

Notes to the balance sheet

Note 1A

Cash and due from Central Bank		
	current year	prior year
1. Current account	208 986	127 328
2. Obligatory reserve	-	-
3. Amounts of Bank Guarantee Fund	-	-
4. Other	32	16
Total of cash and due from Central Bank	209 018	127 344

As at Dec. 31, 2000 the Bank's obligatory reserve of PLN 113,024 thousand was maintained as follows:

- nostro account in NBP - PLN 101,722 thousand,
- cash in hand - PLN 11,302 thousand.

As at Dec. 31, 1999 the Bank's obligatory reserve of PLN 70,435 thousand was maintained as follows:

- nostro account in NBP - PLN 63,392 thousand,
- cash in hand - PLN 7,043 thousand.

Note 1B

Cash (by currency)		
	current year	prior year
a. in Polish zloty	178 424	107 088
b. in foreign currency (PLN equivalent)	30 594	20 256
b1. unit/currency 1000/ DEM	9 291	1 771
in thousand PLN	18 310	3 775
b2. unit/currency 1000/ USD	1 479	3 521
in thousand PLN	6 127	14 604
b3. unit/ currency 1000/ ITL	1 018 772	157 343
in thousand PLN	2 028	339
b4. unit/ currency 1000 / ATS	6 562	521
in thousand PLN	1 838	158
b5. other currencies (in thousands PLN)	2 291	1 380
Total cash	209 018	127 344

Note 2A

Due from other financial institutions (by category)		
	current year	prior year
1. Nostro accounts	4 221	17 117
2. Loans and placements	824 513	426 019
3. Interest	9 144	552
a) accrued	9 144	552
b) overdue	-	-
Total gross receivables from financial institutions	837 878	443 688
Total receivables due from other financial institutions (net)	837 878	443 688

Notes

Note 2B

Due from other financial institutions (by maturity)

	current year	prior year
1. Current	4 221	17 117
2. Term, with maturity from balance sheet date:	824 513	426 019
a) up to 1 month	796 565	398 046
b) 1 month - 3 months	27 181	-
c) 3 months - 1 year	767	14 576
d) 1 year - 5 years	-	13 397
3. Interest	9 144	552
- accrued 9 144	552	-
- overdue	-	-
Total receivables due from other financial institutions (gross)	837 878	443 688

Note 2C

Due from other financial institutions (by contractual maturity)

	current year	prior year
1. Current	4 221	17 117
2. Term, with duration:	824 513	426 019
a) up to 1 month	508 621	398 046
b) 1 month - 3 months	302 573	-
c) 3 months - 1 year	2 044	16 199
d) 1 year - 5 years	11 275	11 774
3. Interest	9 144	552
- accrued	9 144	552
- overdue	-	-
Total receivables due from other financial institutions (gross)	837 878	443 688

Note 2D

Due from other financial institutions (by currency)

	current year	prior year
a. in Polish zloty (PLN)	688 362	162 122
b. in foreign currency (PLN equivalent)	149 516	281 566
b1. unit/currency 1000/ USD	33 007	66 211
in thousand PLN	136 754	274 664
b2. unit/currency 1000 /EUR	2 008	781
in thousand PLN	7 740	3 258
b3. unit/currency 1000 / GBP	369	10
in thousand PLN	2 282	62
b4. unit/currency 1000/ DEM	202	672
in thousand PLN	399	1 432
b5. other receivables (in thousand PLN)	2 341	2 150
Total receivables due from other financial institutions (gross)	837 878	443 688

Note 2E**Due from other financial institutions (gross)**

	current year	prior year
1. Performing loans	828 734	443 136
2. Interest:	9 144	552
a) accrued	9 144	552
b) overdue	-	-
Total receivables due from other financial institutions (gross)	837 878	443 688

The Bank does not have any non-performing loans due from financial institutions

Note 3A**Due from customers and budget sector (by category)**

	current year	prior year
1. Loans	1 837 416	1 393 925
2. Purchased receivables	4 057	119
3. Realized guarantees and commitments	5 159	-
4. Other (in respect of)	8 725	6 497
- VISA cards settlements	8 725	6 497
5. Interest	41 667	20 893
a) accrued	22 933	14 604
b) overdue	18 734	6 289
6. Amounts of receivables in respect of contribution to preferential loans	-	-
Total due from customers and budget sector (gross)	1 897 024	1 421 434
7. Provision for non-performing amounts due from customers and budget sector (negative value)	(51 273)	(12 751)
Total due from customers and budget sector (net)	1 845 751	1 408 683

The Bank does not have any loans related to financial leases

Note 3B**Due from customers and budget sector (by maturity date)**

	current year	prior year
1. Current	259 942	180 018
2. Term, with maturity from balance sheet date:	1 595 415	1 220 523
a) up to 1 month	105 661	67 042
b) 1 month - 3 months	120 791	101 285
c) 3 months - 1 year	420 175	310 472
d) 1 year - 5 years	642 101	536 947
e) over 5 years	177 382	130 626
f) overdue	129 305	74 151
3. Interest	41 667	20 893
- accrued	22 933	14 604
- overdue	18 734	6 289
Total due from customers and budget sector (gross)	1 897 024	1 421 434

Notes

Note 3C

Due from customers and budget sector (by contractual maturity)

	current year	prior year
1. Current	259 942	180 018
2. Term, with duration:	1 595 415	1 220 523
a) up to 1 month	35 787	47 447
b) 1 month - 3 months	48 849	21 033
c) 3 months - 1 year	619 218	423 826
d) 1 year - 5 years	643 033	557 187
e) over 5 years	248 528	171 030
3. Interest	41 667	20 893
- accrued	22 933	14 604
- overdue	18 734	6 289
Total due from customers and budget sector (gross)	1 897 024	1 421 434

Note 3D

Due from customers and budget sector (by currency)

	current year	prior year
a. in Polish zloty (PLN)	957 131	795 557
b. in foreign currencies (PLN equivalent)	888 620	613 126
b1. Unit/currency 1000 / EUR	105 441	25 251
in thousands PLN	406 411	105 270
b2. Unit/currency 1000 / USD	75 682	69 519
in thousands PLN	313 566	288 384
b3. Unit/currency 1000 / DEM	73 234	93 343
in thousands PLN	144 324	198 965
b4. Unit/currency 1000/ CHF	6 486	4 977
in thousands PLN	16 416	12 918
b4. Other currencies (in thousands PLN)	7 903	7 589
Total due from customers and budget sector (net)	1 845 751	1 408 683

Note 3E

Due from customers and budget sector

	current year	prior year
1. Performing loans (including interest)	1 667 899	1 281 487
2. Watch loans	58 153	44 903
3. Non-performing loans:	129 305	74 151
- substandard	33 891	33 850
- doubtful	15 423	33 305
- loss	79 991	6 996
4. Interest:	41 667	20 893
a. accrued	22 933	14 604
b. overdue	18 734	6 289
- from performing and watch loans	776	348
- from non-performing loans	17 958	5 941
Total due from customers and budget sector (gross)	1 897 024	1 421 434

Note 3F

Value of legal collateral diminishing the basis for the calculation of specific provision for non-performing receivables from customers and budget sector

	current year	prior year
1. Performing loans (including interest)		
2. Watch loans	19 182	4 540
3. Non-performing loans:	78 307	54 482
- substandard	28 101	26 637
- doubtful	10 144	25 740
- loss	40 062	2 105
Total value of legal collateral against non-performing receivables from customers and budget sector	97 489	59 022

Note 3G

Loan loss provisions from customers and budget sector

	current year	prior year
1. Performing loans (including interest)	1 469	637
2. Watch loans	972	262
3. Non-performing loans:	48 832	11 852
- substandard	1 298	1 773
- doubtful	2 848	5 058
- loss	44 686	5 021
Total loan loss provisions from customers and budget sector	51 273	12 751

Note 3H

Movements in loan loss provisions from customers and budget sector

	current year	prior year
Opening balance	12 751	6 567
a) Increases (in respect of)	61 296	10 554
- change in risk category	61 296	10 334
- foreign exchange differences	-	220
b) Releases (in respect of)	(22 774)	(4 370)
- repayment	(1 601)	(3 864)
- change in risk category	(19 805)	-
- write off	(578)	(506)
- others (incl. foreign exchange differences)	(790)	-
Loan loss provisions from customers and budget sector as at the balance sheet date	51 273	12 751

Notes

Note 5A

Debt securities	current year	prior year
1. Issued by central banks:	310 926	142 167
2. Issued by State Budget:	86 645	192 682
Total debt securities	397 571	334 849

Note 5B

Debt securities (by category)	current year	prior year
1. Issued by State budget, of which:	86 645	192 682
a) bonds	27 006	19 975
b) treasury bills	59 639	72 707
2. Issued by others, of which:	310 926	142 167
a) other (by category):	310 926	142 167
- NBP bills	268 447	99 794
- Obligatory reserve NBP Bonds	42 479	42 373
Total debt securities	397 571	334 849

Note 5C

Debt securities	current year	prior year
a) trading portfolio	2 777	-
b) investment portfolio	394 794	334 849
Total debt securities	397 571	334 849

Note 5D

Movements in debt securities	current year	prior year
a) Opening balance	334 849	108 086
b) Increases (in respect of)	4 391 559	739 709
- purchases	4 390 423	739 709
- interest	1 136	-
c) Decreases (in respect of)	(4 328 837)	(512 946)
- sale	(4 328 837)	(501 710)
- interest	(5 856)	-
- discount	(5 234)	-
- premium	(146)	-
d) Closing balance	397 571	334 849

Debt securities securing the Bank's liabilities:

* transfer of ownership rights to treasury bills to secure transactions on the Polish money market with a Polish bank:

- as at 31.12.2000 - 2 000 bills, nominal value of PLN 20 000 thousand,

- as at 31.12.1999 - 2 000 bills, nominal value of PLN 20 000 thousand,

* treasury bills held as security for the Banking Guarantee Fund:

- as at 31.12.2000 - 700 bills at total nominal value of PLN 7 000 thousand,

- as at 31.12.1999 - 165 bills at total nominal value of PLN 1 650 thousand,

Note 6A

Shares and investments in subsidiaries

	current year	prior year
a) in other financial institution	18 196	9 108
Total shares and investments in subsidiary	18 196	9 108

Note 6B

Movements in shares and investments in subsidiaries

	current year	prior year
Opening balance	9 108	-
a) Increases (in respect of)	9 088	9 108
- purchase of shares	9 088	9 108
Closing balance	18 196	9 108

Note 6C

Shares and investments in subsidiaries

	current year	prior year
c) investment portfolio	18 196	9 108
Total shares and investments in subsidiaries	18 196	9 108

Note 8

Shares and investments in subsidiaries and associates (investment)

a	b	c	d	e	f	g	h	i	j	k	l
Enterprise's name	place	type of activity	relationship	method of consolidation	date of taking over / date of beginning	share value at cost	depreciation total significant	shares (balance value)	ownership (in percentage)	number of votes in Shareholders Meeting	other ownership
Fortis Securities Polska shares received/taking	Poland	brokerage activity	subsidiary	-	23.12.1999	18 196	-	18 196	100%	100%	-

Shares and investments in subsidiaries and associates (investment)

a	m			n		o	p	r	s	t				
Enterprise's name	Own capital			liabilities: long term		amounts due long term	assets	sales revenue	value of unpaid shares by issuer	dividends part in profits received/taking from last year				
	share capital	due to capital (negative value)	reserve capital	other own capital:										
				undistributed profit (uncovered loss) from previous years	net profit (loss)									
Fortis Securities Polska	13 195	-	679	(3 830)	(1 495)	(2 364)	13 373	-	13 146	-	23 593	5 234	-	-

The financial data of of Fortis Securities Polska SA as at December 31, 2000 is unaudited.

Notes

Note 9A

Shares and investments in other entities

	current year	prior year
a) non-financial institutions	43	6
Total shares and investments in other entities	43	6

Note 9B

Movements in shares and investments in other entities

	current year	prior year
Opening balance	6	6
a) Increases (in respect of)	37	-
- purchase	40	-
- exchange differences	(3)	-
Closing balance	43	6

Note 9C

Shares and investments in other entities

	current year	prior year
a) investment portfolio	43	6
Total shares and investments in other entities	43	6

Shares and investments in others (investment)

a	b	c	d	e	f	g	h
Enterprise's name	place	type of activity	shares (balance value)	part of possessed shared (in percentage)	part in total number of votes in Shareholders Meeting	unpaid shares by issuer	dividend received or receivable from previous year
S.W.I.F.T. s.c.	Belgium	interbank communication	43	-	-	-	-

Note 11A

Securities, shares and other rights

	current year	prior year
a) trading portfolio	2 777	-
b) investment portfolio	413 033	343 963
Total securities, shares and other rights	415 810	343 963

Note 11B

Movements in securities, shares and other rights

	current year	prior year
Opening balance	343 963	108 091
a) Increases (in respect of)	4 400 687	748 818
- purchase	4 399 551	748 818
- interest	1 136	-
b) Decreases (in respect of)	(4 328 840)	(512 946)
- sale	(4 328 837)	(501 710)
- interest	-	(5 856)
- discount	-	(5 234)
- premium	-	(146)
- other (foreign exchange differences)	(3)	-
Closing balance of securities, shares and other rights	415 810	343 963

Note 11C

Movements in securities, shares and other rights (by currency)

	current year	prior year
a. in Polish zloty (PLN)	415 767	343 957
b. in foreign currencies (in respect of)	43	6
b1. Unit/currency 1000 / BEF	55	55
in thousands PLN	6	6
b2 Unit/currency 1000 / EUR	10	-
in thousands PLN	37	-
Total securities, shares and other rights	415 810	343 963

As at 31.12.2000 the Bank owned 1 (one) share of BEF at nominal value of 55.000,00 and 6 (six) shares of EUR at nominal value of 9.750,00 in S.W.I.F.T., the global banking communication entity.

Note 11D

Debt securities, investments and trust units - trading portfolio

	current year	prior year
A. Negotiable and quoted on OTC market (book value)	2 777	-
a) other - by category (book value):	2 777	-
a1) Treasury Bills	2 777	-
- value at cost	2 777	-
Total value at cost	2 777	-
Total book value	2 777	-

Notes

Note 11E

Debt securities, investments and trust units - investment portfolio

	current year	prior year
A. Negotiable and quoted on Stock Exchange (book value)	27 006	19 975
b) bonds (book value):	27 006	19 975
- adjustments	3 110	2 077
- value at cost	23 896	17 898
B. Negotiable and quoted on OTC market (book value)	346 282	281 609
a) shares (book value):	18 196	9 108
- value at cost	18 196	9 108
c) other - by category (book value):	328 086	272 501
c1) treasury bills	59 639	172 707
- adjustments	3 410	5 413
- value at cost	56 229	167 294
c2) commercial papers	268 447	99 794
- adjustments	2 399	206
- value at cost	266 048	99 588
D. Non-negotiable (book value)	42 522	42 379
b) bonds (book value):	42 479	42 373
- adjustments	848	742
- value at cost	41 631	41 631
c) other by category (book value):	43	6
c1) shares	43	6
- adjustments	(3)	-
- value at cost	46	6
Total value at cost	406 046	335 525
Total adjustments	9 764	8 438
Total book value	415 810	343 963

The Bank purchased NBP bonds at their nominal value of PLN 41,631 thousand on September 30, 1999. The bonds were issued by NBP following the Monetary Policy Council decision to lower the obligatory reserve that banks maintain on their NBP current accounts. Interest is paid annually on the bonds based on the consumer price index for particular months. These securities must be held to maturity and based on current legislation cannot be sold and should be free and clear of any liens, charges, claims and other encumbrances.

Note 12A

Intangible fixed assets

	current year	prior year
a) start-up and further expansion cost of public limited company	2 697	3 214
b) software	12 989	9 567
Total intangible fixed assets	15 686	12 781

Note 12B

Intangible assets (by category)

	start-up and further expansion cost of public limited company	software	Intangible assets total
a) intangible assets (gross) at the beginning of the year	6 811	13 852	20 663
b) increases (in respect of)	752	6 692	7 444
- share capital increase	752	-	752
- purchases	-	6 060	6 060
- investment settlement	-	632	632
c) decreases (in respect of)	(1 060)	-	(1 060)
- liquidation	(1 060)	-	(1 060)
- other			
d) intangible assets (gross) at the end of the year	6 503	20 544	27 047
e) accumulated depreciation at beginning of the year	(3 597)	(4 284)	(7 881)
f) depreciation (in respect to)	(209)	(3 271)	(3 480)
- cost of obtaining share capital	(1 269)	-	(1 269)
- purchases	-	(3 271)	(3 271)
- liquidation	1 060	-	1 060
- other			
g) accumulated depreciation at the end of the year	(3 806)	(7 555)	(11 361)
h) net intangible assets at the end of the year	2 697	12 989	15 686

In 2000 there was no unplanned depreciation of intangible assets.

Note 13A

Tangible fixed assets

	current year	prior year
a) Tangible fixed assets, of which:	47 125	36 714
- equipment	13 996	13 510
- means of transport	3 879	4 001
- other fixed assets	29 250	19 203
b) Assets under construction	15 010	1 692
c) Prepayments	311	674
Total tangible fixed assets	62 446	39 080

Notes

Note 13B

Table of movement of tangible fixed assets (by category)

	equipment	means of transport	other fixed assets
a) fixed assets value (gross) at the beginning of the year	23 792	8 461	25 090
b) increases (in respect to)	7 097	2 214	13 417
- purchase	5 009	2 214	2 455
- completion of investment	2 084	-	10 962
- other	4	-	-
c) decrease (in respect to)	(2 023)	(3 302)	(543)
- sale	(2 014)	(3 201)	(5)
- liquidation	(9)	-	(538)
- other		(101)	
d) fixed assets value (gross) at the end of the year	28 866	7 373	37 964
e) accumulated depreciation at the beginning of the year	(10 301)	(4 460)	(5 866)
f) depreciation for period (in respect to)	(4 569)	966	(2 848)
- purchase	(5 952)	(1 746)	(3 132)
- sale	1 375	2 646	5
- liquidation	7	-	279
- other	1	66	-
g) accumulated depreciation at the end of the year	(14 870)	(3 494)	(8 714)
h) net fixed assets at the end of the year	13 996	3 879	29 250

In 2000 there was no unplanned depreciation of fixed assets.

Note 13C

On-Balance fixed assets (by ownership)

	current year	prior year
a) Own	61 149	35 768
b) Used under rental, lease of other agreement of similar nature, of which:	1 297	3 312
- operating leases	1 297	3 312
Total on-balance sheet fixed assets	62 446	39 080

Note 15A

Other assets

	current year	prior year
1. Other, including:	45 612	11 325
- settlements for share subscriptions	35 866	8 287
- interbank settlements	2 661	1 655
- settlements with suppliers	645	243
- tax settlements	436	606
- settlements with employees	624	323
- other settlements	5 380	211
Total other assets	45 612	11 325

Note 15C**Movements assets for sale**

	current year	prior year
1. Opening balance	-	1
2. Decreases (in respect of)	-	(1)
- sales	-	(1)
3. Closing balance	-	0

Note 16A**Changes in interperiod settlements in respect of deferred corporate income TAX**

	current year	prior year
Opening balance		
a) Increases (in respect of)	14 206	-
- negative timing differences in respect of corporate income tax	14 206	-
- transfer of deferred tax provision balance	3 392	-
b) Decreases (in respect of)	3 392	-
Closing balance	10 814	-

Note 16B**Other interperiod settlements**

	current year	prior year
a) Prepayments, of which:	3 845	3 168
- rent1	634	1 996
- insurance	525	388
- Banking Guarantee Fund costs	953	-
- other	733	784
b) Other, including:	458	261
- income receivable	458	261
Total other interperiod settlements	4 303	3 429

Note 17A**Due to other financial institutions (by category)**

	current year	prior year
1. Current accounts and deposits	353 417	277 098
2. Loans and borrowings received	304 549	212 862
3. Interest	6 236	2 624
Total due to other financial institutions	664 202	492 584

Notes

Note 17B

Due to other financial institution (by maturity)

	current year	prior year
1. Current	2 634	10 362
2. Term, with maturity from the balance sheet date:	655 332	479 598
a) Up to 1 month	294 881	253 327
b) 1 month - 3 months	45 902	5 113
c) 3 months - 1 year	10 000	8 296
d) 1 year - 5 years	4 818	-
e) over 5 years	299 731	212 862
3. Interest	6 236	2 624
Total due to other financial institutions	664 202	492 584

Note 17C

Due to other financial institution (by contractual maturity)

	current year	prior year
1. Current	2 634	10 362
2. Term:	655 332	479 598
a) up to 1 month	185 218	109 879
b) 1 month - 3 months	152 759	98 740
c) 3 months to 1 year	12 806	58 117
e) 1 year - 5 years	4 818	-
f) over 5 years	299 731	212 862
3. Interest	6 236	2 624
Total due to other financial institutions	664 202	92 584

Note 17D

Due to other financial institution (by currency)

	current year	prior year
a. in PLN	106 625	111 234
b. in foreign currencies (in respect of)	557 577	381 350
b1. Unit/currency 1000 / EUR in thousands PLN	133 158 513 243	50 088 208 811
b2. Unit/currency 1000/ USD in thousands PLN	6 460 26 764	41 593 72 539
b3. Unit/currency 1000/ CHF in thousands PLN	6 915 17 501	- -
b4. Other currency (in thousands PLN)	69	-
Total due to other financial institutions	664 202	492 584

Note 18A

Due to customers and budget sector (by type)

	current year	prior year
1. Current accounts and deposits	2 114 772	1 647 828
2. Other (in respect of)	231 714	1 765
- term deposits settlements	2 291	1 765
- blocked deposits	229 423	-
3. Interest	30 329	12 414
Total due to customers and budget sector	2 376 815	1 662 007

Note 18D

Due to customers and budget sector - other (by maturity)

	current year	prior year
1. Current	297 024	326 374
2. Term:	2 049 462	1 323 219
a) up to 1 month	1 365 124	903 081
b) 1 month - 3 months	495 171	278 192
c) 3 months - 1 year	187 186	138 696
d) 1 year - 5 years	1 981	3 250
3. Interest	30 329	12 414
Total due to customers and budget sector - other	2 376 815	1 662 007

Note 18E

Due to customers and budget sector - other (by contractual maturity)

	current year	prior year
1. Current	297 024	326 374
2. Term:	2 049 462	1 323 219
a) up to 1 month	1 068 830	718 396
b) 1 month - 3 months	702 319	409 114
c) 3 months - 1 year	273 285	186 511
d) 1 year - 5 years	5 028	9 198
3. Interest	30 329	12 414
Total due to customers and budget sector - other	2 376 815	1 662 007

Notes

Note 18F

Due to customers and budget sector (by currency)

	current year	prior year
a. in Polish zloty (PLN)	1 856 448	1 312 774
b. in foreign currencies (in respect of)	520 367	349 233
b1. Unit/currency 1000 / USD	101 820	69 527
in thousands PLN	421 859	288 419
b2. Unit/currency 1000 / EUR	13 297	4 226
in thousands PLN	51 252	17 616
b3. Unit/currency 1000 / DEM	18 81	12 501
in thousands PLN	37 075	26 646
b4. Unit/currency 1000 / ITL	2 773 353	3 628 610
in thousands PLN	5 521	7 834
b5. Other currencies (in thousands PLN)	4 660	8 718
Total due to customers and budget sector	2 376 815	1 662 007

The Bank does not have liabilities secured on the Issuer assets.

Note 21

Special funds and other liabilities

	current year	prior year
1. Special funds	774	281
- social fund	515	220
- other	259	61
2. Other liabilities	76 446	28 069
- interbank settlements	59 947	21 651
- other transactions with clients	5 336	1 908
- settlements with suppliers and recipients	4 173	1 909
- tax settlements	2 124	1 407
- settlements with employees	43	21
- other	4 823	1 173
Total special funds and other liabilities	77 220	28 350

Note 22

Accruals and deferred income

	current year	prior year
a) Interperiod settlements, of which:	5 682	4 868
- provisions for employees benefits and other	4 063	3 227
- other interperiod settlements	1 619	1 641
b) Deferred income, of which:	392	870
- income received in advance	392	870
c) Suspended interest, of which:	21 769	7 121
- interest on non-performing loans	21 738	6 819
- capitalised interest	31	302
Total accruals and deferred income	27 843	12 859

Note 23A

Movements in deferred tax provision

	current year	prior year
Opening balance	776	5 154
a) Increases (in respect of)	1 898	1 363
- provision for income tax	1 898	1 363
b) Decreases (in respect of)	(2 674)	(5 741)
- release of provision for income tax	(2 674)	(5 741)
Closing balance	0	776

Note 23B

Other provisions:

	current year	prior year
- general risk provision	6 144	6 144
- off-balance sheet commitments provisions	142	16
Total other provisions	6 286	6 160

Note 23C

Movements in other provisions

	current year	prior year
Opening balance	6 160	3 581
a) Increases (in respect of)	126	3 669
- general risk provision	-	3 083
- off-balance sheet commitments provision	126	579
- foreign currency differences	-	7
b) releases (in respect of)	-	(1 090)
- general risk provision	-	(520)
- provision for off- balance sheet liabilities	(570)	-
Closing balance	6 286	6 160

Nota 24B

Movements in subordinated debt

	current year	prior year
Opening balance	-	5 618
a) Decrease (in respect of)	-	(5 618)
- decrease due to maturity => 2 lata i < 3 lat	-	(1 873)
- loan repayment	-	(3 745)
Closing balance	-	0

On October 8, 1999 the Bank repaid the subordinated loan received on July 18, 1991 from the Polish-American Enterprise Fund of USD 4 000 thousand. In respect of the maturity date the value of the loan included in Bank's equity at the day of repayment amounted to PLN 3.745 thousand. Accordingly the Bank did not have any subordinated loans as at December 31, 2000.

Notes

Note 25

Share Capital

nominal value of 1 share = 2PLN							
Series/ issue	Type of shares	Type of preference	Number of shares	Issue value	Type of capital covering	Date of registration	Eligibility for dividend
A	bearer share	common shares	634 060	1 268 120	cash	19.12.1990	from full payment
B	bearer share	common shares	1 115 940	2 231 880	cash	30.04.1991	from full payment
C	bearer share	common shares	2 000 000	4 000 000	cash	14.07.1994	01.01.1994
D	bearer share	common shares	1 250 000	2 500 000	cash	11.07.1996	01.01.1995
E	bearer share	common shares	1 250 000	2 500 000	cash	11.04.1997	01.01.1996
F	bearer share	common shares	625 000	1 250 000	cash	04.06.1998	01.01.1997
G	bearer share	common shares	740 000	1 480 000	cash	04.06.1998	01.01.1997
H	bearer share	common shares	761 500	1 523 000	cash	08.10.1999	01.01.1999
I	bearer share	common shares	1 675 300	3 350 600	cash	03.07.2000	01.01.1999
Total number of shares			10 051 800				
Total share capital				20 103 600			

Series A-I shares are bearer shares

The General Meeting of Shareholders held on June 15, 2000 resolved to increase the Bank's equity through the public issuance of 5 025 900 bearer ordinary shares, Series J, with a nominal value per share of PLN 2.00. The day of setting pre-emptive rights is November 6, 2000. On July 3, 2000 the share Series I increasing the Bank's share capital to the amount of PLN 20 103 600 was registered in the Court. 1 675 300 shares with a total nominal value of PLN 3 350 600 were registered.

As at December 31, 2000 the following shareholders owned stock representing at least 5% of the Bank's share capital or 5% of the votes in the General Meeting of Shareholders (GMS):

Fortis Bank: 98.65% of share capital, with the right of 7 538 850 votes at the General Meeting of Shareholders or 98.65% of total votes at GMS. However, in accordance with Article 26 of the Bill as of 29.08.1997 r. Banking Law (Dz. U. Nr 140, poz. 939 ze zm.) with reference to the resolution No. 159/KNB/99 of Banking Supervision Commission as of 16.08.1999 r. relating to permission granted to Fortis Bank to purchase shares of PPABank SA, Fortis Bank has permission only to acquire shares which give it up to 75% of the total voting rights at the AGM.

Note 26

Reserve capital

	current year	prior year
a) Share premium	161 875	94 863
b) Mandatory reserve	359	359
Total reserve capital	162 234	95 222

Note 27

Other capital reserves:	current year	prior year
- General Risk Fund	58 012	32 356
- Other	17 018	17 018
Total other capital reserves	75 030	49 374

Note 29

Capital Adequacy Ratio calculation	current year	prior year
Risk weighted contingent liabilities	1 808 545	1 383 178
Risk weighted contingent liabilities	95 631	178 401
Total	1 904 176	1 561 579
Share capital	20 104	16 753
Reserve capital	162 234	95 222
Other	17 018	17 018
General Risk Fund	58 012	32 356
Revaluation reserve	552	552
Decreases of capital	(18 196)	(9 108)
Own equity	239 724	152 793
Capital Adequacy Ratio	12.59	9.78

Book value per share

	current year	prior year
Share capital	20 104	16 753
Reserve capital	162 234	95 222
Other	17 018	17 018
General Risk Fund	58 012	32 356
Revaluation reserve	552	552
Net profit	21 032	25 656
Total	278 952	187 557
Number of shares	10 051 800	8 376 500
Book value per share (in PLN)	27.75	22.39

Diluted book value per share

	current year	prior year
Share capital	20 104	16 753
Reserve capital	162 234	95 222
Other	17 018	17 018
General Risk Fund	58 012	32 356
Revaluation reserve	552	552
Net profit	21 032	25 656
Total	278 952	187 557
Anticipated number of shares	15 077 700	10 051 800
Diluted book value per share	18.50	18.66

The number of shares used for the calculation of diluted book value per share was increased by the number of shares in the series J share issue amounting to 5 025 900 shares, based on the decision of the General Meeting of Shareholders held on June 15, 2000.

Notes

Note 30

Off-Balance sheet commitments	current year	prior year
Guarantees for:	94 379	142 026
a) Other	94 379	142 026
Total guarantees granted	94 379	142 026

Notes to profit and loss account

Note 31

Interest income	current year	prior year
1. Interest income from financial institutions	73 900	13 059
2. Interest income from customers and budget sector	251 444	149 811
3. Interest income from securities:	72 390	18 161
a) Fixed income securities	72 390	18 161
4. Other	50	-
Total interest income	397 784	181 031

Note 32

Interest expense	current year	prior year
1. Interest expense on transactions with financial institutions	31 400	19 327
2. Interest expense on transactions with customers and budget sector	241 922	86 039
3. Other	145	264
Total interest expense	273 467	105 630

Note 33

Fee and commission income	current year	prior year
1. Fee and commission income from banking activity	44 399	38 855
Total fee and commission income	44 399	38 855

Note 34

Income from shares, other securities and other investments	current year	prior year
1. Other	5 065	-
Total fee and commission income	5 065	-

Note 35

Net result on financial operations		
	current year	prior year
1. Result on securities transactions	(65)	29
a) Income from securities transaction	1 003	47
b) Expenses on securities transaction	1 068	18
2. Result on other financial transactions	509	23
Total net result on financial operations	444	52

Note 36

Other operating income		
	current year	prior year
a) Asset management fees	390	481
b) Sales, liquidation of fixed assets and assets for sale	1 606	1 605
c) Recovered loans	50	306
d) Compensation, penalties, fines	80	67
f) Other	7 093	3 597
- leasing	761	1 700
- other	6 332	1 897
Total other operating income	9 219	6 056

Note 37

Other operating expenses		
	current year	prior year
a) Sales, liquidation of fixed assets and assets for sale	1 524	2 174
b) Loans written off	207	177
d) Compensation, penalties, fines	57	58
c) Donations	600	733
d) Other	1 303	281
- provision for cash	178	143
- vindication expenses	1 105	111
- other	20	27
Total other operating expenses	3 691	3 423

Note 38

General expenses		
	current year	prior year
1. Salaries	50 134	35 230
2. Employee benefits	2 358	1 030
3. Other general expenses	61 686	37 540
4. Taxes and levies	23	18
5. Banking Guarantee Fund charges	4 758	1 408
Total general expenses	118 959	75 226

Notes

Note 39

Charges to provisions and revaluation

	current year	prior year
1. Charges to provisions for:	61 708	14 345
- performing and watch loans	1 876	662
- watch loans	1 499	589
- non-performing loans	57 921	9 083
- off-balance sheet commitments	250	579
- general risk reserve	-	3 083
- other	162	349
Total charges to provisions and revaluation	61 708	14 345

Note 40

Releases of provisions and decrease in respect of revaluation

	current year	prior year
1. Release of provisions for:	21 852	5 230
- performing loans	1 045	24
- watch loans	751	39
- non-performing loans	19 610	3 801
- off-balance sheet commitments	124	570
- general risk fund	-	520
- other	322	276
Total releases of provisions and decrease in respect of revaluation	21 852	5 230

Note 43

Corporate income tax

	current year	prior year
1. Gross profit before tax	30 030	36 559
2. Permanent differences between gross profit before taxation and taxable income	680	4 504
3. Temporary differences between gross profit before taxation and taxable income	40 405	6 325
4. Other differences between gross profit/(loss) and taxable income:	(2 484)	(2 623)
- losses from previous years		
5. Taxable income	68 631	44 765
6. Corporate Income Tax 30%2000 / 34% 1999	20 589	15 220
7. Deductions and decreases	1 013	
8. Corporate Income Tax payable	19 576	15 220
9. Deferred tax provision	(776)	(4 377)
- opening balance	776	5 154
- increases	1 898	1 363
- decreases	(2 674)	(5 741)
- closing balance	-	776
10. Interperiod settlements in respect of deferred tax	(10 814)	-
- opening balance		
- increases	(14 206)	-
- decreases	3 392	-
- closing balance	(10 814)	-
11. Corporate income tax presented in profit and loss account	8 998	10 843

Note 45

The Board of Executives will suggest to the General Shareholders Meeting to transfer the net profit for the year 2000 wholly for the General Risk Fund.

Note 46

Profit per ordinary share

	current year	prior year
Net profit	21 032	25 656
Weighted average ordinary shares	10 051 800	10 051 800
Profit per ordinary share (in PLN)	2.09	2.55

Diluted profit per share

	current year	prior year
Net profit	21 032	-
Weighted average ordinary shares	12 983 575	-
Diluted profit per ordinary share (in PLN)	1.62	-

When calculating the weighted average number of ordinary shares, the Bank included the series J issue of 5 025 900 shares.

Notes to cash flow statement

Structure of cash

	31.12.2000	31.12.1999
Cash	85 351	70 828
Travellers checks and valuable stamps	32	16
Current account with NBP	123 635	56 500
Nostro accounts with Polish banks	298	438
Nostro accounts with foreign banks	3 913	16 680
Interest receivable from performing debit balances	4	-
Debit balance at vostro account	9	-
Total cash	213 242	144 462

Other items - operating activity

	31.12.2000	31.12.1999
Donations	579	625
Change in balance of accrued income from securities	(8 901)	(8 223)
Change in balance of other assets	(34 563)	12 998
Total	(42 885)	5 400

Other inflow - investment activity

	31.12.2000	31.12.1999
Realised interest on securities in 1999/1998, accrued in 2000/1999	7 029	8 350
Realised and accrued interest on securities in 2000/1999,	8 89	6 641
Total	15 919	14 991

Other outflow - investment activity

	31.12.2000	31.12.1999
Prepayments for fixed assets	(311)	(675)
Total	(311)	(675)

Other outflow - financial activity

	31.12.2000	31.12.1999
Interest paid on subordinated debt from PAEF	-	(1 771)
Total	-	(1 771)

Operating activity includes the Bank's core activity that generates income. The funds generated by the operating activity are intended for maintaining operational capacity, making new investments, repayment of debts without employing external financing, and the amount of the funds is used as a basis for assessment of the effectiveness of the Bank's particular operations. The operating activity refers primarily to core banking activity such as:

- maintaining banking accounts,
- granting credits and cash loans,
- accepting deposits. In addition, the Bank includes to the operating activity the following items:

income tax payments, revenues from income tax surplus payments, adjustments of the net financial result by depreciation and all non-cash items related to investment and financial activity. The investment activity is connected with purchasing and sale of long-term assets that allow the Bank to generate future profits, specifically the following:

- receipts and expenses related to sale / purchase of fixed tangible and intangible assets,
- receipts and expenses related to sale / purchase of shares and stakes in companies,
- receipts and expenses related to sale / purchase of debt securities.

The financial activity involves changes in the volume and relations of own capital to outside capital invested in the Bank, specifically the following:

- contracting and repaying long-term loans towards banks,
- receipts from own share issues,
- expenses for social purposes (donations).

Note 47

The indirect method was used in the presentation of the cash flow statement for the period.