp. z o.o.

On 20 December 2002, Bank Zachodni WBK S.A. concluded a conditional agreement on disposal of 1 020 interests in PROJEKTY BANKOWE POLSOFT Sp. z o.o., for the benefit of COMPUTERLAND S.A. The volume of interest to be sold represents 51% of the share capital and votes at the Annual General Meeting of Partners. The agreement shall become effective, subject to the prior permit of the Competition and Consumer Protection Office, consents of the Supervisory Boards of the Companies entering into the transaction and a positive output of the due diligence conducted by COMPUTERLAND S.A. in PROJEKTY BANKOWE POLSOFT Sp. z o.o.

The total sale price is PLN 19 267k.

Supervisory Boards of both Companies agreed to enter into the transaction.

6. Assets which constitute a security for own liabilities and liabilities of a third party and the value of liabilities which are secured by these assets.

As at 31 December 2002, debt securities in Bank Zachodni WBK S.A. represented the security for an advance from a Banking Guarantee Fund. Details are described in the Note 6B.

In addition, BZ WBK Finance & Leasing S.A. and BZ WBK Leasing S.A. granted security for liabilities in the form of assignment of receivables from lease contracts.

The value of liabilities arising from loan agreements subject to security:

- PLN 115 333.4k,
- EUR 48 844.3k,
- CHF 27 421.4k.

7. Repo/reverse repo transactions not included in the balance sheet.

As at 31 December 2002, Bank Zachodni WBK Group did not have any repo/reverse repo transactions that would not be included in the balance sheet.

8. Granted financial liabilities including irrevocable liabilities.

Letter of credit backing the payment for bonds of AUTOSTRADA WIELKOPOLSKA S.A.

On 31 October 2000, the Bank took up 1,752 B series bonds of Autostrada Wielkopolska S.A. The bonds held by the Bank represent ca 5% of all issued bonds. The purchase price is the PLN equivalent of EUR 6,250k. The final redemption date is 31 May 2037.

Payment for taking up the bonds was backed with a letter of credit opened for that purpose. The draw-downs are in PLN based on the exchange rate as at the draw-down dates. At any time, AW S.A. can demand a payment of a subsequent tranche. By 31 December 2002, the draw-down from the letter of credit totaled PLN 7 579k, which represents the equivalent of EUR 1 947k. The equivalent of EUR 4 302k is still to be repaid. In line with the adopted schedule, the total amount is to be repaid by the end of 2004.

Unpaid part of the share capital of COMMERCIAL UNION POLSKA TOWARZYSTWO UBEZPIECZEŃ NA ŻYCIE S.A.

Bank Zachodni WBK S.A. has 4,125 shares of COMMERCIAL UNION POLSKA TOWARZYSTWO UBEZPIECZEŃ NA ŻYCIE S.A. with the total nominal value of PLN 8,250k. The shares were taken up in two parts: in December 1992 for PLN 145k and in December 1999 for PLN 8,721k. As a result, the total value of the purchased shares is PLN 8,867k. However, in 1999, the share capital was not paid by all shareholders. The unpaid part from the Bank is PLN 821.k and represents its liability towards the Company. So far, there has been no need to pay the outstanding amount, as the Company's standing did not require obtaining funds from that source.

Unpaid part of the share capital of WBK Nieruchomości S.A. i Wspólnicy Spółka Komandytowa

Bank Zachodni WBK S.A. is a limited partner in WBK Nieruchomości S.A. i Wspólnicy Sp. Komandytowa.

The Bank participates in the Company's profits and losses pro rata to its contribution, i.e. 99.99%. The amount which the Bank is committed to contribute is PLN 41,995k. As at 31 December 2002, the unpaid amount was PLN 4,311k and represented the Bank's liability. Up to date, there has been no need to make the outstanding contribution as the Company's standing did not require obtaining funds from that source.

BZ WBK Nieruchomości S.A.

Bank Zachodni WBK S.A. has a 99.99% shareholding in BZ WBK Nieruchomości S.A. The Company's share capital totals PLN 100k. In line with art. 308 § 1 and art. 624 § 2 of the Commercial Companies Code, the share capital in joint stock companies should be at least PLN 500k. The share capital must be increased up to PLN 250k by 2003-end, and up to PLN 500k by 2005-end. It is planned that all shares of the new issue will be taken up by Bank Zachodni WBK S.A.

Events after balance sheet date

BZ WBK Inwestycje Sp. z o.o.

On 23 January 2003, the Extraordinary Annual General Meeting of BZ WBK Inwestycje Sp. z o.o. adopted a resolution of making contributions by shareholders. On foot of this, on 31 January 2003, BZ WBK S.A. made a contribution of PLN 400k.

9. Information about off-balance sheet liabilities, in particular about contingent liabilities including a list of sanctioned civil law and bank guarantees (also b/e and other commitments of a guarantee nature), highlighting the ones granted to connected entities.

<b>Contingent liabilities – granted and received</b>	31.12.2002	31.12.2001
<b>Granted liabilities:</b>	<b>3 654 523</b>	<b>3 126 213</b>
■ <b>financing-related</b>	2 975 302	2 478 723
Of which: import letters of credit	99 753	70 807
Of which: credit lines	2 698 266	-
■ <b>guarantees</b>	<b>679 221</b>	<b>647 490*</b>
Of which: confirmed export letters of credit	-	-
<b>Received liabilities</b>	<b>1 116 635</b>	<b>792 006</b>
■ <b>bank</b>	1 116 509	792 006
■ <b>subsidiaries</b>	126	-
<b>Total</b>	<b>4 771 158</b>	<b>3 918 219</b>

As at 31 December 2002, the bank granted guarantees for the total of PLN 679 221k, of which PLN 2 057k represents the guarantees granted to subordinated entities /BZ WBK Finanse & Leasing S.A. and WBK Nieruchomości Sp. z o.o./.

\* /31.12.2001/ The total of off-balance sheet liabilities (granted guarantees) of PLN 647,490 toward subsidiaries include the guarantees issued to Dom Maklerski BZ WBK S.A. (Brokerage House) of PLN 143k and to WBK Nieruchomości S.A. of PLN 18k.

The list of granted guarantees is presented below:

Guarantees granted by the bank /exclusive of connected entities/	677 164
Guarantees granted by the bank to the connected entities:	2 057
■ BZ WBK Finanse & Leasing S.A.	2 037
■ WBK Nieruchomości Sp. z o.o.	20

Liabilities related to sell/buy transactions	31.12.2002	31.12.2001
1. Fx transactions	41 339 265	46 505 425
■ bought foreign currencies	20 642 310	22 910 281
■ sold foreign currencies	20 683 298	23 546 733
■ differences arising from SWAPs	13 657	48 411
2. dealings in securities	182 340	-
■ securities to be released	20 380	-
■ securities to be received	161 960	-
3. Transactions in financial instruments	6 590 731	5 014 864
■ bought	3 582 186	2 768 145
■ sold	3 008 545	2 246 719
<b>Total</b>	<b>48 112 336</b>	<b>51 520 289</b>

10. Information about the proposed dividend payment if it has not been formally approved, and also about not disclosed cumulated dividends from preferred shares.

In line with the Bank's strategy re. dividend payment, BZWBK will earmark 19.97% of the audited after-tax-profit for the 2002 shareholders' dividend (PLN 270 356k).

The dividend per share will be PLN 0.74 (PLN 0.42 for 2001) - number of shares: 72 960 284.

11. Information about the dividend approved for payment.

Bank Zachodni WBK Group has not formally approved the dividend yet.

12. Liabilities towards the State Treasury or local government units arising from gaining the ownership title to buildings and premises.

As at 31 December 2002, Bank Zachodni WBK Group did not have any liabilities towards the State Treasury or local authorities arising from gaining the ownership title to buildings or premises.

13. Income, costs and impact of discontinued operations in the accounting period or of the operations planned to be discontinued in the next period.

In 2002 there were no costs or income related to discontinued operations in Bank Zachodni WBK Group.

14. Costs of commenced investments, fixed assets and development for the bank's own needs.

31.12.2002

As at 31 December 2002, the investments commenced in Bank Zachodni WBK S.A. were PLN 16 356k. Commenced investments in hardware and other assets of the Bank totaled PLN 5 760k, and the construction investments as well as the original furnishing of outlets totaled PLN 10 596k.

31.12.2001

As at 31 December 2001, the fixed assets under construction in Bank Zachodni WBK S.A. were PLN 329 213k. The commenced investments in hardware and other assets of the Bank totaled to PLN 299 174k, and the construction investments and the original furnishing of outlets totaled PLN 30 039k.

Pursuant to finance lease contracts, Bank Zachodni WBK S.A. utilizes fixed assets of the gross value totaling PLN 201.7k as at 31 December 2001.

Part of fixed assets such as hardware, vehicles and multimedia equipment are used by Bank Zachodni WBK S.A. on the basis of operating lease contracts. The value of those fixed assets is posted in the lessor's books. The bank runs the off balance sheet register according to the market value and VAT tax as at the day of leasing the fixed asset out to Bank Zachodni WBK S.A. The value of these assets totals PLN 14 260k.

15. The capital outlays incurred and to be incurred in the upcoming 12 months from the balance sheet date, including outlays for non-financial fixed assets.

The capital expenditures incurred by Bank Zachodni WBK S.A. in 2002 totaled PLN 228 736k, including:

- information technology - PLN 158 623k,
- real estate and other fixed assets - PLN 70 113k.

As regards the group of IT projects, the largest outlays were incurred for the realization of ICBS software license with Fiserv (Europe) Limited (B1) - PLN 120 432k. As at December 31 2002, 324 branches were already ICBS ones.

The capital outlays (cash flows) of Bank Zachodni WBK planned to be incurred in 2003 are PLN 200 415k, of which:

- information technology - PLN 181 392k,
- real estate and other fixed assets - PLN 19 023k.

In 2002, subsidiaries of Bank Zachodni WBK S.A. incurred capital outlays of PLN 5 559.72k, whereas the planned outlays for 2003 total PLN 3 786.8k.



16.1. Information about the issuer's transactions with connected entities, including entities connected with Bank Zachodni WBK in terms of the capital or organization as stipulated by the Banking Law, with regard to transferring rights and liabilities, taking account of the Bank's credit policy and a percentage share related to transactions with these entities.

31.12.2002	Total	Dom Maklerski BZ WBK S.A.	BZ WBK Finance & Leasing S.A.	BZ WBK Leasing S.A.	WBK Nieruchomości i Wspólnicy Spółka Komandytowa	BZ WBK Inwestycje Sp. z o.o.	AIB WBK Fund Management S.A.	WBK AIB Asset Management S.A.	WBK AIB Towarzystwo Funduszy Inwestycyjnych	BZ WBK Nieruchomości S.A.	Brytyjsko-Polskie Towarzystwo Finansowe WBK CU Sp. z o.o.	Projekty Bankowe Polsoft Sp. z o.o.	POLFUND-Fundusz Poręczeń Kredytowych S.A.
<b>Amounts due from financial sector</b>	<b>439 251</b>	<b>35</b>	<b>192 793</b>	<b>243 354</b>	-	-	-	-	-	-	<b>69</b>	-	-
1. Short-term receivables	162 961	35	82 657	80 200	-	-	-	-	-	-	69	-	-
a) in current account	46 748	35	44 047	2 617	-	-	-	-	-	-	49	-	-
b) other short-term receivables	116 213	-	38 610	77 583	-	-	-	-	-	-	20	-	-
2. Long-term	276 290	-	113 136	163 154	-	-	-	-	-	-	-	-	-
<b>Amounts due from non-financial sector</b>	<b>760</b>	-	-	-	-	<b>718</b>	<b>42</b>	-	-	-	-	-	-
1. Short-term receivables	760	-	-	-	-	718	42	-	-	-	-	-	-
a) in current account	42	-	-	-	-	-	42	-	-	-	-	-	-
b) other short-term receivables	718	-	-	-	-	718	-	-	-	-	-	-	-
2. Long-term receivables	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Other assets</b>	<b>2 390</b>	<b>18</b>	<b>2</b>	<b>18</b>	-	-	<b>194</b>	-	-	-	<b>138</b>	-	<b>2 020</b>
<b>Total</b>	<b>442 401</b>	<b>53</b>	<b>195 795</b>	<b>243 372</b>	-	<b>718</b>	<b>236</b>	-	-	-	<b>207</b>	-	<b>2 020</b>
<b>% share</b>	100%	0.01%	44.26%	55.01%	-	0.16%	0.05%	-	-	-	0.05%	-	0.46%

31.12.2001	Total	Dom Maklerski BZ WBK S.A.	BZ WBK Finance & Leasing S.A.	BZ WBK Leasing S.A.	WBK Nieruchomości i Wspólnicy Spółka Komandytowa	BZ WBK Inwestycje Sp. z o.o.	AIB WBK Fund Management S.A.	WBK AIB Asset Management S.A.	WBK AIB Towarzystwo Funduszy Inwestycyjnych	BZ WBK Nieruchomości S.A.	Brytyjsko-Polskie Towarzystwo Finansowe WBK CU Sp. z o.o.	Projekty Bankowe Polsoft Sp. z o.o.	POLFUND-Fundusz Poręczeń Kredytowych S.A.
<b>Amounts due from financial sector</b>	<b>158 329</b>	<b>28</b>	<b>143 764</b>	<b>14 537</b>	-	-	-	-	-	-	-	-	-
1. Short-term receivables	28	28	-	-	-	-	-	-	-	-	-	-	-
a) in current account	-	-	-	-	-	-	-	-	-	-	-	-	-
b) other short-term receivables	28	28	-	-	-	-	-	-	-	-	-	-	-
2. Long-term receivables	158 301	-	143 764	14 537	-	-	-	-	-	-	-	-	-
<b>Amounts due from non-financial sector</b>	<b>941</b>	-	-	-	-	-	<b>917</b>	-	-	<b>24</b>	-	-	-
1. Short-term receivables	434	-	-	-	-	-	410	-	-	24	-	-	-
a) in current account	410	-	-	-	-	-	410	-	-	-	-	-	-
b) other short-term receivables	24	-	-	-	-	-	-	-	-	24	-	-	-
2. Long-term receivables	507	-	-	-	-	-	507	-	-	-	-	-	-
<b>Other assets</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>159 270</b>	<b>28</b>	<b>143 764</b>	<b>14 537</b>	-	-	<b>917</b>	-	-	<b>24</b>	-	-	-
<b>% share</b>	100%	0.02%	90.26%	9.13%	-	-	0.58%	-	-	0.02%	-	-	-

31.12.2002	Total	Dom Maklerski BZ WBK S.A.	BZ WBK Finance & Leasing S.A.	BZ WBK Leasing S.A.	WBK Nieruchomości i Wspólnicy Spółka Komandytowa	BZ WBK Inwestycje Sp. z o.o.	AIB WBK Fund Management S.A.	WBK AIB Asset Management S.A.	WBK AIB Towarzystwo Funduszy Inwestycyjnych	BZ WBK Nieruchomości S.A.	Brytyjsko-Polskie Towarzystwo Finansowe WBK CU Sp. z o.o.	Projekty Bankowe Polsoft Sp. z o.o.	POLFUND - Fundusz Poręczeń Kredytowych S.A.	NFI Magna S.A.
<b>Amount due to financial sector</b>	<b>160 222</b>	<b>149 513</b>	<b>1 465</b>	<b>128</b>	<b>7 002</b>	-	-	<b>292</b>	<b>486</b>	<b>19</b>	<b>642</b>	<b>675</b>	-	-
1. Short-term liabilities	160 208	149 513	1 465	128	7 002	-	-	292	486	5	642	675	-	-
a) in current account	8 239	4 687	1 465	128	-	-	-	156	486	-	642	675	-	-
b) other short-term liabilities	151 969	144 826	-	-	7 002	-	-	136	-	5	-	-	-	-
2. Long-term liabilities	14	-	-	-	-	-	-	-	-	14	-	-	-	-
<b>Amounts due to non-financial sector</b>	<b>102 677</b>	-	-	-	-	<b>311</b>	<b>12</b>	-	-	-	-	-	<b>106</b>	<b>102 848</b>
1. Short-term liabilities	102 677	-	-	-	-	311	12	-	-	-	-	-	106	102 248
a) in current account	39	-	-	-	-	2	9	-	-	-	-	-	-	28
b) other short-term liabilities	102 638	-	-	-	-	309	3	-	-	-	-	-	106	102 220
2. Long-term liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Other liabilities</b>	<b>4 429</b>	<b>46</b>	<b>2 151</b>	<b>2 232</b>	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>267 328</b>	<b>149 559</b>	<b>3 616</b>	<b>2 360</b>	<b>7 002</b>	<b>311</b>	<b>12</b>	<b>292</b>	<b>486</b>	<b>19</b>	<b>642</b>	<b>675</b>	<b>106</b>	<b>102 848</b>
<b>% share</b>	100%	55.95%	1.35%	0.88%	2.62%	0.12%	0.00%	0.11%	0.18%	0.01%	0.24%	0.25%	0.04%	38.25%

31.12.2001	Total	Dom Maklerski BZ WBK S.A.	BZ WBK Finanse & Leasing S.A.	BZ WBK Leasing S.A.	WBK Nieruchomości i Wspólnicy Spółka Komandytowa	BZ WBK Inwestycje Sp. z o.o.	AIB WBK Fund Management S.A.	WBK AIB Asset Management S.A.	WBK AIB Towarzystwo Funduszy Inwestycyjnych	BZ WBK Nieruchomości S.A.	Brytyjsko-Polskie Towarzystwo Finansowe WBK CU Sp. z o.o.	Projekty Bankowe Polisoft Sp. z o.o.	POLFUND - Fundusz Poręczeń Kredytowych S.A.
<b>Amounts due to financial sector</b>	<b>200 933</b>	<b>192 496</b>	<b>5 799</b>	<b>2 317</b>	-	-	-	<b>185</b>	-	-	<b>136</b>	-	-
1. Short-term liabilities	177 450	169 013	5 799	2 317	-	-	-	185	-	-	136	-	-
a) in current account	15 286	6 852	5 799	2 317	-	-	-	182	-	-	136	-	-
b) other short-term liabilities	162 164	162 161	-	-	-	-	-	3	-	-	-	-	-
2. Long-term liabilities	23 483	23 483	-	-	-	-	-	-	-	-	-	-	-
<b>Amounts due to non-financial sector</b>	<b>6 689</b>	-	-	-	<b>3 022</b>	-	<b>1 044</b>	-	-	<b>56</b>	-	<b>2 567</b>	-
1. Short-term liabilities	6 689	-	-	-	3 022	-	1 044	-	-	56	-	2 567	-
a) in current account	18	-	-	-	-	-	-	-	-	18	-	-	-
b) other short-term liabilities	6 671	-	-	-	3 022	-	1 044	-	-	38	-	2 567	-
2. long-term liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Other liabilities</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>207 622</b>	<b>192 496</b>	<b>5 799</b>	<b>2 317</b>	<b>3 022</b>	-	<b>1 044</b>	<b>185</b>	-	<b>56</b>	<b>136</b>	<b>2 567</b>	-
% share	100%	92.71%	2.79%	1.12%	1.46%	-	0.5%	0.09%	-	0.03%	0.07%	1.24%	-

31.12.2002	Total	Dorn Maklerski BZ WBK S.A.	BZ WBK Finance & Leasing S.A.	BZ WBK Leasing S.A.	WBK Nieruchomości i Wspólnicy Spółka Komandytowa	BZ WBK Inwestycje Sp. z o.o.	AIB WBK Fund Management S.A.	WBK AIB Asset Management S.A.	WBK AIB Towarzystwo Funduszy Inwestycyjnych	BZ WBK Nieruchomości S.A.	Brytyjsko-Polskie Towarzystwo Finansowe WBK CU Sp. z o.o.	Projekty Bankowe Polsoft Sp. z o.o.	POLFUND-Fundusz Poręczeń Kredytowych S.A.
Interest income	14 958	10	9 104	5 774	-	-	70	-	-	-	-	-	-
Interest expense	16 805	12 993	2 489	724	397	5	68	9	9	-	12	99	-
Commission income	950	415	265	212	-	-	33	3	1	-	8	13	-
Commission expense	155	155	-	-	-	-	-	-	-	-	-	-	-
FX profits	-	-	-	-	-	-	-	-	-	-	-	-	-
Other operating income	5 940	2 778	275	64	-	9	611	180	1 373	650	-	-	-
Other operating expenses	13 756	-	4	-	-	-	-	-	28	-	-	13 724	-
Costs of the bank's operations and of general management	1 730	47	-	-	-	-	-	1 683	-	-	-	-	-
<b>Total</b>	<b>54 294</b>	<b>16 398</b>	<b>12 137</b>	<b>6 774</b>	<b>397</b>	<b>14</b>	<b>782</b>	<b>1 875</b>	<b>1 411</b>	<b>650</b>	<b>20</b>	<b>13 836</b>	<b>-</b>
% share	100%	30.20%	22.35%	12.48%	0.73%	0.03%	1.44%	3.45%	2.60%	1.20%	0.04%	25.48%	-

31.12.2001	Total	Dom Maklerski BZ WBK S.A.	BZ WBK Finance & Leasing S.A.	BZ WBK Leasing S.A.	WBK Nieruchomości i Wspólnicy Spółka Komandytowa	BZ WBK Inwestycje Sp. z o.o.	AIB WBK Fund Management S.A.	WBK AIB Asset Management S.A.	WBK AIB Towarzystwo Funduszy Inwestycyjnych	BZ WBK Nieruchomości S.A.	Brytyjsko-Polskie Towarzystwo Finansowe WBK CU Sp. z o.o.	Projekty Bankowe Polsoft Sp. z o.o.	POLFUND-Fundusz Poręczeń Kredytowych S.A.
Interest income	9 426	12	7 887	131	1 332	-	59	-	-	5	-	-	-
Interest expense	27 148	24 919	754	824	348	-	98	58	-	11	136	-	-
Commission income	548	452	27	22	-	-	32	-	-	4	-	11	-
Commission expense	1 265	264	-	-	-	-	-	-	-	-	1	1 000	-
FX profits	-	-	-	-	-	-	-	-	-	-	-	-	-
Other operating income	5 208	3 689	758	-	-	-	-	45	-	716	-	-	-
Other operating expenses	11 094	306	-	144	-	-	-	4 227	-	2	-	6 415	-
Costs of the bank's operations and of general management	1 000	-	-	-	-	-	1 000	-	-	-	-	-	-
<b>Total</b>	<b>55 689</b>	<b>29 642</b>	<b>9 426</b>	<b>1 121</b>	<b>1 680</b>	<b>-</b>	<b>1 189</b>	<b>4 330</b>	<b>-</b>	<b>738</b>	<b>137</b>	<b>7 426</b>	<b>-</b>
% share	100%	53.23%	16.93%	2.01%	3.02%	-	2.14%	7.78%	-	1.33%	0.25%	13.33%	-

16.2. Data related to connected entities on:

- receivables and liabilities
- costs and income, including interest and commissions, costs of provisions for loans and advances
- granted financial liabilities, including irrevocable ones
- other information necessary for producing the consolidated financial statements

Information about receivables, liabilities, costs and income is included in Note 16.1. Costs of provisions for loans and advances are presented in the table below:

	Dom Maklerski BZ WBK S.A.	BZ WBK Finance & Leasing S.A.	BZ WBK Leasing S.A.	WBK Nieruchomości i Wspólnicy Spółka Komandytowa	BZ WBK Inwestycje Sp. z o.o.	AIB WBK Fund Management S.A.	BZ WBK AIB Asset Management S.A.	WBK AIB Towarzystwo Funduszy Inwestycyjnych
provision for loans	398	6 584	27 684	x	x	x	x	x

17. Information on joint enterprises which are not subject to consolidation.

In 2002, Bank Zachodni WBK Group did not participate in joint undertakings with entities, which are not subject to consolidation on line-by-line basis or under the equity method.

18. Income and costs of Bank Zachodni WBK's brokerage operations.

Bank Zachodni WBK S.A. does not conduct brokerage operations.

In Bank Zachodni WBK Group, the following subsidiaries run brokerage operations: Dom Maklerski BZ WBK S.A. and BZ WBK AIB Asset Management S.A. Income from brokerage operations in 2002 totaled PLN 34 659k with the costs totaling PLN 40 756k.

19. Write offs of irrecoverable receivables against costs, broken into titles of write offs and manners of write offs – against the raised provisions, against costs on financial operations and against the other operating costs, with the specifications of losses incurred due to loans and advances.

When charging off receivables, the BZ WBK S.A. Charge off and Write Off Manual introduced by way of Management Board Member's Ordinance no. 221/2001 dated 7 December, 2001 with subsequent amendments applies.

The Ordinance stipulates that the receivables written off against provisions are only those total value to be written off is covered by the established provision (except for cases when only interest is to be written off).

As at 31 December 2002 charge-offs, write-offs and disposals of receivables totalled PLN 432 508k. The amount includes gross value of sold debts of PLN 43 172k.

In 2002, BZ WBK Leasing S.A. and BZ WBK Finance & Leasing S.A. raised provisions for irrecoverable receivables of PLN 12 096.49k (charged to costs).

20. Costs of raising provisions for future liabilities to staff with a break-down into individual categories.

The costs related to raising provisions for future liabilities towards the staff of Bank Zachodni WBK S.A. as at 31 December 2002 were as follows:

- provision for bonuses	PLN 10 740 k
- provision for awards	PLN 6 700 k
- provision for ZUS contributions	PLN 3 764 k

Costs related to creating provisions for future liabilities toward employees of subsidiaries as at 31 December 2002 were

- reserve for bonuses	PLN 269 k
- reserve for ZUS	PLN 24 k
- reserve for holiday leaves	PLN 116 k
- reserve for remuneration and awards	PLN 296 k

21. Costs incurred for financing staff pension schemes.

Bank Zachodni WBK Group does not incur costs related to financing staff pension schemes.

22. Conducted custodian operations

Bank Zachodni WBK S.A. does not run custodian operations, but through its Custodian Services Office it keeps assets for the benefit of third parties. Profit on these operations in 2002 was PLN 26k.

Brokerage and custodian operations in Bank Zachodni WBK Group are conducted by BZ WBK AIB Asset Management S.A., which is discussed in point 18 of Additional Notes.

23. Asset securitisation

Bank Zachodni WBK Group does not apply asset securitisation.

24. Average staffing level with a break-down into professional groups

31.12.2002

As at 31 December 2002, manpower in Bank Zachodni WBK S.A. totaled 9 115.75 FTEs.



As at that day, the Bank employed 9 169 persons. Average headcount in Bank Zachodni WBK S.A. in 2002 was at 9 504.13 FTEs and 9 569 staff. Average staff number in Bank Zachodni WBK subsidiaries in 2002 was 356.11 (329.22 FTEs).

The Table below presents the employment structure in Bank Zachodni WBK S.A. with a break-down according to education:

<b>Education</b>	<b>No. of staff</b>	<b>Structure%</b>
University/college degree	4 649	50.70%
High school degree	4 321	47.10%
Primary/vocational	72	0.80%
Other	127	1.40%
<b>Total</b>	<b>9 169</b>	<b>100%</b>

31.12.2001

As at 31 December 2001, manposer in Bank Zachodni WBK S.A. totaled 9 764 FTEs. Average headcount in Bank Zachodni WBK S.A. in 2001 was 10 403 FTEs. Average staff number in Bank Zachodni WBK subsidiaries in 2001 was 260 (255 FTEs).

The Table below presents the employment structure in Bank Zachodni WBK S.A. with a break-down according to education:

<b>Education</b>	<b>No. of staff</b>	<b>Structure%</b>
University/college degree	4 522	46.3%
High school degree	5 133	52.6%
Primary/vocational	109	1.1%
<b>Total</b>	<b>9 764</b>	<b>100%</b>

25. Remuneration and bonuses (both in cash and in kind) paid or due to (separately) members of the Management Board and Supervisory Board of the issuer in the issuer's company, irrespective of whether they were taken to costs or resulted from the distribution of profit, and, where the issuer is a dominant entity or a majority investor, separately for the remuneration and bonuses received as a result of holding a position in subsidiary, interdependent and associated undertakings (separately for each of the groups). Additionally, aggregated data on other associated entities with regard to remuneration, including distribution of profit, paid or due to members of the Management and Supervisory Board should be provided.

31.12.2002.

According to the information received by Bank Zachodni WBK S.A., the remuneration paid to the members of the Management Board of Bank Zachodni WBK S.A. in 2002 and the members of the Supervisory Board totalled PLN 8,867k and PLN 403k, respectively.

In 2002, none of the Members of the Supervisory Board of Bank Zachodni WBK S.A. received remuneration from subsidiaries or associated entities.

Total remuneration for the management of companies composing Bank Zachodni WBK Group in 2002 totalled PLN 2 757.85k.

31.12.2001.

Remuneration paid to the members of the Management Board and the Supervisory Board of Bank Zachodni WBK S.A. in 2001 totalled PLN 12,044k and PLN 422k respectively.

In 2001, members of the Management Board received remuneration from subsidiaries and associated entities totalling PLN 119k.

In 2001, none of the members of the Supervisory Board of Bank Zachodni WBK S.A. received remuneration from subsidiary and associated undertakings.

26. Non-repaid advance payments, loans, borrowings, guarantees, civil law guarantees or other agreements representing receivables of the issuer, its subsidiary, interdependent and associated undertakings, with information on the interest rate and the repayment details of the amounts granted by the issuer and separately by the subsidiary, interdependent and associated undertakings (separately for each of the groups) to members of the Management Board and Supervisory Board as well as to the employees of the issuer, separately for the members of the Management Board and Supervisory Board and the employees as well as, separately, for the spouses, relatives and next of kin, adopted children or adoptive parents as well as other persons to which members of the Management Board and the Supervisory Board are personally connected, along with the information on the interest rate and the repayment details. Additionally, aggregated data should be provided on other associated entities with regard to the use of loans, borrowings, guarantees and civil law guarantees by employees, Management Supervisory Board members, with interest rate and repayment details.

As at 31 December 2002, members of the Supervisory Board of Bank Zachodni WBK S.A. did not obtain any loans, borrowings or guarantees from Bank Zachodni WBK S.A. or subsidiary or associated undertakings.

The balance of borrowings sanctioned to the members of the Management Board of Bank Zachodni WBK S.A. by the Bank as at 31 December 2002 totalled PLN 33k and CHF 28k.

The balance of borrowings sanctioned to relatives and next of kin of the Members of the Management Board of the Bank totalled PLN 149k, CHF 58k and EUR 25k. All borrowings were sanctioned based on the general terms and conditions as specified in the Bank's offering.

The balance of borrowings from the Company's Social Fund granted to the employees of Bank Zachodni WBK S.A. as at 31 December 2002 totalled PLN 21 492k and the balance of borrowings granted to the Management Board totalled PLN 15k. The borrowings were sanctioned to the employees pursuant to the general terms and conditions offered by the Fund.

The amount of loans (including loans from The Company's Social Fund) granted to the staff of Bank Zachodni WBK subsidiaries totalled PLN 23k.

As at 31 December 2002 total amount of advances for employees in Bank Zachodni WBK S.A. was 983 thousand zł and PLN 7k in associates.

As at 31 December 2001, the value of guarantees granted by Members of the Supervisory Board which generate obligations for the benefit of Bank Zachodni WBK S.A. totaled PLN 13.6k (interest on the liability: 20.5%) and loans granted by Bank Zachodni WBK S.A. to the Supervisory Board Members totaled PLN 20,5k (interest: 21.75%, 29.46%, 30.42% - in line with the credit cards regulations).

Loans granted by Bank Zachodni WBK S.A. for the Management Board Members totaled PLN 42,8k. (interest on the liability 20.75%, 29.46%, and 30.42% - in line with the credit cards regulations).

Members of the Supervisory and Management Boards of Bank Zachodni WBK S.A. did not operate any advances, loans, or guarantees from the Bank's associated or subsidiary undertakings.

Spouses of Management and Supervisory Board Members, their relatives, kins up to the second degree, persons adopted or being in the course of adoption or any other persons with whom the Bank's Management and Supervisory Board Members are personally connected have not benefited from any loans, cash advances or guarantees granted by Bank Zachodni WBK S.A. as well as its subsidiary and associated undertakings.

27. Significant events related to previous years included in the financial statements for the period.

The financial statements for the period include all significant events related to previous years.

28. Significant post-Balance-Sheet date events which were not reflected in the financial statements.

After the balance sheet date, no significant events, which might impact the information included in the financial statements of Bank Zachodni WBK Group, happened.

29. Significant events in the accounting year triggering substantial change in the structure of the Balance Sheet and the financial result

As a result of the introduction of the amended Accounting Act as of January 1, 2002, Bank Zachodni WBK S.A. introduced changes, which are described in the Additional Notes in point 32, to the financial statement in line with the new regulations.

In the same point, the balance sheet as at 31 December 2001 modified according to the new principles is presented as a modified opening balance as at 01.01.2002 – it reflects effects of new principles of asset valuation, consolidated balance sheet and income statement ("pro forma") for 2001.

30. The relations between the legal predecessor and the issuer as well as on the method and the scope of taking over assets and liabilities.

Bank Zachodni WBK Group did not participate in any merger in 2002.

31. Financial statements and comparable financial data, at least in relation to the key Balance Sheet and the P&L Account lines adjusted by relevant inflation rate, indicating the source of the rate and the application methods, taking the last financial statement as the base period – if the accumulated average annual inflation rate from the past three years of the issuer’s operations has reached or exceeded 100%.

The recent years in Poland did not witness inflation rate above 20% - accumulated average annual inflation rate from the previous three years was below 100% - therefore, there was no need to adjust the financial data in the financial statement with a relevant inflation rate.

32. Specification of differences, along with explanations, between the data disclosed in the financial statement and the comparable financial data and the previously produced and published financial statements.

The 2002 data presented in the annual report of Bank Zachodni WBK S.A. were produced in line with the existing accounting principles arising from the currently applicable regulations.

As compared to the consolidated Q4 2002 report published on 19 February 2003, the following items were reclassified:

- “Accruals” to “Other deferred income” - PLN 5,249 k,  
(reclassification of suspended revenues related to lease services – interest, additional fees),
- “Accruals” to “Other provisions” - PLN 45 k,  
(reclassification of cost accruals).

Following the above reclassification, relevant lines in the Cash Flow Statement were adjusted.

The 2001 comparable data presented in the financial statement of Bank Zachodni WBK S.A. as at 31 December 2002 take account of the changes in the manner of presentation, arising from the amended “Accounting Act” applicable as of 1 January 2002 and relevant executive regulations, to the extent possible for practical reasons.

The applied approach is compliant with IAS 8, §54, which waives the obligation “to apply changes to the accounting principles with retroactive effectiveness” in a situation where “there is no possibility to reasonably agree the amount of all adjustments referring to the previous periods and triggered by the change”. In such a case, “the comparable data should be presented in exactly the same way as in the financial statement for the previous period”. For information purposes, “the comparable data should be only prepared ‘pro forma’ unless this is not feasible for practical reasons”.



Changes in the presentation of data as at 31 December 2001 the aim of which was to make this data comparable to the 2002 data, refer to the following lines:

Item	31.12.2001
Perpetual usufruct of land was taken to fixed assets instead of intangible assets	536
Costs of organization and its subsequent development of the joint stock company were taken to prepayments instead of intangible assets	311
Fixed assets taken to BS (operating lease) - previously they represented OBS item	3 691
Break-down of amounts due from/deposits of the public sector in a separate line in the BS; so far they have been disclosed along with the amounts due from/deposits of the non-financial sector	
■ amounts due from the non-financial sector	10 245 078
■ amounts due from the public sector	385 300
■ deposits of the non-financial sector	17 554 233
■ deposits of the public sector	1 159 974
Securities acquired at an order previously disclosed under "shares or interests in other entities", now disclosed under "reverse repo transactions"	43 724
Settlements arising from options were moved from item "Other assets" to item "Other securities and other financial assets"	59 090
Settlements arising from derivatives were moved from "Prepayments" to item "Other securities and other assets"	411 674
Provisions for costs to be incurred and other provisions presented earlier in item "Other provisions" are moved to item "Accruals related to costs".	100 309
Presenting the deferred tax in B/S in two lines: as a deferred tax provision and deferred tax	
■ bank	203 402
■ Dom Maklerski BZ WBK S.A.	105
Liabilities in ARiMR were moved from "Liabilities towards non-financial sector" to "Liabilities towards the state-budget sector"	2 701
Settlements arising from options were moved from item "Specific funds and other liabilities" to item "Other liabilities arising from financial instruments"	5 633
The provision for debatable items was moved from item "Accruals related to costs" to item "Other provisions"	19 763
Settlement arising from derivatives of financial instruments was moved from item "Accruals related to costs" to item "Other liabilities arising from financial instruments"	226 855

Moving the dividend between items "Results on financial operations" and "Income from interests or shares, other securities and other financial instruments with a variable income"	15 560
Income and costs arising from fixed assets were presented as one item (resulting from the deduction of costs from income); movements were made between "Other operating costs" and "Other operating income"	14 676
The depreciation of fixed tangible assets was moved from "Charges to specific provisions and to the Bank's general risk" to "Other operating costs"	14 833
Movements were made between "The release of specific provisions for the Bank's general risk" and the "Update of financial assets"	33 232
Limiting the scope of events whose results are taken to extraordinary losses and profit; the results of events related to the general risk of operations are stated as operating costs or income	
■ profit	220
■ losses	263

The off-balance items included in "Others" were changed:

- PLN 1 517 415 k – collateral for BFG loan and lombard loan,
- PLN 1 220 316 k – guarantee collateral.

As a result of the introduced changes, relevant items in the cash flow report were adjusted.

Opening balance changed in line with the amended Accounting Act.

The comparable data as at 31 December 2001 were not adjusted in terms of the valuation of assets. However, if the adjustments related to the valuation of assets and arising from the changes in the Accounting Act, had been introduced in the previous period, their impact on the net assets of the Bank would not differ substantially from the impact of these adjustments on the net assets of the Bank as at January 1, 2002.

The opening balance for the financial statement produced as at 31 December 2002 was adjusted by the valuation of financial assets available for sale at the fair value and, and the valuation of shares in subsidiaries based on equity method. The results were taken to revaluation reserve and retained profit from previous years in the opening balance. These changes were presented in the relevant notes as the adjustments of the opening balance.

The Table below presents individual data published as at 31 December 2001 for the Bank as well as the same data, after they have been changed in line with the regulations applicable as of 1 January 2002.

As a result of the valuation of BS assets, deferred tax from valuation was disclosed and taken to revaluation reserve and the result from the previous years.

Moreover, adjustment arising from the raised provision for holidays, adjustment of the depreciation costs as well as costs capitalised previously in the balance sheet were taken to the retained profit from the previous years.

Balance Sheet	As at 31.12.2001	Costs of the company's organisation settled over time	Perpetual usufruct of land	Leased fixed assets taken to the open- ing balance	Valuation	Reclassifi- cation	Balance as at 01.01.2002
<b>Assets</b>							
<b>I. Cash and balances with the Central Bank</b>	<b>1 316 242</b>						<b>1 316 242</b>
<b>II. Debt securities with the right to rediscount in the Central Bank</b>	<b>-</b>						<b>-</b>
<b>III. Amounts due from the financial sector</b>	<b>6 614 795</b>						<b>6 614 795</b>
1. In current account	122 286						122 286
2. Term	6 492 509						6 492 509
<b>IV. Amounts due from the non-financial sector</b>	<b>10 245 078</b>						<b>10 245 078</b>
1. In current account	858 722						858 722
2. Term	9 386 356						9 386 356
<b>V. Receivables from the public sector</b>	<b>385 300</b>						<b>385 300</b>
1. In current account	20 848						20 848
2. Term	364 452						364 452
<b>VI. Reverse repo transactions</b>	<b>-</b>				<b>2 316</b>	<b>43 724</b>	<b>46 040</b>
<b>VII. Debt securities</b>	<b>4 022 147</b>				<b>21 133</b>		<b>4 043 280</b>
<b>VIII. Shares or interests in subsidiary undertakings</b>	<b>152 462</b>				<b>16 759</b>		<b>169 221</b>
<b>IX. Shares or interests in interdependent under- takings</b>	<b>-</b>						<b>-</b>
<b>X. Shares or interests in associated undertaking</b>	<b>47 443</b>				<b>6 916</b>		<b>54 359</b>
<b>XI. Shares or interests in other undertakings</b>	<b>134 619</b>				<b>165 763</b>	<b>(43 724)</b>	<b>256 658</b>
<b>XII. Other securities and proprietary interest</b>	<b>9 545</b>				<b>363</b>		<b>9 908</b>
<b>XIII. Intangible assets:,</b>	<b>65 760</b>	<b>(311)</b>	<b>(536)</b>				<b>64 913</b>
- goodwill	6 131						6 131
<b>XIV. Tangible fixed assets</b>	<b>1 017 432</b>		<b>536</b>	<b>3 691</b>	<b>(10 792)</b>		<b>1 010 867</b>
- depreciation	-				(7 051)		(7 051)
- investments	-				(3 741)		(3 741)
<b>XV. Other assets</b>	<b>265 190</b>				<b>(9 070)</b>		<b>256 120</b>
1. Assets taken over							
- for sale	719						719
2. Other	264 471				(9 070)		255 401
<b>XVI. Prepayments</b>	<b>553 392</b>	<b>311</b>					<b>553 703</b>
1. Deferred taxation	121 434						121 434
2. Other prepayments	431 958	311					432 269
<b>Total assets</b>	<b>24 829 405</b>			<b>3 691</b>	<b>193 388</b>		<b>25 026 484</b>

Balance Sheet	As at 31.12.2001	Costs of the company's organisation settled over time	Perpetual usufruct of land	Leased fixed assets taken to the open- ing balance	Valuation	Reclassifi- cation	Balance as at 01.01.2002
<b>Liabilities</b>							
<b>I. Deposits of the Central Bank</b>	-						-
<b>II. Deposits of the financial sector</b>	<b>2 223 627</b>						<b>2 223 627</b>
1. In current account	137 561						137 561
2. Term	2 086 066						2 086 066
<b>III. Deposits of the non-financial sector</b>	<b>17 554 233</b>						<b>17 554 233</b>
<b>1. Savings deposits, of which:</b>	<b>2</b>						<b>2</b>
a) current	-						-
b) term	2						2
<b>2. Other, of which</b>	<b>17 554 231</b>						<b>17 554 231</b>
a) current	4 117 053						4 117 053
b) term	13 437 178						13 437 178
<b>IV. Deposits of the public sector</b>	<b>1 159 974</b>						<b>1 159 974</b>
1. current	594 411						594 411
2. term	565 563						565 563
<b>V. Repo transactions</b>	-						-
<b>VI. Liabilities arising from the issue of securities by the Bank</b>	-						-
1. short-term	-						-
2. long-term	-						-
<b>VII. Other financial liabilities</b>	-						-
<b>VIII. Special funds and other liabilities</b>	<b>688 709</b>			<b>3 634</b>			<b>692 343</b>
<b>IX. Accruals, deferred income and suspended income</b>	<b>831 300</b>						<b>831 300</b>
1. Accruals	295 036						295 036
2. Negative goodwill	-						-
3. Other deferred income and suspended income	536 264						536 264
<b>X. Provision</b>	<b>202 008</b>				<b>71 787</b>		<b>273 795</b>
1. Provision for income tax	-				47 794		47 794
- adjustment of the provision	-				(9 392)		(9 392)
2. Other provisions	202 008				23 993		226 001
a) short-term	-						-
b) long-term	202 008				23 993		226 001
- in relation to the provision	-				23 993		23 993
<b>XI. Subordinated liabilities</b>	<b>10 048</b>						<b>10 048</b>
<b>XII. Share capital</b>	<b>729 603</b>						<b>729 603</b>
<b>XIII. Due contributions to the share capital (negative value)</b>	-						-



Balance Sheet	As at 31.12.2001	Costs of the company's organisation settled over time	Perpetual usufruct of land	Leased fixed assets taken to the open- ing balance	Valuation	Reclassifi- cation	Balance as at 01.01.2002
<b>Liabilities</b>							
XIV. Own shares (negative value)	-						-
XV. Supplementary capital	373 371						373 371
XVI. Revaluation reserve	70 087			57	120 993		191 137
- revaluation of assets	-				168 562		168 562
- deferred tax	-				(47 569)		(47 569)
XVII. Other supplementary capital	835 047						835 047
XVIII. Retained profit/uncovered loss from previous years	-				608		608
- valuation of assets	-				35 618		35 618
- deferred tax	-				(9 617)		(9 617)
- depreciation	-				(7 051)		(7 051)
- non-capitalized costs	-				(3 741)		(3 741)
- provision used for holidays	-				(23 993)		(23 993)
- deferred tax arising from the said adjustments	-				9 392		9 392
XIX. Net profit (loss)	151 398						151 398
<b>Total liabilities</b>	<b>24 829 405</b>			<b>3 691</b>	<b>193 388</b>		<b>25 026 484</b>



Comparative data of Bank Zachodni WBK Group ("pro forma") as at 31 December 2001 (consolidated balance sheet and income statement for 2001 of companies consolidated for the first time in 2002):

Assets	Total assets as at 31.12.2001 after modification	Total of balance sheet items of com- panies excluded from consolidation as at 31.12.2001	Consolidation adjustments and exclusions in total	Comparative data as at 31.12.2001 (8 companies)
Line-by-line consolidation				
<b>Cash and operations with the Central Bank</b>	<b>1 316 242</b>	<b>13</b>	<b>-</b>	<b>1 316 255</b>
<b>Debt securities with the right to rediscount at the Central Bank</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Amounts due from financial sector</b>	<b>6 461 330</b>	<b>17 048</b>	<b>29 113</b>	<b>6 507 491</b>
<b>Short-term receivables</b>	<b>5 615 083</b>	<b>15 043</b>	<b>(159 914)</b>	<b>5 470 212</b>
In current account	125 664	2 430	(127 864)	230
Other short-term receivables	<b>5 489 419</b>	<b>12 613</b>	<b>(32 050)</b>	<b>5 469 982</b>
<b>Long-term receivables</b>	<b>846 247</b>	<b>2 005</b>	<b>189 027</b>	<b>1 037 279</b>
<b>Amounts due from non-financial sector</b>	<b>10 245 127</b>	<b>489 105</b>	<b>-</b>	<b>10 734 232</b>
Short-term receivables	4 553 202	113 309	-	4 666 511
In current account	858 795	-	-	858 795
Other short-term receivables	<b>3 694 407</b>	<b>113 309</b>	<b>-</b>	<b>3 807 716</b>
<b>Long-term receivables</b>	<b>5 691 925</b>	<b>375 796</b>	<b>-</b>	<b>6 067 721</b>
<b>Amounts due from public sector</b>	<b>385 300</b>	<b>10</b>	<b>-</b>	<b>385 310</b>
<b>Short-term receivables</b>	<b>53 386</b>	<b>10</b>	<b>-</b>	<b>53 396</b>
In current account	20 848	-	-	20 848
Other short-term receivables	<b>32 538</b>	<b>10</b>	<b>-</b>	<b>32 548</b>
<b>Long-term receivables</b>	<b>331 914</b>	<b>-</b>	<b>-</b>	<b>331 914</b>
<b>Reverse repo transactions</b>	<b>43 736</b>	<b>608</b>	<b>-</b>	<b>44 344</b>
<b>Debt securities</b>	<b>4 022 209</b>	<b>5 519</b>	<b>-</b>	<b>4 027 728</b>
<b>Amounts due from subordinated entities valued acc. to equity method</b>	<b>159 242</b>	<b>36</b>	<b>(159 218)</b>	<b>60</b>
Subsidiary	159 242	36	(159 218)	60
Interdependent	-	-	-	-
Associated	-	-	-	-
<b>Shares or interests in subsidiaries valued under equity method</b>	<b>84 372</b>	<b>22 972</b>	<b>(96 813)</b>	<b>10 531</b>
<b>Shares or interests in interdependent entities valued under equity method</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Shares or interests in associates valued under equity method</b>	<b>47 407</b>	<b>-</b>	<b>-</b>	<b>47 407</b>
<b>Shares or interests in other entities</b>	<b>94 127</b>	<b>-</b>	<b>(3 209)</b>	<b>90 918</b>
<b>Other securities and other financial assets</b>	<b>480 309</b>	<b>2 429</b>	<b>-</b>	<b>482 738</b>
<b>Intangible assets, of which:</b>	<b>62 607</b>	<b>1 141</b>	<b>-</b>	<b>63 748</b>
- goodwill	592	-	-	592
<b>Goodwill of subordinated entities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Tangible fixed assets</b>	<b>1 023 096</b>	<b>1 633</b>	<b>-</b>	<b>1 024 729</b>
<b>Other assets</b>	<b>219 845</b>	<b>20 741</b>	<b>(16)</b>	<b>240 570</b>
Assets taken over - for sale	719	-	-	719
Stock	-	-	-	-
Other	219 126	20 741	(16)	239 851

<b>Assets</b>	<b>Total assets as at 31.12.2001 after modification</b>	<b>Total of balance sheet items of com- panies excluded from consolidation as at 31.12.2001</b>	<b>Consolidation adjustments and exclusions in total</b>	<b>Comparative data as at 31.12.2001 (8 companies)</b>
<b>Prepayments</b>	<b>397 311</b>	<b>9 415</b>	-	<b>406 726</b>
Deferred income tax assets	376 581	3 334	-	379 915
Other prepayments	20 730	6 081	-	26 811
<b>Total assets</b>	<b>25 042 260</b>	<b>570 670</b>	<b>(230 143)</b>	<b>25 382 787</b>

<b>Liabilities</b>	<b>Total assets as at 31.12.2001 after modification</b>	<b>Total of balance sheet items of com- panies excluded from consolidation as at 31.12.2001</b>	<b>Consolidation adjustments and exclusions in total</b>	<b>Comparative data as at 31.12.2001 (8 companies)</b>
<b>Deposits of the Central Bank</b>	-	-	-	-
<b>Amounts due to financial sector</b>	<b>1 998 703</b>	<b>434 627</b>	<b>(120 760)</b>	<b>2 312 570</b>
<b>Short-term liabilities</b>	<b>1 905 984</b>	<b>120 974</b>	<b>(144 243)</b>	<b>1 882 715</b>
In current account	122 552	997	(116 526)	7 023
Other short-term liabilities	1 783 432	119 977	(27 717)	1 875 692
<b>Long-term liabilities</b>	<b>92 719</b>	<b>313 653</b>	<b>23 483</b>	<b>429 855</b>
<b>Amounts due to non-financial sector</b>	<b>17 684 973</b>	<b>311</b>	<b>3 022</b>	<b>17 688 306</b>
<b>Short-term liabilities</b>	<b>14 740 395</b>	<b>311</b>	<b>3 022</b>	<b>14 743 728</b>
In current account of which	4 253 420	-	(2 587)	4 250 833
Saving accounts	-	-	-	-
Other short-term liabilities, of which	10 486 975	311	5 609	10 492 895
Saving accounts	-	-	-	-
<b>Long-term liabilities of which:</b>	<b>2 944 578</b>	-	-	<b>2 944 578</b>
Saving account	2	-	-	2
<b>Amounts due to public sector</b>	<b>1 162 055</b>	<b>346</b>	-	<b>1 162 401</b>
<b>Short-term liabilities</b>	<b>1 160 864</b>	<b>346</b>	-	<b>1 161 210</b>
In current account	596 492	346	-	596 838
Other short-term liabilities	564 372	-	-	564 372
<b>Long-term liabilities</b>	<b>1 191</b>	-	-	<b>1 191</b>
<b>Repo transactions</b>	-	-	-	-
<b>Liabilities arising from the issue of debt securities</b>	-	-	-	-
Short-term	-	-	-	-
Long-term	-	-	-	-
<b>Other liabilities arising from financial instruments</b>	<b>232 488</b>	-	-	<b>232 488</b>
<b>Amounts due to subordinated entities valued acc. to equity method</b>	<b>38 350</b>	-	<b>(12 367)</b>	<b>25 983</b>
Subsidiary	38 165	-	(12 182)	25 983
Interdependent	-	-	-	-
Associated	185	-	(185)	-

Liabilities	Total assets as at 31.12.2001 after modification	Total of balance sheet items of com- panies excluded from consolidation as at 31.12.2001	Consolidation adjustments and exclusions in total	Comparative data as at 31.12.2001 (8 companies)
<b>Special funds and other liabilities</b>	<b>697 671</b>	<b>24 459</b>	<b>(16)</b>	<b>727 114</b>
<b>Accrued and suspended income and expenses</b>	<b>688 126</b>	<b>2 259</b>	<b>-</b>	<b>690 385</b>
Accruals	193 990	2 050	-	196 040
Negative goodwill	-	-	-	-
Deferred and suspended income	494 136	209	-	494 345
Negative goodwill of subordinated entities	-	-	9 180	9 180
Provisions	375 414	2 778	-	378 192
Provision for deferred income tax	253 952	2 700	-	256 652
Other provisions	121 462	78	-	121 540
Short-term	-	78	-	78
Long-term	121 462	-	-	121 462
<b>Subordinated liabilities</b>	<b>10 048</b>	<b>-</b>	<b>-</b>	<b>10 048</b>
<b>Capital of minority shareholders</b>	<b>-</b>	<b>-</b>	<b>7 673</b>	<b>7 673</b>
<b>Share capital</b>	<b>729 603</b>	<b>154 211</b>	<b>(171 211)</b>	<b>712 603</b>
<b>Due contributions to share capital (negative value)</b>	<b>-</b>	<b>(4 312)</b>	<b>4 312</b>	<b>-</b>
<b>Bank's own shares (negative value)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Supplementary capital</b>	<b>380 466</b>	<b>5 983</b>	<b>(7 036)</b>	<b>379 413</b>
<b>Balance of revaluation reserve</b>	<b>70 087</b>	<b>1 825</b>	<b>-</b>	<b>71 912</b>
<b>Other reserve capital</b>	<b>820 393</b>	<b>-</b>	<b>15 249</b>	<b>835 642</b>
<b>FX differences from re-calculation of subordinated entities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Positive fx differences	-	-	-	-
Negative fx differences	-	-	-	-
<b>Profit (loss) from previous years</b>	<b>5 374</b>	<b>(58 249)</b>	<b>42 641</b>	<b>(10 234)</b>
<b>Net profit (loss)</b>	<b>148 509</b>	<b>6 432</b>	<b>(830)</b>	<b>154 111</b>
<b>Total liabilities</b>	<b>25 042 260</b>	<b>570 670</b>	<b>(230 143)</b>	<b>25 382 787</b>

in PLNk



Profit and loss account	Result as at 31.12.2001 after modification	Total P&L items of companies excluded from consolidation as at 31.12.2001	Consolidation adjustments and exclusions in total	Comparative data as at 31.12.2001 (8 companies)
Interest income	2 650 326	52 636	(11 467)	2 691 495
Interest expense	(2 028 576)	(33 606)	11 467	(2 050 715)
<b>Net interest income</b>	<b>621 750</b>	<b>19 030</b>	-	<b>640 780</b>
Commission income	481 329	-	141	481 470
Commission expense	(79 275)	(485)	(141)	(79 901)
Net commission income	402 054	(485)	-	401 569
Net income on sales of products, goods and materials	-	24 199	-	24 199
Costs of sold products, goods and materials	-	-	-	-
Sales costs	-	-	-	-
<b>Profit on sales</b>	<b>-</b>	<b>24 199</b>	<b>-</b>	<b>24 199</b>
Income from shares, interest, other securities and financial instruments with variable yield	22 661	288	(540)	22 409
From subsidiaries	6 723	-	(540)	6 183
From interdependent entities	-	-	-	-
From associates	15 938	-	-	15 938
From other units	-	288	-	288
<b>Profit on financial operations</b>	<b>399 100</b>	<b>1 453</b>	<b>-</b>	<b>400 553</b>
<b>FX profit</b>	<b>137 076</b>	<b>1 298</b>	<b>-</b>	<b>138 374</b>
<b>Profit on banking operations</b>	<b>1 582 641</b>	<b>45 783</b>	<b>(540)</b>	<b>1 627 884</b>
Other operating income	60 350	33 113	(13 197)	80 266
Other operating costs	(84 008)	(21 294)	11 974	(93 328)
Costs of the bank's operations and general management	(1 109 226)	(35 764)	1 223	(1 143 767)
Depreciation of fixed assets and intangible assets	(135 082)	(1 289)	-	(136 371)
<b>Allocations to provisions and revaluation</b>	<b>(858 954)</b>	<b>(12 381)</b>	<b>-</b>	<b>(871 335)</b>
Allocations to specific provisions and general banking risk reserve	(858 793)	(12 239)	(161)	(871 193)
Revaluation of financial assets	(161)	(142)	161	(142)
<b>Release of provisions and revaluation</b>	<b>668 745</b>	<b>1 053</b>	<b>-</b>	<b>669 798</b>
Release of specific provisions and general banking risk reserve	622 970	1 053	35	624 058
Revaluation of financial assets	45 775	-	(35)	45 740
<b>Balance of provisions and revaluation</b>	<b>(190 209)</b>	<b>(11 328)</b>	<b>-</b>	<b>(201 537)</b>
Operating profit	124 466	9 221	(540)	133 147
Profit on extraordinary operations	(210)	(12)	-	(222)
Extraordinary gains	286	2	-	288
Extraordinary losses	(496)	(14)	-	(510)
Goodwill charge of subordinated entities	(1 959)	-	-	(1 959)
Charges of negative goodwill of subordinated entities	-	-	2 448	2 448

<b>Profit and loss account</b>	<b>Result as at 31.12.2001 after modification</b>	<b>Total P&amp;L items of companies excluded from consolidation as at 31.12.2001</b>	<b>Consolidation adjustments and exclusions in total</b>	<b>Comparative data as at 31.12.2001 (8 companies)</b>
<b>Gross profit (loss)</b>	<b>122 297</b>	<b>9 209</b>	<b>1 908</b>	<b>133 414</b>
Income tax	26 212	(1 777)	-	24 435
Current	(128 796)	(3 221)	592	(131 425)
Deferred	155 008	1 444	(592)	155 860
Other mandatory reduction of the profit (increase in the loss)	-	-	-	-
Share in net profits (losses) of subordinated entities valued under equity method	-	-	-	-
(Profit) loss of minority shareholders	-	-	(2 738)	(2 738)
<b>Net profit (loss)</b>	<b>148 509</b>	<b>7 432</b>	<b>(830)</b>	<b>155 111</b>

in PLNk

33. Changes in the applied accounting principles (policies) and the mode of producing consolidated financial statements, introduced since the previous accounting year (accounting years), their reasons, titles and the impact of their financial implications on the business and financial standing, liquidity, the financial result and profitability.

The financial implications arising (from the change) in the mode of producing the financial statements were described in the detail in point 32 of the Additional Notes to the financial statements.

34. Correction of fundamental errors, their reasons, titles and the impact of the resulting financial implications on the business and financial standing, liquidity, the financial result and profitability.

The financial statements of Bank Zachodni WBK S.A. Group for 2002 do not include corrections of fundamental errors.

35. If there is uncertainty as to the possibility to continue in business (ongoing concern), the additional notes should include the description of the uncertainty as well as a statement that it exists paralleled by the indication that, as a result, the financial statements might include certain adjustments. The information should also include the description of the actions taken or envisaged by the issuer's unit aimed at eliminating it.

There is nothing that would indicate the impossibility of Bank Zachodni WBK Group to continue in business.

36. If the financial statements are produced for the period of the merger, the additional note should indicate that these are financial statements produced following the merger as well as the date of the merger and the applied method of accounting for the business combination (acquisition, uniting of interests)

In 2002, Bank Zachodni WBK Group did not participate in any merger.

37. If the balance sheet date of the financial statements of the subordinated company which is consolidated in the consolidated financial statements is earlier than the consolidated financial statements but no longer than three months, all the important changes in assets, liabilities, profits and losses of the subordinated entity which took place in-between should be provided.

Such a situation did not take place in entities composing Bank Zachodni WBK Group.

38. Information about corrections and the original amounts of particular items of the financial statements should be provided if respective data of the subordinated company's financial statements were adjusted to the rules and methods adopted by the dominant entity and in case such adjustments were waived the rationale for such decision should be given.

Consolidated financial statements of Bank Zachodni WBK Group for 2002 do not include corrections of individual items of the financial accounts for which valuation principles and methods differed from the ones adopted by the dominant entity, except for situations described in point 12 of the Introduction to the consolidated financial statements.

39. If the issuer producing consolidated financial statements excludes, pursuant to separate regulations, a subordinated entity from consolidation or valuation by equity method, the additional note to the financial statements should present the legal basis justifying the exclusions, and key economic and financial ratios defining the operations of the connected units in a given accounting year and in the past accounting year, such as: income from sales and financial income, net financial result, equity broken down into groups, value of fixed assets, average annual employment and other information if required by force of separate regulations.

All companies composing Bank Zachodni WBK Group were consolidated on line-by-line basis or under equity method which has been described in detail in point 12 of the Introduction to the consolidated financial statements.

40. Moreover, additional information other than specified above and required by force of the applicable accounting regulations, or any other information that might substantially affect the assessment of the business and financial standing as well as the financial result and their changes – should be disclosed in the relevant part of the financial statements.

Major cases against Bank Zachodni WBK S.A.

BGŻ S.A. contra WBK S.A.

By force of a ruling dated 5 June 1998, the Provincial Court in Warsaw dismissed the entire claim lodged by the Head Office of Bank Gospodarki Żywnościowej in Warsaw to reimburse the amount which was received by WBK S.A. in the course of legal execution proceedings based on a counter-guarantee granted by BGŻ SA for the benefit of WBK, for the debts of Spółdzielnia Przetwórstwa Owocowo – Warzywnego "Frutex" in Elk along with the statutory interest.

By force of its ruling of 21 September 1999, the Court of Appeal in Warsaw accepted the appeal of Bank

Gospodarki Żywnościowej S.A. in Warsaw against the ruling of the Lower Court favourable for WBK and adjudicated the payment by WBK to BGŻ of PLN 9,094k together with the statutory interest due for the periods indicated in the ruling.

The Supreme Court in Warsaw, by force of its ruling dated 17 May 2002, accepted the appeal lodged by BZ WBK S.A. and annulled the ruling of the Appeal Court in Warsaw, submitting the case for re-hearing.

By force of its ruling dated 05.09.2002, the Court of Appeal in Warsaw confirmed its earlier decision dated 21 September 1999.

The Bank obtained a legal opinion from an external law firm which indicated that there was no rationale behind lodging a final appeal to the Supreme Court. On 27 December 2002, the Bank fully executed the ruling. The ultimate value of the claim lodged by BGŻ S.A. along with the court fees was at PLN 12,195k.

“Interinvest” Sp. z o.o. contra WBK S.A. Centrala (WBK Head Office)

Interinvest S.A. (claimant re. 2) and a private individual specified in the claim (claimant re.1) filed a suit for payment against Wielkopolski Bank Kredytowy S.A. on 30 December 1999. The claim seeks:

1. adjudicating for the benefit of the Claimant re.1, the payment along with the statutory interest as of the day of the claim’s service upon the defendant paralleled by transferring, by the claimant onto the defendant, part of the receivables from DZM “Dozamet” under bankruptcy arising from a short-term loan together with interest raised by the company in 1991 – PLN 20k,
2. to adjudicate for the benefit of the Claimant “Interinvest” S.A., with a registered office in Poznań, the amount of PLN 7,197k along with statutory interest as of the date of the claim’s service upon the defendant paralleled by transferring, by the claimant onto the defendant, part of the receivables from DZM “Dozamet” under bankruptcy arising from a short-term loan together with interest raised by the company in 1991 – PLN 11,855k,
3. to adjudicate for the benefit of the Claimants the reimbursement of the court fees by the defendant.

In their statement of reasons, the Claimants raised, among others, the fact that the Bank, in the agreement concluded on 19 March 1999, stated that the sold debt was indisputable and mature (§1 of the agreement). Furthermore, the Defendant stated that as a security for the sold debt, the Defendant was, among others, entitled to:

- repossession of machinery and equipment with the total value of PLN 515k,
- repossession of materials and finished products with the total value of PLN 5,752k.

As it turned out later, the repossession agreements concluded by WBK SA were invalid due to the absence of consent from the Minister of the State Treasury. According to the information obtained from the Risk Management Department, in the course of negotiations with the Claimant, the Bank did not hide the fact that “Dozamet” SA did not have consent of the Minister of the State Treasury. According to the Lower Court, this fact, however, was not reflected in the documents held.

On 28 March 2001, the Court passed an unfavorable ruling for the Bank by adjudicating the amount of PLN 7,725k along with the statutory interest and the reimbursement of a part of the court costs for the benefit of Interinvest S.A.



(claimant re.2). The Claimant re.2 was also obliged to transfer for the benefit of the defendant the receivables stipulated in the agreement dated 19 March 1999. The remaining part of the claim was dismissed. The Bank lodged an appeal. The Appeal Court in Poznań, by force of a ruling dated 29 May 2002, dismissed a substantial part of the Bank's appeal against the unfavorable ruling of the Lower Court and adjudicated PLN 6,870k together with the statutory interest for the periods specified in the ruling for the benefit of the Claimant. The Court dismissed the Bank's claim to suspend the enforceability of the ruling.

On 17 July 2002, Bank Zachodni WBK SA made a transfer of PLN 10,602.4k in line with the ruling of the Appeal Court in Poznań, for the benefit of Interinvest. The provision for the disputable amount was released. Having received the justification of the ruling from the Court of Appeal, the Bank decided not to lodge a final appeal with the Supreme Court.

Case brought by the Receiver in Bankruptcy of ZZO S.A.

The Supreme Court in Warsaw, by force of a ruling dated 20.03.2002, accepted the appeal of Bank Zachodni WBK S.A. against the ruling of the Higher Court, unfavorable for the Bank, in the case brought by the Receiver in Bankruptcy of ZZO S.A. in Złotoryja re. the payment (disputable amount: PLN 5,000k) and passed the case to the Court of Appeal for re-hearing. The Court of Appeal in Wrocław, having reheard the case on 17.10.2002, annulled the ruling of the Lower Court dated 10.02.1999, and adjudicated the reimbursement of all court fees for the benefit of Bank Zachodni WBK S.A.. The claimant lodged an appeal against the ruling with the Supreme Court. The Bank holds a full provision for the disputable amount.



Fx structure of assets and liabilities

'000 PLN

	Components of fx position B/S long (+)	Components of fx position B/S short (-)	Components of fx position index long (+)	Components of fx position index short (-)
HUF	31	-	-	-
CZK	48	-	-	-
EEK	1	-	-	-
AUD	108	-	-	-
JPY	6 394	-	-	-
USD	-	299 114	112 742	-
CAD	-	90	-	-
GBP	-	73 215	865	-
DKK	620	-	-	-
NOK	-	1	-	-
CHF	1 271 766	-	40 229	-
SEK	2 066	-	-	-
EUR	764 180	-	195 531	-
<b>Total</b>	<b>2 045 214</b>	<b>372 420</b>	<b>349 367</b>	<b>-</b>

HUF	-	57		
CZK	-	105		
JPY	-	6 695		
USD	164 864	-		
GBP	72 138	-		
DKK	-	1 052		
NOK	-	44		
CHF	-	1 314 691		
SEK	-	2 054		
EUR	-	941 602		
<b>Total</b>	<b>237 002</b>	<b>2 266 300</b>		

