

Commentary
to a quarterly report of
Fortis Bank Polska SA
for the second quarter of 2001

1. Accounting principles adopted in the report:
 - 1.1. Fortis Bank Polska SA keeps its accounting records pursuant to the rules detailed in the Accounting Act dated September 29, 1994 (Official Journal No. 121 item 591, as amended) and Resolution no. 1/98 of the Banking Supervision Commission dated June 3, 1998, on the special rules of bank accounting and the notes to the financial statements (NBP Official Journal no. 14 item 27).
 - 1.2. A detailed description of the accounting principles applied by the Bank was presented in the quarterly report for the first quarter of 2001.
 - 1.3. In the second quarter of 2001, the accounting principles were not changed.
 - 1.4. Financial data included in the quarterly report has been prepared using valuation rules applicable to assets and liabilities and the calculation of the financial result determined on the balance sheet day, taking into account adjustments resulting from provisions, including provisions for other timing differences arising from income tax, referred to in the Accountancy Act, and write-offs revaluing assets according to the existing provisions.
 - 1.5. Selected financial data included in the report has been converted into the euro according to the following rules:
 - 1.5.1. the particular assets and liabilities were converted into the euro at the average exchange rate on June 29, 2001, announced by the National Bank of Poland,
 - 1.5.2. the particular items in the YTD profit and loss statement were converted into the euro at the rate based on the arithmetic mean of average rates determined by the National Bank of Poland on the last days of the months from January to June, 2001.
 - 1.5.3. the particular items in the profit and loss statement for the quarter were converted into the euro at the rate based on the arithmetic mean of average rates determined by the National Bank of Poland on the last days of April, May and June of 2001.
 - 1.5.4. the following rates were applied in the calculations done according to the above mentioned rules:
 - rate at the end of January, 2001 – EUR/PLN 3.8015,
 - rate at the end of February, 2001 – EUR/PLN 3.7535
 - rate at the end of March, 2001 – EUR/PLN 3.617
 - rate at the end of April, 2001 – EUR/PLN 3.5364
 - rate at the end of May, 2001 – EUR/PLN 3.3969
 - rate at the end of June, 2001 – EUR/PLN 3.3783
2. Below are the factors and events which have an impact on the financial result earned in the 2nd quarter of 2001:
 - 2.1 decrease in the income interest result by 21% as compared to the second quarter of 2000 mainly due to a lower interest margin;
 - 2.2 financial operations result in the amount of PLN 6,582 thousand composed of the revenues acquired during the public issue of Series J shares;
 - 2.3 result from the FX position in the amount of PLN 9.884 thousand (higher by 32% than the result in the second quarter of 2000);
 - 2.4 increase of 19% in general expenses as compared to the second quarter of 2000;

- 2.5 creation of considerable provisions for loans and off-balance liabilities in the amount of PLN 17,206 thousand. In the second quarter of 2001, the surplus difference between the established and released provisions was PLN 11,546 thousand;
 - 2.6 creation of the provision to cover potential Bank's liabilities due from VAT in the amount of PLN 2,465 thousand. (*see more details regarding this issue in item 10.3 below*).
 - 2.7 at the end of the second quarter of 2001, we reported a negative other timing difference arising from income tax in the amount of PLN 11,244 thousand which is shown as interperiod settlements on the assets side.
 - 2.8 In the second quarter of 2001, the Bank released the provision for general risk in the amount of PLN 1,980 thousand. At the end of the second quarter of 2001, the provision for general risk amounted to PLN 6,144 thousand.
3. One type of collateral used by the Bank is the transfer of a specific amount to the Bank's account, where the Bank undertakes to return this amount upon the repayment of debt along with the interest and fees due. Art 102 of the Banking Law Act dated August 29, 1998 regulates this form of collateral. The value of this type of collateral accepted by the Bank as of June 30, 2001 amounted to PLN 290,413 thousand and was shown under the balance sheet item "due to other customers and the budget sector".
4. The net financial result for the first six months of 2001 was substantially lower than the projected figure. This was due to the following factors:
 - 4.1. lower interest margin – 3.5% at the end of the second quarter of 2001, as compared to 4.6% in the second quarter of 2000,
 - 4.2. high write-offs for provisions for loans at risk, caused mainly by a considerable increase in non-performing loans,
 - 4.3. lower than projected loan and deposit production,
 - 4.4. creation of the provision for tax liabilities of the former Investment and Leasing Branch of Fortis Bank Polska SA arising from VAT for 1999 and 2000. The balance of provisions created for such liabilities amounted to PLN 3,145 thousand for the first half of 2001. (*see also item 10.3 below*)
5. The Board of Executives of Fortis Bank Polska SA, after the verification of the Bank's performance for the first half of 2001 and the assessment of the implementation of the 2001 financial plan, decided to review the forecast of financial results as of December 2001. The reforecast was approved by the Board of Directors. The planned net profit as of December 31, 2001 will amount to PLN 26 million (a decrease of 52% as compared to the original plan), while the total assets in the amount of PLN 4,013 will be lower by 19% than originally planned. The financial plan reforecast was prepared under the following assumptions:
 - lower than planned stocks of loans and deposits,
 - lower interest margin,
 - increase in provisions created for non-performing loans,
 - creation of the provision for potential tax liabilities of the bank arising from VAT,
 - decrease of the costs of Bank's operations compared to the original plan.
6. Based upon Clause 3 Section 3 Item 2 of the Resolution No 2/98 of the Banking Supervision Commission dated June 3, 1998 on detailed rules of preparing consolidated financial statements by banks (NBP Official Journal No 14, item 28), the Bank as a parent entity does not prepare consolidated financial statements. The balance sheet value of the affiliated entity, which is Fortis Securities Polska SA, is below 5% of the balance-sheet value of the parent entity and both interest revenues from non-banking activities and net revenues from the sales of goods and services and financial operations from non-banking activities of the affiliated entity are below 5% of the parent

entity's revenues. The data of the affiliated entity that justifies the above-mentioned exclusion will be presented in the 2001 Fortis Bank Polska SA Semi-Annual Report.

7. The Bank did not change the manner of presenting its financial data related to the previous reporting periods.
8. Shareholders holding at least 5% of the total votes at the Bank's General Shareholders' Meeting and changes in the ownership structure:
 - 8.1. The shareholders structure from April 1, 2001 to June 27, 2001: (the previous change of the ownership structure took place as a result of the registration of the share capital increase on July 3, 2000).

shareholder	number of shares owned		number of votes at the GSM*	
Fortis Bank	9,915,907	98.65%	7,538,850	75%
Others	135,893	1.35%	135,893	1.35%
Total:	10,051,800	100%		

**Pursuant to Art. 26 of the Banking Law Act of 29.08.1997 (Dz. U. No. 140, Item. 939 as amended) and according to Resolution No. 159/KNB/99 of the Banking Supervision Commission dated 16.08.1999 regarding the issuance of the permit to acquire the Bank's shares by Fortis Bank – Fortis Bank has 75% of the total votes at the General Shareholders Meeting.*

- 8.2. On April 5, 2001, the subscription for 5,025,900 Series J common bearer shares offered to the existing shareholders through the exercise of preemption rights at PLN 39.80 per share was closed. Following that, the Board of Executives took a resolution regarding the completion of the Series J shares issue and confirming the allotment of the shares on April 12, 2001. All Series J shares were acquired by Fortis Bank seated in Brussels.
- 8.3. The change in the Bank's ownership structure followed the increase of the share capital up to PLN 30,155,400 through a public issue of Series J shares with their total par value of PLN 10,051,800, which was registered on June 28, 2001 (decision issued by the District Court of Warsaw, Commercial and Administration Department XX, file no. KRS/4447/1/782). Fortis Bank Polska SA share capital is divided into 15,077,700 shares of the par value of PLN 2 each, which entitles to 15,077,700 votes at the General Shareholders' Meeting.
- 8.4. The list of shareholders entitled to exercise 5 or more of the total number of votes at the GSM – as of June 28, 2001.

shareholder	number of shares owned		number of votes at the General Shareholders Meeting*	
Fortis Bank	14,941,807	99.10%	11,308,275	75%
Others	135,893	0.90%	135,893	0.90%
Total:	15,077,700	100%		

**According to the Banking Supervision Commission's permit to acquire the Bank's shares by Fortis Bank, seated in Brussels – Fortis Bank, holding 14,941,807 shares of Fortis Bank Polska SA, may exercise 75% of the total voting rights at the General Shareholders Meeting.*

9. Fortis Bank Polska SA shares owned by the members of the Bank's Board of Executives and the Board of Directors:
 - 9.1. It has been established that at the end of the 2nd Qtr. 2001, i.e. on June 30, 2001, none of the Members of the Board of Executives (Jean-Marie De Baerdemaeker, Marek Kulczycki, Leszek Niemycki, Jean-Luc Deguel, Gilles Polet, Andre Van Brussel) held any shares issued by Fortis Bank Polska SA, and has not changed as compared to the previous quarter.
 - 9.2. In the second quarter of 2001 no changes took place with respect to the structure of the Bank shares owned by the Members of the Board of Directors:

	Position	Number of shares owned	
		as of	
		March 31, 2001	June 30, 2001
Luc Delvaux	Deputy Chairman	25	25

- 9.3. The other Members of the Board of Directors, i.e. Sjoerd van Keulen, Antoni Potocki, Zbigniew Dresler, Paul Dor, Roland Saintrond, Werner Claes and Kathleen Steel do not hold any shares of the Bank.
10. The most important events that took place in the second quarter of 2001.
- 10.1. The Bank, with the assistance of Artur Andersen, is running the “Zefir” project aiming at substantially improving the efficiency and effectiveness of the Bank’s processes. The objective of the project is to increase the quality of services at lower costs.
- 10.2. On May 15, 2001 the Board of Directors accepted the resignation of Thomas C. Cianfrani, the Vice-President. Mr. Cianfrani was appointed to the Bank’s Board of Executives on behalf of the Enterprise Credit Corporation (ECC) in April of 1995, and from that time until the end of 2000, he was in the position of the Chief Financial Officer.
- 10.3. The General Shareholders’ Meeting was held on June 21, 2001. After taking into consideration the opinion of the Board of Directors and the opinion of certified external auditors the shareholders approved the financial statements for the 2000 fiscal year, together with the Board of Executives Report for the 2000 fiscal year and the Board of Directors Report for the 2000 fiscal year. The members of the Bank authorities were given a discharge of duties. The net profit of the Bank for the 2000 fiscal year, amounting to PLN 21,03 million, was allocated to the general risk fund to cover possible losses in the Bank’s assets. The Shareholders approved amendments to the Bank’s Statute imposed by the new Code of Commercial Companies (Company Code). Major amendments, apart from changes in terminology, involve: extending the tenure of the BoD and BoE from 3 to 5 years and specifying that the members of these bodies are appointed for the period of common tenure, modification of voting manners at and outside the BoD meetings, adding to the scope of authority of the BoD “adoption of resolutions regarding the purchase or sale of real estate”. The Shareholders also approved amendments to the Board of Directors Regulations, which are the consequence of introduction of the new Company Code and the amendments in the Bank’s Statute. In particular, the rules of adopting resolutions were modified and supplemented with new manners of voting.
- 10.4. On June 11, 2001 the Bank informed that as the result of a tax audit with respect to the VAT liabilities of its former Leasing & Investment Branch (liquidated at the end of 2000) with regard to the fiscal years 1999 and 2000, the Bank received decisions that determine the amounts of alleged tax liabilities, tax arrears and penalty interest imposed on the Bank in the total amount of PLN 18.5 million. In accordance with the opinion of its external legal advisors, the Board of Executives appealed against this decision to the senior tax authorities.
- 10.5. On June 28, 2001, the capital increase through the public issue of Series J shares was registered by the Court (see also item 8.3). Taking into account the new capital acquired through the issue of shares and the last year’s profit, the Bank’s own funds (calculated according to the Banking Law) were nearly doubled and as of the end of June 2001, amounted to PLN 458.9 million. Thanks to that the solvency ratio of the Bank increased up to 19.5%.
- 10.6. On June 11, 2001 the Bank new branch started operation in Gdańsk at Okopowa 7.
- 10.7. In June Fortis Bank Polska SA twice changed its interest rates on deposit accounts: on June 11 and 29. The change which took place on June 11 was caused by the introduction of a new term deposit account structure, whereas the last change followed the decision of the Monetary Policy Council to cut official interest rates by 1.5%. Also, the loans became cheaper as the interest rates on most of the credits and loans granted by the Bank are based on the WIBOR,

LIBOR and EURIBOR indices and thus they change automatically after the decision of the MPC becomes effective.

10.8. In mid-June, the Bank offered free of charge to all its individual customers the Visa Electron payment card.

10.9. Fortis Bank Polska SA introduced the 'e-package' into its range of products – a new personal account serviced by the Pl@net, Internet banking system, and partly by phone. The e-package is designed for young students and professionals.

10.10. In cooperation with Fortis Securities Polska SA, the Bank launched a new product – a loan secured by receivables from the sale of securities. Its objective is to facilitate conducting capital market transactions.

10.11. The Bank conducted an active advertising campaign from May 21 until the end of June. During the campaign two adverts were published: one directed to individual customers promoting the overnight deposit and the other, targeted at companies, focusing mainly on an attractive three-month price promotion available in a number of options.

11. Information on most significant pending proceedings:

11.1. In the second quarter of 2001, no proceedings were instituted before court or state administration bodies related to the obligations or claims of the Bank or its subsidiaries whose total value would account for 10% of the Bank's own funds.