

ADDITIONAL INFORMATION
TO THE CONSOLIDATED
FINANCIAL STATEMENTS
AS AT 31 December 2000

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I. Concentration of the BSK Group commitments by single customers, groups of affiliated undertakings and sectors of the economy.

According to Banking Law, effective 1 January 1998, the total exposure, including: credit lines, cash loans granted, bonds and securities purchased other than shares, extended guarantees, letters of credit as well as other amounts receivable from one or more capital and organisationally related entities which jointly share business risk may not exceed 25% of the Bank's equity, i.e. PLN 359,594 thousand.

As at 29 December 2000 the concentration limit, as described in Article 71 item 1 of the Banking Law, was exceeded in two cases. The first situation when the limit was exceeded related to the interpretation received from the General Inspectorate of Banking Supervision ("GINB") by which Bank Śląski was obliged to include their deposits in other banks to secure credits provided by those banks granted to the BSK SA's client.

The second case when the limit was exceeded was caused by the merger of five clients of Bank Śląski which, when combined, caused the concentration ratio of the new entity to be slightly exceeded.

The Management Board informed GINB of these two cases and subsequently took appropriate steps to decrease the concentration limits. BSK SA's Management immediately took actions to decrease the credit commitments in order to decrease the concentration ratio.

According to Banking Law, equity investments (including securities, shares and participation in investment funds) may not exceed 15% of equity for a single customer (or PLN 215,757 thousand). During the year ended 31 December 2000, the Bank did not exceed this limit.

The Bank's on-balance sheet exposure by sector of the economy, based on individual commitments exceeding PLN 500 thousand, is as follows:

Sector of economy (according to European Industry Classification)	Total commitment (on-balance sheet) in PLN 000's		Structure %	
	31.12.1999	31.12.2000	1999	2000
Agriculture, forestry and fishing	70 181	86 349	0.89	0.90
Coal mining	143 158	141 768	1.82	1.48
Other mining	4 500	147 168	0.06	1.53
Foodstuff and beverages	858 856	1 038 060	10.90	10.81
Textiles	42 049	35 389	0.53	0.37
Clothing and leather	65 251	74 129	0.83	0.77
Paper and cellulose	136 869	120 876	1.74	1.26
Publishing	24 031	28 375	0.31	0.30
Fuel industry	133 730	226 315	1.70	2.36
Chemicals	372 765	349 879	4.73	3.64
Rubber industry	76 464	89 244	0.97	0.93
Non-ferrous metals	57 103	120 530	0.72	1.26
Production of metals	650 301	650 278	8.25	6.77

Metal finished goods	176 655	228 170	2.24	2.38
Machinery	111 378	113 988	1.41	1.19
Electronics	121 028	153 941	1.54	1.60
Precision equipment	23 363	31 720	0.30	0.33
Motor vehicles and trailers	377 319	353 649	4.79	3.68
Furniture	46 311	73 796	0.60	0.77
Recycled goods	12 844	14 350	0.16	0.15
Energy	802 814	760 713	10.19	7.92
Water supply	3 358	18 173	0.04	0.19
Construction	469 593	368 341	5.96	3.84
Car trading and service and gas stations	270 516	305 104	3.43	3.18
Trade	1 046 941	1 518 015	13.29	15.81
Hotels and restaurants	11 090	21 580	0.14	0.22
Transport	176 787	143 157	2.24	1.49
Mail and telecommunication	406 689	395 937	5.16	4.12
Financial intermediary services	352 740	850 838	4.48	8.95
Financial leasing	71 968	255 274	0.91	2.66
Administration and rental of equipment	33 546	469 816	0.06	4.89
Research and development	6 031	7 741	0.08	0.08
Other business activities	21 053	58 537	0.27	0.61
Administration and defence	599 642	227 764	7.61	2.37
Education	460	431	0.01	0.00
Health and social care	48 956	44 465	1.62	0.46
Other social and municipal services	501	5,738	0.01	0.06
Entertainment services	14 304	10 327	0.18	0.11
Other	37 787	60 418	0.47	0.64
Total	7 878 932	9 600 343	100.00	100.00

The risk assessment of specific commitments and the systematic assessment that results from them is reflected in their classification to specific risk categories and the amounts of related provisions.

According to the Bank's credit policy, collateral is taken for loans in the form of the borrowers' accounts and property.

For the purpose of estimating specific provisions against irregular amounts due, only collateral specified in Regulation No. 8/99 of the Banking Supervision Commission dated 22 December 1999 on principles of provisioning against banking activity is recognized. As at 31 December 2000, such collateral amounted to PLN 1,362,358 thousand, compared to PLN 1,136,090 thousand as at 31 December 1999.

As at 31 December 2000, the Bank issued 10,629 execution titles amounting to PLN 189,113 thousand.

2. Information on financial instruments operations

Transactions of derivative financial instruments are carried out for speculative purposes and in order to hedge foreign exchange and interest rate risk. As at 31 December 2000 only BSK SA presented open positions on financial instruments operations.

Foreign currency transactions

In PLN 000's

Instrument	Purchase		Sale	
	31.12.1999	31.12.2000	31.12.1999	31.12.2000
Forex spot	145 587	736 922	145 281	737 084
Forex forward	1 186 524	4 242 700	1 145 184	4 055 015
Forward – Foreign Currency				
Term Transaction (WTT)	7 978	7 997	7 842	8 122
Non-delivery				
Forward – (ZRK)	384 805	556 098	381 682	557 972

Interest rate transactions

Type of instrument	Nominal amount	
	31.12.1999	31.12.2000
Interest Rate Swaps	167 725	0

Foreign currency transactions

The nominal value of foreign exchange contracts expresses the amount of foreign currency purchased or sold under the contracts and does not represent the actual market or credit risk associated with these contracts. Credit risk is limited by entering into contracts only with approved counter parties under respective credit limits, closing open positions and/or establishing maturity limits on opened positions limit market risk. Foreign exchange contracts are used for closing daily open foreign currency positions and for speculative purposes.

Foreign exchange swap transactions represent a combination of foreign exchange spot and forward transactions where currency is exchanged at a spot rate and, at the same time, the same currencies are subject to exchange at a forward rate on a specified day in the future.

Foreign currency transactions – SPOT

Foreign currency spot transactions are agreements to exchange specific amounts of currencies at a specified rate of exchange when the settlement occurs usually two days after the trade date.

All forex spot transactions are made for trading purposes. At 31 December 2000, the value of the PLN and foreign currency receivables amounted to PLN 736,922 thousand and the value of the PLN and foreign currency payables amounted to PLN 737,084 thousand.

The forex spot leg of foreign exchange speculative swaps is also presented as currency spots. As at 31 December 2000, the value of these operations on the PLN and foreign currency receivables amounted to PLN 296,030 thousand and the value of the PLN and foreign currency payables amounted to PLN 296,450 thousand.

In accordance with the accounting principles adopted, these transactions are marked to market. As at 31 December 2000, unrealized losses of PLN 244 thousand were recognized in the profit and loss account in the net result on foreign exchange.

Foreign currency transactions – FORWARD

Foreign currency forward transactions are foreign currency purchase or sale contracts at a specified exchange rate for a time period longer than two days from the trading date.

Forex forward operations are speculative transactions (the forward leg of a swap transactions). All forward transactions mature before 9 May 2001. In accordance with the adopted accounting principles, these transactions are marked to market. At 31 December 2000, unrealized gains amounting to PLN 164,866 thousand were recognized in the profit and loss account in the net result on foreign exchange.

Foreign currency term transactions

Foreign currency term transactions are foreign currency forward operations offered by BSK SA to its clients in order to hedge exchange rate risk associated with a client's future foreign currency payments. The realisation of these transactions is based on the delivery of the underlying basic instrument. All these transactions mature before 31 December 2002. Transactions are executed by delivering the underlying instrument.

In accordance with the adopted accounting principles, these transactions are marked to market. At 31 December 2000, unrealized gains amounting to PLN 241 thousand were recognized in the profit and loss account in the net result on foreign exchange. As at 31 December 2000, collateral securing these transactions amounted to PLN 2,811 thousand.

Non-delivery foreign currency forward

Non-delivery foreign currency forward operations are designed to secure exchange rate risk and are offered to BSK SA clients in order to hedge exchange rate risk associated with a client's future foreign currency payments. Operations presented in the ledger of the Bank are those with a maturity date of 29 August 2001.

The settlement of these transactions results from the difference between the contractual price of the underlying forward contract and the current price in the future.

In accordance with the adopted accounting principles, these transactions are marked to market. At 31 December 2000, unrealized losses amounting to PLN 1,485 thousand were recognized in the profit and loss account in the net result on foreign exchange.

Interest swap transactions

Interest rate swap transactions are agreements in which the Bank agrees to exchange periodic interest rate payments in exchange for counter party interest payments that are calculated based on an agreed nominal amount. The nominal amount is the amount upon which interest rates are applied to determine the payment streams under the interest rate swap. Market risk associated with interest rate swap transactions relates solely to the interest rates applied. Credit risk is limited by entering into contracts only with approved counter parties within approved credit limits.

Due to an earlier loan repayment, whose interest rate risk was hedged by an IRS contract, the IRS contract was closed when the loan was repaid.

3.1. Information on other off-balance sheet commitments

As at 31 December 2000, liability commitments granted by the Bank amounted to PLN 3,358,323 thousand including:

- financial commitments of PLN 2,707,022 thousand which include open credit lines, unused facilities, as well as open or confirmed letters of credit;
- guarantees of PLN 651,301 thousand.

Specific provisions for off-balance sheet commitments of PLN 14,625 thousand were created.

The off-balance sheet commitments granted by the Bank to its associates and subsidiaries are presented in Note 7.2. As at 31 December 2000, the Bank had a balance of guarantee commitments received of PLN 114,957 thousand, including 81,345 thousand utilized as collateral offsetting specific provisions.

4. Amounts due to the State Budget or local authorities arising from the acquisition of buildings and structures.

As at 31 December 2000, the BSK Group had no such liabilities.

5. Discontinuance of operations

During the period from 1 January to 31 December 2000, the Bank did not terminate any significant area of activity. The Bank foresees no such termination in 2001.

6. Information on investment expenditures

Investment expenditures include all purchases of tangible and intangible assets during the year from 1 January 2000 to 31 December 2000.

The BSK Group investment expenditures amounted to PLN 509,026 thousand, whereas the budgeted investment expenditures amounted to PLN 258,424 thousand.

The budgeted investment expenditure for 2001 amounts to PLN 248,934 thousand.

7.1. Information on transactions with related parties

During the period from 1 January to 31 December 2000, the entities of the BSK Group concluded the following mutual transactions:

Brokerage House of Bank Śląski S.A.

BSK SA accepts short-term deposits (overnight and few days) placed by its Brokerage House at standard terms. The volume of the transactions is significant with the amounts between PLN 62 and PLN 120,981 thousand.

The Brokerage House also purchases and sells debt securities through the Bank.

During the year from 1 January to 31 December 2000, there were four sales of treasury bills for PLN 6,092 thousand, four purchases of treasury bills for PLN 6,116 thousand, seven purchases of commercial bonds for PLN 8,984 thousand and seven sales of commercial bonds for 8,840 thousand.

The Brokerage House also purchases and sells commercial paper ("KWIT") through the Bank. In 2000, there were 73 sales of KWIT for the total of PLN 125,438 thousand and 72 purchases of KWIT for the total of PLN 118,884 thousand.

There were also 2 sale transactions for treasury bonds with the total value of PLN 4,009 thousand and two purchases for PLN 4,007 thousand.

As at 31 July 2000, the Brokerage House overdraft limit matured. A subsequent overdraft facility has not been drawn. In 2000 two agreements were signed with BSK SA. The first – dated 13 January 2000 concerns the treasury bonds transactions rules, the second – dated 23 March 2000 concerns the MultiCash system. Both agreements were signed for an unlimited period.

The Brokerage House of BSK SA was an intermediary on behalf of ING BSK Asset Management S.A. in promoting and offering asset management services.

The Brokerage House of BSK SA has a current bank account in ING Bank N.V. in Warsaw, where deposits the cash from current account is deposited on short-term deposits.

Moreover the Brokerage House S.A. was intermediary on behalf of ING Bank in 12 securities transactions with the total value of PLN 43,154 thousand.

BSK Leasing S.A.

The Bank has established a credit facility for BSK Leasing S.A. As at 31 December 2000, the unutilised limit amounted to PLN 14,168 thousand.

From 1 January 2000 to 31 December 2000, the Bank continues credit agreements signed in the previous year for PLN 268,903 thousand as at 31 December 2000.

From 1 January 2000 to 31 December 2000, the Bank signed ten leasing agreements (including sub-leasing the Bank's headquarters building) with BSK Leasing S.A. for PLN 12,306 thousand including administration charges. In September 2000, due to the debt conversion to stocks in restructurisation process of BSK Leasing the Bank purchased 75% of the outstanding shares in a Company producing wines and fruit and vegetable products (Konwin Kruszwica) with the value of PLN 15 thousand.

The shares were purchased for trading purposes.

According to the agreement between BSK Leasing S.A. and ING Lease, BSK Leasing S.A. refinanced some lease contracts with ING Lease for the amount of PLN 66 million.

As at 31 December 2000 the loans granted to BSK Leasing to fund individual lease contracts amounted to PLN 268 million. The Bank assumes the indirect credit risk related to these leases and holds the provision of PLN 16 million for estimated losses as at 31 December 2000.

ING BSK Asset Management S.A.

As at 19 July 2000, there was an increase in the share capital of ING BSK Asset Management of PLN 1,000,000 which was funded by ING.

As a result, the Bank's share in the equity of ING BSK Asset Management S.A. decreased from 50.00% to 47.39%. The Bank maintains current and term accounts for the above-mentioned entity, accounts for investment funds managed by ING BSK Towarzystwo Funduszy Inwestycyjnych S.A. ("ING BSK TFI"), and acts as a distributor of investment units, Transfer Agent and custodian.

As at 31 December 2000, the Bank holds units in the following funds:

	PLN
ING BSK TFI-ING Fundusz Akcji	7 000 thousand
ING BSK TFI-ING Otwarty Fundusz Inwestycyjny Gotówkowy	2 014 thousand
ING BSK TFI-ING Otwarty Fundusz Inwestycyjny Obligacji	2 014 thousand
ING BSK TFI-ING Fundusz Zrównoważony	5 000 thousand
ING BSK TFI SOFIBD	139 521 thousand

Centrum Banku Śląskiego Sp. z o.o.

The Head Office of BSK, owned by BSK Centrum, was completed in 2000. Since the completion of the Head Office, the control of BSK Centrum is divided equally between the shareholders of BSK Centrum. Due to this decrease in control by BSK, the investment in BSK Centrum was reclassified from being a subsidiary to an associated investment.

From 1 January 2000 to 31 December 2000, the Bank continued all granted credit agreements to Centrum Bank Śląskiego Sp. z o.o. As at 31 December 2000, the value of these loans was PLN 228,352 thousand.

During 2000, the Bank continued all derivative transactions with Centrum BSK SA as follows:

- Foreign Currency Forward Transactions (WTT) – 1 transaction with maturity date 31 January 2001 for USD 45 thousand (PLN 199 thousand).
- Exchange rate risk hedging transactions – 1 transaction with maturity date 29 January 2001, for DEM 80 thousand (PLN 158 thousand).

In 2000 BSK Centrum Sp.z o.o. issued to BSK Leasing S.A. the invoices concerning the rental and energy costs for PLN 6,900 thousand. In 2000 year BSK Leasing purchased raw materials, services and other elements from BSK Centrum for the total value of PLN 10,903 thousand as at 31 December 2000.

The receivable balance from BSK Leasing amounted to PLN 788 thousand as at 31 December 2000.

ING

The Bank has various inter-bank transactions with banks within the ING Group, in particular ING Warsaw and ING Amsterdam. The volume of transactions is significant. Transactions concluded consist mainly of short-term PLN deposits and placements (from overnight to 3-month) as well as forex spot and forward transactions.

From 1 January 2000 to 31 December 2000, the Bank had a credit contract with ING Amsterdam. This loan in EURO for the period between 16 June 1998 and 21 October 2002 was EURO 45 million at a floating interest rate for which the actual interest rate is set every six months (i.e. on 23 April and 22 October).

The Bank continued a "General Lease Agreement" concluded with ING Lease (Polska) Sp. z o.o. on 29 September 1999, with an upper contract limit of PLN 48,000 thousand. Costs incurred in relation to this contract amounted to PLN 1,416 thousand.

Powszechnie Towarzystwo Emerytalne Nationale-Nederlanden S.A.

On 16 May 2000, there was capital injection in PTE Nationale-Nederlanden S.A. for PLN 10,000 thousand. As at 31 December 2000 the Bank owned 20% of the outstanding shares of PTU Nationale-Nederlanden S.A. worth PLN 40,000 thousand.

The Bank continued a contract with PTU Nationale-Nederlanden S.A. for rendering intermediary services for approaching potential clients and offering pension services on behalf of PTU Nationale-Nederlanden S.A. for an unlimited period.

FINPLUS Sp. z o.o.

As at 31 December 2000, the Bank owned 50% of the outstanding shares of Finplus Sp. z o.o. worth PLN 7,400 thousand.

From 16 April 2000, both entities entered into a co-operation contract for granting revolving credit in the form of credit cards.

Finplus Sp. z o.o. has an overdraft of PLN 4,618 thousand. In addition, at 25 September 2000, the Bank granted Finplus Sp. z o.o. a credit with a maturity date of 16 July 2001 and the balance as at 31 December 2000 of PLN 2,503 thousand.

BSK SA additionally granted guarantees that at 31 December 2000 amounted to PLN 285 thousand.

On 14 February 2000 the Bank signed an agreement with Finplus for printing, cutting, enveloping and sending documents. The agreement was signed for 2 years.

On 23 March 2000 a General Agreement for unlimited period was signed between Finplus and BSK SA for personalising BSK credit cards.

eService – Centrum Elektronicznych Usług Płatniczych S.A.

The share capital of this company equals PLN 16,000 thousand. The Bank owns 50% of the outstanding shares of the company worth PLN 8,000 thousand.

The eService debt due to BSK as at 31 December 2000 amounted to PLN 2,518 thousand and related to a short-term credit granted on 19 December 2000, with an off-balance sheet exposure in the amount of PLN 92 thousand for a guarantee issued by BSK SA.

In 2000 the agreement signed on 3 November 1999 between Centrum Elektronicznych Usług Płatniczych eService S.A. and BSK SA for consulting services concerning Company's management system, was continued.

Śląski Bank Hipoteczny Spółka Akcyjna

As at 20 December 2000, the Registry Court in Warsaw registered Śląski Bank Hipoteczny Spółka Akcyjna with the seat in Warsaw, plac Trzech Krzyży 10/14 St., with the number RHB 63312.

The company renders banking services as stated in the Act and Company's Deed.

The share capital equals PLN 50,000,000 thousand, and is divided into 1,000 shares.

The Bank owns 100% of the outstanding shares of this company.

7.2. Data for the BSK Group entities

in PLN 000's

Name of undertaking	Capital relationship	Holding of share capital (%)	Bank's receivables		Bank's payables	
			31.12.1999	31.12.2000	31.12.1999	31.12.2000
ING	parent company	54.98	171 475	1 101 189	538 444	218 429
BSK Leasing S.A.	subsidiary undertaking	100.00	236 850	268 903	16 339	32 465
Dom Maklerski BSK SA	subsidiary undertaking	100.00	–	276	59 387	37 065
Centrum BSK Sp. z o.o.	associated undertaking	60.00	138 214	228 352	19 879	21 266
Rafamet SA	associated undertaking	–	1 019	–	–	–
ING BSK Asset Management S.A.	associated undertaking	47.39	–	5	3	11
PTE NIN S.A.	associated undertaking	20.00	–	–	–	33
Finplus Sp. z o.o.	associated undertaking	50.00	2 292	7 121	2	28
eService S.A.	associated undertaking	50.00	–	2 518	8 197	1 386
Śląski Bank Hipoteczny S.A.	subsidiary undertaking	100.00	–	–	–	50 000

Off-balance sheet commitments and contingencies:

in PLN 000's

Name of undertaking	Capital relationship	Holding of share capital (%)	Commitments granted by the Bank	
			31.12.1999	31.12.2000
ING	parent company	54.98	343 077	1 060 476
BSK Leasing S.A.	subsidiary undertaking	100.00	65 753	14 168
Dom Maklerski BSK SA	subsidiary undertaking	100.00	50 000	–
Centrum BSK Sp. z o.o.	associated undertaking	60.00	149 583	44 710
ING BSK Asset Management S.A.	associated undertaking	47.39	–	–
Rafamet SA	associated undertaking	–	–	–
PTE NIN S.A.	associated undertaking	20.00	–	–
Finplus Sp. z o.o.	associated undertaking	50.00	5 708	285
eService S.A.	associated undertaking	50.00	–	92
Śląski Bank Hipoteczny S.A.	subsidiary undertaking	100.00	–	–

7.3. Consolidation eliminations and consolidation adjustments

in PLN 000's

Operation name	31.12.2000	31.12.1999
Consolidation eliminations		
Elimination of Brokerage House current account in BSK	127	374
Elimination of BSK current account in Brokerage House	276	271
Elimination of Brokerage House term account in BSK	36 891	58 972
Elimination of Śląski Bank Hipoteczny current account in BSK	50 000	–
Elimination of BSK shares in Brokerage House equity	26 000	26 000
Elimination of BSK shares in Śląski Bank Hipoteczny equity	50 000	–
Elimination of BSK Leasing current and sub accounts in BSK	4 238	1 170
Elimination of BSK Leasing term account in BSK	28 192	15 169
Elimination of BSK shares in BSK Leasing equity	15 000	4 500
Elimination of other mutual receivables and payables	731	192
Elimination of Brokerage House credit lines granted by BSK	–	50 000
Elimination of BSK Leasing credit lines granted by BSK	14 168	65 753
Elimination of BSK Leasing credits granted by BSK	268 486	236 455
Elimination of interest on credits granted by BSK to BSK Leasing	466	395
Elimination of interest on BSK Leasing accounts in BSK	29	9
Elimination of interest on Brokerage House deposits and current accounts in BSK	47	41
Elimination of commission received and paid in operations between member entities of BSK Group	736	1 446
Elimination of general expenses of subsidiaries and other operating income of BSK Group	10 080	2 990
Elimination of interest income and expense in profit and loss account	24 399	16 464

Consolidation adjustments

No	Title for adjustment	31.12.2000	in PLN 000's
			31.12.1999
1.	Adjustments of contribution in kind CRde by BSK to Brokerage House		
	Deferred income	1 619 DT	1 619 DT
	Depreciation cost		414 DT
	Undistributed profit of prior years	1 619 CR	2 033 CR
2.	Adjustment of sales of investment shares		
	Investment shares	17 CR	17 CR
	Undistributed profit of prior years	17 DT	17 DT
3.	Adjustments of non-paid commission in Brokerage House		
	Deferred income	281 CR	531 CR
	Fee and commission income	184 CR	486 CR
	Undistributed profit of prior years	24 DT	442 DT
	Income and costs on bad debts provisions	160 DT	68 DT
	Bad debts provisions	281 DT	507 DT
4.	Adjustment of unrealized foreign exchange differences related to loans		
	Net result on foreign exchange	10 456 CR	33 CR
	Undistributed profit of prior years	3 542 DT	3 576 DT
	Prepayments		4 068 CR
	Accruals	6 770 DT	
	Deferred income	144 DT	526 DT
5.	Adjustment of provision created for BSK Leasing		
	Investment in shares of BSK Leasing	15 000 DT	874 DT
	Undistributed profit of prior years	874 CR	1 500 CR
	Costs of provisions for securities	14 126 CR	626 DT
6.	Adjustment to PTE NN SA shares consolidated according to equity method		
	Shares of PTE NN	22 405 CR	—
	Undistributed profits from prior years	20 754 DT	—
	Value of BSK share in profit of associated entities	1 651 DT	—
7.	Adjustment of income on interest notes in BSK Leasing		
	Income in suspense	382 CR	218 CR
	Prepayments	91 DT	
	Undistributed profits from prior years	218 DT	
	Income on provisions	91 CR	
	Interest income	164 DT	218 DT
8.	Adjustment of provision for interest in BSK Leasing		
	Provisions	2 843 DT	
	Income on provisions	2 843 CR	
	Income in suspense	2 843 CR	
	Interest income	2 843 DT	

8. Information on average employment

As at 31 December 2000, the BSK Group had a total of 7,527 employees with 7,430.4 full-time equivalent employees. Comparative figures for 1999 were: 7,219 employees and 7,125.3 full time equivalent employees. The average number of employees during the year was 7,364 compared to 7,219 in 1999.

9. Remuneration, including bonuses from retained profit of the Management Board and the Supervisory Board

Gross remuneration of the Management Boards and the Supervisory Boards in the BSK Group entities:

in PLN 000's	BSK SA		BSK Leasing		DM BSK SA	
	31.12.2000	31.12.1999	31.12.2000	31.12.1999	31.12.2000	31.12.1999
Management Board	6 398	7 663	1 318	947	1 272	761
Supervisory Board	1 098	935	–	–	–	13

According to Regulation No. 161/99 of the President of the Bank dated 28 October 1999, employees representing the Bank in supervisory bodies of corporate entities do not receive any additional remuneration for their functions. They are entitled only to the salary defined by their contracts and per diems. Any additional remuneration is to be decided by the President of the Board of Directors.

Members of the Board of Directors do not receive any additional remuneration for functions performed in the supervisory bodies of entities of which the Bank is a shareholder.

10. Loans and guarantees granted to the employees, members of the Management Board and the Supervisory Board

Employees of the Bank are granted credit facilities at the same conditions as other customers of the Bank (no preferential loans to employees are available). Employee loans are reported in amounts due from customers and amount to PLN 41,301 thousand.

The extension and monitoring of loans and guarantees for members of the Board of Directors is governed by a Regulation of the President of the Bank.

The financial statements at 31 December 2000, include information about loans and guarantees to the management of the Bank (as meant by Article 79 of the Banking Law) for PLN 6,942 thousand.

The Bank employees can take loans from the Social Fund.

As at 31 December 2000, the loans granted from the Social Fund amounted to PLN 9,495 thousand.

11. Shares of BSK SA held by the Management Board and the Supervisory Board members

As at 31 December 2000 the following members of the Board of Directors and the Supervisory Board of the Bank held shares of the Bank:

The Supervisory Board

Name		Number of shares	Face value PLN
Jerzy Rokita	Secretary of the Supervisory Board of the Bank	3	30.00
Brunon Bartkiewicz	Member of the Supervisory Board of the Bank	1 492	14 920.00
Kazimierz Zarzycki	Member of the Supervisory Board of the Bank	492	4 920.00

The Management Board

Marian Czakański	President	3	30.00
Jacek Bartkiewicz	Vice-President	100	1 000.00

The other members of the Board of Directors and the Supervisory Board did not hold shares of the Bank. During 2000, there were no changes to the quantity of shares held by the members of the Board of Directors and the Supervisory Board.

12. Events relating to the previous year presented in the financial statements for six months ended 30 June 2000

BSK SA

On 9 June 2000, the Supervisory Board of the Bank recalled Brunon Bartkiewicz from the post of President of the Bank and appointed Marian Czakański President of the Board of Directors.

The Banking Supervision Commission agreed to appoint Marian Czakański as President of the Board of Directors on 20 July 2000 per Regulation No. 67/KNB/2000 dated 20 July 2000.

The changes in the Board of Directors in the first half of 2000 were as follows:

- appointment to Vice-President of the Board of Directors of BSK SA Frederik van Etten on 1 May 2000 (Supervisory Board Resolution No. 8/2/2000 dated 28 April 2000)
- appointment to Vice-President of the Board of Directors Grzegorz Cywiński on 1 May 2000 (Supervisory Board Resolution No. 9/2/2000 of 28 April 2000)

Since 20 July 2000 the composition the Board of Directors has been as follows:

Marian Czakański	President of the Board of Directors
Frederik van Etten	I Vice-President of the Board of Directors
Jacek Bartkiewicz	Vice-President of the Board of Directors
Krzysztof Brejda	Vice-President of the Board of Directors
Grzegorz Cywiński	Vice-President of the Board of Directors
Edward Fopema	Vice-President of the Board of Directors

Brokerage House of BSK SA

At the General Shareholders' Meeting of the Brokerage House BSK SA, on 18 April 2000, it was resolved to dismiss President of the Management Board, Stan Szczurek and Members of the Supervisory Board: Thomas Collin and Artur Kozioł, and appoint Jacek Bartkiewicz the President of the Supervisory Board, and Zbigniew Hojka Member of the Supervisory Board.

On 3 October 2000, the Supervisory Board dismissed Vice-President of the Management Board, Marek Szywacz. Consequently, on 16 September 2000, the Supervisory Board appointed Marek Kempny Vice-President of the Management Board.

BSK Leasing S.A.

On 24 November 2000, the Supervisory Board dismissed all members of the Management Board and appointed Andrzej Kosecki President of the one-person Management Board in BSK Leasing S.A.

13. Previous years changes included in the financial statement

The financial statement for the year ended 31 December 2000 include retirement and unused holiday provisions. At 1 January 2000, PLN 13,710 thousand of retirement and unused holiday provision was calculated as an adjustment to the opening balance and charged against accumulated profit of the previous year due to a change in accounting policy. Changes to the provision in 2000 were charged against the profit and loss account.

14. Post balance sheet events

Following the changes included in Regulation No. 8/99, of the Banking Supervision Commission dated 22 December 1999 regarding additional provisions arising from banking activity, as of 1 January 2001 the level of provisions for regular and watch loans will be increased to 1.5 % (currently 1%).

As of 1 January 2001, the Regulations of article 4 point 2 and 3 of Resolution No. 8/98 of the Banking Supervision Commission dated 5 August 1998 became effective. These new regulations refer to brokerage houses, investment funds, and leasing companies. The new regulations will cause a decrease in the Bank's own equity, as calculated for the capital adequacy ratio, of PLN 26,000 thousand.

On 31 March 2001, Resolution No. 2/2000 of the Banking Supervision Commission dated 8 November 2000, relating to acceptable levels of foreign currency risk in banks, became effective. According to this regulation, the Bank is allowed to keep its foreign currency position open on the condition that it has a surplus of its own funds over a required level, which is dependent on the capital adequacy ratio and the total risk-weighted assets and off-balance sheet liabilities.

On 7 March 2001, the Banking Supervision Commission agreed that ING Bank NV may purchase shares of Bank Śląski, which, including the shares currently owned by ING Bank N.V., will give them over 75% of the voting rights at the Shareholders' Meetings.

On 8 March 2001, the Bank's Board of Directors provided the Warsaw Stock Exchange ("GPW") with information that ING Bank N.V. was planning to announce a tender, via the Brokerage House of ING Baring Securities (Poland) SA, for a subscription of BSK SA shares at PLN 265 per share. As a result of this tender, ING Bank N.V. intends to own 9,260,000 shares or 100% of the voting rights at the Shareholders' Meetings.

On 23 March 2001, Bank Śląski S.A. sold its shares in an associated company, ING BSK Asset Management S.A., to the Bank's parent company, ING BANK N.V. in Netherlands.

The proceedings received by the Bank on the sale of the shares were PLN 9,107,840 which approximated the net book value of the investment as at 31 December 2000.

In accordance with the agreement concluded on 26 March 2001, Bank Śląski S.A. sold its shares in Centrum Elektronicznych Usług Płatniczych eService S.A. The transaction involved the sale of 80,000 ordinary shares with a value of PLN 100 per share, for the total amount of PLN 8,000,000, which represented 50% of the company's equity.

The shares were acquired by PKO BP S.A., which is not related to BSK SA. The purchase price of PLN 7,500,000 approximated the net book value of the investment as at 31 December 2000.

The minority shareholders of Bank Śląski Katowice S.A. presented on 14 March 2001 an application for an Extraordinary Shareholders' Meeting, with the agenda including election of the Supervisory Board members – a vote held in separate groups, and appointing of an expert (a special auditor) to examine specific issues, according to the Act on Public Trading of Securities.

Taking into account the application of the shareholders who represent more than 10% of the Bank's equity, the Management Board convened on 25 April 2001 the Extraordinary Shareholders' Meeting of BSK SA.

15. Changes in accounting policies in 2000

15.1

As at 31 December 2000, the Bank created a provision for retirement and unused holidays the first time as follows:

Retirement

The retirement provision, less deferred tax, relating to previous periods amounted to PLN 5,224 thousand and was recorded in retained earnings. In 2000, the change in the provision was presented as other operating costs in the amount of PLN 633 thousand.

Unused holiday

The prior year obligation for unused holidays adjusted for deferred tax amounted to PLN 8,485 thousand. The amount was presented in retained earnings. In 2000, the change in the provision was presented as other operating revenues in the amount of PLN 5,226 thousand.

15.2

In 2000, the Bank used two types of amortization for selected tangible and intangible assets as follows:

- depreciation rates used for financial accounting purposes, and
- tax depreciation rates based on tax regulations

Based upon the Article 8 of the Accounting Act the entity may, to improve presentation, change accounting policies. Therefore, the Bank started to use two types of amortization. These amortization rates will be monitored on an ongoing basis and may result in further changes in depreciation charges in accordance with Article 32, paragraph 33 of the Accounting Act.

As a result of this change, the depreciation charge for accounting purposes decreased by PLN 9,859 thousand in 2000.

Intangible asset depreciation rates are as follows:

	Depreciation rates	
	1999	2000
1. Computers with basic applications	30%	20%
2. Routers – other IT equipment	30%	20%
3. Licenses (selected positions)	50% or 33%	20%

15.3

The methodology of recording interest accrual from bonds, issued in accordance with Resolution No. 36/28/PPK/1999 of the Management of the NBP regarding the NBP bond issuances as a result of the decrease in obligatory reserves. Interest is accrued based on the estimated annual inflation level rate, adjusted by the monthly rates each quarter.

15.4

The presentation of the deferred tax provision was changed to be stated at its net value, whereas last year the provision was stated at its gross value.

15.5

On 1 January 2000 to ensure better presentation and monitoring of changes of the Bank's financial position, the financial accounting applications were introduced providing the ability to automate the process of specific provision creation and reversal, including also tax requirements.

The accepted methodology caused both the technical costs and revenues increase referring to the provisions' level update. On the other hand when average prices are used to value short-term trade securities of the same type this does not significantly influence the profit and loss accounts.

15.6

For the first time in 2000 BSK Leasing S.A. created provisions for exchange rate risk connected with financing leasing transactions equal to the surplus of unrealized foreign exchange losses on the year end valuation of receivables (both balance and off-balance) denominated in foreign currencies over unrealized foreign exchange losses on the year end valuation of payables, financing these receivables.

16. Changes in financial statements preparation

The consolidated financial statements for the year ended 31 December 2000 were prepared in accordance with the Ministry Council Resolution dated 22 December 1998 regarding conditions that should be met by prospectus, prospectus extracts, information memorandum and extracts from memorandum (Official Journal No. 163, item 1162), the Minister of Finance Resolution dated 15 June 2000 regarding particular accounting rules for brokerage houses and banks in which brokerage activities are run (Official Journal No. 53, item 624) and according to the accounting principles applied by BSK SA, and recommendations of the General Inspectorate of Banking Supervision and the Securities and Exchange Commission.

The financial statement include:

a) Balance sheet

In the Notes to Financial Statements, blocked deposits accounts are presented separately, whereas previously they were classified by term to maturity.

The receivables from trusts, investment and pension associations and pension and investment funds, previously presented as prepayments, were shown as at 31 December 2000 as other assets.

Payables for companies running regulated securities markets and for KDPW, presented in the previous year as interperiod settlements, were shown as at 31 December 2000 as other liabilities.

b) Profit and loss statement

c) Changes in own equity

d) Cash flow statement

In the cash flow statement there was a change in the method of financial leasing receivables presentation concerning the value of an asset leased. In 2000 the change was presented in other cash flows in investing activity while in the previous years it was shown in operation activity item as the change in receivables.

17. Differences between the data presented in the financial report and the reports previously prepared

The Group has not prepared the consolidated report for the fourth quarter of 2000.

18. Sources of funding and use of funds by major geographic regions of the country

Sources of funding (amounts due to customers and State Budget):

Province	<i>in PLN 000's</i>	
	31.12.1999	31.12.2000
dolnośląskie	234 432	388 015
kujawsko-pomorskie	37 883	61 580
lubelskie	32	25
lubuskie	7 258	32 243
łódzkie	100 317	247 206
małopolskie	525 936	856 539
mazowieckie	936 314	1 587 614
opolskie	574 415	737 214
podkarpackie	81 831	66 017
podlaskie	30 135	69 143
pomorskie	34 598	255 184
śląskie	7 078 657	8 390 552
świętokrzyskie	341 333	463 524
warmińsko-mazurskie	12 808	40 772
wielkopolskie	267 877	382 658
zachodniopomorskie	39 955	86 380
Total	10 303 781	13 664 666

Use of funds (amounts due from customers and State Budget – gross of loans and debt securities eligible for rediscounting with the NBP):

Province	<i>in PLN 000's</i>	
	31.12.1999	31.12.2000
dolnośląskie	74 571	115 982
kujawsko-pomorskie	29 163	36 038
lubelskie	18	228
lubuskie	7 403	37 915
łódzkie	34 368	106 013
małopolskie	700 119	846 691
mazowieckie	1 514 091	1 611 353
opolskie	819 236	1 012 169
podkarpackie	81 369	43 681
podlaskie	56 846	64 138
pomorskie	117 516	285 164
śląskie*	5 341 482	6 602 609
świętokrzyskie	72 935	121 173
warmińsko-mazurskie	19 904	37 515
wielkopolskie	688 193	629 268
zachodniopomorskie	13 824	324 100
Total	9 571 038	11 874 037

* The Śląskie province includes PLN 1,399 thousand that relates to loans to individuals recorded by the holding company.

19. Foreign currency position (Parent company)

In order to limit foreign exchange risk, the Bank follows the principles in Ordinance No. 11/98 of the Banking Supervision Commission dated 14 October 1998 related to the maximum allowance of foreign exchange risk in banking activities.

No open convertible foreign currency position exceeded 15% of the BSK SA equity and no open non-convertible foreign currency position exceeded 2% of the BSK SA equity for any single foreign currency.

The total convertible foreign currency position amounted to PLN 37,406.77 thousand or 2.6% of the Bank's equity. This is below the 30% allowed by Regulation No. 11/98 of the Banking Supervision Commission.

The foreign currency position for the significant foreign currencies is as follows:

in PLN 000's Currency	Assets and off-balance sheet balances		Liabilities and off-balance sheet balances		Long (+) Short (-) position	
	31.12.1999	31.12.2000	31.12.1999	31.12.2000	31.12.1999	31.12.2000
USD	2 940 360	5 732 176	2 948 666	5 738 386		-6 210
EURO	3 560 558	4 423 695	3 617 266	4 452 209		-28 514
other	216 695	437 636	220 715	435 557	2 079	
TOTAL	6 717 613	10 593 507	6 786 647	10 626 152	2 079	-34 724

20. Reports from subsidiary and associated companies excluded from consolidation

The financial statements of the units excluded from consolidation: Centrum Banku Śląskiego Sp. z o.o. and Finplus Sp. z o.o. were attached to the annual consolidated report of Bank Śląski Group. As far as the Centrum Banku Śląskiego Sp. z o.o. is concerned, the opinion has not been issued until the day of issuing the consolidated report. The financial statements of Finplus Sp. z o.o. were not subject to the audit.

The companies ING BSK Asset Management S.A. and eService S.A. were sold before the day of issuing the financial statements.

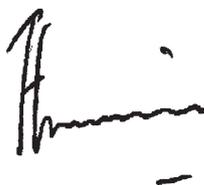
Consolidated annual report was prepared on 31 December 2000

Signatures of the Management Board Members of Bank Śląski S.A.

Marian Czakański
President



Frederik van Etten
I Vice-President



Jacek Bartkiewicz
Vice-President



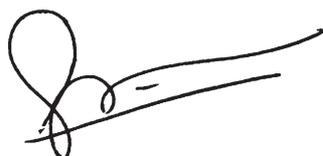
Krzysztof Brejda
Vice-President



Grzegorz Cywiński
Vice-President



Edward Foppema
Vice-President



Signature of the person responsible for bookkeeping:

Eugenia Sikora

Bank Director
Accounting, Analysis
and Reporting Department
Chief Accountant of the Bank



Katowice, 20 April 2001