

National Bank of Poland
General Inspectorate of Banking Supervision

SUMMARY EVALUATION OF THE FINANCIAL
SITUATION OF POLISH BANKS

2001

Warsaw, May 2002

1. Introduction

The present study constitutes a summary analysis of the economic and financial situation of the Polish banking sector in 2001¹. This analysis encompasses the 69 commercial banks and 642 cooperative ones that were conducting operating activity². The study is based on data from prudential reports filed by the banks and available at January 30, 2002³.

The first section of the study provides an overview of the macroeconomic operating environment of the banks in 2001. The second section is devoted to organisational and legal changes within the Polish banking sector. The final section outlines the most significant developments in the banks' assets, liabilities and off balance sheet operations, together with loan portfolio quality and provisioning, and also examines their capital base and risk-based capital ratios. In addition, the financial condition of the banks is reviewed (income earned, expense incurred and earnings generated), as is their operating efficiency.

2. Operating environment of the banks

The activity and financial performance of the banking sector in 2001 were directly impacted by the development of the Polish economy⁴. Economic growth, which in the first quarter was still running at 2.3% year-on-year, then slackened to some 0.9% in the second and third quarters, dipping to 0.4% in the fourth. Annual GDP growth is estimated to have come to 1.1% (as against 4.0% in 2000). The prime reasons for this slowdown were sluggish domestic demand and a decrease in capital spending. Growth continued to be propped up by exports.

Industrial output was 0.2% lower in 2001 than the year before, with the first quarter seeing output rise 4.1%, yet the subsequent quarters bringing a decline of 0.9%, 1.2% and 2.3%, respectively. Labour productivity, as measured by output per employee, was up around 5% compared to the year 2000, although a contributing factor was the 5.1% reduction witnessed in average employment.

Consumer price growth was slower than the previous year. Annual CPI inflation (December-on-December) stood at 3.6% (compared to 8.5% in 2000). Annualised average inflation came to 5.5% (compared to 10.1% in 2000), which was 1.5 points less than projected in the Budget. Industrial producer prices in December were down 0.3% year-on-year. The various indices of core inflation all fell on an twelve-monthly basis.

Average monthly employee earnings in the corporate sector went up 7.1% in 2001, to stand at 2,203 zloty (gross). The purchasing power of average wages was up 1.6% on the year before, while that of old-age and disability pensions rose 4.5%.

The situation on the labour market deteriorated. At year end, the jobless total amounted to 3.15 million (up 15.3% on the previous year), while the rate of unemployment

¹ The term "banking sector" as used herein does not include the National Bank of Poland (NBP), nor banks declared bankrupt or under liquidation.

² There were also another two newly-established commercial banks still under organisation.

³ No account has been taken of any adjustments to those reports submitted by banks and entered in the NBP data base subsequent to that date.

⁴ All figures in this section are based on data from the Central Office of Statistics (GUS).

stood at 17.4%, an increase of 0.6 points on the month before and 2.3 points compared to December 2000.

The exchange rate for the dollar at the NBP averaged 4.0939 zloty in 2001, with the euro trading at an average of 3.668 zloty (giving depreciation against the zloty compared to average exchange rates in 2000 of 5.8% and 8.5%, respectively). Over the year, the zloty gained a nominal 3.8% to the dollar and 8.6% to the euro.

The official interest rates of the NBP were cut six times in 2001, by a total of seven and a half points, which led to a fall in both the lending and deposit rates offered by the banks to their customers and in the yields on basic money market instruments.

The year 2001 brought slower growth in personal zloty deposits. The reasons for this included the fall in interest rates at the banks and the announcement that interest income on bank deposits was to be taxed. There was also more subdued growth in outstanding loans, both to corporates and to persons.

Over the twelve months of 2001, the growth of exports outpaced that of imports. Export receipts increased 14.0% (to US\$ 36.1bn), while imports were up 2.7% (to US\$ 50.3bn). Poland's trade gap thus amounted to US\$ 14.2bn (as against US\$ 17.3bn a year earlier).

At the end of 2001, most stock exchange indices were lower than they had been a year before (the primary index of the Warsaw Stock Exchange, the WIG, was down 22.0%, while the index of the second-tier market, the WIRR, was down 35.8%). However, the WIG-Banki index, which tracks bank shares, was up 8.9%.

3. Structure of the banking sector

The number of commercial banks in Poland went down from 74 at year end 2000 to 71 in 2001, with the number conducting operating activity down from 73 to 69. This decline is attributable to the consolidations that took place, which meant that more banks left the industry than entered it.

The Commission for Banking Supervision granted authorisation for the establishment of three banks, i.e., Bank Svenska Handelsbanken (Polska) SA⁵, MHB Bank Polska SA⁶ and Bank of Tokyo-Mitsubishi (Polska) SA⁷, and also annulled a previous ruling that Bank Powierniczo-Gwarancyjny SA be put into liquidation, as this institution was acquired by Dresdner Bank AG. The latter recapitalised the bank and changed its name to Dresdner Bank Polska SA.

⁵ This bank was authorised on February 7, 2001, entered in the business register on April 27, and commenced operating activity on October 3.

⁶ This bank was authorised on January 18, 2001, entered in the business register on June 23, and commenced operating activity on February 1, 2002.

⁷ This bank was authorised on October 10, 2001, entered in the business register on November 15, and commenced operating activity on April 19, 2002.

Operating activity was commenced by two new banks, namely, Slaski Bank Hipoteczny SA⁸, which had been established in 2000, and Bank Svenska Handelsbanken (Polska) SA. On the other hand, the authorisation granted to Pekao Bank Hipoteczny SA lapsed in April⁹, since it had not been entered in the business register, nor had it begun activity within the statutory time limit.

In addition, the following mergers and acquisitions took place:

- the merger of BIG Bank SA and its parent bank, BIG Bank Gdanski SA¹⁰,
- the merger of Citibank (Poland) SA and Bank Handlowy w Warszawie SA, both directly controlled by Citibank Overseas Investment Corporation¹¹,
- the merger of two affiliating banks for local cooperative banks, namely, Bałtycki Bank Regionalny SA and Gospodarczy Bank Wielkopolski SA¹²,
- the merger of Bank Zachodni SA and Wielkopolski Bank Kredytowy SA, both subsidiary undertakings of Allied Irish Bank European Investments Ltd¹³,
- the merger of the business of ING Bank N.V., Warsaw Branch and ING Bank Slaski SA¹⁴,
- the merger of Bank Wlasnosci Pracowniczej – Unibank SA and Nordea Bank Polska SA¹⁵,
- the acquisition of Wielkopolski Bank Rolniczy SA¹⁶ by ING Bank Slaski SA, pursuant to a ruling of the Commission for Banking Supervision of August 6, 2001¹⁷.

Compared to year end 2000, the number of domestic offices of commercial banks fell by 736 during 2001 (the number of branch offices increased 429, while the number of other offices decreased 1,165¹⁸); by contrast, 203 new offices of cooperative banks came into operation (52 branches and 151 other offices) (cf. Table 3). In the case of 12 commercial banks that are subsidiaries of foreign banks, customers were serviced solely at their head offices. The remaining 57 banks had a customer service network comprising a total of 2,878 branch offices and 7,361 sub-branch offices, customer service desks and other offices.

The banks have been seeking to strengthen their market position not only by expanding their customer networks, especially small customer service offices and ATMs, but also by developing electronic banking services, including those offered through such modern distribution channels as the Internet and mobile phones (WAP banking). Most large banks and an increasing number of smaller ones already offer their customers account access via the

⁸ This bank was authorised on November 8, 2000, entered in the business register on December 20, and commenced operating activity on September 21, 2001.

⁹ This had been granted on April 5, 2000.

¹⁰ The merger took place on January 5, 2001.

¹¹ The merger took place on March 1, 2001.

¹² The merger took place on May 9, 2001.

¹³ The merger took place on June 13, 2001. The merged bank now trades as Bank Zachodni WBK SA.

¹⁴ The merger took place on October 1, 2001. ING Warsaw Branch was put into liquidation, and its business incorporated into ING Bank Slaski SA.

¹⁵ The merger took place on December 21, 2001. The merger was preceded by an exchange of the direct holding of Nordbanken AB in Bank Wlasnosci Pracowniczej – Unibank SA into an indirect holding, via the transfer of a 98.6% interest in the latter to Nordea Bank Polska SA.

¹⁶ This bank had been placed under administration on November 8, 2000.

¹⁷ The acquisition did not in fact take place until November 9, 2001, since the Supervisory Board of Wielkopolski Bank Rolniczy SA filed a petition with the Chief Administrative Court for the relevant ruling of the Commission to be set aside, which petition was subsequently rejected by the Court on November 9.

¹⁸ This decrease is mainly traceable to two banks reorganising certain offices as branches.

Internet. Three banks, namely, BRE Bank SA, Bankgesellschaft Berlin (Polska) SA and Volkswagen Bank Polska SA, have launched their own “virtual” banks, providing services exclusively via the Internet (these trade as, respectively, “mBank”, “Inteligo”, and “Volkswagen Bank Direct”).

In 2001, the number of bank cards issued climbed 27.4%, rising from 11.3 million at year end 2000 to almost 14.4 million¹⁹. These cards were used to carry out 395 million transactions²⁰, to a value of over 88bn zloty²¹. The banks, together with the Euronet company, brought on stream over 6,000 new ATMs, thus bringing the number of these per 1 million inhabitants to around 160, an eightfold increase on four years ago. Poland is therefore coming steadily closer in this respect to the standards obtaining in the EU, where there is an average of 350 ATMs per 1 million inhabitants.

The number of staff employed within the banking sector has been shrinking for two years (cf. Table 2). In 2001, the decline in total staffing was just as steep as it had been the year before (a decrease of 5,413 in 2001, compared to 5,401 in 2000²²). Employment at the commercial banks dropped to 138,824, which represents a lower figure than in 1996, while at the cooperative banks it increased by 706 (to stand at 26,403).

In all, 27 commercial banks expanded their staff, while 37 ones downsized. At many banks, the reduction in employment stemmed from restructuring, particularly in connection with mergers, either already performed or ones that were planned.

Since 1999, the Polish Treasury has controlled seven banks, exercising direct control over three, i.e., PKO Bank Polski SA, Bank Gospodarki Zywnosciowej SA and Bank Gospodarstwa Krajowego (which has the status of a state bank). At year end, these three banks accounted for 27.2% of all banking sector deposits taken from non-financial customers, 21.3% of total assets²³, 18.4% of loans less provisions and just 10.6% of capital funds²⁴ (cf. Table 1).

The banks indirectly controlled by the Treasury comprise Bank Rozwoju Mieszkaniowego SA (a subsidiary of Bank Gospodarstwa Krajowego), Bank Pocztowy SA (controlled by the Polish Post Office), Bank Ochrony Srodowiska SA (which, although controlled by the National Fund for Environmental Protection and the voivodship environmental funds, already has a foreign investor, Sweden's Skandinaviska Enskilda Banken AB), and Wschodni Bank Cukrownictwa SA (which is seeking a strategic investor). At the end of 2001, the total assets, loans, capital funds and deposits of these four banks represented only 1.8%, 2.1%, 1.9% and 1.5%, respectively, of those of the banking sector as a whole.

The year 2001 saw a decrease in the number of private-sector banks in operation, which fell from 66 to 62, including a fall in the number with majority Polish equity, down from 20 to 16; of the latter, the number of banks affiliating local cooperatives went from 11 to

¹⁹ New cards issued totalled 0.4m in Q1, 0.7m in Q2, 0.9m in Q3 and 1.1m in Q4. Increasingly, cooperative banks are also offering bank cards to their customers.

²⁰ The number of transactions in particular quarters of the year came to 85m, 99.7m, 102.3m and 107.9m, respectively.

²¹ The value of transactions per quarter amounted to 18.4bn, 21.9bn, 23.4bn and 24.7bn zloty, respectively.

²² Numbers given as equivalent of full-time posts.

²³ Throughout the present study, unless otherwise indicated, the term "total assets" refers to a net amount, i.e., total assets less accumulated depreciation, specific provisions and valuation allowances.

²⁴ Total core and supplementary capital, prior to any regulatory deductions.

10 (due to the loss of Baltycki Bank Regionalny), while the remaining banks went from 9 to 6 (this number no longer includes Lukas Bank SA, Bank Czestochowa SA and Wielkopolski Bank Rolniczy SA).

By contrast, there was no change in the number of banks in operation controlled by foreign investors. Five banks lost their personality at law (being merged with other banks), yet operating activity was commenced by two new institutions, while foreign investors assumed control of another three (Lukas Bank SA, Bank Czestochowa SA and Bank Powierniczo-Gwarancyjny SA).

At year end 2001, foreign investors directly controlled 17 banks incorporated as public limited companies that were under 100% foreign ownership (including 4 acquired from their original Polish founders), 1 branch of a foreign bank, and 20 banks with a majority foreign interest (4 of which had been established with the involvement of foreign parties, and 16 acquired under privatisations or through capital infusions), and indirectly controlled a further 8 banks (cf. Appendix 1).

The greatest change was in the composition of the group of banks indirectly controlled by foreign investors. BIG Bank SA dropped out of this group (having lost its personality at law), as did Deutsche Bank 24 SA (which came under the direct control of Deutsche Bank 24 AG), while at the same time the group was joined by Lukas Bank SA (now indirectly controlled by a French bank, Caisse Nationale de Credit Agricole), Bank Czestochowa SA (now indirectly controlled by Commerzbank AG) and Slaski Bank Hipoteczny (now indirectly controlled by ING Bank N.V.).

At the end of 2001, the 46 banks controlled by foreign investors accounted for 80.2% and 69.2%, respectively, of the capital funds and total assets of the whole banking sector (compared to 77.6% and 69.5% at the end of 2000). These banks had taken 63.9% of non-financial sector deposits (as against 63.5% a year before), and originated 71.3% of loans outstanding less provisions (as against 70.2%) (cf. Table 1).

In the course of 2001, the number of cooperative banks declined by 38, going from 680 to 642, chiefly as a result of mergers and acquisitions²⁵. Spoldzielczy Bank Rozwoju "Samopomoc Chlopska" continued to be the only cooperative bank operating independently, while the remainder were affiliated to ten higher-tier institutions²⁶. It would seem very likely that the mergers projected among the affiliating banks will lead to the creation of three cooperative banking groups, while certain local cooperative banks with a suitably strong capital base will decide to operate outside any affiliation networks.

The proportion of the total assets of the banking sector booked at cooperative banks, which had been steadily dwindling since 1994, rose 0.3 points in 2001, taking it to 4.5%

²⁵ 35 banks merged with other banks, while 2, having first had their operations suspended by decision of the Commission for Banking Supervision, were acquired by other cooperative banks, and 1 bank was declared bankrupt by the relevant court.

²⁶ Of these 641 banks, 53 were affiliated to Warminsko-Mazurski Bank Regionalny SA; 78 were affiliated to Lubelski Bank Regionalny SA; 50 were affiliated to Pomorsko-Kujawski Bank Regionalny SA; 87 were affiliated to Malopolski Bank Regionalny SA; 67 were affiliated to Mazowiecki Bank Regionalny SA; 104 were affiliated to Gospodarczy Bank Wielkopolski SA; 87 were affiliated to Gospodarczy Bank Poludniowo-Zachodni SA; 53 were affiliated to Bank Unii Gospodarczej SA; 28 were affiliated to Dolnoslaski Bank Regionalny SA; and 34 were affiliated to Rzeszowski Bank Regionalny SA. On May 9, Baltycki Bank Regionalny was merged with Gospodarczy Bank Wielkopolski SA, with the latter assuming responsibility for services to the 29 local cooperative banks previously affiliated to the former.

(equivalent to the level recorded in 1997). The share of the cooperatives in total bank lending and in deposits taken from non-financial customers both rose 0.4 points compared to year end 2000 (to stand at 5.8% and 5.6%, respectively). At the same time, the share of the cooperatives in total banking sector capital edged up just 0.1% (to 4.6%).

At the end of 2001, the total authorised capital of the commercial banks²⁷, together with the member's share funds at cooperative banks, amounted to 9,966.2m zloty. The vast majority of the authorised capital of the commercial banks was registered and paid-up (99.6%, or 9,475.8m zloty in all), while paid-up shares at cooperatives (365.6m zloty) represented 81.6% of their total members' share funds.

The authorised capital of the commercial banks increased 1,440.7m zloty in 2001, while the members' share funds of the cooperatives rose 24.7m zloty. The growth in authorised capital was mainly attributable to the involvement of foreign investors, who took up 86% of new share issues. In addition, there was an increase in the direct equity interest held by the Treasury and in dispersed holdings, with a decrease in the equity held by "other state institutions" and "other domestic investors" (cf. Table 4).

The growth of authorised capital and changes in the ownership structure of the commercial banks that occurred in 2001 were the result of the following developments, among others:

- a capital injection from the Treasury to PKO Bank Polski SA²⁸, and the Treasury's allocation of part of the net earnings of Bank Gospodarstwa Krajowego to that bank's registered equity fund,
- an increase in the authorised capital of another 19 banks, mostly controlled by foreign investors, via new share issues²⁹,
- the commencement of activity by 2 newly-established banks,
- the resumption of activity by Bank Powierniczo-Gwarancyjny SA (previously under liquidation) following its acquisition and recapitalisation by Dresdner Bank AG,
- the purchase by Deutsche Bank 24 AG of equity in Deutsche Bank 24 SA³⁰ from the Polish company of Deutsche Bank Polska SA,
- an increase in the interest held by Skandinaviska Enskilda Banken AB in the equity of Bank Ochrony Srodowiska SA (this interest rose from 32.1% to 47.4%),
- the assumption by the French joint investor of full control over BNP Paribas Bank Polska SA, previously trading as BNP-Dresdner Bank (Polska) SA, through the purchase of the remaining 50% interest from its German partner,
- the sale by shareholders in Invest-Bank SA of part of the equity in that bank (17.3% in all) to the Dutch company Polaris Finance BV³¹,

²⁷ "Authorised capital" was previously termed "share capital". The equivalent at a state bank is the registered equity fund, while at a branch of a foreign bank it is registered endowment capital.

²⁸ The consideration provided for a 300m zloty increase in the authorised capital of this bank were shares in five listed companies (BRE Bank SA, Bank Handlowy w Warszawie SA, Bank Ochrony Srodowiska SA, and also Stalexport SA and KGHM SA).

²⁹ These banks were: BIG Bank Gdanski SA, Bank Zachodni WBK SA, Kredyt Bank SA, Raiffeisen Bank SA, ING Bank Slaski SA, GE Capital Bank SA, DaimlerChrysler Services (debis) Bank Polska SA, Bank Przemyslowy SA, Fortis Bank Polska SA, Deutsche Bank 24 SA, Danske Bank Polska SA, AIG Bank Polska SA, Polski Kredyt Bank SA, Lukas Bank SA, Bank Czestochowa SA, Gornoslaski Bank Gospodarczy SA, Bank Cukrownictwa Cukrobank SA, Gospodarczy Bank Wielkopolski SA and Bank Gospodarczy Zywnosciowej SA.

³⁰ Previously trading as Bank Wspolpracy Regionalnej SA.

³¹ The company is entitled to exercise only 10% of voting rights at a general meeting of the bank's shareholders.

- the mergers that took place within the sector³².

The merger of four banks listed on the Warsaw Stock Exchange with unlisted banks resulted in an increase in the share of banks in the total market capitalisation of the Exchange (which went up from 27.4% to 42.6%). At year end 2001, the authorised capital of the 16 listed banks³³ amounted to 4,076.1m zloty and represented almost 42.8% of the total authorised capital of the commercial banks (including the registered equity fund of state banks).

The ownership structure of the listed banks was markedly different from the average among the commercial banks, with larger interests being held by foreign investors (72.3%, as against an average of 61.3% at all the commercial banks), larger dispersed holdings (23.8%, as against 13.1%), and larger stakes held by “other state institutions” (2.4%, as against 2.2%), while smaller equity interests were held by the Treasury and by “other domestic investors” (0.7% and 0.9%, respectively, as against 13.0% and 10.3%).

In 2001, the direct equity holdings of foreign investors in the Polish banking sector rose 1,260.0m zloty (going from 4,575.1m zloty to 5,835.1m). As a result, the proportion of the total capital of the banking sector held by foreign investors increased 4.7 points, to stand at 58.6%, while among the commercial banks the corresponding proportion was 61.3% (see Table 5). By comparison, it is worth noting that foreign direct investment in the insurance industry, although 2.3 times lower, accounted for 67.8% of the capital of insurance companies, a level 6.5 points higher than for the commercial banks and 9.2 points higher than for the banking sector as a whole³⁴.

The greatest part of foreign investment (97.8%) was in banks under foreign control, with 43.2% of that investment in banks with 100% foreign equity and 54.6% in banks with majority foreign equity. The remainder constituted investments by foreign parties in three banks with majority Polish equity (totalling 128.9m zloty, as against 62.1m zloty a year earlier)³⁵.

³² When compared to the total capital of the banks concerned prior to their mergers, the authorised capital of Bank Zachodni WBK SA following its merger increased 314.1m zloty, while that of Bank Handlowy w Warszawie SA and Gospodarczy Bank Wielkopolski SA both decreased, by 159.4m and 3.4m zloty, respectively. The increase in the capital of ING Bank Slaski ensuing from its incorporation of the banking business of ING Bank N.V., Warsaw Branch, was also less than the capital of the latter Branch, then liquidated. The mergers of BIG Bank SA with BIG Bank Gdanski SA and of Bank Wlasnosci Pracowniczej – Unibank SA with Nordea Bank Polska SA were effected without any increase in the authorised capital of the acquiring banks, as was the acquisition of Wielkopolski Bank Rolniczy SA by ING Bank Slaski SA.

³³ This number decreased to 15 as of the beginning of 2002 due to the merger of Bank Przemyslowo-Handlowy SA and Powszechny Bank Kredytowy SA.

³⁴ In life assurance, this proportion was lower, at 66.6%, while in property and other personal insurance it was higher, at 69.0%.

³⁵ See Appendices 1-3.

Figure 1

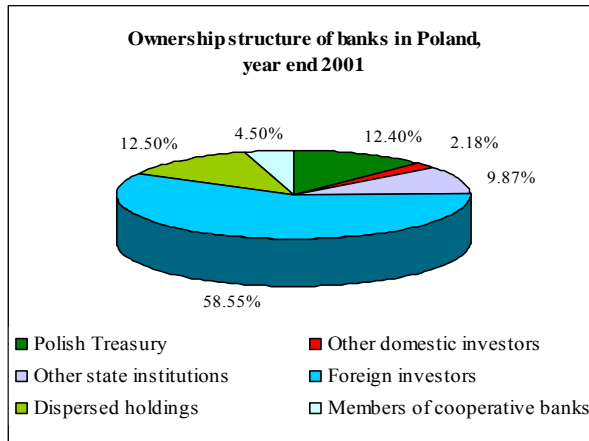
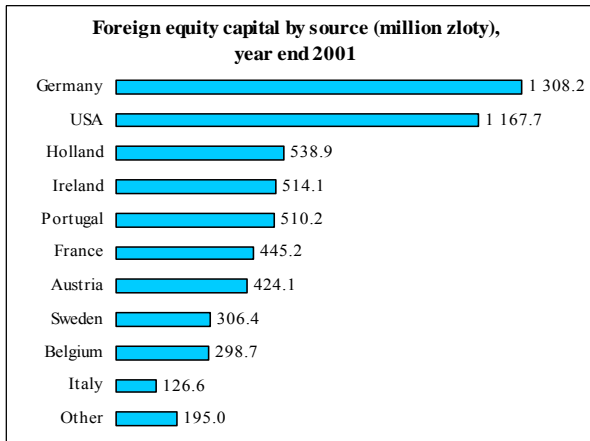


Figure 2



At the end of 2001, there were foreign investors from 14 different countries involved in the Polish banking sector. The largest investments had been made by German and American institutions, totalling 1,308.2m and 1,167.7m zloty, respectively. Sums above 500m zloty had also been provided by investors from Holland, Ireland and Portugal, with further investments of over 400m zloty from France and Austria (cf. Table 6). Let us note that German investors also hold a dominant position in the insurance industry, although the pattern of direct investment in that industry diverges from that in the banking sector³⁶.

At year end, two commercial banks had total assets in excess of 75bn zloty, while another nine had total assets of over 15bn, and another two had a total footing of over 5bn. The thirteen biggest banks together accounted for more than 80% of the total assets of the banking sector³⁷. Thus, less than 20% of total banking sector assets were booked at the remaining 56 commercial banks and 642 cooperative banks.

Concentration within the banking industry increased in 2001, as measured both by the concentration ratio with respect to the five, ten and fifteen largest banks³⁸, and also by the Herfindahl-Hirschman index, or HHI (with the exception of deposits)³⁹; a major factor in this were the consolidations that took place during the year.

³⁶ In life assurance, the proportions of German and Dutch investment are similar to that in the banking sector, although Dutch investors only occupy sixth place. The second to fifth places are occupied by Finnish, American, Swiss and British investors. In property and other personal insurance, over 60% of all capital is held by German investors.

³⁷ On January 1, 2002, two of these banks, Bank Przemyslowo-Handlowy SA and Powszechny Bank Kredytowy SA, merged into one, becoming the third largest bank in Poland.

³⁸ Expressing the market share of these banks within the banking industry.

³⁹ The HHI is defined as the sum of the squares of the market shares of particular companies in a given industry (in this case, the sum of the squares of the share of banks in total banking sector assets); thus, $HHI = \sum w_i^2$, where w_i is the share of bank i in total assets ($i = 1, 2, 3, \dots, n$). In the relevant literature, industry concentration is considered low where the HHI is no greater than 0.10, as moderate where it is between 0.11 and 0.18, and as high where it is over 0.18.

Figure 3

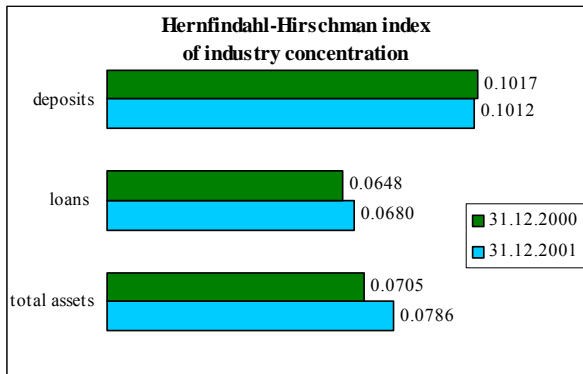
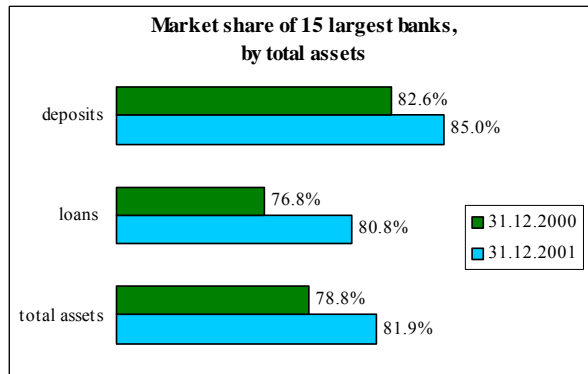


Figure 4



In essence, banking sector stability in Poland was determined by the largest banks (with total assets of over 5bn zloty), of which two were directly controlled by the Treasury, while the shareholders of the others were large and well-established foreign banks. All of the latter held high credit ratings from rating agencies, with Citibank N.A. and ING Bank N.V. being assigned the highest rating grades of this group by Moody's (Aa2 for deposits and B+ for financial strength), while the total assets and capital base of most of these banks were greater than the corresponding figures for the entire Polish banking sector. In the event of any crisis situation, it can be expected that these foreign investors would be both capable of serving as a source of capital infusions to the banks they control, and also willing to do so.

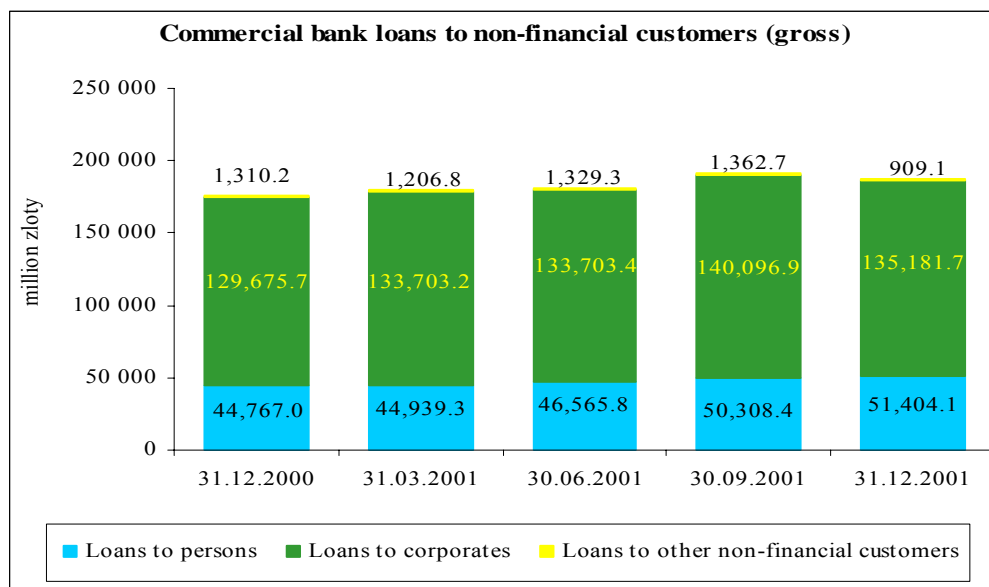
4. Financial situation of the banks

The year 2001 was not an easy one for the Polish banking sector, a fact reflected in the slightly slower growth reported in total assets. These rose 11.4%, (to stand at 477.4bn zloty), whereas growth in 1999 and 2000 had come to 14.0% and 17.9%, respectively. Nevertheless, the expansion of the banks' operations was well above growth in the economy as a whole, with the result that the ratio of banking sector assets to GDP went up to 66.1%, from 62.1% in 2000.

The slacker growth of the banking industry is primarily traceable to weaker growth in the **assets of the commercial banks**, which came to 11.1% (compared to 17.9% a year earlier), bringing these assets to a total of 455.9bn zloty; this slowdown stemmed from flagging growth in claims on financial institutions (down from 52.2% to 3.1%) and on non-financial customers (down from 15.4% to 5.6%). Over one quarter of the assets of the commercial banks were denominated in foreign currencies (compared to 23.1% in 2000), and asset growth was therefore additionally held back by the appreciation of the zloty.

The small increase recorded in **claims on non-financial customers** (12.0bn zloty, gross, as against 25.2bn zloty a year before) was a consequence of both declining loan demand caused by a deterioration in corporate finances and the poorer outlook for household incomes (due to the difficult employment situation), and was also associated with the banks applying stricter lending procedures in response to the rising proportion of adverse classifications in their loan books.

Figure 5



The negative impact on the growth of non-financial sector borrowings exerted by the relatively high rates charged on zloty loans by certain banks (despite repeated cuts in NBP official interest rates) was partly offset by these banks offering their customers cheaper **foreign currency loans**, which became the main driver of loan portfolio growth (accounting for 74% of the increase reported, with foreign currency outstandings totalling 48.7bn zloty at year end). Over the year as a whole, these loans rose 21.7%, and at year end they represented 26.0% of the outstanding borrowings of all non-financial customers (compared to 22.8% a year previously). Mounting demand for foreign currency loans was also related to the borrower conviction that no major depreciation of the zloty was likely in the immediate future.

Although 78.0% of foreign currency lending was to corporates, the sharp increase in these outstandings chiefly involved personal customers, whose total foreign currency borrowings climbed 5.5bn zloty (to 10.3bn), while that of corporates rose 3.2bn zloty (to 38.0bn). The growth in personal borrowings of this kind was primarily fuelled by demand for **housing loans** denominated in foreign currencies, which by the end of December totalled 7.0bn zloty, having risen more than threefold over the year.

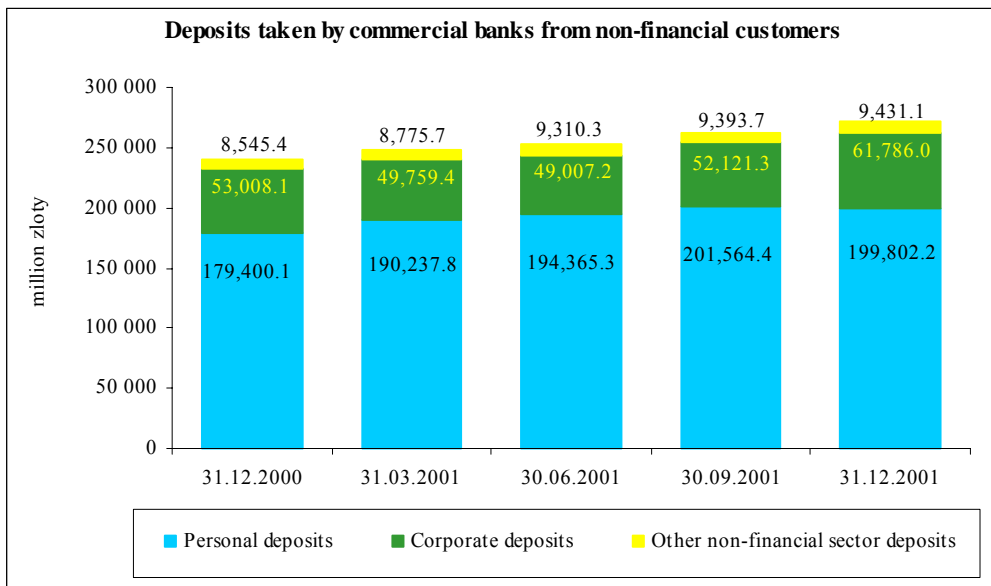
The rise seen in **claims on financial institutions** (taking these to 87.7bn zloty) would have come to 14.1% on a comparable basis (i.e., without the effect of the merger of two banks and the ensuing elimination of a large interbank placement); growth here was the result of a major increase in foreign currency placements at banks abroad (up 9.7bn zloty, or 30%), a substantial proportion of which represented overnight funds placed by several Polish banks controlled by foreign investors.

From January to September, many banks expanded their portfolios of risk-free Treasury instruments (to benefit from the projected rise in their value as interest rates were cut). The subsequent low annual growth reported in the banks' holdings of **securities** (1.4%) was principally the effect of the early redemption by the NBP of bonds held by the largest Polish bank, which had been issued in connection with the lowering of reserve requirements, and also of the scaling down of securities portfolios by most banks in the fourth quarter due to profit-taking.

In contrast to the above, the banks became more involved during 2001 in providing finance to **general government**, with claims on government institutions surging 4.3bn zloty (64.1%), to stand at 11.1bn zloty, primarily due to a greater volume of lending to local government, the National Employment Office, and the Social Insurance Board.

Total **deposits from non-financial customers** went up 12.5% in the course of 2001 (8.6% in real terms). This increase was mainly fed by a 16.6% rise in corporate balances. The announcement that interest income on bank deposits was to become taxable led to an outflow of personal savings in the fourth quarter (which thereby fell 0.9% compared to the end of September), with these savings being moved into investment funds and used to purchase Treasury bonds. As a result, **personal deposits** (totalling 199.8bn zloty in December 2001) were up only 11.4% year-on-year (as against growth of 20.7% in 2000). This was accompanied by a shift in the maturity structure of the banks' deposit base, with an increase in the relative proportion of funds deposited for periods of from one to two years (up from 0.7% to 3.8%) and over two years (up from 2.4% to 8.6%).

Figure 6



A direct consequence of these changes was a reduction in liquidity risk at the banks, which was expressed in a reduction in their asset/liability mismatch out to one month, a ratio of crucial importance for the safety of these institutions (this 1M liquidity gap narrowed from 11.9% of total assets in 2000 to 8.7% in 2001); as a result, the ratio of assets to liabilities maturing in up to one month improved, going from 75% to 80.4%.

The year 2001 brought a strengthening of the overall capital position of the banking sector. The **capital base of the commercial banks** (as adjusted for regulatory deductions) rose 6.7bn zloty (23.0%), to total 35.9bn zloty. This increase was greater than in the two preceding years. It was chiefly made possible by the appropriation to capital of 3.4bn zloty in net earnings for 2000, a sum 45% larger than the year before. Furthermore, 19 banks raised their authorised capital via new share issues, 1 registered a substantial increase in its capital surplus on consolidation following a merger, and several others accessed additional capital in the form of subordinated loans. The relatively rapid growth of the banks' capital base is also

associated with the commencement of activity by two new banks and a decrease in items deductible from capital, including unabsorbed losses (down some 46%). At year end, the capital funds employed at the commercial banks (unadjusted) were equivalent to 8.8% of total assets (compared to 8.2% a year earlier)

Thanks to this swift capital growth at the commercial banks, their average **risk-based capital ratio** went up 2.1 points, to stand at 15.0%. Only three banks, all under rehabilitation, reported a ratio of under 8%. The shortfall in credit risk capital at these banks (262m zloty in all) represented 30% of that recorded twelve months previously.

The strong growth in claims denominated in foreign currencies was not paralleled by a corresponding rise in foreign currency liabilities, with the result that the difference between the two increased both in nominal terms and as a proportion of total assets. At the end of 2001, the long FX position of the banking sector as a whole arising on balance sheet items denominated in foreign currencies amounted to the equivalent of 33.1bn zloty. Overall, the banks also held long positions (totalling 8.0bn zloty) in exchange-rate indexed instruments (in instruments denominated in zloty, yet indexed to the exchange rates for foreign currencies). To cushion this exposure to foreign exchange risk, the banks closed out their long positions with the aid of appropriate off balance sheet transactions (reporting short positions in the latter of 39.8bn zloty).

In 2001, there were 55 commercial banks and 3 cooperative ones that had an exposure to **FX risk**. However, the introduction as of March last year of a separate risk capital requirement against overall net FX positions in excess of 2% of the capital base induced many banks to curtail their exposures. Over half of the commercial banks kept their overall net positions below 2% of the capital base, while only six were reporting positions of over 20% at year end.

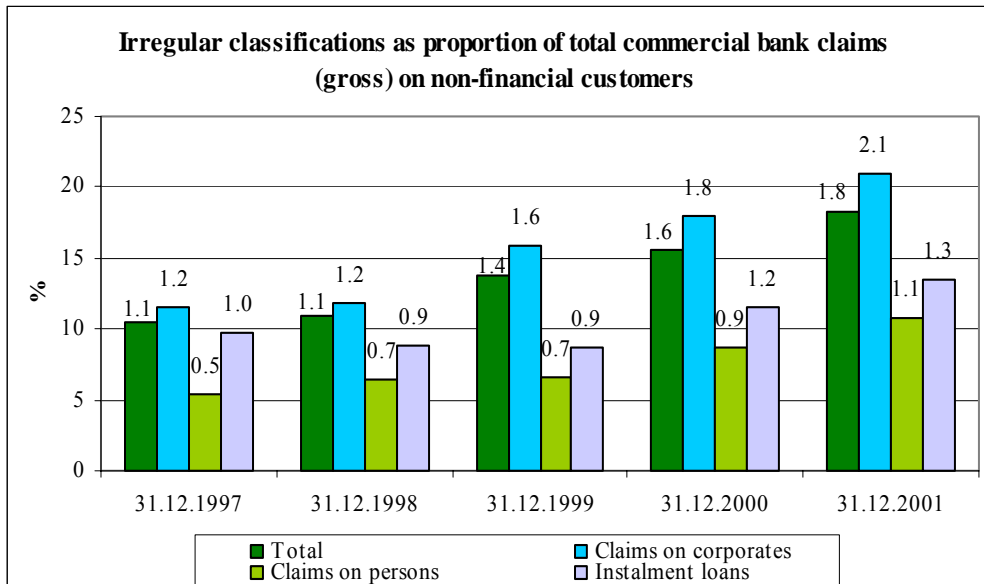
As regards particular currencies, the greatest number of banks (50) had open positions in the euro and the US dollar, while over 40 also held positions in sterling, the Danish krone, the Swiss franc and the Swedish krona. The composition of FX positions indicates that the banks were more exposed to the risk of sharp swings in the value of the zloty against the euro than against the dollar.

The **off balance sheet items** of the commercial banks grew 65.9% in the course of 2001, to stand at 1,045.0bn zloty. Over 81.3% of this amount consisted in derivatives trading (as against 61.4% a year earlier).

The volume of **derivatives transactions** performed by the banks, in terms of both customer-driven and proprietary trades, soared 462.8bn zloty (119.7%), to reach a total of 849.6bn zloty at year end, with growth of 184.6% reported in forward-value FX contracts (516bn zloty outstanding) and growth of 86.8% in forward-value interest rate contracts (294.8bn zloty outstanding). Firstly, this was caused by the greater interest shown by both the banks and their customers in hedging instruments to protect against the FX and interest rate risk associated with the expansion of operations in foreign currencies, and with exchange rate and interest rate volatility. Secondly, the banks entered into these transactions to secure proprietary gains. Over 71% of all trading in financial instruments was carried out by four banks, all of them controlled by foreign investors.

In 2001, the commercial banks failed to achieve any significant reduction in the growth of **irregularly classified claims on non-financial customers** (which rose 25.3%, to total 35.1bn zloty). Given that growth in outstanding loans had diminished, this meant a further worsening of loan portfolio quality. The proportion of adverse classifications in total advances to non-financial customers went up 2.8 points (as against 1.8 points in 2000), to come to 18.3%, with irregular claims on corporates up 3.0 points (to 20.9%), and those on persons up 2.1 points (to 10.8%).

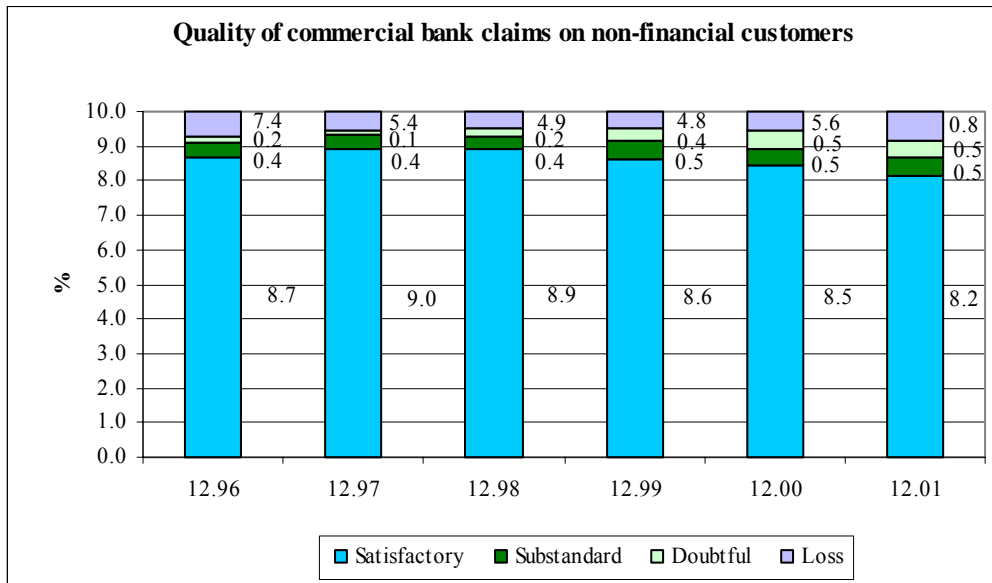
Figure 7



The quality of assets denominated in foreign currencies was higher than that of assets denominated in zloty. In the former category, adverse classifications constituted 13.8% of all claims, while in the latter category the corresponding proportion was 19.9%.

One of the factors behind the deterioration in asset quality was a 35.6% increase in the number of corporate borrowers that had lost their debt service capacity, a development that was especially acute among borrowers from the construction industry (a rise of 63.9%) and the distributive trades (a rise of 40.6%). At the end of December, the eleven largest banks had classified a total of 10,755 borrowers (3.8% of all corporate borrowers) as lacking credit capacity. As regards household borrowings, poorer repayment performance was mainly a consequence of mounting unemployment.

Figure 8



The severity of asset classifications also worsened, due to a 58.7% increase in assets classified loss, which require specific provisions equivalent to the entire outstanding balance not covered by eligible collateral. This resulted in the faster growth of specific provisions against irregular assets (up 36.3%, to 13.2m zloty).

The quality of **claims on other financial institutions** was much higher than that of advances to non-financial customers, thanks to the dominant part played here by interbank placements. Of these claims, 2.4% were classified irregular, an increase of 0.2 points on the previous year, and one attributable to the financial difficulties faced by lease finance companies.

The credit risk exposure of the banks was fully absorbed by the **collateral** taken (which on average covered half of all irregular classifications), and by the **specific provisions** established (2.0% higher than required).

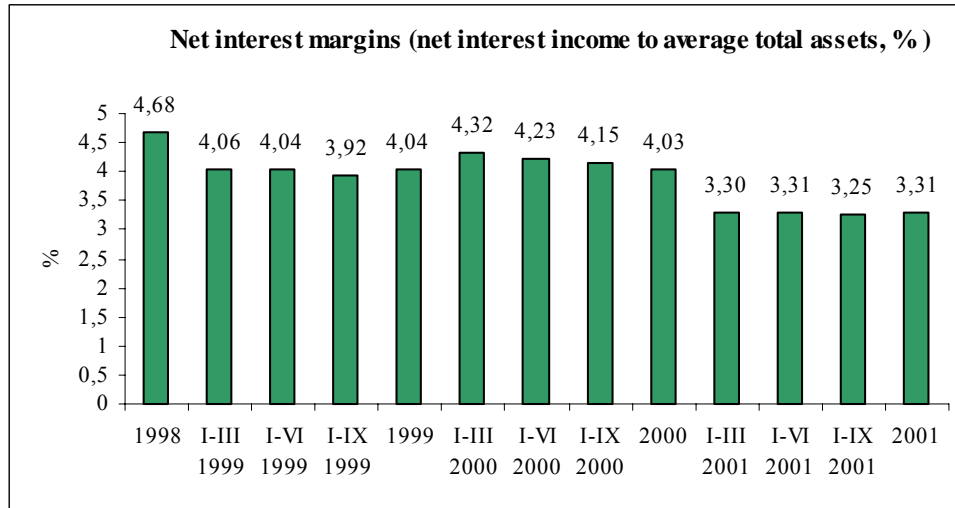
The commercial banks ended the year 2001 showing **pre-tax earnings** of 5.8bn zloty, up 4.3% on the previous year (although down 1.1% in real terms), and **net earnings** of 4.2bn zloty, up 7.9% (up 2.3% in real terms). The increase in pre-tax earnings was 11.7 points less than in 2000, mainly due to a decline in net interest income (NII, which fell 11.3%), and also because of slower growth in fee income and “other income”.

The decrease in NII was related to a contraction of 0.72 points in **net interest margins** (which narrowed to 3.31%) owing to the greater weight in loan portfolios and interbank placements of foreign currency items, earning lower rates of interest, and also to the higher proportion of non-performing loans (those classified doubtful or loss). However, as was the case in 2000, this process was accompanied by powerful growth in FX spreads and gains on FX trading (including trading in derivative instruments), and also in gains on securities transactions.

The earnings of the commercial banks were boosted in 2001 by the more restrained growth of **general expense** (up 2.0%, as against 24.2% in 2000), which can principally be traced to a 78.9% reduction in the banks’ contributions to the Bank Guarantee Fund (which

had been high in 2000 due to the failure of Bank Staropolski SA), and also to the decrease in average staffing, which dropped by 5,288 (3.6%), and to the maintenance of relatively low growth in average staff compensation (up 6.9%, or 1.3% in real terms).

Figure 9

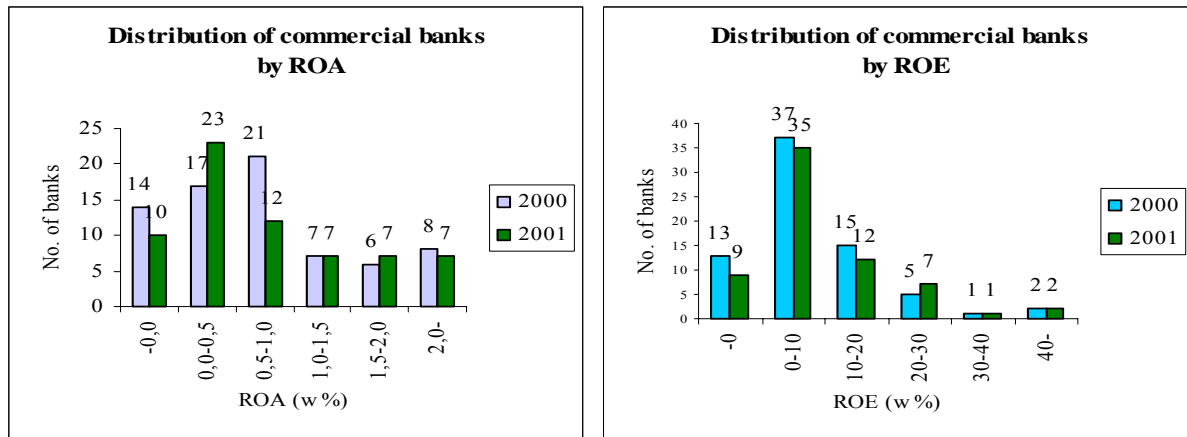


The year also saw a smaller increase in the net expense of **movements in specific provisions** (this rose 12.7%, which was 30.7 points less than in 2000). The expense involved here was mainly related to assets being reclassified as loss, yet the higher provisioning charges performed against these assets (up 903.9m zloty) were largely offset by reduced provisions against assets classified doubtful (down 723.1m zloty).

Almost 60% of the total pre-tax earnings of the commercial banks in 2001 were generated by two large “high-street” banks. The high operating efficiency of the first of these, which was previously privatised with majority foreign equity, reflects the synergies achieved following a process of consolidation completed in 1999 and the attendant reorganisation, in conjunction with a steep reduction in staffing. The second bank, which belongs to the Treasury, performed much more strongly than a year before not only thanks to the measures it itself carried out, but also as a result of income obtained from external assistance provided in connection with the rehabilitation programme it is implementing.

The muted earnings growth reported by the commercial banks led to a decline in all the average ratios of operating efficiency, with pre-tax profitability down 2.3 points (to 2.6%), net profitability down 1.5 points (to 1.9%), return on equity (ROE) down 1.6 points (to 12.9%), and return on assets (ROA) down 0.1 point (to 1.0%). The average cost/income ratio rose 2.0 points (to 97.4%).

Figure 10



The **total assets of the cooperative banks** amounted to 21.5bn zloty, having risen 19.2% (15.1% in real terms), a figure 8.1 points higher than asset growth at the commercial banks. This allowed the cooperative banks to recapture part of their market share (now standing at 4.5%).

One factor behind the increase in the total footing of the cooperative banks was an 11.8% rise in **loans and advances to non-financial customers** (taking these to 11.4bn zloty). This chiefly involved lending to corporates, up 13.3%, while outstanding loans to persons went up 7.5%.

Rapid growth in **irregular assets** (up 51.7%) resulted in a deterioration in loan quality. At year end 2001, adverse classifications accounted for 6.1% of cooperative loan books, an increase of 1.6 points on December 2000, which was the result of a decline in the quality of claims on public-sector enterprises, private companies and sole traders. By contrast, the quality of claims on private farmers improved.

Thus, cooperative loan portfolios continued to be of substantially higher quality than those at the commercial banks, while the credit risk exposure carried in those portfolios was safeguarded by **specific provisions**, which were 1.1% higher than those required.

The cooperative banks also reported markedly faster growth than the commercial banks in **deposits from non-financial customers**. These climbed 21.7% (to 16.1bn zloty), thanks to a swifter increase in corporate deposits (up 11.7 points on 2000).

The **capital base** of the cooperative banks amounted to 1.8bn zloty, having gone up 24.5% during the year, which was linked to growth of 24.1% in the resource fund (equivalent to the capital surplus). At the end of December, there were 44 cooperative banks with a capital base of less than the minimum requirement of EUR 300,000. This number subsequently fell by 34 in the first quarter of 2002 on conclusion of the legal formalities involved in registering mergers.

The average **risk-based capital ratio** at the cooperative banks stood at 13.9%, an increase of 1.1 points on year end 2000. Ten banks were below the regulatory minimum ratio.

The **pre-tax earnings of the cooperative banks** totalled 499.0m zloty, giving growth on the previous year of 4.5%, a level very similar to that reported by the commercial banks.

A decline in operating efficiency was recorded, which was expressed in ROA slipping 0.2 points (to 1.6%) and ROE falling 2.4 points (to 19.9%), while pre-tax and net profitability came down 1.7 points and 0.9 points, respectively (to 13.7% and 8.9%), and the cost/income ratio went up 1.4 points (to 88%).

* * *

The operating environment in 2001 turned out to be less favourable than the banks had projected. As regards the commercial banks, capital growth was 7.8 points lower than targeted in their financial plans, one reason being that it proved necessary to abandon certain share issues previously scheduled. The growth achieved in personal savings deposits was less than half that anticipated. Earlier projections had not taken account of the introduction of a tax on interest income and the impact this would have on deposit balances. Meanwhile, there was a clear overestimation of the growth potential in lending to non-financial customers (which rose 5.5%, as opposed to the planned 29.5%) and of the banks' capacity to achieve a significant reduction in their irregular assets. The end result was that, in terms of the optimistic targets for pre-tax earnings in 2001, performance against plan came to just 65.7%.

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Table 1 Number of banks and relative share of particular groups in banking sector

		1993	1994	1995	1996	1997	1998	1999	2000	2001
1	2	3	4	5	6	7	8	9	10	11
Number of banks (excluding those declared bankrupt or under liquidation)										
1	Commercial banks of which:	87	82	81	81	83 ⁴⁰	83	77	74 ⁴¹	71 ⁴²
2	Banks with majority public-sector interest ⁴³ of which:	29	29	27	24	15	13	7	7	7
	- directly owned by Treasury ⁴⁴	16	15	13	8	6	6	3	3	3
	- indirectly owned by Treasury	11	11	11	13	8	7	4	4	4
	- owned by NBP	2	3	3	3	1	0	0	0	0
3	Banks with majority private-sector interest of which:	58	53	54	57	68	70	70	67	64
	- with majority Polish equity	48	42	36	32	39 ⁴⁵	39	31	20	16
	- with majority foreign equity ⁴⁶	10	11	18	25	29 ⁴⁷	31	39	47 ⁴⁸	48 ⁴⁹
4	Cooperative banks	1 653	1 612	1 510	1 394	1 295	1 189	781	680	642
5	Total banks	1 740	1 694	1 591	1 475	1 378	1 272	858	754	713

⁴⁰ Including 2 banks which were banking organisations and did not file reports.

⁴¹ Including 1 bank which was a banking organisation and did not file reports.

⁴² Including 2 banks which were banking organisations and did not file reports.

⁴³ Banks where the Treasury, other state institutions or the NBP hold equity entitling them to exercise at least 50% + 1 votes at a shareholders' general meeting.

⁴⁴ Banks where the Treasury directly holds equity entitling it to exercise at least 50% + 1 votes at a shareholders' general meeting.

⁴⁵ Including Rzeszowski Bank Regionalny, which was a banking organisation and did not file reports.

⁴⁶ Branches of foreign banks and banks incorporated as public limited companies where foreign parties (natural or juridical persons) jointly hold equity, directly or indirectly, entitling them to exercise at least 50% + 1 votes at a shareholders' general meeting.

⁴⁷ Including Bank of America Polska SA, which was a banking organisation and did not file reports.

⁴⁸ Including Slaski Bank Hipoteczny SA, which was a banking organisation and did not file reports.

⁴⁹ Including MHB Bank Polska SA and Bank of Tokyo –Mitsubishi (Polska) SA which were banking organisations and did not file reports.

		1993	1994	1995	1996	1997	1998	1999	2000	2001
1	2	3	4	5	6	7	8	9	10	11
Total assets (%)										
1	Commercial banks of which:	93.4	94.7	95.2	95.4	95.5	95.7	95.8	95.8	95.5
2	Banks with majority public-sector interest of which:	80.4	76.1	68.3	66.5	49.3	45.9	23.9	22.9	23.1
	- directly owned by Treasury	76.1	70.8	63.0	51.1	38.2	36.7	22.1	21.1	21.3
3	Banks with majority private-sector interest of which:	13.0	18.6	26.9	28.9	46.2	49.8	71.8	72.9	72.4
	- with majority Polish equity	10.4	15.4	22.7	15.1	30.9	33.2	24.6	3.4	3.2
	- with majority foreign equity	2.6	3.2	4.2	13.7	15.3	16.6	47.2	69.5	69.2
4	Cooperative banks	6.6	5.3	4.8	4.6	4.5	4.3	4.2	4.2	4.5
5	Total banks	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Loans less provisions ⁵⁰ (%)										
1	Commercial banks of which:	92.9	93.3	94.5	93.9	94.5	95.0	94.9	94.6	94.2
2	Banks with majority public-sector interest of which:	79.3	73.0	63.7	61.3	43.2	38.8	21.4	21.2	20.5
	- directly owned by Treasury	76.6	69.1	58.5	42.0	27.9	26.3	19.7	19.4	18.4
3	Banks with majority private-sector interest of which:	13.6	20.3	30.8	32.6	51.3	56.2	73.5	73.4	73.7
	- with majority Polish equity	10.9	15.9	25.0	16.6	33.1	34.3	22.6	3.2	2.4
	- with majority foreign equity	2.7	4.4	5.8	16.0	18.2	21.9	50.9	70.2	71.3
4	Cooperative banks	7.1	6.7	5.5	6.1	5.5	5.0	5.1	5.4	5.8
5	Total banks	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

⁵⁰ Loans and advances less specific provisions (up to 1995 also includes purchased debt and funds disbursed under guarantees and endorsements).

Table 2 Staffing at banks (excluding foreign offices)⁵¹

Year end	Total banking sector	Commercial banks			Cooperative banks
		total	banks with majority		
			Polish equity	foreign equity	
1	2 = 3 + 6	3 = 4 + 5	4	5	6
1993	.	119 733	119 045	688	.
1994	.	128 705	127 708	997	.
1995	.	136 048	134 048	2 000	.
1996	169 721	144 201	129 102	15 099	25 520
1997	172 227	147 095	130 823	16 272	25 132
1998	174 044	149 067	131 266	17 801	24 977
1999	174 748	149 638	86 199	63 439	25 110
2000	169 934	144 237	59 821	84 416	25 697
2001	165 227	138 824	57 774	81 050	26 403

Table 3 Domestic office network, commercial banks (excluding head offices and representative offices)

Year end		Commercial banks			Cooperative banks
		Total	banks with majority		
			Polish equity	foreign equity	
1	2	3 = 4 + 5	4	5	6
1993	Branch offices	1 436	1 426	10	.
1994	Branch offices	1 454	1 441	13	.
1995	Branch offices	1 501	1 472	29	.
1996 ⁵²	Branch offices	1 580	1 437	143	502
	Other offices ⁵³	7 981	7 888	93	634
1997 ⁵⁴	Branch offices	1 629	1 460	169	581
	Other offices	8 023	7 808	215	674
1998 ⁵⁵	Branch offices	1 864	1 572	292	668
	Other offices	7 615	7 385	230	730
1999 ⁵⁶	Branch offices	2 235	1 243	992	1 048
	Other offices	7 987	6 939	1 048	790
2000 ⁵⁶	Branch offices	2 449	960	1 489	1 149
	Other offices	8 796	6 609	2 187	879
2001 ⁵⁷	Branch offices	2 878	1 090	1 788	1 201
	Other offices	7 631	5 784	1 847	1 030

⁵¹ Staffing figures given in equivalent of full-time posts.

⁵² In 1996, there were 12 banks (4 with majority Polish equity and 8 with majority foreign equity) which did not operate any branch offices and serviced customers from head office, of which 11 banks (3 and 8, respectively) did not operate "other offices" either.

⁵³ Sub-branch offices, customer service offices/desks, etc. (excluding representative offices).

⁵⁴ In 1997, there were 13 banks (2 with majority Polish equity and 11 with majority foreign equity) which did not operate any branch offices, of which 11 banks (2 and 9, respectively) did not operate "other offices" either.

⁵⁵ In 1998, there were 17 banks (2 with majority Polish equity and 15 with majority foreign equity) which did not operate any branch offices, of which 12 banks (1 and 11, respectively) did not operate "other offices" either.

⁵⁶ In 1999 and 2000, there were 16 banks (1 with majority Polish equity and 15 with majority foreign equity) which did not operate any branch offices, of which 11 banks with majority foreign equity did not operate "other offices" either.

⁵⁷ In 2001, there were 17 banks (1 with majority Polish equity and 16 with majority foreign equity) which did not operate any branch offices, of which 12 banks with majority foreign equity did not operate "other offices" either.

Table 4 Ownership structure of banking sector

		Value of equity (million zloty)				Structure (%)	
		31/12/98	31/12/99	31/12/00	31/12/01	31/12/00	31/12/01
1	Authorised capital ⁵⁸ (registered equity fund at state banks, members' share fund at cooperative banks) of which belonging to:	7 529.5	7 698.1	8 500.7	9 966.2	100.00	100.00
2	- the Treasury directly	1 351.0	1 036.8	977.1	1 236.1	11.49	12.40
3	- the National Bank of Poland	8.0	8.0	0.0	0.0	0.0	0.00
4	- other state institutions ⁵⁹	319.1	249.9	225.0	217.4	2.65	2.18
5	- other domestic investors ⁶⁰	690.2	866.3	1 404.6	984.0	16.52	9.87
6	- foreign investors	3 561.4	4 089.1	4 575.1	5 835.1	53.82	58.55
7	- dispersed holdings ⁶¹	1 243.1	1 055.8	895.6	1 245.6	10.54	12.50
8	- cooperative banks	356.7	392.2	423.3	448.0	4.98	4.50

Table 5 Total assets and equity capital at particular groups of banks (December 31, 2001)

		No. of banks in group	Authorised capital (registered equity fund at state banks, members' share fund at cooperative banks) ⁶²				Total assets	
			total		Of which: held by foreign investors			
			million zloty	%	million zloty	%	million zloty	%
1	2	3	4	5	6	7=6/4	8	9
1	Banking sector of which:	711	9 966.2	100.0	5 835.1	58.5	477 371.3	100.0
2	- cooperative banks	642	448.0	4.5	0.0	0.0	21 508.7	4.5
3	- commercial banks of which:	69	9 518.2	95.5	5 835.1	61.3	455 862.5	95.5
4	banks with majority Polish equity	23	2 150.7	21.6	128.9	6.0	125 472.3	26.3
5	banks controlled by foreign investors of which:	46	7 367.5	73.9	5 706.3	77.5	330 390.3	69.2
6	banks with 100% foreign equity	18	2 518.2	25.3	2 518.2	100.0	30 724.9	6.4

⁵⁸ Previously referred to as "share capital".

⁵⁹ State enterprises and banks, companies wholly owned by the Treasury, registered companies with a majority Treasury interest, government agencies, etc.

⁶⁰ Including equity held by local government, totalling 11.6m zloty at year end 1998, and 10.4m zloty at year end 1999, 7.5m zloty at year end 2000 and 7.6m zloty at year end 2001.

⁶¹ The banks disclose only those shareholders entitled to exercise no less than 5% of votes at shareholders' general meetings, with the remaining shareholders, entitled to less votes, being grouped together under the heading "other shareholders". Equity held by the latter is customarily referred to as "dispersed holdings". Let us note that listed banks usually do not have information on all their shareholders.

⁶² Equity capital of the group as a whole, regardless of the investors involved.

Table 6 Foreign direct investment, banking sector

1	Source	Period end	Foreign direct investment		
			Amount (million zloty)	Share in authorised capital	
				held by foreign investors (%)	of all commercial banks (%)
2	3	4	5	6	
1	Germany	1995	126.3	21.49	4.13
		1996	370.1	27.83	8.29
		1997	818.3	33.23	13.80
		1998	1 138.1	31.96	15.87
		1999	1 075.8	26.31	14.73
		2000	1 088.1	23.78	13.47
		2001	1 308.2	22.42	13.74
2	USA	1995	88.5	15.06	2.90
		1996	221.0	16.62	4.95
		1997	470.2	19.10	7.93
		1998	1 028.7	28.88	14.34
		1999	945.9	23.13	12.95
		2000	1 223.8	26.75	15.15
		2001	1 167.7	20.01	12.27
3	Holland	1995	191.2	32.53	6.26
		1996	239.9	18.04	5.37
		1997	434.3	17.64	7.32
		1998	499.0	14.01	6.96
		1999	538.7	13.17	7.37
		2000	560.5	12.25	6.94
		2001	538.9	9.24	5.66
4	Ireland	1995	14.0	2.38	0.46
		1996	64.9	4.88	1.45
		1997	89.1	3.62	1.50
		1998	55.4	1.56	0.77
		1999	290.4	7.10	3.97
		2000	325.2	7.11	4.03
		2001	514.1	8.81	5.40
5	Portugal	1999	110.6	2.70	1.51
		2000	182.3	3.98	2.26
		2001	510.2	8.74	5.36
6	France	1995	47.7	8.12	1.56
		1996	151.4	9.94	2.96
		1997	220.6	8.96	3.72
		1998	324.4	9.11	4.52
		1999	343.1	8.40	4.70
		2000	348.5	7.62	4.31
		2001	445.2	7.63	4.68
7	Austria	1995	58.0	9.87	1.90
		1996	132.3	11.38	3.39
		1997	229.4	9.31	3.87
		1998	256.7	7.21	3.58
		1999	273.5	6.69	3.74
		2000	238.0	5.20	2.95
		2001	424.1	7.27	4.46
8	Sweden	2000	86.7	1.90	1.07
		2001	306.4	5.25	3.22
9	Belgium	1996	8.6	0.65	0.19
		1997	24.2	0.98	0.41
		1998	32.0	0.90	0.45
		1999	163.8	4.01	2.24
		2000	167.2	3.65	2.07
		2001	298.7	5.12	3.14

1	Source	Period end	Foreign direct investment		
			Amount (million zloty)	Share in authorised capital	
				held by foreign investors (%)	of all commercial banks (%)
2	3	4	5	6	
10	Italy	1995	6.2	1.05	0.08
		1996	6.2	0.46	0.14
		1999	72.8	1.78	1.00
		2000	88.1	1.93	1.09
		2001	126.6	2.17	1.33
11	South Korea	1996	60.6	4.56	1.36
		1997	60.4	2.45	1.02
		1998	60.4	1.70	0.84
		1999	60.4	1.48	0.83
		2000	60.4	1.32	0.75
		2001	60.4	1.04	0.63
12	Czech Republic	1997	33.9	1.38	0.57
		1998	33.9	0.95	0.47
		1999	34.1	0.83	0.47
		2000	35.2	0.77	0.44
		2001	44.3	0.76	0.47
13	Denmark	2000	25.2	0.55	0.31
		2001	41.1	0.70	0.43
14	UK	1995	0.9	0.15	0.03
		1996	4.2	0.32	0.09
		1997	20.2	0.82	0.34
		1998	19.1	0.54	0.27
		1999	26.1	0.64	0.36
		2000	38.2	0.83	0.47
		2001	38.2	0.65	0.40
15	EBRD	1995	28.3	4.81	0.93
		1996	38.3	2.88	0.86
		1997	22.0	0.89	0.37
		2000	11.0	0.24	0.14
		2001	11.0	0.19	0.12
16	Other	1995	21.8	3.71	0.71
		1996	32.5	2.44	0.73
		1997	39.8	1.62	0.67
		1998	113.7	3.19	1.59
		1999	153.8	3.76	2.11
		2000	96.7	2.12	1.20
		2001	0.00	0.00	0.00
17	Total	1995	587.8	100.00	19.24
		1996	1330.0	100.00	29.79
		1997	2462.4	100.00	41.52
		1998	3 561.4	100.00	49.65
		1999	4 089.1	100.00	55.97
		2000	4 575.1	100.00	56.64
		2001	5 835.1	100.00	61.30

Table 7 Banking sector assets (million zloty)

Year end	Total assets	Due from			Securities
		financial institutions (excluding NBP)	non-financial customers	general government	
1	2	3	4	5	6
Banking sector					
1993	83 000.9	14 097.9	27 997.2	2 074.1	19 610.7
1994	109 675.3	20 532.9	33 797.1	910.4	30 978.3
1995	149 342.2	21 774.4	47 545.5	1 601.0	46 239.6
1996	197 215.2	26 020.5	74 706.6	2 316.8	61 943.6
1997	247 668.9	37 363.5	101 792.1	3 511.2	65 793.0
1998	318 726.8	48 095.8	128 984.3	7 136.4	85 791.0
1999	363 427.4	60 530.0	161 359.7	12 428.1	86 514.8
2000	428 486.3	89 842.5	186 917.6	6 901.9	94 959.9
2001	477 371.3	94 622.3	198 052.1	11 304.1	95 907.8
Commercial banks					
1993	77 508.6	12 426.6	25 737.8	2 061.3	19 430.0
1994	103 870.1	18 567.2	31 316.2	890.5	30 808.7
1995	142 165.3	18 975.8	44 789.3	1 571.8	45 878.6
1996	188 097.9	23 175.2	70 233.1	2 307.4	61 212.2
1997	236 414.6	34 209.6	96 283.2	3 493.5	64 631.0
1998	305 034.5	43 124.8	122 643.3	7 087.8	84 625.9
1999	348 033.1	55 842.9	153 279.8	12 327.2	85 280.0
2000	410 445.3	85 019.8	176 808.4	6 686.6	93 655.3
2001	455 862.5	87 665.8	186 774.9	11 006.3	94 825.7
Cooperative banks					
1993	5 492.3	1 671.3	2 259.4	12.8	180.7
1994	5 805.2	1 965.7	2 480.9	19.9	169.6
1995	7 176.9	2 798.6	2 756.2	29.2	361.0
1996	9 117.3	2 845.3	4 473.5	9.4	731.4
1997	11 254.3	3 153.9	5 508.9	17.7	1 162.0
1998	13 692.3	4 971.0	6 341.0	48.6	1 165.1
1999	15 394.3	4 687.1	8 079.9	100.9	1 234.8
2000	18 041.0	4 822.7	10 109.2	215.3	1 304.5
2001	21 508.7	6 956.5	11 277.2	297.8	1 082.1

Table 8 Structure of total assets, commercial banks

		Value (million zloty)	Growth rate 12/2000=100		Structure (%)	
			31/12/2001	nominal	real	12/2000
1	2	3	4	5	6	7
1	Cash & due from central bank	28 315.4	178.5	172.3	3.9	6.2
	of which: cash	7 620.6	134.7	130.0	1.4	1.7
	due from central bank	20 694.7	202.8	195.8	2.5	4.5
2	Due from financial institutions	87 665.8	103.1	99.5	20.7	19.2
3	Due from non-financial customers	186 774.9	105.6	102.0	43.1	41.0
4	Due from government	11 006.3	164.6	158.9	1.6	2.4
5	Securities	94 825.7	101.2	97.7	22.8	20.8
6	Fixed assets	19 959.7	110.6	106.7	4.4	4.4
7	Other assets	27 314.7	190.2	183.6	3.5	6.0
8	Total assets	455 862.5	111.1	107.2	100.0	100.0

Table 9 Structure of liabilities & capital, commercial banks

		Value (million zloty)	Growth rate 12/2000=100		Structure (%)	
			31/12/2001	nominal	real	12/2000
1	2	3	4	5	6	7
1	Due to central bank	4 487.5	81.1	78.3	1.3	1.0
2	Due to financial institutions ^a	67 599.5	93.7	90.5	17.6	14.8
3	Due to non-financial customers	276 723.7	111.5	107.6	60.5	60.7
4	Due to government	15 411.3	103.9	100.3	3.6	3.4
5	Other liabilities	44 686.1	148.5	143.3	7.3	9.8
6	Capital funds & subordinated loan capital	41 209.9	120.5	116.4	8.3	9.0
7	Year-to-date earnings	5 765.3	104.3	100.7	1.4	1.3
8	Earnings pending confirmation	-20.8	x	x	0.0	0.0
9	Total liabilities and capital	455 862.5	111.1	107.2	100.0	100.0

^a Excluding liabilities to the NBP disclosed in item 1

Table 10 Banking concentration ratios^a (%)

Year end	5 largest banks	10 largest banks	15 largest banks
1	2	3	4
share of total assets			
1996	48.8	67.3	78.2
1997	46.2	65.7	77.2
1998	42.9	62.3	75.1
1999	47.7	67.7	79.0
2000	46.5	66.7	78.8
2001	51.0	74.1	81.9
share of deposits			
1996	52.3	70.5	81.8
1997	51.9	69.8	82.0
1998	51.0	66.7	78.7
1999	55.4	71.0	83.5
2000	54.7	70.3	82.6
2001	55.5	77.6	85.0
share of loans (gross)			
1996	43.8	65.3	76.5
1997	41.4	62.2	76.2
1998	35.7	60.7	72.9
1999	46.1	68.1	77.5
2000	46.1	66.7	76.8
2001	47.9	71.6	80.8

a) with reference to largest banks in Poland by total assets

Table 11 Share of loans and securities in total assets and of deposits in total liabilities & capital (%)

Year end	Total banking sector	Commercial banks	Of which: banks with majority		Cooperative banks
			Polish equity	foreign equity	
1	2	3	4	5	6
Share of loans to non-financial customers (less provisions) in total assets (%)					
1993	30.1	30.0	29.9	31.5	32.5
1994	27.7	27.3	26.9	38.4	35.2
1995	29.6	29.3	28.8	41.1	34.1
1996	34.2	33.7	32.7	40.0	45.0
1997	37.7	37.3	35.9	44.9	45.6
1998	37.5	37.2	34.7	49.4	43.3
1999	41.5	41.1	37.6	44.8	49.9
2000	41.1	40.6	38.2	41.5	53.2
2001	38.9	38.3	33.9	40.0	49.9
Share of securities (less valuation allowances) in total assets (%)					
1993	23.6	25.1	25.5	9.9	3.3
1994	28.2	29.7	30.2	14.3	2.9
1995	31.0	32.3	32.8	19.8	5.0
1996	31.4	32.5	34.6	20.5	8.0
1997	26.6	27.3	29.6	15.5	10.3
1998	26.9	27.7	29.7	18.2	8.5
1999	23.8	24.5	27.2	21.7	8.0
2000	22.2	22.8	34.7	18.3	7.2
2001	20.1	20.8	29.2	17.6	5.0
Share of deposits from non-financial customers in total assets (%)					
1993	55.7	55.1	55.4	46.5	64.3
1994	60.0	59.6	59.9	51.8	67.1
1995	57.0	56.6	57.3	42.1	65.3
1996	56.6	56.1	57.1	50.4	67.4
1997	58.3	57.9	59.7	48.4	67.4
1998	58.8	58.3	60.3	48.4	71.2
1999	60.8	60.3	61.8	58.7	72.1
2000	59.3	58.7	70.7	54.2	73.3
2001	60.1	59.5	69.8	55.5	74.8

Table 12 Loans to corporates, 1996-2001

Period	Total		Zloty		FX	
	million zloty	growth rate	million zloty	growth rate	million zloty	growth rate
1996	57 615.1	.	48 087.4	.	9 527.6	.
1997	76 022.6	131.9	60 602.0	126.0	15 420.6	161.9
1998	96 899.8	127.5	70 677.8	116.6	26 222.1	170.0
1999	114 723.8	118.4	85 482.0	120.9	29 241.8	111.5
2000	129 675.7	113.0	94 979.7	111.1	34 696.0	118.7
2001	135 181.7	104.2	97 210.5	102.3	37 971.2	109.4

Table 13 Loans to persons, 1996-2001

Period	Total		Zloty		FX	
	million zloty	growth rate	million zloty	growth rate	million zloty	growth rate
1996	10 590.3	.	10 406.6	.	183.7	.
1997	16 887.1	159.5	16 291.6	156.6	595.5	324.3
1998	21 738.1	128.7	20 449.7	125.5	1 288.4	216.3
1999	33 512.0	154.2	31 697.0	155.0	1 815.0	140.9
2000	44 767.0	133.6	39 993.8	126.2	4 773.2	263.0
2001	51 404.1	114.8	41 084.8	102.7	10 319.3	216.2

Table 14 Personal housing loans, 1996-2001

Period	Total		Zloty		FX	
	million zloty	growth rate	million zloty	growth rate	million zloty	growth rate
1996	1 002.4	.	980.9	.	21.5	.
1997	1 793.2	178.9	1 646.9	167.9	146.3	680.0
1998	2 952.7	164.7	2 688.8	163.3	263.9	180.4
1999	5 716.6	193.6	5 178.3	192.6	538.3	204.0
2000	9 314.1	162.9	7 113.6	137.4	2 200.5	408.8
2001	13 760.3	147.7	6 743.1	94.8	7 017.3	318.9

Table 15 Structure of securities portfolios, commercial banks

1	2	Value, million zloty		Structure, %		Movement, million zloty
		31/12/00	31/12/01	31/12/00	31/12/01	
		3	4	5	6	7
1	Equity securities	1 709.0	1 855.0	1.8	1.9	146.1
	of which issued by:					
	- domestic parties	1 580.3	1 562.5	1.7	1.6	-17.8
	- foreign parties	128.6	292.5	0.1	0.3	163.9
2	Debt securities	91 522.5	92 949.9	97.4	97.6	1 427.5
	of which issued by:					
	- domestic parties	88 956.3	90 672.0	94.7	95.2	1 715.8
	- the Treasury	51 534.3	60 868.6	54.9	63.9	9 334.3
	of which:					
	- T-bills	10 863.7	18 204.9	11.6	19.1	7 341.2
	- restructuring bonds	7 386.1	7 077.5	7.9	7.4	-308.6
	- other bonds	33 284.5	35 586.2	35.4	37.4	2 301.7
	- NBP	33 119.5	23 838.8	35.3	25.0	-9 280.8
	of which:					
	- money market bills	19 897.2	13 958.1	21.2	14.7	-5 939.0
	- bonds	13 222.4	9 880.6	14.1	10.4	-3 341.7
	- other domestic parties	4 302.4	5 964.6	4.6	6.3	1 662.2
	- foreign parties	2 566.2	2 277.9	2.7	2.4	-288.3
3	Other securities	707.5	417.6	0.8	0.4	-289.9
4	Total securities (gross)	93 938.9	95 222.5	100.0	100.0	1 283.6

Table 16 Gross claims of commercial banks on non-financial customers (December 31, 2001)

1	2	Value million zloty	Structure (%)	Growth rate, 12/00=100	
				nominal	real
		3	4	5	6
1	Gross claims, of which:	192 120.8	95.9	106.7	103.0
	- consumer loans classified satisfactory	32 749.0		102.2	98.6
	- claims classified special mention	12 371.5		104.1	100.5
	- claims classified irregular	35 090.0		125.3	120.9
	of which: classified loss	16 224.5		158.7	153.2
2	Interest receivable	7 337.9	3.7	127.2	122.8
	of which: classified irregular	6 126.8		143.8	138.8
3	Due on interest subsidies to preferential loans	184.5	0.1	63.3	61.1
4	Other claims	629.8	0.3	129.2	124.7
5	Total gross claims (1 + 2 + 3 + 4)	200 273.0	100.0	107.3	103.6

Table 17 Gross claims of commercial banks on corporates and persons (December 31, 2001)

1	2	Value, million zloty	Structure %	Growth rate 12/00 = 100
		3	4	5
1	Due from corporates	139 671.4	72.7	104.4
2	Due from persons	51 506.7	26.8	114.5
	of which: consumer loans ^a	37 746.3	19.6	105.8
	of which: instalment loans	14 569.7	7.6	98.3
3	Due from other non-financial customers	942.7	0.5	70.9
4	Total due from non-financial customers (1+2+3)	192 120.8	100.0	106.7

^a Includes loans and advances, purchased debt and funds disbursed under guarantees on consumer loans.

Table 18 Irregular claims on financial institutions, commercial banks (December 31, 2001)

1	Claims (million zloty)			Percentage of total claims		
	total	classified irregular	of which: loss	classified irregular	of which:	
					doubtful	loss
	2	3	4	5	6	7
Banks	78 770.3	261.0	256.1	0.3	0.0	0.3
of which						
- domestic	30 650.1	84.9	80.1	0.2	0.0	0.2
- foreign	48 120.2	176.0	176.0	0.4	0.0	0.4
Insurance institutions	27.0	0.2	0.2	0.6	0.0	0.6
Investment funds	45.7	0.0	0.0	0.0	0.0	0.0
Other financial institutions	8 632.2	1 864.3	995.2	21.6	9.4	11.5
Total financial institutions	87 475.2	2 125.4	1 251.4	2.4	0.9	1.4

Table 19 Irregular claims on non-financial customers, commercial banks
(December 31, 2001)

		Irregular claims			Proportion of irregular claims, %	
		Million zloty	Structure %	Growth rate 12/00=100	31/12/00	31/12/01
1	2	3	4	5	6	7
1	Due from corporates	29 198.9	83.2	122.2	17.9	20.9
2	Due from persons	5 537.9	15.8	141.7	8.7	10.8
	of which: consumer loans	4 997.3	14.2	137.4	10.2	13.2
	of which: instalment loans	1 957.9	5.6	115.3	11.5	13.4
3	Due from other non-financial customers	353.2	1.0	179.2	14.8	37.5
4	Total due from non-financial customers (1+2+3)	35 090.0	100.0	125.3	15.5	18.3

Table 20 Specific provisions, valuation allowances and general provisions, commercial banks
(December 31, 2001)

		Million zloty		Growth rate, 2000 = 100	
		required	established	required	established
1	2	3	4	5	6
1	Specific provisions, of which:	14 503.7	15 520.7	136.5	135.0
	- against claims and off balance sheet exposures classified irregular	14 315.2	14 601.9	136.4	136.3
	- against consumer loans classified satisfactory	168.8	226.7	153.1	141.3
	- against claims and off balance sheet exposures classified special mention	19.7	98.4	103.1	121.5
	- against other assets and off balance sheet exposures	x	593.7	x	109.3
2	Valuation allowances	x	1 711.8	x	132.6
3	Total (1+2)	14 503.7	17 232.5	136.6	134.8
4	General provisions	x	1 828.0	x	109.5

Table 21 Ratio of specific provisions to consumer loans classified satisfactory and to special-mention claims and off balance sheet exposures (December 31, 2001)

1	Classification	Specific provisions (% of total portfolio)		
		required		established
		before deductions ^a	after deductions ^a	
2	3	4	5	
1	Consumer loans classified satisfactory	1.5	0.5	0.7
2	Claims and exposures classified special mention	1.5	0.2	0.9

^a equivalent to 25% of general provisions

Table 22 Ratio of specific provisions to irregular claims and off balance sheet exposures

1	Classification	Specific provisions (% of provisioning base)		
		required	established	
			31/12/2000	31/12/2001
2	3	4	5	
1	Substandard	20.0	20.6	20.9
2	Doubtful	50.0	54.6	52.8
3	Loss	100.0	100.5	101.3
4	Total	x	102.0	102.0

Table 23 Ratio of irregular claims to gross claims on non-financial customers (%)

1	2	Ratio of irregular classifications to gross claims (%)			
		3	of which		
			4	5	6
	Banking sector				
1	1993	30.1	7.3	6.1	16.7
2	1994	27.9	5.8	5.4	16.7
3	1995	20.4	5.2	3.4	11.8
4	1996	12.7	3.9	1.6	7.2
5	1997	10.2	3.8	1.2	5.2
6	1998	10.5	3.9	1.9	4.7
7	1999	13.3	5.1	3.4	4.8
8	2000	15.0	4.4	5.1	5.5
9	March 2001	15.8	4.8	5.1	5.9
10	June 2001	16.4	5.0	5.2	6.2
11	September 2001	16.7	4.9	5.0	6.8
12	December 2001	17.6	4.7	4.8	8.1
	Commercial banks				
1	1993	31.0	7.5	6.4	17.1
2	1994	28.5	5.9	5.7	16.9
3	1995	20.9	5.4	3.5	12.0
4	1996	13.2	4.1	1.7	7.4
5	1997	10.5	3.9	1.2	5.4
6	1998	10.9	4.0	2.0	4.9
7	1999	13.7	5.3	3.6	4.8
8	2000	15.5	4.5	5.4	5.6
9	March 2001	16.4	5.0	5.3	6.1
10	June 2001	17.1	5.2	5.4	6.5
11	September 2001	17.3	5.0	5.3	7.0
12	December 2001	18.3	4.9	5.0	8.4
	Cooperative banks				
1	1993	24.4	5.5	4.1	14.8
2	1994	21.3	3.8	2.4	15.1
3	1995	11.7	1.9	1.1	8.7
4	1996	5.3	1.2	0.4	3.7
5	1997	3.7	1.1	0.4	2.2
6	1998	3.5	1.2	0.5	1.8
7	1999	3.6	1.4	0.5	1.7
8	2000	4.5	1.7	0.7	2.1
9	March 2001	4.7	1.8	0.8	2.1
10	June 2001	5.1	1.9	0.9	2.3
11	September 2001	5.5	2.0	1.0	2.5
12	December 2001	6.1	2.1	1.1	2.9

Table 24 Structure of gross claims on non-financial customers, commercial banks (December 31, 2001)

1	2	a) total b) zloty c) foreign currency	Gross claims	of which			Ratio of irregular claims to total claims (%)	
				Classified special mention	Classified irregular	of which: irregular consumer loans	31/12/00	31/12/01
				million zloty				
			4	5	6	7	8	9
1	Banks with majority Polish equity	a	46 829.1	2 248.2	7 894.2	7 894.2	14.5	16.9
		b	40 512.6	2 070.9	7 372.9	7 372.9	14.8	18.2
		c	6 316.5	177.3	521.3	521.3	10.2	8.3
2	Banks with majority foreign equity	a	145 291.6	10 123.3	27 195.8	27 195.8	15.9	18.7
		b	101 458.6	6 798.6	20 814.8	20 814.8	16.5	20.5
		c	43 833.0	3 324.7	6 381.0	6 381.0	14.4	14.6
3	Total commercial banks (1+2)	a	192 120.8	12 371.5	35 090.0	35 090.0	15.5	18.3
		b	141 971.2	8 869.5	28 187.7	28 187.7	16.0	19.9
		c	50 149.6	3 502.0	6 902.3	6 902.3	14.1	13.8

Table 25 Structure of housing loans, banking sector, by classification (December 31, 2001, million zloty)

1	2	Extended to non-financial customers	of which:				Extended to local government
			secured by mortgages and eligible for interest redemption ^a	other eligible for interest redemption ^b	refinanced by Bud-Bank SA ^c	other	
3	4	5	6	7	8		
I. Loans to persons							
1.1	Total housing loans, of which:	14 067.9	62.4	26.3	45.7	13 933.5	x
1.2	classified satisfactory	12 896.7	42.2	15.8	38.5	12 800.2	x
1.3	classified special mention	623.4	15.4	0.0	1.2	606.8	x
1.4	classified irregular	545.5	4.8	10.5	6.0	524.2	x
1.5	Ratio of irregular loans to total housing loans (%)	3.9	7.7	39.9	13.1	3.8	x
1.6	Specific provisions established	206.0	5.1	3.3	2.0	195.6	
II. Loans to corporates							
2.1	Total housing loans, of which:	7 098.1	0.1	3 550.3	0.0	3 547.7	x
2.2	classified satisfactory	6 045.4	0.1	2 937.3	0.0	3 108.0	x
2.3	classified special mention	244.5	0.0	148.8	0.0	95.7	x
2.4	classified irregular	808.2	0.0	464.2	0.0	344.0	x
2.5	Ratio of irregular loans to total housing loans (%)	11.4	0.0	13.1	0.0	9.7	x
2.6	Specific provisions established	87.2	0.0	10.6	0.0	76.6	x
III. Total							
3.1	Total housing loans, of which:	21 166.0	62.5	3 576.6	45.7	17 481.2	124.7
3.2	classified satisfactory	18 942.1	42.3	2 953.1	38.5	15 908.2	124.7
3.3	classified special mention	867.9	15.4	148.8	1.2	717.9	0.0
3.4	classified irregular	1 353.7	4.8	474.7	6.0	868.2	0.0
3.5	Ratio of irregular loans to total housing loans (%)	6.4	7.7	13.3	13.1	5.0	0.0
3.6	Specific provisions established	293.2	5.1	13.9	2.0	272.2	0.0

^a "Mortgage loans" extended to persons until March 31, 1995, repayable in accordance with a "repayment coefficient", and subject to interim central government redemption of a portion of outstanding interest.

^b "Old housing loans" extended pursuant to Government resolutions in the years 1965-92, repayable in accordance with a "normative index" and "repayment coefficient", and subject to interim central government redemption of a portion of outstanding interest.

^c Loans financed by the Mortgage Fund managed by Bud-Bank SA and originated via banks participating in a housing development programme under cooperation agreements concluded with Bud-Bank SA.

Table 26 Liabilities of commercial banks to non-financial customers

		Value (million zloty)			Nominal growth rate 12/2000=100			Real growth rate 12/2000=100			Structure (%)	
		Total	Zloty	FX	Total	Zloty	FX	Total	Zloty	FX	12/2000	12/2001
1	2	3	4	5	6	7	8	9	10	11	12	13
1	Demand deposits	61 353.2	46 739.2	14 614.0	108.7	105.6	120.0	105.0	102.0	115.8	22.8	22.2
	- taken from corporates	23 740.8	18 749.1	4 991.7	115.7	110.4	141.1	111.7	106.6	136.2	8.3	8.6
	- taken from persons	35 061.5	25 723.8	9 337.7	104.6	102.4	111.1	101.0	98.8	107.3	13.5	12.7
	- taken from other customers	2 550.9	2 266.3	284.6	107.1	105.8	118.1	103.4	102.2	114.0	1.0	0.9
2	Time and assigned deposits	209 666.1	171 451.7	38 214.4	113.6	112.2	120.3	109.7	108.3	116.1	74.3	75.7
	- taken from corporates	38 045.2	30 014.8	8 030.4	117.1	110.0	154.2	113.0	106.2	148.9	13.1	13.7
	- taken from persons	164 740.7	134 876.3	29 864.4	112.9	112.8	113.4	109.0	108.9	109.5	58.7	59.5
	- taken from other customers	6 880.2	6 560.6	319.6	111.6	110.6	137.5	107.8	106.8	132.7	2.5	2.5
3	Brokerage accounts at bank brokerage houses	86.6	86.6	0.0	60.3	60.3	x	58.3	58.3	x	0.1	0.0
4	Interest	4 933.9	4 644.9	289.0	78.4	79.8	60.5	75.6	77.1	58.4	2.5	1.8
5	Other liabilities	683.9	475.7	208.2	85.3	87.3	81.3	82.4	84.2	78.4	0.3	0.3
6	Interest on brokerage accounts	0.0	0.0	0.0	x	x	x	x	x	x	0.0	0.0
7	Total liabilities	276 723.7	223 398.1	53 325.6	111.5	109.8	119.3	107.6	106.0	115.2	100.0	100.0
	- of which: total deposits	271 019.3	218 190.9	52 828.4	112.5	110.8	120.2	108.6	106.9	116.0	97.1	97.9
	- taken from corporates	61 786.0	48 763.9	13 022.1	116.6	110.2	148.9	112.5	106.3	143.7	21.4	22.3
	- taken from persons	199 802.2	160 600.1	39 202.1	111.4	111.0	112.9	107.5	107.2	109.0	72.2	72.2
	- taken from other customers	9 431.1	8 826.9	604.2	110.4	109.4	127.6	106.5	105.6	123.2	3.5	3.4

Table 27 Deposits taken from non-financial customers (million zloty)

Period	Banking sector	of which:		Commercial banks	of which:	
		Zloty	FX		Zloty	FX
1	2	3	4	5	6	7
Total deposits						
1993	46 246.1	28 964.8	17 281.3	42 714.8	25 433.5	17 281.3
1994	65 832.3	42 212.9	23 619.4	61 939.2	38 319.8	23 619.4
1995	85 139.6	62 346.2	22 793.4	80 454.3	57 660.9	22 793.4
1996	111 677.9	86 909.2	24 768.7	105 534.7	80 766.0	24 768.7
1997	144 405.9	112 025.9	32 380.0	136 821.0	104 441.0	32 380.0
1998	187 496.5	153 333.2	34 163.3	177 744.4	143 581.1	34 163.3
1999	220 969.5	179 664.3	41 305.2	209 875.0	168 569.8	41 305.2
2000	254 173.2	210 223.9	43 949.3	240 953.6	197 005.4	43 948.2
2001	287 108.7	234 266.3	52 842.4	271 019.3	218 190.9	52 828.4
taken from corporates						
1993	11 886.1	11 072.1	814.0	10 730.6	9 916.6	814.0
1994	19 260.4	18 001.9	1 258.5	17 861.3	16 602.8	1 258.5
1995	21 693.8	20 163.9	1 529.9	20 224.9	18 695.0	1 529.9
1996	29 129.9	26 299.1	2 830.8	27 298.0	24 467.2	2 830.8
1997	35 466.3	30 293.4	5 172.9	33 483.8	28 310.9	5 172.9
1998	45 899.3	37 832.2	8 067.1	43 638.6	35 571.5	8 067.1
1999	56 694.7	48 268.9	8 425.8	54 347.0	45 921.2	8 425.8
2000	55 621.5	46 875.7	8 745.8	53 008.1	44 262.8	8 745.3
2001	65 000.4	51 977.0	13 023.4	61 786.0	48 763.9	13 022.1
taken from persons						
1993	32 535.3	16 287.6	16 247.7	30 324.8	14 077.1	16 247.7
1994	44 075.7	22 125.6	21 950.1	41 762.3	19 812.2	21 950.1
1995	60 499.0	39 725.9	20 773.1	57 488.2	36 715.1	20 773.1
1996	79 023.1	57 436.7	21 586.4	74 996.6	53 410.2	21 586.4
1997	104 112.7	77 493.8	26 618.9	98 818.1	72 199.2	26 618.9
1998	135 822.5	110 013.2	25 809.3	128 676.0	102 866.7	25 809.3
1999	156 948.9	124 639.7	32 309.2	148 586.0	116 276.8	32 309.2
2000	189 594.8	154 864.8	34 730.0	179 400.1	144 670.6	34 729.5
2001	212 194.1	172 979.6	39 214.5	199 802.2	160 600.1	39 202.1
taken from other customers						
1993	1 824.7	1 605.1	219.6	1 659.4	1 439.8	219.6
1994	2 496.2	2 085.4	410.8	2 315.6	1 904.8	410.8
1995	2 946.8	2 456.4	490.4	2 741.2	2 250.8	490.4
1996	3 524.9	3 173.4	351.5	3 240.1	2 888.6	351.5
1997	4 826.9	4 238.7	588.2	4 519.1	3 930.9	588.2
1998	5 774.7	5 487.8	286.9	5 429.8	5 142.9	286.9
1999	7 325.9	6 755.7	570.2	6 942.0	6 371.8	570.2
2000	8 956.9	8 483.4	473.5	8 545.4	8 072.0	473.4
2001	9 914.2	9 309.7	604.5	9 431.1	8 826.9	604.2

Table 28 Total capital funds of the banks (total core and supplementary capital) (million zloty)

Year end	Commercial banks			Cooperative banks	Banking sector
	total	banks with majority			
		Polish equity	foreign equity		
1	2	3	4	5	6
1993	5 966.6	5 822.9	143.7	515.9	6 482.5
1994	8 998.4	8 647.1	351.3	539.5	9 537.9
1995	11 857.5	10 897.2	960.3	670.5	12 528.0
1996	15 723.4	12 260.8	3 462.6	801.7	16 525.1
1997	20 206.9	15 115.3	5 091.6	1 011.7	21 218.6
1998	25 796.7	19 156.3	6 640.4	1 198.5	26 995.2
1999	29 577.8	14 038.4	15 539.4	1 368.2	30 946.0
2000	33 838.5	6 347.1	27 491.4	1 599.2	35 437.7
2001	39 925.2	6 366.8	33 558.4	1 926.7	41 851.9

Table 29 Capital base (eligible capital) of the banks⁶³ (million zloty)

Year end	Commercial banks			Cooperative banks	Banking sector
	total	banks with majority			
		Polish equity	foreign equity		
1	2	3	4	5	6
1993	3 270.5	3 129.4	141.1	123.9	3 394.4
1994	5 193.0	4 851.8	341.2	63.5	5 256.5
1995	7 349.6	6 463.3	886.3	311.3	7 660.9
1996	12 024.2	8 754.1	3 270.1	502.0	12 526.2
1997	17 108.9	12 235.2	4 873.7	751.6	17 860.5
1998	21 500.8	15 063.7	6 437.1	966.8	22 467.6
1999	24 559.7	10 092.3	14 467.4	1 207.1	25 766.8
2000	29 223.9	4 749.1	24 474.8	1 464.6	30 688.5
2001	35 949.5	5 752.0	30 197.5	1 822.5	37 772.0

⁶³ The capital base (eligible capital) represents the sum of core and supplementary capital less unabsorbed prior period losses, losses pending confirmation and current period loss, equity holdings (direct and indirect) in other financial institutions, any shortfall in specific provisions, Treasury stock, and intangible assets (subject to phased deductions in line with an established schedule).

Table 30 Distribution of commercial banks by risk-based capital ratio

1	Risk-based capital ratio	Number of banks at year end								
		1993	1994	1995	1996	1997	1998	1999	2000	2001
	2	3	4	5	6	7	8	9	10	11
1	8% and over of which:	69	64	68	73	73	75	68	66	66
	over 30%	24	30	26	24	20	18	17	11	14
	15% - 30%	26	21	27	21	27	23	28	29	23
	12% - 15%	4	5	7	15	15	14	9	12	14
	8% - 12%	15	8	8	13	11	20	14	14	15
2	Under 8% of which:	18	18	13	8	8	8	9	7	3
	2% - 8%	5	2	2	1	2	3	4	6	2
	0% - 2%	0	1	0	0	0	0	0	0	0
	under 0%	13	15	11	7	6	5	5	1	1
3	Total (1+2)	87	82	81	81	81	83	77	73	69
4	Median value	16.5	20.8	18.5	17.5	16.9	15.0	16.6	16.3	16.0
5	Arithmetic mean	9.4	11.5	11.5	12.3	12.5	11.7	13.2	12.9	15.0

Table 31 Distribution of cooperative banks by risk-based capital ratio

1	Risk-based capital ratio	Number of banks at year end								
		1993	1994	1995	1996	1997	1998	1999	2000	2001
	2	3	4	5	6	7	8	9	10	11
1	8% and over of which:	1 300	1 188	1 144	1 074	1 119	1 087	738	652	632
	over 30%	125	60	61	22	16	18	21	26	42
	15% - 30%	788	689	613	380	384	380	267	264	299
	12% - 15%	205	241	217	267	310	312	205	153	124
	8% - 12%	182	198	253	405	409	226	245	209	167
2	Under 8% of which:	353	424	366	320	176	102	43	28	10
	2% - 8%	114	94	119	169	120	79	34	24	9
	0% - 2%	19	21	32	26	17	7	3	0	0
	under 0%	220	309	215	125	39	16	6	4	1
3	Total (1+2)	1 653	1 612	1 510	1 394	1 295	1 189	781	680	642
4	Median value	16.2	14.2	14.0	11.7	12.4	12.9	13.5	13.8	15.4
5	Arithmetic mean	4.7	2.2	8.4	8.8	11.1	11.8	12.8	12.8	13.9

Table 32 Off balance sheet commitments, banking sector

		Total banking sector	Commercial banks	Cooperative banks
1	2	3	4	5
OBS commitments at 31/12/2000 (million zloty)				
1	Commitments extended	71 350.6	70 518.1	832.5
2	Commitments received	33 338.6	33 171.5	167.0
3	Commitments to purchase or sell	526 479.2	526 398.8	80.5
OBS commitments at 31/12/2001 (million zloty)				
1	Commitments extended	73 486.5	72 355.4	1 131.1
2	Commitments received	37 110.0	36 814.0	296.0
3	Commitments to purchase or sell	935 997.9	935 850.2	147.7

Table 33 Structure of off balance sheet commitments, commercial banks

1	2	Million zloty		Growth rate
		12/2000	12/2001	12/00=100
		3	4	5
1	Contingent commitments extended	70 518.1	72 355.4	102.6
	of which to:			
	– financial institutions	9 001.7	10 329.9	114.8
	– non-financial customers	57 658.7	58 380.6	101.3
	– government	3 857.7	3 645.0	94.5
2	Commitments to purchase and sell	526 398.8	935 850.2	177.8
	of which:			
	– FX	346 704.5	572 846.6	165.2
	– securities	5 505.4	7 415.1	134.7
	– financial instruments	155 450.5	330 000.8	212.3
	– other	18 738.3	25 587.7	136.6

Table 34 Derivatives contracts, commercial banks

1	2	Contract values, million zloty					
		31/12/2000			31/12/2001		
		total	hedging	trading	total	hedging	trading
		3	4	5	6	7	8
1	Total derivative contracts	386 817.3	72 126.4	314 690.9	849 647.9	131 624.1	718 023.8
	of which:						
2	Forward-value contracts	339 616.3	69 584.0	270 032.3	811 818.4	129 425.2	682 393.2
	of which:						
	– interest rate contracts	157 773.0	13 324.9	144 448.2	294 757.4	23 840.0	270 917.4
	– FX contracts	181 282.7	55 702.1	125 580.6	515 965.6	104 489.9	411 475.8
	– securities contracts	560.6	557.1	3.5	1 095.4	1 095.4	0.0
3	Option contracts	42 945.0	2 531.7	40 413.4	35 780.6	2 189.0	33 591.5
	of which:						
	– exchange-traded	20.6	0.0	20.6	169.2	164.0	5.2
	– OTC	42 924.5	2 531.7	40 392.8	35 611.4	2 025.0	33 586.3
4	Other instruments	4 256.0	10.8	4 245.2	2 048.9	9.9	2 039.0
	of which:						
	– exchange-traded	0.0	0.0	0.0	0.0	0.0	0.0
	– OTC	4 256.0	10.8	4 245.2	2 048.9	9.9	2 039.0

Table 35 Total income, expense and earnings

Period	Banking sector	Commercial banks	of which: with majority equity			of which: listed banks	Cooperative banks
			Polish	of which: public-sector	foreign		
1	2	3	4	5	6	7	8
Total income (million zloty)							
1993	19 099.9	17 557.5	17 135.6	15 394.5	421.9	754.1	1 542.4
1994	23 997.3	22 402.0	21 635.7	17 898.1	766.3	2 742.8	1 595.3
1995	28 661.8	26 971.7	25 689.9	18 971.5	1 281.8	6 172.3	1 690.1
1996	33 550.6	31 651.9	26 880.0	22 029.8	4 771.9	7 460.5	1 898.7
1997	45 225.6	42 853.1	35 036.2	22 949.2	7 817.0	14 378.4	2 372.5
1998	64 415.7	61 783.2	45 414.8	27 231.8	16 368.5	28 472.4	2 632.4
1999	78 912.9	76 304.0	32 355.3	15 527.3	43 948.6	48 643.1	2 609.0
2000	122 954.8	119 386.2	21 393.2	18 642.1	97 993.0	79 269.4	3 568.6
2001	228 916.6	224 776.7	34 583.9	31 707.6	190 192.8	174 501.8	4 139.9
Total expense (million zloty)							
1993	18 172.9	16 505.2	16 219.4	14 486.7	285.8	656.3	1 667.7
1994	22 794.5	21 047.0	20 494.6	16 973.7	552.4	2 149.3	1 747.5
1995	23 970.2	22 420.7	21 406.1	16 097.3	1 014.6	4 704.3	1 549.5
1996	27 147.6	25 513.8	21 681.7	17 866.3	3 832.1	5 749.2	1 633.8
1997	38 568.9	36 547.1	29 788.4	20 084.0	6 758.8	11 526.9	2 021.8
1998	59 760.3	57 413.0	42 503.8	26 281.8	14 909.2	25 467.4	2 347.3
1999	73 822.9	71 537.4	29 658.6	14 575.4	41 878.8	45 005.9	2 285.5
2000	116 950.2	113 859.2	20 278.9	17 532.2	93 580.4	75 590.3	3 091.0
2001	122 652.2	219 011.4	32 781.8	29 895.4	186 229.6	171 145.8	3 640.8
Pre-tax earnings (million zloty)							
1993	927.0	1 052.2	916.1	907.8	136.1	97.8	-125.3
1994	1 202.8	1 355.0	1 141.1	924.4	213.9	593.5	-152.2
1995	4 691.6	4 551.0	4 283.7	2 874.3	267.3	1 468.0	140.6
1996	6 403.0	6 138.2	5 198.3	4 163.5	939.9	1 711.3	264.8
1997	6 656.7	6 306.0	5 247.8	2 865.2	1 058.2	2 851.6	350.6
1998	4 655.4	4 370.3	2 911.0	950.0	1 459.3	3 005.0	285.1
1999	5 090.0	4 766.5	2 696.7	951.8	2 069.9	3 637.2	323.5
2000	6 004.6	5 526.9	1 114.3	1 110.0	4 412.6	3 679.1	477.7
2001	6 264.4	5 765.3	1 802.1	1 812.2	3 963.2	3 356.0	499.0
Net earnings (million zloty)							
1993	-401.0	-214.4	-327.2	-257.5	112.8	51.5	-186.6
1994	121.7	316.7	180.4	224.6	136.3	362.8	-195.0
1995	2 848.3	2 761.5	2 609.5	1 787.7	152.0	898.0	86.8
1996	4 420.5	4 229.1	3 643.2	2 995.9	585.9	1 115.4	191.4
1997	4 495.6	4 270.1	3 625.2	2 063.6	644.9	1 854.8	225.4
1998	1 824.9	1 648.4	725.2	-383.3	923.2	1 837.7	176.5
1999	3 180.8	2 972.0	1 801.3	805.8	1 170.7	2 313.0	208.7
2000	4 212.3	3 909.3	814.9	846.2	3 094.3	2 596.0	303.0
2001	4 541.7	4 219.2	1 235.4	1 260.2	2 983.8	2 616.5	322.5

Table 36 Profitability (net & pre-tax) and cost/income ratio

Period	Banking sector	Commercial banks	of which: with majority equity			of which: listed banks	Cooperative banks
			Polish	of which: public-sector	foreign		
1	2	3	4	5	6	7	8
Pre-tax profitability (pre-tax earnings / total expense), %							
1993	5.1	6.4	5.7	6.3	47.6	14.9	-7.5
1994	5.3	6.4	5.6	5.4	38.7	27.6	-8.7
1995	19.6	20.3	20.0	17.9	26.3	31.2	9.1
1996	23.6	24.1	24.0	23.3	24.5	29.8	16.2
1997	17.3	17.3	17.6	14.3	15.7	24.7	17.3
1998	7.8	7.6	6.9	3.6	9.8	11.8	12.2
1999	6.9	6.7	9.1	6.5	4.9	8.1	14.2
2000	5.1	4.9	5.5	6.3	4.7	4.9	15.5
2001	2.8	2.6	5.5	6.1	2.1	2.0	13.7
Net profitability (net earnings / total expense), %							
1993	-2.2	-1.3	-2.0	-1.8	39.5	7.9	-11.2
1994	0.5	1.5	0.9	1.3	24.7	16.9	-11.2
1995	11.9	12.3	12.2	11.1	15.0	19.1	5.6
1996	16.3	16.6	16.8	16.8	15.3	19.4	11.7
1997	11.7	11.7	12.2	10.3	9.5	16.1	11.2
1998	3.1	2.9	1.7	-1.5	6.2	7.2	7.5
1999	4.3	4.2	6.1	5.5	2.8	5.1	9.1
2000	3.6	3.4	4.0	4.8	3.3	3.4	9.8
2001	2.0	1.9	3.8	4.2	1.6	1.5	8.9
Cost/income ratio (total expense / total income), %							
1993	95.1	94.0	94.7	94.1	67.7	87.0	108.1
1994	95.0	94.0	94.7	94.8	72.1	78.4	109.5
1995	83.6	83.1	83.3	84.8	79.2	76.2	91.7
1996	80.9	80.6	80.7	81.1	80.3	77.1	86.1
1997	85.3	85.3	85.0	87.5	86.5	80.2	85.2
1998	92.8	92.9	93.6	96.5	91.1	89.5	89.2
1999	93.6	93.8	91.7	93.9	95.3	92.5	87.6
2000	95.1	95.4	94.8	94.0	95.5	95.4	86.6
2001	97.3	97.4	94.8	94.3	97.9	98.1	87.9

Table 37 Key bank performance indicators⁶⁴

		2000	I-III 2001	I-VI 2001	I-IX 2001	2001
1	2	3	4	5	6	7
1	Number of banks analysed	73	71	69	69	66
2	Earning assets/ total assets (%)	87.60	85.18	85.03	85.45	82.06
3	Performing assets/ total assets (%)	84.85	82.31	82.19	82.40	78.93
4	Interest received ⁶⁵ / average total assets (%)	12.86	12.92	12.70	12.10	11.65
5	Interest paid/ average total assets (%)	8.83	9.62	9.39	8.86	8.34
6	Net interest income/ average total assets (%)	4.03	3.30	3.31	3.25	3.31
7	Net income from core activity ⁶⁶ / average total assets (%)	6.22	5.80	5.88	5.80	5.99
8	General expense/ average total assets (%)	3.65	3.23	3.39	3.31	3.47
9	Pre-tax earnings/ average total assets (%)	1.50	1.66	1.63	1.53	1.39
10	ROA (net earnings/ average total assets, %)	1.05	1.20	1.18	1.09	1.02
11	ROE (net earnings/ average core capital, %)	14.52	15.87	15.28	13.92	12.91

Table 38 General expense, commercial banks (per branch/ employee)

		2000	2001
1	2	3	4
1	Occupancy expense per branch (thousand zloty)	693.5	682.6
2	Other property & equipment expense per branch (thousand zloty)	1 703.1	1 637.9
3	Contributions & payments to Bank Guarantee Fund/ pre- tax earnings (%)	12.6	2.5
4	Personnel expense per employee (thousand zloty)	50.2	53.6
5	Personnel expense/ pre-tax earnings (%)	134.0	132.3
6	Average monthly salary (zloty)	3 547.5	3 791.8
7	Pre-tax earnings per employee (thousand zloty)	37.5	40.5

⁶⁴ On the basis of the Uniform Bank Performance Report.

⁶⁵ Less outstanding unpaid interest on irregular assets.

⁶⁶ The total of: net interest income, net fee income, net FX gains and net income on securities.

Table 39 Profit and loss account, banking sector, 2001 (million zloty)

1	2	Commercial banks	of which:				Listed banks	Cooperative banks	Banking sector
			with majority Polish equity	of which:		with majority foreign equity			
				public-sector	private-sector				
3	4	5	6	7	8	9	10		
I	Interest income	48 529.2	15 926.9	14 201.1	1 725.7	32 602.4	27 424.0	3 212.1	51 741.3
	of which:								
	- from financial institutions	7 804.3	2 514.3	1 999.6	514.7	5 290.0	3 424.7	717.1	8 521.4
	- from customers and government	27 505.3	7 590.3	6 683.9	906.4	19 915.1	17 018.5	2 350.5	29 855.8
	- on securities	11 442.0	4 754.4	4 525.8	228.6	6 687.6	6 275.4	143.4	11 585.5
	- other interest income	1 777.6	1 067.9	991.8	76.0	709.7	705.5	1.0	1 778.6
II	Interest expense	34 732.1	10 361.7	9 105.6	1 256.1	24 370.4	20 292.5	1 643.4	36 375.4
	of which:								
	- to financial institutions	7 582.4	1 291.6	592.2	699.5	6 290.7	4 263.1	40.3	7 622.6
	- to customers and government	26 802.6	8 999.6	8 446.7	552.8	17 803.0	15 930.7	1 600.6	28 403.2
	- other interest expense	347.1	70.5	66.7	3.8	276.6	98.7	2.5	349.6
III	Net interest income (I-II)	13 797.2	5 565.2	5 095.6	469.6	8 232.0	7 131.5	1 568.8	15 365.9
IV	Fee income	6 614.0	1 638.8	1 466.5	172.3	4 975.2	4 350.4	575.0	7 189.0
V	Fee expense	948.3	294.2	255.0	39.2	654.1	539.9	34.7	982.9
VI	Net fee income (IV-V)	5 665.7	1 344.6	1 211.5	133.1	4 321.1	3 810.4	540.3	6 206.0
VII	Income from equities and other securities	806.9	42.0	39.7	2.3	764.9	477.1	0.1	807.1
VIII	Net gains (losses) on financial operations	1 456.7	142.7	114.6	28.1	1 314.1	1 495.7	-0.4	1 456.3
	FX gains	145 135.8	14 361.3	13 714.3	647.0	130 774.5	123 737.1	15.1	145 150.9
	FX losses	140 079.5	13 554.3	12 930.3	624.0	126 525.2	120 222.6	15.0	140 094.5
IX	Net FX gains (losses)	5 056.3	807.0	784.0	23.0	4 249.3	3 514.4	0.1	5 056.4
X	Net income from banking activity	26 782.9	7 901.5	7 245.4	656.1	18 881.3	16 429.1	2 108.9	28 891.7
XI	Other operating income	1 121.6	409.0	367.0	42.0	712.7	563.4	35.9	1 157.5
XII	Other operating expense	698.6	119.4	89.8	29.6	579.2	502.8	31.8	730.4
XIII	General expense	14 501.2	4 372.6	3 873.1	499.5	10 128.7	8 772.1	1 363.2	15 864.5
	- of which: personnel expense (including taxes and contributions)	7 629.8	2 469.8	2 183.3	286.5	5 160.0	4 581.4	993.7	8 623.5
XIV	Depreciation of fixed assets and amortisation of intangibles	2 006.4	570.1	509.2	61.0	1 436.2	1 319.1	100.2	2 106.6
XV	Charges to provisions and valuation allowances	14 877.4	3 295.2	2 956.9	338.2	11 582.3	10 423.6	448.9	15 326.4
XVI	Release of provisions and valuation allowances	9 944.4	1 849.2	1 629.1	220.0	8 095.2	7 380.7	298.4	10 242.7
XVII	Net movements in provisions and valuation allowances (XV-XVI)	4 933.1	1 446.0	1 327.8	118.2	3 487.1	3 042.8	150.6	5 083.6
	of which:								
	- net movements in specific provisions against claims and OBS exposures, etc., and in general provisions	4 702.7	1 355.0	1 236.0	119.0	3 347.7	2 915.7	150.4	4 853.1
	- net movements in valuation allowances against financial fixed assets	230.4	91.0	91.8	-0.8	139.3	127.2	0.2	230.6
XVIII	Net operating income (X+XI-XII-XIII-XIV+/-XVII)	5 765.2	1 802.4	1 812.6	-10.2	3 962.8	3 355.7	499.0	6 264.2
XIX	Extraordinary gains (losses)	0.1	-0.4	-0.4	0.0	0.4	0.4	0.1	0.1
XX	Pre-tax earnings (XVIII+/-XIX)	5 765.3	1 802.1	1 812.2	-10.1	3 963.2	3 356.0	499.0	6 264.4
XXI	Tax	1 546.1	566.7	552.0	14.7	979.4	739.5	176.6	1 722.7
XXII	Net earnings	4 219.2	1 235.4	1 260.2	-24.8	2 983.8	2 616.5	322.5	4 541.7
	Total income	224 776.7	34 583.9	31 707.6	2 876.3	190 192.8	174 501.8	4 139.9	228 916.6
	Total expense	219 011.4	32 781.8	29 895.4	2 886.4	186 229.6	171 145.8	3 640.8	222 652.2

Table 40 Profit and loss account, banking sector, 2000 (million zloty) ^a

1	2	Commercial banks	of which:				Listed banks	Cooperative banks	Banking sector
			with majority Polish equity	of which:		with majority foreign equity			
				public-sector	private-sector				
3	4	5	6	7	8	9	10		
I	Interest income	50 237.3	15 412.0	13 469.8	1 942.2	34 825.3	25 530.1	2 847.1	53 084.4
	of which:								
	- from financial institutions	8 025.7	1 704.8	1 261.0	443.8	6 320.9	2 776.3	586.3	8 612.0
	- from customers and government	28 974.3	7 930.5	6 830.8	1 099.7	21 043.8	16 119.1	2 067.1	31 041.3
	- on securities	11 218.3	4 644.7	4 321.8	322.9	6 573.6	5 783.8	192.0	11 410.3
	- other interest income	2 019.0	1 132.0	1 056.3	75.8	887.0	850.9	1.8	2 020.8
II	Interest expense	34 679.7	10 102.7	8 772.8	1 330.0	24 576.9	17 615.6	1 449.4	36 129.1
	of which:								
	- to financial institutions	9 008.0	1 249.8	630.3	619.5	7 758.2	5 282.8	37.2	9 045.2
	- to customers and government	25 359.1	8 795.5	8 086.3	709.2	16 563.6	12 256.3	1 411.1	26 770.2
	- other interest expense	312.6	57.5	56.2	1.3	255.1	76.5	1.1	313.7
III	Net interest income (I-II)	15 557.7	5 309.3	4 697.1	612.2	10 248.4	7 914.6	1 397.7	16 955.3
IV	Fee income	6 053.2	1 565.9	1 326.0	239.9	4 487.3	3 613.4	498.1	6 551.4
V	Fee expense	887.8	255.3	235.6	19.6	632.5	367.3	27.1	914.9
VI	Net fee income (IV-V)	5 165.5	1 310.7	1 090.4	220.3	3 854.8	3 246.1	471.0	5 636.5
VII	Income from equities and other securities	441.7	15.4	13.7	1.7	426.3	391.8	0.7	442.4
VIII	Net gains (losses) on financial operations	1 331.5	327.1	325.7	1.4	1 004.4	1 061.8	3.4	1 334.9
	FX gains	47 736.6	1 446.8	1 325.8	121.1	46 289.8	40 517.9	0.1	47 736.7
	FX losses	44 666.3	1 179.4	1 075.4	104.1	43 486.9	38 706.5	0.1	44 666.3
IX	Net FX gains (losses)	3 070.3	267.4	250.4	17.0	2 802.9	1 811.4	0.1	3 070.4
X	Net income from banking activity	25 566.7	7 229.8	6 377.3	852.5	18 336.9	14 425.6	1 872.8	27 439.5
XI	Other operating income	981.0	336.0	275.7	60.3	645.0	461.6	30.9	1 011.9
XII	Other operating expense	592.2	115.8	80.0	35.8	476.4	297.7	23.5	615.7
XIII	General expense	14 213.2	4 345.7	3 734.6	611.1	9 867.5	7 462.8	1 212.6	15 425.8
	- of which: personnel expense (including taxes and contributions)	7 408.0	2 334.0	2 002.9	331.0	5 074.0	4 071.1	872.8	8 280.8
XIV	Depreciation of fixed assets and amortisation of intangibles	1 839.3	563.7	496.3	67.5	1 275.5	1 032.6	85.1	1 924.3
XV	Charges to provisions and valuation allowances	11 741.3	3 384.7	2 854.5	530.2	8 356.5	6 724.5	290.1	12 031.4
XVI	Release of provisions and valuation allowances	7 364.0	1 958.4	1 622.4	336.0	5 405.6	4 308.0	185.6	7 549.7
XVII	Net movements in provisions and valuation allowances (XV-XVI)	4 377.2	1 426.3	1 232.1	194.2	2 950.9	2 416.5	104.5	4 481.7
	of which:								
	- net movements in specific provisions against claims and OBS exposures, etc., and in general provisions	4 070.7	1 333.9	1 143.1	190.8	2 736.8	2 161.3	104.3	4 175.1
	- net movements in valuation allowances against financial fixed assets	306.5	92.4	89.0	3.4	214.1	255.3	0.2	306.7
XVIII	Net operating income (X+XI-XII-XIII-XIV+/-XVII)	5 525.7	1 114.3	1 110.1	4.2	4 411.4	3 677.7	478.1	6 003.8
XIX	Extraordinary gains (losses)	1.2	0.0	-0.1	0.1	1.2	1.5	-0.4	0.8
XX	Pre-tax earnings (XVIII+/-XIX)	5 526.9	1 114.3	1 110.0	4.4	4 412.6	3 679.1	477.7	6 004.6
XXI	Tax	1 617.6	299.4	263.8	35.6	1 318.3	1 083.2	174.6	1 792.3
XXII	Net earnings	3 909.3	814.9	846.2	-31.2	3 094.3	2 596.0	303.0	4 212.3
	Total income	119 386.2	21 393.2	18 642.1	2 751.1	97 993.0	79 269.4	3 568.6	122 954.8
	Total expense	113 859.2	20 278.9	17 532.2	2 746.7	93 580.4	75 590.3	3 091.0	116 950.2

^a Final data, as audited

Table 41 Cooperative sector as proportion of total banking sector (December 31, 2001)

1	2	Total assets		Total capital funds (core and supplementary capital) ^a		Loans to non-financial customers (less provisions)		Personal deposits		Total losses ^b		Pre-tax earnings ^c	
		million zloty	%	million zloty	%	million zloty	%	million zloty	%	million zloty	%	million zloty	%
1	2	3	4	5	6	7	8	9	10	11	12	13	14
1	Affiliating banks ^d	8 451.1	1.77	503.0	1.20	1 637.8	0.88	647.5	0.31	9.0	0.83	25.3	0.39
2	Total cooperative banks	21 508.7	4.51	1 926.7	4.60	10 722.8	5.78	12 391.9	5.84	19.8	1.83	509.5	7.83
	of which: affiliated to												
3	Gospodarczy Bank Wielkopolski SA	3 765.6	0.79	321.1	0.77	2 028.3	1.09	2 007.0	0.95	6.2	0.57	101.2	1.56
4	Gospodarczy Bank Poludniowo-Zachodni SA	4 044.9	0.85	365.1	0.87	1 959.8	1.06	2 274.0	1.07	6.4	0.59	96.1	1.48
5	Bank Unii Gospodarczej SA	2 377.1	0.50	190.0	0.45	1 188.0	0.64	1 444.5	0.68	1.9	0.18	47.9	0.74
6	Warminsko-Mazurski Bank Regionalny SA	1 605.8	0.34	155.4	0.37	917.9	0.49	975.0	0.46	0.0	0.00	48.3	0.74
7	Lubelski Bank Regionalny SA	1 603.7	0.34	143.6	0.34	797.0	0.43	959.1	0.45	0.0	0.00	35.1	0.54
8	Pomorsko-Kujawski Bank Regionalny SA	1 582.8	0.33	139.4	0.33	873.0	0.47	903.3	0.43	0.4	0.04	40.4	0.62
9	Dolnoslaski Bank Regionalny SA	945.4	0.20	80.0	0.19	451.1	0.24	507.0	0.24	0.2	0.02	16.3	0.25
10	Malopolski Bank Regionalny SA	2 512.7	0.53	244.1	0.58	1 017.8	0.55	1 516.7	0.71	3.4	0.31	57.7	0.89
11	Rzeszowski Bank Regionalny SA	459.1	0.10	52.3	0.12	162.6	0.09	227.7	0.11	0.0	0.00	11.9	0.18
12	Mazowiecki Bank Regionalny SA	2 311.1	0.48	211.5	0.51	1 144.2	0.62	1 373.1	0.65	1.3	0.12	53.4	0.82
13	Cooperative sector (1+2)	29 959.8	6.28	2 429.7	5.80	12 360.6	6.66	13 039.4	6.15	28.8	2.66	534.9	8.22
14	Banking sector	477 371.3	100.00	41 851.9	100.00	185 511.5	100.00	212 194.1	100.00	1 080.4	100.00	6 503.9	100.00

^a Prior to regulatory deductions

^b Current period loss, prior period loss and loss pending confirmation

^c Current period

^d Banks named in lines 3-12

Table 42 Polish gross domestic product⁶⁷ and total banking assets

Year	Gross domestic product			Total banking assets (at year end)		
	million zloty	growth rate ⁶⁸	million euro/ECU	million zloty	% of GDP	growth rate ⁶⁹
1	2	3	4	5	6	7
1995	308 103.7	107.0	98 310.0	149 342.2	48.8	112.0
1996	387 826.6	106.0	114 843.5	197 215.2	51.1	111.4
1997	472 350.4	106.8	127 662.3	247 668.9	52.8	111.0
1998	553 560.1	104.8	141 106.3	318 726.8	58.0	118.5
1999	615 115.3	104.1	147 548.6	363 427.4	59.4	103.8
2000	685 596.7	104.0	179 324.7	428 486.3	62.5	108.7
2001 ⁷⁰	722 300.0	101.1	205 088.2	477 371.3	66.1	107.5

Table 43 Basic financial data on the banks, restated in euros (December 31, 2001)

		Commercial banks	of which:		Cooperative banks	Banking sector
			with majority			
			Polish equity	foreign equity		
million euros (EUR/PLN = 3.5219)						
1	2	3	4	5	6	7
1	Total assets	129 436.5	35 626.3	93 810.2	6 107.1	135 543.7
2	Loans (less provisions)	49 629.1	12 087.3	37 541.8	3 044.6	52 673.7
3	Securities (less valuation allowances)	26 924.6	10 405.5	16 519.1	307.2	27 231.8
4	Deposits taken from non-financial customers	76 952.6	24 871.8	52 080.8	4 568.4	81 521.0
5	- of which: personal deposits	56 731.4	21 651.5	35 079.9	3 518.5	60 249.9
6	Total capital funds (total core and supplementary capital)	11 336.3	1 807.8	9 528.5	547.0	11 883.3
7	- of which: core capital	10 755.0	1 659.0	9 096.0	507.9	11 262.9
8	- of which: authorised capital	2 690.5	598.6	2 091.9	103.8	2 794.4
9	Capital base (eligible capital) ⁷¹	10 207.4	1 633.2	8 574.2	517.5	10 724.9
10	Pre-tax earnings	1 637.0	511.7	1 125.3	141.7	1 778.7
11	Net earnings	1 198.0	350.8	847.2	91.6	1 289.6

⁶⁷ Based on GUS figures (adjusted to reflect revised version of national accounts for 1995 and subsequent years).

⁶⁸ In real terms, previous year=100.

⁶⁹ In real terms, December previous year = 100.

⁷⁰ Preliminary figure for GDP.

⁷¹ The adjusted capital base (eligible capital) represents the sum of core and supplementary capital less unabsorbed prior period losses, losses pending confirmation and current period loss, equity holdings (direct and indirect) in other financial institutions, any shortfall in specific provisions, Treasury stock, and intangible assets (subject to phased deductions in line with an established schedule).

Schedule of banks in Poland⁷²
(at December 31, 2001)

Bank code Name of bank

I. Banks under Polish control	
1.1. Banks with a majority public-sector interest ⁷³	
- state banks	
1	113 Bank Gospodarstwa Krajowego
- public limited companies directly controlled by the Treasury ⁷⁴	
2	102 PKO Bank Polski SA
3	203 Bank Gospodarki Zywnosciowej SA
- public limited companies indirectly controlled by the Treasury ⁷⁵	
4	132 Bank Pocztowy SA
5	140 Bank Rozwoju Budownictwa Mieszkaniowego SA
6	146 Wschodni Bank Cukrownictwa SA
7	154 Bank Ochrony Srodowiska SA
1.2. Banks with a majority private-sector interest	
8	130 Bank Wspolpracy Europejskiej SA
9	137 Bank Inicjatyw Spoleczno-Ekonomicznych SA
10	147 Bank Spolem SA
11	148 Bank Cukrownictwa Cukrobank SA ⁷⁶
12	162 Bank Wschodni SA
13	168 Invest-Bank SA
- banks affiliating local cooperative banks	
14	161 Gospodarczy Bank Wielkopolski SA ⁷⁷ (involved in establishing the "Cooperative Banking Group")
15	170 Bank Unii Gospodarczej SA
16	193 Gospodarczy Bank Poludniowo-Zachodni SA (in the future to become Bank Polskiej Spoldzielczosci SA ⁷⁸)
17	201 Warminsko-Mazurski Bank Regionalny SA
18	202 Lubelski Bank Regionalny SA
19	204 Pomorsko-Kujawski Bank Regionalny SA ⁷⁹
20	205 Malopolski Bank Regionalny SA
21	206 Mazowiecki Bank Regionalny SA

⁷² Excluding the NBP, cooperative banks, and banks declared bankrupt or under liquidation.

⁷³ State banks, and public limited companies where the Treasury holds a total equity interest, directly or indirectly, entitling it to exercise at least 50% + 1 votes at a shareholders' general meeting.

⁷⁴ Public limited companies where the Treasury (represented by the Minister of the Treasury) directly holds a total equity interest entitling it to exercise at least 50% + 1 votes at a shareholders' general meeting.

⁷⁵ Public limited companies where the Treasury (represented by the Minister of the Treasury), other state institutions, state enterprises or state-owned public limited companies hold a total equity interest entitling them to exercise at least 50% + 1 votes at a shareholders' general meeting.

⁷⁶ Controlled by Bank Inicjatyw Spoleczno-Ekonomicznych SA.

⁷⁷ Merged with Baltycki Bank Regionalny SA on May 9, 2001.

⁷⁸ Following its projected merger with Bank Unii Gospodarczej SA, Lubelski Bank Regionalny SA, Malopolski Bank Regionalny SA, Rzeszowski Bank Regionalny SA and Warminsko-Mazurski Bank Regionalny SA.

⁷⁹ To merge with Gospodarczy Bank Wielkopolski SA in the future.

	Bank code	Name of bank
	22	210 Dolnoslaski Bank Regionalny SA
	23	211 Rzeszowski Bank Regionalny SA
II. Banks under foreign control ⁸⁰		
2.1. Branch offices of foreign banks		
1	184	Societe Generale, Warsaw Branch
2.2. Public limited companies with 100% foreign equity		
2	134	Bank Powierniczo-Gwarancyjny SA (as of January 23, 2002 – Dresdner Bank Polska SA)
3	167	ABN AMRO Bank (Polska) SA
4	171	GE Capital Bank SA
5	175	Raiffeisen Bank Polska SA
6	179	Credit Lyonnais Bank Polska SA
7	185	GE Bank Mieszkaniowy SA
8	186	BNP Paribas Bank Polska SA (formerly BNP-Dresdner Bank (Polska) SA – until July 13, 2001)
9	187	Westdeutsche Landesbank Polska SA
10	188	Deutsche Bank Polska SA
11	200	Rabobank Polska SA
12	207	FCE Bank Polska SA
13	209	Bankgesellschaft Berlin (Polska) SA
14	212	Bank of America (Polska) SA
15	213	Volkswagen Bank Polska SA
16	214	Fiat Bank Polska SA
17	216	Toyota Bank Polska SA
18	220	Bank Svenska Handelsbanken (Polska) SA ⁸¹
2.3. Public limited companies with majority foreign equity		
19	103	Bank Handlowy w Warszawie SA ⁸²
20	105	ING Bank Slaski SA (formerly Bank Slaski SA – until September 7, 2001) ⁸³
21	106	Bank Przemyslowo-Handlowy SA ⁸⁴ (as of January 1, 2002 – Bank Przemyslowo-Handlowy PBK SA)
22	109	Bank Zachodni WBK SA ⁸⁵
23	111	Powszechny Bank Kredytowy SA
24	114	BRE Bank SA
25	116	BIG Bank Gdanski SA ⁸⁶

⁸⁰ Branches of foreign banks, and public limited companies where foreign parties (natural or juridical persons) hold an equity interest, directly or indirectly, entitling them to exercise a total of at least 50% + 1 votes at a shareholders' general meeting.

⁸¹ Authorised on February 7, 2001, and entered in the business register on April 27, this bank commenced operating activity on October 3.

⁸² Merged with Citibank (Poland) SA on March 1, 2001.

⁸³ On October 1, 2001, ING Bank Slaski acquired the banking business of ING Warsaw Branch. On November 9, it acquired Wielkopolski Bank Rolniczy SA (WBR SA), pursuant to a ruling of the Commission for Banking Supervision of August 6, 2001. In the intervening period, the Supervisory Board of WBR SA had petitioned the Chief Administrative Court for the Commission's ruling to be set aside, and it was not until November 9 that this petition was finally dismissed by the Court. The Commission had earlier placed WBR SA under administration.

⁸⁴ Merged with Powszechny Bank Kredytowy SA on December 31, 2001.

⁸⁵ On June 13, 2001, Wielkopolski Bank Kredytowy SA was merged with Bank Zachodni SA.

Bank code	Name of bank
26	124 Bank Polska Kasa Opieki SA
27	144 Nordea Bank Polska SA ⁸⁷ (formerly Bank Komunalny SA – until June 26, 2001)
28	150 Kredyt Bank SA
29	152 Bank Przemyslowy SA
30	155 LG Petro Bank SA
31	158 DaimlerChrysler Services (debis) Bank Polska SA
32	160 Fortis Bank Polska SA
33	174 Bank Amerykanski w Polsce SA “AmerBank”
34	183 Danske Bank Polska SA
35	191 Deutsche Bank 24 SA (formerly Bank Wspolpracy Regionalnej SA – until June 29, 2001)
36	195 GMAC Bank Polska SA (formerly Opel Bank SA – until October 1, 2001)
37	196 AIG Bank Polska SA
38	215 Rheinhyp-BRE Bank Hipoteczny SA
2.4. Public limited companies under indirect foreign control	
39	128 Polski Kredyt Bank SA ⁸⁸ (formerly Prosper-Bank SA – until January 11, 2001)
40	142 Bank Rozwoju Cukrownictwa SA ⁸⁹
41	156 Gornoslaski Bank Gospodarczy SA ⁹⁰
42	163 Bank Czestochowa SA ⁹¹
43	169 Cuprum-Bank SA ⁹²
44	189 HypoVereinsbank Bank Hipoteczny SA ⁹³
45	194 Lukas Bank SA (formerly Lukas Bank Swietokrzyski SA – until December 4, 2001) ⁹⁴
46	218 Slaski Bank Hipoteczny SA ⁹⁵

III. Banks under organisation

1	219 MHB Bank Polska SA (banking organisation) ⁹⁶
2	221 Bank of Tokyo-Mitsubishi (Polska) SA (banking organisation) ⁹⁷

⁸⁶ Merged with BIG Bank SA on January 5, 2001.

⁸⁷ Merged with Bank Wlasnosci Pracowniczej – Unibank SA on December 21, 2001.

⁸⁸ Controlled by foreign investors via Kredyt Bank SA.

⁸⁹ Controlled by Citibank Overseas Investment Corporation via Bank Handlowy w Warszawie SA.

⁹⁰ Controlled by Austrian investors via Powszechny Bank Kredytowy SA.

⁹¹ Controlled by Commerzbank AG via BRE Bank SA.

⁹² Controlled by Citibank Overseas Investment Corporation via Bank Handlowy w Warszawie SA.

⁹³ Controlled by HypoVereinsbank via Bank Przemyslowo-Handlowy SA, which currently holds 100% of this bank's equity.

⁹⁴ Controlled by Caisse Nationale de Credit Agricole via the company of Lukas SA.

⁹⁵ Commenced operating activity on September 21, 2001. This bank is controlled by ING Bank N.V. via ING Bank Slaski SA.

⁹⁶ Authorised on January 18, 2001, and entered in the business register on June 23, this bank commenced operating activity on February 1, 2002.

⁹⁷ Authorised on October 10, 2001, and entered in the business register on November 15.

Appendix 2

Schedule of listed banks⁹⁸ (at December 31, 2001)

Bank code	Name of bank
1	103 Bank Handlowy w Warszawie SA
2	105 ING Bank Slaski SA
3	106 Bank Przemyslowo-Handlowy SA (as of January 1, 2002 – Bank Przemyslowo-Handlowy PBK SA)
4	109 Bank Zachodni WBK SA
5	111 Powszechny Bank Kredytowy SA ⁹⁹
6	114 BRE Bank SA
7	116 BIG Bank Gdanski SA
8	124 Bank Polska Kasa Opieki SA
9	144 Nordea Bank Polska SA
10	150 Kredyt Bank SA
11	154 Bank Ochrony Srodowiska SA
12	155 LG Petro Bank SA
13	160 Fortis Bank Polska SA
14	163 Bank Czestochowa SA
15	174 Bank Amerykanski w Polsce SA “AmerBank”
16	191 Deutsche Bank 24 SA

Appendix 3

Schedule of banks with minority foreign equity (at December 31, 2001)

Bank code	Name of bank
1	137 Bank Inicjatyw Spoleczno-Ekonomicznych SA
2	154 Bank Ochrony Srodowiska SA
3	168 Invest-Bank SA

⁹⁸ Banks admitted for public trading by Poland's Securities and Exchange Commission.

⁹⁹ Merged with Bank Przemyslowo-Handlowy SA on December 31, 2001.

Selected legislation relating to the banking sector*
(as at December 31, 2001)

I. Acts of parliament & equivalent

1. The Constitution of the Polish Republic of April 2, 1997 (as published in *Dziennik Ustaw* [the Journal of Laws] no. 78/1997, item 483, with corrigendum in no. 28/2001, item 319).
2. The Bankruptcy Act of October 24, 1934, issued as an Ordinance of the President of the Republic of Poland (as published and amended in *Dziennik Ustaw* nos. 118/1991, item 512 [fully revised text]; 1/1994, item 1; 85/1995, item 426; 6/1996, item 43; 43/1996, item 189; 106/1996, item 496; 28/1997, item 153; 54/1997, item 349; 117/1997, item 751; 121/1997, item 770; 140/1997, item 940; 117/1998, item 756; 26/2000, item, 306; 84/2000, item 948; 94/2000, item 1037; 114/2000, item 1193; and 3/2001, item 18).
3. The Act on Bills of Exchange of April 28, 1936 (as published in *Dziennik Ustaw* no. 37/1936, item 282).
4. The Act on Cheques of April 28, 1936 (as published and amended in *Dziennik Ustaw* nos. 37/1936, item 283; and 88/1997, item 554).
5. The Civil Code of April 23, 1964 (as published and amended in *Dziennik Ustaw* nos. 16/1964, item 93; 27/1971, item 252; 19/1976, item 122; 11/1982, item 81; 19/1982, item 147; 30/1982, item 210; 45/1984, item 242; 22/1985, item 99; 3/1989, item 11; 33/1989, item 175; 34/1990, item 198; 55/1990, item 321; 79/1990, item 464; 107/1991, item 464; 115/1991, item 496; 17/1993, item 78; 27/1994, item 96; 85/1994, item 388; 105/1994, item 509; 83/1995, item 417; 141/1995, item 692; 114/1996, item 542; 139/1996, item 646; 43/1997, item 272; 115/1997, item 741; 117/1997, item 751; 149/1997, item 703; 157/1997, item 1040; 106/1998, item 668; 117/1998, item 758; 52/1999, item 532; 22/2000, item 271; 74/2000, items 855 & 857; 88/2000, item 983; 114/2000, item 1191; 11/2001, item 91; 71/2001, item 733; and 145/2001, item 1638).
6. The Cooperatives Act of September 16, 1982 (as published and amended in *Dziennik Ustaw* nos. 54/1995, item 288; 133/1995, item 654; 5/1996, item 32; 24/1996, item 110; 43/1996, item 189; 32/1997, item 183; 111/1997, item 723; 121/1997, items 769 & 770; 40/1999, item 399, revised pursuant to 60/1999, item 636; 77/1999, item 874; 99/1999, item 1151; 4/2001, item 27; and 69/2001, item 724).
7. The Act on Insurance Activity of July 28, 1990 (as published and amended in *Dziennik Ustaw* nos. 11/1996, item 62; 43/1997, item 272; 88/1997, item 554; 107/1997, item 685; 121/1997, items 769 & 770; 139/1997, item 934; 155/1998, item

* Prepared by the Legal Interpretations Section, GIN.

1015; 49/1999, item 483; 101/1999, item 1178; 110/1999, item 1255; 43/2000, item 483; 48/2000, item 552; 70/2000, item 819; 116/2000, item 1216; 37/2001, item 424; and 100/2001, item 1084).

8. The Corporate Income Tax Act of February 15, 1992 (as published and amended in *Dziennik Ustaw* nos. 54/2000, item 654 [fully revised text]; 60/2000, items 700 & 703; 86/2000, item 958; 117/2000, item 1228; 122/2000, items 1315 & 1324; 106/2001, item 1150; 110/2001, item 1190; and 125/2001, item 1363).
9. The Act on Combatting Unfair Competition of April 16, 1993 (as published and amended in *Dziennik Ustaw* nos. 47/1993, item 211; 106/1996, item 496; 88/1997, item 554; 106/1998, item 668; 29/2000, item 356; and 93/2000, item 1027).
10. The Accounting Act of September 29, 1994 (as published and amended in *Dziennik Ustaw* nos. 121/1994, item 591; 32/1997, item 183; 43/1997, item 272; 88/1997, item 554; 118/1997, item 754; 139/1997, item 933; 140/1997, item 939; 141/1997, item 945; 60/1998, item 382; 106/1998, item 668; 107/1998, item 669; 155/1998, item 1014; 9/1999, item 75; 83/1999, item 931; 60/2000, item 703; 94/2000, item 1037; 113/2000, item 1186; 102/2001, item 1117; and 111/2001, item 1195).

NB The Act on Amendments to the Accounting Act of November 9, 2000 (as published in Dziennik Ustaw no. 113/2000, item 1186), took effect as of January 1, 2002, with the exception of Article 1, subpara. 42, which took effect as of January 1, 2001, amending Article 64 of the Accounting Act.

11. The Act on Certified Auditors and Their Self-Regulatory Body of October 13, 1994 (as published in *Dziennik Ustaw* no. 31/2001, item 359 [fully revised text]).
12. The Act on the Bank Guarantee Fund of December 14, 1994 (as published and amended in *Dziennik Ustaw* nos. 9/2000, item 131 [fully revised text], 86/2000, item 958; 119/2000, item 1252; 122/2000, item 1316; and 154/2001, item 1802).
13. The Act on Interest Rate Subsidies to Certain Bank Loans of January 5, 1995 (as published and amended in *Dziennik Ustaw* nos. 13/1995, item 60; 83/1995, item 418; 152/1996, item 719; 80/1997, item 504; 107/1997, item 690; 121/1997, item 770; 158/1997, item 1044; 27/1999, item 243; 63/1999, item 702; 70/1999, item 778; 122/2000, item 1315; and 72/2001, items 744 & 746).
14. The Act on Bonds of June 29, 1995 (as published in *Dziennik Ustaw* no. 120/2001, item 1300 [fully revised text]).
15. The Act on Certain Forms of Support to Residential Construction of October 26, 1995 (as published and amended in *Dziennik Ustaw* nos. 98/2000, item 1070 [fully revised text]; 4/2001, item 27; 16/2001, item 167; and 154/2001, item 1800).
16. The Act on State Assistance in the Repayment of Certain Home Loans and the Reimbursement of Banks for Guarantee Premiums Disbursed and on Amendments to Certain Legislation of November 30, 1995 (as published and amended in *Dziennik Ustaw* nos. 5/1996, item 32; 106/1996, item 496; 80/1997, item 103; 103/1997, item 652; 3/2000, item 27; 122/2000, item 1310; and 4/2001, item 27).

17. The Act on Credit Unions of December 14, 1995 (as published and amended in *Dziennik Ustaw* nos. 1/1996, item 2; 101/1999, item 1178; and 8/2001, item 64).
18. The Act on the Amalgamation and Consolidation of Certain Banks Incorporated as Public Limited Companies of June 14, 1996 (as published and amended in *Dziennik Ustaw* nos. 90/1996, item 406; 156/1996, item 775; 121/1997, item 770; and 140/1997, item 939).
19. The Act on Non-Possessory Liens and Lien Registers of December 6, 1996 (as published and amended in *Dziennik Ustaw* nos. 149/1996, item 703; 121/1997, item 769; 106/1998, item 668; 48/2000, item 554; and 60/2000, item 702).
20. The Act on Guarantees and Endorsements Extended by the Treasury and Certain Other Institutions of May 8, 1997 (as published and amended in *Dziennik Ustaw* nos. 79/1997, item 484; 80/1997, item 511; 48/2000, item 550; 60/2000, item 693; 86/2000, item 958; 16/2001, item 167; and 81/2001, item 876).
21. The Act on Building Societies and State Support to Savings for Housing Purposes of June 5, 1997 (as published and amended in *Dziennik Ustaw* nos. 85/1997, item 538; and 4/2001, item 27).

*NB The Act on Building Societies and State Support to Savings for Housing Purposes was repealed as of January 1, 2002, pursuant to legislation adopted on December 21, 2001, namely, the Act Amending the Following Legislation: the Act on the Bank Guarantee Fund; the Energy Act; the Act on Political Parties; the Act on Adjusting Hard Coal Mining to Operations in a Market Economy and on the Detailed Rights and Responsibilities of Local Authorities in Mining Areas; the Act Amending Certain Legislation Related to the Operation of Public Administration; the Telecommunications Act; the Act on the Commercialisation, Restructuring and Privatisation of the "Polish State Railways" State Enterprise; the Housing Cooperatives Act; the Act on the Commercial Quality of Agriculture Goods and Foodstuffs; the Act on Electoral Regulations for the Sejm of the Polish Republic and Senate of the Polish Republic; the Act on the Reorganisation, Technical Modernisation and Financing of the Armed Forces of the Polish Republic in the Years 2001-2006; and the Act Amending the Public Procurement Act, and also Repealing the Act on Building Societies and State Support to Savings for Housing Purposes (as published in *Dziennik Ustaw* no. 154/2001, item 1802).*

22. The Criminal Code of June 6, 1997 (as published and amended in *Dziennik Ustaw* nos. 88/1997, item 553, with corrigendum in no. 128/1997, item 840; 64/1999, item 729; 83/1999, item 931; 48/2000, item 548; 93/2000, item 1027; 116/2000, item 1216; and 98/2001, item 1071).
23. The Act Regulating Introduction of the Act on the National Court Register of August 20, 1997 (as published and amended in *Dziennik Ustaw* nos. 121/1997, item 770; and 114/2000, item 1194).
24. The Act on the National Court Register of August 20, 1997 (as published in *Dziennik Ustaw* no. 17/2001, item 209 [fully revised text]).

25. The Act on Public Trading in Securities of August 21, 1997 (as published and amended in *Dziennik Ustaw* nos. 88/1997, item 554; 118/1997, item 754; 141/1997, item 945; 107/1998, item 669; 22/2000, item 270; 60/2000, items 702 & 703; 94/2000, item 1037; 103/2000, item 1099; 114/2000, item 191; 122/2000, item 1315; 116/2000, item 1216; and 154/2001, items 1799 & 1800).
26. The Act on the National Bank of Poland of August 29, 1997 (as published and amended in *Dziennik Ustaw* nos. 140/1997, item 938; 160/1998, item 1063, revised pursuant to Ruling of the Constitutional Tribunal dated June 28, 2000, published in no. 53/2000, item 648; 62/2000, item 718; 119/2000, item 1252; 8/2001, item 64; 110/2001, item 1189; and 154/2001, items 1784 & 1800).
27. The Banking Act of August 29, 1997 (as published and amended in *Dziennik Ustaw* nos. 140/1997, item 939; 160/1998, item 1063; 162/1998, item 1118; 11/1999, item 95; 40/1999, item 399; 93/2000, item 1027; 94/2000, item 1037; 114/2000, item 1191; 116/2000, item 1216; 119/2000, item 1252; 122/2000, item 1316; 8/2001, item 64; 100/2001, item 1084; 111/2001, item 1195; and 130/2001, items 1450 & 1452).
28. The Act on Mortgage Bonds and Mortgage Banks of August 29, 1997 (as published and amended in *Dziennik Ustaw* nos. 140/1997, item 940; 107/1998, item 669; 6/2000, item 70; 60/2000, item 702; and 39/2001, item 459).
29. The Taxation Act of August 29, 1997 (as published and amended in *Dziennik Ustaw* nos. 137/1997, item 926; 160/1997, item 1083; 106/1998, item 668; 94/2000, item 1037; 116/2000, item 1216; 120/2000, item 1268; 122/2000, item 1315; 16/2001, item 166; 39/2001, item 459; 42/2001, item 475; 125/2001, item 1368; and 130/2001, item 1452, as revised pursuant to *Monitor Polski* [the Official Gazette] no. 27/2001, item 446).
30. The Act on Student Loans and Advances of July 17, 1998 (as published and amended in *Dziennik Ustaw* nos. 108/1998, item 685; and 48/2000, item 550).
31. The Foreign Exchange Act of December 18, 1998 (as published and amended in *Dziennik Ustaw* nos. 160/1998, item 1063; 83/1999, item 931; and 103/2001, item 1099).
32. The Act on Economic Activity of November 19, 1999 (as published and amended in *Dziennik Ustaw* nos. 101/1999, item 1178; 86/2000, item 958; 114/2000, item 1193; 49/2001, item 509; 67/2001, item 679; 102/2001, item 1115; and 147/2001, item 1643).
33. The Act on the Promulgation of Statutory Instruments and Certain Other Legal Instruments of July 20, 2000 (as published and amended in *Dziennik Ustaw* nos. 62/2000, item 718; and 46/2001, item 499).
34. The Commercial Company Code of September 15, 2000 (as published and amended in *Dziennik Ustaw* nos. 94/2000, item 1037; and 102/2001, item 1117).

35. The Act on Preventing the Use in Financial Trading of Assets Derived from Illegal or Undisclosed Sources of November 16, 2000 (as published and amended in *Dziennik Ustaw* nos. 116/2000, item 1216; and 63/2001, item 641).
36. The Act on Bonded Warehouses and on Amendments to the Civil Code, Code of Civil Procedure and Other Legislation of November 16, 2000 (as published in *Dziennik Ustaw* no. 114/2000, item 1191).
37. The Act on the Extension of Treasury Guarantees for the Repayment of Certain Housing Loans of November 29, 2000 (as published in *Dziennik Ustaw* no. 122/2000, item 1310).
38. The Act on the Operations of Cooperative Banks, Their Affiliation, and Affiliating Banks of December 7, 2000 (as published and amended in *Dziennik Ustaw* nos. 119/2000, item 1252; and 111/2001, item 1195).
39. The Act on the Protection of Competition and Consumers of December 15, 2000 (as published and amended in *Dziennik Ustaw* nos. 122/2000, item 1319; and 154/2001, item 1800).
40. The Act on Settlement Finality in Payment and Securities Settlement Systems, and on the Principles for Supervision of those Systems of August 24, 2001 (as published in *Dziennik Ustaw* no. 123/2001, item 1351).
41. The Act on Detailed Legal Arrangements Related to Eradicating the Effects of the Floods of July and August 2001, and on Amendments to Certain Legislation of August 11, 2001 (as published in *Dziennik Ustaw* no. 84/2001, item 907).
42. The Act on Interest Rate Subsidies to Fixed-Rate Export Loans of June 8, 2001 (as published in *Dziennik Ustaw* no. 73/2001, item 762).
43. The Act on Interest Rate Subsidies to Loans Extended to Doctors, Dentists, Nurses, Midwives and Medical Technicians, and on the Forgiving of those Loans (as published in *Dziennik Ustaw* no. 128/2001, item 1406).
44. The Personal Data Protection Act of August 29, 1997 (as published and amended in *Dziennik Ustaw* nos. 133/1997, item 883; 12/2000, item 136; 50/2000, item 580; 116/2000, item 1216; 42/2001, item 474; 49/2001, item 509; and 100/2001, item 1087).
45. The Act on the Consequences of the Introduction of the Single Currency, the Euro, in Certain European Union Member States of May 25, 2001 (as published in *Dziennik Ustaw* no. 63/2001, item 640).
46. The Act on Electronic Signatures of September 18, 2001 (as published in *Dziennik Ustaw* no. 130/2001, item 1450).

NB This Act takes effect nine months from the date of its promulgation (i.e., on July 16, 2002), with the exception of Article 4, subparas. 3-6, and Article 11, para. 4,

which are to take effect on the day of accession of the Polish Republic to membership in the European Union.

47. The Consumer Credit Act of July 20, 2001 (as published in *Dziennik Ustaw* no. 100/2001, item 1081).

NB This Act takes effect twelve months from the date of its promulgation, i.e., on September 19, 2002.

II. Selected implementing legislation

1. Resolution no. 1/98 of the Commission for Banking Supervision on detailed bank accounting principles and the compilation of notes to financial statements, June 3, 1998 (as published in *Dziennik Urzędowy NBP* [the Official Gazette of the NBP] no. 14/1998, item 27).

*NB The corresponding regulation in force as of January 1, 2002, is the Ordinance of the Minister of Finance on detailed bank accounting principles, December 10, 2001 (as published in *Dziennik Ustaw* no. 149/2001, item 1673).*

2. Resolution no. 2/98 of the Commission for Banking Supervision on detailed procedures for the compilation by banks of consolidated financial statements, June 3, 1998 (as published in *Dziennik Urzędowy NBP* no. 14/1998, item 28).

*NB The corresponding regulation in force as of January 1, 2002, is the Ordinance of the Minister of Finance on detailed procedures for the compilation of the consolidated accounts of banks and the consolidated accounts of financial groups, December 12, 2001 (as published in *Dziennik Ustaw* no. 152/2001, item 1728).*

3. Regulation no. 1/98 of the Commission for Banking Supervision on the detailed principles applicable to the separate financial treatment of housing associations at banks, and on settlements between a bank ceasing to operate a housing association and the bank acquiring this business, June 3, 1998 (as published in *Dziennik Urzędowy NBP* no. 14/1998, item 29).

4. Regulation no. 2/98 of the Commission for Banking Supervision on reporting requirements concerning balances on savings-and-loan accounts, housing loans extended under time savings plans and repayment performance thereof, and bank income and expense associated with the operation of housing associations, June 3, 1998 (as published in *Dziennik Urzędowy NBP* no. 14/1998, item 30).

5. Resolution no. 4/98 of the Commission for Banking Supervision on bank procedures in cases of money laundering, and on the trigger amount and conditions for maintaining a record of cash deposits in excess of a specified amount, and of the particulars of the parties performing such deposits and the parties to whose account the deposits are made, June 30, 1998 (as published in *Dziennik Urzędowy NBP* no. 18/1998, item 40).

6. Regulation no. 4/98 of the Commission for Banking Supervision on detailed conditions for the extension of bank guarantees and endorsements, June 30, 1998 (as published in *Dziennik Urzędowy NBP* no. 18/1998, item 39).
7. Resolution no. 4/2001 of the Commission for Banking Supervision on the procedure to be applied by the Commission as an institution collaborating with the General Inspector of Financial Information, August 6, 2001 (as published in *Dziennik Urzędowy NBP* no. 11/2001, item 24).
8. Resolution no. 1/1999 of the Commission for Banking Supervision on procedures for the performance of banking supervision, January 6, 1999 (as published and amended in *Dziennik Urzędowy NBP* nos. 2/99, item 3; 14/1999, item 22; 25/1999, item 42; and 12/2000, item 19).
9. Resolution no. 2/1999 of the Commission for Banking Supervision specifying a model collateral register for mortgage bonds, February 3, 1999 (as published in *Dziennik Urzędowy NBP* no. 6/99, item 10).
10. Resolution no. 7/98 of the Commission for Banking Supervision on the method of utilising the reserve which a mortgage bank may establish to secure mortgage bonds, August 5, 1998 (as published in *Dziennik Urzędowy NBP* no. 19/1998, item 42).
11. Resolution no. 8/98 of the Commission for Banking Supervision on detailed procedures for determining the capital base of banks belonging to banking groups or of banking groups themselves for the purposes of applying the norms and limits stipulated in the Banking Act, on other items of bank balance sheets to be included in supplementary capital, and the conditions and procedure for such inclusion, and on items of bank balance sheets that are to constitute deductions in calculating a bank's capital base, August 5, 1998 (as published in *Dziennik Urzędowy NBP* no. 19/1998, item 43).

*NB The corresponding regulation in force as of January 1, 2002, is Resolution no. 6/2001 of the Commission for Banking Supervision on detailed procedures for determining the capital base of banks belonging to banking groups for the purpose of applying the standards and limits stipulated in the Banking Act, on the level and detailed scope of deductions from a bank's core capital and the conditions for such deduction, on other items of bank balance sheets to be included in supplementary capital, the level thereof and the conditions for such inclusion, on other deductions from a bank's capital base, the level thereof and the conditions for such deduction, and on the consideration to be given to a bank's links with subsidiary undertakings or other undertakings belonging to the same group of companies in determining the method used to calculate the capital base, December 12, 2001 (as published in *Dziennik Urzędowy NBP* no. 22/2001, item 44).*

12. Resolution no. 9/98 of the Commission for Banking Supervision on detailed procedures for cooperative banks assembling their initial capital, August 5, 1998 (as published in *Dziennik Urzędowy NBP* no. 19/1998, item 44).

NB This Resolution was rescinded on January 7, 2002, in accordance with an amendment to Article 32 of the Banking Act performed pursuant to the Act Amending

the Banking Act and Other Legislation of August 23, 2001 (as published in Dziennik Ustaw no. 111/2001, item 1195).

13. Resolution no. 10/98 of the Commission for Banking Supervision on detailed procedures for the provision of initial capital to banks established as public limited companies and state banks, August 5, 1998 (as published in *Dziennik Urzędowy NBP* no. 19/1998, item 45).

NB This Resolution was rescinded on January 7, 2002, in accordance with an amendment to Article 32 of the Banking Act performed pursuant to the Act Amending the Banking Act and Other Legislation of August 23, 2001 (as published in Dziennik Ustaw no. 111/2001, item 1195).

14. Resolution no. 2/2000 of the Commission for Banking Supervision on the establishment of a normative provision for permissible foreign exchange risk in banking activities, November 8, 2000 (as published in *Dziennik Urzędowy NBP* no. 15/2000, item 27).

NB This Resolution was rescinded (with the exception of §9, para. 2) on January 1, 2002, due to the taking effect of Resolution no. 5/2001 of the Commission for Banking Supervision on the scope and detailed procedures for determining capital requirements against particular risks, including breaches of large exposure limits, on the manner and detailed procedures for calculating a bank's risk-based capital ratio, taking account of the bank's links with subsidiary undertakings or other undertakings belonging to the same group of companies, and on the specification of additional items of bank balance sheets included together with the capital base in calculating capital adequacy, and the scope and method of determining such items, December 12, 2001 (as published in Dziennik Urzędowy NBP no. 22/2001, item 43).

15. Resolution no. 8/1999 of the Commission for Banking Supervision on procedures for provisioning against the risk of banking operations, December 22, 1999 (as published in *Dziennik Urzędowy NBP* no. 26/99, item 43).

NB The corresponding regulation in force as of January 1, 2002, is the Ordinance of the Minister of Finance on procedures for establishing specific provisions against the risk of banking operations, December 10, 2001 (as published in Dziennik Ustaw no. 149/2001, item 1672).

16. Resolution no. 12/98 of the Commission for Banking Supervision on the procedure and conditions for including a specified portion of cooperative members' additional liability in the supplementary capital of cooperative banks, December 2, 1998 (as published in *Dziennik Urzędowy NBP* no. 26/1998, item 60).

NB This Resolution was rescinded on January 7, 2002, due to the taking effect of Resolution no. 8/2001 of the Commission for Banking Supervision on the amount of the additional portion of members' commitments at cooperative banks that may be included in the capital base of those banks, and the conditions for such inclusion, December 12, 2001 (as published in Dziennik Urzędowy NBP no. 22/2001, item 46).

17. Regulation no. 5/98 of the Commission for Banking Supervision on the method of calculating a bank's risk-based capital ratio and the percentage risk weights to be assigned to particular categories of asset and off balance sheet exposure, December 2, 1998 (as published in *Dziennik Urzędowy NBP* no. 26/1998, item 61).

NB This Resolution was rescinded on January 1, 2002, due to the taking effect of an amendment to Article 128 of the Banking Act performed pursuant to the Act Amending the Banking Act and Other Legislation of August 23, 2001 (as published in Dziennik Ustaw no. 111/2001, item 1195).

18. Resolution no. 7/2001 of the Commission for Banking Supervision on the detailed procedures and conditions for including claims and extended off balance sheet commitments in determining compliance with large exposure limits, on the specification of other claims and extended off balance sheet commitments exempt from the provisions concerning large exposure limits, and on the consideration to be given to a bank's links with subsidiary undertakings or other undertakings belonging to the same group of companies in calculating large exposures, December 12, 2001 (as published in *Dziennik Urzędowy NBP* no. 22/2001, item 45).

NB This Resolution took effect on January 1, 2002.

19. Regulation no. 8/2001 of the President of the NBP on methods and procedures for counting, sorting, packing and designating packages of notes and coin, and the performance of operations involving the supply of notes and coin to the banks, June 27, 2001 (as published in *Dziennik Urzędowy NBP* no. 10/2001, item 22).
20. Regulation no. 12/97 of the President of the NBP on the scope of information to be submitted by the banks for utilisation by the Bank Guarantee Fund, December 29, 1997 (as published in *Dziennik Urzędowy NBP* no. 21/1997, item 42).
21. Regulation no. 4/95 of the President of the NBP establishing a model bank chart of accounts, February 22, 1995 (as published and amended in *Dziennik Urzędowy NBP* nos. 6/1995, item 11; 17/1996, item 42; 22/1997, item 43; 13/1999, item 20; and 11/2000, item 18).

NB The corresponding regulation in force as of January 1, 2002, is the Ordinance of the Minister of Finance on the establishment of a model bank chart of accounts, December 12, 2001 (as published in Dziennik Ustaw no. 152/2001, item 1727).

22. Regulation of the President of the NBP on the form and procedures for conducting monetary settlements through the offices of banks, May 29, 1998 (as published in *Monitor Polski* no. 21/1998, item 320, and revised pursuant to *Dziennik Ustaw* no. 11/2001, item 1195).

NB This Resolution was rescinded on January 7, 2002, insofar as it was in conflict with the Banking Act of August 29, 1997, as reworded by Article 1, subpara. 27, of the Act Amending the Banking Act and Other Legislation of August 23, 2001 (as published in Dziennik Ustaw no. 111/2001, item 1195).

23. Regulation no. 6/2000 of the President of the NBP on methods of performing interbank settlements, April 6, 2000 (as published and amended in *Dziennik Urzędowy NBP* nos. 7/2000, item 12; and 21/2001, item 41).
24. Resolution no. 13/1999 of the NBP Management Board on the procedures and detailed principles for banks submitting to the National Bank of Poland the data necessary for the compilation of the balance of payments and the balances of central government foreign assets and liabilities, March 29, 1999 (as published in *Dziennik Urzędowy NBP* no. 8/1999, item 12).
25. Resolution no. 10/98 of the NBP Management Board on the principles and procedures for calculating and maintaining regulatory required reserves, June 5, 1998 (as published and amended in *Dziennik Urzędowy NBP* nos. 12/1998, item 23; 20/1999, item 33; and 1/2001, item 2).

NB This Resolution was rescinded on January 1, 2002, by Resolution no. 64/2001 of the NBP Management Board on the principles and procedures for banks calculating and maintaining regulatory required reserves, December 21, 2001 (as published in Dziennik Urzędowy NBP no. 23/2001, item 50).

26. Resolution no. 15/1999 of the NBP Management Board on the procedures and detailed principles for banks submitting to the National Bank of Poland the data necessary for the determination of monetary policy, for periodic assessments of Poland's monetary situation, and for an evaluation of the financial condition of the banks and the risks within the banking sector, April 23, 1999 (as published and amended in *Dziennik Urzędowy NBP* nos. 10/1999, item 15; 4/2000, item 7; 2/2001, item 4, and 16/2001, item 31).
27. Resolution no. 36/28/PKK/1999 of the NBP Management Board on the issue by the National Bank of Poland of bonds to be assigned to the banks in connection with the lowering of the regulatory reserve ratio, June 25, 1999 (as published in *Dziennik Urzędowy NBP* no. 15/99, item 23).
28. Resolution no. 12/2000 of the NBP Management Board adopting "Regulations for bank refinancing by the National Bank of Poland under lombard facilities", March 17, 2000 (as published and amended in *Dziennik Urzędowy NBP* nos. 5/2000, item 8; and 15/2001, item 30).
29. Resolution no. 6/2000 of the NBP Management Board adopting "Regulations for outright sales of Treasury securities to the banks and the purchase from the banks of such securities by the National Bank of Poland at tender", February 25, 2000 (as published in *Dziennik Urzędowy NBP* no. 3/2000, item 6).
30. Resolution no. 35/1999 of the NBP Management Board adopting "Regulations for the performance of payment orders and cheque transactions in international settlements, and for the purchase and sale of foreign currencies for holders of bank accounts at the National Bank of Poland", October 29, 1999 (as published and amended in *Dziennik Urzędowy NBP* nos. 20/1999, item 34; 1/2001, item 1; and 23/2001, item 49).

31. Resolution no. 14/2000 of the NBP Management Board on the conditions applicable to the opening and operation of accounts for banks at the National Bank of Poland, March 31, 2000 (as published and amended in *Dziennik Urzędowy NBP* nos. 7/2000, item 11; 16/2000, item 29; and 18/2001, item 37).
32. Resolution no. 32/98 of the NBP Management Board adopting “Regulations for the purchase and sale by banks of foreign currencies at the National Bank of Poland”, December 4, 1998 (as published in *Dziennik Urzędowy NBP* no. 26/1998, item 59).
33. Resolution no. 2/98 of the NBP Management Board on the types of bill eligible for rediscount at the National Bank of Poland, and the principles and procedures applicable to such rediscount, February 27, 1998 (as published and amended in *Dziennik Urzędowy NBP* nos. 3/1998, item 5; 9/1999, item 13; 25/1999, item 41; and 9/2000, item 15).
34. Resolution no. 12/2001 of the NBP Management Board establishing a ceiling on the liabilities due on borrowings by the National Bank of Poland at international banking and financial institutions, September 25, 2001 (as published in *Dziennik Urzędowy NBP* no. 16/2001, item 32).
35. Resolution no. 57/2001 of the NBP Management Board adopting “Regulations for intraday refinancing provided to the banks by the National Bank of Poland”, November 22, 2001 (as published in *Dziennik Urzędowy NBP* no. 19/2001, item 38).
36. Resolution no. 35/2000 of the NBP Management Board on the issue of money market bills by the National Bank of Poland and on trading in those bills, November 24, 2000 (as published and amended in *Dziennik Urzędowy NBP* nos. 15/2000, item 28; and 5/2001, item 12).
37. Resolution no. 18/2001 of the Monetary Policy Council on procedures for open market operations, November 28, 2001 (as published in *Dziennik Urzędowy NBP* no. 20/2001, item 40).
38. Resolution no. 17/2001 of the Monetary Policy Council on the rediscount rate, the refinance rate and the rate on time deposits at the National Bank of Poland, November 28, 2001 (as published in *Dziennik Urzędowy NBP* no. 20/2001, item 39).
39. Resolution of the Monetary Policy Council on the medium-term monetary policy strategy for the years 1999-2003, September 23, 1998 (as published in *Monitor Polski* no. 36/1998, item 500).
40. Resolution of the Monetary Policy Council establishing monetary policy guidelines for the year 2002, September 26, 2001 (as published in *Monitor Polski* no. 34/2001, item 562).
41. Resolution no. 12/1999 of the Monetary Policy Council on the regulatory reserve ratio, July 21, 1999 (as published in *Dziennik Urzędowy NBP* no. 15/99, item 24).

NB This Resolution was rescinded on January 1, 2002, due to the taking effect of Resolution no. 20/2001 of the Monetary Policy Council on the regulatory reserve ratio

for banks, December 19, 2001 (as published in *Dziennik Urzędowy NBP* no. 23/2001, item 48).

42. Ordinance of the Minister of Finance on procedures for the performance of exchange controls by the National Bank of Poland, March 22, 1999 (as published in *Dziennik Ustaw* no. 27/1999, item 249).
43. Ordinance of the Council of Ministers specifying the scope, procedures, format and time frames for submitting information on the operations and financial situation of brokerage houses, banks conducting brokerage activity and banks operating securities accounts, December 22, 1998 (as published and amended in *Dziennik Ustaw* nos. 163/1998, item 1158; and 110/1999, item 1270).
44. Ordinance of the Council of Ministers specifying the minimum dedicated capital to be assigned by a bank to the conduct of brokerage activity, contingent on the scale of that activity, July 17, 2001 (as published in *Dziennik Ustaw* no. 84/2001, item 910).
45. Ordinance of the Council of Ministers specifying the detailed principles for the organisational and financial separation of the brokerage business conducted by a bank, November 24, 1998 (as published in *Dziennik Ustaw* no. 146/1998, item 950).
46. Ordinance of the Council of Ministers on the procedures and operating conditions applicable to brokerage houses and banks conducting brokerage activity, and to banks operating securities accounts, December 22, 1998 (as published in *Dziennik Ustaw* no. 163/1998, item 1159).
47. Ordinance of the Council of Ministers specifying the reporting requirements of brokerage houses and banks conducting brokerage activity in terms of their intermediation in the acquisition and disposal of securities traded on foreign regulated markets, November 24, 1998 (as published in *Dziennik Ustaw* no. 146/1998, item 949).
48. Ordinance of the Council of Ministers specifying the scope of information to be included in applications for approval for the acquisition of a qualifying holding of shares in a public limited company or of depositary receipts issued in connection with such shares, July 17, 2001 (as published in *Dziennik Ustaw* no. 86/2001, item 940).
49. Ordinance of the Council of Ministers on detailed conditions to be fulfilled in giving notice of intent to merge businesses and specifying the directing bodies of the organisations concerned required to give such notice, December 7, 1999 (as published in *Dziennik Ustaw* no. 99/1999, item 1161, with corrigendum in no. 27/2000, item 345).
50. Ordinance of the Council of Ministers on detailed principles, procedures and conditions for securities lending involving brokerage houses, banks conducting brokerage activity and banks operating securities accounts, December 21, 1999 (as published in *Dziennik Ustaw* no. 110/1999, item 1269).
51. Ordinance of the Minister of Finance on detailed accounting principles for brokerage houses and organisational establishments of banks engaged in the conduct of

brokerage activity, June 15, 2000 (as published in *Dziennik Ustaw* no. 52/2000, item 624).

*NB The corresponding regulation in force as of January 1, 2002, is the Ordinance of the Minister of Finance on detailed accounting principles for brokerage houses and organisational establishments of banks engaged in the conduct of brokerage activity, January 18, 2001 (as published in *Dziennik Ustaw* no. 153/2001, item 1753).*

52. Ordinance of the Council of Ministers on conditions and procedures for extending loans and advances by the National Housing Fund, and on certain requirements concerning premises and buildings financed by such loans and advances, July 4, 2000 (as published and amended in *Dziennik Ustaw* nos. 62/2000, item 719; 116/2001, item 1234; and 154/2001, item 1806).
53. Ordinance of the Council of Ministers on detailed conditions and procedures for settlements with banks on the interim central government redemption of interest on housing loans, and on central government redemption of capitalised interest on housing loans, including the method of determining the interest payable on the interest so redeemed, September 25, 2001 (as published in *Dziennik Ustaw* no. 120/2001, item 1279).
54. Ordinance of the Council of Ministers on detailed conditions and procedures for issuing guarantee premiums, the repayment thereof, and procedures for settlements with banks involving the reimbursement of premiums disbursed, May 7, 1996 (as published and amended in *Dziennik Ustaw* nos. 57/1996, item 259; 144/1997, item 963; 15/2001, item 159; and 118/2001, item 1254).
55. Ordinance of the Council of Ministers on the general terms of home loans extended under time savings plans, June 11, 1996 (as published in *Dziennik Ustaw* no. 68/1996, item 330).
56. Ordinance of the Council of Ministers on detailed conditions and procedures for the extension of guarantees and endorsements by the Treasury and fees payable on such guarantees and endorsements, August 5, 1997 (as published and amended in *Dziennik Ustaw* nos. 99/1997, item 606; and 92/1999, item 1046).
57. Ordinance of the Council of Ministers on the detailed principles, scope and procedures for the provision of interest rate subsidies to bank loans extended to finance activities related to corporate restructuring in the textile, clothing and footwear industries, October 17, 2001 (as published in *Dziennik Ustaw* no. 128/2001, item 1411).
58. Ordinance of the Minister of Finance on interest rate subsidies to business development loans extended to companies in the defence industry, March 5, 2001 (as published in *Dziennik Ustaw* no. 43/2001, item 480).
59. Ordinance of the Council of Ministers on the procedures and conditions for settlements with the banks on Treasury guarantees for the repayment of certain housing loans, July 24, 2001 (as published in *Dziennik Ustaw* no. 85/2001, item 928).

60. Ordinance of the Minister of National Education on the principles for the conclusion between Bank Gospodarstwa Krajowego and the banks of agreements specifying the procedures for utilising financing from the Student Loan and Advance Fund, September 29, 1998 (as published in *Dziennik Ustaw* no. 126/1998, item 834).
61. Ordinance of the Minister of National Education on the detailed principles, procedures and criteria for the extension, repayment and forgiveness of student loans and student advances, on the amount of student loans and student advances, on the conditions and procedures for settlements involving payment of the interest due to banks on student loans, and on the interest rates applicable to student loans and advances repayable by the borrower concerned, September 30, 1998 (as published and amended in *Dziennik Ustaw* nos. 126/1998, item 835; 139/1998, item 899; 80/1999, item 907; 81/2000, item 908; and 101/2001, item 1096).
62. Ordinance of the Council of Ministers on the detailed principles and procedures for suspending the repayment of loans and advances by persons fulfilling the general obligation of defence of the Polish Republic and by members of their families, August 14, 2001 (as published in *Dziennik Ustaw* no. 90/2001, item 998).
63. Ordinance of the Council of Ministers on conditions and procedures for the sale of Treasury debt arising on guarantees and endorsements extended, the exchange of such debt for equity, the repayment of such debt in instalments, and the cancellation of such debt, in whole or in part, September 2, 1997 (as published in *Dziennik Ustaw* no. 106/1997, item 683).
64. Ordinance of the Council of Ministers on detailed conditions, implementation procedures and settlement methods for debt relief in relation to the interim central government redemption of interest on housing loans, and on settlement methods for central government redemption of capitalised interest on housing loans, July 18, 2000 (as published and amended in *Dziennik Ustaw* nos. 64/2000, item 749; and 120/2001, item 1280).
65. Ordinance of the Minister of Justice specifying reduced court fees and exemptions from such fees in cases involving the securing of claims arising on loans, cash advances, guarantees and endorsements extended by banks, June 30, 1998 (as published in *Dziennik Ustaw* no. 87/1998, item 554).
66. Ordinance of the Minister of Justice on the principles and procedures applicable to the annulment of documents attesting to conclusion of a savings deposit agreement, September 7, 1998 (as published in *Dziennik Ustaw* no. 121/1998, item 795).
67. Ordinance of the Minister of Finance on the principles and procedure for the placing of cash deposits at a banking institution by a legal guardian on behalf of their ward, June 5, 2001 (as published in *Dziennik Ustaw* no. 64/2001, item 649).
68. Ordinance of the Minister of Finance on the procedure for notifying offices of banks, postal and telecommunications establishments and other offices of the halting of payments from a savings deposit subject to a garnishee order, June 25, 2001 (as published in *Dziennik Ustaw* no. 71/2001, item 739).

69. Ordinance of the Minister of the Treasury conferring the articles of association of Bank Gospodarstwa Krajowego, February 23, 1999 (as published and amended in *Dziennik Ustaw* nos. 21/1999, item 188; 107/2000, item 1140; and 73/2001, item 776).
70. Resolution no. 25/97 of the Supervisory Board of the Bank Guarantee Fund specifying the principles and methods involved in extending assistance to institutions included in the deposit protection scheme affected by the consequences of natural disasters, August 28, 1997 (as published in *Biuletyn Bankowego Funduszu Gwarancyjnego* [the Bulletin of the Bank Guarantee Fund] no. 3/2001).
71. Resolution no. 35/97 of the Supervisory Board of the Bank Guarantee Fund specifying the principles, methods, conditions and procedures involved in extending financial assistance to institutions included in the compulsory scheme for the protection of funds held on bank accounts, November 20, 1997 (as published in *Biuletyn Bankowego Funduszu Gwarancyjnego* no. 3/2001).
72. Resolution no. 61/37/G.2001 of the Management Board of the Bank Guarantee Fund establishing a specimen format for the schedule of depositors to be drawn up by a trustee in bankruptcy, July 5, 2001 (as published in *Biuletyn Bankowego Funduszu Gwarancyjnego* no. 3/2001).
73. Resolution no. 32/2001 of the Supervisory Board of the Bank Guarantee Fund establishing the percentage rate applicable in 2001 to the guaranteed deposit protection fund established by institutions included in the compulsory deposit protection scheme, November 22, 2001 (as published in *Biuletyn Bankowego Funduszu Gwarancyjnego* no. 4/2001).
74. Resolution no. 33/2001 of the Supervisory Board of the Bank Guarantee Fund establishing the percentage rate applicable in 2002 to the compulsory annual contribution to the Bank Guarantee Fund made by institutions included in the compulsory deposit protection scheme, and specifying the time frame for making the said contribution, November 22, 2001 (as published in *Biuletyn Bankowego Funduszu Gwarancyjnego* no. 4/2001).
75. Resolution no. 15/2001 of the Supervisory Board of the Bank Guarantee Fund specifying the methods, procedure and detailed conditions for the provision of repayable financial assistance to cooperative banks from the cooperative bank restructuring fund, May 8, 2001 (as published in *Biuletyn Bankowego Funduszu Gwarancyjnego* no. 2/2001).

III. Prudential Recommendations

1. Prudential recommendations for banks concerning liquidity monitoring systems (covering letter of 5/I/1996, ref. NB/ZPN/643/96).
2. Supervisory prudential recommendations of March 3, 1997 (covering letter of 3/III/1997, ref. NB/ZPN/218/97):
 - a) Recommendation A on the management of derivatives risk;

- b) Recommendation B on the control of capital investment risk;
 - c) Recommendation C on the management of risk related to large exposures.
3. Prudential recommendation D on the management of IT and telecommunications risk, October 20, 1997 (covering letter of 20/X/1997, ref. NB/ZPN/790/97).
 4. Prudential recommendation E on the preparation of IT systems for operation in the Year 2000, December 19, 1997 (covering letter of 19/XII/1997, ref. NB/ZPN/1032/97).
 5. Prudential recommendation F on the basic criteria applied by the Commission for Banking Supervision in assessing the real estate appraisal policies issued by mortgage banks, November 12, 1998 (covering letter of 13/XI/1998, ref. NB/BASB/IV/139/98).
 6. Prudential recommendation G on the management of interest rate risk at banks, June 23, 1999 (covering letter of 29/VI/1999, ref. NB/BI/I/68/99).
 7. Prudential recommendation H on bank internal controls and audit, December 1, 1999 (covering letter of 8/XII/1999, ref. NB/BPN/II/1341/99).
 8. Prudential recommendation I on the management of foreign exchange risk at banks and principles for the performance by banks of transactions involving exposure to foreign exchange risk, December 1, 1999 (covering letter of 8/XII/1999, ref. NB/BPN/II/1347/99).
 9. Prudential Recommendation J on the creation by banks of data bases concerning the property market, July 20, 2000 (covering letter of 28/VII/2000, ref. NB/BASB/IV/331/00).
 10. Prudential Recommendation K on the principles for the maintenance by mortgage banks of collateral accounts for mortgage bonds and projections of those accounts, October 10, 2001 (covering letter of 11/X/2001, ref. NB-BASB-IV-523-723/01).
 11. Prudential Recommendation L on the role of external auditors in contributing to the process of bank supervision, November 7, 2001 (covering letter of 29/XI/2001, ref. NB-BI-I-020-1-495/01).