

**Commentary to the quarterly report of Fortis Bank Polska S.A.  
for the third quarter of 2003**

1. Accounting principles adopted in the report.
  - 1.1. Fortis Bank Polska S.A. keeps its accounting records pursuant to the rules set out in:
    - 1.1.1. Accounting Act dated September 29, 1994 (*Journal of Laws* no. 76, item 694, of 2002, unified text as amended),
    - 1.1.2. Banking Law Act dated August 29, 1997 (*Journal of Laws* no. 72, item 665 of 2002, unified text as amended),
    - 1.1.3. Public Trading in Securities Act dated August 25, 1997 (*Journal of Laws* no. 49, item 447 of 2002, unified text as amended),
    - 1.1.4. Ordinance of the Ministry of Finance dated December 10, 2001, regarding special rules of bank accounting (*Journal of Laws* no. 149 item 1673, as amended),
    - 1.1.5. Ordinance of the Ministry of Finance dated December 12, 2001, regarding special rules of recognition, measurement methods, the scope of recognition and manner of presentation of financial instruments (*Journal of Laws* no. 149 item 1674),
    - 1.1.6. Ordinance of the Ministry of Finance dated December 10, 2001, regarding special rules of creation of reserves for risk connected with operations of banks (*Journal of Laws* no. 149, item 1672, as amended),
  - 1.2. A detailed description of the accounting policies applied by the Bank was presented in the Introduction to the 2003 Semi-Annual Report, published on September 26, 2003.
  - 1.3. Financial data included in the quarterly report have been prepared using valuation rules applicable to assets and liabilities and the calculation of the net financial result determined on the balance sheet day, taking into account adjustments resulting from provisions and deferred tax assets and liabilities, referred to in the Accounting Act, and write-downs on account of impairment.
  - 1.4. For the purpose of financial reporting the Bank applies the Model Chart of Accounts implemented under the Ministry of Finance Ordinance dated December 12, 2001, regarding the bank model chart of accounts (*Journal of Laws* no. 152, item 1727). Due to the fact that the Bank's shares are admitted to public trading under the Law on the Public Trading of Securities, the Bank's financial reporting is prepared according to the Council of Ministers Ordinance dated October 16, 2001, regarding the type, form and scope of current and periodical information and dates of its provision by issuers of securities admitted to public trading (*Journal of Laws* no 139, item 1569, as amended) and the Ministry of Finance Ordinance dated October 16, 2001, on detailed requirements applicable to issue prospectuses and abbreviated versions of such prospectuses (*Journal of Laws* no. 139, item 1568, as amended)
  - 1.5. As of September 30, 2003, deferred tax assets amounted to PLN 30,943 thousand and deferred tax liability totaled PLN 7,413 thousand. As of September 30, 2002, the corresponding amount of deferred tax assets was PLN 41,150 thousand and deferred tax liability amounted to 9,768 thousand.
  - 1.6. Selected financial data included in this report have been converted into EUR according to the following rules:
    - 1.6.1. Particular assets and liabilities of the balance sheet were converted into EUR at the NBP mid-rate announced on September 30, 2003, i.e. PLN 4.6435; whereas particular items of the balance sheet assets and liabilities were converted into EUR at the NBP mid-rate announced on September 30, 2002, which amounted to PLN 4.0782.
    - 1.6.2. Particular items in the profit and loss account and cash flows for the third quarter of 2003 were converted into EUR at the rate based on the arithmetic mean of mid rates determined by the National Bank of Poland as of the last days of the months from

January through September of 2003, which amounted to PLN 4.3618, whereas particular items of the profit and loss account and cash flows for the third quarter of 2002 were converted into EUR at the rate based on the arithmetic mean of mid rates determined by the National Bank of Poland as of the last days of the months from January through September 2002, which amounted to PLN 3.8284.

1.6.3. The following rates were applied in the currency conversion according to the above mentioned rules:

- rate as of the end of January 2003 - EUR/PLN 4.1286
- rate as of the end of February 2003 - EUR/PLN 4.2083
- rate as of the end of March 2003 - EUR/PLN 4.4052
- rate as of the end of April 2003 - EUR/PLN 4.2755
- rate as of the end of May 2003 - EUR/PLN 4.3915
- rate as of the end of June 2003 - EUR/PLN 4.4570
- rate as of the end of July 2003 - EUR/PLN 4.3879
- rate as of the end of August 2003 - EUR/PLN 4.3588
- rate as of the end of September 2003 - EUR/PLN 4.6435
- rate as of the end of January 2002 - EUR/PLN 3.5929
- rate as of the end of February 2002 - EUR/PLN 3.6410
- rate as of the end of March 2002 - EUR/PLN 3.6036
- rate as of the end of April 2002 - EUR/PLN 3.5910
- rate as of the end of May 2002 - EUR/PLN 3.7782
- rate as of the end of June 2002 - EUR/PLN 4.0091
- rate as of the end of July 2002 - EUR/PLN 4.0810
- rate as of the end of August 2002 - EUR/PLN 4.0809
- rate as of the end of September 2002 - EUR/PLN 4.0782

1.7. The Bank's only controlled entity is Fortis Securities Polska S.A. (FSP). Pursuant to Art. 58 of the Accounting Act, the Bank is not obligated to prepare a statement on a consolidated basis, as the financial data of this subsidiary are immaterial for a reliable and transparent presentation of the property, financial situation and financial result of the Bank. As of the end of September 2003, the total assets of Fortis Securities Polska S.A. constituted 1.5% of the Bank's total assets, and FSP's total income made up 1% of the Bank's total income.

2. Information about adjustments made on account of provisions, including deferred tax assets and liability, referred to in the Accounting Act:

2.1. as of the end of the third quarter of 2003, the deferred tax assets and deferred tax liability are presented in item 1.7 above.

2.2. for the three quarters of 2003, an improvement of the financial condition of Fortis Securities Polska S.A. The value of the shares of FSP is measured by the equity method. The Bank reported an increase of FSP shares' value by PLN 1,450 thousand (recognized as a share in a net profit/loss of subsidiaries measured by equity method) as the increase in the profit and loss account. The impact of above-mentioned valuation on the Bank's result was decreased by the deferred income tax in the amount of PLN 391 thousand.

2.3. from January through September of 2003, the Bank created provisions for loans and off-balance sheet liabilities in the amount of PLN 44,715 thousand; the value of created provisions exceeded the value of released provisions by PLN 12,919 thousand for three quarters of 2003.

3. Factors and events that had a material impact on the financial result achieved in the third quarter

of 2003:

- 3.1. interest income in the amount of PLN 28,650 thousand, lower by 17% than in the corresponding period of 2002 (as of the end of the third quarter 2002, interest income totaled PLN 34,696 thousand);
  - 3.2. commission and fee income of PLN 17,502 thousand, which represents an increase of 16% as compared to the third quarter of 2002 (as of the end of the third quarter of 2002, commission and fee income totaled PLN 15,109 thousand);
  - 3.3. FX result of PLN 16,072 thousand, which is higher by 35% than in the corresponding period of 2002 (as of the end of the third quarter of 2002 – PLN 11,924 thousand);
  - 3.4. Bank operating costs of PLN 33,655 thousand, which are higher by 12% than in the third quarter of 2002 (as of the end of the third quarter of 2002, the operating costs amounted to PLN 30,037 thousand);
  - 3.5. in the third quarter of 2003, the value of all created provisions exceeded the amount of released provisions by PLN 6,989 thousand, which represents a significant decrease by 62% as compared to the corresponding period of 2002 (as of September 30, 2002, this excess totaled PLN 18,252 thousand).
4. In order to make data presented in the balance sheet comparable, the following changes have been introduced to the balance sheet and cash flow statement as at September 30, 2002:

ASSETS	As of September 30, 2002	changes on account of reclassification	As of September 30, 2002 including changes
<b>XII. Other securities and other financial assets</b>	-	173	173
<b>XVI. Prepayments and accruals</b>	48,683	(173)	48,510
<b>2. Other prepayments and accruals</b>	7,533	(173)	7,360
<b>TOTAL ASSETS</b>	<b>4,000,360</b>		<b>4,000,360</b>

#### ASSETS

RECLASSIFICATION CHANGE	
+/- PLN 173 thousand	Transfer of the derivatives instruments measurement, likewise valuation of participation units in open investment funds from "Other prepayments and accruals" into "Other securities and other financial assets"

LIABILITIES	As of September 30, 2002	Reclassification on Changes on account of	As of September 30, 2002 incl. reclassification on changes	Change of measurement rules	As of September 30, 2002 including changes
<b>III. Due to customers</b>	<b>2,315,519</b>		<b>2,315,519</b>		<b>2,315,519</b>
<b>1. Savings accounts:</b>		<b>299,871</b>	<b>299,871</b>		<b>299,871</b>
<b>a) demand</b>		<b>299,871</b>	<b>299,871</b>		<b>299,871</b>
<b>2. Other dues:</b>	<b>2,315,519</b>	<b>(299,871)</b>	<b>2,015,648</b>		<b>2,015,648</b>
<b>a) current</b>	<b>811,916</b>	<b>(299,871)</b>	<b>512,045</b>		<b>512,045</b>
<b>XVI. Revaluation reserve</b>	<b>1,197</b>		<b>1,197</b>	<b>3,480</b>	<b>4,677</b>
<b>XVIII. Undistributed profit (uncovered loss)</b>	<b>11,285</b>		<b>11,285</b>	<b>(3,480)</b>	<b>7,805</b>

from prior years				
<b>TOTAL LIABILITIES</b>	<b>4,000,360</b>		<b>4,000,360</b>	<b>4,000,360</b>

#### LIABILITIES

<b>RECLASSIFICATION CHANGE</b>	
+/- PLN 299,871 thousand	Separation of current savings from "Other dues"
<b>VALUATION RULES CHANGE</b>	
+/- PLN 3,480 thousand	The change refers to the recognition in the "Revaluation reserve" the measurement to fair value of securities available for sale, which was previously recognized in the net profit/loss

<b>PROFIT AND LOSS ACCOUNT</b>	<b>As of September 30, 2002</b>	<b>Reclassification change</b>	<b>As of September 30 2002 after changes</b>
<b>XIII. General expenses</b>	99,385	822	100,207
<b>XIV. Depreciation of tangible and intangible fixed assets</b>	21,530	(822)	20,708
<b>XV. Charges to provisions and revaluation</b>	67,682	(2,628)	65,054
<b>2. Revaluation of financial assets</b>	2,628	(2,628)	-
<b>XVII. Net charges to/release of provisions and revaluation (XV- XVI)</b>	(48,024)	2,628	(45,396)
<b>XVIII. Operating profit</b>	35,573	2,628	38,201
<b>XX. Profit (loss) before taxation</b>	35,573	2,628	38,201
<b>XXI. Corporate Income Tax</b>	9,761	710	10,471
<b>2. deferred</b>	(16,352)	710	(15,642))
<b>XXIII. Share in net profit (loss) of subsidiaries measured by equity method</b>		(1,918)	(1,918)
<b>XXIV. Net Profit (loss)</b>	25,812		25,812

#### PROFIT AND LOSS ACCOUNT

<b>RECLASSIFICATION CHANGES</b>		
+/- PLN 822 thousand		Transfer of the amount of depreciation of the capital accumulation costs from "Depreciation" to "General expenses"
- PLN 1,918 thousand	+/- PLN 2,628 thousand	Transfer of the revaluation costs of financial assets regarding the valuation of the subsidiary to "Share in net profit (loss) of subsidiaries measured by the equity method"
	+ PLN 710 thousand	Transfer of the tax regarding the revaluation of financial assets in the subsidiary from "Deferred tax" to "Share in net profit (loss) of subsidiaries measured by the equity method"

CASH FLOW STATEMENT	As of September 30, 2002	Reclassification change	As of September 30 2002 after changes
<b>A. Cash flows from operating activity – indirect method</b>	<b>403,729</b>		<b>403,729</b>
<b>II. Adjustments for:</b>	<b>377,917</b>		<b>377,917</b>
<b>1. Share in net profit (loss) of subsidiaries measured by the equity method</b>		<b>1,918</b>	<b>1,918</b>
<b>2. Depreciation</b>	<b>21,530</b>	<b>(822)</b>	<b>20,708</b>
<b>6. Change in other provisions</b>	<b>(27,209)</b>	<b>(6,215)</b>	<b>(33,424)</b>
<b>11. Change in shares, securities and other financial assets</b>		<b>173</b>	<b>173</b>
<b>17. Change in prepayments and accrued income</b>	<b>(2,705)</b>	<b>7,574</b>	<b>4,869</b>
<b>19. Other items</b>	<b>74,399</b>	<b>(2,628)</b>	<b>71,771</b>

#### CASH FLOW STATEMENT

RECLASSIFICATION CHANGES		
+ PLN 1,918 thousand	+ PLN 2,628 thousand - PLN 710 thousand	Transfer of the revaluation costs of financial assets from "Other items" and transfer of the tax regarding the revaluation of financial assets in the subsidiary from "Deferred tax" to "Share in net profit (loss) of subsidiaries measured by the equity method ". Both changes are related to the revaluation of the controlled entity measured by the equity method".
- PLN 822 thousand.		Transfer of the amount of depreciation of the capital accumulation costs from "Depreciation" to "Change in prepayments and accrued income".
- PLN 6,215 thousand		Transfer of the change in provisions for deferred tax to "Change in provisions" from "Change in prepayments and accrued income"
+ PLN 173 thousand		Transfer of the change in other financial assets from the "Change in prepayments and accrued income" to "Change in shares, securities and other financial assets"
+ PLN 7,574 thousand	+ PLN 822 thousand	Transfer of the amount of depreciation of the capital accumulation costs from "Depreciation" to "Change in prepayments and accrued income".
	+ PLN 6,215 thousand	Transfer of the change in provisions for deferred tax to "Change in provisions" from Change in prepayments and accrued income"
	- PLN 173 thousand	Transfer of the change in other financial assets from the "Change in prepayments and accrued income" to "Change in shares, securities and other financial assets"
	+ PLN 710 thousand	Transfer of the tax regarding the revaluation of financial assets in the subsidiary from "Deferred tax" to "Share in net profit (loss) of subsidiaries measured by the equity method"

#### Change of the capital adequacy ratio

In the comparable data as of the end of September, 2002, the capital adequacy ratio of **19.67%** was presented (the previously reported capital adequacy ratio as of the end of September 2002 amounted to **19.81%**). The need to make the data comparable results from the change in equity amount for the purpose to compute the capital adequacy ratio, due to the change of the accounting policy adopted (amendments to the Accounting Act).

5. A 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 repayment of the debt along with interest and fees due. This form of collateral is provided for in Art 102 of the Banking Law Act dated August 29, 1998. As of September 30, 2003, the value of this type of collateral accepted by the Bank amounted to PLN 208,283 thousand and was recognized in "Due to other financial institutions," "Due to customers" and "Due to budget sector" items of the balance sheet, which is part of this quarterly report.
6. As was stated earlier, the Board of Executives of Fortis Bank Polska S.A. refrains from publishing any forecasts of the 2003 financial results.
7. Shareholders with at least 5% of the total number of votes at the General Shareholders' Meeting until the date of publishing this report, e.g., October 30, 2003.

shareholder	number of shares owned	Share (%) in the equity	number of votes at the GSM	share (%) in the total number of shares
<b>Fortis Bank SA/NV</b>	14,941,807	99.10%	11,308,275	75%
<b>Others</b>	135,893	0.90%	135,893	0.90%
<b>Total:</b>	15,077,700	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 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.*

In the third quarter of 2003, and until submission of this report, no changes occurred in the Bank's capital from the date of publishing the previous report for the second quarter of 2003, i.e. July 31, 2003.

The last significant change took place as a result of registration of the Bank's share capital increase up to PLN 30,155,400, following the Series J shares issue on June 28, 2001.

8. Changes in the number of the issuer's shares, or share options, owned by the members of the management or supervisory bodies according to the Bank's knowledge
  - 8.1. As at the date of submitting this report, i.e. October 30, 2003, none of the Members of the Board of Executives held any shares issued by Fortis Bank Polska S.A., which means that no change occurred from the date of submitting the previous quarterly report for the second quarter of 2003, i.e. July 31, 2003.
  - 8.2. As at the date of submitting this report, i.e. October 30, 2003, no changes occurred with respect to the structure of the Bank shares owned by the Members of the Supervisory Board:

	Position	Number of shares owned as at	
		July 31, 2003	October 30, 2003
Luc Delvaux	Chairman	25	25

- 8.3. The other Members of the Supervisory Board, i.e. Antoni Potocki, Paul Dor, Zbigniew Dresler, Roland Saintrond, Werner Claes and Didier Giblet do not hold any shares of the Bank.
9. In the third quarter of 2003, there were no pending proceedings related to the obligations or claims of the Bank or its subsidiary before court, relevant authority for arbitration or state administration bodies, whose total value would account for at least 10% of the Bank's equity
10. In the third quarter of 2003, the Bank did not enter into any material transactions with its affiliated entities on conditions different than the market ones.
11. In the third quarter of 2003, the Bank did not grant any sureties or guarantees to one entity (or its subsidiary) that the total amount of which would constitute at least 10 % of its equity (i.e. over

PLN 42.2 million).

12. Other information that the Banks regards as important for the assessment of the Bank's personnel, property, financial standing and financial result as well as changes made to them, and data that are essential for the assessment of the Bank's capacity of meeting its liabilities:

12.1. As it has been announced earlier, Mr. Gilles Polet left Fortis Bank Polska S.A. on July 31, 2003.

As of August 1, 2003, the Board of Executives is composed of: Ronald Richardson, President of the Board of Executives; Jan Bujak, Vice-President and Chief Financial Officer; Leszek Niemycki, Vice-President; Jean-Luc Deguel, Vice-President; Koen Verhoeven, Vice-President; Jaromir Pelczarski, Vice-President.

12.2. The Bank develops its cooperation with Credit Suisse Life&Pensions Towarzystwo Ubezpieczeń na Życie S.A. (Life Insurance Company). Under the Annex to the agreement concluded in June 2003, the Bank's customers using a mortgage loan or construction and mortgage loan may secure loan repayment by buying life insurance. Besides, on September 12, 2003 the Bank signed an agreement with Credit Suisse Life&Pensions Services Sp. z o.o. (Ltd.) regarding agency services in the sale of products offered by the Bank for individual customers. At present, the agency is limited to the loans for housing purposes: mortgage and mortgage-construction loans.

12.3. On September 22, 2003 a meeting was held to sum up the cooperation between Fortis Bank Polska S.A. and the European Bank for Reconstruction and Development. For last three years, the Bank has been using funds from credit facilities granted by the EBRD earmarked for financing small enterprises (SME sector). Thus, the small companies all over Poland received almost EUR 44 million as investment or working capital loans.

12.4. On October 24<sup>th</sup>, the Bank made a disclosure that the Bank Supervisory Board accepted the resignation of Mr. Leszek Niemycki as a member of the Bank Board of Executives effective October 23, 2003. Mr. Niemycki held the position of Vice President the Bank Board of Executives since 1995. Lately he was responsible for the Retail Banking Business Line.