

ADDITIONAL EXPLANATORY 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	As of December 31, 2002	As of December 31, 2001
	PLN thousand	PLN thousand
Wholesale	402,460	444,631
Private individuals	211,645	119,810
Motor vehicles	166,569	127,933
Construction services	143,197	210,438
Municipal and housing services	100,967	60,857
Production of food and beverages	95,071	46,668
Other production	93,542	104,509
Retail trade in industrial goods	85,289	96,751
Power plants, gasworks and waterworks	58,594	74,067
Production of metal goods	51,259	72,760
Non-banking financial services	44,354	25,685
Land transport	32,251	38,778
Print shops and publishers	29,695	34,125
Timber and wooden goods	26,480	28,185
Economic building industry	21,933	31,037
Rubber and plastic products	19,009	8,681
Production of textiles and fabrics	16,490	20,276
Trade in means of transport	15,539	20,286
Coal and oil products	14,653	14,272
Medical and social welfare services	14,624	12,112
Furniture and accessories	14,537	19,842
Retail trade in groceries	14,197	12,793
Other services	438,960	350,642
Other sectors	170,344	209,917
Total	2,281,659	2,185,055

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, 2002	Gross loans as at December 31, 2001
	PLN in thousands	PLN in thousands
- Małopolska Region	273,366	258,147
- Northern Region	172,238	164,965
- Silesia Region	194,577	199,481
- Eastern Region	1,320,616	1,173,836
- Western Region	320,862	388,626
TOTAL	2,281,659	2,185,055

For the needs of the above comparison,

- the Małopolska Region comprises the following provinces: Małopolska, Podkarpackie and Świętokrzyskie,
- 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 are presented in the Table below. Interest is not included.

Entity type	Gross loans as at December 31, 2002	Gross loans as at December 31, 2001
	PLN in thousands	PLN in thousands
Financial sector	46,116	25,094
- insurance institutions and pension funds	153	85
- other financial intermediaries	45,742	25,009
- auxiliary financial institutions	221	0
Non-financial sector	2,234,243	2,159,945
- State-owned enterprises and companies	65,719	82,710
- private enterprises and companies and cooperatives	1,646,148	1,262,027
- individual entrepreneurs	290,724	685,134
- individuals	211,984	119,978
- individual farmers	933	898
- non-commercial institutions operating in favor of households	8,215	607
- settlements with non-financial entities on account of VISA card settlements	10,520	8,591
The budget sector	1,300	16
- the State budget		16
- local budgets	1 300	0
TOTAL	2,281,659	2,185,055

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

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

Fortis Bank has been recording capital groups since the beginning of 2002 and therefore has no comparative data for 2001. In 2002, the Bank did not exceed the maximum exposure limit determined in the Banking Law with respect to any customer or capital group. As regards five (5) customers, the Bank's exposure exceeded 10% of equity and totaled PLN 295 million, as compared to 2001 when in relation to five (5) customers the Bank's exposure exceeded 10% of its equity and totaled PLN 308 million and in relation to no customer the exposure limit determined in the Banking law was exceeded.

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, 2002	Deposits as at December 31, 2001
	PLN in thousands	PLN in thousands
- Małopolska Region	679,696	704,332
- Northern Region	213,678	208,647
- Silesia Region	244,571	302,546
- Eastern Region	866,761	967,879
- Western Region	295,602	302,472
TOTAL	2,300,308	2,485,876

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

Sectors of the economy	As of December 31, 2002 PLN thousand	As of December 31, 2001 PLN thousand
Private individuals	1,358,578	1,512,495
Other services	208,198	210,022
Wholesale	152,943	167,417
Construction services	64,808	76,033
Production of metal goods	44,237	27,713
Other production	34,606	34,069
Retail trade in industrial goods	33,076	45,793
Production of food and beverages	32,324	16,038
Print shops and publishers	29,973	28,818
Public services	24,244	16,894
Legal and economic services	24,217	29,274
Science and technology services	23,277	18,041
Rubber and plastic products	21,096	1,348
Brokerage services	20,789	4,315
Land transport	20,164	25,104
Municipal and housing services	18,166	35,003
Educational services	13,925	18,516
Non-banking financial services	12,938	23,489
Chemical vehicles	11,767	12,348
Housing building industry	11,524	13,889
Other sectors	139,458	169,257
Total	2,300,308	2,485,876

In Sections 2.1. and 2.2. amounts due to the non-financial and State budget sectors are presented.

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

The Bank does not have any foreign branches.

4. Information about financial instruments, considering the Issuer's specificity

4.1. Financial assets and liabilities

- Financial assets or liabilities held for trading - financial assets or liabilities which were purchased or originated in order to obtain gains as a result of short-term price fluctuations,
- Financial assets held to maturity – financial assets of payments or maturity determined or possible to determine, which the bank intends and is able to hold to maturity, except for loans granted by the bank and its own receivables;
- Financial assets available for sale – other financial assets that are not loans granted by the bank or the bank's own receivables;

- 4.2. The Tables below present the change of the balance of financial assets held for trading, loans and cash loans granted by the Bank, own receivables not held for trading, financial assets held to maturity and financial assets available for sale:

Financial assets held for trading	31.12.2002 in PLN thousand
Opening balance	12,673
Increases (on account of)	249,568
- purchase	248,937
- valuation	631

Decreases (on account of)	(106,621)
- sale	(97,364)
- valuation of financial instruments	(9,257)
Ending balance	155,620

Loans and cash loans granted by the Bank and own receivables not held for trading	December 31, 2002 in PLN thousand
Opening balance	3,099,884
Increases	188,707
- net credit balance increase	94,673
- net interest accrued balance increase	12,666
- net other receivables balance increase	2,639
- specific provisions balance decrease	78,729
Decreases	(624,711)
- specific provisions balance increase	(110,787)
- net deposit balance decrease from banks	(513,924)
Ending balance	2,663,880

Financial assets held to maturity	December 31, 2002 in PLN thousand
Opening balance	78,940
Increases (on account of)	0
Decreases (on account of)	(62,176)
- interest	(75)
- redemption of participation units in open-ended investment funds	(62,101)
Ending balance	16,764

Financial assets available for sale	December 31, 2002 in PLN thousand
Opening balance	248,671
Increases (on account of)	1,894,017
- purchase	1,890,489
- interest	3,418
- valuation	104
- FX differences	6
decreases (on account of)	(1,631,867)
- sale	(1,623,727)
- interest	(6,596)
- valuation	(1,544)
Ending balance	510,821

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

a)

- Financial assets held for trading – as of December 31, 2002 the portfolio of securities held for trading included Treasury bills of the book value amounting to PLN 151,573 thousand. Additionally, profit generated as a result of measurement to market of these assets amounted to PLN 631 thousand. In this item, the Bank recognizes also the result of the measurement of derivatives instruments - FX forward, swap and spot transactions; at the end of 2002, the measurement of derivative instruments amounted to PLN 3,416 thousand;
- Financial assets held to maturity – in this item, the Bank recognizes bonds issued by the National Bank of Poland related to the maintenance of the mandatory reserve; their value at the end of December, 2002 amounted to PLN 16,764 thousand;

- Financial assets available for sale - in this item, the Bank recognizes Treasury securities: bills and bonds and shares in SWIFT. These instruments are to hedge the interest rate risk and utilization of liquidity surplus. As of the end of 2002, their value stood at PLN 510,821 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.

Debt securities held for trading (marketable securities) are measured at fair value and the effects of a change in the fair value are recognized as net financial result.

Debt securities held to maturity (investment securities) are recognized at their purchase price adjusted for accrued interest, discount and premium. Debt securities held to maturity are adjusted for write-offs on account of an 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, taking into account the value date. Between the transaction date and value date, a given security is recorded in off-balance sheet items in a nominal value, considering the side of the transaction effected.

Derivative instruments (FX Spot, Forward and Market 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 recognition of derivatives is presented in the net amount.

The fair value of FX Spot, Forward and Market 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.

Open-ended investment fund participation units are recognized by the Bank at their purchase price, adjusted by the increase or decrease in the participation unit value accrued up to the balance sheet date, taking into consideration relevant write-offs on account of an impairment loss. The impairment loss of value is regarded to take place, if the depreciated price remains lower than the purchase price for at least three (3) months.

Shares and holdings in SWIFT are recognized at their purchase price taking into consideration relevant write-offs on account of impairment loss.

Amounts receivable and payable on account of loans, cash loans and other receivables are recognized at 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, 2001 regarding the rules of creating provisions for risk related to banking activity (Journal of Laws No 149 item 1672, as amended,). The required provisions are created at the end of each reporting period. Provisions for receivables denominated in foreign currencies are translated into Polish zlotys together with the amounts receivable covered by the provisions.

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

The Bank does not acquire any financial instruments from the regulated market.

d) Information on interest rate risk

As of the end of 2002, the Bank pursued a policy of matching average interest rate re-pricing periods of USD and EUR assets and liabilities, which are re-priced in one, three and six month periods. At the same time, the Bank maintained longer interest rate re-pricing periods of PLN assets versus PLN liabilities, to utilize the decreasing interest rate trend to increase interest income. In order to achieve longer interest rate re-pricing periods in PLN assets, the Bank bought liquid State Treasury bonds of fixed interest rate and maturity up to two years, and Treasury bills. The effect thus achieved was additionally reinforced by short re-pricing periods (mostly up to three months) of deposits accepted by the Bank from clients which reduced the average re-pricing period on the liabilities side. Using such a technique, the Bank achieved a profitable, from the point of view of the market situation, balance sheet structure position while keeping the liquidity at a safe level.

e) Information on credit risk

The Bank's credit activity focuses on the service of small and medium enterprises. The majority of loans are granted entities operating in trade and services economic sectors. 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-list,
- sub-standard,
- 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	As of December 31, 2002				As of December 31, 2001			
	Performing loans		Non-performing loans		Performing loans		Non-performing loans	
	In thousand PLN	% of total loans	In thousand PLN	% of total loans	In thousand PLN	% of total loans	In thousand PLN	% of total loans
Other services	379 281	17%	59 679	3%	326 916	15%	23 726	1%
of which non-performing			23 371	1%			12 293	0,6%
Wholesale trade	324 719	14%	77 741	3%	366 911	17%	77 720	4%
of which non-performing			50 280	2%			48 870	2%
Private individuals	194 748	9%	16 897	1%	104 786	5%	15 024	0,7%
of which non-performing			230	0,0%			186	0,0%
Motor vehicles	165 840	7%	729	0,0%	127 395	6%	538	0,0%
of which non-performing			551	0,0%			19	0,0%
Construction services	85 976	4%	57 221	3%	190 152	9%	20 286	1%
of which non-performing			41 624	1,8%			4 157	0,2%

4.2.2 Financial assets that are measured at amortized costs.

The Bank measures in this manner assets available for sale - bonds issued by the National Bank of Poland, blocked for the mandatory reserve. As of December 31, 2002 the value of these securities amounted to PLN 24,979 thousand.

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, while the other assets are measured to amortized cost.

Loans and credit facilities due from financial and non-financial entities and government and self-government institutions are recognized in the balance sheet at the amount of the required payment that includes also the interest due, taking into consideration specific provisions built under the Ordinance of the Finance Minister dated December 10, 2001 regarding the rules of creating provisions for risk related to banking activity (Journal of Laws No 149 item 1672, as amended).

Financial liabilities, which are neither held for trading nor are derivatives due to financial or non-financial entities are recognized in the amount of the payment required, which includes also the interest due on the liabilities.

4.2.4 In 2002, the Bank was not a party to any agreement as a result of which financial assets would be transformed into securities, or any repurchase agreement.

4.2.5 Data regarding the effects of measurement of available-for-sale financial assets at market value:

As of January 1, 2002 and December 31, 2002 the available-for-sale securities were measured to fair value. The measurement value was recognized in the Bank's balance sheet statement in the Revaluation Fund item. The measurement results are presented in the Table below:

	Measurement value in PLN thousand	
	As of January 1, 2002	As of December 31, 2002
Treasury bills	941	1,046
Treasury bonds	2,539	995
TOTAL	3,480	2,041

4.2.6 Information about income and cost from financial assets available for trade, which were removed (sold,

liquidated) from the balance sheet statement:

In 2002, Fortis Bank Polska SA sold the following securities from the portfolio of assets available for sale:

- Treasury bills of the nominal value amounting to PLN 384,300 thousand.

The Bank earned profit on the above transactions in the amount of PLN 1,791 thousand, while the discount sold amounted to PLN 7,994 thousand.

In addition to the above, T-bills in the book value of PLN 92,218 thousand were transferred from the available-for-sale asset portfolio to the held-for-trading asset portfolio.

- Treasury bonds of the nominal value of PLN 280 million. The securities sold comprised bonds marked with PS1106 symbols of the nominal value of PLN 250 million and with PS0507 symbols of the nominal value of PLN 30 million.

The Bank earned profit on the above transactions in the amount of PLN 10,496 thousand, while the discount sold amounted to PLN 506 thousand and the coupon sold amounted to PLN 28,236 thousand.

In addition to the above, Treasury bonds in the book value of PLN 120,247 thousand were transferred from the available-for-sale asset portfolio to the held-for-trading asset portfolio.

The following bonds were transferred:

- OK0403 - nominal value of PLN 10 million
- OK0404 - nominal value of PLN 50 million
- OK0804 - nominal value of PLN 20 million
- PS0206 - nominal value of PLN 10 million
- PS0506 - nominal value of PLN 30 million

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 of the date of sale.

In 2002, the Bank did not generate any income or incur any expenses related to the above.

4.2.8 At the end of 2002, no financial assets measured at fair value were reclassified into assets measured at the adjusted cost of acquisition.**4.2.9** In 2002, the Bank built specific provisions for risk related to credit exposures. The data regarding decreases and increases in the value of this group of financial assets are presented in notes nos. 2H and 3H to the balance sheet statement. Changes in the value of subsidiary's shares held by the Bank on account of impairment loss is presented in no. note 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:

	As of December 31, 2002 in PLN thousand		As of December 31, 2001 in PLN thousand	
	Interest accrued	interest received	interest accrued	interest received
Interbank placements	518	67,216	4,099	102,098
Loans	7,973	183,001	13,097	247,384
Receivables purchased	1	20	3	143
Guarantees paid	1	9	1	47
TOTAL	8,493	250,246	17,200	349,672

4.2.11 Deferred interest income on loans granted or own receivables on account of their impairment loss:

	As of December 31, 2002 in PLN thousand	As of December 31, 2001 in PLN thousand
Interest capitalized	223	4
Deferred interest income on receivables purchased	75	55
Deferred interest income on guarantees paid	3,667	3,060
Deferred interest income on loans	73,070	52,975
TOTAL	77,035	56,094

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:

	As of December 31, 2002 in PLN thousand		As of December 31, 2001 in PLN thousand	
	Interest accrued	Interest paid	Interest accrued	Interest paid
Current accounts	81	38,010	573	50,862
Interbank deposits	177	8,169	1,250	20,194
Term deposits	5,348	80,324	14,471	169,193
Blocked deposits	1,461	18,851	4,226	32,051
Credit facilities and loans received	4,764	16,838	4,185	14,305
TOTAL	11,831	162,192	24,705	286,605

4.2.13 Information about underlying instruments

- *swap*

The Bank effects currency swap transactions. FX swaps involve 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.

It is a financial instrument used to manage liquidity and hedge the Bank's foreign currency loan portfolio against the FX risk. The amount of transactions, FX rates and settlement dates are specified in contracts concluded on the interbank market. However, since it does not meet the criteria of hedge accounting, it is presented in the group of speculative instruments.

Currency swap transactions are measured by the Bank by comparing the transaction exchange rate with the NBP mid-rate binding at the end of a reporting period.

On December 31, 2002 Fortis Bank Polska SA was involved in 12 swap transactions with both domestic and foreign banks.

The Bank's obligations to buy arising out of these transactions amounted to: EUR 10,000 thousand, USD 34,322 thousand, CHF 6,685 thousand and PLN 182,940 thousand (in total, PLN 373.398 thousand calculated at the NBP fixing on December 31, 2002). Obligations to sell: EUR 12,097 thousand, USD 38,811 thousand and PLN 174,781 thousand (in total PLN 372,398 thousand calculated at the NBP fixing on December 31, 2002).

The period for which swap transactions were concluded was between 2 and 367 days, where the latest settlement date is May 16, 2003.

This financial instrument may be settled only on the date specified in the contract. It may not be converted into (exchanged for) another asset or liability, either. With respect to currency swaps, the Bank is exposed to the interest rate risk, which will be reflected in the current prices of the instrument. The Bank hedges against adverse market changes by making opposite transactions i.e. offset (closing swaps, placements, deposits).

- *forward*

Forward transactions, which are settled later than two business days after the transaction date, are carried out by the Bank with clients and other banks. FX forward transactions involve either the purchase or sale of a specific amount of a foreign currency for PLN or another foreign currency, on a predetermined date in the future, using a forward rate set on the transaction date.

Forward transactions are measured by the Bank by comparing the transaction exchange rate with the market rate binding for similar transactions at the end of a reporting period.

This financial instrument is used to secure the Bank against the FX risk and to maintain liquidity. Any details, such as a transaction amount, FX rate and settlement date are specified in a contract.

On December 31, 2002, Fortis Bank Polska SA was involved in 170 FX forward transactions concluded with non-banking clients. On this day there were no transactions of this type opened on the interbank market. The Bank was obliged to sell: EUR 46,373 thousand, USD 74,763 thousand, GBP 14,000 thousand and PLN 62,668 thousand (in total PLN 622,619 thousand calculated at NBP fixing on December 31, 2002). Obligations to buy: EUR 51,070 thousand, USD 65,229 thousand, GBP 14,000 thousand, PLN 82,871 thousand (in total: PLN 625,105 thousand calculated at the NBP fixing on December 31, 2002).

The forward transactions were concluded for periods from 3 up to 373 days, while the latest settlement date is

October 8, 2003.

A transaction can be settled earlier by concluding appropriate closing transactions. FX forward transactions may not be converted into another asset or liability. The Bank uses a number of security deposits in the event that a client fails to fulfill his/her contractual obligations. They amount to either 10% or 15% of the transaction amount. When carrying out FX forward transactions, the Bank is exposed to the FX and interest rate risk, however, the Treasury Department controls their levels by making appropriate transactions on the interbank market.

- *spot*

Spot transactions consist in the purchase of a currency for another currency, which is settled two business days after the transaction date. There are spot transactions carried out by the Bank with clients and with other banks.

The Bank measures spot transactions by comparing the transaction exchange rate with the NBP mid-rate binding at the end of the reporting period.

The table below presents FX spot, forward and swap operations.

	As of December 31, 2002 PLN in thousand	As of December 31, 2001 PLN in thousands
Spot	108,436	326,734
Forward	1,247,724	1,478,364
Swap	745,796	1,264,842
Total	2,101,956	3,069,940

Transaction prices of forward and swap transactions opened as of December 31, 2002 were as follows:

- **forward:**

- EUR/USD transactions: from 0.97 to 1.0489
- EUR/PLN transactions: from 3.77 to 4.2872
- USD/GBP transactions: from 1.5388 to 1.574
- USD/PLN transactions: from 3.831 to 4.4135

- **swap:**

- USD/CHF transaction: 1.49239
- EUR/CHF transactions: 1.4733
- EUR/PLN transactions: from 3.9831 to 4.0278
- USD/PLN transactions: from 3.843 to 4.391

4.2.14 Risk management objectives and rules

Risk types

The Bank's strategy as regards risk has the following objectives:

- o protection of funds and liabilities of other type, such as deposits, share capital, securities, entrusted to the Bank by clients and shareholders;
- o prevention against losses and using the opportunities to earn profit in the controlled environment, i.e. within determined processes, rules, parameters that are subject to periodical review and changes implemented by the Bank's Board of Executives;
- o development of operational activity in compliance with assumptions adopted by the Board of Executives and Supervisory Board;

Effective risk management regarding the entire bank has become a formal necessity due to changeable economic and social parameters, which are e.g. characterized by frequently changing interest rates and FX rates and also more and more complex law provisions environment .

Main rules

Any new products and services that involve liquidity, interest rate, credit and/or operational risks, are subject to the following verification process before the launch of the concerned product or service:

- o Step 1: identification of potential risks involved.
- o Step 2: check whether the Bank is able to assess and monitor identified potential risks in an efficient way from start to maturity.
- o Step 3: check if identified potential risks can be hedged at market prices, under which conditions and to what extent.
- o Step 4: check if envisaged sales prices cover hedging costs (risk premium).
- o Step 5: check if existing systems and procedures allow to process transactions in a professional way.

If a new product or service does not meet the Bank's criteria of sound risk management and the concerned Business Line nevertheless is of the opinion that good reasons exist for launching the product or service, the Board of Executives, upon the request of the concerned Business Line or the Risk Department, will decide whether or not or under which conditions the new product or service can be offered.

The same rule also applies to fundamental changes to existing products and services if such changes affect market, liquidity, credit or operational risks.

Liquidity risk

Limits

The Bank monitors liquidity risk through a multidimensional system of limits and reports. Today, the following limits exist:

- o Current liquidity limit – Unstable Liabilities

Liquid Assets must exceed Unstable Liabilities less one third of the Free Inter-bank Funds and less one third of Available Inter-bank Fortis Funds

- o Current liquidity limit – Largest Depositors

Liquid Assets must exceed total Largest Deposits less one third of Free Inter-bank Funds and less one third of Available Inter-bank Fortis Funds.

- o Current liquidity limit – Largest deposit concentration by economic sector

Liquid Assets must exceed Largest Deposit Concentration by Economic Sector less one third of Free Inter-bank Funds and less one third of Available Inter-bank Fortis Funds.

- o Current liquidity limit – Minimum Level

Liquid assets must exceed PLN 350 million.

- o Current liquidity limit – Potential Commitments

Liquid Assets must exceed Potential Commitments less one third of Free Inter-bank Funds and less one third of Available Inter-bank Fortis Funds.

- o Long-term liquidity limit – All Currencies

The Maximum Cumulated Gap - All Currencies position may not exceed 70% of core deposits in all currencies.

- o Short-term liquidity limit – All Currencies

The Maximum 30-day Cumulated Gap - All Currencies position may not exceed 30% of core deposits in all currencies.

- o Long-term liquidity limit – PLN

The Maximum Cumulated Gap – PLN may not exceed 70% of core deposits in PLN.

- o Short-term liquidity limit – PLN

The Maximum 30-day Cumulated Gap - PLN may not exceed 30% of core deposits in PLN.

- o Long-term liquidity limit – USD

The Maximum Cumulated Gap - USD may not exceed PLN 450 million plus half of the Available Inter-bank Fortis Funds.

o Short-term liquidity limit – USD

The Maximum 30-day Cumulated Gap - USD may not exceed PLN 200 million plus half of the Available Inter-bank Fortis Funds.

o Long-term liquidity limit – EUR

The Maximum Cumulated Gap - EUR may not exceed PLN 250 million plus half of the Available Inter-bank Fortis Funds.

o Short-term liquidity limit – EUR

The maximum 30-day cumulated gap – EUR may not exceed PLN 100 million plus half of the Available Inter-bank Fortis Funds.

These are the limits valid as of the balance sheet date, i.e. December 31, 2002. They may be changed or new limits may be added at any time by the Board of Executives upon a proposal of the ALCO Committee.

The ALCO Committee reviews limits and reporting techniques at least once a year.

Liquidity Risk Management Objectives

- o to keep PLN deposits priced at table rates at a minimum level of approximately 40% of total PLN customer deposits.
- o to keep PLN deposits with a contractual maturity exceeding 3 months at a minimum level of approximately 30% of total PLN customer deposits.
- o to keep the evolution of USD deposits in line with the evolution of USD loans.

Market risk

The Bank monitors market risk, i.e. FX risk and interest rate risk through a multidimensional limits and reports system. At present, the following limits are applied:

Interest rate risk

o Maximum Interest Earnings at Risk

The maximum cumulated negative changes reported in the Net Interest Earnings at Risk - Shock Interest Rate Change Scenario may not exceed 20% of the total forecasted net interest earnings of the current year.

o Maximum economic value at risk – I

The absolute value of the total negative value changes in the Economic Value at Risk - Shock Interest Rate Change Scenario may not exceed 10% of the Bank's Equity.

o Maximum economic value at risk – II

The absolute value of the total negative value changes in the Economic Value at Risk - Shock Interest Rate Change Scenario for 3 and 6 Months Rates may not exceed 10% of the Bank's Equity.

Foreign Exchange Risk

o Overnight Position Limits

- The maximum overnight position for each currency may not exceed 1.5% of the Bank's Equity,
- The maximum global¹ overnight position may not exceed 2.5% of the Bank's Equity,
- The maximum total² overnight position may not exceed 3% of the Bank's Equity.

o Overnight Value at Risk Limit

- The maximum end of day value at risk³ limit may not exceed PLN 50,000.

o Daily Position Limits

- The maximum intra-day overnight position for each currency may not exceed PLN 10,000,000,

¹ This is the sum of all positions in foreign currencies.

² This is of the total long or the total short positions in foreign currencies, in absolute terms, whatever is the largest amount.

³ This is the statistically estimated potential loss resulting from the overnight positions in each currency.

- The maximum intra-day global¹ position may not exceed PLN 12,500,000,
 - The maximum intra-day total² position may not exceed PLN 15,000,000.
- o Daily Value at Risk Position Limit
- The maximum intra-day value at risk⁴ position may not exceed PLN 30,000.

These are the limits valid as of the balance sheet date. They may be changed or new limits may be added at any time by the Board of Executives upon a proposal of the ALCO Committee.

The ALCO Committee reviews limits and reporting techniques at least once a year.

- o The following instruments are allowed for hedging purposes:
- Securities, i.e. bonds and Treasury bills issued by the Republic of Poland and the NBP,
 - Interbank money market transactions,
 - Interbank foreign exchange swap transactions.

The ALCO Committee may decide at any time to amend this list or to add new hedging instruments.

- o The hedging strategy of the Bank is reviewed and decided by the ALCO Committee taking into consideration existing limits, revenue opportunities, current market situation and most probable market development, each time the Committee meets.

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 Department, responsible for on-going operational risk analysis, development and improvement of adequate risk control techniques in the Bank.

In 2002, Fortis Bank Polska SA developed systems of operational risk monitoring and management. 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.

In 2002, Fortis Bank Polska SA successfully completed the Business Continuity Plan, covering all the Bank’s key business functions.

The Role of ALCO Committee in Banking Risk Management

ALCO Committee sets limits for:

- general market risk position (interest rate, currency, price fluctuations risk),
- interest rate risk for specific portfolios maintained in accounting records.

ALCO Committee establishes risk management strategies for short, medium and long-term time horizons subject to the approval of the Board of Executives and the Supervisory Board.

ALCO Committee makes periodic adjustments to the implementation of respective market risk management strategies for short, medium and long-term time horizons.

Risk Department

⁴ This is the statistically estimated potential loss resulting from the intra-day position in each currency.

The Risk Department supports the Board of Executives in all issues pertaining to banking activity risk, except for credit risk. The risk management includes:

- ALM – Asset and Liability Management (business line responsible for the management of the Bank’s assets and liabilities)
- market risk,
- risk modeling,
- transfer pricing,
- operational risk.

The Risk Department Director directly reports to the Vice-President, Chief Financial Officer, and is a member of the ALCO Committee.

The Fortis Group Central Risk Management department in Brussels offers assistance in implementing new risk management methodologies. Both departments are in regular touch with each other.

The Risk Department is responsible for:

- interest rate re-pricing dates mismatch monitoring and reporting it to ALCO,
- presenting risk hedging strategies to ALCO,
- monitoring the utilization of risk limits and reporting it to ALCO.

Risk Monitoring and Measurement Tools:

The following tools have so far been developed:

- tools enabling the collection of up-to-date information about margins, volumes and profits from deposit and loan products offered by the Bank,
- tools applied in setting negotiable interest rates for term deposits with fixed and variable interest,
- risk databases with information about interest rate risk and liquidity risk, used in the process of taking decisions regarding strategic and long-term investments,
- application to monitor on an on-going basis currency, interest rate and liquidity risks,
- Basel 2 database – including comprehensive data regarding credit and operational risks.

Credit Risk

The risk is analyzed using a standard assessment methodology applied in the Bank. When assessing credit risk, both a given credit product risk and the total Bank’s credit exposure risk towards an entity, including all loans granted and other risk-bearing financial products, are analyzed.

The Bank has in place a multi-level credit application analysis and credit decision-making system. The analysis and decision-making level depends on the total Bank’s exposure towards an economic entity or a group of affiliated entities. The system adopted by the Bank aims to ensure maximum objectivity in the application assessment process and minimum risk related to the Bank’s credit exposure.

The Bank’s credit decisions pertain both to the loan applied for by a given entity (loan amount and terms), and to the total Bank’s exposure towards this entity.

As regards entities that qualify to, or have been classified into a higher-risk category using a classification system adopted by the Bank, additional procedures are applied along with the generally binding ones, to mitigate the Bank’s risk.

In the Bank’s credit process, client acquisition and credit product sales functions are organizationally separated from credit risk assessment. Client acquisition and credit product sales are the main tasks of MEC and IPS Business Lines, while risk assessment is the responsibility of the Credits.

There two business lines in the Bank: MEC BL- responsible for the service of Medium Enterprises and Corporates and IPS BL that offers services to Individuals, Professionals and Small Enterprises.

To balance both functions, the “four eyes principle” has been adopted for credit decision making. The rule means that with regard to each case, the decision is made by a representative of the Credits and a representative of either MEC or IPS Business Line.

Monitoring is conducted based on internal Bank's procedures, taking into account the provisions of the Finance Minister Ordinance dated December 10, 2001 regarding the creation of provisions for risk related to banking activities, and the rating rules binding in the Fortis group.

Risk is mitigated and secured by applying the following rules:

- entities are granted financing in the amount corresponding to the assessment of their creditworthiness and risk level,
- legal collateral for the loan repayment is established,
- the collateral value is realistically assessed,
- the Bank's Credit Committee determines an individual strategy as regards debtors of large credit exposure with heightened risk,
- specific provisions are created and planned for the existing and forecast higher-risk credit exposures.

4.2.15 The Bank does not apply hedge accounting specified in Chapter 5 of the Ordinance of the Finance Minister of December 10, 2001, regarding detailed rules of bank accounting (Journal of Laws no. 149, Item 1673 of 2001).

In connection with the above, the information required under Sections 4.2.16 and 4.2.17 do not apply to Fortis Bank Polska SA.

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

In 2002, the Bank did not conclude any contracts for either subscription options or ordinary share sales.

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

As of December 31, 2002, the following assets of Fortis Bank Polska SA constituted collateral for commitments:

- Treasury bills of the nominal value of PLN 120,000 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 11,000 thousand that collateralize the Guaranteed Means Protection Fund under the Bank Guarantee Fund. As of December 31, 2002, the value of funds covered by the guarantee system accumulated in the Bank amounted to PLN 2,242,951 thousand;
- Bonds issued by the National Bank of Poland of the nominal value of PLN 16,652 thousand; these obligations, maintained in the portfolio in relation to the decrease of the mandatory reserve rates, may not be sold before maturity;
- PLN 24,979 thousand, bonds related to a cut in interest rates of the mandatory reserve, converted by NBP in February 2002 (marketable bonds).

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

In 2002, the Bank did not conclude any repo agreement transactions.

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

As of December 31, 2002, there were 372 unused credit lines, in the total amount of PLN 174,993 thousand, while as of December 31, 2001, there were 469 unused credit lines of the total balance of PLN 329,318 thousand. The table below shows unused credit lines broken down by an entity type and maturity date:

	31.12. 2002		31.12.2001	
	up to 1 year	over 1 year	up to 1 year	over 1 year
financial entities	-	10,998	-	34,586
non-financial entities	146,136	17,859	203,804	90,928
TOTAL	146,136	28,857	203,804	125,514

The Bank has irrevocable commitments in the form of granted overdraft facilities. As of December 31, 2002, the liabilities on account of unused overdrafts totaled PLN 291,147 thousand, as compared to PLN 406,145 thousand as of December 31, 2001.

Moreover, the Bank entered into financial framework agreements, whose balance as of the end of 2002

amounted to PLN 134,516 thousand. In the previous years, the Bank did not conclude such agreements. The currency structure of the financial framework agreements is presented in the Table below:

Currency	As of December 12, 2002	
	Amount	PLN equivalent (in thousand)
in EUR thousand	9,529	38,309
in PLN thousand	89,847	89,847
in USD thousand	1,657	6,360
Total		134,516

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 liabilities granted, broken by subsidiaries, affiliated entities and other entities:

Specification	As of December 31, 2002		As of December 31, 2001	
	related to financing	guarantees	related to financing	guarantees
Subsidiaries	75	-	75	-
Affiliated entities	11,010	-	34,586	-
Other entities	758,406	121,614	1 196,476	128,855
Total	769,491	121,614	1 231,137	128,855

As of the end of 2002, the Bank held the following off-balance sheet items related to affiliated entities:

- a limit in VISA card in the amount of PLN 75,000 granted to Fortis Securities Polska S.A.;
- a limit in VISA card in the amount of PLN 12,000 granted to Fortis Lease Polska sp. z o.o.;
- unused credit line in the amount of PLN 10,998 thousand granted to Fortis Lease Polska Sp. z o.o. for up to five (5) years;

By analogy, at the end of 2001, the Bank held the following off-balance sheet items related to affiliated entities:

- a limit in VISA card in the amount of PLN 75,000 granted to Fortis Securities Polska S.A.;
- unused credit line in the amount of PLN 34,586 thousand granted to Fortis Lease Polska sp. z o.o. for up to five (5) years.

As of the end of December 2002, the number of guarantees issued by the Bank totaled 658, of which 377 were denominated in PLN. The Bank's liabilities on account of guarantees amounted to a PLN equivalent of 104,750 thousand, of which 58,891 thousand was denominated in PLN. The table below shows the guarantees issued with a breakdown into particular currencies:

Specification	Currency	31.12.2002		31.12.2001	
		Amount	Number	Amount	Number
Total guarantees	PLN thousand	104,50	658	124,769	600
of which:	CHF thousand			24	1
	EUR thousand	8,614	148	20,816	104
	GBP thousand	10	1	57	1
	PLN thousand	58,891	377	88,748	343
	USD thousand	2,909	132	15,124	151

As of the end of 2002, the balance of guarantees arising from framework agreements amounted to PLN 8,933 thousand. In previous years the Bank did not conclude any such agreements. The currency structure of such agreements is presented below:

	31.12.2002 r.	
Currency	Amount	Amount in PLN
EUR thousand	879	3,536
PLN thousand	4,980	4,980
USD thousand	109	417
Total		8,933

As of December 31, 2002, the balance of Letters of Credit (LCs) opened by the Bank totaled PLN 44,057 thousand. The currency structure of letters of credit is shown below:

	31.12.2002		31.12.2001	
Currency	Amount	Amount in PLN	Amount	Amount in PLN
DKK thousand			1,406	666
EUR thousand	2,902	11,665	8,604	30,302
PLN thousand	5,565	5,565		
USD thousand	6,988	26,827	8,245	32,865
Total		44,057		63,833

Moreover, the Bank has three confirmed export LCs opened upon request of a foreign counterparty by foreign banks totaling PLN 7,931 thousand.

	31.12.2002		31.12.2001	
Currency	Amount	Amount in PLN	Amount	Amount in PLN
EUR thousand			44	156
PLN thousand			247	247
USD thousand	2,066	7,931	924	3,683
Total		7,931		4,086

As of December 31, 2002, the Bank had 5,081 unused VISA card limits in the total amount of PLN 57,779 thousand, while at the end of 2001, the Bank had 4,288 unused VISA card limits in the total amount of PLN 51,841 thousand.

10. Information about a proposed dividend payment if it has not been formally approved, and also about any cumulated unrecognized dividends from preference shares.

The Board of Executives will submit a motion to the General Shareholders' Meeting to allocate the entire net profit for 2002, in the amount of PLN 31,474,465.79, for the payment of dividends to shareholders.

Fortis Bank Polska SA has not issued any preference shares.

11. Information about liabilities related to approved dividend payment.

As of the day of submitting this Annual Report, the dividend payment was not approved.

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 of December 31, 2002, 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 2002, 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 2002, the Bank incurred costs of fixed assets under construction, fixed assets for own needs in the amount of PLN 16 million.

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

In the next 12 months the Bank's projected investment costs will amount to approximately PLN 19.5 million, most of which will be used to purchase fixed assets and intangible fixed assets necessary for a smooth running of the Bank's day-to-day operations.

The table below shows the incurred investment outlays in 2002 and in 2001:

	31.12.2002 PLN thousand	31.12.2001 PLN thousand
Investments in progress	8,878	16,953
Advances on account of investments	114	-
Fixed assets	4,479	22,222
Equipment	2,767	15,964
Vehicles	1,438	3,021
Other	274	3 237
Intangible fixed assets	2,195	8,057
Computer software purchased	2,195	8,057
TOTAL	15,666	47,232

16.

16.1. Information about the issuer's transactions with affiliated entities, also those capital or organizationally affiliated 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 and a percentage share assigned to transactions with such entities.

- loan agreement concluded on September 24, 1998 with Fortis Bank S.A. and Fortis Bank Nederland NV (former Generale Bank). On November 12, 1999, an Annex to the Agreement was signed. Under the Agreement, the Bank was granted a credit line of up to DEM 200 million (at present EUR 102 million) for seven years.
- Loan Agreement dated September 24, 2001 with Fortis Bank (Nederland), with its registered office in Rotterdam. Under the Agreement, the Bank was granted a credit line of EUR 50 million for 4 years.
- Fortis Bank Polska SA concluded transactions on the interbank market with Fortis Bank in Brussels. As of December 31, 2002, the balance of placements amounted to PLN 50,000 thousand. Fortis Bank also has nostro and loro accounts and an overnight deposit account. As of the end of 2002, the balance of overnight deposits made amounted to PLN 45,428 thousand. The interest rate on these accounts corresponds to market rates.
- Fortis Securities Polska SA sub-leases to Fortis Bank Polska SA office premises and parking space. The sub-lease agreement was concluded on February 15, 2001, for five years and is renewable.
- 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.
- Revolving Credit Agreement dated November 17, 2000 with Fortis Lease Polska Sp. z o.o. Under the Agreement, a revolving multi-currency credit facility was granted in the amount of PLN 55 million to be repaid by November 17, 2005, bearing the market interest rate. As of the end of 2002, the credit outstanding balance amounted to PLN 43.5 million.
- Overdraft Credit Facility Agreement dated April 5, 2002 with Fortis Lease Polska Sp. z o.o. Under the Agreement, Fortis Lease was granted an overdraft facility in the amount of PLN 0.5 million under the market conditions, to be repaid by April 7, 2003.

16.2. Data concerning affiliated companies on:

- a) receivables and liabilities:

	31.12.2002 in PLN thousand		31.12.2001 in PLN thousand	
	Parent company	Subsidiary	Parent company	Subsidiary
Receivables				
Current receivables	48,100		422	
Term deposits	50,000		59,095	
Loans		352		
Interest	15	1	47	
Fixed assets				
Other assets		1		295
Total receivables	98,115	354	59,564	295
Liabilities				
Current accounts	215	24		245
Term deposits				1,792
Interest accrued				
Total liabilities	215	24	-	2,037

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

	31.12.2002 in PLN thousand		31.12.2001 in PLN thousand	
	Parent company	Subsidiary	Parent company	Subsidiary
Income				
Interest income	117	28	260	
Commission and fee income	544	20	426	36
Income on financial operations				5,347
Other operating income		392		340
Total income	661	440	686	5,723
Expense				
Interest expense	21,409	115	15,660	5,854
Commission and fee expense	122			
Remuneration for consulting in preparing the issue prospectus				1,102
Operating costs	21	567	18	24
Total costs	21,552	682	15,678	6,980

c) granted credit facilities, including irrevocable commitments,

As of December, 2002, Fortis Securities Polska SA had a VISA card limit up to PLN 75 thousand.

On September 30, 2002, the Bank extended to Fortis Securities Polska SA an overdraft facility of PLN 1 million, to be repaid until March 31, 2004, on market conditions. The remaining portion of the debt of PLN 648 thousand is shown as an off-balance sheet commitment.

The off-balance sheet liabilities granted to Fortis Lease Polska Sp. z o.o. have been described in Section 9.

d) other data:

As of the end of 2002, the Bank owned 100% of shares of Fortis Securities Polska SA.

The Supervisory Board of Fortis Securities Polska SA includes two members of the Board of Executives of Fortis Bank Polska SA and one holder of procuration.

On August 12, 2002, the Extraordinary General Meeting of Shareholders of PDM Towarzystwo Funduszy Inwestycyjnych SA (subsidiary of Fortis Securities Polska SA) resolved to liquidate the Company.

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

In 2002, 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 2002, 18 loans totaling PLN 18,347 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:

As of December 31, 2002, the Bank did not have any costs on account of provisions created for future liabilities towards employees.

In 2002, the Bank incurred costs related to the creation of provisions for liabilities due to its employees on account of unused vacation leaves in the amount of PLN 386 thousand.

21. Information about costs of financing employee pension schemes.

The Bank does not finance employee pension schemes.

22. Information about custody operations.

As of December 31, 2002, the Custody Services Group at Fortis Bank Polska SA maintained four 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 452,582 thousand. During the 2002 reporting period, no securities traded abroad were maintained in the Bank's custody. In rendering custody services to customers, the Bank co-operated with DB Securities SA.

Alongside custody services, the Group acted as a depositary for term investment funds established and managed PDM Towarzystwo Funduszy Inwestycyjnych SA. As the operation period of the funds expired, the Group liquidated them.

23. Information about asset securitization.

Not applicable.

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

At the end of 2001, Fortis Bank Polska SA had 946 FTEs (full-time equivalent). In the course of 12 months, this number was brought down to 876. In 2002, average employment totaled 877 FTEs.

Structure of employment in terms of education:

	31.12.2002	31.12.2001
High-school graduates	39%	44%
College graduates	8%	8%
University	53%	48%

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

Remuneration, including profit sharing, paid to the Board of Executives, Supervisory Board and holders of procuration of Fortis Bank Polska SA is shown below.

Remuneration	31.12.2002 PLN thousand.	31.12.2001 PLN thousand
Board of Executives	6,012	6,351
Supervisory Board	370	342
Holders of procuration	2,990	3,972

Two Members of the Board of Executives of Fortis Bank Polska SA and one holder of procuration who are

Members of the Supervisory Board of Fortis Securities Polska SA did not receive such remuneration either in 2001 or in 2002.

26. **In the financial statement - 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 December 31, 2002 Fortis Bank Polska SA extended:

to the Supervisory Board Members:

- 2 guarantees for American Express card in the outstanding balance of USD 10,000 as of Dec. 31, 2002;
- 1 overdraft in the ROR account (i.e., checking and savings account) of the outstanding balance of PLN 25 thousand as of December 31, 2002, to be repaid until July 31, 2003, at an interest rate corresponding to the applied market rates;
- 2 Visa card limit of the outstanding balance of PLN 42 thousand as of December 31, 2002.

to the Board of Executives' Members

- 1 guarantee amounting to PLN 54 thousand as of December 31, 2002;
- Visa card limit up to PLN 10 thousand as of December 31, 2002.

to holders of procuration

- 9 loans of the outstanding balance of PLN 718 thousand as of December 31, 2002, with a repayment term of 3months-10years, at an interest rate corresponding to the applied market rates;
- 5 Visa card limits of the outstanding balance of PLN 58 thousand as of December 31, 2002.

to employees:

- 2 advance payments for business expenses of the total amount of PLN 1 thousand.

to persons related to managing of supervising persons:

- 1 limit in the ROR account of the outstanding balance of PLN 60 thousand, to be repaid until September 1, 2003, at an interest rate corresponding to the applied market rates;
- 1 FC loan of the outstanding balance of EUR 7 thousand as of December 31, 2002, with a repayment term of 5-10 years, at an interest rate corresponding to the applied market rates;
- 1 Visa card limit of up to PLN 5 thousand as of December 31, 2002.

Moreover, Fortis Bank Polska employees are entitled to use employee loans. The outstanding balance of such loans as of the end of 2002 and 2001 is shown below:

	31.12.2002	31.12.2001
Employee loans in PLN thousand	7 787	8 533
Number of employee loans	247	269

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

In 2002, no significant events occurred referring to previous years, presented in the financial report for the current period.

28. **Information about important events that occurred after the balance sheet date and were not shown in the financial/consolidated statements.**

On January 9, 2003, in the current report no. 01/2003, the Board of Executives of Fortis Bank Polska SA informed the Securities and Exchange Commission (KPWiG) that the Banking Supervision Commission (KNB) had approved the appointment of Mr. Ronald F.E. Richardson to the position of the President of the Board of Executives of Fortis Bank Polska SA. As of January 9, 2003, Mr. Richardson, then in the function of First Vice-

President from February 1, 2002, assumed the duties of President of the Board of Executives from Mr Jean-Marie De Baerdemaeker, who will remain a Member of the Board of Executives until April 30, 2002.

On January 16, 2003, in the current report no. 02/2003, the Securities and Exchange Commission was informed that Mr. Koen Verhoeven had been appointed Vice-President to the Board of Executives and delegated the duties of the Head of the Credits as of March 1, 2003.

29. Information about important events referring to the fiscal year which have had a substantial effect on the structure of balance sheet items and financial result.

As a result of the amended Accounting Act coming into force as of January 1, 2002, the Bank made required changes to its financial report. The effects of new asset measurement rules were recorded in the item “undistributed profit (uncovered loss) from previous years” and “revaluation reserve.”

30. Information on relations between the legal predecessor and issuer and on the manner and scope of acquisition of asset and liabilities.

In 2002, there were no relations between the legal predecessors and the issuer.

31. Financial statements and comparative financial data/consolidated financial statements and comparative consolidated financial data, at least in relation to key balance-sheet items and the profit and loss account/consolidated balance sheet and consolidated profit and loss account, adjusted by the relevant inflation index, specifying the source of the index and method of its application, assuming that the period of the last financial statements is the base period, if the cumulated average annual inflation rate from the last three years of operation of the issuer has 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.

In connection with changes of the accounting rules, in order to achieve data comparability in the report, the following comparable financial data have been transformed as of December 31, 2001:

ASSETS:

ASSETS	As of December 12, 2001	changes on account of reclassification	As of Dec. 31, 2001 including changes on account of reclassification	changes of valuation rules	As of January 1, 2002 including changes
I. Cash and due from the Central Bank	407,644	-	407,644	-	407,644
II. Treasury bills and other bills eligible for refinancing with the Central Bank	-	-	-	-	-
III. Due from other financial institutions	992,170		992,170	-	992,170
1. A`vista	6,010	343,106	349,116	-	349,116
2. Term	986,160	(343,106)	643,054	-	643,054
IV. Due from customers	2,113,741	(16)	2,113,725	-	2,113,725
1. A`vista	383,095	(16)	383,079	-	383,079
2. Term	1,730,646	-	1,730,646	-	1,730,646
V. Due form budget sector	-	16	16	-	16
1. A`vista	-	16	16	-	16
2. Term	-	-	-	-	-
VI. Securities purchased under resale agreements	-	-	-	-	-
VII. Debt securities	261,991	-	261,991	3,480	265,471
VIII. Shares and investments in subsidiaries	10,196	-	10,196	-	10,196
IX. Shares and investments in sister companies	-	-	-	-	-
X. Shares and investments in associated entities	-	-	-	-	-

XI. Minority investments	39	-	39	-	39
XII. Other securities and other financial assets	62,101	12,673	74,774	-	74,774
XIII. Intangible fixed assets, incl.:	21,974	(3,283)	18,691	-	18,691
- goodwill	-	-	-	-	-
XIV. Tangible fixed assets	72,712	-	72,712	-	72,712
XV. Other assets	93,976	-	93,976	-	93,976
1. Seized assets for sale	-	-	-	-	-
2. Other	93,976	-	93,976	-	93,976
XVI. Prepayments and accrued income	39,330	6,530	45,860	(1,049)	44,811
1. Deferred income tax	16,795	15,920	32,715	(1,049)	31,666
2. Other prepayments and accrued income	22,535	(9,390)	13,145	-	13,145
TOTAL ASSETS	4,075,874	15,920	4,091,794		4,094,225

Changes of assets on account of reclassification:

Adjustment amount (in PLN thousand)	Title of adjustment
+/-16	Due from budget sector has been moved to a separate item
+/- 343,106	Overnight deposits have been moved from Term to A`vista
12,673	Valuation of financial instruments has been moved from "Other prepayments and accrued income" to "Other securities and other financial assets"
-3,283	Costs related to raising capital have been moved from "Intangible assets" to "Other prepayments and accrued income"
15,920	Deferred income tax provision and assets are recognized separately in the balance sheet statement
-9,390	Valuation of financial instruments has been moved from "Other prepayments and accrued income" to "Other securities and other financial assets" and costs related to raising capital have been moved from "Intangible assets" to "Other prepayments and accrued income"

LIABILITIES	As of December 12, 2001	changes on account of reclassification	As of Dec. 31, 2001 including changes on account of reclassification	changes of valuation rules	As of January 1, 2002 including changes
I. Due to the Central Bank	-	-	-	-	-
II. Due to other financial institutions	912,238	-	912,238	-	912,238
1. A`vista	9,404	55,410	64,814	-	64,814
2. Term	902,834	(55,410)	847,424	-	847,424
III. Due to customers	2,505,104	(25,172)	2,479,932	-	2,479,932
1. Savings:		228,721	228,721	-	228,721
a) a`vista		228,721	228,721	-	228,721
b) term		-	-	-	-
2. others:	2,505,104	(253,893)	2,251,211	-	2,251,211
a) a`vista	404,948	175,991	580,939	-	580,939
b) term	2,100,156	(429,884)	1,670,272	-	1,670,272
IV. Due to budget sector	-	25,173	25,173	-	25,173
1. A`vista	-	6,245	6,245	-	6,245
2. Term	-	18,928	18,928	-	18,928
V. Securities sold under repurchase agreements	-	-	-	-	-
VI. Debt securities issued	-	-	-	-	-
1. Short-term	-	-	-	-	-
2. Long-term	-	-	-	-	-
VII. Other liabilities in respect of financial instruments	-	4,241	4,241	559	4,800

VIII. Special funds and other liabilities	101,823	-	101,823	-	101,823
IX. Accruals and deferred income	66,690	(4,741)	61,949	392	62,341
1. Settlement of accrued expenses	10,509	(4,741)	5,768	-	5,768
2. Negative goodwill	-	-	-	-	-
3. Other accruals and deferrals	56,181	-	56,181	392	56,573
X. Provisions	516	16,420	16,936	715	17,651
1. Income tax liability	-	15,920	15,920	715	16,635
2. Other provisions	516	500	1,016	-	1,016
a) short-term		-	-	-	-
b) long-term		-	-	-	-
XI. Subordinated debt	-	-	-	-	-
XII. Share capital	30,155	-	30,155	-	30,155
XIII. Unpaid contribution to share capital (negative value)	-	-	-	-	-
XIV. Own shares (negative value)	-	-	-	-	-
XV. Reserve capital	352,220	-	352,220	-	352,220
XVI. Revaluation reserve	545	-	545	3,480	4,025
XVII. Other reserve capital	96,062	-	96,062	-	96,062
XVIII. Undistributed profit (uncovered loss) from prior years	-	-	-	(2,716)	(2,716)
XIX. Net profit (loss)	10,521	-	10,521	-	10,521
TOTAL LIABILITIES	4,075,874	15,921	4,091,795		4,094,225

Changes in the liabilities on account of reclassification:

Adjustment amount(in PLN thousand)	Of which:	Title of adjustment
+/- 55,410		Liabilities related to overnight deposits have been moved from Term to A'vista
+175,991	-228,721	In "Due to other financial institutions," a'vista liabilities are recognized separately
	+410,957	Liabilities related to overnight deposits have been moved from Term to A'vista
-429,884	-6,245	A'vista liabilities due to budget sector have been moved to a separate item
	-410,957	Liabilities related to overnight deposits have been moved from Term to A'vista
	-18,928	Term liabilities due to budget sector have been moved to a separate item
+/- 25,173		Liabilities due to budget sector have been moved to a separate item
+/- 4,241		Valuation of financial instruments has been moved from "Settlement of accrued expenses" to "Other liabilities in respect of financial instruments"
-4,741	-4,241	Valuation of financial instruments has been moved from "Settlement of accrued expenses" to "Other liabilities in respect of financial instruments"
	-500	Provision for employee benefits has been moved from "Settlement of accrued expenses" to "Other provisions"
+500		Provision for employee benefits has been moved from "Settlement of accrued expenses" to "Other provisions"
15,920		Deferred income tax provision and assets are recognized separately in the balance sheet statement

Profit and Loss Account for the period	2001	changes on account of reclassification	2001 after changes
I. Interest income	436,035	-	436,035
II. Interest expense	311,331	-	311,331
III. Net interest income (I-II)	124,704	-	124,704
IV. Fee and commission income	61,225	-	61,225
V. Fee and commission expense	3,892	-	3,892
VI. Net fee and commission income (IV-V)	57,333	-	57,333

VII. Income on shares, securities and other financial instruments with variable yield.	6,725	-	6,725
1. from subsidiaries	-	-	-
2. from sister companies	-	-	-
3. from associated entities	-	-	-
4. from other entities	6,725	-	6,725
VIII. Net result on financial transactions	13,307	-	13,307
IX. Net result on FX differences	49,992	-	49,992
X. Result on banking activity	252,061	-	252,061
XI. Other operating income	7,788	-	7,788
XII. Other operating expense	4,598	-	4,598
XIII. General expenses	144,341	-	144,341
XIV. Depreciation of tangible and intangible fixed assets	26,072	-	26,072
XV. Charges to provisions and revaluation	117,784	-	117,784
1. Specific provisions and general risk reserve	117,784	(8,000)	109,784
2. Revaluation of financial assets		8,000	8,000
XVI. Release of provisions and other decreases in respect of revaluation	48,709	-	48,709
1. Release of specific provisions and general risk reserve	48,709	-	48,709
2. Revaluation of financial assets		-	-
XVII. Net charges to/release of provisions and revaluation (XV-XVI)	(69,075)	-	(69,075)
XVIII. Operating profit	15,763	-	15,763
XIX. Extraordinary gains/losses, net	-	-	-
1. Extraordinary gains	181	-	181
2. Extraordinary losses	181	-	181
XX. Profit (loss) before taxation	15,763	-	15,763
XXI. Corporate income tax	5,242	-	5,242
1. current		-	-
2. deferred		-	-
XXII. Other mandatory charges to profit (loss)	-	-	-
XXIII. Share in net profit (loss) of subsidiaries measured by equity rights		-	-
XXIV. Net profit (loss)	10,521	-	10,521

Changes of profit and loss account on account of reclassification:

Adjustment amount (in PLN thousand)	Title of correction
+/- 8,000	Revaluation of financial assets have been moved to a separate item

Cash Flow Statement	As of December 31, 2001	changes on account of reclassification	as of Dec. 31, 2001 including changes on account of reclassification
Cash flow from operating activity, net	(306,621)	343,106	36,485
Cash flow from investing activity, net	53,466	-	53,466
Cash flow from financial activity, net	453,567	-	453,567
Total net cash flow	200,412	343,106	543,518
Change in cash in balance sheet	200,412	343,106	543,518

Cash at the beginning of the reporting period	213,242	-	213,242
Cash at the end of the reporting period	413,654	343,106	756,760

The change refers to the movement of overnight deposits from term to A'vista which resulted in their recognition as cash in the cash flow statement.

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.

As a result of adjusting statements to the requirements of the new Accounting Act as of the end of 2001, the following changes were made: measurement of securities and swap positions at market value, reclassification of interest on watch-list receivables which were excluded from the financial result and recognized as deferred interest; moreover, changes in the presentation of deferred tax, for the computation of which various tax rates were used, and the breakdown into deferred income tax assets and deferred tax liability.

Furthermore, according to the Ordinance of the Finance Minister of September 26, 2002, which amended the ordinance regarding special rules of bank accounting (Dz.U. no. 157, item 1314), the Bank changed the manner of presentation of its result on the valuation of financial assets available-for-sale. According to the new principles the Bank recognizes the effects of valuation of financial assets available-for-sale in the revaluation fund.

The results of the changes introduced into the Accounting Principles have been recognized in the balance sheet statement and in the "Movements in Own Equity" in item "Undistributed profit (uncovered loss) from previous years" and "Revaluation reserve."

The Table below presents adjustments related to the change of valuation rules:

Change of valuation rules:

Title of adjustment:	Adjustment amount (in PLN thousand)
1. Moved to the Revaluation reserve	3,480
Measurement to fair value of securities available for sale	3,480
2. moved to the undistributed profit (uncovered loss) from previous years	(2,716)
Measurement to fair value of derivative financial instruments	(559)
Classification of interest on "watch-list" receivables into deferred interest income	(392)
Adjustment of deferred tax provision related to the change of the opening balance and various tax rates	(715)
Adjustment of the deferred tax related to the change of the opening balance and various tax rates	(1,050)
Total	764

Change of the solvency ratio

In the comparable data as of the end of 2001, the solvency ratio of 19.29% has been reported (the solvency ratio previously reported as of the end of 2001 amounted to 19.40%). The need to achieve comparability of information results from the change in own equity for the purposes of the calculation of the solvency ratio in connection with the change of the accounting policy applied (related to the amendment of the Accounting Act).

Change of Book Value per Share

In the comparable data as of the end of 2001, the book value per share of PLN 32.52 was reported (the book value per share reported previously as of the end of 2001 amounted to PLN 32.47). The need to achieve comparability of information results from the change in own equity for the purposes of the calculation of the solvency ratio in connection with the change of the accounting policy applied (related to the amendment of the Accounting Act).

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 2002, the Bank did not make any correction of material errors.

35. Information regarding any uncertainties as to the possibility of continuing operations.

The 2002 financial statements were prepared with an assumption that the Bank's economic activities will be continued in the foreseeable future.

36. Data regarding company mergers.

In 2002, the Bank did not merge with any other entity.

Information required under Items 37 and 38 does not refer to Fortis Bank, since the Bank is not required to financial statements on a consolidated basis. Detailed explanations in this matter are given in Item 39.

39. If the issuer does not prepare consolidated statements, the additional explanatory notes to the financial statements should include information about legal grounds for a decision not to prepare consolidated statements.

The Bank's only controlled entity is the brokerage house Fortis Securities Polska S.A. (FSP). Pursuant to Art 58 of the Accounting Act, the Bank is not obligated to prepare a statement on a consolidated basis, as the financial data of this subsidiary is immaterial for a reliable and transparent presentation of the property, financial situation and financial result of the Bank. As of the end of December 2002, the total assets of Fortis Securities Polska SA constituted 0.2% of the Bank's total assets, FSP's total income made up 0.6% 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. If the issuer required to prepare financial statements on a consolidated basis excludes, under separate regulations, a controlled entity from its consolidated statements, or using the equity method (one-line consolidation), additional notes to the consolidated statements should provide legal grounds for excluding such an entity from the consolidated statements, with relevant data and key economic and financial indicators being given.

Fortis Bank Polska SA s not prepare financial statements on a consolidated basis.

41. Other information

41.1. Bank's authorities:

Fortis Bank Polska SA has the following authorities:

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

As of December 31, 2002, the Supervisory Board was composed of 8 members, and the Board of Executives of 6 members.

41.2. Additional information to the Bank assets and liabilities

The foreign currency structure of assets and liabilities is presented in the table below.

Foreign currency structure of assets and liabilities as of December 31, 2002.

Currency	Assets (PLN thousand)	Assets (%)	Liabilities (PLN thousand)	Liabilities (%)
ATS	3	0.00%		0.00%
AUD	162	0.00%	18	0.00%
CAD	380	0.01%	169	0.00%
CHF	2,620	0.07%	21,058	0.56%
CZK	150	0.00%	47	0.00%
DEM	7	0.00%		0.00%
DKK	532	0.01%	367	0.01%
EUR	857,915	22.91%	857,890	22.91%
FRF	3	0.00%		0.00%
GBP	2,303	0.06%	1,880	0.05%
HUF	11	0.00%		0.00%
JPY	218	0.01%		0.00%
NOK	573	0.02%	24	0.00%

SEK	341	0.01%	97	0.00%
USD	369,612	9.87%	326,982	8.73%
PLN	2,510,333	67.03%	2,536,631	67.74%
TOTAL	3,745,163	100.00%	3,745,163	100.00%