

ADDITIONAL NOTES

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

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

Sectors of the economy	Gross loans as at December 31, 2004 PLN thousand	Gross loans as at December 31, 2003 PLN thousand
Wholesale	625,478	555,446
Private individuals	500,666	451,978
Motor vehicles	228,233	177,053
Construction services	199,444	184,060
Production of food and beverages	160,116	173,215
Other production	156,164	154,325
Municipal and housing services	156,070	123,311
Production of metal goods	119,820	77,167
Retail trade in groceries	94,374	88,699
Timber and wooden goods	78,707	90,075
Retail trade in industrial goods	77,961	81,683
Land transport	59,215	46,073
Non-banking financial services	49,863	49,717
Textiles and fabric production	48,889	16,299
Economic building industry	45,721	50,577
Trade in means of transport	44,664	31,281
Print shops and publishers	34,119	39,589
Furniture and accessories	30,723	31,252
Electrical products	30,697	15,452
Power plants, gasworks and waterworks	29,676	51,479
Other chemical products	29,157	23,001
Coal and crude oil products	28,004	11,894
Rubber and plastic products	24,566	25,778
Hotels and motels	22,070	25,262
Medical services within social care	20,180	16,331
Leather, leather goods, shoes	19,377	20,594
Paper and stationery	18,951	25,288
Other services	501,172	661,123
Other industries	38,617	43,321
Total	3,472,694	3,341,323

1.2. Data on the Bank's exposure by the main geographical regions of Poland are presented in the table below. Interest is not included.

Geographical regions of Poland	Gross loans as at December 31, 2004 PLN thousand	Gross loans as at December 31, 2003 PLN thousand
- Eastern Region	1,820,876	1,876,290
- Małopolska Region	464,487	433,228
- Western Region	430,126	427,347
- Silesia Region	401,151	325,333
- Northern Region	356,054	279,125
TOTAL	3,472,694	3,341,323

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 Opole,
- 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 is not included.

Entity type	Gross loans as at December 31, 2004	Gross loans as at December 31, 2003
	PLN thousand	PLN thousand
Financial sector	49,686	49,465
- insurance institutions and pension funds	81	143
- other financial intermediaries	48,890	48,717
- auxiliary financial institutions	715	605
Non-financial sector	3,422,954	3,291,770
- State-owned enterprises and companies	43,594	94,446
- private enterprises and companies and cooperatives	2,658,661	2,457,492
- individual entrepreneurs	209,671	269,626
- individuals	492,044	451,867
- individual farmers	830	999
- non-commercial institutions operating in favor of households	4,675	5,833
- settlements with non-financial entities on account of VISA card settlements	13,479	11,507
The budget sector	54	88
- local budgetary units	54	88
TOTAL	3,472,694	3,341,323

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

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

As at December 31, 2004, the Bank did not exceed the maximum exposure limit determined in the Banking Law with respect to any customer or capital group. As regards eleven (11) customers, the Bank's exposure exceeded 10% of equity and totaled PLN 651 million, as compared to December 31, 2003 when in relation to nine (9) customers the Bank's exposure exceeded 10% of its equity and totaled PLN 599 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 32%, 24% and 29% of the credit portfolio value respectively, as at the end of December 2004. As far as all other sectors are concerned, the exposure is relatively low. As compared to December 31, 2003, the Bank slightly increased its exposure in production and trade whereas the services sector exposure went down.

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.

Geographical regions of Poland	Deposits as at December 31, 2004	Deposits as at December 31, 2003
	PLN thousand	PLN thousand
- Eastern Region	923,511	959,937
- Małopolska Region	778,066	706,067
- Western Region	318,741	298,026
- Silesia Region	431,700	289,871
- Northern Region	349,298	265,821
TOTAL	2,801,316	2,519,722

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

Sectors of the economy	Deposits as at December 31, 2004	Deposits as at December 31, 2003
	PLN thousand	PLN thousand
Private individuals	1,167,981	1,333,358
Wholesale	219,506	171,312
Production of metal goods	148,570	54,983
Non-life and life insurance	115,803	9,328
Construction services	109,153	84,805
Other production	74,346	53,247
Other means of transport	73,386	2,383
Legal and economic services	70,369	41,958
Production of food and beverages	43,891	37,200
Land transport	43,026	45,137
Science and technology services	37,662	28,372
Retail trade in industrial goods	29,809	48,877
Municipal and housing services	24,021	23,343
Non-banking financial services	22,231	14,519
Hotels and motels	19,236	16,907
Paper and stationery	18,449	9,218
Brokerage services	18,026	10,067
Rubber and plastic products	16,639	10,220
Motor vehicles	15,484	16,430
Communications services	15,346	6,686
Timber and wooden goods	14,856	21,633
Publishing services	14,518	11,323
Other services	373,098	359,510
Other industries	115,910	108,906
Total	2,801,316	2,519,722

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

- a) Financial assets or liabilities held for trading - financial assets or liabilities which were purchased in order to obtain economic gains as a result of short-term price changes and fluctuations of other market factors;
- b) Credits and loans granted by the Bank and other own receivables of the Bank - loans and credit facilities granted by the Bank (financial assets which originated as a result of giving cash earmarked for a specific purpose directly to the other party to a contract), and other own receivables except loans and credit facilities which were granted with the intention of immediate or fast sale, included into financial assets held for trading;
- c) Financial assets held to maturity – financial assets for which contracts provide the date of nominal value payments and determine the right to receive economic gains at specific dates such as the interest rate in the amount fixed or possible to determine, provided that the Bank intends and is able to hold these assets to maturity. As at December 31, 2004, the Bank held no such assets;
- d) Financial assets available for sale – other financial assets that are not classified into categories enumerated in letters a), b) and c) above;

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

Financial assets held for trading	January 1, 2004 to December 31, 2004 PLN thousand	January 1, 2003 to December 31, 2003 PLN thousand
Opening balance	141,972	155,620
Increases (on account of)	1,379,357	1,459,511
- purchase	1,359,256	1,457,587
- measurement of financial instruments	5,424	493
- measurement of securities	143	
- interest	14,534	1,431
Decreases (on account of)	(1,480,827)	(1,473,159)
- sale	(1,479,243)	(1,467,184)
- measurement of financial instruments	(127)	(3,289)
- measurement of securities		(706)
- discount / premium	(984)	(1,980)
- interest	(473)	
Ending balance	40,502	141,972

Loans and credit facilities granted by the Bank and own receivables not held for trading	January 1, 2004 to December 31, 2004 PLN thousand	January 1, 2003 to December 31, 2003 PLN thousand
Opening balance	3,612,938	2,663,880
Increases (on account of)	1,067,899	1,252,746
- change in the net deposit balance from banks	915,016	0
- change in net credit balance	129,399	1,058,678
- change in the balance of receivables due on account of LC discount	5,005	1,770
- change in documentary transaction receivables balance	0	21,215
- change in the balance of receivables due on account of settlements with VISA cards	2,010	987
- change on account of the measurement of interest-bearing bonds of Credit Suisse First Boston Singapore Branch	1,951	152,301
- change in net interest balance	14,518	17,801
Decreases (on account of)	(28,395)	(303,694)
- change in the net deposit balance from banks	0	(299,149)
- change in specific provisions balance	(7,180)	(4,545)
- change in documentary transaction receivables balance	(21,215)	0
Ending balance	4,652,442	3,612,938

Financial assets held to maturity	January 1, 2004 to December 31, 2004 PLN thousand	January 1, 2003 to December 31, 2003 PLN thousand
Opening balance	0	16 764
Decreases (on account of)		(16 764)
- redemption		(16 652)
- interest		(112)
Ending balance	0	0

Financial assets available for sale	January 1, 2004 to December 31, 2004 PLN thousand	January 1, 2003 to December 31, 2003 PLN thousand
Opening balance	432,001	510,821
Increases (on account of)	2,085,218	2,664,340
- purchase	2,062,425	2,662,577
- interest		1,755
- discount	4,805	
- premium	7	
- measurement	17,981	
- FX rate differences		8
Decreases (on account of)	(2,189,760)	(2,743,160)
- sale	(2,178,421)	(2,728,978)

- interest	(1,291)	(3,660)
- measurement of securities	(9,979)	(10,522)
- premium	(62)	
- FX rate differences	(7)	
Ending balance	327,459	432,001

Liabilities related to financial instruments	January 1, 2004 to December 31, 2004 PLN thousand	January 1, 2003 to December 31, 2003 PLN thousand
Opening balance	1,093	0
Increases (on account of)	16,284	1,093
- derivative instruments measurement	8,908	
- interest liability on account of derivative instruments	16,284	1,093
Ending balance	26,286	1,093

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 December 31, 2004 the portfolio of securities held for trading included Treasury bills in the fair value amounting to PLN 19,092 thousand and also a positive result of measurement of derivative instruments in the amount of PLN 21,410 thousand; In this item, the Bank recognizes also Treasury bonds however at the end of December 2004 the Bank did not hold such securities.
- 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 the interest rate risk and utilization of liquidity surplus. As at the end of 2004, their total value stood at PLN 327,413 thousand including T-bonds at PLN 203,316 thousand, T-bills at PLN 99,118 thousand and NBP bonds at PLN 24,979 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 3,431,404 thousand on account of loans granted, decreased by the specific provision created and increased by the interest accrued, interbank placements with the interest – PLN 1,059,318 thousand and receivables related to discounting letters of credit and documentary transactions – PLN 7,468 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 1,067 thousand, the premium to be settled in the amount of PLN 1,360 thousand and an adjustment on account of hedging the fair value of the interest rate risk in the amount of PLN 1,825 thousand.

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 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 to 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 for write-offs 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 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.

FX European options sold and purchased are measured at the FX rate 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-offs on account of 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.

Amounts receivable and payable on account of loans, credit facilities and other receivables are recognized in the amount of required payment, which includes also interest due, taking into consideration 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 consumer loans and credit facilities;
- "watch" category;
- "non-performing" – including exposures classified into "substandard", "doubtful" or "lost" categories".

The Bank classifies credit exposures arising from consumer loans to:

- "performing" credit exposures, if the delay in loan principal or interest repayments does not exceed six

- (6) months,
- “lost” credit exposures, if:
 - delays in loan principal or interest repayments exceed six (6) months,
 - the credit exposures are maintained towards debtors against whom the Bank instituted enforcement proceedings,
 - the credit exposures are disputed by debtors before the court,
 - the credit exposures are maintained towards debtors whose place of residence is unknown and whose property has not been disclosed;

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

- Valuation of in-built derivative instruments

Ordinance of the Finance Minister of February 23, 2004, amending the Ordinance regarding the detailed recognition rules, measurement method, scope of disclosure and manner of presentation of financial instruments (*Journal of Laws Dz.U. no. 31, item 266*), inserted Sub-Paragraph 1a into Paragraph 10, which 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 accounting year ending December 31, 2004.

- e) 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 2004, 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.

Considering relatively high yields of Treasury Bonds of maturity close to two years, the Bank invested in such securities, selling some part of the investment portfolio of longer maturity. Thanks to such a move, the Bank's vulnerability to interest rate changes diminished while the average yield of the investment portfolio increased.

- 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	December 31, 2004				December 31, 2003			
	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
wholesale	543,135	15.6%	73,506	2.1%	455,141	14%	100,305	3%
of which lost			56,854	1.6%			52,289	2%
Private individuals	473,955	13.6%	18,464	0.5%	427,537	13%	24,442	1%
of which lost			14,419	0.4%			14,562	0%
Other services	410,688	11.8%	77,779	2.2%	525,393	16%	130,232	4%
of which lost			26,958	0.8%			29,439	1%
Motor vehicles	224,156	6.5%	5,959	0.2%	169,461	5%	7,592	0%
of which lost			825	0.02%			235	0%
Construction services	163,799	4.7%	25,074	0.7%	115,639	3%	68,421	2.1%
of which lost			9,423	0.3%			46,656	1.4%

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 could not be measured in a reliable way in 2004, the Bank applied the method of amortized cost to such items. As at December 31, 2004, the Bank held no such securities in its portfolio.

Loans and credit facilities from financial and non-financial entities and the State and local government institutions are recognized at the amount of required payment, which includes also interest due, taking into account 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).

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 are recognized in the amount of the payment required, which includes also the interest due.

4.2.4 In 2004, 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 January 1, 2004 and December 31, 2004 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			
	January 1, 2004	December 31, 2004	January 1, 2003	December 31, 2003
Treasury bills	88	286	1,046	88
Treasury bonds	(8,569)	(765)	995	(8,569)

TOTAL	(8,481)	(479)	2,041	(8,481)
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4.2.6 Information about income and cost from financial assets available for sale, which were removed (sold, liquidated) from the balance sheet statement:

In 2004, 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 70,000 thousand:
 - o PS0608 ISIN PL0000102869, of the total nominal value of PLN 30,000 thousand,
 - o DS1013 ISIN PL0000102836, of the total nominal value of PLN 40,000 thousand,

The Bank incurred loss on the above transactions in the amount of PLN 4,896 thousand, while the sold discount and premium amounted to PLN 75 thousand;

- Treasury bills of the nominal value amounting to PLN 288 thousand, on which transactions the Bank incurred loss in the amount of PLN 652 thousand, while the sold discount amounted to PLN 10,605 thousand.

4.2.7 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 2004, the Bank did not generate any income or incur any expenses on the above account.

4.2.8 Over 2004, no financial assets measured at fair value were reclassified into assets measured at the adjusted cost of acquisition.

4.2.9 In 2004, there was a change in the value of subsidiary's shares held by the Bank. The measurement value increase at the end of the year amounted to PLN 4,498 thousand. The change of the value was recognized in note no. 7B to the balance sheet statement.

4.2.10 Revenues on account of interest on loans granted and own receivables are presented in the Table below:

	Data for the period starting Jan. 1, 2004 ending December 31, 2004 PLN thousand		Data for the period starting January 1, 2003 ending December 31, 2003 PLN thousand	
	Interest accrued	interest received	interest accrued	interest received
Interbank placements	128	15,537	18	25,468
Loans	15,927	208,875	11,530	147,177
interest on the interest-bearing bonds of Credit Suisse First Boston Singapore Branch	1,067	9,762	1,094	
interest on financial instruments	1,124		959	
interest on receivables related to documentary transactions		745	217	443
Receivables purchased	14	276	26	339
Guarantees paid	-	5		7
securities bought under repurchase agreements	-	-		125
TOTAL	18,260	236,200	13,844	173,558

4.2.11 Deferred interest income:

	December 31, 2004 PLN thousand	December 31, 2003 PLN thousand
Interest capitalized	22	26
Deferred interest income on receivables purchased		59
Deferred interest income on guarantees paid	4,713	4,220

Deferred interest income on loans	97,380	87,813
TOTAL	102,115	92,118

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

	Data for the period starting Jan. 1, 2004 ending December 31, 2004 PLN thousand		Data for the period starting Jan. 1, 2003 ending December 31, 2003 PLN thousand	
	Interest accrued	Interest paid	Interest accrued	Interest paid
Current accounts	107	22,216	81	38,010
Interbank deposits	1,501	14,916	177	8,169
Term deposits	4,117	40,197	5,348	80,324
Blocked deposits	1,101	6,656	1,461	18,851
Credit facilities and loans received	3,406	18,699	1,685	15,852
insurance policies	1,277	473	19	
TOTAL	11,509	103,157	7,327	91,382

4.2.13 Information about underlying instruments

The Bank makes derivative transactions. The transactions are effected for commercial purposes and to manage the currency risk and interest rate risk. Transactions in derivatives 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 by the Black-Scholes model. The purpose of the transaction is to hedge against FX risk and to maintain liquidity

FRA – consists in an agreement between the parties to the transaction upon a fixed interest rate for a specific value of deposit. On the day of the transaction settlement, the buyer of FRA contract shall pay the settlement amount to the seller if the reference rate on the date of effecting the transaction was lower than the

transaction rate. At the same time the seller of the instrument shall pay the buyer, on the transaction settlement date the settlement amount when the reference rate is higher than the transaction rate. FRA is usually concluded for the term up to 1 year and it allows, on one hand, to hedge against the growing interest rate (FRA purchase), and on the other to hedge assets against interest rate decrease (FRA sale). The instrument is measured by the discounted cash flows model based on the market yield curve.

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

Derivative instruments profile as at December 31, 2004 (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
Hedging instruments against interest rate risk							
IRS	1	variable	2008-11-21	no	Variable	no	Interest rate, liquidity and counterparty risks
Speculative instruments against FX risk							
FX forward	564	variable	2005.01.03-2005.11.15	no	variable	no	FX, liquidity, and counterparty
FX swap	9	variable	2005.01.03-2005.01.31	no	variable	no	FX, liquidity and counterparty
FX futures	0	variable	-	-	-	-	-
Options	366	variable	2005.01.05-2005.12.28	no	variable	no	FX
Forward securities transactions		variable		no	variable	no	Interest rate, liquidity, counterparty
Interest rate speculative instruments							
IRS	16	variable	2005.03.31-2008.07.14	no	variable	no	Interest rate, liquidity, counterparty
Options	2	variable	2005.04.05	no	variable	no	Interest rate, liquidity, counterparty
FRA	5	variable	2005.04.04-2005.09.22	no	variable	no	Interest rate

Derivative instruments profile as at December 31, 2003 (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
speculative FX instruments							
FX forward	557	variable	2004.01.02 - 2004.12.31	no	variable	no	FX, liquidity, counterparty
FX swap	26	variable	2004.01.02 - 2004.04.21	no	variable	no	FX, liquidity, counterparty
FX futures	29	variable	2004.01.21 - 2004.03.19	no	variable	no	FX, liquidity, Warsaw Commodity Exchange
Forward securities transactions	1	variable	2003.12.31-2004.01.02	no	variable	no	Interest rate, counterparty, liquidity,
Interest rate speculative instruments							
IRS	2	variable	2003.11.18-2008.11.21	no	variable	no	interest rate, liquidity, counterparty

As at December 31, 2004 and December 31, 2003, the derivative instruments that had not yet matured were the following:

Initial maturity date of interest-rate risk hedging instruments at nominal value, PLN thousand		
As at:	31.12.2004	31.12.2003
Instrument type/ maturity	IRS	
1 to 5 years	150,000	150,000
- banks	150,000	150,000
Total	150,000	150,000

Initial maturity of FX speculative instruments at nominal value, PLN thousand										
As at:	December 31, 2004					December 31, 2003				
	FX forward	FX swap	FX futures	FX Options	Total	FX forward	FX swap	FX futures	FX options	Total
Up to 3 months	435,586	1,403,259	0	162,796	2,001,641	217,790	1,048,933	68,748	0	1,335,471
- banks	1,976	1,403,259	-	81,398	1,486,633	1,139	1,048,933	0	-	1,050,072
- other	433,610	-	-	81,398	515,008	216,651	-	68,748	-	285,399
3 months up to 1 year	233,220	0	0	331,926	565,146	190,152	747,885	7,017	0	945,054
- banks	-	-	-	165,963	165,963	0	747,885	-	-	747,885
- other	233,220	-	-	165,963	399,183	190,152	-	7,017	-	197,169
1 to 5 years	17,045	0	0	23,496	40,541	0	0	0	0	0
- banks	-	-	-	11,748	11,748	11,742	-	-	-	0
- other	17,045	-	-	11,748	28,793	-	-	-	-	0
Total	685,851	1,403,259	0	518,218	2,607,328	419,684	1,796,818	75,765	0	2,292,267

Initial maturity of interest-rate speculative instruments at nominal value, PLN thousand								
As at:	December 31, 2004				December 31, 2003			
	IRS	Options	FRA	total	IRS	options	FRA	total
Up to 3 months	0	0	0	0	0	0	0	0
- banks	-	-	-	0	-	-	-	0
- other	-	-	-	0	-	-	-	0
3 months to 1 year	0	11,200	75,000	86,200	0	0	0	0
- banks	-	5,600	75,000	80,600	-	-	-	0
- other	-	5,600	-	5,600	-	-	-	0
1 to 5 years	0	0	45,000	45,000	0	0	0	0
- banks	570,000	-	45,000	615,000	-	-	-	0
- other	-	-	-	0	-	-	-	0
Total	570,000	11,200	120,000	701,200	0	0	0	0

Derivative transactions are concluded by the Bank at market prices binding on transaction dates. The table below presents valuation of not matured derivatives as at December 31, 2004 and December 31, 2003:

Instrument type	Positive market value				Negative market value			
	December 31, 2004 (PLN thousand)		December 31, 2003 (PLN thousand)		December 31, 2004 (PLN thousand)		December 31, 2003 (PLN thousand)	
	Banks	Other	Banks	Other	Banks	Other	Banks	Other
Interest-Rate Risk Hedging Instruments								
IRS	0	0	155	0	1 947	0	0	0
FX Speculative Instruments								
- FX forward	0	18,188	1	5,217	6	25,637	3	6,455
- FX swap	5,310	0	24,430	0	768	0	23,356	0

- FX futures	0	0	0	0	0	0	0	0
- FX options	3,717	1,548	0	0	1 534	3 731	0	0
Total	9,027	19,736	24,431	5,217	2,308	29,368	23,359	6,455
Interest Rate Speculative Instruments								
- IRS	2 399	0	0	0	1 762	0	0	0
- options	0	14	0	0	14	0	0	0
- FRA	32	0	0	0	150	0	0	0
Total	2 431	14	0	0	1 926	0	0	0

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 December 31, 2004		As at December 31, 2003	
	Banks	Other	Banks	Other
Interest Rate Risk Hedging Instruments				
IRS			3,000	
FX Speculative Instruments				
FX forward	299	11,162	4,863	3,800
FX swap	1,502			
options	55	411		
Interest Rate Speculative Instruments				
IRS	1,857			
options	3			
FRA	6			
Total	3,722	11,573	7,863	3,800

4.2.14 Risk management objectives and rules

Liquidity risk

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

- settle its payment obligations timely,
- acquire funds alternative to the funds currently held,
- 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 every 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 every 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 put at risk the performance of the Bank's financial objective or even the 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 every day of a calendar year:

- the cumulated financial profit/loss¹ amount (generated on account of transactions subject to the exposure to the market interest rate risk), together with the cumulated change of the capital value² 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 every 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.

4.2.15 Information regarding hedge accounting applied 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. Detailed numerical data on this instrument are provided in Section 4.2.1.a).
- 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 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.

4.2.16 The Bank at present does not intend to enter into any transactions that will be hedged.

4.2.17 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 2004, 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

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

² the cumulated change 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.

party, and also on the value of commitments collateralized by these assets.

As at December 31, 2004, the following assets of Fortis Bank Polska SA constituted collateral for commitments:

- Treasury bills of the nominal value of PLN 87,000 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 December 31, 2004, the value of funds covered by the guarantee system accumulated in the Bank amounted to PLN 2,850,390 thousand.
- Treasury bonds of the total nominal value of PLN 211,000 thousand blocked against the need of a possible taking a lombard loan from the NBP.

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

In 2004, the Bank entered into one repo agreement (buy-sell-back) with another bank regarding T-bonds in the total nominal value of PLN 10,000 thousand, and one such agreement with a customer of the Bank regarding T-bills in the nominal value of PLN 2,500 thousand. As of December 31, 2004, both transactions were already closed. Similarly, in 2003, the Bank made three buy-sell-back transactions with the Bank's customers regarding T-bills in the total nominal value of PLN 32,300 thousand, four buy-sell-back transactions with banks regarding cash bills in the total nominal value of PLN 400,000 thousand. As of the end of 2003, the above transactions were not in the Bank's balance sheet.

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

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

Off-balance sheet financial commitments (PLN thousand)								
entity/product	December 31, 2004				December 31, 2003			
	financial entities	non-financial entities	State budget sector	Total	financial entities	non-financial entities	State budget sector	Total
credit lines in loan accounts	21,596	425,860	737	448,194	37,764	316,871	-	354,635
overdraft facilities in current accounts	0	479,517	0	479,517	1,500	399,344	1,715	402,559
open VISA limits	79	58,902	155	59,136	83	55,087	67	55,237
import Letters of Credit	1,938	79,886		81,824	12,911	46,929		59,840
Framework Financing Agreements		209,025		209,025		153,615		153,615
loan commitment letters granted		20,598		20,598				
Total	23,613	1,273,789	892	1,298,294	52,258	971,846	1,782	1,025,886

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

entity / maturity	December 31, 2004 PLN thousand		December 31, 2003 PLN thousand	
	up to 1 year	1 year or longer	up to 1 year	1 year or longer
financial entities		21,596		37,764
non-financial entities	381,756	44,617	280,304	36,567
budget units	223			
Total	381,980	66,213	280,304	74,331

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

separate list of guarantees or sureties issued in favor of affiliated entities.

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

Off-balance sheet guarantee commitments (PLN thousand)								
Entity / product	December 31, 2004				December 31, 2003			
	financial entities	non-financial entities	State budget sector	Total	financial entities	non-financial entities	State budget sector	Total
- guarantees issued	5,381	274,249		279,630	2,105	126,519	40	128,664
- Framework Guarantee Agreements		34,494		34,494		23,717		23,717
- confirmed export Letters of Credit /accepted drafts	7,021			7,640	12,448			12,448
Total	13,021	308,743	0	321,764	14,553	150,236	40	164,829

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

Specification	December 31, 2004 PLN thousand		December 31, 2003 PLN thousand	
	related to financing	guarantees	related to financing	guarantees
Parent entity				1,714
Subsidiaries	49			
Affiliated entities	23,544	5,381	50,683	323
Other entities	1,274,701	316,383	975,203	162,791
Total	1,298,294	321,764	1,025,886	164,828

As at the end of December 31, 2004, the Bank held the following off-balance sheet items related to affiliated entities:

- **Parent entity:**
 - Guarantees and suretyships received from Fortis Bank Brussels for the total amount of PLN 136,130 thousand;
 - Counter-guarantees received from Fortis Bank Brussels for the total amount of PLN 7,740 thousand;
 - IRS contract in the amount of PLN 150,000 thousand, entered into to hedge a financial instrument;
 - 14 IRS commercial contracts for the total amount of PLN 520 million;
 - two FRAs for the total amount of PLN 45 million.
- **Subsidiary:**
 - VISA card limit in the amount of PLN 49 thousand granted to Fortis Securities Polska SA;
- **Affiliated entities:**
 - Fortis Lease Polska Sp. z o.o.:
 - unused limit in VISA card in the amount of PLN 10 thousand;
 - documentary L/C opened for the amount of PLN 1,938 thousand;
 - unused credit card limit in the amount of PLN 21,596 thousand granted for the period up to 5 years;
 - Fortis group banks:
 - two guarantees issued to an affiliated entity in the amount of PLN 4,092 thousand;
 - guarantees and suretyships received from affiliated entities for the total amount of PLN 31,276 thousand;
 - a credit line obtained from an affiliated entity in the amount of PLN 540,276 thousand for the period from five to ten years;

By analogy, as at December 31, 2003, the Bank held the following off-balance sheet items related to affiliated entities:

- **Parent entity:**
 - three guarantees issued to Fortis Bank Brussels for the total amount of PLN 1,714 thousand for the period from three months to three years;
 - guarantees and suretyships received from Fortis Bank Brussels for the total amount of PLN 133,173 thousand;
 - IRS contract in the amount of PLN 150,000 thousand entered into to hedge a financial instrument.
- **Affiliated entities:**
 - Fortis Lease Polska Sp. z o.o.:
 - a limit in VISA card in the amount of PLN 12 thousand granted to Fortis Lease Polska sp. z o.o.; off-balance-sheet debt outstanding balance as at December 31, 2003 amounted to PLN 8 thousand;
 - unused credit line in the amount of PLN 37,764 thousand granted to for up to five (5) years;
 - a documentary LC opened for the amount of PLN 12,911 thousand.
 - Fortis group banks:
 - a guarantee issued to an affiliated entity in the amount of PLN 323 thousand;
 - guarantees and suretyships received from affiliated entities for the total amount of PLN 11,116 thousand;
 - a credit line obtained from an affiliated entity in the amount of PLN 7,753 thousand for the period from three to five years;

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

The Board of Executives will propose to the Annual General Meeting allocation of net profit for 2004 in the amount of PLN 74,553,052.97 in the following way:

- PLN 24,553,052.97 for general risk fund
- PLN 50,000,000 for retained earnings

Fortis Bank Polska SA has not issued any preference shares.

11. Information about liabilities related to approved dividend payment.

As at the date of filing this annual report, the Bank had no commitments related to the approved dividend payment.

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

As at December 31, 2004, 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 2004, 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 2004, the Bank incurred costs of fixed assets under construction, fixed assets for own needs in the amount of PLN 13.9 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 January 1, 2005 to December 31, 2005, the Bank plans to make investment outlays in the amount of PLN 20 million.

The Table below presents investment costs incurred as at December 31, 2004 and as at December 31, 2003:

	December 31, 2004 PLN thousand	December 31, 2003 PLN thousand
Investments in progress	4,099	4,589
Advances on investment	0	0
Fixed assets	3,941	4,447
Equipment	2,348	1,497
Means of transport	1,451	2,320
Other	142	630
Intangible fixed assets	5,378	3,208
Computer software purchased	5,378	3,208
TOTAL	13,418	12,244

16.

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

- Loan Agreement concluded on January 30, 2004 regarding the credit line contracted by the Bank with Fortis Bank Nederland NV 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. This agreement is to replace the agreement dated September 24, 1998 as amended through Annex no.3 dated November 12, 1999 on the granting of a credit line of up to DEM 200 million, i.e. EUR 102 million, repaid on February 5, 2004.
- Loan Agreement dated January 30, 2004 on the contracting by the Bank of a credit line with Fortis Bank (Nederland) NV 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 December 31, 2004, Fortis Bank Polska SA had no interbank deposits from Fortis Bank Brussels but it made five term placements for the total amount of PLN 475 million and five overnight placements for the total amount of PLN 491 million. Fortis Bank Brussels also has nostro and vostro accounts. 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 was concluded for a definite period of time 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. a o.o. sub-leases from Fortis Bank Polska SA office premises and parking space. Two sub-lease agreements were concluded for a definite period of time, one until June 30, 2008 and the other until June 30, 2010.
- Revolving Credit Agreement dated November 17, 2000 with Fortis Lease Polska Sp. z o.o. together with the subsequent annexes. Under the Agreement, a revolving multi-currency credit facility was granted with the maturity on November 17, 2005, bearing the market interest rate. As at the end of December 2004, the credit outstanding balance amounted to PLN 47,927 thousand.
- Overdraft Credit Facility Agreement dated April 5, 2002 with Fortis Lease Polska Sp. z o.o. along with an annex to the Agreement dated April 7, 2004. Under the Agreement, Fortis Lease was granted an overdraft facility in the amount of PLN 0.5 million under the market conditions, maturing on April 6, 2005. AS at December 31, 2004, there was no outstanding balance on that account.

16.2. Data concerning affiliated companies on:

a) receivables and liabilities:

	December 31, 2004			December 31, 2003		
	PLN thousand			PLN thousand		
	Parent company	Subsidiary	Affiliated entities	Parent company	Subsidiary	Affiliated entities
Receivables						
Current receivables	515,342	0	0	23,306		22,817
Term deposits	474,451	0	3,462			
Loans	0	0	47,927			48,427
Interest	275	0	54	1		0
Lease receivables						71
Other assets	0	2	111			230
Total receivables	990,068	2	51,554	23,307	0	71,545
Liabilities						
Vostro accounts	2,227	0	431	2,291	0	373
Current account assets	0	3,942	474	0	7,481	552
Loans and credit facilities received	0	0	1,085,181	0	0	728,664
Interest accrued	0	0	2,695	0	1	1,101
Other liabilities	29	11	44	57	0	209
Total liabilities	2,256	3,953	1,088,825	2,348	7,482	730,899

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

	December 31, 2004			December 31, 2003		
	PLN thousand			PLN thousand		
	Parent company	Subsidiary	Affiliated entities	Parent company	Subsidiary	Affiliated entities
Income						
Interest income	6,892	1	2,946	7,769	3	
Commission and fee income	1,566	43	69	749	22	
Net income on measurement of derivatives	(531)			493		
Other operating income		415	581	21	213	
Total income	7,927	459	3,596	9,032	238	
Expense						
Interest expense	82	60	20,725	1,707	23	
Commission and fee expense	312		715	194		
Operating costs	57	242	385	70	204	
- of which depreciation		25	46		34	
Total costs	711	302	21,825	1,971	227	

c) granted credit facilities, including irrevocable commitments,

As at December 31, 2004, Fortis Securities Polska SA had a limit granted on a VISA card of PLN 50 thousand.

By analogy, as at December 31, 2003, Fortis Securities Polska SA was granted a VISA card limit up to PLN 75 thousand.

d) other data:

As at December 31, 2004, 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 2004, 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, with a breakdown into the titles of write-offs and manner of writing off such receivables – against created provisions, against costs of financial operations, including the specification of losses related to loans and cash loans.

In 2004, 54 loans totaling PLN 5,077 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 2004, the Bank incurred costs related to the creation of provisions for liabilities due to its employees and members of the Board of Executives on account of bonus in the amount of PLN 7,967 thousand.

21. Information about costs of financing employee pension schemes.

The Bank does not finance employee pension schemes.

22. Information about custody operations.

As at December 31, 2004, the Custody Services Group at Fortis Bank Polska SA maintained 10 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 1,113,045 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 December 31, 2004, Fortis Bank Polska SA had 894 FTEs (full-time equivalent), that is, by 25 FTEs more than at the end of 2003. The average employment between January and December 2004 totaled 880 FTEs and was higher by one FTE than in 2003.

Structure of employment in terms of education:

	December 31, 2004	December 31, 2003
High-school graduates	35%	37%
College graduates	11%	9%
University	54%	54%

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

Data for 2004:

1. Remuneration paid to the Bank's Board of Executives members:

Name and surname	function	Amount (PLN thousand)
Ronald Richardson	President of BoE	1,754
Jan Bujak	Vice President	488
Bartosz Chyła	Vice President	344
Jean-Luc Deguel	Vice President	861
Jaromir Pelczarski	Vice President	574
Koenraad Verhoeven	Vice President	978
Total		4,999

The remuneration paid to Board of Executives' members in 2003 amounted to PLN 4,905 thousand. 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 2004 nor in 2003.

2. Remuneration paid to the Bank's Supervisory Board members:

Name and surname	function	Amount(PLN thousand)
Luc Delvaux	Chairman	54
Paul Dor	Deputy Chairman	48
Antoni Potocki	Deputy Chairman	48
Werner Claes	Board Member	42
Zbigniew Dresler	Board Member	42
Didier Giblet	Board Member	42
Roland Saintrond	Board Member	42
Total		318

Remuneration, including profit sharing, paid to the Supervisory Board in 2003 amounted to PLN 329 thousand.

3. Gross remuneration together with ZUS contribution paid out to holders of procuration in 2004 amounted to PLN 3,098 thousand and in 2003 amounted to PLN 2,824 thousand.

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

As at December 31, 2004 Fortis Bank Polska SA extended:

to the Board of Executives' Members:

- One (1) foreign currency loan in the total amount of EUR 20 thousand, as at December 31, 2004, with the maturity from 5 to 10 years, at the market interest rates;
- one (1) PLN mortgage loan, as at December 31, 2004 the outstanding balance on this account amounted to PLN 142 thousand, with the maturity from 5 to 10 years, at the market interest rates;
- one (1) foreign currency mortgage loan, as at December 31, 2004 the outstanding balance on this account amounted to CHF 82 thousand, with the maturity from 5 to 10 years, at the market interest rates;
- one (1) overdraft facility to a ROR checking and saving account, as at December 31, 2004 the balance-

sheet debt amounted to PLN 48 thousand, maturity did not exceed 1 year, the interest rates did not differ from market rates;

- two (2) VISA card limits of the total outstanding balance of PLN 32 thousand as at December 31, 2004, which is recognized as the off-balance sheet debt.

to holders of procurement

- three (3) overdraft facilities in ROR accounts (i.e., checking and savings accounts) for the total amount of PLN 22 thousand as at December 31, 2004 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 795 thousand as at December 31, 2004, 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 reported in off-balance sheet items amounted as at December 31, 2004 to PLN 14 thousand,
- two (2) unused credit line in the amount of PLN 386 thousand, reported as an off-balance sheet item.

to persons related to managing and supervising persons:

- one (1) FC loan of the outstanding balance of EUR 3.4 thousand as at December 31, 2004, with maturity of between five (5) and ten (10) years, at an interest rate corresponding to the applied market rates;
- 5 (five) limits in ROR accounts (i.e., checking and savings accounts). As at December 31, 2004 the outstanding balance amounted to PLN 93.3 thousand; the interest rate does not differ from market rates;
- 3 (three) VISA card limits of up to PLN 25 thousand as at December 31, 2004.

to employees:

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

	December 31, 2004	December 31, 2003
Employee loans in PLN thousand	17,762	19,560
Number of employee loans	627	575

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 2004, no significant events occurred referring to previous years, presented in the financial statements for the current period.

28. Description of important events that occurred after the balance sheet date, i.e. December 31, 2004 and were not shown in the financial statements.

Effective January 1, 2005, the Bank implemented valuation at amortized cost using the effective interest rate method with respect to receivables on account of loans and credit facilities. To determine the effective interest rate, commissions and fees received are taken into account, which are related to the production of a given asset, that is, loan origination fees and fees for the loan amount increase. Such commissions and fees are settled in time applying the amortized cost method as interest income. Other commissions and fees related to loans and credit facilities, i.e. commission for changing collateral, commission for extending the loan repayment term, commission for interest rate reduction, commission for loan currency conversion, commission for the prolongation of the loan or loan tranche disbursement date, commission for early loan repayment, commitment fee on the unused loan amount, commission for the consent to pay compensation under an insurance policy, upfront fee for the financing agreement, are included as one-off items into the Bank's income as commission and fee income.

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

In connection with the Ordinance of the Finance Minister regarding the rules of creating provisions for risk related to banking activity (Dz. U. [Journal of Laws] 03.218.2147) becoming effective as of January 1, 2004 the

picture of the quality of the Bank's credit portfolio from the non-financial sector. As a result the Ordinance's implementation since Jan. 1, 2004 the risk receivables due from enterprises decreased by about 12%, including substandard receivables by ca. 19%, doubtful receivables by ca. 33% and lost receivables remain at the same level. Whereas at-risk due from households decreased by about 28%, including substandard receivables by ca. 86%, doubtful receivables by ca. 329% and lost receivables by ca. 3%.

However, these changes did not affect the net balance of the specific provisions created and the Bank's financial result, because in compliance with the policy applied in the Bank regarding specific provisions, they were maintained at the unchanged level.

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

In 2004, 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/consolidated financial statements.

Starting from January 1, 2004, the Bank includes in the financial result interest accrued on watch receivables. As the financial result adjustment amount on the above account in the comparable data is insignificant, the Bank did not convert the comparable data as at December 31, 2003. Upon conversion, the Bank's gross financial result would rise by 0,1% as at Dec. 31, 2003.

In connection with amendments to the accounting principles, an increase in the item "other accrued income" was noted as at December 31, 2004, as compared to previous periods; the increase resulted from including, as from January 1, 2004, [into] accrued income commissions and fees on loans settled using the straight-line method. As at December 31, 2004, the value of such commissions amounted to PLN 7,691 thousand.

Annual Financial Report from January 1 to December 31, 2003 and has not been modified so as to ensure comparability of data as regards the change of accounting rules described under Section 33 due to the fact that such a modification would not have been feasible for practical reasons and due to the limits resulting from inadequately high amount of work required in order to obtain the comparative data.

33. Changes in the applied accounting policies and manner of preparing financial statements/consolidated 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, 2004, the Bank has changed the accounting rules of settlement of commissions and fees related to revolving credits, overdrafts and guarantees. Those commissions are calculated on a straight-line basis over the duration of the loan agreement or guarantee agreement respectively.

Commission and fee income:

- for granting loans, changing terms and conditions (e.g. interest rate, repayment schedule, collateral) of loans of indefinite payment dates of specific installments (overdraft facilities in current accounts and revolving credits).
- for issuing guarantees and changing terms and conditions of guarantees (e.g. extending validity date of the guarantee),

is recognized in the prepayments and accruals, i.e. settled in time using the straight-line method over the life of a credit agreement or guarantee validity period.

The settlement in time of income and expenses is to ensure the adequacy of income and related expenses.

The opening balance-sheet adjustments due to above-mentioned change totaled PLN (2,731) thousand as at January 1, 2004 and was presented as Retained earnings (or uncovered loss) in the Bank's balance-sheet. The

table below presents the adjustment of the opening balance broken down by amounts related to specific types of loans.

PLN 640 thousand	deferred tax related to the commissions & fees calculated on the straight-line basis
PLN (958) thousand	adjustment related to commissions & fees calculated on the straight-line basis from overdrafts
PLN (605) thousand	adjustment related to commissions & fees calculated on the straight-line basis from PLN revolving working capital credits
PLN (734) thousand	adjustment related to commissions & fees calculated on the straight-line basis from FC revolving working capital credits
PLN (484) thousand	adjustment related to commissions & fees calculated on the straight-line basis from revolving credits secured by a mortgage
PLN (591) thousand	adjustment related to commissions & fees calculated on the straight-line basis from guarantees
PLN (2,731) thousand	TOTAL

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 2004, 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, 2004 through December 31, 2004 were prepared assuming the continuation the Bank's business in the foreseeable future.

36. Data regarding company mergers

In 2004, 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 December 31, 2004, the total assets of Fortis Securities Polska SA constituted 1.1% of the Bank's total assets, FSP's total income made up 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 December 31, 2004, the Supervisory Board was composed of 7 (seven) 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 December 31, 2004 is presented in the table below.

Currency	Assets (PLN thousand)	Assets (%)	Liabilities (PLN thousand)	Liabilities (%)
AUD	376	0.01%	101	0.00%
CAD	2,524	0.05%	1,526	0.03%
CHF	201,804	3.75%	181,876	3.38%

CZK	861	0.02%	112	0.00%
DKK	1,516	0.03%	207	0.00%
EUR	1,272,802	23.65%	1,183,761	21.99%
GBP	6,477	0.12%	3,633	0.07%
HUF	12	0.00%	0	0.00%
JPY	286	0.01%	200	0.00%
NOK	2,537	0.05%	556	0.01%
PLN	2,960,507	55.00%	3,615,000	67.16%
SEK	1,657	0.03%	466	0.01%
USD	931,491	17.31%	395,412	7.35%
TOTAL	5,383,942	100.00%	5,383,942	100.00%