

Raport roczny 2001

Annual Report 2001

Deutsche Bank Polska S.A.



Wyniki Grupy za okres pięciu lat zgodnie z Amerykańskimi Standardami Księgowości (U.S. GAAP)

Group Five-Year Record Figures according to U.S. GAAP

w mln €						
Bilans	Balance Sheet	2001	2000	1999	1998 ⁽¹⁾	1997 ⁽¹⁾
Aktywa ogółem	Total Assets	918 222	928 994	875 789	652 269	543 448
Wartość netto udzielonych kredytów	Loans, net	259 838	274 660	254 173	218 160	199 019
Wartość depozytów	Deposits	374 089	350 552	331 872	260 460	227 816
Zobowiązania długoterminowe	Long-term debt	166 908	154 484	131 964	92 785	80 859
Akcje zwykłe	Common shares	1 591	1 578	1 573	1 363	1 359
Kapitał akcyjny ogółem	Total shareholders' equity	40 193	43 683	32 351	27 215	22 701
Kapitał podstawowy wg metodologii BIS ⁽²⁾	BIS core capital ⁽²⁾	24 803	23 504	17 338	15 979	12 177
Kapitał ogółem wg metodologii BIS ⁽²⁾	BIS total capital ⁽²⁾	37 058	39 343	35 172	29 343	24 692
Rachunek wyników	Income Statement	2001	2000	1999	1998 ⁽¹⁾	1997 ⁽¹⁾
Dochód odsetkowy netto	Net interest revenues	8 620	7 028	7 994	6 235	6 440
Rezerwa na straty z tytułu kredytów i pożyczek	Provision for loan losses	1 024	478	725	908	856
Dochód z tytułu opłat i prowizji	Commissions and fee income	10 727	11 693	7 967	5 514	4 807
Dochód handlowy netto	Trading revenues, net	6 031	7 625	2 127	262	1 438
Pozostałe dochody pozaodsetkowe	Other noninterest revenues	4 243	8 133	6 944	5 192	5 159
Dochód ogółem netto	Total net revenues	28 597	34 001	24 307	16 295	16 988
Koszty wynagrodzeń i świadczeń pracowniczych	Compensation and benefits	13 360	13 526	9 655	6 557	9 648
Amortyzacja wartości firmy	Goodwill amortization	951	771	486	189	191
Koszty restrukturyzacji	Restructuring activities	294	125	459	289	-
Pozostałe koszty pozaodsetkowe	Other noninterest expenses	12 189	12 710	11 356	8 735	4 473
Koszty pozaodsetkowe ogółem	Total noninterest expenses	26 794	27 132	21 956	15 770	14 312
Zysk przed opodatkowaniem podatkiem dochodowym i zagregowane skutki zmian księgowych	Income before income tax expense (benefit) and cumulative effect of accounting changes	1 803	6 869	2 351	525	2 676
Podatek dochodowy	Income tax expense	434	2 643	1 689	240	1 474
Koszty (zyski) z tytułu podatku dochodowego na skutek zmian w efektywnej stopie opodatkowania i operacji stornowania	Income tax expense (benefit) from the change in effective tax rate and the reversing effect	995	(9 287)	(951)	-	-
Zagregowane skutki zmian w standardach księgowych, po opodatkowaniu	Cumulative effect of accounting changes, net of tax	(207)	-	-	-	-
Zysk netto	Net income	167	13 513	1 613	285	1 202
Podstawowe wskaźniki	Key Figures	2001	2000	1999	1998 ⁽¹⁾	1997 ⁽¹⁾
Zysk na akcję bez akcji zamiennych	Basic earnings per share	€ 0,27	€ 22,00	€ 2,76	€ 0,54	€ 2,33
Zysk na akcję z uwzględnieniem akcji zamiennych	Diluted earnings per share	€ 0,27	€ 21,72	€ 2,74	€ 0,54	€ 2,33
Wartość dywidendy na akcję	Dividends paid per share	€ 1,30	€ 1,15	€ 1,12	€ 0,92	€ 0,92
Wskaźnik zwrotu z uśrednionego kapitału akcyjnego ogółem (RoE)	Return on average total shareholders' equity (RoE)	0,40%	39,16%	5,51%	1,34%	-
Wskaźnik zwrotu ze skorygowanego średniego kapitału akcyjnego ⁽³⁾	Return on adjusted average total shareholders' equity ⁽³⁾	0,53%	52,80%	7,98%	2,32%	-
Wskaźnik kosztów do dochodów	Cost/income ratio	90,5%	78,7%	87,7%	91,7%	80,2%
Wskaźnik cena/zysk	Price/earning ratio	294,07	4,12	30,56	90,31	-
Wskaźnik kapitału podstawowego wg metodologii BIS (poziom I) ⁽²⁾	BIS core capital ratio (Tier I) ⁽²⁾	8,1%	7,8%	5,9%	6,3%	5,2%
Wskaźnik kapitałowy wg metodologii BIS (Poziom I + II + III) ⁽²⁾	BIS capital ratio (Tier I + II + III) ⁽²⁾	12,1%	13,1%	12,0%	11,5%	10,6%
Wielkość zatrudnienia	Employees	94 782	98 311	93 232	75 306	76 141

(1) Wielkości liczbowe podane w tej kolumnie nie zostały zweryfikowane przez biegłego rewidenta księgowego. Kwoty pierwotnie wykazane w markach niemieckich zostały przeliczone na Euro przy zastosowaniu kursu wymiany 1 euro = 1.95583 DM.

(2) Za lata 2001 i 2000 według amerykańskich standardów księgowości U.S. GAAP, za lata 1999 i 1998 według Międzynarodowych Standardów Księgowości IAS, za rok 1997 według niemieckiego Kodeksu Handlowego.

(3) Skorygowany wskaźnik zwrotu na kapitale (RoE) wyliczamy po to, aby łatwiej było porównywać z naszą konkurencją. Tak obliczony skorygowany wskaźnik nazywamy „aktywny kapitał”. Jednakże zgodnie z Amerykańskimi Standardami Księgowości U.S. GAAP nie jest to wskaźnik wyników i nie należy porównywać naszego wskaźnika ze wskaźnikami innych firm bez uprzedniego uwzględnienia różnic w obliczaniu wskaźników. Nasz wskaźnik jest głównie korygowany o zagregowane niezrealizowane zyski i straty (z uwzględnieniem wpływu podatków) w naszym dużym portfelu posiadanych akcji i udziałów w spółkach publicznych z sektora przemysłowego, notowane na giełdzie. Zrealizowane zyski i straty (po odjęciu podatków) uwzględniamy w „aktywnym kapitale” od chwili gdy posiadane akcje bądź udziały zostaną sprzedane, a zyski z tej sprzedaży zostaną wykorzystane przez nasze firmy.

(1) Amounts in this column are unaudited. We have restated in euro the amounts we originally reported in Deutsche Mark, using the fixed conversion rate of DM 1.95583 per euro.

(2) For 2001 and 2000 on the basis of U.S. GAAP, for 1999, and 1998 on the basis of IAS, for 1997 on the basis of the German Commercial Code.

(3) We calculate an adjusted measure of our Return on Equity (RoE) to make it easier to compare us to our competitors. We refer to this adjusted measure as our “Active Equity”. However, this is not a measure of performance under U.S. GAAP and you should not compare our ratio to other companies' ratios without considering the differences in calculation of the ratios. The principal item for which we adjust our ratio is the aggregate unrealized gains and losses (including tax effect) in our large portfolio of shareholdings in publicly-listed industrial companies. We include realized gains and losses (net of tax effect) in “Active Equity” from the time those shareholdings are sold and the related gains are employed by our businesses.

Our Identity

Deutsche Bank is dedicated to being the best financial services provider in the world. We endeavour to make maximum use of our unique breadth of experience, capabilities and financial strength to create value for our customers, shareholders, employees and society as a whole.

In achieving this mission we operate by these core values:

Customer Focus

We place customers at the center of all of our activities and they drive all that we do.

Teamwork

We benefit from the diversity of our business and people by working together to achieve success.

Innovation

We are constantly challenging conventional wisdom and developing new solutions to meet customer requirements.

Performance

We are committed to a result-oriented culture.

Trust

We behave reliably, fairly and honestly.

Rada Nadzorcza / Supervisory Board

Tessen von Heydebreck

Przewodniczący
Członek Zarządu

Chairman

Member of the Group Board

Deutsche Bank AG
Frankfurt/Main

Dennis J. Ziengs

Wiceprzewodniczący
(od 6 września 2001)

Vicepresident

Deutsche Bank AG
Frankfurt/Main

(till September 6, 2001)

Werner Steinmueller

(od 6 września 2001)
(from September 6, 2001)

Edgard Most

Deutsche Bank AG
Oddział w Berlinie
Berlin Branch

Peter Tils

Deutsche Bank AG
Frankfurt/Main

Stefan Wintels

Deutsche Bank AG
Frankfurt/Main
(do 15 stycznia 2001)
(till January 15, 2001)

Holger Lindner

Deutsche Bank AG
Frankfurt/Main
(do 15 stycznia 2001)
(till January 15, 2001)

Zarząd / Management Board

Stan Szczurek

Prezes
Rynki globalne
Gospodarka pieniężna
Departament prawny
Audyty wewnętrzny
Dział personalny
Zarządzanie ryzykiem kredytowym
Public relations

Chairman

Global Markets

Treasury

Law/Compliance

Internal Audit

Human Resources

Credit Risk Management

Public Relations

Krzysztof Kalicki

Członek Zarządu
Oddziały
Firmy i instytucje finansowe
Usługi powiernicze
Dłużne rynki kapitałowe
Obsługa transakcji handlowych

Member of the Board

Branches

Corporates and Financial

Institutions

Custody

Debt Capital Markets

Trade & Payment Services

Friedhelm Herb

Członek Zarządu
Klienci prywatni

Member of the Board

Retail customers

Hubert A. Janiszewski

Członek Zarządu
Bankowość inwestycyjna
(do 18 marca 2002 r.)

Member of the Board

Investment Banking

(till March 18, 2002)

Bernhard M. Deppisch

Członek Zarządu
(od 27 lutego 2002 r.)

Member of the Board

(from February 27, 2002)



Management Report

Bank's Mission Statement

The mission of Deutsche Bank Polska S.A. is to pursue all major strategic goals of the Deutsche Bank Group and to offer superior services in the local market.

The major growth objective of the Bank in Poland in the corporate banking business is to become product and service quality leader as well as to demonstrate our competitive advantage. By focusing on services provided to large corporations and financial institutions we desire to provide them with superior service by applying state-of-the-art technology.

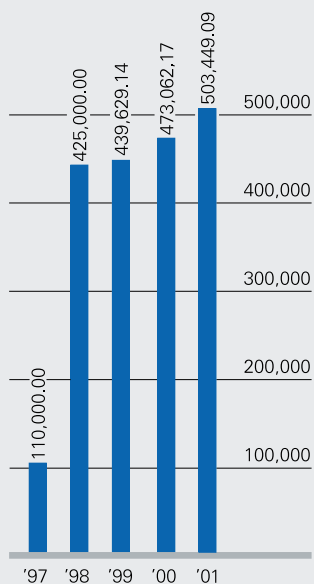
The Bank strives to become a leader in equity and money market activities as well as in marketing various innovations including a range of derivative products.

External Environment

In 2001 the banking sector was operating in an environment of deteriorating macroeconomic conditions determined by the combination of a restrictive monetary policy and a lenient fiscal policy, which consequently led to the strengthening of the Polish currency. The GDP growth rate declined to 1% in 2001 (against 4% in 2000). In parallel the current account deficit stabilised at the level below 4% at the end of 2001. In the same period the Polish economy entered the phase of slower economic growth, combined with stabilisation of inflation at a low level, and the stabilisation of the external economic environment.

After the phase of tightening monetary policy in Poland – in the second half of 1999 and throughout 2000 – in February 2001 the monetary policy entered into a phase of interest rate cuts in nominal terms. However, in order to stabilise inflation at a low level and to reduce inflationary expectations, the Monetary Policy Council took a prudent approach to interest rate cuts. Despite the fact that official interest rates were reduced due to fast decline of inflation, real interest rates reached their peak in February 2001 hitting the level of almost 11% and stayed above 9% until October.

Equities in T PLN



Main intervention rate in 2001 was reduced by 750 basis points in a series of six consecutive cuts, while the interest rates in real terms (based on 3-month WIBOR and inflation rates) were reduced by only 210 basis points.

Global economic slowdown in 2001 and the eleventh of September events caused the plunge of crude oil prices, which in combination with Polish currency appreciation led to strong inflation decline in Poland. Meanwhile a rapid decline of economic growth rate and substantial fall of inflation rate, resulted in much smaller budgetary revenues than those planned for 2001. September parliamentary elections contributed to further fiscal slackening due to the absence of necessary budgetary cuts that could stop the budget deficit growth. Consequently, the budget deficit in 2001 rose to 5.5% of GDP (from 2.2% in 2000). To stabilise public finances the new government introduced a rule under which the budgetary expenditures may not exceed „inflation plus 1 percent“ and thus avoided drastic cuts in budgetary expenditures. A mid-term strategy of the current Government provides for fast accession to the European Union and stimulation of economic growth to 5% per annum in 2004 through higher capital expenditures on infrastructural projects.

In 2001 the Polish economy saw a considerable slowdown of its growth rate due to a decline in domestic demand. The decline was mainly driven by a spectacular drop of investments including primarily gross expenditures on fixed assets, while individual consumption rate declined only slightly. After the period of dynamic growth, the domestic demand stagnated, partially fuelled by increasing unemployment rate. A major driver of GDP growth in 2001 was exports, which proved to be immune to the Polish currency appreciation. An outstanding export performance combined with stable imports driven by weak domestic demand led to further improvement of external macroeconomic balance of Poland.

Corporate Banking

Despite a deteriorating macroeconomic situation, the year 2001 was successful for the Bank in particular in terms of acquisition of new clients and a rollout of

services to corporate customers. Deutsche Bank Polska S.A. proved to be a reliable business partner for subsidiaries of multinational corporations as well as for large Polish corporates for which access to the world-wide network of Deutsche Bank branches is a major element of the offer provided by our Bank. To provide the superior services to individual Customer segments we set up a team of experts responsible for taking care of almost 700 small and mid-sized enterprises. This measure combined with our Internet-based electronic banking allowed to develop high quality transaction banking products offered at very competitive prices.

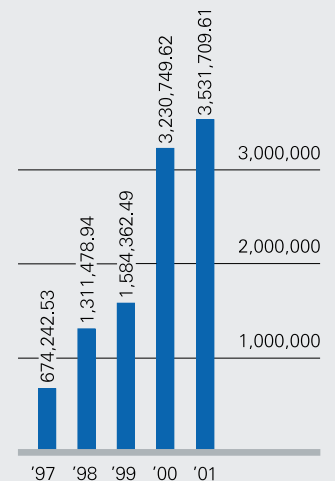
The attainment of our major goal, which pertains to selective choice of Customers and an in-depth risk analysis in lending policy resulted in a very small number of non-performing loans in 2001. At the same time the quality of collateral used to secure the loans was so high that the Bank set up less than PLN 4.5 M worth of loan loss provisions to cover them.

Syndicated Loans

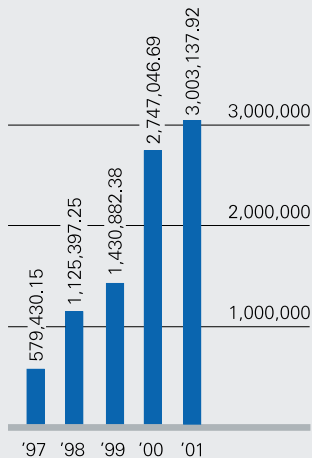
Last year was another year of moderate activity in the local syndicated loan market. Some large Polish corporates met their mid-term financing needs already in the year 2000 taking advantage of attractive interest rates in Euro and USD in the European market, and were not among the clientele of the Bank again in 2001.

The lending activity on a larger scale was noted however in the telecommunications sector. Deutsche Bank Polska S.A. played a leading role in setting up syndicates for two mobile operators from the sector, reinforcing its position in this area as the most active financial institution in Poland. Acting as a bookrunner for two loan facilities extended in 2001 to Polska Telefonía Cyfrowa Sp. z o.o. ("PTC") with the total value of € 700,000,000 our Bank managed to raise funds exceeding PLN 1,500,000,000, thus creating the largest ever PLN tranche extended to a Polish company and proving at the same time its considerable capabilities in the global and local arrangement and extension of loans.

Total assets
in T PLN



**Due from clients
and other financial
institutions**
in T PLN



Services to Financial Institutions

Close co-operation with the world-wide branch network of Deutsche Bank enables us to maintain uniform and high standards of service. Consequently, in 2001 we increased the number of Customers by 16% and recorded considerable growth of turnover.

Following consultations with insurance companies in order to provide them with comprehensive range of services and to meet their requirements, last year Deutsche Bank Polska S.A. launched the implementation of a system with the aim to improve the handling of insurance premiums. At the same time due to a large share of cash transactions in the settlements of insurance companies, in co-operation with the Polish Post we have also been implementing mechanisms improving cash settlements.

Deutsche Bank Polska S.A., being one of the leaders in this area, is actively involved in the efforts of Corresponding Services Development Team at the Polish Banks' Association to develop new clearing standards.

Money Market, Foreign Exchange, and Equity Markets Operations

Last year was a record year in these markets for Deutsche Bank Polska S.A. The Bank maintained its leading position in the foreign exchange market, and profit on FX transactions rose by more than 60% against the previous year. Record high earnings were recorded from currency futures, which was driven by a series of interest rate cuts in Poland in 2001.

Last year saw also considerable successes in covering the domestic bond and bills market. The Bank increased the number of employees dealing with these products, which resulted in considerable profit growth and manifold increase of turnover with financial institutions in Poland.

Despite these unquestionable achievements the position of Deutsche Bank Polska S.A. in money market and trade in Treasury securities and commercial papers as well as interest rate swaps still does not exhaust the Bank's capabilities. We established business co-operation with a number of insurance companies and pension funds. The Bank's turnover with these institutions in the Treasury securities and deposits market has been growing dynamically.

We took measures aimed at increasing turnover in the area of risk hedging transactions. The experts of our Bank run seminars throughout the country with the aim to enhance the skills of corporate risk identification and present currency risk management techniques. The enhancement of knowledge of our Customers translated into higher interest in a range of derivatives, which were previously not very popular mainly due to the initial development phase of this segment in Poland. Training seminars enable our Customers to identify the various risks more easily by applying these derivatives.

Taking advantage of Deutsche Bank AG experience, our Bank widened its product offering by adding most recently risk management products such as Asian Options, Binary Options, Option Strategies and other structural products.

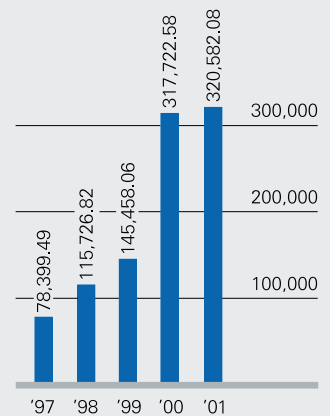
All these activities resulted in considerable growth of Customers' interest in derivatives. Large fluctuations of foreign exchange and interest rates in the market make Polish enterprises reach more and more for modern risk hedging tools. Deutsche Bank Polska S.A. intends to broaden its product range and to provide active assistance to its Customers in risk management.

Jointly with our experts from the Bank's Head Office we are launching a new service called Risk Management Services (RMS) in the Polish market. Corporate management is always invariably linked with risk management. Our RMS Department provides Customers with advice on identification and measurement of risks in the corporate environment, and also develops and proposes adequate risk hedging strategies.

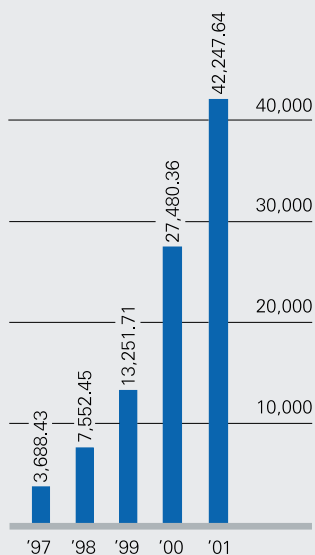
We also focus on arranging medium and large scale issues of corporate debt instruments including in particular issues of instruments with maturity above one year.

Among debt security programmes launched in 2001 the following programmes should be mentioned: the issue of bonds for Europejski Fundusz Leasingowy S.A., a leasing company where Deutsche Bank Polska S.A. acted as subagent of the issue, payment subagent and dealer; programme

Interest income
in T PLN



Fee and commission income
in T PLN



for the issue of Certificates of Deposit of Raiffeisen Bank Polska S.A. where our Bank was dealer and payment agent; issue of bonds for the European Investment Bank where we acted as dealer.

Deutsche Bank Polska S.A. is actively involved in efforts taken under the patronage of the Polish Banks' Association aimed at standardisation of legal and information documentation as well as standardisation of transaction trading and settlement rules for debt instruments.

In our custodian business the number of investment accounts rose to above 500 at the year's end. The Customers using our custodian services are acquired via global custodians, foreign and domestic financial institutions as well as via domestic pension and investment funds. We also work jointly with 14 international and 16 domestic brokers. The efficiency and reliability of services provided are highly appreciated by our Customers. This translates immediately into rapid growth in the value of cleared transactions, and into the value of assets in Customers' portfolios.

Investment Banking

Despite difficult market conditions and increasing competition the performance in investment banking business of Deutsche Bank Polska S.A. has been highly satisfactory, while the level of revenues generated in 2001 was almost 50% higher than in the previous year.

Deutsche Bank maintained the first position in investment banking in Poland according to the ranking prepared by the Warsaw Business Journal weekly.

Among major investment banking transactions in 2001 there were two issues of Eurobonds of the Republic of Poland (organised by the Ministry of Finance) with the total value of € 1 billion, where Deutsche Bank played a leading role.

Deutsche Bank has always offered and will continue to offer its Customers in Poland a full range of investment banking products and services from equity to debt instruments and derivatives.

The investment banking activities in Poland represent an integral part of services in this area, offered by Deutsche Bank to its clientele around the world. Therefore, an operational strategy in Poland is largely a result of Deutsche Bank global strategy, however, customizing it to specific Polish conditions.

Modern Technologies

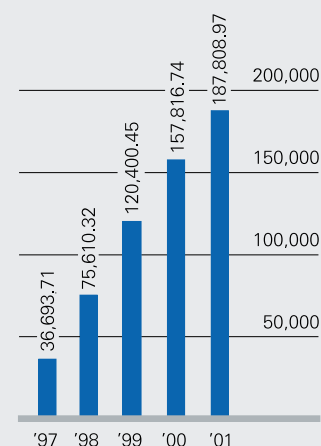
Deutsche Bank Polska S.A. strives to become a leader in transaction handling by means of the best and most efficient operational back office. Through our international ties we have access to state-of-the-art technologies offered globally to the Deutsche Bank Group Customers. Their application allows to achieve high efficiency, and to handle swiftly a large number of transactions. As a result we can offer our Customers very high quality of services at low costs.

The Bank has consistently aimed at automation of all transaction and payment services. In 2001 we achieved a very high level of transaction automation; above 95% of payments were initiated by the Customers via electronic banking systems (including Internet) and above 95% of domestic payments were cleared automatically.

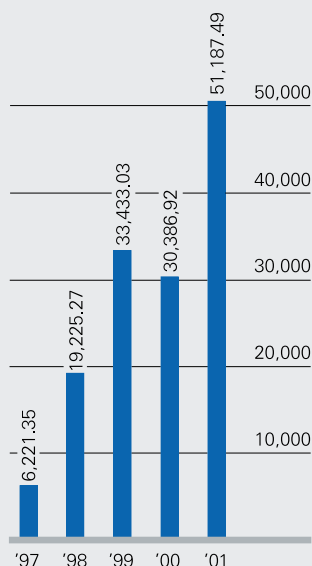
Every third direct debit cleared in Poland in 2001 was initiated by Deutsche Bank Polska S.A. At the same time the number of rejected or cancelled payment orders was half of the market average, which is proof that the Bank's capability is of unique and high quality.

To meet the expectations of a certain Customer segment with their specific requirements, we are in the process of implementing of Internet platform to handle transactions and we launched db-collect system allowing to process mass transactions coming to Customers' accounts kept by

Gross banking profit
in T PLN



Net profit after taxation
in T PLN



Deutsche Bank Polska S.A. The project is being implemented jointly with the Post Bank and the Polish Post.

Financial Standing and Organisational Status

In 2001 the Bank's financial performance improved substantially due to, among others, earnings on swap transactions. Against the previous year the revenues from swap transactions rose by more than 100%. Commission income also grew substantially, as did income from financial operations. This allowed to offset a negative result in interest income. A small decline in interest income and clear increase of interest expenses is the evidence of shrinking interest margins and a change in the application of raised funds.

Year 2001 also saw a shift in Deutsche Bank Polska strategy. The Bank refocused on providing services to institutional customers. Consequently the retail banking operations such as sale of BWR S.A. shares to DB 24 A.G., and sale of shares in ProCapital S.A., a stock brokerage house to DB 24 Polska S.A. (formerly BWR) were carried out. As expected the Bank's solvency ratio rose to 24.63% at the end of the year.

For the first time, Deutsche Bank Polska S.A. plans to pay a dividend amounting to PLN 30 million while the remaining part of profit will be assigned to the Bank's reserve capital. Nevertheless the Bank will continue to maintain high legal lending limit per client despite the early repayment of a subordinated loan planned in the second quarter of 2002.

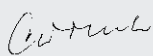
The Bank's strategy allowed to double its previous year's net profit, while financial performance of the Bank was ranked by the „Rzeczpospolita Eagles" jointly with the Economic Sciences Institute, Polish Academy of Sciences and Economic Information Centre of the Ministry of Economy, as the 5th most efficient financial institution in Poland, and among all banks covered by the ranking it was ranked on a par with another bank – as the most efficient bank in Poland.

Further Development

In the year 2001 the process of reengineering of the Bank's operations was initiated. It pertained to an in-depth review leading to cost reduction, more effective use of technical infrastructure, and human resources. In effect all representative offices of the Bank will be closed in 2002.

In selected major Polish cities there will be regional directors responsible for maintaining direct relationships with local customers. Focus will be on the development of products and services that do not require the customers to be in direct contact with the Bank's representatives.

Our goal is to fine-tune all operational areas so that Deutsche Bank Polska can continue its growth and maintain its profitability. We will focus on further developing the relationships with our customers, enhancing the quality of our services, and offering the most innovative technical solutions. We do believe that our approach will ensure that we can maintain the bank's dynamic growth, and contribute to the economic development and banking sector's innovation in Poland.




(B. Deppisch)



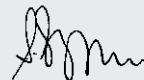
(F. Herb)



(H. Janiszewski)



(K. Kalicki)



(S. Szczurek)



**Financial Statements
for accounting year ended
31st December 2001**

Balance Sheet

Assets			
PLN	Note No	31.12.2001	31.12.2000
Cash and amounts due from NBP	(1)	76,050,159.00	21,713,934.67
demand		76,050,159.00	21,713,934.67
Due from other financial institutions	(2)	1,889,555,270.00	1,169,848,205.42
demand		12,451,558.33	35,104,922.78
term		1,877,103,711.67	1,134,743,282.64
Due from clients and public sector	(3)	1,113,582,645.86	1,577,198,479.77
Debt securities	(4)	201,930,915.33	79,213,923.84
state issuers		155,879,919.61	73,587,670.69
other issuers		46,050,995.72	5,626,253.15
Interests and shares in subsidiaries	(5)	–	291,804,789.98
financial institutions		–	291,804,789.98
Intangibles assets	(6)	5,082,028.52	9,192,538.34
start-up expenses or organizational expenses of raising additional capital in a joint stock company		–	5,381.25
others		5,082,028.52	9,187,157.09
Tangible fixed assets	(7)	20,868,992.12	20,167,549.02
other		20,868,992.12	20,167,549.02
Other assets	(8)	81,827,214.81	23,515,095.62
other		81,827,214.74	23,515,095.62
Prepaid expenses	(9)	142,812,387.47	38,095,105.84
Total assets		3,531,709,613.11	3,230,749,622.50

Liabilities and equity			
PLN	Note No	31.12.2001	31.12.2000
Due to other financial institutions	(10)	1,595,573,187.08	1,437,201,568.68
demand		240,642,130.09	180,766,765.53
term		1,354,931,056.99	1,256,434,803.15
Due to customers and public sector	(11)	1,121,651,392.87	1,138,107,205.28
Other		1,121,651,392.87	1,138,107,205.28
demand		494,804,641.38	272,251,107.73
term		626,846,751.49	865,856,097.55
Debt securities issue related liabilities	(12)	84,991,388.31	-
Special funds and other liabilities	(13)	25,113,721.61	31,754,896.01
special funds		108,599.25	113,159.13
other liabilities		25,005,122.36	31,641,736.88
Accrued expenses and deferred income	(14)	26,269,962.76	10,060,491.28
accrued expenses		24,082,123.70	8,484,059.16
deferred income		2,187,839.06	1,576,432.12
Provisions	(15)	26,910,952.02	4,215,373.75
deferred corporate income tax provision		26,910,952.02	4,215,373.75
Subordinated debt	(16)	96,562,432.69	105,960,999.44
Basic capital	(17)	230,000,000.00	230,000,000.00
Reserve capital	(18)	195,000,000.00	195,000,000.00
share premium		195,000,000.00	195,000,000.00
Retained earnings	(19)	78,449,088.06	48,062,167.85
other		78,449,088.06	48,062,167.85
Net result for current financial year		51,187,487.71	30,386,920.21
net profit		51,187,487.71	30,386,920.21
Total liabilities and equity		3,531,709,613.11	3,230,749,622.50

Off-balance items			
PLN	Note No	31.12.2001	31.12.2000
I. Conditional liabilities including:	(28)	1,079,140,548.79	990,565,059.59
Accepted and endorsed bills of exchange, cheques letters of credit		29,851,104.59	11,925,253.01
Guarantees and sureties		176,017,948.92	177,658,364.49
Non-utilised credit facilities		873,271,495.28	800,981,442.08
II. Liabilities arising from purchase/sale currency transactions	(28)	50,187,484,050.16	17,586,465,790.00
III. Contingent assets received	(28)	1,610,957,870.21	1,317,565,591.05
IV. Securities trading liabilities	(28)	74,170,000.00	35,450,000.00
V. Currency options	(28)	392,276,186.62	165,728,000.00
VI. Interest rate swap transactions	(28)	840,103,620.00	245,451,701.17
VII. Transactions under Forward Rate Agreements	(28)	5,000,000.00	-

Profit and loss account

PLN	Note No	For year ended 31.12.2001	For year ended 31.12.2000
Interest income	(20)	320,582,084.08	317,722,578.41
from financial institutions		142,509,748.11	122,125,192.20
from customers and public sector		166,038,418.18	176,077,142.18
Interest income from securities		12,033,917.79	19,520,244.03
fixed income		12,033,917.79	19,520,244.03
Interest expense	(21)	(328,460,687.06)	(254,402,305.88)
from financial institutions		(219,415,429.51)	(167,432,995.36)
from customers and public sector		(94,799,787.69)	(84,916,335.17)
other		(14,245,469.86)	(2,052,975.35)
Net interest income		(7,878,602.98)	63,320,272.53
Fee and commission income		42,247,637.31	27,480,357.37
Fee and commission expense		(6,636,360.15)	(5,146,427.20)
Fee and commission income, net	(22)	35,611,277.16	22,333,930.17
Financial profit	(23)	5,456,249.16	650,448.47
from securities		5,456,267.90	(3,206,243.80)
other		(18,74)	3,856,692.27
Foreign exchange position income, net	(24)	154,620,044.42	71,512,092.16
Gross banking profit		187,808,967.76	157,816,743.33
Other operating income		12,803,946.00	7,371,588.01
Other operating costs		(3,544,413.35)	(726,473.62)
General expenses	(25)	(115,391,752.65)	(109,118,374.83)
payroll		(44,226,809.75)	(47,457,237.93)
social security costs and other payroll-related charges		(6,861,879.41)	(5,452,360.54)
other		(64,303,063.49)	(56,208,776.36)
Depreciation of tangible and intangible fixed assets		(9,501,656.05)	(10,422,431.08)
Provisions and revaluation		(6,623,207.74)	(4,946,947.87)
provisions for receivables, contingent liabilities and other, and general risk		(6,623,207.74)	(4,946,947.87)
revaluation of financial assets		–	–
Release of provisions and revaluation decreases		7,367,012.01	486,828.13
of receivables, contingent liabilities and other		7,367,012.01	486,828.13
of the value of financial assets		–	–
Net (increase)/decrease of provisions and revaluation	(26)	743,804.27	(4,460,119.74)
Operating profit		72,918,895.98	40,460,932.07
Gross financial profit		72,918,895.98	40,460,932.07
Gross profit		72,918,895.98	40,460,932.07
Mandatory charges on net financial income	(27)	(21,731,408.27)	(10,074,011.86)
corporate income tax		(21,731,408.27)	(10,074,011.86)
Net financial income		51,187,487.71	30,386,920.21
net profit after taxation		51,187,487.71	30,386,920.21

Cash flow statement

PLN	For year ended 31.12.2001	For year ended 31.12.2000
Operating cash flow		
Net profit	51,187,487.71	30,386,920.21
Adjusted for:		
Depreciation	9,501,656.05	10,422,431.08
Foreign exchange gain/loss	(9,030,063.71)	(3,749,218.15)
Interest and dividend received and paid	3,973,555.97	(2,033,619.11)
Debtors-related provisions	1,529,462.45	1,675,119.74
Other provisions	(2,273,266.72)	2,785,000.00
Corporate income tax charge on gross profit	21,731,408.27	10,074,011.86
Corporate income tax paid	(37,206,911.00)	(18,436,174.00)
Net income from sales and disposal of investment items	1,195,845.52	180,678.58
Increase/decrease in debt securities	(114,300,699.40)	4,237,001.19
Increase/decrease in receivables from other financial institutions	(726,592,646.29)	(603,884,799.91)
Increase/decrease in debt receivables from customers and public sector	462,549,536.26	(710,637,991.44)
Increase/decrease in liabilities vis-à-vis financial institutions	158,371,618.40	1,194,356,972.26
Increase/decrease in liabilities vis-à-vis customers and public sector	(16,455,812.41)	340,837,933.74
Increase/decrease in liabilities to other creditors	(6,641,174.40)	(4,140,109.21)
Increase/decrease in prepayments and accruals	(89,119,217.09)	(33,434,497.93)
Increase/decrease in deferred income	611,406.94	329,315.04
Other	(34,292,886.96)	2,150,540.81
Net operational cash flows	(325,260,700.41)	221,119,514.76
Investment activity cash flows		
Purchase/sale of intangible assets	1,303,359.91	(2,698,577.32)
Purchase/sale of tangible fixed assets	(6,946,543.07)	(3,584,102.27)
Purchase/sale of shares and interest in subsidiaries	291,804,771.24	(286,298,789.98)
Purchase/sale of other shares, interest and securities	–	–
Other	1,746,439.41	3,160,757.27
Net investment activity cash flows	287,908,027.49	(289,420,712.30)
Financial activity cash flows		
Increase/Decrease in subordinated creditors	–	78,586,000.00
Issue of debt securities for other financial institutions	90,358,427.03	–
Other	(5,555,111.49)	(1,127,138.16)
Net financial activity cash flows	84,803,315.54	77,458,861.84
Net cash inflow/outflow	47,450,642.62	9,157,664.30
Opening cash balance	39,647,314.26	30,489,649.96
Closing cash balance	87,097,956.88	39,647,314.26

Notes to the annual accounts of Deutsche Bank Polska S.A. for the year 2001

Background Information

1. Activities of the Bank

Deutsche Bank Polska S.A. (Bank) was set up following Decision No 2/95 of the President of the National Bank of Poland dated June 30, 1995. The Bank was registered at the District Court of Warsaw on the 9th of August 1995, and launched its commercial activities on October 11, 1995.

The scope of activities of Deutsche Bank Polska S.A. includes delivery of banking and financial services, both in domestic and foreign transactions, and within the limits permitted by law, other services for natural and legal persons as well as for other organisations including business organisations, without legal capacity. Bank also provides investment banking activity.

The Bank's scope of activities includes in particular:

- accepting sight and term deposits and keeping accounts for such deposits,
- keeping other bank accounts,
- providing of cash clearing services,
- issuing payment cards and performance of transactions using them,
- extension and taking of credits and loans,
- performance of cheque and bill-of-exchange transactions,
- purchase and sale of cash liabilities,
- extension of bank sureties and guarantees,
- providing of foreign exchange services,
- keeping in custody objects and securities and leasing of safety deposit boxes,
- issuing of bank securities, trading in bank securities,
- carrying out commissioned tasks related to the securities issue,
- performing futures financial transactions,
- providing of banking services commissioned by other banks.

2. Basic Accounting Principles

2.1. Basis for Drawing Up the Financial Statements

The financial statements of Deutsche Bank Polska S.A. were prepared based on:

- Accounting Act of September 29, 1994 (Dziennik Ustaw of 1994 No 121, item 591, as amended);

- Banking Law of August 29, 1997 (Dziennik Ustaw of 1997 No 140, item 939, as amended);
- Resolution No 1/98 of the Banking Supervision Commission adopted on June 3, 1998 On Specific Accounting Rules for Banks and Drawing Up the Notes to the Financial Statements (Dz. Urz. NBP No 14, item 27);
- Resolution No 8/1999 of the Banking Supervision Commission adopted on December 22, 1999 On Rules of Setting Up Provisions To Cover Bank's Operating Risk (Dz. Urz. NBP No 26, item 43).

The financial statements have been drawn up following the historical cost principle, unless stated otherwise, and according to Polish accounting standards. Basic accounting principles applied to the preparation of the financial statements are specified below.

Cash

For the purpose of drawing up the cash flow statement, cash comprises: cash in hand, balance of the nostro account held with the Central Bank and balances of nostro current accounts held with other banks.

Receivables from Customers and Financial Institutions

Receivables from customers and financial institutions are reported in nominal terms plus accrued or capitalized interest less established specific provisions.

Provisions for Non-Performing Loans

Specific provisions for non-performing loans are set up following the principles put forward by the Resolution No 8/1999 on the setting up of provisions for banking risks by the Banking Supervisory Commission, adopted December 22, 1999.

Pursuant to the Resolution the specific provisions for non-performing loans are set up using the following rates (less allowance for collateral offset as stipulated by the Resolution):

Loan category	Rate %
Regular	0.0
Monitored	1.5
Substandard	20.0
Doubtful	50.0
Lost	100.0

Specific provisions for non-performing loans are shown net of gross loans.

Debt Securities

The debt securities held by the Bank are classified into trading or investment portfolios. The pricing methodology for each of portfolios is as follows:

Trading Portfolio

Debt securities are classified into the trading portfolio if they are acquired to secure liquidity or for speculative purposes.

Debt securities trading portfolio comprises Polish Government Treasury bills and bonds and certificates of deposit as well as corporate debt securities.

Debt securities in the trading portfolio are shown in the balance-sheet at acquisition costs adjusted for accrued interest, settled discount or premium on purchase, however, not higher than the current net selling price. If thus determined value is higher than the current net selling price, the difference is posted to costs of financial operations.

Investment Portfolio

Debt securities categorized in the investment portfolio and priced at acquisition price adjusted for accrued interest, settled discount or premium, less any provision for impairment loss. The discount and premium on debt securities are posted to the profit and loss account on a straight-line basis.

Equity Investments

Equity investments in subsidiaries are reported at their purchase price less any provision for impairment loss.

Tangible and Intangible Fixed Assets

Tangible and intangible fixed assets are carried at cost less accumulated depreciation and amortization.

Tangible and intangible fixed assets are depreciated and amortized on a straight-line basis over the expected useful lives of the assets applying the following rates:

Tangible and intangible fixed assets	
	Rate %
Leasehold assets improvements	10
Computer hardware	30
Cars	17
Furniture	20
Telecom equipment	17
Software	10-50

The depreciation and amortization rates used by the Bank were set on the basis of annual depreciation and amortisation rates stipulated by the Corporate Income Tax Act and expected useful life of assets.

The assets commence to be depreciated and amortized as soon as the investment has been completed, the fixed asset is complete and fit for use.

Liabilities vis-à-vis Customers and Financial Institutions

The liabilities are carried on the balance sheet at their nominal values with accrued interest.

Suspended Interest

Interest due but not received within 30 days of its due date is excluded from income and classified as suspended interest. Interest income from substandard, doubtful and lost debts is categorized under suspended interest and recognised in the profit and loss account on cash basis.

Equity

Equity comprises funds and capital established by the Bank under the effective legislation i.e. Banking Law and Bank's Statutes.

Shareholders' equity is shown at the level compliant with the Statutes and entry into the commercial register in nominal terms.

Reserve capital is set up from allocations from the Bank's earnings and from issuance of shares sold at a premium.

Retained earnings represent profits from the previous years approved by the decisions of the Bank's General Meeting of Shareholders.

Income and Expenses

All income and expense items are generally recorded in the profit and loss account on accrual basis, except for fee and commission income and expenses and suspended interest, which are recorded on cash basis.

Fee and Commission Income and Expenses

Fee and commission income includes amounts other than interest received from extended loans, bank guarantees and other bank services. Fees and commissions also include fees charged by the Bank on cash transactions, holding accounts of customers, money transfers, letters of credit and others.

Fee and commission expenses comprise amounts paid for the loans drawn, financial and FX transactions.

Fee and commission income and expenses are posted to the profit and loss account on cash basis.

Foreign Exchange Result

Foreign exchange transactions are recorded at the end of day fixing rate of the National Bank of Poland (NBP). Foreign exchange assets and liabilities denominated in foreign exchange are translated into Polish zlotys at the NBP average FX rates effective at balance sheet date. FX result comprises both FX gains and losses.

Income Tax

The taxation base differs from gross profit shown in the Bank accounts due to timing difference of recognising income as generated and cost as incurred under the Accounting Act and tax regulations.

To reflect the time differences and to ensure that tax liability is commensurate, at the end of each accounting period the Bank posts deferred tax assets and liabilities for temporary difference in income tax that will have to be settled in the future.

Deferred taxes are recorded using the tax rates expected by the Bank to be applied when the timing differences would be reversed.

A deferred tax asset is only recognised if the Bank believes that there will be taxable income in the period when the deferred tax asset is realised.

Valuation of off-balance sheet foreign exchange and interest rate transactions

Spot Foreign Exchange Transactions

Spot transactions result is calculated on the basis of comparing transaction exchange rate to an average NBP rate effective at the balance sheet date.

Forward Foreign Exchange Transactions

Exchange rates on forward transactions' are compared against market exchange rates maturity at the balance sheet date. Unrealised gains/losses, being a result of positive/negative difference between market quotations at the balance sheet date and the forward transaction rate, are recognised in the "FX Result" item in the Profit and Loss Account.

Unrealised gains/losses on spot and forward transactions at the balance sheet date are shown in the Bank balance sheet under the items "Prepayments" and "Accruals and Deferred Income".

Currency Options

Currency options are recorded with the nominal values of base instrument in off-balance sheet accounts in absolute terms i.e. both receivables and payables related to concluded transactions.

At the balance sheet date the currency options are valued.

The overriding principle applied to pricing of all off-balance sheet currency instruments is the mark-to-market principle.

Since the currency option global position is closed the valuation result is zero.

Any gains and losses generated by currency options are recognised in the Profit and Loss Account on cash basis.

2.3. Past years' events covered by current financial statements

In the accounting year ended on December 31, 2001 there were no material events pertaining to the previous years that could be included in the financial statements of the current accounting period.

2.4. Changes in the accounting and valuation principles in the accounting year

In the accounting year ended on December 31, 2001 the Bank did not make any changes in the accounting principles.

2.5. Changes in drawing up the financial statements

In the accounting year ended on December 31, 2001 the Bank did not make any changes in the drawing up of financial statements.

3. Material Transactions with Related Parties

Within the framework of business operations the Bank purchased products and services from Deutsche Bank AG Group member companies. In 2001 the Bank purchased the following products and services:

- Maintenance and development of DB-Gloss operating system handling mortgage loans for the total amount of **PLN 610,000**;
- IT and consulting services purchased from Deutsche Bank Global Technology Services for the total amount of **PLN 9,350,000**;
- Training and consulting service provided by Deutsche Bank AG for the total amount of **PLN 352,000**;

- Financial services provided by Deutsche Bank AG London Branch for the total amount of **PLN 72,000**;
- Financial services provided by Deutsche Bank Polska S.A. to DB London and other companies from Deutsche Bank Group for the total amount of **PLN 12,927,000**;
- On July 4, 2001 the bank sold to Deutsche Bank 24 S.A. the organised part of its banking enterprise composed of the Department of Mortgage Loans and the Department of Individual Clients. The organised part of an enterprise possessed fixed and intangible assets worth net **PLN 4,117,000** at book value as well as rights and obligations resulting from loan agreements, bank account agreements and deposit agreements concluded with individual clients. Pursuant to the agreement of sales of the organised part of a banking enterprise, the rights and obligations resulting from loan agreements, bank account agreements and deposit agreements concluded with individual clients were transferred to Deutsche Bank 24 S.A. only after the receipt of client's approval of such operations. Bearing in mind that at the moment of concluding the sales agreement, the bank was unable to fully remunerate for the transferred loan and bank account as well as deposit agreements, parties agreed that the price stipulated in the agreement would cover exclusively the fixed and intangible assets. After receiving clients' approvals of transferring debt resulting from signed agreements, parties, in several independent tranches, performed clearing for the rights and obligations resulting from loan agreements, bank account agreements and deposit agreements concluded with individual clients. By December 31, 2001 the buyer received the assets worth **PLN 88,245,000** at book value, including fixed assets and intangible assets worth **PLN 4,117,000**, as well as liabilities worth **PLN 104,663,000**. The bank covered to the buyer in money the difference between the book value of transferred debt and the value of bought assets;
- On July 23, 2001 Deutsche Bank Polska S.A. sold shares in Pro Capital S.A. brokerage house to Deutsche Bank 24 S.A. at the value amounting to **PLN 11,264,500**;
- On August 17, 2001 a share sales agreement was concluded by and between Deutsche Bank Polska S.A. and Deutsche Bank Aktiengesellschaft pertaining to shares in DB 24 S.A. The total of 272,959,988 shares were sold for the total amount of **PLN 280,540,290** effective at selling day.

As of December 31, 2001 Deutsche Bank Polska S.A. had the following receivables and liabilities vis-à-vis Deutsche Bank AG business units:

- Receivables from Deutsche Bank AG business units amounting to **PLN 1,642,961,790**;
- Liabilities vis-à-vis Deutsche Bank AG business units amounting to **PLN 787,675,390**;
- Liability pertaining to subordinated loans received from Deutsche Bank Luxembourg amounting to **DM 14,000,000** maturing on February 26, 2002 and from Deutsche Bank AG amounting to **EUR 20,000,000** maturing on November 1, 2005.

As of December 31, 2001 Deutsche Bank Polska S.A. was additionally a party to the following financial instrument transactions concluded with Deutsche Bank AG business units:

- Currency options with a nominal value of **PLN 196,138,000** with maturity from 1 month to 1–2 years;
- Interest rate swap transactions with the nominal value of **PLN 459,915,000** and maturity from 1 to 6 years;
- FX swap and forward transactions with the value of **PLN 9,785,864,000** (currencies to be paid) and **PLN 9,800,841,000** (currencies to be received).
- On April 17, 2001 Deutsche Bank Polska S.A. issued certificates of deposit with the nominal value of **US \$ 35,000,000** and discounted value of **US \$ 19,974,500**. The maturity date falls on December 15, 2008. The issue was acquired by the London Branch of Deutsche Bank. The balance-sheet value was **PLN 84,991,380** as of December 31, 2001.

As of December 31, 2001 the amount of outstanding loans and guarantees extended by the Bank to its employees was **PLN 3,679,000** and **PLN 1,471,000** respectively.

In the year 2001 remuneration of the Bank's Management Board members amounted to **PLN 6,627,470**.

All transactions with affiliated entities are made on at arms-length basis.

4. Subsequent Events

On February 27, 2002 a meeting of Deutsche Bank Polska S.A. Supervisory Board was held, during which the Supervisory Board of Deutsche Bank Polska S.A. accepted Mr Hubert A. Janiszewski's resignation from the Management Board position.

To fill the vacant position the Supervisory Board appointed Mr Bernhard M. Deppisch who has worked with Deutsche Bank Polska S.A. since October 1999 in the position of Managing Director responsible for trade finance and risk management advisory division.

Mr Hubert Janiszewski will take a position as a member of Deutsche Bank Polska S.A. Supervisory Board.

In January 2002 the Management Board of Deutsche Bank Polska S.A. made a decision to centralize its operations and to shut down eight representative offices.

In March 2002 the Management Board of Deutsche Bank Polska S.A. made a decision to prepay the subordinated loan from Deutsche Bank AG and received the required permission from the Banking Supervision Commission on March 29, 2002.

The loan amounting to € 20,000,000 along with accrued interest was paid back on April 30, 2002.

According to an earlier Agreement on February 26, 2002 another subordinated loan taken from Deutsche Bank Luxembourg was repaid.

On January 1, 2002 the amended Accounting Act came into force. The amendments to the Act aimed at further harmonisation of the Polish accounting principles with international accounting standards. The application of amended accounting principles did not cause any material change in net assets of the Bank as of December 31, 2001.

Notes to the Financial Statements

1. Cash in hand, NBP nostro account

PLN	As of 31.12.2001	As of 31.12.2000
Cash in hand	–	3,459,436.44
Current nostro account held by NBP	76,050,159.00	18,254,498.23
Total	76,050,159.00	21,713,934.67

Mandatory provision may be utilised by the Bank on condition that the average monthly balance of current account held by NBP is not lower than the committed level of **PLN 87,276,310.00**.

2. Due from other financial institutions

Due from other financial institutions		
PLN	As of 31.12.2001	As of 31.12.2000
Due from other financial institutions	1,889,555,270.00	1,169,848,205.42
Specific provisions for irregular debts	–	–
Net due from other financial institutions	1,889,555,270.00	1,169,848,205.42

Due from other financial institutions by risk category (net)		
PLN	As of 31.12.2001	As of 31.12.2000
Regular	1,889,555,270.00	1,064,846,207.42
Substandard	–	–
Doubtful	–	105,001,998.00
Lost	–	–
Total	1,889,555,270.00	1,169,848,205.42

Due from other financial institutions by type		
PLN	As of 31.12.2001	As of 31.12.2000
Current account	12,451,558.33	35,104,922.78
Inter-bank deposits	1,729,504,115.07	829,376,786.70
Other loans and credits	141,272,413.41	295,955,201.00
Purchased debts	–	–
Specific provisions for irregular debts	–	–
Accrued interest	6,327,183.19	9,411,294.94
Total	1,889,555,270.00	1,169,848,205.42

Due from other financial institutions by customer type		
PLN	As of 31.12.2001	As of 31.12.2000
Domestic banks	81,808,691.75	313,687,081.66
Foreign banks	1,658,743,221.20	533,623,084.63
Other financial institutions	142,676,173.86	313,126,744.19
Accrued interest	6,327,183.19	9,411,294.94
Total	1,889,555,270.00	1,169,848,205.42

As of December 31, 2001 the balance of “Other Financial Institutions” account includes receivables from Deutsche Bank AG business units amounting to **PLN 1,642,961,786.95**. At the end of 2000 the amount was **PLN 529,794,465.23**.

Due from other financial institutions by currency exposure		
PLN	As of 31.12.2001	As of 31.12.2000
in PLN	127,850,740.00	457,416,938.29
in convertible currencies (converted into PLN)	1,761,704,530.00	712,403,192.42
in inconvertible currencies (converted into PLN)	–	28,074.71
Total	1,889,555,270.00	1,169,848,205.42

Due from other financial institutions by maturity		
PLN	As of 31.12.2001	As of 31.12.2000
Current	12,451,558.33	35,104,922.78
Term	1,870,776,528.48	1,125,331,987.70
below 3 months	1,627,202,706.60	866,164,465.83
from 3 months to 1 year	99,842,181.40	220,621,596.43
from 1–5 years	58,740,252.17	38,545,925.44
above 5 years	84,991,388.31	–
Accrued interest	6,327,183.19	9,411,294.94
Total	1,889,555,270.00	1,169,848,205.42

3. Due from customers and the public sector

Due from customers and the public sector (net)		
PLN	As of 31.12.2001	As of 31.12.2000
Due from customers and the public sector	1,118,505,355.59	1,581,054,891.85
Specific provisions for irregular debts	(4,922,709.73)	(3,856,412.08)
Total net	1,113,582,645.86	1,577,198,479.77

The majority of credits are generated in the Warsaw area (the “Mazowieckie” Province). Loans granted to employees amounted to **PLN 3,679,244.62**, as of 31.12.2001. Loans granted to employees amounted to **PLN 4,086,981.66**, as of 31.12.2000. There were no loans granted to the members of Supervisory and Management Boards.

Due from customers and the public sector by risk category (gross)		
PLN	As of 31.12.2001	As of 31.12.2000
Regular and monitored	674,095,341.77	1,226,215,510.79
Substandard	246,202,262.07	232,466,220.70
Doubtful	193,731,069.96	122,091,799.95
Lost	4,476,681.79	281,360.41
Total	1,118,505,355.59	1,581,054,891.85

Provisions for non-performing loans		
PLN	As of 31.12.2001	As of 31.12.2000
Provision for regular and monitored loans	485,000.00	267,500.00
Provision for substandard loans	40,698.21	1,632,858.20
Provision for doubtful loans	231,682.70	1,695,000.00
Provision for lost loans	4,165,328.82	261,053.88
Total	4,922,709.73	3,856,412.08

Change in provision level for dues from non-financial sector		
PLN	As of 31.12.2001	As of 31.12.2000
Opening balance of provisions:	3,856,412.08	2,185,606.45
Increases caused by:	5,807,170.79	2,161,947.87
set up provisions	5,807,170.79	2,161,947.87
Decreases caused by:	(4,740,873.14)	(491,142.24)
release of provisions	(4,277,708.34)	(486,828.13)
debt write-offs	–	(4,314.11)
debt sales	(463,164.80)	–
Closing balance of provisions:	4,922,709.73	3,856,412.08

Due from customers and the public sector by currency exposure (gross)		
PLN	As of 31.12.2001	As of 31.12.2000
in PLN	724,971,052.96	1,060,954,972.802
in convertible currencies (after conversion into PLN)	393,534,302.63	520,099,919.05
Total	1,118,505,355.59	1,581,054,891.85

Due from customers and the public sector by principal and accrued interest		
PLN	As of 31.12.2001	As of 31.12.2000
Principal	1,111,951,975.74	1,568,843,976.51
Accrued interest receivable	6,553,379.85	12,210,915.34
Total	1,118,505,355.59	1,581,054,891.85

Due from customers and the public sector by customer category (gross)		
PLN	As of 31.12.2001	As of 31.12.2000
Private individuals	55,404,663.68	92,600,752.87
Corporate customers	1,056,547,312.06	1,476,243,223.64
Accrued interest	6,553,379.85	12,210,915.34
Total	1,118,505,355.59	1,581,054,891.85

Due from customers and the public sector by type		
PLN	As of 31.12.2001	As of 31.12.2000
Current account	303,380,063.99	439,501,409.95
Discount credits	1,748,407.52	1,640,119.01
Purchased debts	1,613,176.86	3,824,050.06
Other credits and loans	805,203,701.34	1,123,712,353.79
Other due	6,626.03	166,043.70
Specific provisions for irregular debts	(4,922,709.73)	(3,856,412.08)
Accrued interest	6,553,379.85	12,210,915.34
Total	1,113,582,645.86	1,577,198,479.77

Due from customers and the public sector by maturity		
PLN	As of 31.12.2001	As of 31.12.2000
below 3 months	958,176,884.77	1,354,461,124.41
from 3 months to 1 year	69,993,671.38	64,279,387.92
from 1 year to 5 years	58,036,530.74	71,325,426.08
above 5 years	25,744,888.85	78,778,038.11
Accrued interest	6,553,379.85	12,210,915.34
Total	1,118,505,355.59	1,581,054,891.85

Commitment by largest borrowers (including non-bank financial institutions) by industry

Type of industry	Amount of commitment As of 31.12.2001 in thousands of PLN	Committed amount to shareholders' equity	Committed amount to equity
Production and sales of consumable goods	353,624.17	154%	62%
Building and construction	201,051.25	87%	36%
Insurance and finance	329,121.55	143%	58%
Chemical	247,762.91	108%	44%
Electrotechnical	109,607.74	48%	19%
Automotive	323,233.04	141%	57%
Machine building and power sector	83,712.60	36%	15%
Transport	84,144.66	37%	15%
Services	142,194.11	62%	25%
Telecommunications	141,669.40	62%	25%
Metallurgical	86,734.71	38%	15%
Total	2,102,856.14	916%	371%

The total commitment includes outstanding loans, unutilised credit lines, guarantees and letters of credit.

Bank's commitment to individual entities/ capital groups as of 31.12.2001.

In 2001 the Bank's commitment to one entity or capital group did not exceed the statutory limit of 25%, nor did the Bank exceed the remaining concentration limits stipulated by the Banking Law.

As of December 31, 2001 the Bank's total commitment to enterprises or groups with capital or organisational ties (defined according to Art. 71 of the Banking Law) with exposure higher than 10% of Bank's equity amounted to **PLN 484,692,110** which accounted for 85.66% of equity.

In most cases these are customers whose financial standing guarantees full and timely repayment of drawn loans.

4. Debt securities

PLN	As of 31.12.2001	As of 31.12.2000
Treasury bills	12,648,490.94	34,907,092.13
Treasury bonds	107,034,869.42	10,900,311.40
Accrued interest on Treasury bonds	8,790,230.12	294,314.16
NBP bonds	27,074,800.00	27,074,800.00
Accrued interest on NBP bonds	331,529.13	411,153.00
CDs	26 399,693.47	5,626,253.15
Corporate bonds	19,651,302.25	–
Total	201,930,915.33	79,213,923.84

As of 31.12.2001 the debt securities balance included Treasury bills with the nominal value of **PLN 6,620,000.00** covering Bank Guarantee Fund requirements.

As of 31.12.2000 the Treasury bills with the nominal value of **PLN 3,000,000.00** covered that Fund.

State Treasury bonds, Treasury bills, CDs and Corporate Bonds are in the trading portfolio.

NBP bonds are in the investment portfolio.

On September 30, 1999 Deutsche Bank Polska S.A. acquired bonds issued by the National Bank of Poland for the total amount of **PLN 27,074,800.00**.

The NBP bonds were acquired within the framework of issue for the banks related to the reduction of threshold of mandatory reserves kept by the banks with NBP.

The NBP bonds bear interest rate based on CPI index for individual months of the year.

Bonds may not be sold, nor pledged or subject to encumbrance in any way.

On February 28, 2002, the NBP bonds with the nominal value of **PLN 16,245,000** were converted into 10-year, variable interest NBP bonds and their maturity date is on March 1, 2012. These bonds may be disposed of prior to maturity date.

The bonds bear variable interest rate established on the basis of 52-week Treasury bill yield sold by the Minister of Finance at auctions taking place within two months preceding directly the month in which a given interest period begins.

5. Shares and interests in subsidiaries

Shares and interests in subsidiaries		
PLN	As of 31.12.2001	As of 31.12.2000
Shares and interest in banks	–	280,540,286.16
Shares and interest in other financial entities	–	11,264,503.82
Total	–	291,804,789.98

On July 4, 2001 the Banking Supervision Commission extended its permission for Deutsche Bank AG to acquire shares of Deutsche Bank 24 S.A. and on July 24, 2001 the Securities and Exchange Commission issued a relevant permit under Art. 149 of the Securities Act.

On August 17, 2001 share sales agreement was concluded between and by Deutsche Bank Polska S.A. and Deutsche Bank Aktiengesellschaft pertaining to shares in DB 24 S.A.

The selling price of 272,959.988 shares was the value prevailing on the selling day i.e. **PLN 280,540,290**.

On July 6, 2001 the Securities and Exchange Commission granted its permit for the acquisition by the Deutsche Bank 24 S.A. of shares in ProCapital S.A. Brokerage house.

On July 23, 2001 Deutsche Bank Polska S.A. sold shares in Pro Capital S.A. brokerage house to Deutsche Bank 24 S.A. at the value amounting to **PLN 11,264,500**.

The realized loss on both transaction was PLN 18.74.

6. Intangible assets

Intangible assets, gross					
PLN	Gross value 01.01.2001	Increases purchases	Decreases sale	Decreases disposal	Gross value 31.12.2001
Start-up costs	62,245.00	–	–	–	62,245.00
Licences	6,698,169.85	42,653.99	(138,490.00)	(35,451.02)	6,566,882.82
Software	8,690,898.98	469,488.26	(6,225,081.54)	(60,122.78)	2,875,182.92
Total gross value	15,451,313.83	512,142.25	(6,363,571.54)	(95,573.80)	9,504,310.74

Intangible assets (amortization)					
PLN	Value of amortization 01.01.2001	Increases	Decreases sales	Decreases disposals	Value of amortization 31.12.2001
Start-up costs	56,863.75	5,381.25	–	–	62,245.00
Licences	2,907,825.31	721,356.54	(24,880.14)	(33,713.86)	3,570,587.85
Software	3,294,086.43	2,063,058.44	(4,523,189.24)	(44,506.26)	789,449.37
Total value of amortization	6,258,775.49	2,789,796.23	(4,548,069.38)	(78,220.12)	4,422,282.22

Intangible assets (net value)					
PLN	Net value 01.01.2001	Increases (Decreases)	Decreases sales	Decreases disposals	Net value 31.12.2001
Start-up costs	5,381.25	(5,381.25)	–	–	–
Licences	3,790,344.54	(678,702.55)	(113,609.86)	(1,737.16)	2,996,294.97
Software	5,396,812.55	(1,593,570.18)	(1,701,892.30)	(15,616.52)	2,085,733.55
Intangible assets, net	9,192,538.34	(2,277,653.98)	(1,815,502.16)	(17,353.68)	5,082,028.52

7. Tangible fixed assets

Gross value of tangible fixed assets							
PLN	Gross value 01.01.2001	Increases purchases	Increases provision release	Provisions for depreciation	Decreases sales	Decreases disposals	Gross value 31.12.2001
Means of transport	2,373 630.86	922,130.00	–	–	(628,070.39)	–	2,667,690.47
Other fixed assets	24,153,118.06	3,685,788.77	–	(356,407.17)	(5,096,020.61)	(2,064,947.97)	20,321,531.08
Leasehold improvements	12,812,695.36	3,881,842.90	2,785,000.00	(155,326.11)	(9,139.00)	(180,080.99)	19,134,992.16
Total gross value	39,339,444.28	8,489,761.67	2,785,000.00	(511,733.28)	(5,733,230.00)	(2,245,028.96)	42,124,213.71

Other fixed assets comprise computer hardware, data communications equipment and office technical equipment.

Depreciation for tangible fixed assets							
PLN	Value of depreciation 01.01.2001	Increases	Increases Provision release	Provisions for depreciation	Decreases sales	Decreases disposal	Value of depreciation 31.12.2001
Means of transport	869,434.01	474,600.91	–	–	(284,209.12)	–	1,059,825.80
Other fixed assets	11,990,016.40	4,610,715.84	–	–	(2,707,291.26)	(1,631,257.61)	12,262,183.37
Leasehold improvements	6,312,444.85	1,657,901.59	–	–	(2,665.50)	(34,468.52)	7,933,212.42
Total net value	19,171,895.26	6,743,218.34	–	–	(2,994,165.88)	(1,665,726.13)	21,255,221.59

Tangible fixed assets, net							
PLN	Total net 01.01.2001	Increases (Decreases)	Increases Provision release	Provisions for depreciation	Decreases	Decreases disposal	Total net 31.12.2001
Means of transport	1,504,196.85	447,529.09	–	–	(343 861.27)	–	1,607,864.67
Other fixed assets	12,163,101.66	(924,927.07)	–	(356,407.17)	(2,388,729.35)	(433,690.36)	8,059,347.71
Leasehold improvements	6,500,250.51	2,223,941.31	2,785,000.00	(155,326.11)	(6,473.50)	(145,612.47)	11,201,779.74
Total net value	20,167,549.02	1,746,543.33	2,785,000.00	(511,733.28)	(2,739,064.12)	(579,302.83)	20,868,992.12

Planned investments in 2002	
PLN	Value
List of planned investments in 2002 comprises:	
Modernisation of the existing and adaptation of new office space	2,115 000.00
Purchase of computer hardware and software, other IT projects	4 530,000.00
Other	1,500,000.00
Total	8,145,000.00

8. Other assets

PLN	As of 31.12.2001	As of 31.12.2000
Interbank settlements	2,575,641.65	2,786,686.13
Securities and financial instrument settlement	20,285,536.00	189,902.81
Cash deposits – collaterals	157,462.08	922,567.36
Other debtors	1,679,469.50	1,014,922.12
Receivables from Tax Office	56,607,255.00	18,436,174.00
Other	521,850.58	164,843.20
Total	81,827,214.81	23,515,095.62

9. Prepayments

Prepayments		
PLN	As of 31.12.2001	As of 31.12.2000
Prepayments	282,642.84	65,268.31
Net unrealised revaluation gain of foreign currency swaps and forwards	140,510,066.89	37,835,622.38
Interest accrued receivable on cross currency interest rate swaps	2,019,677.74	194,215.15
Total	142,812,387.47	38,095,105.84

10. Due to other financial institutions

Due to other financial institutions by type		
PLN	As of 31.12.2001	As of 31.12.2000
Current accounts	240,642,130.09	180,766,765.53
Interbank term deposits	1,170,563,984.78	1,057,443,295.08
Other deposits and loans from other financial institutions	175,929,329.03	172,374,179.49
Accrued interest	8,437,743.18	26,617,328.58
Total	1,595,573,187.08	1,437,201,568.68

Due to other financial institutions by currency exposure		
PLN	As of 31.12.2001	As of 31.12.2000
in PLN	1,351,977,491.40	1,087,338,905.43
in convertible currencies (expressed as zloty equivalent)	243,595,695.68	349,862,663.25
Total	1,595,573,187.08	1,437,201,568.68

Due to other financial institutions by customer type		
PLN	As of 31.12.2001	As of 31.12.2000
Domestic banks	1,113,075,689.97	782,413,137.86
Foreign banks	212,729,813.44	438,734,139.30
Other financial institutions	261,329,940.49	189,436,962.94
Accrued interest	8,437,743.18	26,617,328.58
Total	1,595,573,187.08	1,437,201,568.68

Due to other financial institutions by maturity		
PLN	As of 31.12.2001	As of 31.12.2000
Current	240,642,130.09	180,766,765.53
Term	1,354,931,056.99	1,256,434,803.15
below 3 months	1,177,450,706.16	927,833,513.63
from 3 months to 1 year	126,813,105.39	245,116,306.20
from 1 year to 5 years	35,571,323.02	47,961,598.74
above 5 years	6,658,179.24	8,906,056.00
Accrued interest	8,437,743.18	26,617,328.58
Total	1,595,573,187.08	1,437,201,568.68

As of **December 31, 2001** the balance of “Due to Other Financial Institutions” account comprised liabilities towards **Deutsche Bank AG** business units amounting to **PLN 183,693,427.60** and towards DB 24 S.A. amounting to **PLN 603,981,962.72**.

As of December 31, 2000 the balance of “Due to Other Financial Institutions” account comprised liabilities towards **Deutsche Bank AG** business units amounting to **PLN 403,006,404.20** and towards BWR S.A. amounting to **PLN 673,744,856.00**.

11. Due to customers and the budget sector

Due to customers and the public sector by type		
PLN	As of 31.12.2001	As of 31.12.2000
Current accounts	491,705,265.71	271,884,785.22
Term and stopped deposits	623,548,198.19	859,664,430.32
Other due	3,099,375.67	366,322.51
Accrued interest	3,298,553.30	6,191,667.23
Total	1,121,651,392.87	1,138,107,205.28

Due to customers and the public sector by type of customer		
PLN	As of 31.12.2001	As of 31.12.2000
Private individuals	172,717,984.55	308,471,388.89
Other non-financial customers	948,067,074.08	816,218,056.01
Budget sector	866,334.24	13,417,760.38
Total	1,121,651,392.87	1,138,107,205.28

Due to customers and the public sector by currency exposure		
PLN	As of 31.12.2001	As of 31.12.2000
in PLN	640,699,305.14	674,164,271.16
in convertible foreign currencies (expressed as PLN equivalent)	480,952,087.73	463,942,934.12
Total	1,121,651,392.87	1,138,107,205.28

Due to customers and the public sector by maturity		
PLN	As of 31.12.2001	As of 31.12.2000
Current	494,804 641.38	272,251,107.73
Term	626,846,751.49	865,856,097.55
below 3 months	562,223,485.20	819,351,774.79
from 3 months to 1 year	21,262,546.02	40,312,655.53
from 1 year to 5 years	40,062,166.97	–
above 5 years	–	–
Accrued interest	3,298,553.30	6,191,667.23
Total	1,121,651,392.87	1,138,107,205.28

12. Due related to debt securities issue

PLN	As of 31.12.2001	As of 31.12.2000
Due related to debt securities issue	84,991,388.31	–
Total	84,991,388.31	–

On April 17, 2001 CDs were issued by Deutsche Bank Polska S.A. with the total nominal value of **USD 35,000,000.00** and discounted value of **USD 19,974,500.00**. The maturity date is December 15, 2008.

The issue was acquired by Deutsche Bank, London Branch.

13. Special funds and other liabilities

PLN	As of 31.12.2001	As of 31.12.2000
Interbank settlements	19,265,677.28	26,684,605.55
Cash deposits – collaterals	16,990.00	–
Money transfers to be allocated to customers' accounts	1,879,898.74	1,953,891.19
Employee Social Fund	108,599.25	113,159.13
Trade payables	2,177,560.34	2,090,192.81
Tax payable	780,810.82	413,457.03
Other	884,185.18	499,590.30
Total	25,113,721.61	31,754,896.01

14. Accrued expenses and deferred income

Deferred income		
PLN	As of 31.12.2001	As of 31.12.2000
Factoring discount	218,898.71	632,707.14
Bills discount	61,433.45	26,656.37
Suspended interest	1,907,506.90	917,068.61
Total	2,187,839.06	1,576,432.12

Accrued expenses		
PLN	As of 31.12.2001	As of 31.12.2000
Audit fee accrual	373,814.47	525,000.00
Employee holiday pay provision	1,287,941.65	1,011,440.27
Accrued bonuses to employees	4,154,795.92	5,745,800.00
IT and telecom service payable	847,828.44	–
Restructuring expense	11,222,845.06	–
Incentive system replacement cost payable	3,240,237.95	–
Other costs to be paid	2,155,171.56	1,012,000.00
Accrued interest payable on cross currency interest rate swaps	799,488.65	189,818.89
Total	24,082,123.70	8,484,059.16

15. Deferred tax provision

Provision for corporate income tax		
PLN	As of 31.12.2001	As of 31.12.2000
Provision for deferred corporate income tax	26,910,952.02	4,215,373.75
Total	26,910,952.02	4,215,373.75

Calculation of deferred tax			
Positive interim differences	Taxable base	Rate	As of 31.12.2001
Accrued interest income from financial institutions' transactions	11,694,221.91	28%	3,274,382.13
Accrued interest income from non-financial institutions' transactions	4,645,872.95	28%	1,300,844.43
Interest on CIRS and IRS SWAPS	2,019,677.74	28%	565,509.77
Interest income – purchased debts	288,439.00	28%	80,762.92
Accrued interest income – securities	331,529.13	28%	92,828.16
Unrealised FX gain/loss	17,890,191.69	28%	5,009,253.67
Differences on revaluation of financial instruments	140,510,066.89	28%	39,342,818.73
Total positive interim differences	177,379,999.31		49,666,399.81
Negative interim differences			
Negative interim differences	Taxable base	Rate	As of 31.12.2001
Accrued interest expense on financial institutions' transactions	13,804,781.90	28%	3,865,338.93
Accrued interest expense on non-financial institutions' transactions	3,298,553.54	28%	923,594.99
Accrued interest income on CIRS and IRS SWAPS	799,488.65	28%	223,856.82
Accrued interest payable on subordinated loan	950,293.11	28%	266,082.07
Currency options premium expense	5,571,417.18	28%	1,559,996.81
Accruals payable in 2002	23,282,635.05	28%	6,519,137.81
Tax loss for the year 2000 to be settled in 2002	4,281,383.76	28%	1,198,787.45
Tax loss for the year 2001 to be settled in 2002	10,053,791.21	28%	2,815,061.54
Tax loss for the year 2000 to be settled in subsequent years	4,281,383.76	24%	1,027,532.10
Tax loss for the year 2001 to be settled in subsequent years	10,053,791.21	24%	2,412,909.89
Provision for depreciation of tangible fixed assets	511,733.28	28%	143,285.32
Bill of exchange discount	61,433.45	28%	17,201.37
Provision for debts	4,922,709.73	28%	1,378,358.72
Costs paid in advance that are tax costs in subsequent years	1,443,942.68	28%	404,303.94
Total negative interim differences	83,317,338.52		22,755,447.79
Total	94,062,660.79		26,910,952.02

Deferred tax provision is calculated based on the interim differences caused by timing differences in recognition of income generated or cost incurred under the Accounting Act and tax regulations. The deferred tax provision is calculated according to tax rates effective at the year of realisation of deferred tax asset or liability or use of tax losses (i.e. 28% or 24%).

16. Subordinated liabilities

Subordinated liabilities – principal and interest due		
PLN	As of 31.12.2001	As of 31.12.2000
Principal	95,648,064.27	104,678,127.98
Interest	914,368.42	1,282,871.46
Total	96,562,432.69	105,960,999.44

Subordinated liabilities to Deutsche Bank (Luxembourg)		
PLN	As of 31.12.2001	As of 31.12.2000
Principal	25,210,064.27	27,590,127.98
Interest	401,712.94	515,237.75
Total	25,611,777.21	28,105,365.73

On August 28, 1996 Deutsche Bank Polska S.A. took a long-term loan from Deutsche Bank Luxembourg S.A. for the total amount of DM 14,000,000.00 bearing current 6-month market rate +0.7% of margin. The loan was repaid on February 26, 2002.

Pursuant to NBP decision for the purposes of calculation of solvency ratio the Bank had to decrease each year the value of subordinated loan falling under equity by 1/3 of its original value denominated in PLN effective from February 27, 1999.

This implied that from February 27, 1999 the level of subordinated loan categorised as Bank equity decreased by PLN 8,598,333.33 for consecutive 3 years and at the end of December it amounted to zero.

Subordinated liabilities to Deutsche Bank AG		
PLN	As of 31.12.2001	As of 31.12.2000
Principal	70,438,000.00	77,088,000.00
Interest	512,655.48	767,633.71
Total	70,950,655.48	77,855,633.71

On October 31, 2000 the subordinated loan amounting to EUR 20,000,000.00 was taken from Deutsche Bank AG. Original repayment date of the loan falls due on November 1, 2005. Interest on this loan will be paid quarterly starting from January 31, 2001. The interest rate in the first interest period amounts to 5.7820%. In subsequent interest period interest rate will be calculated on the basis of 3-month EURIBOR +0.65% of margin. The Banking Supervision Commission granted its consent to post the loan amount (i.e. **PLN 78,600,000.00**) into bank equity for the purposes of solvency ratio calculation.

For the purposes of solvency ratio calculation the Bank has to decrease each year the value of subordinated loan classified as equity by 1/3 of its original value denominated in PLN starting from November 21, 2001.

This implies that from November 21, 2001 the level of subordinated loan categorized as Bank's equity will decrease by PLN 15,720,000.00 in subsequent 5 years and its value at the end of December was PLN 62,880,000.00.

In March 2002 the Management Board of Deutsche Bank Polska S.A. made a decision on earlier repayment of the subordinated loan to Deutsche Bank AG and received the required permission from the Banking Supervision Commission on March 29, 2002.

The loan amounting to EUR 20,000,000 along with interest accrued is scheduled for repayment on April 30, 2002.

The amount shown in the financial statements covers also the accrued interest and is the PLN equivalent of the loan amount according to the FX rate effective on the day the financial statements were drawn up.

17. Shareholders' equity

Changes in the level of shareholders' equity since the foundation of Deutsche Bank Polska S.A.

Date	Issue series	Action	Change in level of shareholders' equity PLN	Shareholders' equity balance after change PLN
21.07.1995	A	Bank foundation	20,000,000.00	20,000,000.00
20.11.1995	B	Shareholders' equity increase	10,000,000.00	30,000,000.00
21.08.1996	C	Shareholders' equity increase	40,000,000.00	70,000,000.00
07.07.1998	D	Shareholders' equity increase	80,000,000.00	150,000,000.00
16.10.1998	E	Shareholders' equity increase	80,000,000.00	230,000,000.00

The sole shareholder of Deutsche Bank Polska S.A. is Deutsche Bank AG.

Pursuant to the share issues to date DB AG holds all i.e. 230 shares in the Bank with the par value of PLN 1 M each. **Deutsche Bank AG** holds 100% of the votes at the General Meeting of Shareholders.

In the year 2000 there were no new share issues.

18. Reserve Capital

Bank's reserve capital consists fully of share premiums. Table below illustrates changes in the reserve capital level in consecutive years of Bank operations:

Date	Issue series	Action	Change in level of reserve capital PLN	Reserve capital balance after change PLN
21.07.1995	A	First share issue	5,000,000.00	5,000,000.00
20.11.1995	B	Second share issue	10,000,000.00	15,000,000.00
21.08.1996	C	Third share issue	25 000,000.00	40,000,000.00
07.07.1998	D	Fourth share issue	80,000,000.00	120,000,000.00
16.10.1998	E	Fifth share issue	75,000,000.00	195,000,000.00

19. Retained earnings

PLN	As of 31.12.2001	As of 31.12.2000
Retained earnings from previous years	48,062,167.85	14,629,138.09
Net profit in 1999	–	33,433,029.76
Net profit in 2000	30,386,920.21	–
Total	78,449,088.06	48,062,167.85

Pursuant to the Resolution No. 2 of June 7, 2001 of the General Meeting of Shareholders of Deutsche Bank Polska S.A. total net profit in the year 2000 amounting to PLN 30,386,920.21 was appropriated to retained earnings.

A part of net profit generated in the year 2001 amounting to PLN 21,187,487.71 is planned to be appropriated to retained earnings.

The amount of PLN 30,000,000.00 will be used for dividend payment.

20. Interest income

PLN	For accounting year ended 31.12.2001	For accounting year ended 31.12.2000
Received from:	308,548,166.29	298,202,334.38
financial institutions	142,509,748.11	122,125,192.20
customers and public sector	166,038,418.18	176,077,142.18
On securities:	12,033,917.79	19,520,244.03
fixed income	12,033,917.79	19,520,244.03
variable income	–	–
Interest income	320,582,084.08	317,722,578.41

21. Interest expense

PLN	For accounting year ended 31.12.2001	For accounting year ended 31.12.2000
Financial institutions	(219,415,429.51)	(167,432,995.36)
Customers and the public sector	(94,799,787.69)	(84,916,335.17)
Other	(14,245,469.86)	(2,052,975.35)
Interest expense	(328,460,687.06)	(254,402,305.88)

22. Commission income

PLN	For accounting year ended 31.12.2001	For accounting year ended 31.12.2000
Commission income	42,247,637.31	27,480,357.37
Commission expense	(6,636,360.15)	(5,146,427.20)
Net income on financial transactions	35,611,277.16	22,333,930.17

23. Net income on financial transactions

PLN	For accounting year ended 31.12.2001	For accounting year ended 31.12.2000
Net income on purchase/sale of securities	5,456,267.90	(3,206,243.80)
Proceeds from sales of shares and interest in financial entities	291,804,771.24	
Cost of sales of shares and interest in financial entities	(291,804,789.98)	-
Currency options premium income	11,529,976.68	-
Currency options premium expense	(11,529,976.68)	-
Net income on other transactions	-	3,856,692.27
Net income on financial transactions	5,456,249.16	650,448.47

24. Foreign exchange income

PLN	For accounting year ended 31.12.2001	For accounting year ended 31.12.2000
FX income	51,945,599.92	33,676,469.78
Valuation of foreign exchange transactions	102,674,444.50	37,835,622.38
Income on exchange transactions	154,620,044.42	71,512,092.16

25. General expenses

PLN	For accounting year ended 31.12.2001	For accounting year ended 31.12.2000
Administrative costs of which:		
Payroll	(44,226,809.75)	(47,457,237.93)
Payroll surcharges	(6,861,879.41)	(5,452,360.54)
Employee benefits	(3,788,951.35)	(6,577,664.19)
Building maintenance and lease expenses	(26,764,924.77)	(11,329,500.98)
Other non-personnel costs	(32,333,206.05)	(34,555,390.02)
Taxes, charges and other contributions	(1,415,981.32)	(3,746,221.17)
General expenses	(115,391,752.65)	(109,118,374.83)

Remuneration of the Management Board members in 2000 and 2001 amounted to **PLN 3,107,041.43** and **PLN 6,627,475.47** respectively.

In the financial year ended December 31, 2000 no remuneration was paid to the Supervisory Board members.

The number of employees declined from **292** persons at the beginning of January to **249** at the end of 2001.

26. Setting up and dissolution of provisions

PLN	For accounting year ended 31.12.2001	For accounting year ended 31.12.200
Allocations to provisions for receivables at risk	(5,807,170.79)	(2,161,947.87)
Allocations to provisions for off-balance liabilities	(304,303.67)	–
Allocations to provisions for depreciation of fixed assets and investments	(511,733.28)	(2,785,000.00)
Dissolution of provisions for receivables at risk	4,277,708.34	–
Dissolution of provisions for off-balance liabilities	304,303.67	–
Dissolution of provisions for depreciation of fixed assets and investments	2,785,000.00	486,828.13
Net provisions	743,804.27	(4,460,119.74)

Provisions balance and changes (by category)

PLN	Provisions for receivables from non-financial sector	Provisions for off-balance liabilities	Provisions for fixed assets and investments	Total gains/expenses related to provisions
Opening balance of provisions	(3,856,412.08)	–	(2,785,000.00)	–
Allocations to provisions and revaluation	(5,807,170.79)	(304,303.67)	(511,733.28)	(6,623,207.74)
Dissolution of provisions and reductions in revaluation	4,277,708.34	304,303.67	2,785,000.00	7,367,012.01
Decreases due to sales of debts	463,164.80	–	–	–
Closing balance of provisions	(4,922,709.73)	–	(511,733.28)	743,804.27

27. Corporate income tax

PLN	Year ended 2001	Year ended 2000
Bank revenues	846,411,739.64	501,802,628.32
Decreased by:	146,911,394.70	78,765,418.23
accrued interest receivable	18,979,740.59	21,604,823.98
unrealised FX income	17,890,191.69	14,499,275.69
differences resulting from valuation of financial instruments	102,674,444.51	37,835,622.38
release of provision for debts and contingent liabilities	7,367,012.01	486,828.13
other	5.90	4,338,868.05
Increased by:	36,165,724.56	14,355,650.15
bill of exchange discount	61,433.45	–
realised FX income in 1999, accrued in previous years	14,499,275.69	–
interest received in 2000/2001, accrued in previous years	21,604,823.98	14,355,650.15
other	191.44	–
Taxable income	735,666,069.50	437,392,860.24
Bank costs	773,492,843.66	461,341,696.25
Decreased by:	52,400,042.80	48,425,793.88
accrued interest payable	18,853,137.20	34,281,686.16
unrealised FX income	–	–
car insurance above EUR 10,000	38,049.16	–
vehicle depreciation above EUR 10,000	185,818.10	157,356.07
provisions for debts and contingent liabilities	6,111,474.46	2,161,947.87
provision for payroll and overheads	17,511,893.40	7,561,204.56
provision for fixed assets depreciation	511,733.28	2,785,000.00
currency options premium expense	5,571,417.18	1,478,599.22
non-mandatory membership fees	276,734.26	–
other	3,339,785.76	–
Increased by:	34,680,851.04	33,039,725.40
interest paid in 2000/2001, accrued in previous years	34,281,686.16	5,621,566.18
utilisation of payroll and overheads provision	–	2,440,923.53
realised FX income in 1999/2000, accrued in previous years	–	24,583,433.09
other	399,164.88	393,802.60
Costs for tax purposes	755,773,651.92	445,955,627.77
Income for tax purposes	(20,107,582.42)	(8,562,767.53)
Taxable income	–	–
Tax loss	(20,107,582.42)	(8,562,767.53)
Corporate income tax at rate of 30% (in 2000) and 28% (in 2001)	–	–
Provision for positive interim differences as of 31.12.2000	–	4,215,373.75
Provision for negative interim differences for 1999	–	5,858,638.11
Provision for positive interim differences as of 31.12.2001	26,910,952.02	–
Release of deferred tax provision from 2000	(4,215,373.75)	–
Lump sum tax on dividend	(964,170.00)	–
Corporate income tax	21,731,408.27	10,074,011.86

28. Off-balance liabilities

PLN	As of 31.12.2001	As of 31.12.2000
Contingent liabilities granted to financial institutions	348,273,966.16	217,748,593.42
opened credit lines	277,000,398.15	145,563,409.56
import letters of credit	9,547,123.88	9 902,725.66
extended guarantees	61,726,444.13	62,282,458.19
Contingent liabilities granted to non-financial institutions	730,866,582.63	772,816,466.18
opened credit lines	596,271,097.13	655,418,032.53
open letters of credit	20,303,980.71	2,022,527.35
extended guarantees	114,291,504.79	115 375,906.30
Total contingent off-balance liabilities granted	1,079,140,548.79	990,565,059.59
guarantee liabilities received from financial entities	483,780,862.69	406 122,660.88
guarantee liabilities received from non-financial entities	1,127,177,007.52	911,442,930.17
Total contingent off-balance liabilities received	1,610,957,870.21	1,317,565,591.05
Currency transactions	50,187,484,050.16	17,586,465,790.00
of which: FX sale transactions	25,170,445,704.41	8,767,415,280.00
current exchange transactions	2,036,677,034.04	1,961,800,380.00
term exchange transactions	23,133,768,670.37	6,805,614,900.00
of which: FX purchase transactions	25,017,038,345.75	8,819,050,510.00
current exchange transactions	2,039,541,694.03	1,962,707,410.00
term exchange transactions	22,977,496,651.72	6,856,343,100.00
Currency options (nominal values of base instrument)	392,276,186.62	165,728,000.00
OTC options sold	196,138,093.31	82,864,000.00
call option	108,502,849.10	62,148,000.00
put option	87,635,244.21	20,716,000.00
OTC options bought	196,138,093.31	82,864,000.00
call option	108,502,849.10	62,148,000.00
put option	87,635,244.21	20,716,000.00
Securities trading liabilities	74,170,000.00	35,450,000.00
term securities purchased (nominal value)	52,170,000.00	2,400,000.00
term securities sold (nominal value)	22,000,000.00	33,050,000.00
Interest rate swap transactions	840,103,620.00	245,451,701.17
interest rate swap – purchased	420,051,810.00	122,725,850.58
interest rate swap – sold	420,051,810.00	122,725,850.58
FRA transactions	5,000,000.00	–

29. Currency structure of assets and liabilities as of December 31, 2001

Currency	Assets and off-balance items balances	Liabilities and off-balance items balances	Long position (+)	Short position (-)
ATS	–	403,739.25	–	(403,739.25)
AUD	–	19,320.78	–	(19,320.78)
CAD	75,509.38	–	75,509.38	–
CHF	83,295,308.54	83,086,168.74	209,139.80	–
CZK	–	33,505.40	–	(33,505.40)
DEM	126,901.23	26,731,633.74	–	(26,604,732.51)
DKK	179,823.90	72,899.10	106,924.80	–
EUR	1,840,357,876.43	1,798,976,732.25	41,381,144.18	–
FRF	47.02	2,684.55	–	(2,637.53)
GBP	10,276,485.93	10,207,475.59	69,010.34	–
ITL	–	5.71	–	(5.71)
JPY	1,238,995,069.35	1,238,948,668.11	46,401.25	–
NOK	1,599,603.12	1,307,476.19	292,126.93	–
SEK	2,147,224.90	1,648,576.90	498,648.00	–
USD	12,553,121,624.44	12,559,193,034.23	–	(6,071,409.79)
Total	15,730,175,474.24	15,720,631,920.54	42,678,904.68	(33,135,350.97)
EURO basket	1,840,484,824.68	1,826,114,795.50	41,381,144.18	(27,011,115.00)

Bank's foreign currency position is presented pursuant to Resolution No. 2/2000 of the Banking Supervision Commission adopted on November 8, 2000.

Under the Resolution the Bank selected the basis method for calculation of capital adequacy to cover currency risk. On December 31, 2001 the total currency position (long) of the Bank amounted to **PLN 42,678,900**, which accounts for **7.34%** of equity. Given the above the capital required to cover currency risk, under capital adequacy requirement, amounted to **PLN 4,967,700**.

Auditor's Opinion on the Financial Statements of Deutsche Bank Polska S.A.

To the shareholders of Deutsche Bank Polska S.A.

We have audited the accompanying financial statements of Deutsche Bank Polska S.A. based in Warsaw. These financial statements consist of: the balance sheet as at 31 December 2001 with total assets and total liabilities and equity of PLN 3,531,709,613.11; the statement of contingencies and commitments granted as at 31 December 2001 amounting to PLN 1,079,140,548.79; the profit and loss account for the year then ended with a net profit of PLN 51,187,487.71; the cash flow statement for the year then ended with an increase in cash amounting to PLN 47,450,642.62 and notes to the financial statements.

These financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted the audit in accordance with International Standards on Auditing, as issued by the International Federation of Accountants, section 7 of the Polish Accounting Act dated 29 September 1994 (Dziennik Ustaw no.121, item 591 with subsequent amendments) and the professional norms established by the Polish National Council of Certified Auditors. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, these financial statements have been prepared on the basis of duly kept books and present fairly, in all material aspects, the financial position of Deutsche Bank Polska S.A. as at 31 December 2001 and the results of its operations and its cash flows for the year then ended in accordance with the accounting standards applied in Poland as set out

in the Polish Accounting Act dated September 29, 1994 (Dziennik Ustaw no.121, item 591 with subsequent amendments), and the Polish Banking Supervision Commission Resolution no. 1/98 dated June 3, 1998 on the special rules for bank accounting and the notes to the financial statements (Dz. Urz. NBP no.14, item 27), which have been applied on a consistent basis.

As required under the Polish Accounting Act dated September 29, 1994 we also report that the information given in the Directors' Report is consistent with the financial statements.



Certified Auditor No. 4979/2575
Hanna Fludra



For KPMG Polska Audyt Sp. z o.o.
Certified Auditor No. 796/1670
Bogdan Dębicki
Member of the Management Board



For KPMG Polska Audyt Sp. z o.o.
Richard Cysarz, Proxy

Warsaw, June 17, 2002

Centrala Banku Head Office

al. Armii Ludowej 26

09-609 Warszawa

Tel. (+48 22) 579 90 00

Fax (+48 22) 579 90 01

www.deutsche-bank.pl

e-mail: public.relations@db.com

Autorem cyklu fotografii „Światło, rysunek, przestrzeń we współczesnej architekturze polskiej” ilustrujących ten raport jest Wojciech Kryński.

Str. 4 – Instytut Biologii Molekularnej i Biotechnologii Uniwersytetu Jagiellońskiego w Krakowie

Str. 14 – Wydział Matematyki i Informatyki Uniwersytetu im. Adama Mickiewicza w Poznaniu

Str. 58 – Wyższa Szkoła Zarządzania w Gdańsku

Str. 62 – Siedziba PLL LOT w Warszawie

Str. 72 – Centrum Finansowe Puławska w Warszawie

A series of photographs titled „Light, Lines, Space In the Contemporary Polish Architecture”, illustrating this Annual Report, was taken by Wojciech Kryński.

P. 4 – Institute of Molecular Biology and Biotechnology, Jagiellonian University in Cracow

P. 14 – Mathematics and Information Technology Faculty, Adam Mickiewicz University in Poznań

P. 58 – Higher School of Management in Gdańsk

P. 62 – Headquarters of LOT Polish Airlines in Warsaw

P. 72 – Puławska Financial Centre in Warsaw