



**FORTIS  
BANK**

Solidni w partnerstwie, elastyczni w działaniu

## ADDITIONAL NOTES

**Fortis Bank Polska SA**

*Head Office*

Postępu Street, 15

02-676 Warszawa

Poland

Telephone +48 (22) 566 90 00

Faks +48 (22) 566 90 10

[info@fortisbank.com.pl](mailto:info@fortisbank.com.pl)

[www.fortisbank.com.pl](http://www.fortisbank.com.pl)

Infoline (0801) 36 78 47

**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:

<b>Sectors of the economy</b>	<b>Gross loans as at June 30, 2005</b>	<b>Gross loans as at June 30, 2004</b>
	<b>PLN thousand</b>	<b>PLN thousand</b>
Wholesale	709,046	608,458
Private individuals	520,126	505,312
Construction services	266,025	159,241
Other production	214,239	157,246
Production of metal goods	161,420	106,861
Municipal and housing services	157,744	180,172
Production of food and beverages	154,672	158,405
Timber and wooden goods	124,638	89,471
Retail trade in groceries	97,219	96,018
Retail trade in industrial goods	88,264	85,114
Land transport	65,834	45,536
Textiles and fabric production	65,537	47,180
Print shops and publishers	50,542	37,588
Hotels and motels	49,509	23,902
Electrical products	49,151	13,547
Economic building industry	46,410	45,651
Rubber and plastic products	42,966	23,580
Motor vehicles	42,500	223,585
Non-banking financial services	42,009	73,107
Paper and stationery	37,880	19,919
Other chemical products	37,520	27,504
Science and technology services	36,156	12,721
Trade in means of transport	35,730	41,084
Coal and crude oil products	33,591	23,328
Furniture and accessories	33,404	32,077
Social utility services	27,027	12,312
Medical services within social care	22,356	20,013
Leather, leather goods, shoes	19,364	24,401
Other services	544,115	586,448
Other industries	65,097	39,647
<b>Total</b>	<b>3,840,091</b>	<b>3,519,428</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.

<b>Geographical regions of Poland</b>	<b>Gross loans as at June 30, 2005</b>	<b>Gross loans as at June 30, 2004</b>
	<b>PLN thousand</b>	<b>PLN thousand</b>
- Eastern Region	1,825,982	1,900,050
- Małopolska Region	602,211	485,531
- Western Region	506,935	421,763
- Silesia Region	491,126	388,699
- Northern Region	413,837	323,385
<b>TOTAL</b>	<b>3,840,091</b>	<b>3,519,428</b>

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 June 30, 2005 PLN thousand	Gross loans as at June 30, 2004 PLN thousand
<b>Financial sector</b>	<b>42,252</b>	<b>71,895</b>
- insurance institutions and pension funds	64	328
- other financial intermediaries	40,827	71,021
- auxiliary financial institutions	1,339	529
- VISA card settlements with financial institutions	22	17
<b>Non-financial sector</b>	<b>3,797,234</b>	<b>3,447,456</b>
- State-owned enterprises and companies	31,070	69,303
- private enterprises and companies and cooperatives	3,010,774	2,631,164
- individual entrepreneurs	226,635	227,541
- individuals	511,493	501,611
- individual farmers	848	974
- non-commercial institutions operating in favor of households	3,077	5,884
- settlements with non-financial entities on account of VISA card settlements	13,337	10,979
<b>State budget sector</b>	<b>605</b>	<b>77</b>
- local budgetary units	598	72
- settlements with budget entities on account of VISA card settlements	7	5
<b>TOTAL</b>	<b>3,840,091</b>	<b>3,519,428</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 June 30, 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 eighteen (18) customers, the Bank's exposure exceeded 10% of equity and totaled PLN 1,355 million, as compared to June 30, 2004 when in relation to ten (10) customers the Bank's exposure exceeded 10% of its equity and totaled PLN 670 million.

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

The Bank's exposure focuses on the following sectors: services, trade and production, and it amounts to 38%, 24% and 22% of the credit portfolio value respectively, as at the end of June 2005. As far as all other sectors are concerned, the exposure is relatively low. As compared to June 30, 2004, the Bank slightly increased its exposure in production whereas the services sector exposure went down. The largest modifications were noted in motor

vehicles industry – exposure decrease of 81%.

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 June 30, 2005</b>	<b>Deposits as at June 30, 2004</b>
	<b>PLN thousand</b>	<b>PLN thousand</b>
- Eastern Region	1,117,343	993,236
- Małopolska Region	826,592	727,244
- Western Region	296,251	333,075
- Silesia Region	459,688	330,760
- Northern Region	342,309	290,615
<b>TOTAL</b>	<b>3,042,183</b>	<b>2,674,930</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 June 30, 2005</b>	<b>Deposits as at June 30, 2004</b>
	<b>PLN thousand</b>	<b>PLN thousand</b>
Private individuals	1,276,781	1,293,284
Wholesale	245,474	254,684
Production of metal goods	171,545	80,114
Production of food and beverages	124,880	32,468
Construction services	101,106	76,436
Non-life and life insurance	94,706	21,934
Other production	79,941	62,201
Land transport	60,584	41,822
Services within social utility	63,062	15,289
Legal and economic services	45,475	49,760
Non-banking financial services	38,059	36,834
Science and technology services	35,050	29,572
Municipal and housing services	28,361	22,326
Brokerage services	28,242	13,545
Motor vehicles	25,422	15,646
Retail trade in industrial goods	23,262	23,098
Other chemical products	21,965	12,633
Hotels and motels	20,640	19,453
Timber and wooden goods	19,754	15,622
Rubber and plastic products	18,326	12,152
Publishing services	16,721	9,909
Other communications services	16,099	6,368
Paper and stationery	14,130	10,847

Other industries	128,114	108,997
Other services	344,484	409,936
<b>Total</b>	<b>3,042,183</b>	<b>2,674,930</b>

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:

- 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;
- 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 loans and credit facilities which were granted with the intention of immediate or fast sale, included into financial assets held for trading;
- 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 June 30, 2005, the Bank held no such assets;
- 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:

<b>Financial assets held for trading</b>	<b>January 1, 2005 to June 30, 2005 PLN thousand</b>	<b>January 1, 2004 to June 30, 2004 PLN thousand</b>
<b>Opening balance</b>	<b>40,502</b>	<b>141,972</b>
<b>Increases (on account of)</b>	<b>635,646</b>	<b>694,023</b>
- purchase	622,785	684,346
- measurement of financial instruments	14,764	5,038
- interest		4,639
<b>Decreases (on account of)</b>	<b>(648,594)</b>	<b>(796,661)</b>
- sale	(641,080)	(794,926)
- measurement of securities	(67)	(266)
- premium / discount	(133)	(1,469)
- interest	(7,314)	
<b>Ending balance</b>	<b>29,457</b>	<b>39,334</b>

<b>Loans and credit facilities granted by the Bank and own receivables not held for trading</b>	<b>January 1, 2005 to June 30, 2005 PLN thousand</b>	<b>January 1, 2004 to June 30, 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>399,675</b>	<b>669,566</b>
- change in the net deposit balance from banks		463,521
- change in net credit balance	358,635	177,145
- change in the balance of receivables due on account of LC discount	11,780	11,252
- change in net interest balance	8,992	4,681
- change on account of the measurement of interest-bearing bonds of Credit Suisse First Boston Singapore Branch	11,771	
- change in documentary transaction receivables balance	95	
- change in specific reserves balance		12,966
<b>Decreases (on account of)</b>	<b>(88,765)</b>	<b>(26,207)</b>
- change in specific reserves balance	(455)	(19,964)
- change in the net deposit balance from banks	(88,192)	
- change in documentary transaction receivables balance		(5,688)
- change in the balance of receivables due on account of settlements with VISA cards	(118)	(484)
- change on account of the measurement of interest-bearing bonds of Credit Suisse First Boston Singapore Branch		(71)
<b>Ending balance</b>	<b>4,954,950</b>	<b>4,256,296</b>

<b>Financial assets available for sale</b>	<b>January 1, 2005 to June 30, 2005 PLN thousand</b>	<b>January 1, 2004 to June 30, 2004 PLN thousand</b>
<b>Opening balance</b>	<b>327,459</b>	<b>432,001</b>
<b>Increases (on account of)</b>	<b>1,106,448</b>	<b>711,868</b>
- purchase	1,096,955	704,226
- interest	3,557	7,642
- measurement	5,936	
<b>Decreases (on account of)</b>	<b>(1,157,025)</b>	<b>(554,267)</b>
- sale	(1,155,799)	(547,720)
- interest	(1,226)	(1,184)
- measurement of securities		(5,242)
- premium		(119)
- FX rate differences		(2)
<b>Ending balance</b>	<b>276,882</b>	<b>589,602</b>

Both as at June 30, 2005 and June 30, 2004, the Bank's portfolio included no financial assets held to maturity.

<b>Liabilities related to financial instruments</b>	<b>January 1, 2005 to June 30, 2005 PLN thousand</b>	<b>January 1, 2004 to June 30, 2004 PLN thousand</b>
<b>Opening balance</b>	<b>26,286</b>	<b>1,093</b>
<b>Increases (on account of)</b>	<b>42,169</b>	<b>12,321</b>
- derivative instruments measurement	36,252	2,164
- interest liability on account of derivative instruments	5,917	10,157
<b>Decreases (on account of)</b>	<b>(29,032)</b>	
- derivative instruments measurement	(18,134)	
- interest liability on account of derivative instruments	(10,898)	
<b>Ending balance</b>	<b>39,423</b>	<b>13,414</b>

#### 4.2.

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

###### a) Financial assets

- Financial assets held for trading – as at June 30, 2005 the portfolio of securities held for trading included Treasury bills in the fair value amounting to PLN 597 thousand. In this item, the Bank recognizes also Treasury bonds however at the end of June 2005 the Bank did not hold such securities. In addition, the positive result of derivative instruments measurement in the amount of PLN 28,859 thousand is presented as financial assets held for trading.
- Financial assets held to maturity – the Bank does not hold any assets of this category;
- Financial assets available for sale - in this item, the Bank recognizes Treasury securities: bills and bonds and cash bills. These instruments are to hedge against interest rate risk and utilization of liquidity surplus. As at the end of first half of 2005, their total value stood at PLN 276,838 thousand. In this item, the Bank recognizes also its shares in SWIFT in the amount of PLN 45 thousand;
- Loans and credit facilities granted by the Bank and own receivables not held for trading – in this item, the Bank recognizes receivables due from customers in the amount of PLN 3,797,685 thousand on account of loans granted, decreased by the specific provision created and increased by the interest accrued, together with a value adjustment on account of its measurement at amortized cost using an effective interest rate. This item includes also interbank placements with the interest – PLN 971,899 thousand and receivables related to discounting letters of credit and documentary transactions – PLN 19,343 thousand and interest-bearing bonds of Credit Suisse First Boston Singapore Branch in the nominal value of PLN 150,000 thousand together with the coupon calculated in the amount of PLN 5,894 thousand, the premium to be settled in the amount of PLN 1,187 thousand and an adjustment in the amount of PLN 8,942 thousand on account of hedging the fair value against interest rate risk.

###### 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 and the effects of a change in the market or fair value are recognized as net financial result.

Debt securities held to maturity are recognized at their purchase price adjusted for accrued interest, discount and premium. Debt securities held to maturity are adjusted by write-downs for impairment loss.

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 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 the first half of 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 the first half of 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.



Concerning relatively low profitability, the Bank has limited new investments into Treasury Bonds and Bills, basing on relatively higher profitable investments made in previous years.

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 and services 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 where the Bank's exposure exceeds 5% of the total loans granted by the Bank	June 30, 2005				June 30, 2004			
	Performing loans		Non-performing loans		Performing loans		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>wholesale</b>	635,798	16.6%	73,248	1.9%	517,365	14.7%	91,093	2.6%
of which lost			49,343	1.3%			57,844	1.6%
<b>Other services</b>	523,422	13.6%	75,783	2.0%	468,313	13.3%	107,142	3.0%
of which lost			24,232	0.6%			23,922	0.7%
<b>Private individuals</b>	489,380	12.7%	30,746	0.8%	487,654	13.9%	17,658	0.5%
of which lost			14,967	0.4%			13,077	0.4%
<b>Construction services</b>	236,992	6.2%	29,033	0.8%	126,760	3.6%	32,481	0.9%
of which lost			8,301	0.2%			8,818	0.3%
<b>Other production</b>	193,676	5.0%	20,562	0.5%	127,401	3.6%	29,845	0.8%
of which lost			16,823	0.4%			20,674	0.6%

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

Assets available for sale are measured to fair value. As the fair value of NBP bonds blocked for the mandatory reserve cannot be measured in a reliable way, the Bank applied the method of amortized cost to such items. As at June 30, 2005, the value of such securities totaled PLN 25,499 thousand.

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.

Purchased receivables are classified to financial assets available for sale. Measurement of purchased receivables is performing by amortized cost method in default of active market for such type of assets and therefore it is impossible to determine fair value of this financial assets type. Purchased receivables are included in above-mentioned classification as well as rules of creating specified reserves related to banking activity.

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

The Bank measures to fair value all assets that are so required: held-for-trading and available-for-sale assets.

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

Fixed assets and intangible assets are measured at the end of each reporting period at purchase prices less depreciation charges. Moreover, the Bank also recognizes revaluation conducted in accordance with applicable regulations and write-downs for impairment loss.

Other assets and liabilities, including cash and own equity, are measured to nominal value.

Financial liabilities, which are neither held for trading nor are derivatives towards financial or non-financial entities or government or local government institutions are recognized in the balance sheet in the amount of the payment required. Interest due and not yet due on such financial liabilities are included into the Bank's costs at the end of reporting period.

- 4.2.4** In the first half of 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:

As at June 30, 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 value PLN thousand		
	June 30, 2005	December 31, 2004	June 30, 2004
Treasury bills	199	286	(852)
Treasury bonds	5,258	(765)	(12,872)
<b>TOTAL</b>	<b>5,457</b>	<b>(479)</b>	<b>(13,724)</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.

	June 30, 2005	December 31, 2004	June 30, 2004
<b>1. Revaluation reserve at the beginning of the reporting period</b>	<b>(674)</b>	<b>(7,853)</b>	<b>(7,853)</b>
a) from available-for-sale securities measurement	(479)	(8,482)	(8,482)
b) from deferred income tax	91	1,544	1,544
d) from the measurement of shares in a subsidiary	(286)	(915)	(915)
<b>1.1. Revaluation reserve changes</b>	<b>5,246</b>	<b>7,174</b>	<b>(7,405)</b>
<b>a) increase (on account of)</b>	<b>8,407</b>	<b>22,117</b>	<b>2,003</b>
- available-for-sale securities measurement	7,223	17,939	2,646
- deferred income tax	345	2,233	1,809

d) measurement of shares in a subsidiary	839	1,945	194
<b>b) decrease (on account of)</b>	<b>(3,161)</b>	<b>(14,938)</b>	<b>(9,408)</b>
- available-for sale securities measurement	(1,287)	(9,936)	(7,888)
- deferred income tax	(1,474)	(3,686)	(463)
d) measurement of shares in a subsidiary	(400)	(1,316)	(1,057)
<b>2. Revaluation reserve at the end of the reporting period</b>	<b>4,572</b>	<b>(674)</b>	<b>(15,258)</b>
a) including: from available-for-sale securities measurement	5,457	(479)	(13,724)
b) deferred income tax	(1,038)	91	2,890
d) measurement of shares in a subsidiary	153	(286)	(1,778)

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

- Treasury bonds of the total nominal value amounting to PLN 30,000 thousand:

The Bank incurred loss on the above transactions in the amount of PLN 20 thousand, while the sold discount amounted to PLN 1,477 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 the first half of 2005, the Bank did not generate any income or incur any expenses on the above account.

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

**4.2.10** In the first half of 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 1,933 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 June 30, 2005 PLN thousand		Data for the period starting January 1, 2004 ending June 30, 2004 PLN thousand	
	Interest accrued	interest received	interest accrued	interest received
Interbank placements	1,258	15,184	57	5,863
Interest on obligatory reserve	2	1,280	74	77
Credits	14,615	103,566	17,994	81,218
interest on financial instruments and hedging transactions	6,976	3,768	10,409	4,011
interest on receivables related to documentary transactions			323	-
Receivables purchased	19	228	17	142
Guarantees paid		12	-	3
<b>TOTAL</b>	<b>22,870</b>	<b>124,038</b>	<b>28,873</b>	<b>91,314</b>

**4.2.12** Deferred interest income:

	<b>June 30, 2005</b> <b>PLN thousand</b>	<b>June 30, 2004</b> <b>PLN thousand</b>
Interest capitalized	23	26
Deferred interest income on receivables purchased	1	14
Deferred interest income on guarantees paid	5,033	4,491
Deferred interest income on loans	106,113	91,518
<b>TOTAL</b>	<b>111,170</b>	<b>96,049</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:

	<b>Data for the period starting Jan. 1, 2005</b> <b>ending June 30, 2005</b> <b>PLN thousand</b>		<b>Data for the period starting Jan. 1, 2004</b> <b>ending June 30, 2004</b> <b>PLN thousand</b>	
	<b>Interest accrued</b>	<b>Interest paid</b>	<b>Interest accrued</b>	<b>Interest paid</b>
Current accounts	91	12,131	87	8,810
Interbank deposits	76	10,816	70	7,761
Term deposits	6,709	23,966	5,533	18,361
Blocked deposits	253	173	42	160
Credit facilities and loans received	3,451	7,887	3,255	7,370
insurance policies	1,795	1,762	306	
Interest on hedging transactions		4,829		4,856
<b>Total</b>	<b>12,375</b>	<b>61,564</b>	<b>9,293</b>	<b>47,318</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 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 June 30, 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>Speculative instruments against FX risk</b>							
FX forward	944	variable	2005.07.01-2006.07.05	no	variable	no	FX, liquidity, and counterparty
FX swap	6	variable	2005.07.01-2006.05.19	no	variable	no	FX, liquidity and counterparty
FX futures	0	-	-	-	-	-	-
Options	1,064	variable	2005.07.01-2005.12.28	no	variable	no	FX
Forward securities transactions	-	-	-	-	-	-	-
<b>Interest rate speculative instruments</b>							
IRS	10	variable	2005.07.14-2008.07.14	no	variable	no	Interest rate, liquidity, counterparty
Options	2	variable	2006.03.06	no	variable	no	Interest rate, liquidity, counterparty
FRA	1	variable	2006.06.19	no	variable	no	Interest rate

Derivative instruments profile as at June 30, 2004 (PLN thousand)							
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>speculative FX instruments</b>							
FX forward	512	variable	2004.07.01-2005.05.11	no	variable	no	FX, liquidity, counterparty
FX swap	4	variable	2004.07.01-2004.08.02	no	variable	no	FX, liquidity, counterparty

<b>FX futures</b>	1	variable	2004.09.17	no	variable	no	FX, liquidity, Warsaw Commodity Exchange
<b>Options</b>	10	variable	2004.07.08- 2004.07.28	no	variable	no	FX
<b>Forward securities transactions</b>	-	-	-	-	-	-	-
<b>Interest rate speculative instruments</b>							
<b>IRS</b>	10	variable	2005-03-31- 2008-04-29	no	variable	no	interest rate, liquidity, counterparty
<b>Options</b>	1	variable	2005-04-05	no	variable	no	interest rate, liquidity, counterparty
<b>FRA</b>	3	variable	2004-07-28- 2005-06-22	no	variable	no	interest rate

As at June 30, 2005 and June 30, 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:	30.06.2005	30.06.2004
<b>Instrument type/ maturity</b>	<b>IRS</b>	
<b>1 to 5 years</b>	<b>150,000</b>	<b>150,000</b>
- 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:	June 30, 2005					June 30, 2004				
Instrument type/ maturity	FX forward	FX swap	FX futures	FX Options	Total	FX forward	FX swap	FX futures	FX options	Total
<b>Up to 3 months</b>	390,872	481,177	0	518,738	1,390,787	363,654	63,184	0	10,448	437,286
- banks	258	481,177	-	259,369	740,804	586	63,184	-	5,224	68,994
- other	390,614	-	-	259,369	649,983	363,068	-	-	5,224	368,292
<b>3 months up to 1 year</b>	504,596	65,357	-	732,078	1,302,031	341,491	22,482	2,271	0	366,244
- banks	-	65,357	-	366,039	431,396	-	22,482	-	-	22,482
- other	504,596	-	-	366,039	870,635	341,491	-	2,271	-	343,762
<b>1 to 5 years</b>	31,815	0	0	23,270	55,085	30,547	0	0	0	30,547
- banks	-	-	-	11,635	11,635	-	-	-	-	0
- other	31,815	-	-	11,635	43,450	30,547	-	-	-	30,547
<b>Total</b>	<b>927,283</b>	<b>546,534</b>	<b>0</b>	<b>1,274,086</b>	<b>2,747,903</b>	<b>735,692</b>	<b>85,666</b>	<b>2,271</b>	<b>10,448</b>	<b>834,077</b>

<b>Initial maturity of interest-rate speculative instruments at nominal value, PLN thousand</b>										
As at:	June 30, 2005					June 30, 2004				
Instrument type / maturity	IRS	CIRS	FRA	Option s	total	IRS	CIRS	options	FRA	total
<b>Up to 3 months</b>	0	0	0	0	0	0	0	25,000	0	25,000
- banks	-	-	-	-	0	-	-	25,000	-	25,000
- other	-	-	-	-	0	-	-	-	-	0
<b>3 months to 1 year</b>	0	0	0	0	0	280,000	0	25,000	11,200	316,200
- banks	-	-	-	-	0	280,000	-	25,000	5,600	310,600
- other	-	-	-	-	0	-	-	-	5,600	5,600

<b>1 to 5 years</b>	<b>290,000</b>	<b>69,796</b>	<b>20,077</b>	<b>4,040</b>	<b>383,913</b>	<b>150,000</b>	<b>0</b>	<b>20,000</b>	<b>0</b>	<b>320,000</b>
- banks	290,000	35,796	20,077	2,020	57,893	150,000	-	20,000	-	320,000
- other	-	34,000	-	2,020	36,020	-	-	-	-	0
<b>Total</b>	<b>290,000</b>	<b>69,796</b>	<b>20,077</b>	<b>4,040</b>	<b>383,913</b>	<b>430,000</b>	<b>0</b>	<b>70,000</b>	<b>11,200</b>	<b>661,200</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 June 30, 2005 and June 30, 2004:

Instrument type	Positive market value				Negative market value			
	June 30, 2005 (PLN thousand)		June 30, 2004 (PLN thousand)		June 30, 2005 (PLN thousand)		June 30, 2004 (PLN thousand)	
	Banks	Other	Banks	Other	Banks	Other	Banks	Other
<b>Interest-Rate Risk Hedging Instruments</b>								
IRS	0	0	4,564		8,875			
<b>FX Speculative Instruments</b>								
- FX forward	12	14,593	1	8,854	0	12,835	1	10,423
- FX swap	1,191	0	866		1,902		1,902	
- FX futures	0	0		24	0	0		
- FX options	5,022	4,685		66	3,848	3,866	46	
<b>Interest Rate Speculative Instruments</b>								
- IRS	4,422	0	1,801		3,877		779	
- options	0	5		9	1		3	
- CIRS	0	1,862			1,782			
- FRA	2		3		0		4	
<b>Total</b>	<b>10,649</b>	<b>21,145</b>	<b>7,235</b>	<b>8,953</b>	<b>20,285</b>	<b>16,701</b>	<b>2,735</b>	<b>10,423</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 5/2001 of the Banking Supervision Commission dated December 12, 2001 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. 22, item 43 as amended). The balance sheet equivalent is understood as a nominal value of derivative instruments weighted by the product risk and counterparty risk.

Instrument type	Balance sheet equivalent ( PLN thousand)			
	As at June 30, 2005		As at June 30, 2004	
	Banks	Other	Banks	Other
<b>Interest Rate Risk Hedging Instruments</b>				
IRS	8,268		2,250	
<b>FX Speculative Instruments</b>				
FX forward	311	22,782	100	11,674
FX swap	537	1,884	45	107
options	5,912	9,308		60
<b>Interest Rate Speculative Instruments</b>				
IRS			182	
options				85
FRA			703	
<b>Total</b>	<b>15,028</b>	<b>33,974</b>	<b>3,280</b>	<b>11,926</b>

#### 4.2.15 Risk management objectives and rules

##### 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 accepts that inadequacies and defects of currency risk management processes constitute an essential factor that generates that risk. These defects may result in the following:

- delayed or incorrect recognition by the Bank of the actual FX position size resulting in an exposure to uncontrolled market currency risk,
- inadequate reaction of the Bank to the existing high currency risk level resulting in an exposure to the risk that exceeds permitted profile,
- inadequate reaction of the Bank to growing losses that might put at risk the performance of the Bank's financial objective or even the threaten security of its capital and equity funds,
- entering into currency transactions under terms and conditions that are disadvantageous for the Bank and differ from market ones (transaction 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.

### **Interest rate risk**

The Bank accepts that inadequacies and defects of interest rate risk management system and processes constitute an essential factor that generates that risk. These defects may result in the following:

- delayed or incorrect recognition by the Bank of the actual interest rate risk position size resulting in an exposure to uncontrolled market interest rate risk,
- inadequate reaction of the Bank to the existing high market interest rate risk level resulting in an exposure to the risk that exceeds the permitted profile,
- inadequate reaction of the Bank to growing financial and capital losses, resulting from the interest rate risk position of the Bank and unfavorable changes of market interest rates, that might result in losses that put at risk the fulfillment of the Bank's financial objective or even threaten its financial stability,
- entering into transactions sensitive to market interest rate changes, under terms and conditions that are disadvantageous for the Bank and differ from market ones.

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.

### **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 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 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.

### **Credit Risk**

Credit risk is assessed on the basis of the Bank's internal standards, taking into account credit regulations in force

<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.

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. 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. Item 4.2.1.a) provides detailed information (figures) regarding this instrument.
- 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).

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

In the first half of 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 June 30, 2005, the following assets of Fortis Bank Polska SA constituted collateral for commitments:

- Treasury bills of the nominal value of PLN 26,900 thousand blocked against a technical loan facility extended to the Bank by the NBP. The technical loan is contracted in the amount of 80% of the bills blocked;
- Treasury bills of the nominal value of PLN 13,000 thousand that collateralize the Guaranteed Means Protection Fund under the Bank Guarantee Fund. As at June 30, 2005 the value of funds covered by the guarantee system accumulated in the Bank amounted to PLN 2,951,120 thousand.

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

In the first half of 2005, the Bank entered into no repo agreement (buy-sell-back).

**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	June 30, 2005				June 30, 2004			
	financial entities	non-financial entities	State budget sector	Total	financial entities	non-financial entities	State budget sector	Total
- credit lines in loan accounts	40,402	538,044		578,446	12,530	364,934		377,464
- overdraft facilities in current accounts	500	405,297	1,567	407,364	1,550	370,171	11,914	383,635
- open VISA limits	92	56,295	35	56,421	80	61,454	62	61,596
- import Letters of Credit		104,893		104,893	2,700	76,480		79,180
- Framework Financing Agreements		211,639		211,639		95,903		95,903
- interbank deposit with future currency date	10,000			10,000				0
<b>Total</b>	<b>50,994</b>	<b>1,316,167</b>	<b>1,602</b>	<b>1,368,763</b>	<b>16,860</b>	<b>968,942</b>	<b>11,976</b>	<b>997,778</b>

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

entity / maturity	June 30, 2005 PLN thousand		June 30, 2004 PLN thousand	
	up to 1 year	1 year or longer	up to 1 year	1 year or longer
financial entities	10,592	40,402		12,530
non-financial entities	1,064,658	251,509	355,693	9,241
budget units	1,602			
<b>Total</b>	<b>1,076,852</b>	<b>291,911</b>	<b>355,693</b>	<b>21,771</b>

- 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	June 30, 2005				June 30, 2004			
	financial entities	non-financial entities	State budget sector	Total	financial entities	non-financial entities	State budget sector	Total
- guarantees issued	20,761	348,951	27	369,739	3,263	181,209		184,472
- Framework Guarantee Agreements		36,726		36,726		27,206		27,206
- confirmed export Letters of Credit /accepted drafts	23,353			23,353	9,310			9,310
<b>Total</b>	<b>44,114</b>	<b>385,677</b>	<b>27</b>	<b>429,818</b>	<b>12,573</b>	<b>208,415</b>	<b>0</b>	<b>220,988</b>

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

Specification	June 30, 2005 PLN thousand		June 30, 2004 PLN thousand	
	related to financing	guarantees	related to financing	guarantees
Parent entity		414		2,502
Subsidiaries	44		49	
Affiliated entities	40,420	20,341	15,738	450
Other entities	1,328,299	409,063	981,991	218,036
<b>Total</b>	<b>1,368,763</b>	<b>429,818</b>	<b>997,778</b>	<b>220,988</b>

As at the end of June 30, 2005, the Bank held the following off-balance sheet items related to affiliated entities:

- **Parent entity:**
  - Guarantee granted to Fortis Bank Brussels for the total amount of PLN 414 thousand for period from 1 up to 2 years;
- **Subsidiary:**
  - Unused VISA card limit in the amount of PLN 44 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 19 thousand;
    - unused credit line in the amount of PLN 40,402 thousand granted for the period from 3 up to 5 years;
  - Fortis group banks:
    - four guarantees issued for the total amount of PLN 20,018 thousand for the period from 1 month up to 2 years;
    - one guarantee in the amount of PLN 323 thousand for period from 10 up to 20 years;

By analogy, as at June 30, 2004, the Bank held the following off-balance sheet items related to affiliated entities:

- **Parent entity:**
  - four guarantees issued to Fortis Bank Brussels for the total amount of PLN 2,502 thousand for the period from three months to three years;
- **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 8 thousand;
- a documentary LC opened for the amount of PLN 2,700 thousand;
- a guarantee issued in the amount of PLN 127 thousand for period from 3 months up to 1 year;
- credit line in the amount of PLN 12,530 thousand granted to 3 up to 5 years;
- limit on current account in the amount of PLN 500 thousand granted for 1 year.

➤ Fortis group banks:

- one guarantee issued in the amount of PLN 324 thousand.

**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.

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

As at June 30, 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 June 30, 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 the first half of 2005, the Bank did not discontinue any operations and does not consider reducing the current scope of its business.

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

In the first half of 2005, the Bank incurred costs of fixed assets under construction, fixed assets for own needs in the amount of PLN 11.2 million.

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

In the period from July 1, 2005 to June 30, 2006, the Bank plans to make investment outlays in the amount of PLN 41 million.

The Table below presents investment costs incurred as at June 30, 2005 and as at June 30, 2004:

	June 30, 2005 PLN thousand	June 30, 2004 PLN thousand
<b>Investments in progress</b>	<b>4,638</b>	<b>1,306</b>
<b>Advances on investment</b>	<b>0</b>	<b>0</b>
<b>Fixed assets</b>	<b>5,024</b>	<b>1,549</b>
Equipment	1,706	573
Means of transport	2,709	882
Other	609	94
<b>Intangible fixed assets</b>	<b>1,357</b>	<b>1,334</b>
Computer software purchased	1,357	1,334
<b>TOTAL</b>	<b>11,019</b>	<b>4,189</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' 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 the parent entity, i.e. Fortis Bank Brussels. As at June 30, 2005, Fortis Bank Polska SA had no interbank deposits from Fortis Bank Brussels but it made one term placement for the amount of PLN 150 million and four overnight placements for the total amount of PLN 623 million. Fortis Bank Brussels has also nostro and vostro accounts. Debts on this accounts totaled PLN 22 million as at June 30, 2005. The interest rate on these accounts corresponds to market rates.
  - 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.
  - 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.
  - 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 renewable, multi-currency credit maturing on November 17, 2005, with an interest rate under the market conditions. At the end of June, 2005, the debit balance totaled PLN 20 138 thousand. At the end of June 2005 Fortis Lease Polska Sp. z o.o. had credit line limit used to the amount of PLN 20 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, with the repayment term up to 10 years.

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

a) receivables and liabilities:

	June 30, 2005 PLN thousand			June 30, 2004 PLN thousand		
	Parent company	Subsidiary	Affiliated entities	Parent company	Subsidiary	Affiliated entities
<b>Receivables</b>						
Current receivables	644,934		8,572	292,651		248,011
Term deposits	150,000			5,945		70,941
Loans			39,963		1	
Interest	1,083		61	33		140
Other assets	1	23	46		2	2
<b>Total receivables</b>	<b>796,018</b>	<b>23</b>	<b>48,642</b>	<b>298,629</b>	<b>3</b>	<b>319,094</b>
<b>Liabilities</b>						
Vostro accounts			6,951	115		1,383
Current account assets		179	6		2,442	30,019
Loans and credit facilities received			1,085,693			1,222,987
Interest accrued			2,912			2,336
Other liabilities		11	44			
<b>Total liabilities</b>		<b>190</b>	<b>1,095,606</b>	<b>115</b>	<b>2,442</b>	<b>1,256,725</b>

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

	June 30, 2005 PLN thousand			June 30, 2004 PLN thousand		
	Parent company	Subsidiary	Affiliated entities	Parent company	Subsidiary	Affiliated entities
<b>Income</b>						
Interest income	18,311		2,410	2,693		1,192
Commission and fee income	1,001	17	234	731	16	40
Net income on measurement of derivatives	(3,107)		906	(635)		
Other operating income		156	138		105	301
<b>Total income</b>	<b>16,205</b>	<b>173</b>	<b>3,688</b>	<b>2,789</b>	<b>121</b>	<b>1,533</b>
<b>Expense</b>						
Interest expense	4,847	50	10,716	46	192	10,073
Commission and fee expense	283		268	115		345
Operating costs	62	220	304	120	108	152
- including depreciation		12	22		13	22
<b>Total costs</b>	<b>5,192</b>	<b>270</b>	<b>11,288</b>	<b>281</b>	<b>300</b>	<b>10,570</b>

- c) granted credit facilities, including irrevocable commitments,

As at June 30, 2005, Fortis Securities Polska SA had an off-balance-sheet limit granted on a VISA card of PLN 44 thousand.

Similarly, as at June 30, 2004, Fortis Securities Polska SA was granted a VISA card limit up to PLN 49 thousand.

- d) other data:

As at June 30, 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 the first half of 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 the first half of 2005, 12 loans totaling PLN 4,350 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 the first half of 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 4,258 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 June 30, 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 1,413,905 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 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 June 30, 2005, Fortis Bank Polska SA had 926 FTEs (full-time equivalent), that is, by 53 FTEs more than at June 30, 2004. The average employment between January and June 2005 totaled 911 FTEs and was higher by 38 FTE than in the previous period.

Structure of employment in terms of education:

	June 30, 2005	June 30, 2004
Secondary level education	33%	37%
BA equivalent	10%	11%
Higher education	57%	52%

**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, Supervisory Board members and holders of procuration are the following:

Remuneration	01.01.2005 – 30.06.2005 in PLN thousand	01.01.2004 – 30.06.2004 in PLN thousand
Board of Executives (*)	2,942	2,839
Supervisory Board (**)	169.5	159
Holders of procuration	1,891	1,897

\*) Ronald Richardson was working in FBPL till January 31, 2005.

\*\*) Bernard Levie, Thierry Schuman and Peter Ullmann have been members of the Bank's Supervisory Boars since May 24, 2005

To make the data comparable, the remuneration paid to the Board of Executives' members in the period from 1.01.2005 to 30.06.2005 has been presented in the amount encompassing all remuneration components along with other rewards and benefits. The remuneration paid to Board of Executives' members in the first half of 2004 amounted to PLN 2,093 thousand and included gross salary together with Social Security contributions that constitute employer's expense.

Three members of the Bank's Board of Executives who are at the same time members of the Supervisory Board of Fortis Securities Polska S.A. did not receive any remuneration on that account neither in the first half of 2004 nor in the first half of 2005. The Board of Executives of Fortis Bank Polska SA is included into the scheme "Fortis Executives and Professionals Stock Option Plan" on shares of Fortis NV.

**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 June 30, 2005, Fortis Bank Polska SA extended:

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

- three (3) PLN loans (including foreign currency loans), as at June 30, 2005 the outstanding balance on this



account amounted to PLN 266 thousand, with the maturity from 5 to 10 years, at the market interest rates;

- five (5) VISA card limits of the total outstanding balance of PLN 15 thousand as at June 30, 2005. Unused limits amounted to PLN 64 thousand at June 30, 2005.

**to holders of procurement**

- three (3) overdraft facilities in ROR accounts (i.e. checking and savings accounts) for the total amount of PLN 35 thousand as at June 30, 2005 and maturity up to one year; the interest rates do not differ from market rates;
- eleven (11) loans, including ones denominated in foreign currency, of the total outstanding balance of PLN 1,079 thousand as at June 30, 2005, of maturity between three (3) and ten (10) years, at an interest rate corresponding to the applied market rates;
- five (5) Visa card limits - the total debt balance on that account amounted to PLN 5 thousand as at June 30, 2005 and unused credits in the amount of PLN 27 thousand.

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

- two (2) loans of the outstanding balance of PLN 119 thousand as at June 30, 2005, with maturity of between five (5) and ten (10) years, at an interest rate corresponding to the applied market rates;
- four (4) limits in ROR accounts (i.e. checking and savings accounts). As at June 30, 2005 the outstanding balance amounted to PLN 57 thousand; the interest rate does not differ from market rates;
- 3 (three) VISA card limits of up to PLN 25 thousand as at June 30, 2005.

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

	June 30, 2005	June 30, 2004
Employee loans in PLN thousand	18,374	19,772
Number of employee loans	706	591

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 the first half of 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. June 30, 2005 and were not shown in the financial statements.**

After the balance sheet date no important events occurred, which were not shown in the financial statement.

**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 the first half of 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 20%, 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 current 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 – June 30, 2004</b>	<b>Data before modification</b>	<b>Presentation rule changes</b>	<b>Data after modification</b>
I. Interest income	128,419	4,330	132,749
II. Interest expense	52,176	4,856	57,032
III. Net interest income	76,243	(526)	75,717
VIII. Result on financial transactions	(240)	526	286
<b>X. Result on banking activity</b>	138,799	0	138,799

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.
- c) Since the first quarter of 2005 also the manner of presenting data regarding deposits of Insurance Companies on account of insurance policies, has changed. In this report, those deposits of Insurance Companies are reported in item *a) credit balances on accounts and deposits*. In the previous reports the deposits specified above were presented in item *e) other liabilities – liabilities due on account of insurance policies*. To ensure comparability of data, the below Note 20A presents data according to the previous method.

<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>
a) credit balance on accounts and deposits, including:	672,212	113,840	786,052
- deposits from banks and other entities	632	113,840	114,472
e) other liabilities due (on account of)	114,668	(113,840)	828
- insurance policies	113,840	(113,840)	0
- cash collateral	828		828
<b>Due to the financial sector – Total</b>	<b>1,927,845</b>		<b>1,927,845</b>

<b>Data for period January 1, 2004 – June 30, 2004</b>	<b>Data before modification</b>	<b>Presentation rule changes</b>	<b>Data after modification</b>
a) credit balance on accounts and deposits, including:	497,241	20,674	517,915
- deposits from banks and other entities	459,157	20,674	479,831
e) other liabilities due (on account of)	21,162	(20,674)	488
- insurance policies	20,674	(20,674)	0
- cash collateral	488		488
<b>Due to the financial sector – Total</b>	<b>1,813,187</b>		<b>1,813,187</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 following changes of the accounting principles:

Extended credits and loans are measured at amortized cost, with effective interest rate and regarding to 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 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 into income at the moment of their receiving are now amortized as interest income over the entire life of the credit.

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	
			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 the first half of 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 June 30, 2005 were prepared assuming the continuation the Bank's business in the foreseeable future.

**36. Data regarding company mergers**

In the first half of 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 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 June 30, 2005, the total assets of Fortis Securities Polska SA constituted 1.2% of the Bank's total assets, FSP's total income made up 0.1% of the Bank's total income.**

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

**40. Fortis Bank Polska SA does not prepare financial statements on a consolidated basis.**

**41. Other information****41.1. Bank's bodies:**

Fortis Bank Polska SA has the following bodies:

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

As at June 30, 2005, the Supervisory Board was composed of 10 (ten) members, and the Board of Executives consisted of 6 (six) members.

**41.2. 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	364	0.01%	203	0.00%
CAD	1,497	0.03%	923	0.02%
CHF	224,770	4.06%	180,752	3.26%
CZK	320	0.01%	97	0.00%
DKK	1,343	0.02%	1,261	0.02%
EUR	1,341,067	24.20%	1,260,751	22.75%
GBP	10,698	0.19%	8,006	0.14%
HUF	2	0.00%	75	0.00%
JPY	276	0.00%	99	0.00%
NOK	1,062	0.02%	538	0.01%
PLN	3,692,358	66.62%	3,727,563	67.26%
SEK	1,367	0.02%	830	0.01%
USD	267,068	4.82%	361,094	6.52%
<b>TOTAL</b>	<b>5,542,192</b>	<b>100.00%</b>	<b>5,542,192</b>	<b>100.00%</b>