



# ADDITIONAL NOTES

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**1. Information on the structure of bank's exposure to specific entities, capital groups, industrial and geographical market segments, together with the exposure risk assessment**

1.1. Information regarding the Bank's exposure to specific industries is presented in the table below. The data do not include the interest accrued:

Sectors of the economy	Gross loans as at December 31, 2005	Gross loans as at December 31, 2004
	PLN thousand	PLN thousand
Private individuals	783 059	500 666
Wholesale	710 937	625 478
Other production	322 158	156 164
Production of food and beverages	260 370	160 116
Municipal and housing services	156 699	156 070
Construction services	153 900	199 444
Production of metal goods	144 858	119 820
Timber and wooden goods	143 862	78 707
Retail trade in groceries	104 738	94 374
Retail trade in industrial goods	96 061	77 961
Hotels and motels	93 857	22 070
Commercial intermediaries	77 131	4 235
Land transport	66 586	59 215
Non-banking financial services	59 108	49 863
Textiles and fabric production	58 178	48 889
Ceramics and glass	57 832	1 921
Paper and stationery	57 136	18 951
Rubber and plastic products	55 698	24 566
Electrical products	51 148	30 697
Print shops and publishers	49 505	34 119
Motor vehicles	48 200	228 233
Furniture and accessories	44 063	30 723
Social utility services	38 298	12 701
Economic building industry	38 232	45 721
Trade in means of transport	36 662	44 664
Science and technology services	34 643	18 304
Coal and crude oil products	34 333	28 004
Other chemical products	30 627	29 157
Metallurgical industry	24 953	4 006
Medical services within social care	22 170	20 180
Other services	454 781	470 167
Other industries	85 213	77 508
<b>Total</b>	<b>4 394 996</b>	<b>3 472 694</b>

1.2. Data on the Bank's exposure by the main geographical regions of Poland are presented in the table below. Interest, amounts due from banks and value adjustments on account of effective settlement of commission are not included.

Geographical regions of Poland	Gross loans as at December 31, 2005	Gross loans as at December 31, 2004
	PLN thousand	PLN thousand
- Eastern Region	1 907 082	1 820 876
- Małopolska Region	767 601	464 487
- Western Region	647 973	430 126
- Silesia Region	590 530	401 151
- Northern Region	481 810	356 054
<b>TOTAL</b>	<b>4 394 996</b>	<b>3 472 694</b>

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For the needs of the above comparison,

- the Malopolska Region comprises the following provinces: Malopolska, Podkarpackie and Swietokrzyskie,
- the Silesia Region comprises the following provinces: Silesia and Opolskie,
- the Eastern Region comprises the following provinces: Mazovia, Lublin, Łódź, Warmia-Mazuria and Podlasie,
- the Western Region comprises the following provinces: Wielkopolska, West Pomerania, Lower Silesia and Lubuskie, and
- the Northern Region comprises the following provinces: Pomerania and Kujawy - Pomerania.

- 1.3. Data regarding the Bank's exposure to specific economic sectors is presented in the Table below. Interest and value adjustment on account of effective settlement of commission are not included.

Entity type	Gross loans as at December 31, 2005	Gross loans as at December 31, 2004
	PLN thousand	PLN thousand
<b>Financial sector</b>	<b>59,961</b>	<b>49,704</b>
- insurance institutions and pension funds	48	81
- other financial intermediaries	57,938	48,890
- auxiliary financial institutions	1,960	715
- VISA card settlements with financial institutions	15	18
<b>Non-financial sector</b>	<b>4,334,497</b>	<b>3,422,935</b>
- State-owned enterprises and companies	40,306	43,594
- private enterprises and companies and cooperatives	3,255,316	2,658,661
- individual entrepreneurs	244,685	209,671
- individuals	774,292	492,044
- individual farmers	817	830
- non-commercial institutions operating in favor of households	6,288	4,675
- settlements with non-financial entities on account of VISA card settlements	12,793	13,460
<b>State budget sector</b>	<b>538</b>	<b>55</b>
- local budgetary units	535	54
- settlements with budget entities on account of VISA card settlements	3	1
<b>TOTAL</b>	<b>4,394,996</b>	<b>3,472,694</b>

In Sections 1.1., 1.2. and 1.3. amounts receivable due from the financial, non-financial and State budget sectors are presented, excluding transactions with banks.

1.4. **Data regarding the Bank's exposure to specific customers and capital groups**

As at December 31, 2005, the Bank did not exceed the maximum exposure limit determined in the Banking Law with respect to any customer or capital group. As regards sixteen (16) customers, the Bank's exposure exceeded 10% of equity and totaled PLN 1,249 million, as compared to December 31, 2004 when in relation to four (4) customers the Bank's exposure exceeded 10% of its equity and totaled PLN 241 million.

1.5. **Data regarding the Bank's credit risk concentration**

The Bank's exposure focuses on the following sectors: production, services and trade, and private individuals, and it amounts to 31%, 27%, 22% and 18% of the credit portfolio value respectively, as at the end of December 2005. As far as all other sectors are concerned, the exposure is relatively low. As compared to December 31, 2004, the Bank decreased its exposure in services and trade, whereas the production and private individual sectors' exposure augmented. The largest modifications were noted in motor vehicles industry – exposure decrease by 79%.

Detailed information on credit risk concentration in specific industries, where the Bank's exposure exceeds 5% of total loan amount extended is presented in item 4.2.1.e of the Additional Notes.

2. **Data regarding the source of deposit acquisition, broken by industrial and geographical market segments**

- 2.1. Data on the source of funds acquisition by the main geographical regions of Poland are presented in the Table below. Interest is not included.

<b>Geographical regions of Poland</b>	<b>Deposits as at December 31, 2005</b>	<b>Deposits as at December 31, 2004</b>
	<b>PLN thousand</b>	<b>PLN thousand</b>
- Eastern Region	1,241,948	923,511
- Małopolska Region	953,971	778,066
- Silesia Region	419,620	431,700
- Western Region	373,435	318,741
- Northern Region	335,633	349,298
<b>TOTAL</b>	<b>3,324,607</b>	<b>2,801,316</b>

2.2. Information regarding fund acquisition by the Bank from specific industries is presented in the Table below. Interest is not included.

<b>Sectors of the economy</b>	<b>Deposits as at December 31, 2005</b>	<b>Deposits as at December 31, 2004</b>
	<b>PLN thousand</b>	<b>PLN thousand</b>
Private individuals	1,271,935	1,167,981
Wholesale	268,994	219,506
Construction services	150,589	109,153
Production of metal goods	126,220	148,570
Production of food and beverages	79,237	43,891
Brokerage services	77,650	18,026
Legal and economic services	73,767	70,369
Other production	72,804	74,346
Science and technology services	70,791	37,662
Services within social utility	66,464	13,412
Non-life insurance	60,117	115,803
Land transport	54,211	43,026
Retail trade in industrial goods	48,697	29,809
Municipal and housing services	46,452	24,021
Other transport means	45,242	73,386
Hotels and motels	38,403	19,236
Timber and wooden goods	30,756	14,856
Rubber and plastic products	27,739	16,639
Motor vehicles	25,746	15,484
Production of non-electrical machines	19,225	13,372
Publishing services	18,015	14,518
Electrical products	16,013	12,364
Developers	15,630	1,920
Non-banking financial services	15,001	22,231
Paper and stationery	13,813	18,449
Other industries	90,407	88,254
Other services	500,689	375,032
<b>Total</b>	<b>3,324,607</b>	<b>2,801,316</b>

## Additional Notes

In Sections 2.1. and 2.2., amounts due to the financial sector (excluding banks), non-financial sector and State budget sector are presented.

**3. Information about changes in the value of subsidies for foreign branches, with the balance as at the beginning of the period, increases and decreases, broken by specific entities, and the balance as at the end of the period.**

The Bank does not have any foreign branches.

**4. Information about financial instruments, considering the Issuer's specific nature**

**4.1. Financial Assets and Liabilities:**

The Bank classifies its financial assets and liabilities on the day of their purchase or origination into the following categories:

- a) Financial assets or liabilities held for trading - financial assets or liabilities which were purchased in order to obtain economic gains as a result of short-term price changes and fluctuations of other market factors, including derivatives;
- b) Credits and loans granted by the Bank and other own receivables of the Bank - loans and credit facilities granted by the Bank (financial assets which originated as a result of giving cash earmarked for a specific purpose directly to the other party to a contract), and other own receivables except for loans and credit facilities which were granted with the intention of immediate or fast sale, included into financial assets held for trading;
- c) Financial assets held to maturity – financial assets purchased for investment purposes, which the Bank intends to hold to maturity, i.e. until the date of their repurchase by the issuer. As at December 31, 2005, the Bank held no such assets;
- d) Financial assets available for sale – other financial assets that are not classified into categories enumerated in letters a), b) or c) above;

The Tables below present the change of the balance of financial assets held for trading, loans and credit facilities granted by the Bank and own receivables not held for trading, financial assets held to maturity, financial assets available for sale and other financial liabilities:

Financial assets held for trading	January 1, 2005 to December 31, 2005 PLN thousand	January 1, 2004 to December 31, 2004 PLN thousand
<b>Opening balance</b>	<b>65,353</b>	<b>141,972</b>
<b>Increases (on account of)</b>	<b>2,493,550</b>	<b>1,404,208</b>
- purchase	2,465,483	1,359,256
- measurement of financial instruments	26,373	30,275
- measurement of securities	23	143
- premium / discount	1,146	
- coupon	119	
- interest	406	14,534
<b>Decreases (on account of)</b>	<b>(2,495,994)</b>	<b>(1,480,827)</b>
- sale	(2,473,549)	(1,479,243)
- measurement of financial instruments	(11,574)	(127)
- measurement of securities	(68)	
- premium / discount	(23)	(984)
- interest	(10,780)	(473)
<b>Ending balance</b>	<b>62,909</b>	<b>65,353</b>

<b>Loans and credit facilities granted by the Bank and own receivables not held for trading</b>	<b>January 1, 2005 to December 31, 2005 PLN thousand</b>	<b>January 1, 2004 to December 31, 2004 PLN thousand</b>
<b>Opening balance</b>	<b>4,652,442</b>	<b>3,612,938</b>
<b>Increases (on account of)</b>	<b>959,225</b>	<b>1,067,899</b>
- change in the net deposit balance from banks		915,016
- change in net loan balance	941,950	129,399
- change in the balance of receivables due on account of LC discount	1,630	5,005
- change in the balance of receivables due on account of settlements with VISA cards		2,010
- change in net interest balance	7,100	14,518
- change on account of the measurement of interest-bearing bonds of Credit Suisse First Boston Singapore Branch	4,620	1,951
- change in specific provisions balance	3,925	
<b>Decreases (on account of)</b>	<b>(22,000)</b>	<b>(28,395)</b>
- change in specific provisions balance		(7,180)
- change in the net deposit balance from banks	(21,350)	
- change in documentary transaction receivables balance		(21,215)
- change in the balance of receivables due on account of settlements with VISA cards	(650)	
<b>Ending balance</b>	<b>5,589,667</b>	<b>4,652,442</b>

<b>Financial assets available for sale</b>	<b>January 1, 2005 to December 31, 2005 PLN thousand</b>	<b>January 1, 2004 to December 31, 2004 PLN thousand</b>
<b>Opening balance</b>	<b>327,459</b>	<b>432,001</b>
<b>Increases (on account of)</b>	<b>1,385,320</b>	<b>2,085,218</b>
- purchase	1,375,555	2,062,425
- discount	6,167	4,805
- premium		7
- coupon	1,377	
- measurement	2,101	17,981
- FX rate differences	120	
<b>Decreases (on account of)</b>	<b>(1,411,427)</b>	<b>(2,189,760)</b>
- sale	(1,408,694)	(2,178,421)
- interest	(2,726)	(1,291)
- measurement of securities	(5)	(9,979)
- premium		(62)
- FX rate differences	(2)	(7)
<b>Ending balance</b>	<b>301,352</b>	<b>327,459</b>

Both as at December 31, 2005 and December 31, 2004, the Bank's portfolio included no financial assets held to maturity.

<b>Liabilities related to derivative financial instruments</b>	<b>January 1, 2005 to December 31, 2005 PLN thousand</b>	<b>January 1, 2004 to December 31, 2004 PLN thousand</b>
<b>Opening balance</b>	<b>51,136</b>	<b>1,093</b>
<b>Increases (on account of)</b>	<b>76,351</b>	<b>50,043</b>
- derivative instruments measurement	75,932	33,759
- interest liability on account of derivative instruments	419	16,284
<b>Decreases (on account of)</b>	<b>(75,548)</b>	
- derivative instruments measurement	(65,877)	
- interest liability on account of derivative instruments	(9,671)	
<b>Ending balance</b>	<b>51,939</b>	<b>51,136</b>

#### 4.2.

##### 4.2.1 Information on financial assets and liabilities broken by categories of financial instruments:

###### a) **Financial assets and liabilities**

The detailed description of financial assets broken by categories of financial instruments is presented in financial notes No. 13A through 13E to the financial statement.

Except for the negative adjustments of derivative measurement, all financial liabilities are recognized in financial liabilities not held for trading. The detailed description of financial liabilities not held for trading is presented in financial notes No. 20-27 to the financial statement.

###### b) Description of methods and essential assumptions adopted to establish fair value of financial assets and liabilities:

Fair value is the amount that a given asset could be exchanged for and also a liability settled through a transaction effected on market terms between the interested, well-informed, not affiliated parties.

- Measurement of securities

Debt securities held for trading are measured at market value, whereas assets which have no existing active market – at fair value using valuation methods based upon market interest rates. The effects of a change in the market or fair value are recognized as net financial result.

Debt securities available for sale are measured at fair value and the effects of a change in the fair value are recognized as the revaluation fund.

Debt securities are entered into accounting books at the purchase price and transaction date. Between the transaction date and value date, a given security is recorded in off-balance sheet items in a nominal value.

- Measurement of derivative instruments

FX Forward and FX Swap transactions are measured at fair value. The effects of a change in the fair value of derivatives are recognized in the FX result. In the Bank's balance sheet statement, the valuation of derivatives related to FX Forward and FX Swap is presented in other financial assets or liabilities in respect of financial instruments.

The fair value of FX Spot transactions, FX Forward and FX Swap transactions is computed by comparison of the transaction rate with the market rate binding for similar transactions at the end of a reporting period, when there is more than two (2) days' difference between the value date and the current date. In other cases, the NBP mid-rate is the reference rate.

IRS contracts are measured to market value as at a reporting date using the Discounted Cash Flow method. Discounting factors are estimated based on the market yield curve as at the measurement date. The market value is compared with the value of interest computed pursuant to the contract provisions. The difference is booked as either costs or income on account of financial transactions, accordingly.

FX Futures contracts are measured to market value every day. The daily measurement is recognized either as costs or income on account of financial transactions, respectively.

FRAs are measured using the Discounted Cash Flow method based on the market yield curve. Measurement differences are posted in the same manner as for IRS contracts.

FX European options sold and purchased are measured to fair value using the Black-Scholes model in the version

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adapted to the above options. The volatility parameter which is required when using the above model is assumed in the form of the so-called implied volatility parameter which ensures consistency of the price obtained with the actual market price.

Interest rate options are measured to fair value using a modified version of the Black-Scholes model. The volatility parameter which is required when using the above model is assumed in the form of the so-called implied volatility parameter which ensures consistency of the price obtained with the actual market price.

Shares and minority holdings are recognized at their purchase price taking into consideration relevant write-downs for impairment loss.

- Shares in the Bank's subsidiary, i.e. Fortis Securities Polska SA are measured using the equity method. The results of the measurement of the shares of Fortis Securities Polska SA are recognized in the following:
  - Revaluation reserve fund, in the part resulting from movements in own equity of the unit in which the investment was made and which were not recognized in the profit and loss account,
  - Profit and loss account, with regard to the remaining part.
- Valuation of in-built derivative instruments

Ordinance of the Finance Minister of February 23, 2004 regarding the detailed recognition rules, measurement method, scope of disclosure and manner of presentation of financial instruments (Dz.U. (*Journal of Laws*) No. 31, item 266) in Sub-Paragraph 1a in Paragraph 10 provides for specific cases of a close connection between the nature of an in-built derivative instrument and risk inherent in such instrument and the nature of the respective agreement and risks arising from that agreement. The existence of a close relation between an in-built derivative instrument and the respective agreement releases the given unit from the obligation to separately recognize and measure an in-built instrument in its accounting books.

Lease agreements concluded by Fortis Bank Polska S.A. where a payment is denominated in a foreign currency meet the conditions set out in Paragraph 10, Sub-Paragraph 1a of the said Ordinance. As a result, the Bank has not recognized and measured separately in-built derivative instruments arising from such agreements in its financial statements for 2005.

- c) Rules of entering into accounting books financial instruments purchased from the regulated market.

The Bank acquires derivative instruments - futures contracts from the regulated market. FX futures contracts are standardized stock exchange contracts for foreign currency exchange. The essence of a contract is a daily stock exchange market valuation and related cash flows. The contracts may be settled through a physical delivery of currencies or through transferring the difference between the contract rate of exchange and the final settlement price. Futures contracts are measured daily in market value. The daily measurement is recognized as either costs or income on financial transactions, respectively.

- d) Information on interest rate risk

In 2005, the Bank pursued a policy of matching average interest rate re-pricing periods of USD, EUR and CHF assets and liabilities, which are re-priced in one-, three- and six-month periods.

The Bank has renewed the maturing portion of its securities portfolio and lengthened the average duration of the portfolio by selling securities with short maturity for longer positions. Detailed information on the actual interest rate risk is presented in item 4.2.19 hereof.

- e) Information on credit risk

The Bank's credit activity focuses on the service of small and medium-sized enterprises. The majority of loans are granted to entities operating in trade, services and production and also to private individuals. The table below presents credit risk in sectors in which the Bank's exposure exceeds 5% of the total volume of loans granted by the Bank. In the item "Non-performing loans," receivables are reported that are classified by the Bank as:

- watch,
- substandard,
- doubtful,
- lost,

with the specification of the lost items.

Credit risk in sectors	December 31, 2005	December 31, 2004
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where the Bank's exposure exceeds 5% of the total loans granted by the Bank	total loans		Including non-performing loans		Total loans		Including non-performing loans	
	In PLN thousand	% of total loans	In PLN thousand	% of total loans	In PLN thousand	% of total loans	In PLN thousand	% of total loans
<b>Private individuals</b>	783,059	17.8%	31,541	0.7%	473,955	13.7%	18,464	0.5%
of which lost			16,533	0.4%			14,419	0.4%
<b>wholesale</b>	710,937	16.2%	62,183	1.4%	543,135	15.6%	73,506	2.1%
of which lost			40,263	0.9%			56,854	1.6%
<b>Other services</b>	454,781	10.4%	62,848	1.4%	410,688	11.8%	77,779	2.2%
of which lost			25,096	0.6%			26,958	0.8%
<b>Other production</b>	322,158	7.3%	20,132	0.5%	156,164	4.5%	20,530	0.6%
of which lost			16,966	0.4%			16,609	0.5%
<b>Production of food and beverages</b>	260,370	5.9%	15,370	0.4%	160,116	4.6%	7,600	0.2%
of which lost			5,934	0.1%			6,449	0.2%

#### 4.2.2 Financial assets that are measured to amortized costs.

Credit exposures are measured at amortized cost using effective interest rate and taking into account the rules of creating provisions for risk related to banking activity. Credits and loans, for which were fixed terms and amounts of future cash flows (schedule of credit repayments), are under measurement to amortized cost with effective interest rate. Specific provisions built under the Ordinance of the Finance Minister dated December 10, 2003 regarding the rules of creating provisions for risk related to banking activity (Journal of Laws No. 218 item 2147). The required provisions are created at the end of each reporting period. Provisions for receivables denominated in foreign currencies are translated into Polish zlotys.

When classifying credit exposures into risk categories, the Bank applies two independent criteria:

- timeliness of a loan principal and/or interest repayment,
- financial standing of the debtor.

Following the regulations on creating specific provisions for risk related to banking activity, when classifying credit exposures into risk categories, the Bank can take into account the type of collateral which secures such exposures.

Detailed criteria of credit exposure classification and reclassification are defined by separate internal regulations.

Specific provisions are created with regard to credit exposures classified into the following risk categories:

- “performing” – with regard to credit exposures arising from retail loans and credit facilities;
- “watch” category;
- “non-performing” – including exposures classified into “substandard”, “doubtful” or “lost” categories.

For irrevocable off-balance-sheet receivables bearing the non-performing customer risk, specific provisions are made in compliance with the binding regulations.

Liabilities which are neither held for trading nor are derivatives are measured in the amount of the payment required.

#### 4.2.3 Assets and liabilities that are not measured to fair value.

Assets available for sale and held for trading as well as liabilities held for trading are measured to fair value. Considering that there is no active trading market for NBP bonds held in the held-for-trading portfolio and their immaterial impact, the bonds are measured using the amortized cost method. As at December 31, 2005, the value of such securities totaled PLN 26,277 thousand.

Shares and interest in subsidiaries are measured using the equity method. Other shares and interest recognized in fixed assets are measured at their purchase price, taking into account write-downs for impairment loss.

**4.2.4** In 2005, the Bank was not a party to any agreement under which financial assets are transformed into securities or repurchase agreement.

**4.2.5** Data regarding the effects of measurement of available-for-sale financial assets to fair value:

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As at December 31, 2005 the available-for-sale securities were measured to market value. The measurement value was recognized in the Bank's balance sheet statement in the Revaluation Reserve item. The measurement results are presented in the Table below:

	Measurement of shares PLN thousand	
	December 31, 2005	December 31, 2004
Treasury bills	(5)	286
Treasury bonds	2,101	(765)
<b>TOTAL</b>	<b>2,096</b>	<b>(479)</b>

**4.2.6** Table presenting changes in the financial instrument revaluation reserve specifying the balance at the beginning and at the end of the reporting period and its increases and decreases.

	January 1 - December 31, 2005	January 1 - December 31, 2004
<b>1. Revaluation reserve at the beginning of the reporting period</b>	<b>(674)</b>	<b>(7,853)</b>
a) from available-for-sale securities measurement	(388)	(6,938)
b) from the measurement of shares in a subsidiary	(286)	(915)
<b>1.1. Revaluation reserve changes</b>	<b>2,579</b>	<b>7,179</b>
<b>a) increase (on account of)</b>	<b>10,275</b>	<b>22,117</b>
- available-for-sale securities measurement	9,136	20,172
- measurement of shares in a subsidiary	1,139	1,945
<b>b) decrease (on account of)</b>	<b>(7,696)</b>	<b>(14,938)</b>
- available-for sale securities measurement	(7,050)	(13,622)
- measurement of shares in a subsidiary	(646)	(1,316)
<b>2. Revaluation reserve at the end of the reporting period</b>	<b>1,905</b>	<b>(674)</b>
a) including: from available-for-sale securities measurement	1,698	(388)
d) measurement of shares in a subsidiary	207	(286)

**4.2.7** Information about income and cost from financial assets available for sale, which were removed (sold, liquidated) from the balance sheet statement:

In 2005, Fortis Bank Polska SA sold the following securities from the portfolio of assets available for sale:

- Treasury bills of the total nominal value amounting to PLN 31,000 thousand:

The Bank incurred loss on the above transactions in the amount of PLN 20 thousand, while the sold discount amounted to PLN 1,479 thousand;

- Treasury bonds of the total nominal value amounting to PLN 40,000 thousand:

The Bank incurred loss on the above transactions in the amount of PLN 339 thousand, while the sold premium/discount amounted to PLN 421 thousand;

**4.2.8** Information about income and expenses on account of financial assets sold whose fair value could not be reliably measured before, with the indication of the balance sheet value of the assets determined as at the sale date.

In 2005, the Bank did not generate any income or incur any expenses on the above account.

**4.2.9** In 2005, no financial assets measured at fair value were reclassified into assets measured at the adjusted cost of acquisition.

**4.2.10** In 2005, there was a change in the value of subsidiary's shares held by the Bank. The measurement value increase at the end of the half amounted to PLN 2,778 thousand. The change of the value was recognized in Note No. 7B to the balance sheet statement.

**4.2.11** Revenues on account of interest on loans granted and own receivables are presented in the table below:

	Data for the period starting January 1, 2005 ending December 31, 2005 PLN thousand		Data for the period starting January 1, 2004 ending December 31, 2004 PLN thousand	
	Interest accrued	Interest received	Interest accrued	Interest received
Interbank placements	310	21,060	125	14,692
Interest on obligatory reserve and nostro account with NBP	165	2,309	3	717
Credits	22,986	215,047	15,927	193,948
interest on bonds recognized as loans and receivables	7,223	1,541	2,191	7,571
interest on receivables related to documentary transactions				745
Receivables purchased	9	140	14	262
Guarantees paid		14		5
Purchase of securities transactions		30		
<b>TOTAL</b>	<b>30,693</b>	<b>240,141</b>	<b>18,260</b>	<b>217,940</b>

The Bank's records does not show interest broken by maturity.

**4.2.12** Deferred interest income:

	December 31, 2005 PLN thousand	December 31, 2004 PLN thousand
Interest capitalized	22	22
Deferred interest income on receivables purchased	29	
Deferred interest income on guarantees paid	5,332	4,713
Deferred interest income on loans	102,576	97,381
<b>TOTAL</b>	<b>107,959</b>	<b>102,116</b>

**4.2.13** Interest expense due to financial, non-financial and the State budget sectors, broken by paid and accrued are presented in the Table below:

	Data for the period starting Jan. 1, 2005 ending December 31, 2005 PLN thousand		Data for the period starting Jan. 1, 2004 ending December 31, 2004 PLN thousand	
	Interest accrued	Interest paid	Interest accrued	Interest paid
Current accounts	212	24,882	107	22,216
Interbank deposits	130	13,087	1,501	14,916
Term deposits	4,452	54,187	4,117	40,197
Blocked deposits	119	801	1,101	6,656
Credit facilities and loans received	2,799	20,370	3,406	18,699
insurance policies	1,022	4,356	1,277	473
Interest on hedging transactions	1,094	8,641		
<b>Total</b>	<b>9,828</b>	<b>126,324</b>	<b>11,509</b>	<b>103,157</b>

**4.2.14** Information about underlying instruments

Within its operations, the Bank makes derivative transactions. The transactions are effected for commercial purposes and to manage the currency risk and interest rate risk. Derivative transactions are also offered to customers.

➤ **Derivative instruments**

**IRS contracts** – consist in an exchange of interest payments based on a variable market interest rate for interest accrued at a fixed interest rate agreed upon in the contract. They are measured by discounted cash flow model based on the market yield curve. The purpose of the contract is to hedge against interest rate risk.

**FX forward** - consists in a purchase / sale of a specific currency at a predetermined date in the future at the exchange rate agreed on the transaction date. It is measured by comparison of the transaction FX rate with the

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market rate for similar transactions. The purpose of the contract is to hedge against FX rate risk and maintain liquidity.

**FX swap** - consists in the purchase or sale of a specific currency at a spot exchange rate and a simultaneous sale or purchase of the same amount of the currency at a forward rate agreed at the transaction date, however the transactions may be concluded as a combination of a transaction with the value date equal to the transaction date and the simultaneous reverse transaction for the value date of the following day. It is measured by comparison of the transaction FX rate with the market rate for similar transactions. The purpose of the contract is to regulate liquidity and hedge against FX rate risk of the Bank's currency loan portfolio.

**FX Futures** – consist in a purchase / sale of foreign currencies at the exchange rate agreed at the moment of concluding the transaction at the Warsaw Commodity Exchange (Warszawska Giełda Towarowa S.A.). The contracts are standardized in terms of amounts and maturity. They are measured at a market rate provided by the Warsaw Commodity Exchange. Simultaneously, cash flows resulting from the futures measurement (marking to market) are made on a daily basis. The purpose of the contract is to hedge against FX rate risk.

**Interest rate options** – consist in a purchase of a right to receive the settlement amount in exchange for a premium paid/received. Depending on the option type (cap/floor), the counterparty receives on a specified settlement day the settlement amount resulting from the difference between the predetermined transaction rate and the reference rate. It is measured based on a modified Black-Scholes model. The purpose of the transaction is to hedge against interest rate risk and to maintain liquidity.

**FX options** – consist in a purchase of a right, but not the obligation, to buy/sell a foreign currency at the forward FX rate established on the transaction conclusion date in exchange for a premium paid/received. It is measured based on the Black-Scholes model. The purpose of the transaction is to hedge against FX risk and to maintain liquidity

**FRA** – consists in an agreement between the parties to the transaction upon a fixed interest rate for a specific value of deposit. On the day of the transaction settlement, the buyer of FRA contract shall pay the settlement amount to the seller if the reference rate on the date of effecting the transaction was lower than the transaction rate. At the same time the seller of the instrument shall pay the buyer, on the transaction settlement date the settlement amount when the reference rate is higher than the transaction rate. FRA is usually concluded for the term up to 1 year and it allows, on one hand, to hedge against the growing interest rate (FRA purchase), and on the other to hedge assets against interest rate decrease (FRA sale). The instrument is measured by the discounted cash flows model based on the market yield curve.

**Securities forward** - consists in a sale / purchase of securities at a predetermined date in the future at the price agreed on the transaction date. It is measured by discounted cash flow model based on the market yield curve. The instrument is held for trading.

Derivative instruments profile as at December 31, 2005 (PLN thousand)							
Instrument	Number of not matured transactions	Future revenue / payments	Maturity	Possibility of exchange into or substitution by another asset/ liability	Agreed rates/ amounts of income and payment dates	Other conditions	Risk type
<b>Hedging instruments against interest rate risk</b>							
IRS	1	variable	2008-11-21	no	variable	no	Interest rate, liquidity and counterparty risks
<b>FX instruments held for trading</b>							
FX forward	989	variable	2006.01.02-2006.12.29	no	variable	no	FX, liquidity, and counterparty
FX swap	20	variable	2006.01.03-2006.11.30	no	variable	no	FX, liquidity and counterparty
Options	802	variable	2006.01.04-2006.12.27	no	variable	no	FX
<b>Interest rate instruments held for trading</b>							
IRS	16	variable	2006.03.29-2015.10.19	no	variable	no	Interest rate, liquidity, counterparty
Options	2	variable	2006.03.06	no	variable	no	Interest rate, liquidity, counterparty
FRA	13	variable	2006.01.02-2006.07.03	no	variable	no	Interest rate
CIRS	6	variable	2006.03.02	no	variable	no	Interest rate, FX
<b>Derivative instruments profile as at December 31, 2004</b>							

Instrument	Number of not matured transactions	Future revenue / payments	maturity	Possibility of exchange or substitution by another asset/ liability	Agreed rates/ amounts of income and payment dates	Other conditions	Risk type
<b>Hedging instruments against interest rate risk</b>							
IRS	1	variable	2008-11-21	no	variable	no	Interest rate, liquidity and counterparty risks
<b>FX instruments held for trading</b>							
FX forward	564	variable	2005.01.03-2005.11.15	no	variable	no	FX, liquidity, counterparty
FX swap	9	variable	2005.01.03-2005.01.31	no	variable	no	FX, liquidity, counterparty
Options	366	variable	2005.01.05-2005.12.28	no	variable	no	FX
<b>Interest rate instruments held for trading</b>							
IRS	16	variable	2005-03-31-2008-07-14	no	variable	no	interest rate, liquidity, counterparty
Options	2	variable	2005-04-05	no	variable	no	interest rate, liquidity, counterparty
FRA	5	variable	2005-04-04-2005-09-22	no	variable	no	interest rate

As at December 31, 2005 and December 31, 2004, the derivative instruments that had not yet matured were the following:

<b>Initial maturity date of interest-rate risk hedging instruments at nominal value, PLN thousand</b>		
As at:	31.12.2005	31.12.2004
Instrument type/ maturity	IRS	
1 to 5 years	150,000	150,000
- banks	150,000	150,000
<b>Total</b>	<b>150,000</b>	<b>150,000</b>

<b>Initial maturity of FX speculative instruments at nominal value, PLN thousand</b>								
As at:	December 31, 2005				December 31, 2004			
Instrument type/ maturity	FX forward	FX swap	FX Options	Total	FX forward	FX swap	FX options	Total
<b>Up to 3 months</b>	711,989	883,354	56,150	1,651,493	435,586	1,403,259	162,796	2,001,641
- banks		883,354	28,086	911,440	1,976	1,403,259	81,398	1,486,633
- other	711,989		28,064	740,053	433,610		81,398	515,008
<b>3 months up to 1 year</b>	589,027	297,137	1,356,073	2,242,237	233,220		331,926	565,146
- banks		297,137	675,458	972,595			165,963	165,963
- other	589,027		680,615	1,269,642	233,220		165,963	399,183
<b>1 to 5 years</b>	44,577	97,081	36,624	178,282	17,045		23,496	40,541
- banks		97,081	18,317	115,398			11,748	11,748
- other	44,577		18,307	62,884	17,045		11,748	28,793
<b>Total</b>	<b>1,345,593</b>	<b>1,277,572</b>	<b>1,448,847</b>	<b>4,072,012</b>	<b>685,851</b>	<b>1,403,259</b>	<b>518,218</b>	<b>2,607,328</b>

<b>Initial maturity of interest-rate instruments held for trading at nominal value, PLN thousand</b>									
As at:	December 31, 2005					December 31, 2004			
Instrument type / maturity	IRS	CIRS	FRA	Options	total	IRS	FRA	options	total
<b>Up to 3 months</b>			515,000		515,000				
- banks			515,000		515,000				
- other									

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<b>3 months to 1 year</b>			469,568		469,568		75,000	11,200	86,200	
- banks			469,568		469,568		75,000	5,600	86,200	
- other								5,600	5,600	
<b>1 to 5 years</b>		68,299		3,860	72,159	570,000	45,000		615,000	
- banks		34,000		1,930	35,930	570,000	45,000		615,000	
- other		34,299		1,930	36,229					
<b>Above 5 years</b>	428,860				428,860					
- banks	389,430				389,430					
- other	39,430				39,430					
<b>Total</b>	<b>428,860</b>	<b>68,299</b>	<b>984,568</b>	<b>3,860</b>	<b>1,485,587</b>	<b>570,000</b>	<b>120,000</b>	<b>11,200</b>	<b>701,200</b>	

Derivative transactions are concluded by the Bank at market prices binding on transaction dates. The table below presents valuation of not matured derivatives as at December 31, 2005 and December 31, 2004:

Instrument type	Positive market value				Negative market value			
	December 31, 2005 (PLN thousand)		December 31, 2004 (PLN thousand)		December 31, 2005 (PLN thousand)		December 31, 2004 (PLN thousand)	
	Banks	Other	Banks	Other	Banks	Other	Banks	Other
<b>Interest-Rate Risk Hedging Instruments</b>								
IRS					6,903		1,947	
<b>FX instruments held for trading</b>								
- FX forward		10,301		18,188		10,056	6	25,637
- FX swap	8,987		5,310		2,073		768	
- FX options	6,375	13,325	3,717	1,548	13,325	6,375	1,534	3,731
<b>Total</b>	<b>15,362</b>	<b>23,626</b>	<b>9,027</b>	<b>19,736</b>	<b>15,398</b>	<b>16,431</b>	<b>2,308</b>	<b>29,368</b>
<b>Interest rate instruments held for trading</b>								
- IRS	4,731		2,399		3,168	515	1,762	
- options	1			14		1	14	
- CIRS	419	711			708	405		
- FRA	265		32		128		150	
<b>Total</b>	<b>5,416</b>	<b>711</b>	<b>2,431</b>	<b>14</b>	<b>4,004</b>	<b>921</b>	<b>1,926</b>	

In addition to the above, the Table below shows balance sheet equivalents of derivative instruments calculated in accordance with the rules provided for under Resolution No. 4/2004 of the Banking Supervision Commission dated September 8, 2004 regarding the scope and detailed rules of determination of capital requirements on account of specific risk types [...], rules of computing a capital adequacy ratio of a bank [...]. (Official Journal of the NBP No. 15, item 25). The balance sheet equivalent is understood as the sum of replacement cost or the expected future loss.

Instrument type	Balance sheet equivalent (PLN thousand)			
	As at December 31, 2005		As at December 31, 2004	
	Banks	Other	Banks	Other
<b>Interest Rate Risk Hedging Instruments</b>				
IRS	750			
<b>FX instruments held for trading</b>				
FX forward	371	19,467	299	11,162
FX swap	12,929		1,502	
options	7,655	15,416	55	411
<b>Total</b>	<b>20,955</b>	<b>34,883</b>	<b>1,856</b>	<b>11,573</b>
<b>Interest rate instruments held for trading</b>				
IRS	10,775	1,304	1,857	
options			3	
FRA	191		6	
<b>Total</b>	<b>10,966</b>	<b>1,304</b>	<b>1,866</b>	

## 4.2.15 Risk management objectives and rules

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**Liquidity risk**

The Bank defines liquidity risk as the risk of losing the Bank's ability to:

- a) settle its payment obligations timely,
- b) acquire funds alternative to the funds currently held,
- c) generate positive cash flow balance within a specified time horizon.

One of the main factors generating the liquidity risk is liquidity management process defects. Negative consequences of such defects may vary; therefore, it is difficult to anticipate and control them when they occur.

The Bank's strategy consists in ensuring high quality standards for the liquidity management processes. Under the strategy, steps towards quality improvement of the liquidity management processes have been assigned the top priority at the Bank.

The Bank operates in a market and economic environment which is subject to the free market rules. Such positioning ensures multiple opportunities to regulate the liquidity level; however this also makes the Bank susceptible to environment crises, if any.

The Bank's strategy is to ensure that the Bank's dependence on market conditions is limited to such an extent that in a market crisis the Bank will be able to keep its liquidity for three months, without limiting the range of services or initiating changes in the core business. In the event of a market crisis lasting for a longer period, the Bank's strategy provides that liquidity is sustained, however, the previous development direction might be changed in this situation and the Bank would allow for costly changes in the business profile.

A separate category of liquidity risk generating factors includes unfavorable events relating to the Bank; much talk about such events in mass media may result in a negative response of the market environment.

As an immediate consequence of such events, other banks may dramatically restrict credit line availability to the Bank, likewise customers are likely to panic and withdraw their deposits.

The Bank's strategy is to minimize, in an active way, the prospect for the occurrence of unfavorable events for the Bank. Since, however, the probability that such factors occur may not be completely eliminated, the Bank's strategy consists also in ensuring that, should such factors occur, the Bank will sustain its financial liquidity at minimum own costs (measurable and immeasurable) and take efficient steps to regain the confidence of customers and financial institutions as soon as possible.

**Currency risk**

The Bank's strategy consists in ensuring high quality standards for the currency risk management processes. Under the strategy, actions towards quality improvement of the currency risk management processes have been assigned high priority at the Bank.

The Bank's strategy with respect to exposures to market currency risk consists in the Bank's making operations resulting in assuming currency positions sensitive to market FX rate changes in order to generate a positive financial result.

Moreover, the level of the Bank's exposure to the market currency risk is at all times limited by a ceiling in such a way as to be able to ensure with high probability that:

- in a situation of an ordinary (not emergency) market volatility, on any day of a calendar year:
  - the annual cumulated financial profit/loss (generated on account of the Bank's exposure to the currency risk), does not reach a loss exceeding the double profit planned for this year (on account of the Bank's exposure to the currency risk),
- in a situation of a market crisis, on any day of a calendar year:
  - the annual cumulated financial profit/loss (generated on account of the Bank's exposure to the currency risk), does not reach a loss exceeding 10% of the capital.

The applied FX risk monitoring methodology is compliant with the Banking Supervision Commission's recommendations and, in addition to checking standard risk parameters, the Bank makes simulations of FX rate shock changes.

The manner of analyzing FX risk is in line with Fortis standards.

The aim of the policy of separating business from operational functions and risk control is to ensure that the quality of FX risk level control will not deteriorate as a result of any internal conflict of interest and that any control results showing an excessive FX risk level will trigger off an appropriate response of the Bank's Management.

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**Interest rate risk**

The Bank's strategy consists in ensuring high quality standards for the interest rate risk management processes. Under the strategy, actions towards quality improvement of the interest rate risk management processes have been assigned high priority at the Bank.

The Bank's strategy with respect to exposures to market interest rate risk consists in the Bank's making operations resulting in assuming open interest rate risk positions in order to generate a positive financial result. Moreover, the level of the Bank's exposure to the market interest rate risk is at all times limited with a ceiling in such a way as to be able to ensure with high probability that:

- in a situation of an ordinary (not emergency) market volatility, on any day of a calendar year:
  - the cumulated financial profit/loss<sup>1</sup> amount (generated on account of transactions subject to the exposure to the market interest rate risk), together with the cumulated change of the capital value<sup>2</sup> does not reach a negative value exceeding the profit planned for this year (on account of transactions subject to the exposure to the market interest rate risk),
- in a situation of a market crisis, on any day of a calendar year:
  - the amount of accumulated financial result (achieved from operations subject to the exposure to a market interest rate risk) along with the accumulated capital value change, will not have a negative value exceeding 10% capital.

The applied interest rate risk monitoring methodology is compliant with the Banking Supervision Commission's recommendations and Fortis standards.

The aim of the policy of separating business from operational functions and risk control is to ensure that the quality of interest rate risk level control will not deteriorate as a result of any internal conflict of interest and that any control results showing an excessive interest rate risk level will trigger off an appropriate response of the Bank's Management.

**Operational Risk**

For the needs of the operational risk management, Fortis Bank Polska SA has adopted a risk definition proposed by the Basel Committee on Banking Supervision:

"The operational risk is the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems or from external events."

For the needs of operational risk monitoring and the future capital requirement determination on account of this risk, the operational risk includes also legal risk.

The Bank's strategy consists in implementing and maintaining high quality standards for the operational risk management to guarantee that customer deposits and the equity are secure and the Bank's financial result is stable. Under the Bank's operational risk management strategy, objectives are defined with respect to:

- quality of operational risk management,
- the manner in which the Bank is adjusted to the New Capital Accord requirements and the legal requirements resulting from Recommendation M issued by the Banking Supervision Commission.

The operational risk is a fundamental risk, which due to its complexity is characteristic of any organization, including banks. Fortis Bank Polska SA has established a special organizational division, constituting an integral part of the Risk Management Department, responsible for on-going operational risk analysis, development and improvement of adequate risk control techniques in the Bank.

The Bank's Board of Executives makes a periodic assessment of how the Bank operational risk management strategy assumptions are executed. With this end in view, the Bank's Board of Executives is kept informed on an on-going basis on the scale and the types of operational risk the Bank is exposed to, and also its consequences and operational risk management methods.

The Bank's operational risk monitoring systems use databases that contain information on operational losses incurred. The databases that record operational losses have been used in analyzing operational risk and mitigating this risk in the Bank.

The Bank is particularly committed to reducing operational risk by improving internal processes and to limiting operational risk related to launching new products and services.

Fortis Bank Polska SA has also adopted a special Business Continuity Plan, covering all the Bank's key business functions.

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<sup>1</sup> That is, the amount summed from the beginning of the calendar year to a given day of the calendar year.

<sup>2</sup> the cumulated changed of the capital value, understood as the cumulated change of the fair value of financial instruments (originated as a result of interest rate change), the measurement of which, under the binding accounting law, is recognized in the Bank's capital.



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**Credit Risk**

Credit risk is assessed on the basis of the Bank's internal standards, taking into account credit regulations in force in the country and also standards binding in the Fortis Bank group.

The Bank's credit decision-taking model is based on the following criteria: total credit exposure of the Bank towards a business entity/group of entities affiliated by capital or management, Business Line to which a customer belongs, internal rating and risk category.

In the credit process, customer acquisition, sales of credit products and credit risk assessment functions are separated in the organization. While customer acquisition and sales of products are tasks performed by business lines (Retail Banking and Commercial Banking), risk assessment is ensured by the Credits function.

Monitoring is carried out on the basis of internal procedures of the Bank that take into account the following:

- provisions issued by the Ministry of Finance on December 10, 2003 regarding creation of provisions related to banking activity,
- borrower risk classification system applied in the Fortis Bank group,
- Fortis Masterscale internal rating system implemented under preparations to the New Capital Accord requirements.

For monitoring purposes the Bank uses a Monitoring Card IT application to ensure efficiency, completeness and uniform standard for periodic review of credit portfolio.

Risk is mitigated and hedged by applying the following rules:

- to grant entities a financing corresponding to their creditworthiness assessed and risk level;
- to limit sector exposure;
- to establish legal collateral for loan repayment;
- to measure the value of collateral in real terms;
- to establish individual strategies (course of actions) towards debtors with large credit exposure involving an increased risk;
- to create and plan specific provisions for existing and forecast credit exposures involving an increased risk;
- to monitor the credit portfolio.

**4.2.16 Information on applied hedge accounting rules broken down by fair value hedging, cash flow hedging and hedging investments in a foreign entity**

- a) The Bank applies hedge accounting to a limited extent. Out of the existing three types of hedging relations, i.e. fair value hedging, cash flow hedging and net investment hedging, the Bank applies only the fair value hedging.
- b) To hedge interest rate risk of purchased interest-bearing bonds of Credit Suisse First Boston, Singapore branch an IRS contract was concluded in the nominal value of PLN 150,000 thousand. The bonds' measurement adjustment to fair value was of PLN 6,765 thousand, the coupon accrued equalled PLN 1,093 thousand, the premium to be settled amounted to PLN 1,011 thousand. For the above transaction, the Bank applies hedge accounting rules. Interest rate based hedging transactions were measured by the Bank to fair value. Adjustments to fair value were recognized in the profit and loss statement of the Bank.
- c) The Bank applies hedge accounting with respect to hedging against the risk of fair value changes as a result of interest rate alterations. The fair value is hedged to limit a risk that fair value changes resulting from a specific risk related to financial assets and liabilities or a specific part thereof entered into accounting books may affect the financial result.
- d) The Bank started to apply hedge accounting in the second half of 2003.

**4.2.17** At present the Bank does not intend to enter into any transactions that will be hedged.

**4.2.18** The Bank does not generate any profit or incur any losses on account of the measurement of the IRS hedging instrument to the Revaluation Reserve (Fund).

**4.2.19 Information on interest rate risk exposure**

Fortis Bank Polska S.A. applies the methodology of Value-at-Risk (VAR), sensitivity of the whole investment portfolio to parallel shift of interest rates and Basis-Point-Sensitivity (BPS) at any point of the curve. VAR stands for

the amount of loss at a given position whose level would likely not be exceeded within the next two months (99% level

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of confidence). The BPS methodology enables to estimate the whole portfolio valuation sensitivity to changes at specific points of interest rate curves by 1 basis point (0.01%).

At the end of 2005, Fortis Bank Polska S.A. interest rate change risk was the following:

***VaR (2-month, total) – PLN 12.5 million***

which accounts for 95% of the VaR limit. This value results mainly from the structure of securities purchased to the ALM portfolio in 2005. Taking into account the current structure of the Bank's assets and liabilities, the risk of exceeding the above limit is small.

***Bp sensitivity (+1bp), data in PLN thousand:***

	AUD	CAD	CHF	CZK	DKK	EUR	GBP	JPY	NOK	PLN	SEK	USD	Total
D7						1							1
M1						3						1	4
M2										-4		1	-3
M3			-1							1			-
M4						0.5				-5			-4.5
M5			-1			-2				-6		1	-8
M6						0.5				-2			-1.5
M7										-5		1	-4
M8										-1			-1
M9										1			1
M10													-
M11						1				-1		2	2
M12										-1			-1
Y2						-0.5				-15			-15.5
Y3						-1				-13			-14
Y4						-1				-12			-13
Y5						-1				-8			-9
Y6						-0.5				-7			-7.5
Y7										-8			-8
Y8										-16			-16
Y9										1			1
Y10										-1			-1
Total	-	-	-2	-	-	-	-	-	-	-102	-	6	-98

***Sensitivity (+100bp), data in PLN thousand:***

AUD	-
CAD	-1
CHF	-213
CZK	-
DKK	0.5
EUR	28
GBP	47
HUF	-
JPY	10
NOK	-

PLN	-9,983.5
SEK	-
USD	627
<b>Total</b>	<b>-9,485</b>

The basis-point-sensitivity analysis value shows a low interest rate risk in foreign currencies and a moderate risk in PLN. As far as the Polish currency is concerned, the interest rate risk exposure originates mainly from securities held within the ALM portfolio and therefore market interest rate risk changes affect the results to a little extent.

**5. Data regarding contracts concluded for subscription options or ordinary share sales**

In 2005, the Bank did not conclude any contracts for either subscription options or ordinary share sales.

**6. Detailed information on assets that constitute collateral for own commitments and commitments of a third party, and also on the value of commitments collateralized by these assets.**

As at December 31, 2005, the following assets of Fortis Bank Polska SA constituted collateral for commitments:

- Treasury bills of the nominal value of PLN 3,920 thousand that collateralize the Guaranteed Means Protection Fund under the Bank Guarantee Fund. As at December 31, 2005 the value of funds covered by the guarantee system accumulated in the Bank amounted to PLN 3,099,367 thousand.

**7. Information regarding repo transactions not recorded in the balance sheet statement.**

As at the balance sheet date, the Bank recorded no repurchase agreements.

**8. Information about credit facilities granted, including irrevocable commitments.**

The Table below presents off-balance sheet financial commitments granted, broken by types of entities and products:

Off-balance sheet financial commitments (PLN thousand)								
entity/product	December 31, 2005				December 31, 2004			
	financial entities	non-financial entities	State budget sector	Total	financial entities	non-financial entities	State budget sector	Total
- credit lines in loan accounts	163,129	825,808		988,937	21,596	446,973	223	468,792
- overdraft facilities in current accounts	500	552,499		552,999	1,600	467,250	10,667	479,517
- open VISA limits	129	59,449	52	59,630	79	58,902	155	59,136
- open VISA limits		34,961		34,961				
- import Letters of Credit	600	98,895		99,495	1,938	79,886		81,824
- Framework Financing Agreements		230,047		230,047		209,025		209,025
<b>Total</b>	<b>164,358</b>	<b>1,801,659</b>	<b>52</b>	<b>1,966,069</b>	<b>25,213</b>	<b>1,262,036</b>	<b>11,045</b>	<b>1,298,294</b>

The table below shows unused credit lines broken down by an entity type and maturity:

entity / maturity	December 31, 2005 PLN thousand		December 31, 2004 PLN thousand	
	up to 1 year	1 year or longer	up to 1 year	1 year or longer
financial entities	120,558	42,570		21,596
non-financial entities	687,338	138,471	402,356	44,617
budget units			223	
<b>Total</b>	<b>807,896</b>	<b>181,041</b>	<b>402,579</b>	<b>66,213</b>

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9. **Data about off-balance sheet items, in particular about contingent liabilities, including a breakdown of guarantees and sureties issued (together with bill-of-exchange and other guarantee-like liabilities), with a separate list of guarantees or sureties issued in favor of affiliated entities.**

The Table below shows off-balance-sheet guarantee commitments, broken by types of entities and products:

Off-balance sheet guarantee commitments (PLN thousand)								
Entity / product	December 31, 2005				December 31, 2004			
	financial entities	non-financial entities	State budget sector	Total	financial entities	non-financial entities	State budget sector	Total
- guarantees issued	44,329	370,002	25	414,356	5,381	274,249		279,630
- Framework Guarantee Agreements		53,987		53,987		34,494		34,494
- confirmed export Letters of Credit	84,834			84,834	7,640			7,640
<b>Total</b>	<b>129,163</b>	<b>423,989</b>	<b>25</b>	<b>553,177</b>	<b>13,021</b>	<b>308,743</b>		<b>321,764</b>

The Table below shows off-balance -sheet liabilities granted, broken by subsidiaries, affiliated entities and other entities:

Specification	December 31, 2005 PLN thousand		December 31, 2004 PLN thousand	
	related to financing	guarantees	related to financing	guarantees
<b>Parent entity</b>		395		
<b>Subsidiaries</b>	47		49	
<b>Affiliated entities</b>	43,693	43,734	23,544	5,381
<b>Other entities</b>	1,922,329	509,048	1,274,701	316,383
<b>Total</b>	<b>1,966,069</b>	<b>553,177</b>	<b>1,298,294</b>	<b>321,764</b>

At the end of December 31, 2005, the Bank held the following off-balance sheet items related to derivatives and liabilities granted and/or received from entities affiliated by capital or organization:

- **Parent entity:**
  - Guarantee issued to Fortis Bank Brussels for the total amount of EUR 102 thousand for period from 1 up to 2 years;
  - Guarantees and sureties from Fortis Bank Brussels for the total amount of PLN 6,811 thousand;
  - Counter-guarantees obtained from Fortis Bank Brussels for the total amount of PLN 10,788 thousand;
  - IRS contracts of PLN 150,000 thousand to secure a financial instrument;
  - 4 CIRS contracts for the total amount of PLN 68,299 thousand;
  - 10 IRS commercial contracts for the total amount of PLN 428,860 thousand;
  - 3 FRA contracts for the total amount of PLN 219,568 thousand;
  - call, put options recorded as off-balance-sheet items in the amount of PLN 1,450,779 thousand;
  - commitments related to the execution of FC buy/sell transactions of PLN 1,818,267 thousand;
- **Subsidiary:**
  - Unused VISA card limit in the amount of PLN 47 thousand granted to Fortis Securities Polska SA;
- **Affiliated entities:**
  - Fortis Lease Polska Sp. z o.o.:
    - unused overdraft limit of PLN 500 thousand granted until April 4, 2006;
    - unused limit in VISA card in the amount of PLN 23 thousand;
    - unused credit line in the amount of PLN 42,570 thousand granted for the period from 3 up to 5 years;
    - a documentary letter of credit opened for PLN 600 thousand;
    - commitments related to the execution of FC buy/sell transactions of PLN 8,779 thousand;

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➤ Fortis group banks:

- 10 guarantees issued for the total amount of PLN 43,734 thousand for the period from 1 month up to 10 years;
- commitments related to the execution of buy/sell transactions of PLN 23,150 thousand;
- guarantees and sureties obtained for the total amount of 47,412 thousand;
- counter-guarantees received for the total amount of 59,842 thousand;
- credit line obtained in the amount of PLN 510,552 thousand for period from 5 up to 10 years;

By analogy, as at December 31, 2004, the Bank held the following off-balance sheet items related to affiliated entities:

• **Parent entity:**

- Obtained guarantees and sureties issued by Fortis Bank Brussels for the total amount of PLN 136,130 thousand;
- Obtained counter-guarantees issued by Fortis Bank Brussels for the total amount of PLN 7,740 thousand;
- One IRS contract of PLN 150,000 thousand to secure a financial instrument;
- 14 IRS commercial contract for the total amount of PLN 520 million;
- 2 FRA contracts for the total amount of PLN 45 million;
- call, put options recorded as off-balance-sheet items in the amount of PLN 537,848 thousand;
- commitments related to the execution of buy/sell transactions of PLN 1,883,639 thousand;

• **Subsidiary:**

- VISA card limit in the amount of PLN 49 thousand granted to Fortis Securities Polska SA;

• **Affiliated entities:**➤ Fortis Lease Polska Sp. z o.o.:

- unused limit in VISA card in the amount of PLN 10 thousand;
- a documentary LC opened for the amount of PLN 1,938 thousand;
- unused credit line in the amount of PLN 21,596 thousand granted up to 5 years;

➤ Fortis group banks:

- two guarantee issued to an affiliated entity in the amount of PLN 4,092 thousand;
- guarantees and sureties issued by affiliated entities for the total amount of PLN 31,276 thousand;
- credit line obtained for the amount of 540,27 thousand for the period of 5 up to 10 years.

**10. Information about a proposed dividend payment, if it has not been formally approved, and about any not-included cumulated preference share dividends.**

Fortis Bank Polska SA has not issued any preference shares.

The Bank's Board of Executives intends to make a proposal to the General Meeting of Shareholders to not to pay out dividend and to allocate the entire profit earned for 2005 to raise the Bank's equity.

**11. Information about liabilities related to approved dividend payment.**

As at December 31, 2005 the Bank had no commitments related to the approved dividend payment.

**12. Data about liabilities due to the State Budget or local government authorities arising from the acquisition of an ownership title to buildings and constructions.**

As at December 31, 2005, the Bank did not have any liabilities due to the State Budget or local government authorities arising from the acquisition of an ownership title to buildings or constructions.

**13. Information about revenues, costs and results of operations discontinued in a given period or expected to be discontinued in the subsequent period, and reasons for such discontinuance.**

In 2005, the Bank did not discontinue any operations and does not consider reducing the current scope of its

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business.

**14. Cost of fixed assets under construction, fixed assets for own needs.**

In 2005, the Bank incurred costs of fixed assets under construction, fixed assets for own needs in the amount of PLN 21.7 million.

**15. Investment made and investments planned for the next 12 months from the balance-sheet date, including non-financial fixed assets.**

In 2006, the Bank plans to make investment outlays in the amount of PLN 74 million.

The Table below presents investment costs incurred as at December 31, 2005 and as at December 31, 2004:

	December 31, 2005 PLN thousand	December 31, 2004 PLN thousand
<b>Investments in progress</b>	<b>8,724</b>	<b>4,099</b>
<b>Advances on investment</b>	<b>0</b>	<b>0</b>
<b>Fixed assets</b>	<b>11,742</b>	<b>3,941</b>
Equipment	3,049	2,348
Means of transport	6,806	1,451
Other	1,887	142
<b>Intangible fixed assets</b>	<b>1,282</b>	<b>5,379</b>
Computer software purchased	1,282	5,379
<b>TOTAL</b>	<b>21,748</b>	<b>13,419</b>

**16.****16.1. Information about the issuer's transactions with affiliated entities, also those affiliated by capital or management under the Banking Law Act, related to the transfer of rights and obligations, including the principles of the Bank's credit policy towards affiliated entities.**

- Loan Agreement concluded on January 30, 2004 regarding the credit line contracted by the Bank with Fortis Bank Nederland N.V. with the limit of EUR 200 million for 101 months in order to finance the current operating activity of the Bank. Under the credit line the Bank may draw down advance payments in EUR, USD, CHF and JPY within 76 months from the Agreement conclusion date. Interest rate: 1, 2, 6 or 12-month IBOR, depending on the currency and interest rate term for specific advances. The commitment fee is 0.125% p.a. on the unused part of the credit limit.
- Loan Agreement dated January 30, 2004 on the contracting by the Bank of a credit line with Fortis Bank (Nederland) N.V. with the limit up to EUR 200 million for 27 months with an option of automatic renewal, earmarked for financing the Bank's working capital. The credit facility may be drawn down in one or more Advances in EUR, USD, CHF or JPY within 2 months from the date of signing this agreement. The applied interest rate will be one, three, six or twelve month IBOR depending on the relevant currency of the Advance and its interest rate period. The commitment fee: 0.125% p.a. calculated on the total unused credit principal.
- Fortis Bank Polska SA concludes transactions on the interbank market with affiliated banks. As at December 31, 2005, Fortis Bank Polska SA had no interbank deposits from such entities but it made one FC term placement for the amount of GBP 0.7 million. The interest rate on these accounts corresponds to market rates.
- Fortis Bank Polska SA concludes transactions on the interbank market with the parent entity, i.e. Fortis Bank Brussels. As at December 31, 2005, Fortis Bank Polska SA had no interbank deposits from Fortis Bank Brussels but it made one overnight placement of EUR 144 million and also 2 foreign currency and one PLN placements for the total amount of PLN 468 million. Fortis Bank Polska has also nostro accounts. Total balance of this accounts totaled PLN 2.5 million as at December 31, 2005. The interest rate on these accounts corresponds to market rates.
- Custody Services Group maintains a securities account in favor of Fortis Bank SA/NV Brussels under a Custody Services and Securities Account Agreement signed on October 26, 2000. The Agreement has been concluded for an indefinite period of time.
- Fortis Securities Polska SA sub-leases from Fortis Bank Polska SA office premises and parking space. The sub-lease agreement has been concluded for a definite period, i.e. until June 30, 2008.

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- Cooperation Agreement dated January 7, 2000 together with subsequent annexes, entered into by the Bank and Fortis Securities Polska SA. Under the agreement, the Bank's customers may use investment portfolio management services through FSP Customer Service Outlets (POK) and Information Points (PI) that are situated in the Bank's branches.
- On March 29, 2005 the Bank and Fortis Securities Polska SA signed an amendment to the agreement on further extension of cooperation by including financial agency services in terms of distribution of FORTIS FIO (open end investment fund).
- On December 30, 2005 an agreement was signed between Fortis Bank Polska SA and Fortis Securities Polska SA on the sale of shares. Under the agreement, Fortis Securities Polska SA purchased 1,832,845 its own shares from Fortis Bank Polska SA for the total amount of PLN 50,000,011.60, i.e. PLN 27.28 per share. The shares were purchased in order to be redeemed.
- Fortis Lease Polska Sp. z o.o. sub-leases from Fortis Bank Polska SA office premises and parking space. Two sub-lease agreements have been concluded, one for a period until June 30, 2008 and the other one until June 30, 2010.
- Credit Agreement dated November 17, 2000 with Fortis Lease Polska Sp. z o.o. along with further annexes to the Agreement. Under the Agreement, Fortis Lease was granted a revolving, multi-currency credit maturing on January 16, 2007, with an interest rate under the market conditions. At the end of 2005, the debt outstanding balance totaled PLN 56,786 thousand. At the end of December 2005 Fortis Lease Polska Sp. z o.o. had an unused credit line limit to the amount of PLN 43 million.
- Overdraft Credit Facility Agreement dated April 5, 2002 with Fortis Lease Polska Sp. z o.o. along with subsequent annexes to the Agreement. Under the Agreement, Fortis Lease was granted an overdraft facility in the amount of PLN 0.5 million under market conditions, for the period until April 4, 2006. As at December 31, 2006 the limit was totally unused.
- Cooperation Agreement signed between Forts Bank Polska SA and Fortis Lease Polska Sp. z o.o. on February 17, 2005 whereby Retail Banking Business Line salespersons recommend FLP Sp. z o.o. products. Under the Agreement the Bank concluded a suretyship agreement to guarantee 50% of specific accounts receivables due to FLP under lease contracts signed with the Bank's intermediary.

**16.2. Data concerning affiliated companies (related by capital or management) referring to:**

a) receivables and liabilities:

	December 31, 2005 PLN thousand			December 31, 2004 PLN thousand		
	Parent company	Subsidiary	Affiliated entities	Parent company	Subsidiary	Affiliated entities
<b>Receivables</b>						
Nostro accounts	2,507		435	24,326		
Current receivables	555,811			491,016		
Term deposits	467,734		3,938	474,451		3,462
Loans		3	56,787			47,927
Interest	213		88	275		54
Other assets		91	205		2	111
Provision for other assets			(1)			
<b>Total receivables</b>	<b>1,026,265</b>	<b>94</b>	<b>61,452</b>	<b>990,068</b>	<b>2</b>	<b>51,554</b>
<b>Liabilities</b>						
Vostro accounts	5,886			2,227		431
Current account assets	27,143	503	361		3,942	474
Term deposits		55,000				
Loans and credit facilities received			1,038,357			1,085,181
Interest accrued	3	63	2,412			2,695
Other liabilities		11	3,485	29	11	44
<b>Total liabilities</b>	<b>33,032</b>	<b>55,577</b>	<b>1,044,615</b>	<b>2,256</b>	<b>3,953</b>	<b>1,088,825</b>

b) income and expense, including interest and fees, costs of loan provisions:

	December 31, 2005 PLN thousand			December 31, 2004 PLN thousand		
	Parent company	Subsidiary	Affiliated entities	Parent company	Subsidiary	Affiliated entities
<b>Income</b>						
Interest income	26,454		3,599	6,892	1	2,946
Commission and fee income		27		1,566	43	69
Net income on measurement of derivatives	52,296			(531)		
FX result	8,450		722			
Other operating income		34			415	581
<b>Total income</b>	<b>87,200</b>	<b>61</b>	<b>4,321</b>	<b>7,927</b>	<b>459</b>	<b>3,596</b>
<b>Expense</b>						
Interest expense	9,798	696	22,133	82	60	20,725
Commission and fee expense				312		715
Derivatives measurement expense	33,564					
Operating costs		293	613	57	242	385
- including depreciation		1			25	46
<b>Total costs</b>	<b>43,362</b>	<b>990</b>	<b>22,746</b>	<b>711</b>	<b>302</b>	<b>21,825</b>

- c) granted credit facilities, including irrevocable commitments,

As at December 31, 2005, Fortis Securities Polska SA had an off-balance-sheet limit granted on a VISA card of PLN 50 thousand; of which PLN 3 thousand was utilized.

Similarly, as at December 31, 2004, Fortis Securities Polska SA was granted a VISA card limit up to PLN 50 thousand.

- d) other data:

As at December 31, 2005, the Bank owned 100% of shares of Fortis Securities Polska SA. The Supervisory Board of Fortis Securities Polska SA includes three members of the Board of Executives of Fortis Bank Polska SA.

**17. Information about joint ventures not required to be shown in consolidated statements.**

In 2005, the Bank did not enter into any joint ventures not required to be shown in consolidated statements.

**18. Information about income and costs of brokerage activities conducted by the Bank.**

The Bank does not conduct any brokerage activities.

**19. Information about write-offs of uncollectible receivables into costs, broken down by titles of write-offs and manner of writing off such receivables – against created provisions, against costs of financial operations and against other operating costs, including the specification of losses related to loans and cash loans.**

In 2005, 138 loans totaling PLN 19,476 thousand were written off against the created provisions.

**20. Information about costs related to the creation of provisions for future liabilities towards employees, including the specification of titles:**

In 2005, the Bank incurred costs related to the creation of provisions for liabilities due to its employees on account of bonus in the amount of PLN 10,100 thousand.

**21. Information about costs of financing employee pension schemes.**

The Bank does not finance employee pension schemes.

**22. Information about custody operations.**

As at December 31, 2005, the Custody Services Group at Fortis Bank Polska SA maintained 11 securities accounts in favor of customers. The total value of customer financial instruments in the safekeeping of the Custody Services Group on that day amounted to PLN 1,867,764 thousand. In the reporting period, the Bank provided services regarding the custody and transaction settlement of securities traded on the Polish regulated and not-regulated markets, and acted as the intermediary in making transactions on the foreign market. In rendering



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custody services to customers, the Bank co-operated with DB Securities SA.

**23. Information about asset securitization.**

Fortis Bank Polska SA does not make asset securitization.

**24. Information about average employment, with a breakdown into professional groups.**

As at December 31, 2005, Fortis Bank Polska SA had 1,017 FTEs (full-time equivalent), that is, by 123 FTEs more than at December 31, 2004. The average employment between January and December 2005 totaled 944 FTEs and was higher by 64 FTE than in the previous period.

Structure of employment in terms of education:

	December 31, 2005	December 31, 2004
Secondary level education	31%	35%
BA equivalent	10%	11%
Higher education	59%	54%

**25. Information about the total value of remuneration and rewards (in cash and in kind), paid or due, separately to persons managing and supervising the issuer in the issuer's organization, regardless of whether they were recognized as costs or profit sharing, and if the issuer is a controlling entity or a major investor – separate information about the amount of compensation and rewards received for performing functions in the governing bodies of subsidiaries, sister companies and affiliated entities (for each group separately).**

Remuneration and benefits paid to the Bank's Board of Executives are the following:

Name and surname	Position	01.01.2005 - 31.12.2005 (in PLN thousand)				01.01.2004 - 31.12.2004 (in PLN thousand)			
		Remuneration	benefits*	other**	total	Remuneration	benefits*	other**	total
Jan Bujak	President of the Board of Executives (since 11.01.2005)	472	6	186	664	380	6	102	488
Alexander Paklons	Senior Vice-President	-	211	526	737	-	-	-	-
Bartosz Chytła	Vice-President	345	6	126	477	288	6	50	344
Jean-Luc Deguel	Vice-President	637	120	149	906	596	122	143	861
Jaromir Pelczarski	Vice-President	494	6	214	714	440	6	128	574
Koenraad Verhoeven	Vice-President	766	130	77	973	781	131	66	978
Ronald Richardson	President of the Board (until 10.01.2005)	123	13	248	384	1,164	162	428	1,754
<b>Total:</b>		<b>2,837</b>	<b>492</b>	<b>1,526</b>	<b>4,855</b>	<b>3,649</b>	<b>433</b>	<b>917</b>	<b>4,999</b>

\* the item "benefits" includes expenses related to medical care, company car (lump sum) and accommodation.

\*\* the item "other" includes vacation leave equivalent, bonuses and remuneration for Board of Executives meetings.

Three Board of Executives members of Fortis Bank Polska S.A. sitting also in the Supervisory Board of Fortis Securities Polska S.A. received no remuneration on this account either in 2004 or in 2005.

The Board of Executives of Fortis Bank Polska S.A. is included in the program "Fortis Executives and Professionals Stock Option Plan" for Fortis Bank NV shares.

## 1. Remuneration and benefits paid to the Bank's Supervisory Board's members:

Name and surname	Position	01.01.2005 - 31.12.2005 in PLN thousand	01.01.2004 - 31.12.2004 in PLN thousand
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Jos Clijsters	Chairman	27	-
Paul Dor	Vice Chairman	48	48
Antoni Potocki	Vice Chairman	48	48
Werner Claes	Board Member	42	42
Zbigniew Dresler	Board Member	42	42
Didier Gible	Board Member	42	42
Bernard Levie	Board Member	24.5	-
Roland Saintrond	Board Member	42	42
Thierry Schuman	Board Member	24.5	-
Peter James Ullman	Board Member	24.5	-
Luc Delvaux	Chairman (until July 1, 2005)	27	54
<b>Total:</b>		<b>391.5</b>	<b>318</b>

3. Gross remuneration from the payroll fund, together with ZUS (Social security) contributions paid to holders of procuration:

Remuneration	01.01.2005 - 31.12.2005	01.01.2004 - 31.12.2004
	In PLN thousand	In PLN thousand
Holders of procuration	3,071	3,098

26. Information about the value of unpaid advances, loans, cash loans, guarantees or any other agreements under which the party is obligated to provide benefits in favor of the issuer, its subsidiaries, sister companies or affiliated entities, with interest rates and repayment terms of such amounts being specified, granted by the issuer in the issuer's organization and separately in organizations of the issuer's subsidiaries, sister companies and affiliated entities (separately for each group), to persons managing and supervising [the issuer], and the issuer's employees and separately to their spouses, relatives and relations by affinity up to the second degree, adoptees or adopters and any other persons who such managing and supervising persons are personally related with, with the interest rates and repayment terms of such amounts being specified.

As at December 31, 2005, Fortis Bank Polska SA extended:

**to the Supervisory Board's Members:**

- two (2) VISA card limits, as at December 31, 2005 the total outstanding balance on this account amounted to PLN 17 thousand; the unused limits were PLN 41 thousand;
- 1 credit card limit; the unused limit amounted to PLN 17 thousand at December 31, 2005;
- 1 guarantee issued for the amount of USD 5 thousand as at December 31, 2005 with the initial maturity from 5 to 10 years;

**to the Board of Executives' Members:**

- three (3) loans (of which 2 FC loans) with the total debt outstanding balance as at December 31, 2005 of PLN 342 thousand, with maturity from 3 to 10 years and an interest rate corresponding to the applied market rates;
- six (6) VISA card limits with the total debt outstanding balance on this account amounted to PLN 5 thousand as at December 31, 2005; the unused limits equaled PLN 86.5 thousand;
- six (6) credit card limits with the total debt outstanding balance on this account of PLN 8 thousand as at December 31, 2005; the unused limit was PLN 72 thousand.

**to holders of procuration:**

- three (3) overdraft facilities in ROR accounts (i.e. checking and savings accounts) for the total amount of PLN 47 thousand as at December 31, 2005 and maturity up to one year; the interest rates do not differ from market rates;
- thirteen (13) loans, including 7 ones denominated in a foreign currency, of the total outstanding balance of PLN 1,366 thousand as at December 31, 2005, of maturity between three (3) and over twenty (20) years, at

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an interest rate corresponding to the applied market rates;

- three (3) credit lines within a loan account; as at December 31, 2005 unused limits amounted to PLN 202 thousand;
- five (5) Visa card limits - the total debt balance on that account amounted to PLN 10 thousand as at December 31, 2005 and unused credits in the amount of PLN 32 thousand.
- six (6) credit card limits with the total debt outstanding balance of PLN 2 thousand as at December 31, 2005; the unused limit was PLN 33 thousand;

**to persons related to managing and supervising persons:**

- five (5) limits in ROR accounts (i.e. checking and savings accounts) for the total amount of PLN 89 thousand. As at December 31, 2005 the outstanding balance amounted to PLN 71 thousand and the maturities were up to 1 year; the interest rate does not differ from market rates;
- one (1) foreign currency loan with the debt outstanding balance of EUR 1 thousand as at December 31, 2005, with maturity of between five (5) and ten (10) years, the interest rate does not differ from market rates;
- one (1) loan of PLN 102 thousand as at December 31, 2005 with maturity between 5 to 10 years, the interest rate does not differ from market rates;
- 3 (three) VISA card limits with the total debt outstanding balance of PLN 15 thousand as at December 31, 2005 and unused limits of PLN 34 thousand.

Moreover, Fortis Bank Polska employees are entitled to use employee loans. The outstanding balance of such loans is shown below:

	December 31, 2005	December 31, 2004
Employee loans in PLN thousand	25,677	16,690
Number of employee loans	525	415

The interest rate of employee loans does not differ from market rates.

**27. Information about significant events occurred referring to previous years, presented in the financial statements / consolidated financial statements for the current period**

In 2005, no significant events occurred referring to previous years, presented in the financial statements for the current period.

**28. Description of important events that occurred after the balance sheet date, i.e. December 31, 2005 and were not shown in the financial statements.**

On February 27, 2006 a payment of funds on account of the sale and redemption of shares in the amount of PLN 50,000,011.60 less due tax, i.e. PLN 48,857,782.60, was made from Fortis Securities Polska SA bank account into Fortis Bank Polska SA bank account. The said transaction was not included in the Bank's books as at the end of the fiscal year 2005.

**29. Information on important events pertaining to the fiscal year which materially affected the structure of the balance sheet items and financial result.**

In presented fiscal year no important events occurred, which materially affected the structure of the balance sheet items and financial result.

**30. Information about relations between the legal predecessors and the issuer and the manner and scope of taking-over assets and liabilities.**

In 2005, there were no relations between the legal predecessors and the issuer.

**31. Financial statements and comparable financial data, at least with respect to the basic items of balance-sheet statement and profit and loss account adjusted by a relevant inflation index, with a specification of the index source and method of its application, with the period of the recent financial statement adopted as the base period – if the cumulated average annual inflation rate in the last three years of the issuer's business reached or exceeded 100%.**

As the inflation index in the last three years has been maintained below 7%, the Bank does not present financial statements adjusted by the inflation index.

**32. Presentation and explanation of differences between data disclosed in the financial statements and**

**comparative financial data/consolidated financial statements and comparative consolidated financial data, with previously compiled and published financial statements.**

- a) In 2005, the presentation method of interest income and expenses, including derivatives - IRS hedging contracts, has changed. In previous reports those incomes and expenses were presented in "Result on financial transactions" item, and starting from the 2005 report – in "Interest income" and by analogy "Interest expenses" items. To ensure comparability of data, following changes has been entered to the Profit and Loss Statement for comparable data:

<b>Data for period January 1, 2004 – December 31, 2004</b>	<b>Data before modification</b>	<b>Presentation rule changes</b>	<b>Data after modification</b>
I. Interest income	270,853	9,082	279,935
II. Interest expense	115,291	9,741	125,032
III. Net interest income	155,562	(659)	154,903
VIII. Result on financial transactions	(4,266)	659	(3,607)
<b>X. Result on banking activity</b>	<b>283,747</b>	<b>0</b>	<b>283,747</b>

The above change in the manner of presenting data has no impact on the Bank's financial result.

- b) Starting from the first half of 2005, the manner of presenting amounts due from financial, non-financial and State budget sectors, broken by maturity dates, has changed. Currently, the said amounts are presented broken by maturity of specific loan or credit facility installments, whereas the previous presentation method was based on the last loan or credit installment.

The above change in the manner of presenting data has no impact on the Bank's financial result.

- c) In the statements for 2005, the Forward and Swap transaction result is presented separately for assets and liabilities, whereas in the statements for 2004, the above result was presented in a net amount. To ensure comparability of data, the data for 2004 have been adjusted accordingly:

<b>Data as at 31 Dec. 2004</b>	<b>Data before modification</b>	<b>Presentation change</b>	<b>Data after modification</b>
XII. Other securities and other financial assets	21,410	24,851	46,261
<b>Total assets</b>	<b>5,383,942</b>	<b>24,851</b>	<b>5,408,793</b>
VII. Other liabilities on account of financial instruments	26,285	24,851	51,136
<b>Total liabilities</b>	<b>5,383,942</b>	<b>24,851</b>	<b>5,408,793</b>
<b>Solvency ratio</b>	<b>12.30%</b>	<b>(0.04%)</b>	<b>12.26%</b>

- d) In the financial statements for 2005, the classification of items pertaining to revenues due on account of unpaid commissions changed from the "Other prepayments and accrued income" item to the "other assets – other". To ensure comparability, data for 2004 have been adjusted accordingly:

<b>Data as at 31 Dec. 2004</b>	<b>Data before modification</b>	<b>Presentation change</b>	<b>Data after modification</b>
XV. other assets	37,827	868	38,695
2. other	37,822	868	38,690
<b>Total assets</b>	<b>5,408,793</b>		<b>5,408,793</b>
XVI. prepayments and accrued income	33,729	(868)	32,861
2. other prepayments and accrued income	4,378	(868)	3,510
<b>Other liabilities</b>	<b>5,408,793</b>		<b>5,408,793</b>

**33. Changes in the applied accounting policies and manner of preparing financial statements made with respect to the previous fiscal year(s), their reasons, titles and impact of financial consequences due to such changes on the property and financial situation, liquidity, financial result and profitability.**

Starting with January 1, 2005, the Bank has accepted the following changes in the accounting principles:

Extended credits and loans are measured at amortized cost, with effective interest rate and regarding to the rules

## Additional Notes

of creating provisions for risk related to banking activity. Credits and loans, for which were fixed terms and amounts of future cash flows (schedule of credit repayments), are under measurement at amortized cost with effective interest rate.

To establish effective interest rate, received commissions related to the production of a given financial asset are taken into consideration (i.e. commissions for granting credit and for increasing credit amount). Establishing an effective interest rate requires also that commissions for credit granting be presented in the currency of the credit. In the event commission is collected in other currency than the currency of the credit, the currency is converted at the exchange sell rate on the date of collecting the commission.

Deferred commissions settled with effective interest rate are included into interest income since January 1, 2005, whereas commissions settled on a straight-line basis are included into commission and fee income since January 1, 2004. As a result, commissions that were previously included singly into income at the moment of their receiving are now amortized over the entire life of a loan.

The change in the measurement rules resulted from the implementation of the provisions of the Finance Minister's Ordinance dated December 10, 2001 regarding specific accounting rules of banks.

CHANGES IN RESPECT OF ACCOUNTING RULES				
		- PLN 7,468 thousand	amount related to received commissions, previously settled in effective way, which affect the financial result	
- PLN 7,468 thousand			+ PLN 1,752 thousand	
			- PLN 9,220 thousand	
	- PLN 9,220 thousand			+ PLN 1,205 thousand
				- PLN 10,425 thousand
			amount related to received commissions, previously settled in effective way, which affect the financial result	
			deferred tax related to received commissions settled in effective way, which previously affected the financial result	
			amount of received commissions settled in effective way	
			amount of received commissions settled in effective way that is moved to the "Receivables due from customers; Term" item	
			amount of received commissions settled in effective way that is moved to the "Other accruals and deferred income" item	

The Bank has not made any changes in the comparable data for the previous periods due to the difficulties in obtaining data and the required work input. The accounting rules changes have affected the item profit/loss carried forward.

**34. Corrections of material errors, their reasons and titles, and effect of ensuing financial consequences on the property and financial situation, liquidity, financial result and profitability.**

In 2005, the Bank did not make any correction of material errors.

**35. In case of any uncertainties as to the possibility of continuing the business, there should be a statement that such uncertainties exist and their description should be provided along with information whether the financial statements include the related corrections. The information should also include a description of actions taken or planned by the issuer's unit in order to eradicate such uncertainties.**

The financial statements for the period from January 1, 2005 through December 31, 2005 were prepared assuming the continuation the Bank's business in the foreseeable future.

**36. Data regarding company mergers**

In 2005, the Bank did not merge with any other entity.

Information required under Sections 37 and 38 does not refer to Fortis Bank Polska SA, since the Bank does not prepare financial statements on a consolidated basis. Detailed explanations in this matter are given in Section 39.

**39. The Bank does not prepare consolidated financial statements pursuant to Art 58 section 1 item 1 of the Accounting Act, under which the consolidation may exclude a subsidiary if the financial data of this subsidiary are immaterial for a reliable and transparent presentation of the property, financial situation and financial result of the unit. As at the end of December 2005, the total assets of Fortis Securities Polska SA constituted 1% of the Bank's total assets, FSP's total income made up 0.7% of the Bank's total income and the net profit represented 2.1% of the Bank's net profit.**

The basic financial data of FSP, the Bank's subsidiary, are presented in Note 10B in the financial part of the Annual Report.

## Additional Notes

The parent company of Fortis Bank Polska SA is Fortis Bank Brussels with the registered office in Brussels. Fortis consolidated financial statements are published at the Belgian Stock Exchange in Brussels.

**40.****40.1. Bank's bodies:**

Fortis Bank Polska SA has the following bodies:

- General Meeting of Shareholders,
- Supervisory Board,
- Board of Executives.

As at December 31, 2005, the Supervisory Board was composed of 10 (ten) members, and the Board of Executives consisted of 6 (six) members.

**40.2. Additional information to the Bank assets and liabilities**

The foreign currency structure of assets and liabilities as at June 30, 2005 is presented in the table below.

<b>Currency</b>	<b>Assets (PLN thousand)</b>	<b>Assets (%)</b>	<b>Liabilities (PLN thousand)</b>	<b>Liabilities (%)</b>
AUD	511	0.01%	130	0.00%
CAD	1,409	0.02%	600	0.01%
CHF	496,431	7.79%	178,936	2.81%
CZK	277	0.00%	142	0.00%
DKK	2,345	0.04%	360	0.01%
EUR	1,766,701	27.74%	1,391,035	21.84%
GBP	33,023	0.52%	9,885	0.16%
HUF	152	0.00%	1	0.00%
JPY	11,418	0.18%	2,683	0.04%
NOK	2,781	0.04%	311	0.00%
PLN	3,591,453	56.39%	4,308,420	67.63%
SEK	3,487	0.05%	1,048	0.02%
USD	459,915	7.22%	476,352	7.48%
<b>total</b>	<b>6,369,903</b>	<b>100.00%</b>	<b>6,369,903</b>	<b>100.00%</b>