

# INTRODUCTION TO FINANCIAL STATEMENTS

## AS AT 31 DECEMBER 2000

### I. LEGAL BASIS FOR THE OPERATIONS OF BANK ŚLĄSKI S.A. IN KATOWICE (BSK SA)

Based on Ordinance No. 6 of the President of the National Bank of Poland (NBP) dated 14 February 1989, the organizational units were separated from the NBP together with their assets and liabilities and rights and obligations. Effective 1 February 1989 these units became part of the new Bank Śląski in Katowice.

Based on the notarial deed, dated 8 October 1991, the State-owned Bank Śląski in Katowice was transformed to Bank Śląski S.A. in Katowice. The new entity was registered in section B of the commercial register of the District Court in Katowice under number RHB 7130. The sole shareholder of the Bank was the State Treasury.

On 3 September 1993 the Stock Exchange Commission admitted the BSK shares to public trading and a prospectus was published on 31 August 1993. The Minister of Finance, representing the State Treasury, invited for tender 4,167,000 shares and allotted 1,389,000 of these shares for public offering. Due to the annulling of this tender another 1,400,000 shares were allotted for public offering.

On 3 January 1994 the Board of Directors of the Stock Exchange decided that Bank Śląski S.A. shares would be for the first time quoted on the Stock Exchange on 25 January 1994.

#### The key legal acts relevant to the operations of the Bank are as follows:

- The Banking Law Act dated 29 August 1997 (Official Journal No. 140 dated 21 November 1997 with later amendments),
- The Ordinance of the President of Poland dated 27 June 1934 – Commercial Code (Official Journal 34 No. 57, item 502 with later amendments), as of 01 January 2001 Commercial Companies Code (Official Journal No. 94, item 1037),
- The Currency Regulations dated 18 December 1998 (Official Journal No. 160 item 1063),
- The Accounting Act dated 29 September 1994 (Official Journal No. 121 dated 19 November 1994, with later amendments),
- The Act on the Public Trading in Securities dated 21 August 1997 (Official Journal No. 118 of 1997),
- The Council of Ministers Ordinance dated 22 December 1998 regarding the form, scope and dates of current and periodical information prepared by entities issuing securities accepted for public quotation (Official Journal No. 163, of 30 December 1998).

### II. GENERAL INFORMATION OF THE ISSUER BANK ŚLĄSKI SPÓŁKA AKCYJNA W KATOWICACH 40-086 KATOWICE, UL. SOKOLSKA 34

Bank Śląski S.A. undertakes the following activities:

- opening and maintaining bank accounts
- accepting savings deposits and term deposits
- issuing securities, including bonds and certificates, and trading on securities markets, purchasing and selling securities for its own account and for the account of third parties

- granting and obtaining loans, acting as an agent and intermediary in the process of granting loans
- effecting foreign exchange transactions
- financial services supporting foreign trade operations
- cash settlements services, bill of exchange operations, granting and accepting guarantees and other commitments
- acceptance of cheques and promissory notes
- concluding agreements on acquisition of payments on bank accounts and on the purchase of goods and services in Poland
- effecting payments according to interbank transactions
- financial and operational participation in international financial transactions
- taking and placing funds in domestic and foreign banks
- safe-keeping of assets and securities
- custodian services
- providing other activities ordered by other banks
- other co-operation with domestic and foreign banks and financial institutions
- at the request of the Ministry of Privatisation, performing services connected with privatisation of state companies
- services for the State Budget borrowings
- leasing, factoring, underwriting and other financial services for individuals and corporations
- rendering of brokerage services, including the maintenance of securities accounts, accepting orders to purchase and discount units of trust funds, investment funds, and purchasing and acquisition of investment certificates
- acting as a broker for insurance companies and pension funds.

### III. SCOPE AND FRAMEWORK FOR THE PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Bank are prepared for the year ended 31 December 2000 and contain comparable financial data for the year ended 31 December 1999.

The financial statements have been prepared in accordance with The Accounting Act of 29 September 1994, Regulation 1/98 of the Banking Supervision Commission dated 3 June 1998 on specific accounting principles for banks and the preparation of additional information, Regulation of the Council of Ministers dated 22 December 1998 regarding the information included in the prospectus, prospectus extracts and information memorandum and the extract from the memorandum (Official Journal No. 163, item 1162); and in accordance with the Bank's applicable accounting principles and recommendations of the NBP General Inspectorate of Banking Supervision and the Securities and Stock Exchange Commission.

The financial statements for the year ended 31 December 1999, according to the paragraph 52 point 3 of the Ordinance of the Council of Ministers dated 22 December 1998 regarding the type, form and dates for reporting current and periodical information by issuers of securities admitted for public trading (Official Journal No. 163, item 1162) have been reclassified to conform with the financial statements of 2000.

### IV. ACCOUNTING PRINCIPLES

The Bank's accounting records are maintained in accordance with the general accounting principles defined by the Accounting Act dated 29 September 1994 and the Resolution 1/98 of the Banking Supervision Commission dated 3 June 1998 concerning specific accounting principles for banks and the rules for preparing additional information.

The Bank's accounting records are based on the internal Chart of Accounts '96 BSK SA with reference to the underlying principles of completeness, prudence, matching and accrual accounting, grouping of operations and the double entry principle in the sub-accounts.

The valuation of the assets and liabilities is made with reference to the underlying going concern principle. Assets and liabilities are stated at the lower of cost (adjusted by revaluation) and net realisable value. The revaluation of assets is made with reference to the underlying principle of prudential judgement.

The valuation of assets and liabilities is made as follows:

## Fixed assets

Tangible and intangible fixed assets are stated at cost less accumulated depreciation. Depreciation for tax purposes is provided on a straight-line basis based on principles and rates defined by the Corporate Income Tax Act dated 15 February 1992 (Official Journal of 1993 No. 106, item 482 with later amendments). For accounting purposes, selected tangible and intangible fixed assets are depreciated at rates that are in accordance with article 32 of the Accounting Act of 29 September 1994 (Official Journal No. 121, item 591 with later amendments).

In general, the Bank applies depreciation rates based on identified fixed assets groupings. Individual depreciation rates within each group are applied to leasehold investments and to computer software and copyrights. The acquisition value of a fixed asset is increased by any costs of improvement, adaptation, modernization, or reconstruction that increase its economic useful life.

Construction in progress, which relates to construction, installation and costs for assets to be put in use for new assets or upgrade to existing assets, is valued at acquisition cost.

These acquisition costs include all costs incurred since the investment started up to the balance sheet date or the date when the asset was put in use and include non-deductible VAT, interest, commission, and foreign exchange.

The value of fixed assets under investment relief in 1994 – 1999 was as follows:

in PLN 000's	
1994	32,814
1995	63,643
1996	62,348
1997	48,106
1998	19,040
1999	29,947
<b>Total</b>	<b>255,898</b>

Depreciation of fixed assets under investment relief is settled over time as non-deductible costs, with depreciation rates applied as per the depreciation schedules. Such settlements are treated as CIT timing differences caused by the different times when revenue is earned and costs are incurred, in reference to the Accounting Act and tax regulations.

Depreciation of fixed assets under relief amounted to PLN 25,561 thousand for the period from 1 January 2000 to 31 December 2000.

As at 1 December 2000, an amount of PLN 131,122 thousand is to be settled, and is included in the deferred tax provision as timing differences.

In the period from 1995 to 2000, every year the Bank deducted from the tax base 50% of the investment relief of the previous year (investment bonus), which was as follows:

in PLN 000's	
1995	16,407
1996	31,821
1997	31,174
1998	24,053
1999	9,522
2000	14,974
<b>Total</b>	<b>127,951</b>

The premium on investment tax relief is treated as a permanent difference decreasing the taxable income of the Bank.

Goodwill stated in the Bank's books relates to the historic purchase by the Bank of co-operative banks and is being amortised over a period of 5 years.

Assets repossessed in lieu of bad debts are recognized in the balance sheet at amounts equal to the value of outstanding debt net of any specific provisions established for the difference between the outstanding debt and the net realisable value of the asset.

Assets for sale represent fixed and current assets that were repossessed in lieu of receivables during the process of restructuring corporate entities and vindication and are intended to be sold. These assets are recognized in the balance sheet at amounts equal to the value of outstanding debt, net of any specific provisions established for the difference between the outstanding debt and the asset's estimated market value. They are not subject to depreciation. The Bank is obliged to sell them within a period of three years from the purchase/repossession date. After this period they are treated as assets utilised by the Bank.

## Loans and off-balance sheet commitments

Loans are stated in the annual financial statement at their nominal value with interest receivable net of specific provisions established to cover credit risk. The level of specific provisions is determined by the risk assessment in respect of each loan and complies with Regulation No. 8/99 of the Banking Supervision Commission dated 22 December 1999 (NBP Official Journal No. 26 item 43) on the principles of creating reserves for the risks related to the operations of banks.

The following minimum level of specific provisions for individual risk groups is established:

normal granted to individuals (excluding mortgage loans)	1.0%
(since 1 January 2001)	1.5%
watch	1.0%
(since 1 January 2001)	1.5%
sub-standard	20.0%
doubtful	50.0%
lost	100.0%

Collateral stated in Resolution No. 8/99 is taken into consideration when calculating provisions for credit risk receivables.

For tax purposes and better presentation and monitoring of the Bank's financial position, the process of creating and releasing specific provisions was automated on 1 January 2000. This methodology caused an increase in the turnover of income and expenses related to specific provision levels.

In 2000, the Bank established a methodology for calculating specific provisions which is consistent with international banking practices and is a result of the Bank's experience from the recent restructuring of their borrowers.

In accordance with the above mentioned Resolution No. 8/99 of the Banking Supervision Commission the Bank decreased the level of provisions in the normal and watch categories by an allocation of up to 25% of the balance of the general risk provision.

As at 31 December 2000, to cover the provision for normal and watch loans, PLN 23,433 thousand was allocated from the general risk provision.

Off-balance sheet commitments are stated at their nominal value. For granted off-balance sheet commitments under client risk, including irrevocable undrawn credit lines and the Bank's commitments arising on the rediscounting of bills of exchange and partial factoring, in accordance with Regulation No. 8/99 of the Banking Supervision Commission dated 22 December regarding the conditions that should be applied to create provisions for the risk of the banks activities, the provisions are created and presented in the balance sheet as "Provisions".

For other receivables where collection has been assessed as doubtful, the Bank makes specific provisions against possible losses that may arise in respect of unpaid amounts.

## Investments and debt securities

Shares classified as financial assets are stated at acquisition cost. When the current market value is lower than cost, the Bank creates a provision for the difference between cost and current market value or net realizable value. Shares repossessed in lieu of bad debts are stated at their market value decreased by a provision for any diminution of their value.

Debt securities classified in the investment portfolio are recorded in the balance sheet at cost plus accrued interest or amortized discount less amortized premium and provisions against any permanent diminution of their value. Interest on the NBP bonds acquired by the Bank in order to lower the amount of obligatory reserve is calculated as a product of the face value of bonds and the anticipated annual consumer price index, estimated quarterly.

Debt securities classified in the trading portfolio are recorded at cost plus accrued interest or amortized discount less amortized premium – but not higher than their actual net market value. In cases where the cost adjusted for accrued interest, discount and premium exceeds the actual net market value, the difference is recognized as a cost of financial operations.

Shares held in the investment portfolio are recorded in the balance sheet at cost less any provisions against any permanent diminution of their value.

Shares held in the trading portfolio are recorded in the balance sheet at cost – but not higher than their actual net market value. The difference is recognized as a cost of financial operations.

Any increase in the market value of securities held in the trading portfolio over the book value, stated in the value as described above, results in the increase of their book value, however to a level not higher than the purchase price.

## Precious metals

Gold and coins, which are not recognized as current assets are recorded at cost – but at a value not higher than current quotations on the international markets, with any difference being recognized as a cost of financial operations. In the case of a permanent increase of prices on international stock exchanges, the value of gold held is increased – but to a value not higher than cost, any difference is recognized as income from financial operations.

## Foreign currencies

Assets and liabilities and off-balance sheet items denominated in foreign currencies are translated at the exchange rate announced by the President of the National Bank of Poland at the balance sheet date. Foreign exchange differences arising on the revaluation of foreign exchange positions are recognized in the profit and loss account within the net result on foreign exchange.

## Financial instruments

Speculative financial instruments such as currency forwards are valued at their current value calculated by comparison of the forward exchange rate from the agreement with the forward exchange rate as at the revaluation date including the remaining period for the transaction to be realized. The net result of the valuation is recognized in the profit and loss account within the net result on foreign exchange. As at 31 December 2000 PLN 184.2 million presented in the foreign exchange result constitutes interest on foreign exchange swaps which are made in order to manage interest rate risk.

Realized/unrealized income and expense on open interest rate swaps and futures concluded for hedging interest rate risk are recognized in the profit and loss account in the same way as income and expense relating to the hedged assets and liabilities.

## General risk provision

In accordance with the Banking Law Act dated 29 August 1997 (Official Journal No. 140, item 939), the Bank creates a provision for general banking risk resulting from the Bank's operations. The provision is charged as an expense in the profit and loss account.

## Capital and reserve funds

Capital and reserve funds are presented at their nominal values.

## Prepayments and accruals

Expenses are accounted for on an accrual basis in order to recognize them in the period which they relate to.

### Retirement payments

According to the Employees Remuneration Regulations of BSK and the Work Code, employees who worked for a given number of years and reached the required age, are obliged to receive retirement bonuses. Based on actuarial calculations, the Bank estimated future obligations for retirement payments as at 31 December 2000. Retirement payments due to employees are valued at the present value of future obligations due to seniority. Future payments are discounted at 7% according to assumptions of the future estimated cash flows. As at 31 December 2001, BSK SA created a 100% provision for retirement payments. Retirement payments due to employees are presented as accruals. This was applied for the first time as at 31 December 2000. Estimated retirement payments relating to the previous years were charged against retained earnings.

### Unused holiday costs

Unused holiday costs are accounted for on an accrual basis, and a provision for unused holidays is booked as an accrual. This policy was applied for the first time as at 31 December 2000. Estimated unused holiday costs of the previous years were charged against retained earnings.

These provisions have been included in the deferred tax calculation.

## Income and expense recognition

Interest costs/revenues include accrued interest receivable and payable at the balance sheet date. Interest overdue by more than 30 days and accrued interest on amounts classified as substandard, doubtful or lost are provided against interest in suspense and disclosed as "Accruals and deferred income" in liabilities.

Unearned discounts on regular receivables are disclosed as deferred income and recognized in the profit and loss account on an accruals basis. Unearned discounts on irregular receivables are disclosed in deferred income and are recognized in the profit and loss account on a cash basis.

In similar cases, the Bank amortizes other items of non-interest income and expense, general expenses and other items.

Fees and commissions represent revenues received by the Bank from its customers for banking services and are charged based on the Fees and Commissions Table approved by the Bank and based on specific agreements with the Bank's customers.

Other operating costs and revenues comprise costs and revenues incurred/earned from other than banking activity and include costs/revenues from the sale and liquidation of fixed assets, compensation and fine costs.

The movement in provisions for retirement bonuses (calculated by an actuarial valuation) and unused holidays costs are presented in other operating income and other operating expenses respectively.

## Net result

The net result of the Bank is calculated based on Regulation 1/98 of the Banking Supervision Committee with reference to the underlying principles of prudence, valuation, matching and accrual accounting. Income and expenses are recognized and accounted for on an accrual basis.

## Corporate income tax

Corporate income tax is calculated based on gross profit adjusted by accrued interest payable and receivable, non-tax deductible costs, and allowable deductions.

Corporate income tax payable is disclosed as a tax liability (at the current rate of tax in force of 34% at 31 December 1999 and 30% at 31 December 2000) and provisions for deferred tax relating to timing differences in the recognition of income and expenses between tax regulations and the Accounting Act.

At 31 December 2000, negative deferred tax of PLN 120,341 thousand decreased tax for the year and was booked as a prepayment. Additionally, PLN 5,207 thousand relates to an opening balance adjustment arising from accounting policy changes. Both amounts have been recorded as prepayments.

Timing differences within the deferred tax calculation include all specific provisions created by the Bank, which have not yet been treated as tax-deductible, but for which it is anticipated that they will be realized for tax purposes. The exception refers to provisions that in the future will not be treated as tax-deductible costs. Provision for the permanent diminution in the value of securities is treated as a timing difference and included in the deferred tax calculation.

## V. PRIOR PERIOD AUDITOR'S OPINION

The financial statements of the Bank for the year ended 31 December 1999 have been audited by KPMG Polska Audyt Sp. z o.o. and received an unqualified opinion.

## VI. DISCLOSURE OF SIGNIFICANT DIFFERENCES BETWEEN ADOPTED ACCOUNTING STANDARDS AND INTERNATIONAL ACCOUNTING STANDARDS

The Bank prepares financial statements in accordance with the Polish Accounting Standards (PAS). The differences between the accounting principles adopted and the International Accounting Standards as follows:

- 1) Under PAS, allocations to the general risk reserve (recognized as expense in the profit and loss account) made before 1 January 1998 increased the Bank's reserve capital. According to IAS, the balance decreases due from customers and the budget.
- 2) Under PAS, overdue interest on irregular loans is presented in the balance sheet as restricted interest and accounted for in the profit and loss account on a cash basis. According to IAS, interest receivable on irregular loans is accounted for in the profit and loss account if received by the Bank by the date of the preparation of the financial statements.
- 3) and 4) Under PAS, the Bank allocated net profit to the Bank's social fund and made a donation to the Bank Śląski Fund. According to IAS, these allocations should be made next year.
- 5) Adjustment of the deferred tax provision results from interest adjustments described above.
- 6) Under PAS, shares in subsidiary entities are presented at cost less a provision for any permanent diminution in value. According to IAS, material shares in subsidiary entities not intended to be sold are subject to full consolidation.
- 7) Under PAS, shares in associated entities are presented at cost less a provision for any permanent diminution in value. According to IAS, material shares in associated entities not intended to be sold are valued using the equity method less a provision for any permanent diminution in value.
- 8) Under PAS, debt securities and floating income securities are presented at cost but not higher than their market value. According to IAS, debt securities issued by the Treasury and securities quoted on a stock exchange are valued at their market price as at the date of the preparation of the financial statements.
- 9) Under PAS, accrued interest on irregular receivables is reported in deferred interest income. Under IAS, such interest is accounted for as a provision for interest accrued.

A reconciliation of the net assets value and the net result of the financial statements between the Polish National Accounting Standards and the International Accounting Standards will be disclosed in the Consolidated Financial Statements of the Bank Śląski S.A. Capital Group.



# BALANCE SHEET

in PLN 000's		Note	31.12.2000 (current year)	31.12.1999 (previous year)
<b>ASSETS</b>				
I.	Cash and due from NBP	I	918 943	951 952
II.	Treasury bills and other bills eligible for refinancing with NBP		73 688	84 730
III.	Due from other financial institutions	2	3 471 433	1 565 464
	1. Current		137 401	153 926
	2. Term		3 334 032	1 411 538
IV.	Due from customers and State Budget	3	10 849 204	9 032 012
	1. Current		1 606 075	1 094 012
	2. Term		9 243 129	7 938 000
V.	Receivables subject to securities sale and repurchase agreements	4	—	—
VI.	Debt securities	5, 11	2 125 132	2 225 340
VII.	Investments in subsidiary undertakings	6, 8, 11	76 000	84 701
VIII.	Investments in associated undertakings	7, 8, 11	115 888	50 186
IX.	Minority investments	9, 11	14 075	21 404
X.	Other securities and property rights	10, 11	355 549	15 587
XI.	Intangible fixed assets	12	20 536	18 530
XII.	Tangible fixed assets	13	629 503	607 559
XIII.	Own shares for sale	14	—	—
XIV.	Other assets	15	261 826	104 758
	1. Repossessed assets		464	236
	2. Other		261 362	104 522
XV.	Interperiod settlements	16	139 290	14 355
	1. Deferred tax		125 548	—
	2. Other interperiod settlements		13 742	14 355
<b>TOTAL ASSETS</b>			<b>19 051 067</b>	<b>14 776 578</b>

# BALANCE SHEET

in PLN 000's		Note	31.12.2000 (current year)	31.12.1999 (previous year)
<b>LIABILITIES</b>				
I.	Due to NBP		—	—
II.	Due to other financial institutions	17	3 161 265	2 422 640
	1. Current		139 647	27 031
	2. Term		3 021 618	2 395 609
III.	Due to customers and State Budget	18	13 620 461	10 252 752
	1. Saving deposits		9 142 788	6 725 695
	a) Current		1 647 830	1 585 045
	b) Term		7 494 958	5 140 650
	2. Other		4 477 673	3 527 057
	a) Current		1 896 219	1 863 162
	b) Term		2 581 454	1 663 895
IV.	Liabilities in respect of securities subject to sale and repurchase agreements	19	—	—
V.	Securities issued	20	—	—
VI.	Funds for staff benefit and other liabilities	21	214 455	163 101
VII.	Accruals and deferred income	22	249 483	224 727
VIII.	Provisions	23	150 425	136 996
	1. Provisions for deferred income tax		—	61 770
	2. Other provisions		150 425	75 226
IX.	Subordinated debt	24	—	—
X.	Share capital	25	92 600	92 600
XI.	Unpaid contribution to share capital (negative value)		—	—
XII.	Equity reserves	26	35 985	35 858
XIII.	Revaluation reserve		40 181	40 308
XIV.	Other reserves	27	1 361 315	1 208 095
XV.	FX differences from recalculation of foreign branches		—	—
XVI.	Undistributed profit (not covered loss) of prior years	28	-13 390	—
XVII.	Net profit (loss)		138 287	199 501
<b>LIABILITIES TOTAL</b>			<b>19 051 067</b>	<b>14 776 578</b>

## BALANCE SHEET

in PLN 000's	Note	31.12.2000 (current year)	31.12.1999 (previous year)
Capital adequacy ratio	29	10.70	13.50
Net book value		1 654 978	1 576 362
Number of shares		9 260 000	9 260 000
Net book value per share (in PLN)	29	178.72	170.23
Assumed number of shares		9 260 000	9 260 000
Diluted book value per share (in PLN)		—	—

## OFF-BALANCE SHEET ITEMS

I.	Contingent liabilities granted and received		3 581 332	2 943 948
	1. Contingent liabilities granted		3 372 257	2 832 080
	a) lending commitments		2 721 190	2 365 421
	b) guarantees	30	651 067	466 659
	2. Contingent liabilities received		209 075	111 868
	a) lending commitments		94 118	—
	b) guarantees		114 957	111 868
II.	Commitments resulting from sale/purchase transactions		5 681 437	1 892 620
III.	Other, including		912 723	637 791
	– liabilities due to exchange transactions – deposits transactions		727 732	618 143
	– liabilities due to transactions on securities		184 991	7 783
	– underwriting		—	11 865
<b>OFF-BALANCE TOTAL</b>			<b>10 175 492</b>	<b>5 474 359</b>

# PROFIT AND LOSS ACCOUNT

for the year  
in PLN 000's

Note

31.12.2000  
(current year)

31.12.1999  
(previous year)

I.	Interest income	31	2 259 056	1 619 161
II.	Interest expense	32	1 567 950	959 846
<b>III.</b>	<b>Net interest income (I-II)</b>		<b>691 106</b>	<b>659 315</b>
IV.	Fee and commission income	33	400 991	337 778
V.	Fee and commission expense		28 206	16 890
<b>VI.</b>	<b>Net fee and commission income (IV-V)</b>		<b>372 785</b>	<b>320 888</b>
VII.	Income on shares and other securities	34	1 147	12
<b>VIII.</b>	<b>Net profit on financial operations</b>	35	<b>-7 094</b>	<b>89 500</b>
IX.	Net profit on foreign exchange		265 058	103 244
<b>X.</b>	<b>Profit (loss) on banking activity</b>		<b>1 323 002</b>	<b>1 172 959</b>
XI.	Other operating income	36	24 666	20 438
XII.	Other operating expenses	37	16 138	12 064
XIII.	General expenses	38	671 813	591 398
XIV.	Depreciation		110 331	117 936
XV.	Charges to provisions and revaluation	39	1 326 085	428 631
XVI.	Release of provisions and decrease in respect of revaluation	40	905 878	293 084
XVII.	Net charges to/release of provisions and decrease in respect of revaluation (XV-XVI)		420 207	135 547
<b>XVIII.</b>	<b>Operating profit</b>		<b>129 179</b>	<b>336 452</b>
XIX.	Extraordinary losses/gains		493	160
	1. Extraordinary gains	41	596	370
	2. Extraordinary losses	42	103	210
<b>XX.</b>	<b>Profit before taxation</b>		<b>129 672</b>	<b>336 612</b>
XXI.	Corporate income tax	43	-12 421	136 535
XXII.	Other obligatory charges to profit/(loss)	44	3 806	576
<b>XXIII.</b>	<b>Net profit (loss)</b>		<b>138 287</b>	<b>199 501</b>
Net profit (loss) /for 12 months/			138 287	199 501
Average weighted number of ordinary shares			9 260 000	9 260 000
Net profit (loss) per ordinary share (in PLN)			14.93	21.54
Assumed average weighted number of shares			9 260 000	9 260 000
Diluted net profit (loss) per ordinary share (in PLN)			—	—

# MOVEMENTS IN OWN EQUITY

for the year  
in PLN 000's

31.12.2000  
(current year)

31.12.1999  
(previous year)

<b>I.</b>	<b>Opening balance of own equity</b>	<b>1 576 362</b>	<b>1 423 142</b>
a)	changes in adopted accounting principles	-13 390	—
b)	corrections of material errors	—	—
<b>I.a.</b>	<b>Opening balance of own equity after reclassifications to conform with current year presentation</b>	<b>1 562 972</b>	<b>1 423 142</b>
<b>I.</b>	<b>Opening balance of share capital</b>	<b>92 600</b>	<b>92 600</b>
<b>I.1</b>	<b>Movements</b>	<b>—</b>	<b>—</b>
a)	increases (in respect of)	—	—
—	issue of share	—	—
b)	decreases (in respect of)	—	—
—	redemption of shares	—	—
<b>I.2</b>	<b>Closing balance of share capital</b>	<b>92 600</b>	<b>92 600</b>
<b>2.</b>	<b>Opening balance of unpaid contribution to share capital</b>	<b>—</b>	<b>—</b>
<b>2.1</b>	<b>Movements in unpaid contribution to share capital</b>	<b>—</b>	<b>—</b>
a)	increases	—	—
b)	decreases	—	—
<b>2.2</b>	<b>Closing balance of unpaid contribution to share capital</b>	<b>—</b>	<b>—</b>
<b>3.</b>	<b>Opening balance of equity reserves</b>	<b>35 858</b>	<b>34 169</b>
<b>3.1</b>	<b>Movements in equity reserves</b>	<b>127</b>	<b>1 689</b>
a)	increases (in respect of)	127	1 689
—	issue of shares with premium	—	—
—	distribution of profit (mandatory)	—	—
—	distribution of profit (voluntary)	—	—
—	other	127	1 689
b)	decreases (in respect of)	—	—
—	covering prior period losses	—	—
<b>3.2</b>	<b>Closing balance of equity reserves</b>	<b>35 985</b>	<b>35 858</b>
<b>4.</b>	<b>Opening balance of revaluation reserve</b>	<b>40 308</b>	<b>41 997</b>
<b>4.1</b>	<b>Movements in revaluation reserve</b>	<b>-127</b>	<b>-1 689</b>
a)	increases	—	—
b)	decreases (in respect of)	-127	-1 689
—	liquidation or sale of fixed assets	-127	-1 689
<b>4.2</b>	<b>Closing balance of revaluation reserve</b>	<b>40 181</b>	<b>40 308</b>
<b>5.</b>	<b>Opening balance of General Risk Fund</b>	<b>62 000</b>	<b>37 000</b>
<b>5.1</b>	<b>Movements in General Risk Fund</b>	<b>100 000</b>	<b>25 000</b>
a)	increases (in respect of)	100 000	25 000
—	profit distribution for previous year	100 000	25 000
b)	decreases	—	—
<b>5.2</b>	<b>Closing balance of General Risk Fund</b>	<b>162 000</b>	<b>62 000</b>

<b>6.</b>	<b>Opening balance of equity reserve for brokerage activity</b>	—	—
6.1	Movements in equity reserve for brokerage activity	—	—
	a) increases	—	—
	b) decreases	—	—
<b>6.2</b>	<b>Closing balance of equity reserve for brokerage activity</b>	—	—
<b>7.</b>	<b>Opening balance of other reserves</b>	1 146 095	1 017 235
7.1	Movements in other reserves	53 220	128 860
	a) increases (in respect of)	53 220	128 860
	— profit distribution for previous year	53 220	128 860
	b) decreases	—	—
<b>7.2</b>	<b>Closing balance of other reserves</b>	<b>1 199 315</b>	<b>1 146 095</b>
<b>8.</b>	<b>Foreign exchange differences from recalculation of foreign branches</b>	—	—
<b>9.</b>	<b>Opening balance of undistributed profit or not covered loss of prior year</b>	199 501	200 141
9.1	Opening balance of undistributed profit	199 501	200 141
	a) changes in adopted accounting principles	—	—
	b) corrections of material errors	—	—
9.2.	Opening balance of undistributed profit, after reclassifications to conform with current year presentation	199 501	200 141
	a) increases (in respect of)	—	—
	— distribution of profit	—	—
	b) decreases (in respect of)	-199 501	-200 141
	— charges to reserve capital	-53 220	-128 860
	— charges to General Risk Fund	-100 000	-25 000
	— charges to Social Fund	-3 000	-3 000
	— dividend	-40 281	-40 281
	— donation for the Bank Śląski Foundation	-3 000	-3 000
9.3.	Closing balance of undistributed profit	—	—
9.4.	Opening balance of not covered loss	—	—
	a) changes in adopted accounting principles	-13 390	—
	b) corrections of material errors	—	—
9.5.	Opening balance of not covered loss, after reclassifications to conform with current year presentation	-13 390	—
	a) increases	—	—
	b) decreases	—	—
9.6.	Closing balance of not covered loss	-13 390	—
9.7.	Closing balance of undistributed profit or not covered loss of prior year	-13 390	—
<b>10.</b>	<b>Net result</b>	138 287	199 501
	a) net profit	138 287	199 501
	b) net loss	—	—
<b>II.</b>	<b>Closing balance of own equity</b>	<b>1 654 978</b>	<b>1 576 362</b>

# CASH FLOW STATEMENT

for the year  
in PLN 000's

Note

31.12.2000  
(current year)

31.12.1999  
(previous year)

<b>A.</b>	<b>NET CASH FLOW FROM OPERATING ACTIVITIES (I+/-II)</b>		-606 294	-564 692
<b>I.</b>	<b>Net profit (loss)</b>		<b>138 287</b>	<b>199 501</b>
<b>II.</b>	<b>Adjustment for:</b>		<b>-744 581</b>	<b>-764 193</b>
	1. Depreciation		110 331	117 936
	2. Foreign exchange gains (losses)		-69 531	170
	3. Interest and dividends received and paid		-358 654	-272 920
	4. Profit or loss on investment activity		15 180	-98 639
	5. Change in other reserves		75 199	26 261
	6. Corporate income tax (presented in profit and loss account)		-8 615	137 111
	7. Corporate income tax paid		-184 174	-104 634
	8. Change in debt securities held		-68 913	65 616
	9. Change in amounts due from other financial institutions		-1 945 521	-290 227
	10. Change in amounts due from customers and State Budget		-2 384 609	-2 283 019
	11. Change in receivables in respect of securities subject to sale and repurchase agreements		—	—
	12. Change in other investments		16 236	-4 513
	13. Change in amounts due to other financial institutions		806 104	767 958
	14. Change in amounts due to customers and State Budget		3 367 709	1 362 013
	15. Changes in payables in respect of securities subject to sale and repurchase agreements		—	—
	16. Change in securities issued		—	—
	17. Change in other liabilities		20 119	3 762
	18. Change in interperiod settlements		-6 442	-14 809
	19. Change in deferred income		13 214	-9 043
	20. Other items	47	-142 214	-167 216
<b>B.</b>	<b>NET CASH FLOW FROM INVESTMENT ACTIVITIES (I-II)</b>		<b>619 224</b>	<b>1 047 240</b>
<b>I.</b>	<b>Cash inflows from investment activities</b>		<b>13 453 087</b>	<b>10 673 460</b>
	1. Sale of intangible fixed assets		—	—
	2. Sale of tangible fixed assets		2 797	2 561
	3. Sale of investments in subsidiary undertakings		—	12
	4. Sale of investments in associated undertakings		6 501	—
	5. Sales of investments in parent company		—	—
	6. Sale of other investments, other debt securities (including those held in trading portfolio) and other property rights		13 201 513	10 456 553
	7. Other inflows	48	242 276	214 334

<b>II.</b>	<b>Cash outflows from investment activities</b>		<b>-12 833 863</b>	<b>-9 626 220</b>
	1. Acquisition of intangible fixed assets		-10 855	-4 499
	2. Acquisition of tangible fixed assets		-127 029	-163 153
	3. Acquisition of investments in subsidiary undertakings		-60 500	-30 940
	4. Acquisition of investments in associated undertakings		-15 000	-37 200
	5. Acquisition of investments in parent company		—	—
	6. Acquisition of other investments (including those held in trading portfolio)		-12 619 109	-9 382 723
	7. Acquisition of own shares for resale		—	—
	8. Other outflows	49	-1 370	-7 705
<b>C.</b>	<b>NET CASH FLOW FROM FINANCIAL ACTIVITIES (I-II)</b>		<b>-85 491</b>	<b>-64 881</b>
<b>I.</b>	<b>Cash inflows from financial activities</b>		<b>1 500</b>	<b>—</b>
	1. Long-term loans taken from banks		1 500	—
	2. Long-term loans taken from other than banks financial institutions		—	—
	3. Issuance of bonds or other securities for other financial institutions		—	—
	4. Increase in subordinated debt		—	—
	5. Inflow from issuance of own shares		—	—
	6. Additional payments to share capital		—	—
	7. Other inflows	50	—	—
<b>II.</b>	<b>Cash outflows from financial activities</b>		<b>-86 991</b>	<b>-64 881</b>
	1. Repayment of long-term loans to banks		-973	-14 556
	2. Repayment of long-term loans to other financial institutions		—	—
	3. Redemption of bonds or other securities from other financial institutions		—	—
	4. Decrease in subordinated debt		—	—
	5. Payments related to costs of issuance of securities		—	—
	6. Redemption of shares		—	—
	7. Payment of dividends and other payments to owners		-40 281	-40 281
	8. Bonuses for the Management Board and the Supervisory Board		—	—
	9. Payments for public purposes		-6 210	-5 640
	10. Payments of liabilities under financial lease agreements		—	—
	11. Other outflows	51	-39 527	-4 404
<b>D.</b>	<b>NET CASH FLOW (A+/-B+/-C)</b>		<b>-72 561</b>	<b>417 667</b>
<b>E.</b>	<b>BALANCE SHEETS CHANGE IN CASH</b>		<b>-72 561</b>	<b>417 667</b>
	— in this change in cash arising on FX differences on foreign currencies		-8 028	9 691
<b>F.</b>	<b>CASH AT THE BEGINNING OF REPORTING PERIOD</b>	52	<b>1 101 105</b>	<b>683 438</b>
<b>G.</b>	<b>CASH AT THE END OF REPORTING PERIOD (F+/-D)</b>	52	<b>1 028 544</b>	<b>1 101 105</b>



# NOTES TO THE BALANCE SHEET

in PLN 000's

31.12.2000  
(current year)

31.12.1999  
(previous year)

## Note 1

### CASH AND DUE FROM NBP

1.	Current placements	557 708	453 921
2.	Obligatory reserve	—	—
3.	Amounts of Bank Guarantee Fund	—	—
4.	Other	361 235	498 031
<b>Total cash and due from NBP</b>		<b>918 943</b>	<b>951 952</b>

### CASH AND DUE FROM NBP (CURRENCY STRUCTURE)

a)	in Polish zloty	852 263	862 764
b)	in foreign currencies	66 680	89 188
b1.	unit/currency 1000/USD	8 936	8 869
	in PLN thousand	37 022	36 793
b2.	unit/currency 1000/DEM	11 656	20 489
	in PLN thousand	22 970	43 673
b3.	other (in PLN thousand)	6 688	8 722
<b>Total cash and due from NBP</b>		<b>918 943</b>	<b>951 952</b>

### Legally binding charges to cash and due from NBP include:

- current account with NBP includes an obligatory reserve of which the declared balance amounted to PLN 579 730 thousand as at 31 December 2000 compared with PLN 471 368 thousand as at 31 December 1999.
- as at 31 December 2000 cash on hand includes an amount of PLN 64 414 thousand of obligatory reserve for customer deposits which is required to be maintained as a minimum daily balance of cash on hand compared with PLN 52 374 thousand as at 31 December 1999.

in PLN 000's

31.12.2000  
(current year)

31.12.1999  
(previous year)

## Note 2

### DUE FROM OTHER FINANCIAL INSTITUTIONS by category

1.	Current accounts	110 054	149 744
2.	Loans and placements	3 320 679	1 396 538
3.	Purchased receivables	—	—
4.	Realised guarantees (and commitments)	—	—
5.	Other receivables (in respect of):	27 347	4 182
	— receivables in the course of settlement	13 207	4 182
	— receivables on loans presented for repurchase to credit intermediary	14 140	—
6.	Accrued interest:	20 074	16 874
	a) receivable	19 811	16 612
	b) overdue	263	262
<b>Total due from other financial institutions (gross)</b>		<b>3 478 154</b>	<b>1 567 338</b>

7. Provision (negative value)	-6 721	-1 874
<b>Total due from other financial institutions (net)</b>	<b>3 471 433</b>	<b>1 565 464</b>
– including leasing receivables (gross)	355 066	269 311

#### DUE FROM OTHER FINANCIAL INSTITUTIONS by term to maturity

1. Current accounts	137 401	153 926
2. Term, with maturity from balance sheet date	3 320 679	1 396 538
a) up to 1 month	2 543 478	762 179
b) 1 month – 3 months	128 103	315 792
c) 3 months – 1 year	165 288	61 265
d) 1 year – 5 years	382 443	204 955
e) over 5 years	91 908	49 837
f) matured before balance sheet date	9 459	2 510
3. Accrued interest:	20 074	16 874
a) receivable	19 811	16 612
b) overdue	263	262
<b>Total due from other financial institutions (gross)</b>	<b>3 478 154</b>	<b>1 567 338</b>

#### DUE FROM OTHER FINANCIAL INSTITUTIONS by contractual maturity

1. Current accounts	137 401	153 926
2. Term, with duration:	3 320 679	1 396 538
a) up to 1 year	2 748 430	1 068 739
b) 1 year – 5 years	7 170	94 373
c) over 5 years	565 079	233 426
3. Accrued interest:	20 074	16 874
a) receivable	19 811	16 612
b) overdue	263	262
<b>Total due from other financial institutions (gross)</b>	<b>3 478 154</b>	<b>1 567 338</b>

#### DUE FROM OTHER FINANCIAL INSTITUTIONS by currency structure

a) in Polish zloty	817 330	570 962
b) in foreign currencies (in currency and converted into PLN)	2 660 824	996 376
b1. unit/currency EUR '000	101 093	129 200
in PLN thousand	389 652	538 623
b2. unit/currency USD '000	541 306	104 652
in PLN thousand	2 242 738	434 127
b3. other (in PLN thousand)	28 434	23 626
<b>Total due from other financial institutions</b>	<b>3 478 154</b>	<b>1 567 338</b>

#### DUE FROM OTHER FINANCIAL INSTITUTIONS – GROSS

1. Normal	3 447 600	1 548 085
2. Watch	1 024	–
3. Irregular, including:	9 456	2 379
– substandard	–	15
– doubtful	7 085	–
– loss	2 371	2 364

4. Accrued interest	20 074	16 874
a) receivable	19 811	16 612
b) overdue	263	262
– on normal and watch receivables	4	14
– on irregular receivables	259	248
<b>Total due from other financial institutions (gross)</b>	<b>3 478 154</b>	<b>1 567 338</b>

#### LEGAL COLLATERAL DIMINISHING BASIS FOR CALCULATION OF SPECIFIC PROVISION FOR NON-PERFORMING RECEIVABLES FROM OTHER FINANCIAL INSTITUTIONS

a) watch	155	–
b) irregular	<b>492</b>	<b>493</b>
– substandard	–	–
– doubtful	–	–
– loss	492	493
<b>Total value of legal collateral diminishing basis for calculation of specific provisions for non-performing receivables from other financial institutions</b>	<b>647</b>	<b>493</b>

#### PROVISIONS FOR NON-PERFORMING RECEIVABLES FROM OTHER FINANCIAL INSTITUTIONS

a) watch	–	–
b) irregular	6 721	1 874
– substandard	–	3
– doubtful	4 842	–
– loss	1 879	1 871
<b>Total provisions for non-performing receivables from other financial institutions</b>	<b>6 721</b>	<b>1 874</b>

#### MOVEMENTS IN PROVISIONS FOR NON-PERFORMING RECEIVABLES FROM OTHER FINANCIAL INSTITUTIONS

Opening balance	1 874	1 421
a) increases (in respect of)	4 847	453
– charges to provisions	4 847	453
b) use (in respect of)	–	–
– write-offs	–	–
c) release	–	–
<b>Provisions for non-performing receivables from other financial institutions as at the end of period</b>	<b>6 721</b>	<b>1 874</b>

Note 2 "Due from other financial institutions" includes bank deposits of PLN 1 66,106 thousand, which represent collateral for loans granted by this bank to a subsidiary of BSK SA.

Total irregular receivables from financial institutions do not exceed 10% of total assets.

in PLN 000's

31.12.2000 (current year)      31.12.1999 (previous year)

## Note 3

#### DUE FROM CUSTOMERS AND STATE BUDGET (by type)

1. Loans	11 095 531	8 475 382
2. Purchased receivables	146 083	612 744

3.	Realised guarantees (and commitments)	1 796	6 753
4.	Other receivables (in respect of)	10 948	8 106
	– receivables in the course of settlement	10 948	8 106
5.	Accrued interest	265 756	307 002
	a) receivable, of which:	83 777	189 755
	– interest on State Treasury receivables	772	127 767
	b) overdue	181 979	117 247
6.	Amounts receivable in respect of contribution to preferential loans	7 134	3 309
<b>Total due from customers and State Budget (gross)</b>		<b>11 527 248</b>	<b>9 413 296</b>
7.	Provision for non-performing amounts due from customers and State Budget (negative value)	-678 044	-381 284
<b>Total due from customers and State Budget (net)</b>		<b>10 849 204</b>	<b>9 032 012</b>

#### DUE FROM CUSTOMERS AND STATE BUDGET (by term to maturity)

1.	Current accounts	1 606 865	1 094 012
2.	Term, with maturity from balance sheet date:	9 654 627	8 012 282
	a) up to 1 month	645 390	875 416
	b) 1 month – 3 months	683 410	591 910
	c) 3 months – 1 year	2 609 600	2 125 078
	d) 1 year – 5 years	3 143 806	2 478 214
	e) over 5 years	667 251	655 006
	f) matured before balance sheet date	1 905 170	1 286 658
3.	Accrued interest:	265 756	307 002
	a) receivable	83 777	189 755
	b) overdue	181 979	117 247
<b>Total due from customers and State Budget (gross)</b>		<b>11 527 248</b>	<b>9 413 296</b>

#### DUE FROM CUSTOMERS AND STATE BUDGET (by contractual maturity)

1.	Current accounts	1 606 865	1 094 012
2.	Term, with duration:	9 654 627	8 012 282
	a) up to 1 year	2 961 115	2 781 268
	b) 1 year – 5 years	4 141 523	2 675 936
	c) over 5 years	2 551 989	2 555 078
3.	Accrued interest:	265 756	307 002
	a) receivable	83 777	189 755
	b) overdue	181 979	117 247
<b>Total due from customers and State Budget (gross)</b>		<b>11 527 248</b>	<b>9 413 296</b>

#### DUE FROM CUSTOMERS AND STATE BUDGET (currency structure)

a)	in Polish zloty	8 390 438	7 178 768
b)	in foreign currencies (in currency and converted into PLN)	3 136 810	2 234 528
b1.	unit/currency EUR '000	482 679	346 009
	in PLN thousand	1 860 437	1 442 479

b2. unit/currency USD '000	244 420	166 860
in PLN thousand	1 012 683	692 184
b3. other (in PLN thousand)	263 690	99 865
<b>Total due from customers and State Budget (gross)</b>	<b>11 527 248</b>	<b>9 413 296</b>

#### DUE FROM CUSTOMERS AND STATE BUDGET

1. Normal	8 466 612	6 784 234
2. Watch	978 671	1 032 313
3. Irregular, including:	1 816 209	1 289 747
– substandard	406 050	352 041
– doubtful	844 023	705 711
– loss	566 136	231 995
4. Accrued interest	265 756	307 002
a) receivable	83 777	189 755
b) overdue	181 979	117 247
– from normal and watch receivables	12 945	2 155
– from irregular receivables	169 034	115 092
<b>Total due from customers and State Budget (gross)</b>	<b>11 527 248</b>	<b>9 413 296</b>

#### LEGAL COLLATERAL DIMINISHING BASIS FOR CALCULATION OF SPECIFIC PROVISION FOR NON-PERFORMING RECEIVABLES FROM CUSTOMERS AND STATE BUDGET

a) normal	–	73 322
b) watch	485 635	368 693
c) irregular	876 076	693 582
– substandard	202 820	177 587
– doubtful	487 343	482 176
– loss	185 913	33 819

**Total value of legal collateral diminishing basis  
for calculation of specific provision  
for non-performing receivables  
from customers and State Budget**

**1 361 711 1 135 597**

#### PROVISIONS FOR NON-PERFORMING RECEIVABLES FROM CUSTOMERS AND STATE BUDGET

a) normal	–	5 079
b) watch	8 237	21 491
c) irregular	669 807	354 714
– substandard	45 863	39 652
– doubtful	231 672	117 397
– loss	392 272	197 665
<b>Total provisions for amounts due from customers and State Budget</b>	<b>678 044</b>	<b>381 284</b>

#### MOVEMENTS IN PROVISIONS FOR NON-PERFORMING RECEIVABLES FROM CUSTOMERS AND STATE BUDGET

Opening balance	381 284	296 749
a) increases (in respect of)	1 145 386	363 337
– charges to provisions	1 145 386	363 337

b)	write-offs (in respect of)	11 968	6 722
	– receivables written off	11 931	6 721
	– provision transfer	37	1
c)	release (in respect of)	836 658	272 080
	– release of provisions	836 054	268 696
	– reclassification of assets	604	3 384
<b>Provisions for non-performing receivables</b>			
<b>from customers and State Budget as at the end of period</b>		<b>678 044</b>	<b>381 284</b>

*Total irregular receivables from non-financial sector and State Budget do not exceed 10% of total assets.*

in PLN 000's

31.12.2000  
(current year)

31.12.1999  
(previous year)

## Note 4

### RECEIVABLES SUBJECT TO SECURITIES SALE AND REPURCHASE AGREEMENTS

a)	financial institutions	–	–
b)	customers and State Budget	–	–
c)	interest	–	–
<b>Total receivables subject to securities sale and repurchase agreements</b>		<b>–</b>	<b>–</b>

in PLN 000's

31.12.2000  
(current year)

31.12.1999  
(previous year)

## Note 5

### DEBT SECURITIES

1.	Issued by central banks, of which:	1 108 904	923 025
	– bonds denominated in foreign currency	–	–
2.	Issued by other banks, of which:	–	–
	– denominated in foreign currency	–	–
3.	Issued by other financial undertakings, of which:	–	–
	– denominated in foreign currency	–	–
4.	Issued by other non-financial undertakings, of which:	5 277	52 601
	– denominated in foreign currency	–	–
5.	Issued by State Budget, of which:	1 005 517	1 235 386
	– denominated in foreign currency	–	–
6.	Issued by local authorities, of which:	5 434	14 328
	– denominated in foreign currency	–	–
7.	Repurchased own securities	–	–
<b>Total debt securities</b>		<b>2 125 132</b>	<b>2 225 340</b>

### DEBT SECURITIES

#### by category

1.	Issued by State Budget, of which:	1 005 517	1 235 386
a)	bonds	761 445	879 570
b)	treasury bills	244 072	355 816
c)	other	–	–

2.	Issued by parent entity, of which:	—	—
a)	bonds	—	—
b)	other	—	—
3.	Issued by subsidiary undertakings, of which:	—	—
a)	bonds	—	—
b)	other	—	—
4.	Issued by associated undertakings, of which:	—	—
a)	bonds	—	—
b)	other	—	—
5.	Issued by other entities, of which:	1 119 615	989 954
a)	bonds	753 884	801 217
b)	other, by type:	365 731	188 737
	– NBP bills	365 731	169 611
	– commercial papers	—	19 126
<b>Total debt securities</b>		<b>2 125 132</b>	<b>2 225 340</b>

## DEBT SECURITIES

a)	operational portfolio – of the brokerage house	—	—
b)	trading portfolio	74 462	—
c)	investment portfolio	2 050 670	2 225 340
<b>Total debt securities</b>		<b>2 125 132</b>	<b>2 225 340</b>

## MOVEMENTS IN DEBT SECURITIES

a)	opening balance	2 225 340	3 092 239
b)	increase (in respect of)	22 556 624	15 923 223
	– purchase of debt securities	21 528 930	15 536 590
	– purchase of debt securities – conversion of receivables from State Budget	578 459	—
	– increase in value	414 456	384 981
	– write-off of provisions	34 779	1 652
c)	decrease (in respect of)	22 656 832	16 790 122
	– sale of debt securities	22 414 331	16 382 196
	– decrease in value	202 173	393 280
	– charges to provisions	40 328	14 646
d)	<b>closing balance</b>	<b>2 125 132</b>	<b>2 225 340</b>

### Legally binding charges to debt securities

- as at 31 December 2000, treasury bills of PLN 46.58 million were held towards the Bank Guarantee Fund
- as at 31 December 1999, treasury bills of PLN 17.35 million were held towards the Bank Guarantee Fund

in PLN 000's

31.12.2000  
(current year)

31.12.1999  
(previous year)

## Note 6

### INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

a)	in banks	50 000	—
b)	in other financial institutions	26 000	29 626
c)	in other non-financial institutions	—	55 075
<b>Total investment in subsidiary undertakings</b>		<b>76 000</b>	<b>84 701</b>

## MOVEMENTS IN INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

Opening balance	84 701	53 135
a) increase (in respect of)	60 500	33 216
– purchases	60 500	30 940
– release of provisions	–	2 126
– other	–	150
b) decrease (in respect of)	69 201	1 650
– sale	–	150
– change in capital relationship	55 075	–
– charges to provisions	14 126	1 500
<b>Closing balance of total investment in subsidiary undertakings</b>	<b>76 000</b>	<b>84 701</b>

## INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

a) operational portfolio – of the brokerage house	–	–
b) trading portfolio	–	–
c) investment portfolio	76 000	84 701
<b>Total investments in subsidiary undertakings</b>	<b>76 000</b>	<b>84 701</b>

in PLN 000's

31.12.2000  
(current year)

31.12.1999  
(previous year)

## Note 7

## INVESTMENTS IN ASSOCIATED UNDERTAKINGS

a) in banks	–	–
b) in other financial institutions	60 813	48 415
c) in other non-financial institutions	55 075	1 771
<b>Total investments in associated undertakings</b>	<b>115 888</b>	<b>50 186</b>

## MOVEMENTS IN INVESTMENTS IN ASSOCIATED UNDERTAKINGS

Opening balance	50 186	13 474
a) increase (in respect of)	73 822	37 972
– purchase of shares and units	15 000	37 200
– change in capital relationship	55 075	–
– release of provisions	3 747	772
b) decrease (in respect of)	8 120	1 260
– sale of shares and units	5 400	–
– charges to provisions	2 720	1 260
<b>Closing balance of investments in associated undertakings</b>	<b>115 888</b>	<b>50 186</b>

## INVESTMENTS IN ASSOCIATED UNDERTAKINGS

a) operational portfolio – of the brokerage house	–	–
b) trading portfolio	–	–
c) investment portfolio	115 888	50 186
<b>Total investments in associated undertakings</b>	<b>115 888</b>	<b>50 186</b>



## Note 8

### INVESTMENTS IN SUBSIDIARY AND ASSOCIATED UNDERTAKINGS (INVESTMENT PORTFOLIO)

Name of entity (with legal form indicated)	Śląski Bank Hipoteczny S.A	BSK Leasing S.A.	Dom Maklerski BSK SA	Centrum Banku Śląskiego Sp. z o.o.
1) Location	Warszawa	Katowice	Katowice	Katowice
2) Principal activity	banking services	leasing, factoring	brokerage activity	construction services
3) Capital relationship	subsidiary	subsidiary	subsidiary	associated entity
4) Method of consolidation	consolidation	consolidation	consolidation	–
5) Date of acquisition	12.2000	04.1996 12.1998, 12.2000	12.1996 07.1997	12.1997 06.1998, 05.1999
6) Value at cost of shares	50 000	15 000	26 000	55 075
7) Adjustments		15 000		
8) Book value of shares	50 000	–	26 000	55 075
9) Holding of share capital %	100	100	100	60
10) Voting power at the General Meeting	100%	100%	100%	50%
11) Other base of predomination (other than 9) or 10)				
12) Equity capital:				
share capital	50 000	15 000	26 000	91 791
unpaid contribution to share capital (negative value)				
equity reserves			767	88
Other own capital, of which:				
undistributed profit (not covered loss) of prior years		-2 585	-316	-1 235
net profit (loss)		-12 223	8 763	3 102
13) Bank liabilities, of which:		435 090	59 845	290 949
long-term liabilities		391 161	–	279 922
14) Bank due from, of which:	50 000	279 405	65 087	3 422
long-term due from		223 499	–	–
15) Total assets	50 000	595 419	106 063	384 695
16) Income from banking activity		167 917	25 993	15 414
17) Share value not paid by the Bank				
18) Received or accrued dividends for previous year				

ING BSK Asset Management S.A.	Powszechne Towarzystwo Emerytalne Nationale-Nederlanden S.A.	FINPLUS Sp. z o.o.	Centrum Elektronicznych Usług Płatniczych eService SA
Warszawa	Warszawa	Warszawa	Warszawa
financial advisory services, custody services	establishing and management of pension funds	financial services	payment transaction acquisition
associated entity	associated entity	associated entity	associated entity
–	consolidated on equity basis	–	–
01.1996 10.1996, 05.1998	08.1998 03.1999, 05.2000	04.1999, 06.1999 01.2000, 03.2000, 07.2000	08.1999
9 108	40 000	7 400	8 000
975		2 220	500
8 133	40 000	5 180	7 500
47	20	50	50
47%	20%	50%	50%
19 216	33 000	14 800	16 000
1 000	167 000		
-2 226	-103 768	-6 434	-23
54	-8 258	-14 941	-10 377
1 428	6 690	17 953	5 070
–	–	–	–
2 483	8 653	436	2 811
350	–	–	–
20 089	107 061	11 570	12 556
9 355	118 821	634	1 064

in PLN 000's

31.12.2000  
(current year)

31.12.1999  
(previous year)

## Note 9

### MINORITY INVESTMENTS

a) in banks	—	—
b) in other financial institutions	1 766	1 721
c) in other non-financial institutions	12 309	19 683
<b>Total minority investments</b>	<b>14 075</b>	<b>21 404</b>

### MOVEMENTS IN MINORITY INVESTMENTS

Opening balance	21 404	53 072
a) increase (in respect of)	12 036	3 466
— purchases	11 201	240
— capital injections – received dividends	4	—
— release of provisions	831	3 203

### INVESTMENTS IN OTHER UNDERTAKINGS (INVESTMENT PORTFOLIO)

	Name of entity (with legal form indicated)	Location	Principal activity
1.	Swarzędzkie Fabryki Mebli "Swarzędz" SA	Swarzędz	production and sale of furniture
2.	"Stalexport" SA	Katowice	investment,
3.	Polski Koncern Naftowy ORLEN S.A.	Płock	production and commercial activity
4.	Giełda Papierów Wartościowych SA	Warszawa	refinery and petrochemical industry
5.	Centralna Tabela Ofert CeTO SA	Warszawa	stock exchange
6.	Krajowa Izba Rozliczeniowa SA	Warszawa	running of the Central Table of Offers
7.	Biuro Informacji Kredytowej SA	Warszawa	services for inter-bank settlements
8.	Centrum Zaufania i Certyfikacji CENTRAST S.A.	Warszawa	market research
9.	Środkowoeuropejskie Centrum Ratingu i Analiz SA	Warszawa	on banking loan services
10.	Huta "Batory" SA	Warszawa	services for Electronic Data Processing
11.	Huta Lucchini Sp. z o.o.	Chorzów	of credit cards
12.	Huta "Jedność" SA	Siemianowice Śl.	analysis of financial market
13.	Zakłady Aparatury Chemicznej "Metalchem" SA	Opole	manufacture and sale of steel products
14.	Zakłady Przemysłu Lniarskiego "LEN" SA	Kamienna Góra	manufacture and sale of steel products
15.	Zakłady Wyrobów Obiciowych Koch-Vera SA	Łódź	production and sale of equipment
16.	Międzynarodowa Szkoła Bankowości i Finansów Sp. z o.o.	Katowice	and research activity
17.	Walcownia Rur "Jedność" Sp. z o.o.	Siemianowice Śl.	production and sale
18.	Legnicka Strefa Ekonomiczna SA	Legnica	of linen and cotton
19.	Huta "Łaziska" SA	Łaziska Górne	yarn and fabrics
20.	Huta "Gliwice"	Gliwice	production of fabrics
21.	Stocznia Gdynia SA	Gdynia	banking education
22.	Górnośląskie Towarzystwo Lotnicze GTL SA	Katowice	production of steel pipes
23.	Society For Worldwide Interbank Financial Telecommunication S.C.	Belgia	management of economical
24.	Zakopiańska Spółdzielnia Mieszkaniowa	Zakopane	special zone
25.	Fabryka Obuwia Butbędzin SA	Będzin	manufacture and sale of steel products
	<b>TOTAL</b>		manufacture and sale of steel products

in PLN 000's	31.12.2000 (current year)	31.12.1999 (previous year)
– increase in value	–	23
b) decrease (in respect of)	19 365	35 134
– sale	14 955	34 752
– decrease in value	9	20
– charges to provisions	4 401	362
<b>Closing balance of minority investments</b>	<b>14 075</b>	<b>21 404</b>

#### MINORITY INVESTMENTS

a) operational portfolio – of the brokerage house	–	–
b) trading portfolio	–	–
c) investment portfolio	14 075	21 404
<b>Total minority investments</b>	<b>14 075</b>	<b>21 404</b>

31.12.2000  
in PLN 000's

Book value of investment	Holding of share capital %	Voting power at the General Meeting %	Value of shares not paid by the Bank	Dividends received or receivable for the prior year
914	2.77	2.77%		
801	0.31	0.31%		
4 139	0.05	0.05%		
8	0.02	0.02%		3.5
10	0.75	0.75%		
313	5.73	5.73%		56.3
1 400	9.00	9.00%		
1 050	5.00	5.00%		
35	2.52	2.52%		
0	10.19	10.19%		
1 342	1.63	1.63%		
0	6.10	6.10%		
0	10.20	10.20%		
0	2.47	2.47%		
0	0.52	0.52%		
8	2.78	2.78%		
9	0.02	0.02%		
100	0.34	0.34%		
0	0.80	0.80%		
0	0.29	0.29%		
240	0.36	0.36%		
3 607	8.69	8.69%		
98				
1				
0	13.20	13.20%		
<b>14 075</b>				

in PLN 000's

31.12.2000  
(current year)

31.12.1999  
(previous year)

## Note 10

### OTHER SECURITIES AND PROPERTY RIGHTS

(by type)

a) units in mutual funds	355 549	15 587
b) right to purchase	–	–
c) derivative rights	–	–
d) other	–	–
<b>Total other securities and shares</b>	<b>355 549</b>	<b>15 587</b>

### OTHER SECURITIES AND PROPERTY RIGHTS

a) operational portfolio – of the brokerage house	–	–
b) trading portfolio	–	–
c) investment portfolio	355 549	15 587
<b>Total other securities and shares</b>	<b>355 549</b>	<b>15 587</b>

### MOVEMENTS IN OTHER SECURITIES AND PROPERTY RIGHTS

Opening balance	15 587	10 028
a) increase (in respect of)	417 462	5 559
– purchases	417 021	4 028
– release of provisions	441	1 531
b) decrease (in respect of)	77 500	–
– sale	77 500	–
<b>Closing balance of total other securities and shares</b>	<b>355 549</b>	<b>15 587</b>

The amount of PLN 355,549 thousand includes participation units valued at:

- PLN 105,000 thousand – sold in December 2000 with settlement on 3 January, 2001
- PLN 200,000 thousand – sold in January 2001 with settlement on 3 January, 2001

in PLN 000's

31.12.2000  
(current year)

31.12.1999  
(previous year)

## Note 11

### SECURITIES, SHARES AND OTHER PROPERTY RIGHTS

1. Operational portfolio of the brokerage house	–	–
2. Trading portfolio	74 462	–
3. Investment portfolio	2 612 182	2 397 218
<b>Total securities, shares and other property rights</b>	<b>2 686 644</b>	<b>2 397 218</b>

### MOVEMENTS IN SECURITIES, SHARES AND OTHER PROPERTY RIGHTS

Opening balance	2 397 218	3 221 948
a) increase (in respect of)	23 065 369	16 003 436
– purchase of debt securities	21 528 930	15 536 590
– purchase of debt securities – conversion of State Treasury receivables	578 459	–
– purchase of shares and other rights	503 722	72 408
– capital injections – received dividends	4	–
– increase in value	414 456	385 004
– release of provisions	39 798	9 284
– other	–	150
b) decrease (in respect of)	22 775 943	16 828 166
– sale of debt securities	22 414 331	16 382 196

– sale of shares and other rights	97 855	34 902
– decrease in value	202 182	393 300
– charges to provisions	61 575	17 768
<b>Closing balance of securities, shares and other property rights</b>	<b>2 686 644</b>	<b>2 397 218</b>

#### SECURITIES, SHARES AND OTHER PROPERTY RIGHTS (currency structure)

a. in Polish zloty	2 686 546	2 397 061
b. in foreign currencies (in currency and converted into PLN)	98	157
b1. unit/currency EUR'000	25	38
in PLN thousand	98	157
<b>Total securities, shares and other property rights</b>	<b>2 686 644</b>	<b>2 397 218</b>

#### DEBT SECURITIES, INVESTMENTS AND TRUST UNITS – TRADING PORTFOLIO

A. Negotiable and quoted on the Stock Exchange (book value)	695	–
a) shares (book value)	–	–
– estimated market value	–	–
– value at cost	–	–
b) bonds (book value)	695	–
– estimated market value	706	–
– value at cost	688	–
c) other (book value)	–	–
B. Negotiable and quoted on the OTC market (book value)	–	–
a) shares (book value):	–	–
– estimated market value	–	–
– value at cost	–	–
b) bonds (book value)	–	–
– estimated market value	–	–
– value at cost	–	–
c) other (book value)	–	–
C. Negotiable and non-quoted on the Stock Exchange or the OTC market (book value)	73 767	–
a) shares (book value)	–	–
– estimated market value	–	–
– value at cost	–	–
b) bonds (book value)	–	–
– estimated market value	–	–
– value at cost	–	–
c) other (book value)	73 767	–
c1) treasury bills	4 353	–
– estimated market value	4 358	–
– value at cost	4 335	–
c2) NBP bonds	69 414	–
– estimated market value	69 477	–
– value at cost	68 975	–
D. Non-negotiable (book value)	–	–
a) shares (book value)	–	–
– estimated market value	–	–
– value at cost	–	–
b) bonds (book value)	–	–
– estimated market value	–	–
– value at cost	–	–
c) other (book value)	–	–
<b>Total value at cost</b>	<b>73 998</b>	<b>–</b>
<b>Total adjustments</b>	<b>464</b>	<b>–</b>

<b>Total market value/estimated market value</b>	<b>74 541</b>	<b>–</b>
<b>Total book value</b>	<b>74 462</b>	<b>–</b>
<b>DEBT SECURITIES, INVESTMENTS AND TRUST UNITS – INVESTMENT PORTFOLIO</b>		
A. Negotiable and quoted on the Stock Exchange (book value)	766 604	881 186
a) shares (book value)	5 854	1 616
– value adjustments (balance)	-2 149	-1 897
– value at cost	8 003	3 513
b) bonds (book value)	760 750	879 570
– value adjustments (balance)	43 971	39 600
– value at cost	716 779	839 970
c) other	–	–
B. Negotiable and quoted on the OTC market (book value)	–	1 771
a) shares (book value)	–	1 771
– value adjustments (balance)	–	-3 629
– value at cost	–	5 400
b) bonds (book value)	–	–
– value adjustments (balance)	–	–
– value at cost	–	–
c) other	–	–
C. Negotiable and non-quoted on the Stock Exchange or the OTC market (book value)	1 102 405	760 847
a) shares (book value)	200 109	152 904
– value adjustments (balance)	-30 910	-10 864
– value at cost	231 019	163 768
b) bonds (book value)	10 711	47 803
– value adjustments (balance)	771	2 678
– value at cost	9 940	45 125
c) other (book value)	891 585	560 140
c1) treasury bills	239 719	355 816
– value adjustments (balance)	15 452	11 284
– value at cost	224 267	344 532
c2) NBP bonds	296 317	169 611
– value adjustments (balance)	706	155
– value at cost	295 611	169 456
c3) commercial papers	–	19 126
– value adjustments (balance)	–	-1 447
– value at cost	–	20 573
c4) trust units	355 549	15 587
– value adjustments (balance)	–	-441
– value at cost	355 549	16 028
D. Non-negotiable (book value)	743 173	753 414
a) shares (book value)	–	–
– value adjustments (balance)	–	–
– value at cost	–	–
b) bonds (book value):	743 173	753 414
– value adjustments (balance)	12 840	23 081
– value at cost	730 333	730 333
c) other	–	–
<b>Total value at cost</b>	<b>2 571 501</b>	<b>2 338 698</b>
<b>Total value adjustments</b>	<b>40 681</b>	<b>58 520</b>
<b>Total book value</b>	<b>2 612 182</b>	<b>2 397 218</b>

in PLN 000's

31.12.2000  
(current year)31.12.1999  
(previous year)

## Note 12

### INTANGIBLE FIXED ASSETS

a)	Accrued cost of formation and further expansion of public limited company	1 263	—
b)	Research and development costs	—	—
c)	Goodwill	—	1 159
d)	Purchased patents, licences, etc.	—	—
e)	Purchased computer software	14 248	13 975
f)	Long-term lease of land	1 815	1 815
g)	Other intangible fixed assets	3 210	1 581
h)	Prepayments for intangible fixed assets	—	—
	<b>Total intangible fixed assets</b>	<b>20 536</b>	<b>18 530</b>

### MOVEMENTS IN INTANGIBLE FIXED ASSETS (in assets categories) in PLN 000's

	Accrued cost of formation and further expansion of public limited company	Research and development costs	Goodwill	Purchased licences, patents, etc.	Purchased software	Long-term lease of land	Other intangible fixed assets	Prepayments for intangible fixed assets	Total intangible fixed assets
a) opening balance at cost	—	—	23 380	—	38 660	1 815	3 794	—	<b>67 649</b>
b) increases (in respect of)	1 263	—	—	—	6 294	—	2 957	—	<b>10 514</b>
– purchase	—	—	—	—	4 340	—	2 460	—	<b>6 800</b>
– transfer from assets under construction	—	—	—	—	1 008	—	2	—	<b>1 010</b>
– transfer between categories	—	—	—	—	5	—	—	—	<b>5</b>
– other	1 263	—	—	—	941	—	495	—	<b>2 699</b>
c) decreases (in respect of)	—	—	—	—	—	—	1 139	—	<b>1 139</b>
– liquidation	—	—	—	—	—	—	5	—	<b>5</b>
– other	—	—	—	—	—	—	1 134	—	<b>1 134</b>
d) closing balance at cost	1 263	—	23 380	—	44 954	1 815	5 612	—	<b>77 024</b>
e) accumulated depreciation at the beginning of period	—	—	22 221	—	24 685	—	2 213	—	<b>49 119</b>
f) depreciation for the period (in respect of)	—	—	1 159	—	6 021	—	189	—	<b>7 369</b>
– depreciation charges	—	—	1 159	—	6 011	—	198	—	<b>7 368</b>
– transfers	—	—	—	—	5	—	—	—	<b>5</b>
– other	—	—	—	—	5	—	-9	—	<b>-4</b>
g) accumulated depreciation at the end of period	—	—	23 380	—	30 706	—	2 402	—	<b>56 488</b>
h) net book value at the end of period	1 263	—	—	—	14 248	1 815	3 210	—	<b>20 536</b>

### UNSCHEDULED DEPRECIATION OF INTANGIBLE FIXED ASSETS

Unscheduled depreciation charges, of which:	—	—
– liquidation and sale of intangible fixed assets	—	—
<b>Total unscheduled depreciation of intangible fixed assets</b>	<b>—</b>	<b>—</b>



in PLN 000's

31.12.2000  
(current year)

31.12.1999  
(previous year)

## Note 13

### TANGIBLE FIXED ASSETS

a)	Tangible fixed assets, of which:	596 337	588 570
	– Land and buildings used for the Bank's operational activities	371 424	350 318
	– Other land and buildings	52	53
	– Equipment	136 919	132 944
	– Means of transport	4 492	7 429
	– Other fixed assets	83 450	97 826
b)	Assets under construction	31 796	16 715
c)	Prepayments	1 370	2 274
	<b>Total tangible fixed assets</b>	<b>629 503</b>	<b>607 559</b>

### MOVEMENTS IN TANGIBLE FIXED ASSETS

	Land and buildings used for the Bank's operational activities	Other land and buildings	Equipment and other fixed assets	Means of transport	Assets under construction and prepayments
a) opening balance at cost	402 488	57	547 228	16 137	18 989
b) increases (in respect of)	42 866	–	85 501	2 301	99 813
– purchase	1 226	–	30 662	9	99 187
– transfer from assets under construction	41 077	–	40 235	2 292	–
– transfers	557	–	3 627	–	–
– other	6	–	10 977	–	626
c) decreases (in respect of)	854	–	19 389	8 628	85 636
– sale	122	–	1 308	8 149	7
– liquidation	567	–	1 978	435	–
– donations	–	–	858	–	–
– transfer from assets under construction	–	–	–	–	84 614
– transfers	99	–	4 090	–	–
– other	66	–	11 155	44	1 015
d) closing balance at cost	444 500	57	613 340	9 810	33 166
e) accumulated depreciation at the beginning of period	52 170	4	316 458	8 708	–
f) depreciation for the period (in respect of)	20 906	1	76 513	-3 390	–
– charge for the period	20 725	1	79 499	2 738	–
– unscheduled depreciation charges	–	–	–	–	–
– sale and liquidation	-138	–	-3 095	-6 123	–
– donations	–	–	-854	–	–
– transfers	320	–	-324	–	–
– other	-1	–	1 287	-5	–
g) accumulated depreciation at the end of period	73 076	5	392 971	5 318	–
h) net closing balance	371 424	52	220 369	4 492	33 166

#### UNSCHEDULED DEPRECIATION CHARGES OF TANGIBLE FIXED ASSETS

Unscheduled depreciation charges, of which	–	13
– liquidation and sale of tangible fixed assets	–	13
<b>Total unscheduled depreciation charges of tangible fixed assets</b>	<b>–</b>	<b>13</b>

#### ON-BALANCE SHEET FIXED ASSETS (OWNERSHIP STRUCTURE)

a) owned	629 503	607 559
b) used under rental, lease or other agreement of similar nature	–	–
<b>Total on-balance sheet fixed assets</b>	<b>629 503</b>	<b>607 559</b>

#### OFF-BALANCE SHEET FIXED ASSETS

Used under rental, lease or other agreement of similar nature, of which:	5 100	4 436
– long-term lease of land	3 740	3 076
<b>Total off-balance sheet fixed assets</b>	<b>5 100</b>	<b>4 436</b>

in PLN 000's

31.12.2000  
(current year)

31.12.1999  
(previous year)

### Note 14

#### ISSUER OWN SHARES

Number of shares	Value at cost	Book value	Purpose of acquisition	Destination

#### ISSUER SHARES OWNED BY SUBSIDIARY UNDERTAKINGS

Name of undertaking	Number of shares	Value at cost	Book value

in PLN 000's

31.12.2000  
(current year)

31.12.1999  
(previous year)

### Note 15

#### OTHER ASSETS

1. Repossessed assets	464	236
2. Other, of which:	<b>276 842</b>	<b>118 319</b>
– sundry debtors	31 523	48 583
– interbank settlements	1 577	3 781

– public settlements	30 339	27 545
– revaluation of financial instruments (marking to market)	163 377	38 338
– settlements with brokerage houses acting as intermediary in securities trade	49 620	–
– other	406	72
<b>Total other assets (gross)</b>	<b>277 306</b>	<b>118 555</b>
Provision for other assets	-15 480	-13 797
<b>Total other assets (net)</b>	<b>261 826</b>	<b>104 758</b>

#### REPOSSESSED ASSETS

1. Capital expenditures	37	–
2. Real estate	75	–
3. Inventories	190	190
4. Other	162	46
<b>Total repossessed assets</b>	<b>464</b>	<b>236</b>

#### MOVEMENTS IN REPOSSESSED ASSETS

1. Opening balance	236	197
2. Increase (in respect of)	228	39
– repossession for bad debts	228	39
3. Decrease	–	–
4. <b>Closing balance</b>	<b>464</b>	<b>236</b>

in PLN 000's

31.12.2000  
(current year)

31.12.1999  
(previous year)

## Note 16

#### CHANGE IN INTERPERIOD SETTLEMENTS IN RESPECT OF DEFERRED CORPORATE INCOME TAX

Opening balance	–	–
– change in opening balance due to changes in accounting principles	5 207	–
a) increase (in respect of)	120 341	–
– charges to provision (Note 43)	120 341	–
b) decrease	–	–
<b>Closing balance</b>	<b>125 548</b>	<b>–</b>

#### OTHER INTERPERIOD SETTLEMENTS

a) prepayments, of which:	11 318	10 151
– general expenses	1 226	1 542
– insurance expenses	1 525	1 594
– stock of materials	3 569	3 887
– renovation costs	403	420
– interest prepaid on foreign exchange hedge transaction	–	1 265
– other	4 595	1 443
b) other interperiod settlements, of which:	<b>2 424</b>	<b>4 204</b>
– income receivable	2 424	4 204
<b>Total other interperiod settlements</b>	<b>13 742</b>	<b>14 355</b>

## SUBORDINATED LOANS

Name of entity	Value of loan extended	Currency of loan	Interest terms	Date of maturity
I Kredyt Bank SA	60 000	PLN	variable % quarterly base calculation	30.06.2004
2				
3				

in PLN 000's

31.12.2000  
(current year)

31.12.1999  
(previous year)

## Note 17

### DUE TO OTHER FINANCIAL INSTITUTIONS (by type)

1.	Current accounts and deposits	2 216 888	1 479 518
2.	Loans and borrowings	857 831	922 553
3.	Other, of which:	62 954	4 290
	– liabilities in course of settlement	62 954	4 290
4.	Accrued interest	23 592	16 279
	<b>Total due to other financial institutions</b>	<b>3 161 265</b>	<b>2 422 640</b>

### DUE TO OTHER FINANCIAL INSTITUTIONS (by term to maturity)

1.	Current accounts	139 647	27 031
2.	Term, with maturity from balance sheet date:	2 998 026	2 379 330
	a) up to 1 month	1 834 339	1 160 154
	b) 1 month – 3 months	71 194	214 692
	c) 3 months – 1 year	141 469	233 214
	d) 1 year – 5 years	878 480	323 850
	e) over 5 years	–	443 692
	f) matured before balance sheet date	–	–
	g) blocked	72 544	3 728
3.	Accrued interest	23 592	16 279
	<b>Total due to other financial institutions</b>	<b>3 161 265</b>	<b>2 422 640</b>

### DUE TO OTHER FINANCIAL INSTITUTIONS (by contractual maturity)

1.	Current accounts	139 647	27 031
2.	Term, with duration:	2 998 026	2 379 330
	a) up to 1 month	1 358 827	576 786
	b) 1 month – 3 months	501 222	722 953
	c) 3 months – 1 year	186 046	119 740
	d) 1 year – 5 years	874 915	950 728
	e) over 5 years	4 472	5 395
	f) blocked	72 544	3 728
3.	Accrued interest	23 592	16 279
	<b>Total due to other financial institutions</b>	<b>3 161 265</b>	<b>2 422 640</b>

## DUE TO OTHER FINANCIAL INSTITUTIONS

(currency structure)

a) in Polish zloty	1 915 504	910 782
b) in foreign currencies (in currency and converted into PLN)	1 245 761	1 511 858
b1. unit/currency EUR '000	305 469	256 680
in PLN thousand	1 177 401	1 070 072
b2. unit/currency USD '000	11 245	106 028
in PLN thousand	46 589	439 837
b3. other	21 771	1 949
<b>Total due to other financial institutions</b>	<b>3 161 265</b>	<b>2 422 640</b>

Note 17 "Due to other financial institutions" includes deposits amounting to PLN 72,048 thousand, representing collateral for the loans granted by Bank Śląski S.A. to a subsidiary undertaking of that bank.

in PLN 000's

31.12.2000  
(current year)

31.12.1999  
(previous year)

## Note 18

### DUE TO CUSTOMERS AND STATE BUDGET

(by type)

1. Current accounts and deposits	13 336 155	10 075 056
2. Other liabilities (in respect of)	76 681	62 775
– liabilities in course of settlement	76 681	62 775
3. Accrued interest	207 625	114 921
<b>Total due to customers and State Budget</b>	<b>13 620 461</b>	<b>10 252 752</b>

### DUE TO CUSTOMERS AND STATE BUDGET – SAVINGS ACCOUNTS

(by term to maturity)

1. Current accounts	1 647 830	1 585 045
2. Term, with maturity from balance sheet date:	7 313 137	5 035 957
a) up to 1 month	2 793 573	1 491 948
b) 1 month – 3 months	2 460 808	1 761 683
c) 3 months – 1 year	1 563 549	1 233 511
d) 1 year – 5 years	302 872	324 629
e) over 5 years	85	227
f) matured before balance sheet date	–	–
g) blocked	192 250	223 959
3. Accrued interest	181 821	104 693
<b>Total due to customers and State Budget – savings accounts</b>	<b>9 142 788</b>	<b>6 725 695</b>

### DUE TO CUSTOMERS AND STATE BUDGET – SAVINGS ACCOUNTS

(by contractual maturity)

1. Current accounts	1 647 830	1 585 045
2. Term, with duration:	7 313 137	5 035 957
a) up to 1 month	805 564	381 691
b) 1 month – 3 months	3 246 999	1 949 468

c) 3 months – 1 year	2 590 743	2 103 206
d) 1 year – 5 years	477 581	377 633
e) over 5 years	–	–
f) blocked	192 250	223 959
3. Accrued interest	181 821	104 693
<b>Total due to customers and State Budget – savings accounts</b>	<b>9 142 788</b>	<b>6 725 695</b>

**DUE TO CUSTOMERS  
AND STATE BUDGET – OTHER**  
(by term to maturity)

1. Current accounts	1 896 219	1 863 162
2. Term, with maturity from balance sheet date:	2 555 650	1 653 667
a) up to 1 month	1 982 658	1 246 664
b) 1 month – 3 months	249 520	175 474
c) 3 months – 1 year	70 824	50 963
d) 1 year – 5 years	176 975	130 474
e) over 5 years	845	–
f) matured before balance sheet date	–	–
g) blocked	74 828	50 092
3. Accrued interest	25 804	10 228
<b>Total due to customers and State Budget – other</b>	<b>4 477 673</b>	<b>3 527 057</b>

**DUE TO CUSTOMERS  
AND STATE BUDGET – OTHER**  
(by contractual maturity)

1. Current accounts	1 896 219	1 863 162
2. Term, with duration:	2 555 650	1 653 667
a) up to 1 month	1 527 331	1 047 697
b) 1 month – 3 months	494 758	330 493
c) 3 months – 1 year	285 712	94 681
d) 1 year – 5 years	173 021	130 704
e) over 5 years	–	–
f) blocked	74 828	50 092
3. Accrued interest	25 804	10 228
<b>Total due to customers and State Budget – other</b>	<b>4 477 673</b>	<b>3 527 057</b>

**DUE TO CUSTOMERS AND STATE BUDGET**  
(currency structure)

a) in Polish zloty	12 151 211	9 104 542
b) in foreign currencies (in currency and converted into PLN)	1 469 250	1 148 210
b1. unit/currency USD '000	210 442	150 544
in PLN thousand	871 903	624 502
b2. unit/currency EUR '000	153 991	125 107
in PLN thousand	593 543	521 562
b3. other	3 804	2 146
<b>Total due to customers and State Budget</b>	<b>13 620 461</b>	<b>10 252 752</b>

in PLN 000's

31.12.2000  
(current year)31.12.1999  
(previous year)

## Note 19

### LIABILITIES IN RESPECT OF SECURITIES SUBJECT TO SALE AND REPURCHASE AGREEMENTS

a) financial institutions	—	—
b) customers and State Budget	—	—
c) interest	—	—
<b>Total liabilities in respect of securities subject to sale and repurchase agreements</b>	—	—

in PLN 000's

31.12.2000  
(current year)31.12.1999  
(previous year)

## Note 20

### SECURITIES ISSUED

1. Bonds	—	—
2. Deposit certificates	—	—
3. Other	—	—
4. Accrued interest	—	—
<b>Total securities issued</b>	—	—

### MOVEMENTS IN SECURITIES ISSUED

<b>Opening balance</b>	—	—
a) Increases	—	—
b) Decreases	—	—
<b>Closing balance</b>	—	—

### LONG-TERM DEBT SECURITIES ISSUED

Securities by type	Loan value	Interest terms	Maturity	Guaranties, Collaterals	Additional rights

in PLN 000's

31.12.2000  
(current year)31.12.1999  
(previous year)

## Note 21

### FUNDS FOR STAFF BENEFITS AND OTHER LIABILITIES

1. Funds for staff benefits, of which:	<b>19 690</b>	<b>18 947</b>
— Social Fund	19 665	18 922
— bonus fund	25	25
2. Other liabilities, of which:	<b>194 765</b>	<b>144 154</b>
— interbank settlements	146 223	92 078
— public settlements	13 556	22 440
— sundry creditors	28 754	20 991
— other	6 232	8 645
<b>Total funds for staff benefits and other liabilities</b>	<b>214 455</b>	<b>163 101</b>

in PLN 000's

31.12.2000  
(current year)

31.12.1999  
(previous year)

## Note 22

### ACCRUALS AND DEFERRED INCOME

a)	interperiod settlements, of which:	<b>31 409</b>	<b>19 867</b>
	– general expenses	28 674	19 555
	– commission payable	2 426	22
	– other	309	290
b)	deferred income, of which:	<b>25 879</b>	<b>23 587</b>
	– surplus of goodwill to subsidiary contribution in kind (Brokerage House)	1 619	1 619
	– surplus of goodwill to subsidiary contribution in kind (Centrum Banku Śląskiego Sp. z o.o.)	12 247	12 247
	– accrued interest payable on hedging interest rate swap	–	2 412
	– income received in advance:	10 917	7 188
	• on lombard loan	18	12
	• on discount of bills of exchange	4 464	4 623
	• on factoring	6 435	2 553
	– other	1 096	121
c)	deferred income on irregular receivables, of which:	<b>192 195</b>	<b>181 273</b>
	– deferred interest income	190 233	137 559
	– capitalised interest based on agreements	1 527	42 994
	– commission accrued	–	573
	– other	435	147
	<b>Total accruals and deferred income</b>	<b>249 483</b>	<b>224 727</b>

in PLN 000's

31.12.2000  
(current year)

31.12.1999  
(previous year)

## Note 23

### MOVEMENTS IN PROVISIONS FOR DEFERRED INCOME TAX

	Opening balance	61 770	27 079
a)	increases (in respect of)	–	49 303
	– charges to provision (Note 43)	–	49 303
b)	decreases (in respect of)	61 770	14 612
	– release of provision (Note 43)	61 770	14 612
	<b>Closing balance</b>	<b>–</b>	<b>61 770</b>

### OTHER PROVISIONS

	– provision for off-balance sheet commitments	14 625	11 226
	– provision for general risk	135 800	62 000
	– provisions for development projects	–	2 000
	<b>Total other provisions</b>	<b>150 425</b>	<b>75 226</b>

### MOVEMENTS IN OTHER PROVISIONS

	Opening balance	75 226	48 965
a)	increases (in respect of)	118 774	45 502
	– charges to other provisions	118 019	45 422
	– reclassifications	755	80
b)	write-offs	–	–
c)	release (in respect of)	<b>43 575</b>	<b>19 241</b>
	– release of provisions	43 575	19 241
	<b>Closing balance</b>	<b>150 425</b>	<b>75 226</b>



in PLN 000's

31.12.2000  
(current year)31.12.1999  
(previous year)

## Note 24

### SUBORDINATED DEBT

Name of undertaking	Loan value	Loan currency	Interest terms	Maturity	Balance	Interest

### MOVEMENTS IN SUBORDINATED LOANS

Opening balance	—	—
a) increases	—	—
b) decreases	—	—
<b>Closing balance</b>	—	—

in PLN 000's

31.12.2000  
(current year)31.12.1999  
(previous year)

## Note 25

### SHARE CAPITAL

Nominal value of 1 share = PLN 10.00

Series/issue	Type of shares	Type of preference	Number of shares	Value of series/issue	Method of capital injection	Date of registration	Eligibility of dividend
	bearer share	ordinary shares	9 260 000	92 600		18.10.1991	18.10.1991
<b>Total number of shares</b>			<b>9 260 000</b>				
<b>Total share capital</b>				<b>92 600</b>			

In the period 1 January 2000 – 31 December 2000 there were no changes in share capital.

### LIST OF SHAREHOLDERS

Shareholder's name	Number of shares at 31.12.2000	Holding of share capital	Number of shares at 31.12.1999	Holding of share capital
State Treasury	463 000	5.00%	463 000	5.00%
ING Bank N.V.	5 091 112	54.98%	5 091 112	54.98%
Franklin Resources, Inc.	473 515	5.11%	0	0.00%
Emerging Markets Growth Fund, Inc.	463 911	5.01%	463 911	5.01%
Other shareholders	2 768 462	29.90%	3 241 977	35.01%
<b>TOTAL</b>	<b>9 260 000</b>	<b>100.00%</b>	<b>9 260 000</b>	<b>100.00%</b>

in PLN 000's

31.12.2000  
(current year)

31.12.1999  
(previous year)

## Note 26

### EQUITY RESERVES

a) surplus capital	—	—
b) mandatory reserve	35 985	35 858
c) statutory	—	—
d) contribution of shareholders	—	—
e) other	—	—
<b>Total equity reserves</b>	<b>35 985</b>	<b>35 858</b>

in PLN 000's

31.12.2000  
(current year)

31.12.1999  
(previous year)

## Note 27

### OTHER RESERVES

— General Risk Fund	162 000	62 000
— Other, of which:	1 199 315	1 146 095
• equity reserves	1 199 315	1 146 095
<b>Total other reserves</b>	<b>1 361 315</b>	<b>1 208 095</b>

in PLN 000's

31.12.2000  
(current year)

31.12.1999  
(previous year)

## Note 28

### UNDISTRIBUTED PROFIT (NOT COVERED LOSS) OF PRIOR YEARS

a) undistributed profit (positive)	—	—
b) not covered loss (negative)	-13 390	—
<b>Undistributed profit or not covered loss of prior year</b>	<b>-13 390</b>	<b>—</b>

in PLN 000's

31.12.2000  
(current year)

31.12.1999  
(previous year)

## Note 29

### CAPITAL ADEQUACY RATIO

I. Own equity		
a) Share capital	92 600	92 600
b) Equity reserves	35 985	35 858
c) General Risk Fund	162 000	62 000
d) Revaluation reserve	40 181	40 308

e) Other reserves	1 199 315	1 146 095
f) Decreases of equity in respect of investments in financial institutions	-70 813	-18 415
g) Undistributed profit (not covered loss) of prior years	-13 390	–
<b>Total own equity</b>	<b>1 445 878</b>	<b>1 358 446</b>
2. Risk weighted assets		
a) Risk weighted assets with risk rate 0%	3 470 562	4 129 097
b) Risk weighted assets with risk rate 20%	3 133 264	1 451 500
c) Risk weighted assets with risk rate 50%	566 104	224 878
d) Risk weighted assets with risk rate 100%	11 881 732	9 108 214
3. Risk weighted contingent liabilities granted:		
a) Risk weighted contingent liabilities granted with risk rate 0%	4 145 413	2 358 000
b) Risk weighted contingent liabilities granted with risk rate 0.4%	2 662 906	555 266
c) Risk weighted contingent liabilities granted with risk rate 0.8%	–	167 725
d) Risk weighted contingent liabilities granted with risk rate 1%	1 137 712	832 254
e) Risk weighted contingent liabilities granted with risk rate 2.5%	205 875	149 310
f) Risk weighted contingent liabilities granted with risk rate 5%	630	504
g) Risk weighted contingent liabilities granted with risk rate 10%	104	–
h) Risk weighted contingent liabilities granted with risk rate 20%	137 983	51 523
i) Risk weighted contingent liabilities granted with risk rate 50%	231 371	188 105
j) Risk weighted contingent liabilities granted with risk rate 100%	549 092	430 433
4. <b>Risk weighted assets and contingent liabilities granted</b>	<b>13 511 018</b>	<b>10 061 386</b>
5. <b>Capital adequacy ratio</b>	<b>10.70</b>	<b>13.50</b>

#### DATA FOR CALCULATION OF BOOK AND DILUTED BOOK VALUE PER SHARE

<b>TIER 1 CAPITAL</b>	<b>1 489 900</b>	<b>1 336 553</b>
1. Share capital	92 600	92 600
2. Equity reserves	35 985	35 858
3. General Risk Reserve	162 000	62 000
4. Other reserves	1 199 315	1 146 095
<b>TIER 2 CAPITAL</b>	<b>40 181</b>	<b>40 308</b>
1. Revaluation reserve	40 181	40 308
<b>Undistributed profit (not covered loss) of prior years</b>	<b>-13 390</b>	<b>–</b>
<b>Net profit</b>	<b>138 287</b>	<b>199 501</b>
<b>Total</b>	<b>1 654 978</b>	<b>1 576 362</b>
Number of shares	9 260 000	9 260 000
<b>Book value per share in PLN</b>	<b>178.72</b>	<b>170.23</b>
Assumed number of shares	–	–
<b>Diluted book value per share in PLN</b>	<b>–</b>	<b>–</b>

in PLN 000's

31.12.2000  
(current year)

31.12.1999  
(previous year)

## Note 30

### OFF-BALANCE SHEET COMMITMENTS, GUARANTEES AND ASSETS PLEDGED AS COLLATERAL SECURITY

Guarantees and assets pledged in favour of:

a) subsidiary undertakings	–	–
b) associated undertakings	377	205
c) parent undertakings	–	857
d) other undertakings	650 690	465 597
<b>Total guarantees and assets pledged as collateral</b>	<b>651 067</b>	<b>466 659</b>

# NOTES TO THE PROFIT AND LOSS ACCOUNT

in PLN 000's

31.12.2000  
(current year)

31.12.1999  
(previous year)

## Note 31

### INTEREST INCOME

1.	Interest income from financial institutions	209 108	133 932
2.	Interest income from customers and State Budget	1 623 425	1 165 308
3.	Interest income on securities	414 648	310 846
	a) fixed income securities	414 648	310 846
	b) non-fixed income securities variable-yield	—	—
4.	Other	11 875	9 075
	<b>Total interest income</b>	<b>2 259 056</b>	<b>1 619 161</b>

in PLN 000's

31.12.2000  
(current year)

31.12.1999  
(previous year)

## Note 32

### INTEREST EXPENSE

1.	Interest expense on transactions with financial institutions	298 315	178 632
2.	Interest expense on transactions with customers and State Budget	1 269 443	780 584
3.	Other	192	630
	<b>Total interest expense</b>	<b>1 567 950</b>	<b>959 846</b>

in PLN 000's

31.12.2000  
(current year)

31.12.1999  
(previous year)

## Note 33

### FEE AND COMMISSION INCOME

1.	Fee and commission income on banking operations	400 991	337 778
2.	Fee and commission income on brokerage activity	—	—
	<b>Total fee and commission income</b>	<b>400 991</b>	<b>337 778</b>

in PLN 000's

31.12.2000  
(current year)

31.12.1999  
(previous year)

## Note 34

### INCOME ON SHARES AND OTHER SECURITIES

1.	Income from subsidiary undertakings	—	12
2.	Income from associated undertakings	1 137	—
3.	Income on investments in other undertakings	10	—
	<b>Total income on shares and other securities</b>	<b>1 147</b>	<b>12</b>

in PLN 000's

31.12.2000  
(current year)

31.12.1999  
(previous year)

## Note 35

### NET PROFIT ON FINANCIAL OPERATIONS

1.	Profit/(loss) on financial transactions	4 473	95 921
a)	Income on securities, of which:	35 288	99 774
	– sale of BPH shares	–	79 432
b)	Expense relating to transactions in securities	30 815	3 853
2.	Profit/(loss) on other financial operations	-11 567	-6 421
	<b>Net profit on financial operations</b>	<b>-7 094</b>	<b>89 500</b>

in PLN 000's

31.12.2000  
(current year)

31.12.1999  
(previous year)

## Note 36

### OTHER OPERATING INCOME

a)	professional asset management services	19	26
b)	in respect of sales, liquidation of fixed assets and assets for sale	2 796	2 562
c)	in respect of recovered loss loans	134	133
d)	received compensations, penalties, fines	159	17
e)	received donations	–	–
f)	other	21 558	17 700
	– income on sale of intangible fixed assets	1	7
	– sales of goods and services	7 385	9 529
	– use of provision for retirement bonuses and past-due holiday leaves	5 802	–
	– income in respect of recovery of borne court fees	1 813	1 469
	– other	6 557	6 695
	<b>Total other operating income</b>	<b>24 666</b>	<b>20 438</b>

in PLN 000's

31.12.2000  
(current year)

31.12.1999  
(previous year)

## Note 37

### OTHER OPERATING EXPENSES

a)	professional asset management services	–	–
b)	in respect of sales, liquidation of fixed assets and assets for sale	3 262	3 937
c)	in respect of amounts written off	4 796	68
d)	paid compensations, penalties, fines	236	91
e)	donations made	54	348
f)	in respect of unscheduled depreciation	–	13
g)	other	7 790	7 607
	– obsolete investment expenditures/non-operating expenses	–	83
	– expense in respect of court fees/non-operating expenses	2 851	2 322
	– other	4 939	5 202
	<b>Total other operating expenses</b>	<b>16 138</b>	<b>12 064</b>

in PLN 000's

31.12.2000  
(current year)

31.12.1999  
(previous year)

## Note 38

### GENERAL EXPENSES

1. Salaries	287 051	267 505
2. Employee benefits	53 004	48 414
Total salaries and employee benefits	340 055	315 919
3. General expenses	56 477	58 888
4. Taxes and levies	2 890	3 041
5. Bank Guarantee Fund charges	34 557	11 524
6. Other, of which:	237 834	202 026
– accommodation and rent	96 631	70 087
– other external services	141 203	131 939
<b>Total general expenses</b>	<b>671 813</b>	<b>591 398</b>

in PLN 000's

31.12.2000  
(current year)

31.12.1999  
(previous year)

## Note 39

### CHARGES TO PROVISIONS AND REVALUATION

1. Charges to provisions for:	1 263 225	409 825
– normal receivables	16 825	13 516
– watch receivables	49 062	58 038
– non-performing receivables	1 074 189	292 236
– other assets/sundry debtors	5 151	2 613
– off-balance sheet commitments	44 198	18 422
– General Risk Fund	73 800	25 000
– other charges to provisions	–	–
2. In respect of revaluation:	62 860	18 806
– depreciation of financial assets	61 575	17 769
– depreciation of tangible fixed assets	1 285	1 037
<b>Total charges to provisions and revaluation</b>	<b>1 326 085</b>	<b>428 631</b>

in PLN 000's

31.12.2000  
(current year)

31.12.1999  
(previous year)

## Note 40

### RELEASE OF PROVISIONS AND DECREASES IN RESPECT OF REVALUATION

1. Release of provisions for:	866 079	283 800
– normal receivables	21 892	8 537
– watch receivables	61 955	34 801
– non-performing receivables	737 102	225 527
– other assets/sundry debtors	3 603	696
– off-balance sheet commitments	41 527	14 239
– other	–	–
2. In respect of revaluation:	39 799	9 284
– depreciation of financial assets	39 799	9 284
– other	–	–
<b>Total release of provisions and decreases in respect of revaluation</b>	<b>905 878</b>	<b>293 084</b>

in PLN 000's

31.12.2000  
(current year)

31.12.1999  
(previous year)

## Note 41

### EXTRAORDINARY GAINS

1. Contingent	596	370
2. Other	—	—
<b>Total extraordinary gains</b>	<b>596</b>	<b>370</b>

in PLN 000's

31.12.2000  
(current year)

31.12.1999  
(previous year)

## Note 42

### EXTRAORDINARY LOSSES

1. Contingent	102	210
2. Other	1	—
<b>Total extraordinary losses</b>	<b>103</b>	<b>210</b>

in PLN 000's

31.12.2000  
(current year)

31.12.1999  
(previous year)

## Note 43

### CORPORATE INCOME TAX

1. Gross profit before taxation	129 672	336 612
2. Permanent differences between gross profit (loss) before taxation and taxable income	-233 739	80 259
3. Temporary differences between gross profit (loss) before taxation and taxable income	682 385	-115 638
4. Other differences between profit before taxation and taxable income	—	—
— losses from previous years	—	—
5. Taxable income	578 318	301 233
6. Corporate income tax at rate 30% in 2000 and 34% in 1999	173 496	102 420
7. Deductions and decreases	3 806	576
8. Corporate income tax payable	169 690	101 844
9. Provision for deferred tax	-61 770	34 691
— opening balance	61 770	27 079
— increase	—	49 303
— decrease	-61 770	-14 612
— closing balance	—	61 770
10. Interperiod settlements in respect of deferred tax	120 341	—
— opening balance	—	—
— change in opening balance due to changes in accounting principles	5 207	—
— increase	120 341	—
— decrease	—	—
— closing balance	125 548	—
<b>11. Corporate income tax presented in profit and loss account</b>	<b>-8 615</b>	<b>136 535</b>

**MAIN DIFFERENCES  
BETWEEN TAXABLE INCOME AND THE PROFIT  
OR LOSS BEFORE TAXATION**

1.	<b>Profit before taxation</b>	<b>129 672</b>	<b>336 612</b>
2.	<b>Non tax-deductible expenses (not recognised under tax regulations as tax deductible costs)</b>	<b>1 475 059</b>	<b>542 966</b>
	– accrued interest payable	99 793	-43 425
	– charges to provisions not recognised as tax deductible expenses	1 143 833	481 573
	– donations	214	297
	– depreciation expenses in respect of investment tax allowance	25 561	27 261
	– National Fund for Rehabilitation of Disabled People	189	645
	– unrealised costs on hedge derivative transactions	–	2 660
	– costs of obsolete investments	–	83
	– provision for staff bonuses	15 057	19 427
	– non tax-deductible cost of advertising	2 649	5 431
	– costs of non-delivery foreign currency forward	–	5 658
	– costs of undergoing projects	–	1 229
	– foreign exchange losses	171 731	31 044
	– other	16 032	11 083
3.	<b>Income deductible from taxable amount under tax regulations</b>	<b>995 146</b>	<b>496 069</b>
	– accrued interest receivable	-92 828	56 080
	– dividend	19 029	2 874
	– release of specific provisions	870 234	371 694
	– release of provisions for registration of collateral	–	–
	– unrealised income on hedge derivative transactions	125 039	34 510
	– release of provision for year 2000 expenses	–	9 541
	– settlement of capitalised interest recognised as taxable income in previous year	35 929	12 833
	– release of provision for retirement bonuses and past-due holiday leaves	5 802	–
	– decrease in provisions for foreign exchange loans due to changes of rates of exchange	13 999	–
	– release of provision for development projects	2 000	–
	– other	15 942	8 537
4.	<b>Other changes in taxable income as provided for in tax regulations</b>	<b>-31 267</b>	<b>-82 276</b>
	– income received in advance	4 104	5 154
	– capitalised interest	-755	-5 171
	– specific provisions provided in prior years	–	-29 698
	– donations	-3 214	-3 297
	– tax allowance	–	-29 947
	– realised costs on hedge derivative transactions related to previous year	-2 412	–
	– investment tax premium	-14 974	-9 522
	– provisions for bonuses and remuneration in respect of previous year and paid in current year	-17 887	-10 191
	– other	3 871	396
5.	<b>Taxable income</b>	<b>578 318</b>	<b>301 233</b>
6.	Corporate income tax – 30% in 2000	173 496	–
	– 34% in 1999	–	102 420
7.	Tax paid on dividends received	3 806	576
8.	Corporate income tax – amount due to State Budget	<b>169 690</b>	<b>101 844</b>



## MAIN DIFFERENCES BETWEEN CORPORATE INCOME TAX PRESENTED IN THE PROFIT AND LOSS ACCOUNT AND CORPORATE INCOME TAX CALCULATED BASED ON TAXABLE INCOME

1.	Corporate income tax – amount payable to the State Budget	169 690	101 844
2.	Tax paid on dividends received	3 806	576
3.	Deferred tax provisions	-182 111	34 691
4.	Total charges to gross profit	<b>-8 615</b>	<b>137 111</b>

## DIFFERENCES BETWEEN INCOME TAX PRESENTED IN THE PROFIT AND LOSS STATEMENT AND TAXABLE INCOME

1.	Investment tax allowance	–	29 947
2.	Premium on investment tax allowance	14 974	9 522
3.	Donations	3 214	3 297
4.	Deductions from tax – tax paid on dividends received	3 806	576
5.	Future income tax payable (positive temporary differences)	492 808	478 693
5.1.	Accrued interest receivable	188 379	281 208
5.2.	Unamortised balance of fixed assets purchased under investment tax allowance	131 122	156 683
5.3.	Unrealised income on hedge derivative transactions	163 448	40 802
5.4.	Settlement of difference between amounts of depreciation calculated for balance sheet and corporate income tax purposes	9 859	–
6.	Future income tax receivables (negative temporary differences)	941 192	269 250
6.1.	Accrued interest payable	231 099	131 306
6.2.	Provisions for receivables	472 529	46 697
6.3.	Interest collected in advance	15 151	46 976
6.4.	Provisions for salaries and bonuses	15 057	19 427
6.5.	Unrealised foreign exchange losses	194 468	22 737
6.6.	Provision for retirement bonuses and past-due holiday leaves	12 795	–
6.7.	Other	93	2 107
7.	Base of calculation of provision for deferred income tax	-448 384	205 901
8.	Provisions for deferred income tax		
	2000 year – 28%	-120 341	–
	1999 year – 30%	–	61 770
	– change in opening balance due to changes in accounting standards	-5 207	–
	– closing balance	-125 548	–
9.	The impact of changed taxation rates on charges to financial result	4 118	3 186
10.	Income tax on result from extraordinary operations	148	55

In 2000 the Bank paid to the State Budget the amount of PLN 8,650 thousand due to dissolution of the General Risk Fund. The total amount paid within 3 years to the State Budget due to dissolution of the General Risk Fund amounted to PLN 25,952 thousand.

As at 31 December 2000 the Bank included in deferred tax all specific loan loss provisions which can be recognised as tax deductible expenses in future periods, valuation adjustments made to debt securities in the trading portfolio and provisions created for the permanent diminution of securities in the investment portfolio. In previous periods the Bank only recognised deferred

tax assets on loans in the lost category for which it was certain that it would receive a tax deduction for the provision created in future periods. As at 31 December 2000 the Bank had created deferred tax assets of PLN 127,152 thousand for specific loan loss provisions.

The equivalent of specific provisions and provisions for permanent diminution in the value of debt securities in the investment portfolio not included in deferred tax calculation as at 31 December 1999 amounted to PLN 246,290.8 thousand (in 1999 provision for debt securities: PLN 11,960.6 thousand with the tax effect amounting to PLN 73,887.2 thousand, debt securities PLN 3,588.2 thousand).

By including all specific loan loss provisions in the deferred tax calculation the presentation of permanent and temporary differences between reporting periods is not comparable. In the previous periods the Bank treated specific loan loss provisions that were not included in deferred tax as permanent differences. As a result of change in accounting for increases/decreases of specific provisions, specific provisions which crystallised for tax purposes in the current year, but were made in the Bank's accounts in the previous periods, are disclosed as decrease in the charges made in the current year.

	31.12.2000 (current year)	31.12.1999 (previous year)
in PLN 000's		

## Note 44

### OTHER OBLIGATORY CHARGES REDUCING PROFIT (INCREASING LOSS)

— tax paid on dividends received	3 806	576
<b>Total other obligatory charges reducing profit (increasing loss)</b>	<b>3 806</b>	<b>576</b>

	31.12.2000 (current year) planned	31.12.1999 (previous year)
in PLN 000's		

## Note 45

### PROFIT DISTRIBUTION

1. Charges to reserve capital	64 507 591.68	53 220 317.21
2. Charges to General Risk Fund	40 000 000.00	100 000 000.00
3. Charges to Social Fund	3 000 000.00	3 000 000.00
4. Dividend	27 780 000.00	40 281 000.00
5. Donation for the Bank Śląski Foundation	3 000 000.00	3 000 000.00

	31.12.2000 (current year)	31.12.1999 (previous year)
in PLN 000's		

## Note 46

### DATA FOR CALCULATION OF PROFIT PER SHARE

1. Net profit	138 287	199 501
2. Number of shares	9 260 000	9 260 000
3. Net profit per share (in PLN)	14.93	21.54
4. Diluted number of shares	—	—
5. Net profit per 1 diluted share (in PLN)	—	—

# NOTES TO THE CASH FLOW STATEMENT

in PLN 000's

31.12.2000  
(current year)

31.12.1999  
(previous year)

## Note 47

### CASH FLOW STATEMENT ON OPERATING ACTIVITIES – OTHER ITEMS

1.	Change in other assets	-154 813	-36 174
2.	Change in other liabilities, including:	39 886	-53 641
	– change in interbank settlements	53 816	-68 382
	– change in interbranch settlements	-10 014	5 013
	– other	-3 916	9 728
3.	Unrealised accrued interest on securities held in investment portfolio	-34 923	-73 783
4.	Unrealised accrued interest on long-term loans taken from banks	5 957	–
5.	Cash donations for public interest	3 210	2 640
6.	Profit distribution to Social Fund	-3 000	-3 000
7.	Change in repossessed assets for sale	-228	-39
8.	Other	1 697	-3 219
	<b>Cash flow statement on operating activities – other items</b>	<b>-142 214</b>	<b>-167 216</b>

in PLN 000's

31.12.2000  
(current year)

31.12.1999  
(previous year)

## Note 48

### CASH FLOW STATEMENT ON INVESTMENT ACTIVITIES – OTHER INFLOWS

1.	Interest on securities held in investment portfolio	174 956	211 460
2.	Interest purchased in the purchase price of debt securities held in investment portfolio	48 295	–
3.	Dividends from investment activity	19 025	2 874
	<b>Cash flow statement on investment activities – other inflows</b>	<b>242 276</b>	<b>214 334</b>

in PLN 000's

31.12.2000  
(current year)

31.12.1999  
(previous year)

## Note 49

### CASH FLOW STATEMENT ON INVESTMENT ACTIVITIES – OTHER OUTFLOWS

1.	Prepayments on investments	-1 370	-2 274
2.	Interest purchased in the purchase price of debt securities held in investment portfolio	–	-5 431
	<b>Cash flow statement on investment activities – other outflows</b>	<b>-1 370</b>	<b>-7 705</b>

in PLN 000's

31.12.2000  
(current year)

31.12.1999  
(previous year)

## Note 50

### CASH FLOW STATEMENT ON FINANCIAL ACTIVITIES – OTHER INFLOWS

1. ...	–	–
<b>Cash flow statement on financial activities – other inflows</b>	<b>–</b>	<b>–</b>

in PLN 000's

31.12.2000  
(current year)

31.12.1999  
(previous year)

## Note 51

### CASH FLOW STATEMENT ON FINANCIAL ACTIVITIES – OTHER OUTFLOWS

1. Interest on long-term loans taken from banks	-38 296	-2 576
2. Interest on lombard loans	-1 231	-203
3. Interest on refinancing loans	–	-1 455
4. Realised foreign exchange differences	–	-170
<b>Cash flow statement on financial activities – other outflows</b>	<b>-39 527</b>	<b>-4 404</b>

in PLN 000's

1.01.2000  
(current year)

1.01.1999  
(previous year)

## Note 52

### CASH AT THE BEGINNING OF PERIOD

1. Cash, of which:	498 031	277 927
– cash on hand	496 035	275 706
– coupons	1 239	1 294
– bank cheques	517	799
– traveller's cheques	240	128
2. Current account with the NBP	453 921	369 499
3. Current accounts in other banks	149 153	36 012
<b>Total cash at the beginning of period</b>	<b>1 101 105</b>	<b>683 438</b>

31.12.2000  
(current year)

31.12.1999  
(previous year)

### CASH AT THE END OF PERIOD

1. Cash, of which:	361 235	498 031
– cash on hand	358 937	496 035
– coupons	1 716	1 239
– bank cheques	330	517
– traveller's cheques	252	240
2. Current account with the NBP	557 708	453 921
3. Current accounts in other banks	109 601	149 153
<b>Total cash at the end of period</b>	<b>1 028 544</b>	<b>1 101 105</b>

## **Explanations to the division of operations into operational, investment and financial activities in the cash flow statement**

Operational activity relates to the principal operations of the Bank excluding investment and financial activity.

Investment activity includes the purchase and sale of tangible and intangible fixed assets, shares in associates, subsidiary and other undertakings as well as other rights and securities (including debt securities held in the investment portfolio).

Financial activity relates to long-term (over 1 year) financial operations with financial institutions. Inflows from financial operations represent sources of funding for the Bank received in the form of long-term loans taken and borrowings from banks and other financial institutions.

Outflows from financial activity relate to repayment of long-term liabilities (e.g. repayment of loans and borrowings) and obligations to shareholders (dividend payments) as well as expenses for public benefits.

## **Differences between the balance sheet movements and the changes presented in the cash flow statement**

### Change in other reserves

Change in other reserves has been presented excluding adjustment for the change in deferred income tax provision which is shown in point A.II.7 "Corporate income tax paid" along with the change of corporate income tax receivable.

### Change in debt securities

The item represents changes in debt securities held in the trading portfolio only. Movements relating to debt securities held in the investment portfolio are presented as a cash flow from investment activity.

### Change in amounts due from other financial institutions

The item does not include a portion of amounts due from operations with NBP and other banks, which has been presented in the item "Total net cash flow" (change in cash).

### Change in amounts due from customers and State Budget

The item represents the change in amounts due, excluding the adjustment concerning debt securities acquired through conversion of receivables from the State Budget included in the investment portfolio.

### Change in other investments

The item represents changes in other securities held in the trading portfolio only and change in the provisions for securities. Movements relating to other securities held in the investment portfolio are presented as a cash flow from investment activity.

### Change in amounts due to other financial institutions

The item includes also changes in liabilities resulting from operations with NBP. Long-term liabilities (over 1 year) in the form of loans and borrowings taken from banks and other financial institutions have been excluded from this item and presented as a cash flow from financial activity.

### Change in interperiod settlements

Change in interperiod settlements has been presented excluding adjustment for the change in interperiod settlements in respect of deferred corporate income tax which is presented in point A.II.7 "Corporate income tax paid".