

**Commentary**  
**to a quarterly report of**  
**Fortis Bank Polska SA**  
**for the third 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 2001 Semi-annual report.
  - 1.3. In the third 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 September 28, 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 September of 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 July, August and September 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
      - rate at the end of July, 2001 – EUR/PLN 3.711
      - rate at the end of August, 2001 – EUR/PLN 3.8843
      - rate at the end of September, 2001 – EUR/PLN 3.881
2. Below are the factors and events which have an impact on the financial result earned in the 3<sup>rd</sup> quarter of 2001:
  - 2.1 slight increase in the income interest result by 9% as compared to the third quarter of 2000 mainly due to a narrowing interest margin;
  - 2.2 commission&fee income was higher by 38% as compared to the third quarter of 2000;
  - 2.3 financial operations result amounted to PLN 2,698 thousand;
  - 2.4 result from the FX position in the amount of PLN 13,340 thousand (was higher by 87% than the result in the third quarter of 2000);

- 2.5 increase of 12% in general expenses as compared to the third quarter of 2000;
  - 2.6 creation of considerable provisions for loans and off-balance liabilities in the amount of PLN 19,415 thousand. In the third quarter of 2001, the surplus difference between the established and released provisions was PLN 14,391 thousand;
  - 2.7 creation of the provision to cover potential Bank's liabilities due from VAT in the amount of PLN 3,945 thousand;
  - 2.8 at the end of the third quarter of 2001, the Bank reported a negative other timing difference arising from income tax in the amount of PLN 18,313 thousand which is shown as interperiod settlements on the assets side.
  - 2.9 In the third quarter of 2001, the Bank released the provision for general risk in the amount of PLN 3,072 thousand. At the end of the third quarter of 2001, the provision for general risk amounted to PLN 3,072 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 September 30, 2001 amounted to PLN 297,011 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 nine months of 2001 was substantially lower than the projected figure. This was due to the following factors:
    - 4.1. high write-offs for provisions for loans at risk, caused mainly by a considerable increase in non-performing loans
    - 4.2. lower interest margin – 3.4% at the end of the third quarter of 2001, as compared to 4.5% in the third quarter of 2000,
    - 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 7,090 thousand as at the end of the third quarter of 2001. The Investment & Leasing branch was liquidated at the end of 2000.
    - 4.5. creation of the provision in the amount of PLN 2,000 thousand for depreciation of Fortis Securities Polska SA share price.

As announced in the semi-annual financial report, taking into account the Bank's performance after three quarters of 2001, the Board of Executives once more revised the 2001 financial forecast. According to the last reforecast the net profit of the Bank as of the year-end is planned at PLN 11 million.
  5. The Bank does not prepare consolidated financial statements under Clause 3 Section 2 Item 3 of the Resolution No 2/98 of the Banking Supervision Commission dated June 3, 1998 on the detailed rules of preparation of consolidated financial statements (NBP Official Journal No 14, item 28). The Bank as a parent entity does not prepare a consolidated financial report, as total assets of its subsidiary entity – Fortis Securities Polska SA are below 5% of total assets of the parent entity, and non-banking activity revenues or net revenues from sale of goods and services and financial operations of non-banking activities of the subsidiary entity are lower than 5% of parent entity revenues. The data of the subsidiary entity that justifies the above-mentioned exclusion were presented in the 2001 Fortis Bank Polska SA Semi-Annual Report.
  6. The Bank has not changed the presentation of the financial statements for the previous accounting periods.
  7. Shareholders holding at least 5% of the total votes at the Bank's General Shareholders' Meeting and changes in the ownership structure:
    - 7.1. In the third quarter of 2001 there were no changes in the Bank's ownership structure as compared with the end of the previous quarter. The last change took place as a result of the

registration of the Bank's share capital increase up to PLN 30,155,400 following the Series J shares issue on June 28, 2001.

- 7.2. On July 5, 2001 the Board of Executives submitted the following applications - to the National Depository for Securities regarding the assimilation of 5,025,900 Series J shares, following the exchange of the allotment certificates (PDA), with other shares of Fortis Bank Polska SA quoted on the regulated market and to the WSE Board of Executives for amended listing..
- 7.3. By WSE Board of Executives Resolution No. 175/2001 dated July 11, 2001 5,025,900 Series J shares of Fortis Bank Polska SA were introduced to the public trading on the primary market effective July 18, 2001. At the same time, the WSE Board of Executives adopted the Resolution No. 174/2001 in which it fixed July 17, 2001 as the last day of the allotment certificates (PDA) quotation.
- 7.4. The list of shareholders entitled to exercise 5 or more of the total number of votes at the GSM – June 28, 2001 to September 30, 2001.

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

*\*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 of 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. Fortis Bank Polska SA shares owned by the members of the Bank's Board of Executives and the Board of Directors:

- 8.1. It has been established that at the end of the 3rd Qtr. 2001, i.e. on September 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.

- 8.2. In the third 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	
		June 30, 2001	Sept. 30, 2001
<b>Luc Delvaux</b>	<b>Deputy Chairman</b>	<b>25</b>	<b>25</b>

- 8.3. 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.

9. The most important events that took place in the third quarter of 2001.

- 9.1. Since September 24, 2001, the Agreement has become effective regarding drawing by the Bank a credit facility in the principal maximum amount of EUR 50 million from Fortis Bank (Nederland) N.V. seated in Rotterdam for 48 months earmarked for financing the Bank's working capital needs. The applied interest rate will be one, three or six month IBOR depending on the Bank's choice of interest rate period. The commitment fee: 0.125% p.a. calculated on the total unused credit principal.

- 9.2. In August Bank twice cut its interest rates on term deposits and deposit accounts on August 23 and 27 following the decisions of the Monetary Policy Council. Simultaneously, following

the change of market rates, the interest rates on loans have changed as they are based mostly on WIBOR.

- 9.3. Fortis Bank Polska SA in co-operation with the European Bank for Reconstruction and Development is launching "*Counting on your Banker*" educational project earmarked for the SME sector. Entrepreneurs - participants will take part in a series of seminars relating to the subject of professional financial management and companies' co-operation with a commercial bank. The project is a part of SME Finance Facility Program initiated by the European Commission and EBRD and implemented in the Middle and Eastern Europe countries that candidate for accession to the European Union.
- 9.4. On July 19, 2001 an official opening of new premises of First Branch in Kraków took place at 23 Lubicz street.
- 9.5. The Bank takes part in the preparations for the introduction of euro in cash transactions as from January 1, 2002. Fortis Bank Polska SA will no longer open new accounts in the currencies of EMU countries, i.e. ATS, BEF, DEM, FIM, FRF, ESP, NLG, IEP, PTE, ITL, GRD and LUF. The conversion of the existing FC accounts maintained in the above-mentioned in-currencies will be made automatically until December 1, 2001 without any additional charges to be incurred by Clients. The conversion shall not change the conditions of agreements concluded with the Bank.

10. Information on most significant pending proceedings:

- 10.1. In the third 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.