

Warsaw, 6 September 2006

## **Press release of the Committee for Banking Supervision**

Recently the Commission for Banking Supervision has been informed that on 7 August 2006 a formal notification of an offence was submitted to the State Prosecutor's Office. In this notification objections against the Chairperson of the Commission and its members were raised. The issue is related to the motion for declaration of bankruptcy of Bank Staropolski, filed with the Court in January 2000 by the CBS.. The notification of an offence was submitted by the company - Instytut Wdrożeń Norm i Standardów Europejskich (Institute of Implementation of European Rules and Standards) which – according to its declaration, is a shareholder of Bank Staropolski in bankruptcy. Objections against the Commission for Banking Supervision presented in the notification were based on wrong assumptions and referred to:

- » Alteration of the Bank Staropolski balance sheet,
- » The Commission's decision to file a motion to the court without having had the balance sheet examined by a chartered accountant,
- » Enabling the new investor, through the bankruptcy of Bank Staropolski, to take full control of the Invest Bank capital.

After analysis of the presented objections it should be concluded that:

1. It is not true that the Bank Staropolski balance sheet was altered. All real (existing) items of the bank's assets – in line with the applicable legal regulations – were valued and shown in the balance sheet by the bank's Management Board. This fact has been confirmed by valuation of Bank Staropolski performed by order of the official receiver. As it results from the valuations drawn up by the company BDO, the value of Bank Staropolski was and continues to be negative;
2. It is not true that making a decision to file a motion for declaration of Bank Staropolski bankruptcy, the Commission for Banking Supervision did not have at its disposal the bank's balance sheet examined by a chartered accountant, which would provide prerequisites to initiate bankruptcy proceedings against the bank . On the day the motion was filed, the Commission had at its disposal the following documents:
  - The balance sheet of Bank Staropolski for 1988 reviewed by a chartered accountant – the company Finansista. According to the bank's and chartered accountant's

documents, losses incurred by the bank more than doubled its own funds. In its opinion, the auditor stated that further continuation of the bank's activities would jeopardise the funds accumulated on the accounts;

- The balance sheet of Bank Staropolski as at 31 October 1999 together with the preliminary report on the balance sheet examination drawn up by the bank's auditor – the company Deloitte & Touche. As it resulted from the bank's and auditor's documents, the bank's condition required urgent supervisory actions to be undertaken.

At the same time, the Commission had at its disposal the bank's financial statements submitted to the NBP. It resulted from the statements that the bank's losses in October 1999, as compared to the end of 1998, tripled.

3. It is not true that by filing the motion for declaration of bankruptcy of Bank Staropolski, the Commission prevented the new investor from taking of full capital control in Invest Bank. If – at that time – the new investor had not supplied Invest Bank with capital, the two banks would have had been threatened with bankruptcy.

In the opinion of the Commission for Banking Supervision, the objections addressed to the Commission are closely connected with the proceedings conducted before the District Court in Poznań where members of Bank Staropolski authorities are accused of causing losses of PLN 560 million.