

**Fortis Bank Polska S.A.**

**OPINION  
OF THE INDEPENDENT AUDITOR  
AND REPORT SUPPLEMENTING THE OPINION  
ON THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR  
ENDED 31 DECEMBER 2004**

## **OPINION OF THE INDEPENDENT AUDITOR**

*To the General Meeting of Fortis Bank Polska S.A.*

We have audited the accompanying financial statements of Fortis Bank Polska S.A. seated in Warszawa, Postępu 15, consisting of the introduction to the financial statements, the balance sheet as at 31 December 2004, with total assets of and total liabilities and equity of PLN 5,383,942 thousand, the capital adequacy ratio, the statement of contingencies and commitments granted at 31 December 2004 amounting to PLN 1,620,058 thousand, the profit and loss account for the year then ended with a net profit of PLN 74,553 thousand, the statement of changes in equity for the year then ended with an increase in equity of PLN 79,000 thousand, the cash flow statement for the year then ended with an increase in cash amounting to PLN 362,326 thousand, and the supplementary information and explanations.

Management of Fortis Bank Polska S.A. is responsible for the true and fair presentation of the financial statements and the accuracy of the accounting records. Our responsibility is to audit and express an opinion on the true and fair presentation of the financial statements and whether the financial statements are derived from properly maintained accounting records.

We conducted our audit in accordance with International Standards on Auditing as promulgated by the International Federation of Accountants, section 7 of the Polish Accounting Act dated 29 September 1994 (Official Journal from 2002, No. 76, item 694 with amendments) and the professional standards established by the Polish National Council of Certified Auditors. These standards require that we plan and perform the audit to obtain a reasonable basis for expressing an opinion on the financial statements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management of Fortis Bank Polska S.A., as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the audited financial statements of Fortis Bank Polska S.A. have been prepared from properly maintained accounting records and present fairly, in all material aspects, the financial position of Fortis Bank Polska S.A. as at 31 December 2004 and the results of its operations and cash flows for the year then ended in accordance with the accounting standards as set out in the Polish Accounting Act dated 29 September 1994, the Resolution of the Ministry of Finance dated 10 December 2001 regarding special accounting principles for banks (Official Journal No 149 from 2001, item 1673 with amendments), requirements for issuers of publicly traded securities and regulations and the provisions of the Bank's Statute that apply to the Bank's financial statements.

As required under the Polish Accounting Act dated 29 September 1994 we also report that the Report on the Fortis Bank Polska S.A. activities includes the information required by Art. 49 Note 2 of the Accounting Act and requirements of the Ministry of Finance resolution dated 16 October 2001 on current and periodic information provided by issuers of publicly traded securities (Official Journal from 2001, No 139, item 1569 with amendments) and the information is consistent with the financial statements.

*signed on the Polish original*

.....  
Certified Auditor No. 4979/2575  
Hanna Fludra

*signed on the Polish original*

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

*signed on the Polish original*

.....  
For KPMG Audyt Sp. z o.o.  
Ul. Chłodna 51, 00-867 Warsaw  
David Pozzecco, Partner

Warsaw, 11 April 2005

**Fortis Bank Polska S.A.**

**REPORT SUPPLEMENTING THE OPINION  
ON THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR  
ENDED 31 DECEMBER 2004**



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## 1 General

### 1.1 General information about Bank

#### 1.1.1 Bank name

Fortis Bank Polska S.A.

#### 1.1.2 Registered office

ul. Postępu 15  
02-676 Warszawa  
Poland

#### 1.1.3 Bank 's registered office

Seat of the court: Warszawa  
Date: 17 April 2001  
Registration number: KRS 0000006421

#### 1.1.4 Tax Office and Provincial Statistical Office registration

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

### 1.2 Auditor information

KPMG Audyt Sp. z o. o.  
ul. Chłodna 51,  
00-867 Warsaw  
Poland

KPMG Audyt Sp. z o.o. (prior to 9 May 2004, registered as KPMG Polska Audyt Sp. z o.o.) is registered as a company authorised to audit financial statements (number 458).

### 1.3 Legal status

#### 1.3.1 Share capital

The Bank was established on the basis of the National Bank of Poland Decision no. 46 dated October 6, 1990.

The share capital of the Bank amounted to PLN 30,155,400 as at 31 December 2004 and divided into 15,077,700 ordinary shares with a nominal value of PLN 2 each.

As at 31 December 2004, the shareholder structure was as follows:

| Name of the Shareholder | Number of shares | Number of voting rights (in %) | Book value of shares PLN'000 | Percentage of share capital (in %) |
|-------------------------|------------------|--------------------------------|------------------------------|------------------------------------|
| Fortis Bank             | 14,941,807       | 75.00%*                        | 11,308,275                   | 99.10%                             |
| Other Shareholders      | 135,893          | 0.90%                          | 135,893                      | 0.90%                              |
|                         |                  |                                |                              | 100.00%                            |

Based on the resolution No. 159/KNB/99 of the Banking Supervision Committee dated 16 August 1999, concerning permission for shares acquired by Fortis Bank these shares have the right to execute 75% of the voting rights at the shareholders meeting.

### 1.3.2 Related parties

The Bank is a member of the Fortis Bank capital group.

### 1.3.3 Management of the Bank

The Board of Directors is responsible for management of the Bank.

At 31 December 2004, the Board of Directors of the Bank was comprised of the following members:

|                       |                    |
|-----------------------|--------------------|
| President:            | Ronald Richardson  |
| First Vice-President: | Jan Bujak          |
| Board Members:        | Bartosz Chyła      |
|                       | Jean-Luc Deguel    |
|                       | Jaromir Pelczarski |
|                       | Koen Verhoeven     |

- Based on the Resolution No.10/2004 dated 27 April 2004 the Supervisory Board has appointed Mr. Bartosz Chyła to the Management Board.
- Based on Resolution No. 1/2005 dated 6 January 2005 the Supervisory Board has approved resignation of Mr. Ronald Richardson from the President of the Management Board position effective from 10 January 2005
- Based on Resolution No. 2/2005 dated 6 January 2005 the Supervisory Board has appointed Mr. Alexander Paklons as First Vice-President and Chief Executive Officer effective from 1 February 2005.
- Based on Resolution No. 3/2005 dated 6 January 2005 the Supervisory Board has appointed Mr. Jan Bujak as President of the Management Board effective 11 January 2005, on condition that the Banking Supervisory Commission approves the appointment of Mr. Jan Bujak for President of the Management position.

#### 1.3.4 Scope of activities

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

- accepting deposits payable on demand or at maturity and maintaining accounts for such deposits,
- maintaining other bank accounts,
- granting credits and cash loans, including consumer credits and loans,
- effecting bank monetary settlements, including payment card transactions, likewise issuing payment cards,
- issuing and confirming bank guarantees, sureties and letters of credit,
- issuing securities, including convertible bonds and bank securities, likewise rendering commissioned services and assuming obligations related to the issue of securities,
- trading in securities and maintaining securities accounts,
- undertaking money market and foreign currency operations, including forward and derivative transactions,
- effecting check and bill-of-exchange transactions, likewise operations involving warrants,
- purchasing and selling receivables,
- purchasing and selling FX values,
- safe-keeping of valuable items and securities and providing safe-boxes,
- providing the following financial services:
  - consulting and advisory services in financial matters,
  - custody services,
  - leasing services,
  - brokerage services.
- acquisition services for open-end pension funds and safe-keeping of pension fund assets,
- agency services in handling subscriptions for participation units or investment certificates, agency services in their sale and redemption, likewise safe-keeping of investment fund assets,
- agency services in property insurance,
- agency services in personal insurance, including life insurance,
- providing certification services within the meaning of electronic signature regulations, save for the issuance of qualified certificates used by banks in transactions which they are parties to,
- agency services in cross-border money transfers made by residents and settlements with non-residents in Poland,
- issuing electronic money.
- acting as sales agent of insurance, leasing, factoring, forfeiting, franchising products and participation units and certificates of investment funds.



#### **1.4 Prior period financial statements**

The financial statements for the period ended 31 December 2003 were audited by KPMG Polska Audyt Sp. z o.o. and received an unqualified opinion.

The financial statements were approved at the General Meeting on 24 June 2004, where it was resolved to distribute the profit for the prior financial year of PLN 36,021 as follows:

- General banking risk fund PLN 32,000 thousand
- Undistributed profit from previous years PLN 4,021 thousand

The closing balances as at 31 December 2003 have been properly recorded as the opening balances of the audited year.

The financial statements were submitted to the Registry Court on 9 September 2004 and were published in Monitor Polski B No 198 on 26 January 2004.

#### **1.5 Audit scope and responsibilities**

This report of the independent auditor was prepared for the General Meeting of Fortis Bank Polska S.A., seated in Warszawa, ul. Postępu 15, and relates to the financial statements comprising: the introduction to the financial statements, the balance sheet as at 31 December 2004 with total assets of and total liabilities and equity of PLN 5,383,942 thousand, the capital adequacy ratio, the statement of contingencies and commitments granted at 31 December 2004 amounting to PLN 1,620,058 thousand, the profit and loss account for the year then ended with a net profit of PLN 74,553 thousand, the statement of changes in equity for the year then ended with an increase in equity of PLN 79,000 thousand, the cash flow statement for the year then ended with an increase in cash amounting to PLN 362,326 thousand, and the supplementary information and explanations.

The financial statements have been audited on the basis of the decision of the Supervisory Board dated 24 September 2004 on the appointment of the auditor.

The financial statements have been audited in accordance with the contract dated 3 November 2004.

We conducted the audit in accordance with International Standards on Auditing as promulgated by the International Federation of Accountants, section 7 of the Polish Accounting Act dated 29 September 1994 (Revised Text, Official Journal from 2002, no 76, item 694 with amendments) and the professional standards established by the Polish National Council of Certified Auditors.

We have audited the financial statements during the period from 16 November 2004 to 11 April 2005. In the Bank's head office we have conducted audit works during the period from 16 November 2004 to 4 February 2005.

We have conducted an independent audit of these financial statements in order to express an opinion thereon and present this, together with a written report of the independent auditor, to the Bank's General Meeting.



*Report supplementing the opinion on the financial statements  
for the financial year ended 31 December 2004*

*Translation of document originally issued in Polish*

On 11 April 2005 the Fortis Bank Polska S.A. directors submitted a statement as to the completeness, fairness, clarity and accuracy of the financial statements presented for audit which confirmed that there were no undisclosed matters which could significantly influence the information presented in the financial statements for the audited year.

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

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

## 2 Financial analysis of the Fortis Bank Polska S.A.

### 2.1 Summary of the financial statements

#### 2.1.1 Balance sheet

| <b>ASSETS</b>  | <b>31.12.2004</b> | <b>31.12.2003</b> |
|--|-------------------|-------------------|
|  | <b>PLN'000</b>    | <b>PLN'000</b>    |
| Cash and balances with Central Bank                  | 146,381           | 185,908           |
| Amounts due from financial sector                    | 1,298,936         | 372,932           |
| Amounts due from non-financial sector                | 3,381,583         | 3,243,325         |
| Amounts due from public sector                       | 55                | 89                |
| Debt securities                                      | 346,505           | 572,342           |
| Shares or interests in subsidiaries                  | 62,582            | 58,084            |
| Shares or interests in other entities                | 45                | 52                |
| Other securities and other financial assets          | 21,410            | 1,579             |
| Intangible assets                                    | 10,380            | 12,587            |
| Tangible fixed assets                                | 44,509            | 51,086            |
| Other assets   | 37,827            | 63,256            |
| Prepayments and other deferred income                | 33,729            | 24,734            |
| <b>TOTAL ASSETS</b>                                  | <b>5,383,942</b>  | <b>4,585,974</b>  |
| <br><b>LIABILITIES</b>                               |                   |                   |
| <b>Liabilities</b>                                   | <b>4,788,766</b>  | <b>4,069,798</b>  |
| Amounts owed to financial sector                     | 1,927,845         | 1,398,993         |
| Amounts owed to non-financial sector                 | 2,621,860         | 2,473,541         |
| Amounts owed to public sector                        | 25,457            | 21,242            |
| Other liabilities arising from financial instruments | 26,285            | 1,093             |
| Special funds and other liabilities                  | 41,338            | 65,223            |
| Accrued and suspended income and expenses            | 122,550           | 102,831           |
| Provisions   | 23,431            | 6,875             |
| <b>Equity</b>  | <b>595,176</b>    | <b>516,176</b>    |
| Share capital  | 30,155            | 30,155            |
| Statutory reserves                                   | 349,539           | 349,534           |
| Revaluation reserves                                 | (163)             | (7,336)           |
| Reserve capital                                      | 129,281           | 97,281            |
| Profit (loss) from previous years                    | 11,811            | 10,521            |
| Net profit   | 74,553            | 36,021            |
| <b>TOTAL EQUITY AND LIABILITIES</b>                  | <b>5,383,942</b>  | <b>4,585,974</b>  |
| <br><b>Capital adequacy ratio</b>                    | <br><b>12,30</b>  | <br><b>12,78</b>  |



Report supplementing the opinion on the financial statements  
for the financial year ended 31 December 2004

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| <b>OFF-BALANCE SHEET ITEMS</b>                        | <b>31.12.2004</b> | <b>31.12.2003</b> |
|---|-------------------|-------------------|
|   | <b>PLN'000</b>    | <b>PLN'000</b>    |
| Contingent liabilities granted and received           | 3,001,098         | 1,924,276         |
| - Liabilities granted                                 | 1,620,058         | 1,190,715         |
| - Liabilities received                                | 1,381,040         | 733,561           |
| Commitments arising from purchase / sale transactions | 4,284,187         | 4,628,496         |
| Other   | 2,755,698         | 462,954           |
| <b>Total off-balance sheet</b>                        | <b>10,040,983</b> | <b>7,015,726</b>  |

*Report supplementing the opinion on the financial statements  
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## 2.1.2 Profit and loss account

|  | <b>1.01.2004 –<br/>31.12.2004</b> | <b>1.01.2003 –<br/>31.12.2003</b> |
|--|-----------------------------------|-----------------------------------|
|  | <b>PLN'000</b>                    | <b>PLN'000</b>                    |
| Interest income  | 270,853                           | 215,374                           |
| Interest expense   | 115,291                           | 99,335                            |
| <b>Net interest income</b>   | <b>155,562</b>                    | <b>116,039</b>                    |
| Fee and commission income  | 84,924                            | 80,449                            |
| Fee and commission expense   | 12,759                            | 13,012                            |
| <b>Net fee and commission income</b>   | <b>72,165</b>                     | <b>67,437</b>                     |
| Profit on financial operations   | (4,266)                           | (35)                              |
| Foreign exchange profit  | 60,286                            | 55,906                            |
| <b>Profit / (loss) on banking operations</b>   | <b>283,747</b>                    | <b>239,347</b>                    |
| Other operating income   | 6,272                             | 5,991                             |
| Other operating expenses   | 3,866                             | 4,458                             |
| General costs of bank operations   | 147,074                           | 140,542                           |
| Depreciation of fixed assets, intangible assets and legal values                     | 21,729                            | 26,402                            |
| Allocations to provisions  | 56,127                            | 58,534                            |
| Release of provisions  | 21,244                            | 37,423                            |
| Net provisions   | (34,883)                          | (21,111)                          |
| <b>Operating profit / (loss)</b>   | <b>82,467</b>                     | <b>52,825</b>                     |
| <b>Gross result / (loss)</b>   | <b>82,467</b>                     | <b>52,825</b>                     |
| Income tax   | 11,784                            | 18,823                            |
| Share in net profits (losses) of subordinated entities valued using an equity method | 3,870                             | 2,019                             |
| <b>Net profit / (loss)</b>   | <b>74,553</b>                     | <b>36,021</b>                     |

## 2.2 Selected financial ratios

|   | <b>2004</b>    | <b>2003</b>    |
|---|----------------|----------------|
|   | <b>PLN'000</b> | <b>PLN'000</b> |
| Total assets                                      | 5,383,942      | 4,585,974      |
| Profit before tax                                 | 82,467         | 52,825         |
| Net profit  | 74,553         | 36,021         |
| Shareholder's equity*                             | 520,624        | 480,155        |
| Return on equity                                  | 13.4%          | 7.0%           |
| Capital adequacy ratio                            | 12.3%          | 12.8%          |
| Receivables to total assets                       | 86.9%          | 78.9%          |
| Income earning assets to total assets             | 93.4%          | 91.3%          |
| Interest bearing liabilities to total liabilities | 85.0%          | 84.9%          |

\* excluding current year net earnings

## 2.3 Interpretation of selected financial ratios

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

- Total assets grew by PLN 797,968 thousand i.e. 17.4% compared to 31 December 2003. Due from financial institutions, which grew by PLN 926,004 thousand i.e. 248.3% Due to financial institutions have grown by PLN 528,852 i.e. 37.8%.
- The Banks' net profit for the year 2004 amounted to PLN 74,553 thousand and has been higher by 38,532 thousand i.e. 107.0% compared to the 2003 year. Growth of the net result has resulted from the growth of the net interest result PLN 39,523 thousand i.e. 34.1%.

## **3 Detailed report**

### **3.1 Accounting records**

Fortis Bank Polska S.A. holds current documentation describing the applied accounting principles, approved by the Management Board and described in the introduction to the financial statements, to the extent required by the Accounting Act and requirements for issuers of publicly traded securities.

The financial statements were prepared on the basis of accounting records which are maintained in accordance with the requirements of section 2 “Maintenance of the accounting records” and section 8 “Data protection” of the Accounting Act dated 29 September 1994.

### **3.2 Internal control**

Internal control is enforced by the Chief Accountant and the Board of Directors on a functional basis.

During our audit of the financial statements, we made an evaluation of the accounting system and underlying system of internal control in order to enable us to express an opinion on the financial statements.

Our review should not be relied upon to disclose all irregularities or material weaknesses in the system. Our procedures did not identify any significant irregularities in the accounting and internal control system.

### **3.3 Principles of prudence applied by the Bank and the capital adequacy ratio**

In the context of the audit of the financial statements, no material exceptions have been noted in the principles of prudence applied by the Bank. Capital adequacy ratio was calculated properly.

### **3.4 Materiality level applied by the auditor**

In order to issue the audit opinion on the financial statements treated as a whole, materiality levels applied by the auditor were adequate to the materiality and the risk assessment of particular items of the financial statements.

### **3.5 Introduction to the financial statements**

All information included in the introduction to the financial statements is presented fairly by the Bank when read in conjunction with the financial statements taken as a whole.

### **3.6 Supplementary information and explanations**

All information included in the supplementary information and explanations is presented accurately and completely by the Bank when read in conjunction with the financial statements taken as a whole.

### 3.7 Report on the Bank's activities

The report on the Bank's activities includes information specified in Article 49 Paragraph 2 of the Polish Accounting Act and requirements of the Ministry of Finance Resolution dated 16 October 2001 on current and periodic information provided by issuers of publicly traded securities (Official Journal from 2001, No 139, item 1569 with amendments) and it is consistent with the data included in the financial statements.

### 3.8 Information on the opinion of the independent auditor

Based on our audit of the financial statements as at and for the year ended 31 December 2004, we have issued an unqualified opinion.

*signed on the Polish original*

.....  
Certified Auditor No. 4979/2575  
Hanna Fludra

*signed on the Polish original*

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

*signed on the Polish original*

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

Warsaw, 11 April 2005