

Fortis Bank Polska S.A.

**Opinion and Report
of the Independent Auditor
Financial Year ended
31 December 2006**

DRAFT

KPMG Audyt Sp. z o.o.
The opinion contains 3 pages
The report supplementing the auditor's opinion
contains 13 pages
Opinion of the independent auditor
and report supplementing the auditor's opinion
on the financial statements
for the financial year ended
31 December 2006

OPINION OF THE INDEPENDENT AUDITOR

To the General Meeting Fortis Bank Polska S.A.

We have audited the accompanying financial statements of Fortis Bank Polska S.A. seated in Warsaw, ul. Postępu 15 (“the Bank”), which comprise the introduction to the financial statements, the balance sheet as at 31 December 2006, with total assets and total liabilities and equity of PLN 10,454,711 thousand, the capital adequacy ratio, the statement of contingencies and commitments granted at 31 December 2006 amounting to PLN 3,650,878 thousand, the profit and loss account for the year then ended with a net profit of PLN 108,266 thousand, the statement of changes in equity for the year then ended with an increase in equity of PLN 106,757 thousand, the cash flow statement for the year then ended with an increase in cash amounting to PLN 855,000 thousand and the supplementary information and explanations. The corresponding figures presented are based on the financial statements of the Bank as of and for the year ended 31 December 2005, which were audited by another auditor who expressed an unqualified opinion on those financial statements on 7 April 2006.

Management of the Bank is responsible for the accuracy of the accounting records and the preparation and fair presentation of these financial statements in accordance with the Accounting Act dated 29 September 1994 (Official Journal from 2002, No. 76, item 694 with amendments) (“the Accounting Act”) and related bylaws, the requirements for issuers of securities admitted or sought to be admitted to trading on an official stock-exchange listing market, and other applicable regulations. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Our responsibility, based on our audit is to express an opinion on these financial statements, and whether the financial statements are derived from properly maintained accounting records. We conducted our audit in accordance with section 7 of the Accounting Act, the professional standards established by the Polish National Council of Certified Auditors and International Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements and the accounting records from which they are derived are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment,

including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In our opinion, the accompanying financial statements of Fortis Bank Polska S.A. have been prepared and present fairly in all material respects the financial position of the Bank as at 31 December 2006 and its financial performance and its cash flows for the year then ended in accordance with the accounting principles applicable to the territory of the Republic of Poland as set out in the Accounting Act and related bylaws, the requirements for issuers of securities admitted or sought to be admitted to trading on an official stock-exchange listing market, are in compliance with the respective regulations and the provisions of the Bank's Statute that apply to the Bank's financial statements and have been prepared from accounting records that in all material respects have been properly maintained.

As required under the Accounting Act we also report that the Report on the Bank's activities includes, in all material respects, the information required by Art. 49 of the Accounting Act and by the Decree of the Ministry of Finance dated 19 October 2005 on current and periodic information provided by issuers of securities (Official Journal from 2005, No 209, item 1744) and the information is consistent with the financial statements.

Signed on the Polish original

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Certified Auditor No. 9941/7390
Bożena Graczyk, Member of the Management Board

Signed on the Polish original

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For KPMG Audyt Sp. z o.o.
ul. Chłodna 51; 00-867 Warsaw
Certified Auditor No. 9941/7390
Bożena Graczyk, Member of the
Management Board

Signed on the Polish original

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For KPMG Audyt Sp. z o.o.
ul. Chłodna 51; 00-867 Warsaw
David Pozzocco, Partner

Warsaw, 18 April 2007

Fortis Bank Polska S.A.

Report supplementing
the auditor's opinion
on the financial statements

Financial Year ended
31 December 2006

DRAFT

KPMG Audyt Sp. z o.o.

The report supplementing the auditor's opinion
contains 13 pages

Report supplementing the auditor's opinion
on the financial statements
for the financial year ended
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1 General

1.1 General information about the Bank

1.1.1 Bank name

Fortis Bank Polska S.A.

1.1.2 Registered office

ul. Postępu 15
02-676 Warszawa
Poland

1.1.3 Registration in the National Court Register

Seat of the court: District Court for the Capital City Warsaw in Warsaw, XIII
Commercial Department of the National Court Register
Date: 17 April 2001
Registration number: KRS 0000006421

1.1.4 Tax Office and Provincial Statistical Office registration

NIP: 676-007-83-01
REGON: 003915970

1.2 Auditor information

Name: KPMG Audyt Sp. z o.o.
Registered office: Warsaw
Address: ul. Chłodna 51, 00-867 Warsaw
KRS number: 0000104753
Registration court: District Court for the Capital City Warsaw in Warsaw, XII
Commercial Department of the National Court Register
Share capital: PLN 125,000
NIP number: 526-10-24-841

KPMG Audyt Sp. z o.o. is entered in the register of entities authorised to audit financial statements under number 458.

1.3 Legal status

1.3.1 Share capital

The Bank was established for an indefinite period under the terms of its Statute dated 5 November 1990.

The share capital of the Bank amounted to PLN 452,331,000 as at 31 December 2006 divided into 15,077,700 ordinary shares with a nominal value of PLN 30 each.

As at 31 December 2006, the shareholder structure was as follows:

Name of the Shareholder	Number of shares	Number of voting rights (%)	Nominal value of shares PLN '000	Percentage of share capital (%)
Fortis Bank S.A./N.V.	14,941,807	75.0%*	448,254.2	99.1%
Other	135,893	0.9%	4,076.8	0.9%
	15,077,700	75.9%	452,331.0	100.0%

* Based on the resolution No. 159/KNB/99 of the Banking Supervision Committee dated 16 August 1999, concerning permission for shares acquired by Fortis Bank S.A./N.V. these shares have the right to execute 75% of the voting rights at the shareholders meeting. On 7 March 2007 based on the resolution No. 14/KNB/07 the Banking Supervision Committee granted the permission to execute over 75% of voting rights at the shareholders meeting to Fortis Bank S.A./N.V.

1.3.2 Related parties

The Bank is a member of the Fortis Bank Group.

1.3.3 Management of the Bank

The Management Board is responsible for management of the Bank.

At 31 December 2006, the Management Board of the Bank comprised of the following members:

President:	Jan Bujak
First Vice-President:	Alexander Paklons
Vice President:	Bartosz Chytle
Vice President:	Jean-Luc Deguel
Vice President:	Jaromir Pelczarski
Vice President	Koen Verhoeven

1.3.4 Scope of activities

The business activities listed in the Bank's Statute include the following:

- accepting deposits payable on demand or at maturity and maintaining accounts for such deposits,
- maintaining other bank accounts,
- granting credits and cash loans, including consumer credits and loans,
- effecting bank monetary settlements, including payment card transactions, likewise issuing payment cards,
- issuing and confirming bank guarantees, sureties and letters of credit,
- issuing securities, including convertible bonds and bank securities, likewise rendering commissioned services and assuming obligations related to the issue of securities,
- trading in securities and maintaining securities accounts,
- undertaking money market and foreign currency operations, including forward and derivative transactions,

- effecting check and bill-of-exchange transactions, likewise operations involving warrants,
- purchasing and selling receivables,
- purchasing and selling FX values,
- safe-keeping of valuable items and securities and providing safe-boxes,
- providing the following financial services:
 - consulting and advisory services in financial matters,
 - custody services,
 - leasing services,
 - brokerage services.
- acquisition services for open-end pension funds and safe-keeping of pension fund assets,
- agency services in handling subscriptions for participation units or investment certificates, agency services in their sale and redemption, likewise safe-keeping of investment fund assets,
- agency services in property insurance,
- agency services in personal insurance, including life insurance,
- providing certification services within the meaning of electronic signature regulations, save for the issuance of qualified certificates used by banks in transactions which they are parties to,
- agency services in cross-border money transfers made by residents and settlements with non-residents in Poland,
- issuing electronic money.

1.4 Prior period financial statements

The financial statements for the financial year ended 31 December 2005 were audited by PricewaterhouseCoopers Sp. z o.o. and received an unqualified opinion.

The financial statements were approved at the General Meeting on 2 June 2006 where it was resolved to allocate the profit for the prior financial year of PLN 101,499,350.41 as follows:

■ Reserve capital	PLN 60,000,000.00
■ General risk fund	PLN 41,499,350.41

The closing balances as at 31 December 2005 have been properly recorded as the opening balances of the audited year. The Bank adjusted the presentation of comparatives as described in the point 9 of the introduction to the financial statements.

The financial statements were submitted to the Registry Court on 19 June 2006 and were published in Monitor Polski B No. 1379 on 1 December 2006.

1.5 Audit scope and responsibilities

This report was prepared for the General Meeting of Fortis Bank Polska S.A. seated in Warsaw, ul. Postępu 15, and relates to the financial statements comprising: the introduction to the financial statements, the balance sheet as at 31 December 2006, with total assets and total liabilities and equity of PLN 10,454,711 thousand, the capital adequacy ratio, the statement of contingencies and commitments granted at 31 December 2006 amounting to PLN 3,650,878 thousand, the profit and loss account for the year then ended with a net profit of PLN 108,266 thousand, the statement of changes in equity for the year then ended with an increase in equity of PLN 106,757 thousand, the cash flow statement for the year then ended with an increase in cash amounting to PLN 855,000 thousand, and the supplementary information and explanations.

The financial statements have been audited in accordance with the contract dated 12 January 2007, concluded on the basis of the resolution of Supervisory Board no. 18/2006 dated 16 October 2006 on the appointment of the auditor.

We conducted the audit in accordance with section 7 of the Accounting Act, the professional standards established by the Polish National Council of Certified Auditors and International Standards on Auditing.

We audited the financial statements in the Bank's head office during the period from 3 January 2007 to 16 March 2007.

Management of the Bank is responsible for the accuracy of the accounting records and the preparation and fair presentation of the financial statements in accordance with the accounting principles as set out in the Accounting Act and in compliance with the respective bylaws, the requirements for issuers of securities admitted or sought to be admitted to trading on an official stock-exchange listing market.

Our responsibility is to express an opinion, and to prepare a supplementing report, on the financial statements, and whether the financial statements have been prepared from properly maintained accounting records, based on our audit.

Management of the Bank submitted a statement, dated the same date as this report, as to the true and fair presentation of the financial statements presented for audit, which confirmed that there were no undisclosed matters which could significantly influence the information presented in the financial statements.

All our requests for additional documents and information necessary for expressing our opinion and preparing the report have been fulfilled.

KPMG Audyt Sp. z o.o., the members of its Management Board and Supervisory Board and other persons involved in the audit of financial statements of the Bank fulfill independence requirements. The scope of the work planned and performed has not been limited in any way. The method and scope of our audit is detailed in working papers prepared by us and retained in the offices of KPMG Audyt Sp. z o.o.

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2 Financial analysis of the Bank

2.1 Summary of the financial statements

2.1.1 Balance sheet

ASSETS	31.12.2006	31.12.2005
	PLN '000	PLN '000
Cash, operations with the Central Bank	375,965	231,374
Due from financial sector	2,058,890	1,312,398
Due from non-financial sector	7,037,593	4,292,479
Due from budget	494	531
Debt securities	741,596	311,428
Shares in subsidiary entities	16,630	15,360
Shares in other entities	43	43
Other securities and other financial assets	81,003	52,790
Intangible fixed assets	23,664	14,522
Tangible fixed assets	60,275	47,454
Other assets	14,521	58,522
Prepayments and deferred expense	44,037	33,002
TOTAL ASSETS	10,454,711	6,369,903
EQUITY AND LIABILITIES	31.12.2006	31.12.2005
	PLN '000	PLN '000
Liabilities		
Liabilities to the Central Bank	320,000	-
Liabilities to financial sector	4,450,669	2,178,408
Liabilities to non-financial sector	4,215,466	3,148,567
Liabilities to budget	33,220	26,042
Other liabilities due to financial instruments	87,674	51,939
Special funds and other liabilities	367,975	104,417
Accruals and qualified deferred income	123,964	134,101
Provisions	57,201	34,644
	9,656,169	5,678,118
Equity		
Share capital	452,331	30,155
Reserve capital	159,999	349,539
Revaluation reserve	3,012	2,415
Other capital reserves	74,934	153,834
Accumulated profit / (loss) from previous years	0	54,343
Net profit / (loss)	108,266	101,499
	798,542	691,785
TOTAL EQUITY AND LIABILITIES	10,454,711	6,369,903
Capital adequacy ratio	8.47%	11.11%

Contingencies and commitments granted	31.12.2006	31.12.2005
	PLN '000	PLN '000
Contingent liabilities granted and received	4,173,535	3,414,158
- contingent liabilities granted	3,650,878	2,519,246
- contingent liabilities received	522,657	894,912
Commitments arising out of sale and repurchase transactions	5,648,043	5,851,830
Other	28,791,486	5,180,442
Total off-balance sheet	38,613,064	14,446,430

2.1.2 Profit and loss account

	1.01.2006 - 31.12.2006	1.01.2005 - 31.12.2005
	PLN '000	PLN '000
Interest income	383,038	301,694
Interest expense	(175,367)	(136,780)
Net interest	207,671	164,914
Commission income	100,248	87,531
Commission payable	(9,561)	(8,919)
Net commission income	90,687	78,612
Net result of financial operations	5,825	5,328
Net foreign exchange result	103,766	74,282
Net banking operations	407,949	323,136
Other operating income	16,228	9,212
Other operating expense	(8,141)	(2,954)
Costs of banking operations	(234,371)	(160,695)
Depreciation	(25,563)	(21,129)
Charges to provisions and allowances	(52,798)	(51,875)
Releases of provisions and allowances	28,436	26,697
Net provisions and allowances	(24,362)	(25,178)
Operating result	131,740	122,392
Gross profit	131,740	122,392
Income tax	(24,578)	(23,062)
Share in subsidiary net result	1,104	2,169
Net profit	108,266	101,499

2.2 Selected financial ratios

	2006	2005
Total assets	10,454,711	6,369,903
Gross profit	131,740	122,392
Net profit	108,266	101,499
Shareholders' equity *	690,276	590,286
Return on equity	16%	17%
Receivables to total assets	88%	88%
Income generating assets to total assets	95%	94%
Interest bearing liabilities to total liabilities	87%	85%

* excluding current-year net profit

2.3 Interpretation of selected financial ratios

Changes in the most significant items of the balance sheet and the profit and loss account are discussed below:

- Total assets increased by PLN 4,084,808 thousand i.e. 64% compared to 31 December 2005. The growth resulted mainly from increase of receivables from nonfinancial institutions, which increased by PLN 2,745,114 thousand i.e. 64%. In liabilities the highest increase was observed liabilities to financial institutions, which increased by PLN 2,272,261 thousand i.e. 104%.
- The Banks' net profit for the year 2006 amounted to PLN 108,266 thousand and increased by 6,767 thousand i.e. 7% compared to 2005. Increase in the Bank's net profit resulted mainly from increase of the net interest income by PLN 42,757 thousand i.e. 26%.
- Total off-balance exposures increased in 2006 compared with 2005 by PLN 24,166,634 thousand i.e. 167%. The highest increase was observed in derivatives – by PLN 23,611,044 thousand i.e. 484%.

3 Detailed report

3.1 Proper operation of the accounting system

The Bank maintains current documentation describing the applied accounting principles, adopted by the Management Board, to the extent required by Art. 10 of the Accounting Act.

During the audit of the financial statements, we tested, on a sample basis, the operation of the accounting system. Our assessment covered in particular:

- appropriateness and consistency of the accounting principles used,
- correctness of the documentation of business transactions,
- fairness, accuracy and verifiability of the books of account, including the matching of accounting entries with supporting documentation and the financial statements,
- compliance of the adopted policies relating to safeguarding of accounting records, books of account and the financial statements with the Accounting Act.

On the basis of the work performed we have not identified material irregularities in the accounting system which have not been corrected and that could have a material impact on the financial statements. Our audit was not conducted for the purpose of expressing a comprehensive opinion on the operation of the accounting system.

3.2 Verification of assets and liabilities

The Bank performed a verification of assets and liabilities in accordance with the requirements and time frame specified in Art. No. 26 of the Accounting Act and in compliance with the Decree of the Ministry of Finance dated 10 December 2001 regarding special accounting principles for banks (Official Journal No. 149 from 2001, item 1673 with amendments).

Differences have been recorded in the period covered by the financial statements.

3.3 Compliance with banking regulations

Based on our audit we have not identified any significant deviations in the bank's compliance with the banking regulatory norms pertaining among others to loan concentration, obligatory reserve and capital adequacy ratio.

3.4 Audit materiality

We have planned and applied an appropriate level of precision in conducting our audit procedures in order to obtain reasonable assurance about whether the financial statements taken as a whole are free of material misstatements.

3.5 Introduction to the financial statements

All information included in the introduction to the financial statements is, in all material respects, presented accurately and completely. The introduction to the financial statements should be read in conjunction with the financial statements taken as a whole.

3.6 Supplementary information and explanations

All information included in the supplementary information and explanations is, in all material respects, presented accurately and completely. This information should be read in conjunction with the financial statements taken as a whole.

3.7 Report on the Bank's activities

The Report on the Bank's activities includes, in all material respects, the information required by Art. 49 of the Accounting Act and by the Decree of the Ministry of Finance dated 19 October 2005 on current and periodic information provided by issuers of securities (Official Journal from 2005, No 209, item 1744) and the information is consistent with the financial statements.

3.8 Information on the opinion of the independent auditor

Based on our audit of the financial statements of the Bank as at and for the year ended 31 December 2006, we have issued an unqualified opinion.

Signed on the Polish original

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Certified Auditor No. 9941/7390
Bożena Graczyk, Member of the Management Board

Signed on the Polish original

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For KPMG Audyt Sp. z o.o.
ul. Chłodna 51; 00-867 Warsaw
Certified Auditor No. 9941/7390
Bożena Graczyk, Member of the
Management Board

Signed on the Polish original

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For KPMG Audyt Sp. z o.o.
ul. Chłodna 51; 00-867 Warsaw
David Pozzocco, Partner

Warsaw, 18 April 2007