

Main development after december 31, 2000

The following events occurred that have not been included in the financial statements:

- On June 15, 2000 the General Meeting of Shareholders resolved to increase the Bank's capital through the public issue of 5,025,900 Series J ordinary bearer shares, with a nominal value of PLN 2 each. On October 31, 2000, the bank notified the Securities and Exchange Commission about the issue of 5,025,900 Series J Shares, which would be offered to the existing shareholders through the exercise of their preemptive rights. The preemptive rights were determined on November 6, 2000. On December 22, 2000 the Bank's Board of Executives adopted a Resolution regarding the change of the original subscription dates to postpone them for the period from March 1 to 14, 2001. Since not all Shares were subscribed for as a result of the exercise of the preemptive rights (within the period of exercise of pre-emptive rights, 1,392,368 Shares were acquired), the Bank's Board of Executives offered the remaining Shares to Fortis Bank SA/NV. On April 5, 2001, the Board of Executives allocated the remaining 3,633,532 Shares to Fortis Bank SA/NV and the subscription was closed.
- On January 29, 2001, the Bank subscribed for participation units in the following funds:
 - First Specialized Temporary Investment Open Fund,
 - Second Specialized Temporary Investment Open Fund,
 - Third Specialized Temporary Investment Open Fund,
 - Fourth Specialized Temporary Investment Open Fund,

within the subscription prior to the registration, for the total amount of PLN 16,624,000, with the intention to acquire the participation units in the above funds after they have been registered by a relevant registration court. The above funds are managed by the PDM Investment Fund Society SA.

Board Executives Report

1. Macroeconomic situation in 2000

The economic situation

In 2000, the Polish economy maintained the 1999 rate of growth and gross domestic product (GDP) reached 4.1%. Thus Poland's economic development was again higher than the majority of European countries, however a bit weaker than in the mid nineties. Furthermore, while in the first quarter of 2000, GDP growth amounted even to 6%, afterwards it gradually decreased to a mere 2.4% in the last quarter. The growth of individual consumption decreased from 5.9% in the 4th quarter of 1999 to 1.3% in the 4th quarter of 2000, while the investment growth dropped from 7% to 2.6% respectively. Average annual rate of industrial production growth amounted to 7.1%, i.e. it nearly doubled the 1999 result (3.6%). However, the profile of the industrial production growth change was similar to the GDP one: the growth decreased from 11.7% in the 4th quarter of 1999 to 9.6% in the 2nd quarter and 2.6% in the 4th quarter of 2000. As regards the building industry, the deterioration was even stronger and faster - the pace of growth noticeably slowed down in the 1st quarter of 2000. During the following quarters, the sector's economic activity declined drastically. As a result, the building production dropped by 2.1% in 2000. The diminishing dynamics growth was caused by a very restrictive monetary policy. On the one hand, petroleum prices stimulated inflation rate increase while on the other hand, the current account deficit exceeded 7% of GDP which threatened the Polish macroeconomic balance. In these circumstances, the Monetary Policy Council of the National Bank of Poland was forced to make several interest rate increases

by a total of 600 base points since November 1999 to August 2000. As a result, effective market rates were maintained on the level close to 10% within the entire period, which led to a drop of internal demand from 5.7% in the 4th quarter of 1999 to 3.3% in the 2nd quarter of 2000 and merely 1.7% in the 4th quarter of 2000. Another factor that contributed to such an important demand slowdown was the fact that the inflation level assumed in the Budget Act proved to be far lower than the one actually reached (the average per year: 5.7% versus 10.1%). As a result, the effective rate of growth of social benefits diminished. Likewise, nominal salaries in the company sector grew slower.

Low economic activity in all the economy sectors resulted in higher unemployment rate: from 13% by the end of 1999 to 15% by the end of 2000. Moreover, restructuring processes conducted in some industry branches and the fact that persons born during a demographic boom entered the market, contributed to such a high unemployment level.

Thanks to a weak internal demand noted since mid 2000, the inflation has started to go down. Furthermore, in 2000 the export rate of growth increased and the import rate diminished; thus the current account deficit dropped to about 6% GDP. Considering the low growth of domestic demand, exports could constitute the major force of the economic increase. The export growth resulted mainly from good economic situation in the European Union, and especially in Germany, our major commercial partner. Moreover, a „push-out effect“ was observed due to low domestic demand, producers were eager to sell on the foreign markets.

It is worth emphasizing that better export results were noted along with a strong real appreciation of zloty.

Furthermore, foreign direct investments continued. In 2000, USD 6.35 billion of FDI flow was noted in the balance of payments. It was mainly related to the privatization process of large companies (e.g. TP SA). From the beginning of 2000, the structure of foreign capital flow has improved - the portfolio capital share in the total FDI has diminished.

Better international trade results constituted a major reason of an effective strengthening of the Polish currency. Up to autumn 2000, PLN nominal rate in relation to euro was relatively stable, while strong fluctuations were noted as regards the USD/PLN. We could observe two phases of PLN weakening towards USD, separated by a short period of strengthening. The first PLN deterioration phase appeared in April and May. The next one started in August and lasted till October, i.e. in the period of a noticeable international trade improvement. Both phases were mainly related to the appreciation of USD towards EUR, and the autumn's weakening was additionally caused by an uncertain political situation in Poland. The systematical improvement of the balance of payments, falling inflation rate and clarification of the political situation (adoption of 2001 state budget, nomination of a new NBP president) made the Polish zloty stronger both in relation to USD and EUR by the end of the year.

The low internal demand and strong value of zloty accelerated the disinflation. In February 2001, the price level was higher by merely 6.6% than in February 2000, while still in July 2000 the annual inflation index was higher by 5 percentage points. In these circumstances the Monetary Policy Council decided to make the first and very cautious cut of interest rates (by 100 basis points only). By the end of the year, the consumer price index amounted to 8.5%,

i.e. over the inflation target set by the Monetary Policy Council. Therefore, the inflation target has not been met for the second time in a row.

According to the plan, the 2000 central budget deficit reached PLN 15.4 billion (i.e. 2.2% of GDP). Although the budget deficit plan was accomplished, the budget income was revalued. This was due to the approval of a higher economic growth pace. With regard to that, some expenses were reduced (a part of them was postponed to the current year).

Prognosis for 2001

(according to the Social and Economic Analyses Center)

We can expect further interest rate cuts this year, however the NBP will certainly act prudently. Such prudence is totally justified. The current account deficit, though lower than in the previous two years, has still been relatively high, and the strengthening of zloty occurred by the end of the last year will certainly render any further improvement of international trade balance difficult. Moreover, if the internal demand starts to grow, the current account deficit will deepen again. In the second half of 2001, we can also expect a certain deterioration of the zloty's position. Furthermore, the present inflation rate decrease is not irreversible - the disinflation period is still too short to reduce the inflation expectations and the Polish economy is very sensitive to unfavorable events such as variation of world prices of raw materials, weather conditions in agriculture, FX rate changes. Finally, a lower economic growth intensified the public finance imbalance. Excessively optimistic macroeconomic assumptions on which the 2001 budget structure has been based make us

suppose that this disequilibrium will develop. It would have a negative impact both on the inflation rate and the current account deficit amount. Therefore we expect further reduction of interest rates this year by 300 to 350 base points. As the inflation decreases, effective interest rates will be still high although they should drop by about 2 percentage points by the end of the year. The inflation reduction will help to stabilize the level of effective income and thanks to a relatively good financial standing of companies progressive growth of investment demand may be expected. As a result, the declining demand trend should inverse. Provided that American economy slowdown is not deeper, adversely affecting the world economic conditions, Polish GDP should grow up by about 3% a year. However, with a more unfavorable external situation development, the said growth may be lower by 1%-2% and the zloty's weakening deeper. Thus, the diminishing inflation trend would also be slowed down and the economy might revive next year only.

The Banking sector

The banking sector in Poland is one of the most developed fields of our economy. Several factors contributed to it. First, the privatization of former national banks has been conducted with the major participation of well-known foreign banks from different countries (which additionally raises the system security). As a result, by the end of 2000, only seven out of 75 banks were controlled by the State Treasury of which three were supervised directly (Bank Gospodarstwa Krajowego, PKO Bank Polski SA - former PKO BP, and BGŻ). Only in 2000, the number of banks with a majority of foreign capital increased from 39 to 48. Secondly, the Banking Supervision Commission, according to its statutory functions, shall suspend the activity of banks that do not meet security standards to protect depositors (e.g. the case of Bank

Staropolski SA). The increasing confidence in the banking sector in Poland is reflected, among other facts, by the growth of deposits placed by individuals and a rapid retail banking development. Thirdly, a consistent application equality principle for all the banks resulted in the significance of factors such as the quality and price of services offered impacting banks' development.

Last year, foreign banks in Poland continued their merger strategy by takeovers of banks in difficult situation (Deutsche Bank AG acquired Bank Współpracy Regionalnej SA and BWR Real Bank SA) and consolidation (Banco Comercial Portugues and Eureko BV acquired BIG Bank Gdański SA, while Citibank Overseas Investment Corporation took over Bank Handlowy). Furthermore, the increase of foreign banks' exposure in Poland has been continued (Bank Austria Creditanstalt International increased its share in PBK SA, and Comerzbank in BRE Bank SA). The Polish market still attracts new foreign banks; e.g. recently, Toyota Bank Polska SA has started to operate. In addition to that, mergers and acquisitions of banks outside Poland lead to a further bank consolidation in Poland (BPH SA and PBK SA). As a result, the domestic banking system becomes a part of the international system to the benefit of the economy and the clients.

Development of e-banking, creation of mortgage banks and offering of integrated financial services (apart from typical retail and corporate banking - a wide range of insurance and investment instruments are offered) indicate the main direction for the Polish banking sector development. In spite of unfavorable macroeconomic conditions, banks performance

in 2000 was good. Although high effective interest rates restrained market demand for loans, the banking system assets increased by 18.8% and reached PLN 452.7 billion. It represented over 65% GDP towards 62% in 1999. The loan and deposit share in the assets and liabilities structure went up as regards individuals and diminished in the case of economic entities. High interest rates have also resulted in higher willingness to save which improved the basis for a future growth of banks. Although the level of deposits due from economic entities remained the same

in comparison to 1999 (about PLN 54 billion), deposits due from individuals grew by over 24% and reached PLN 154 billion, i.e. 22% of GDP. The monetary policy liberalization and a new acceleration of the economic growth will enhance the banking sector role in the Polish economy and contribute to its faster development.

2. The ownership structure, capital and funds

The ownership structure of the Fortis Bank Polska SA from January 1, 2000 until July 2, 2000 was as follows:

Shareholder	Number of shares held		Number of votes at the GSM	
	Number	Percentage	Number	Percentage
Fortis Bank	8,240,607	98.38%	6,282,375	75%
Others	135,893	1.62%	135,893	1.62%
Total	8,376,500	100%		

On July 3, 2000, the Court registered the increase of the Bank share capital to the amount of PLN 20,103,600 as a result of the

issue of 1,675,300 Series I Shares in the total nominal value of PLN 3,350,600. As a result, the Bank shareholder structure is as follows:

The structure of the Fortis Bank Polska SA share capital from July 3, 2000)

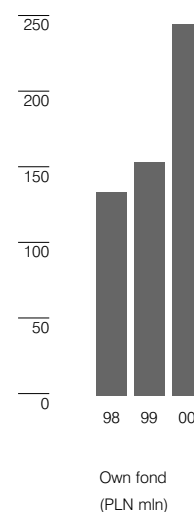
Shareholder	Number of shares held		Number of votes at the GSM	
	Number	Percentage	Number	Percentage
Fortis Bank	9,915,907	98.65%	7,538,850	75%
Others	135,893	1.35%	135,893	1.35%
Total	10,051,800	100%		

The Bank has got no information regarding the agreements concluded during the last fiscal year

that may result in the changes of the number of shares held by the present shareholders.

Own funds' structure as of the end of December 2000 was as follows:

Category	Dec. 31, 2000 PLN thousand	Dec. 31, 1999 PLN thousand
Share capital	20,104	16,753
Additional capital	162,234	95,222
Reserve capital	17,018	17,018
General risk fund	58,012	32,356
Revaluation reserve fund	552	552
Capital exposure	(18,196)	(9,108)
Total own funds	239,724	152,793



3. Financial results

Summary of results

The rate of growth of net profit earned by Fortis Bank Polska SA was negative and amounted to (-18.0%), while of the gross profit to (-17.9%). According to the original plan (dated December 1999), the Bank was to earn PLN 38 million net profit in 2000. After the verification of results for the first six month of the year and the assessment of possibility of accomplishment of the financial plan for 2000, the Bank's Board of Directors approved of the recommendation put forward by the Board of Executives as regards the adjustment of the financial forecast, including the decrease of the net profit planned, down to PLN 23 million (decrease by 39%). At the same time, thanks to good results on the primary banking activity, the Bank assumed growth of total assets by 3% and operating profit by 2% higher than originally planned. The financial plan adjustment resulted mainly from the decision made by the Board of Executives to create additional reserves for loan receivables and the obligatory payment of PLN 2.7 million to the Banking Guarantee Fund related to the bankruptcy of Bank Staropolski.

The most important factors that had impact on the financial performance of Fortis Bank Polska SA in 2000 were the following:

- **Loan portfolio increase.** In 2000, the Bank loan portfolio increased by 31% as compared to 1999 and reached PLN 1,846 million as of the end of December 2000. The share of non-performing loans in the total portfolio amounted to 7% at the end of December (and 3% - loans in the „watch-list“ category),
- **Deposit balance increase.** As of December 31, 2000, deposit balance amounted to PLN 2,377 million. The deposit growth (43%) enabled the Bank to avoid dependence on funding from an extremely volatile interbank market, on which the fluctuations of interest rates may be considerable, and also to place additional funds on the interbank and securities market,
- **Commission income increase** by 14%,
- **Net interest income** in the amount of PLN 124 million (increase by 65%). The good result was due to interest revenues increase - by 120% over 1999, which was influenced mainly by a growth of loan

balances, NBP official interest rate increase as well as a growth of interest expense by 159% over 1999, which was a result of an increase of deposit balances,

- **Good FX result (PLN 29.9 million)** resulting from the growth of import-export transactions serviced by the Bank, disbursement of foreign currency loans and profitable transactions performed on the FX market. FX result was higher by 68% as compared with 1999,
- **General expenses increase.** The increase (by 58%) was caused by expenses related to the change of the Bank's name and legal seat, opening of new locations and head-count increase, implementation of new banking products and organization of advertising campaigns as well as IT investments,
- **Costs related to creation of reserves in the amount of PLN 62 million.** The key item that affected the reserve amount was specific reserves for non-performing loans. Following an in-depth loan portfolio analysis, the Board of Executives resolved to create additional reserves for non-performing loans due to deteriorated financial situation of several borrowers and the need to adhere to the receivable classification standards applied by Fortis Bank. Pursuant to recommendations of the chartered auditor, majority of additional reserves was booked into the financial result of the Bank as of June 30, 2000. As of December 31, 2000, the total specific reserves created by the Bank amounted to PLN 51.3 million.

Management of funds

Deposits constitute the most important source of financing for the Bank's credit activity. The Bank accepts funds both from economic entities and individuals. Institutional clients prevail, which is in line with the Bank's mission that assumes the focus on the sector

of small and medium-sized enterprises.

In order to finance its activity, Fortis Bank Polska has been using also a credit line granted to the Bank under a Credit Agreement dated September 24, 1998 by Fortis Bank SA and Fortis Bank Netherlands NV in the amount of DEM 200,000 (or the equivalent in USD, NLG, BEF, FRF, GBP, EUR) for 7 (seven) years. The purpose of the Agreement is to provide financing for investment and working capital loans granted by the Bank to clients operating in Poland and recommended by Fortis Bank S.A seated in Brussels, and Fortis Bank Netherlands N.V. seated in Rotterdam. The interest rate shall be equal to either three- or six-month IBOR rate for a given currency in which a loan was granted, plus a margin of 0.125% p.a.

The Bank has been using a five-year credit facility in the amount of EUR 10 million granted by the European Bank for Reconstruction and Development earmarked for the financing of the SME sector.

The Bank has financed its activity also from internal sources. The Bank Shareholders consistently accepted the policy recommended by the Board of Directors and the Board of Executives to pay no dividend, which enabled the Bank to systematically supplement own funds.

The basic floating loan interest rates used in the Bank are based on either LIBOR or EURIBOR interest rates for foreign currency loans and WIBOR for PLN loans. The Bank uses also the so-called adjustable interest rates for PLN loans, i.e. the NBP lombard and rediscount rates. The actual loan interest rate on a given day is the total of the Bank's margin stipulated in the loan agreement, and the base rate set forth according to rules specified in the Order

issued by the President of the Board of Executives. Adjustable rates are updated following a decision made by the Monetary Policy Council regarding the change of respective official interest rates. The Bank uses also fixed interest rates that are not changed in the course of the loan agreement.

Average annual interest rates for loans granted by the Bank in 2000 amounted to:

- 22.51% for PLN overdraft facilities,
- 21.11% for other PLN loans,
- 8.25% for foreign currency loans.

The average annual deposit basic interest rate offered by the Bank in 2000 amounted to:

- 5.66% for PLN demand deposits,
- 15.46% for PLN term deposits,
- 2.24% for foreign currency demand deposits,
- 4.80% for foreign currency term deposits.

The net difference for PLN activity in 2000 amounted to 4.75% and for foreign currency activity - 3.31%.

Following the decisions of Monetary Policy Council regarding an increase of base interest rates taken in February and in August, Fortis Bank Polska SA increased the interest rates for all deposits.

The liquidity risk and foreign currency risk were at a safe level which resulted from a stable deposit base, maintaining adequate level of liquid assets and access to source of financing from the interbank market.

In 2000 the Bank implemented and improved methods of monitoring the liquidity and market risk. While taking decisions regarding the current and long-term policy the Board of Executives and ALCO members take into consideration the reports made since June 2000, regarding the risk of the change of assets and liabilities value and risk of net interest income change due to the potential changes of interest rates. The reports include both the statistical

scenarios of potential interest rates changes and also the less probable shock fluctuations. In order to secure the Bank further against the risk of unfavorable interest rate changes, the system of limits was introduced. There are also reports regarding the potential loss of liquidity risk which cover among others: maximum and cumulative maturity gap of assets and liabilities, sector exposure, off balance-sheet items, core deposits, liquid assets and unstable liabilities. Multipart system of limits regarding liquidity was also introduced. Since November, 2000 the level of deposit breaking has been also monitored. In October 2000, within the scope of risk related to the FX rates changes, the system of monitoring the value at risk acc. to JP Morgan's methodology related to the Bank position was introduced at the Bank. The control over observing those limits was entrusted to the unit outside the Treasury Department and is done several times over a working day.

Profit and loss statement

Income on banking activity

In 2000, the total revenues earned by Fortis Bank Polska SA on its banking activity amounted to PLN 477,555 thousand, a 101-percent growth over the previous year. Interest income in the amount of PLN 379,784 thousand (increase by 120% compared to 1999) remained the principal component of the Bank's revenues. The interest revenues consisted of the following items:

- interest on loans: PLN 253,173 thousand
- interest on interbank placements:
PLN 71,171 thousand
- interest on securities: PLN 72,390 thousand

- interest on assets leased to customers:
PLN 1,050 thousand.

The Bank recorded an increase in fee and commission revenues in 2000, which reached PLN 44,399 thousand, which is 14% higher than in the previous year.

In 2000, the Bank earned higher FX result than in 1999, reaching PLN 29,863 thousand, which accounted for 6% of the total revenues.

Costs of banking activities

Interest expense during the period in question reached PLN 273,467 thousand and was higher by 159% as compared to 1999. This amount includes the following items:

- interest on customer deposits:
PLN 250,451 thousand
- interest on interbank deposits:
PLN 11,244 thousand
- interest on credits and loans contracted:
PLN 11,627 thousand.
- The increase of interest on customer deposits was a result of a 43-percent increase, as compared to 1999, in the balance of liabilities due to customers.

In 2000, commission and fee expense increased by 78% in comparison to 1999, however, they accounted for a mere 0.6% of total expenditures.

Other revenues and expenditure

The remaining operating revenues include:

- operating leasing: PLN 761 thousand
- revenues from sale or liquidation of fixed assets: PLN 1,606 thousand
- other: PLN 6,852 thousand.

The remaining operating expenses include:

- cost of sale and liquidation of fixed assets:
PLN 1,524 thousand
- other: PLN 2,167 thousand.

The Bank's operating expenses in 2000 reached PLN 118,959 thousand and rose by 58% in comparison to 1999. The increase of costs was

caused by the following factors:

- re-branding and moving the Head Office to Warsaw,
- expansion of the branch network and what follows the increased headcount and additional rental expenses,
- growing number of customers and operations, leading to higher administrative costs.

The depreciation of fixed and intangible assets in 2000 amounted to PLN 18,086 thousand and was higher by 46% as compared to the previous year.

In 2000, the creation of reserves generated costs in the amount of PLN 61,708 thousand, while revenues from released reserves stood at PLN 21,852 thousand, as a result the balance of reserves increased by PLN 39,856 thousand. Specific reserves for lost loans were the key component that generated the unfavorable balance of reserves. The balance of the reserves created and released for non-performing receivables amounted to PLN 39,890 thousand.

Profit

In 2000, Fortis Bank Polska SA generated a gross pre-tax profit of PLN 30,030 thousand.

The Bank's income tax liability amounted to PLN 8,998 thousand.

The Bank's tax expense included in 2000:

- Tax paid to the Tax Office: PLN 20,589 thousand,
- Decrease of the deferred tax reserve: PLN (11,591) thousand.

The lower effective tax rate was mainly the consequence of:

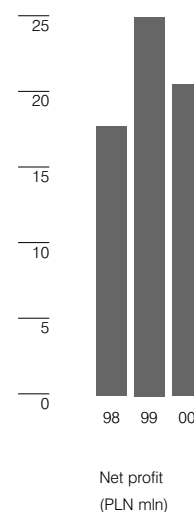
- A lower taxation base due to deduction of an „investment bonus“ resulting from the tax investment relief claimed,

- The decrease of the nominal corporate income tax rate from 34% in 1999 to 30% in 2000.

In 2000, the Bank's net profit amounted to PLN 21,032 thousand (after tax) and was lower by 18% compared to the previous year.

Growth dynamics of selected items of profit and loss account (PLN '000)

Profit and loss statement (in thousands)	2000	1999	2000 - 1999
Net interest income	124,317	75,401	65%
Net fee and commission income	41,714	37,345	12%
Net income on FX transactions	29,863	17,824	68%
Net income on banking activities	201,403	130,622	54%
Net operating income	30,030	36,559	(18%)
Gross profit	30,030	36,559	(18%)
Income tax	8,998	10,903	(17%)
Net profit	21,032	25,656	(18%)



Balance sheet

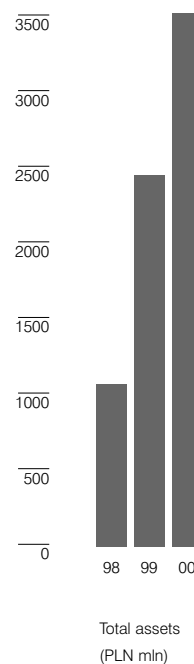
Total assets

The Bank total assets as of December 31, 2000 amounted to PLN 3,447 million, which repre-

sents an increase by PLN 1,057 million, i.e. by 44% as compared to 1999.

Structure and dynamics of selected balance-sheet items (PLN 000s)

Balance-sheet item	2000	Share in total assets	1999	Share in total assets	Change 2000-1999
Cash and Central Bank balances	209,018	6%	127,344	5%	64%
Due from financial institutions	837,878	24%	443,688	19%	89%
Due from customers and the public sector	1,845,751	54%	1,408,683	59%	31%
Due to financial institutions	664,202	19%	492,584	21%	35%
Due to customers and the public sector	2,376,815	69%	1,662,007	70%	43%
Own funds (including net profit)	278,952	8%	187,557	8%	49%
Share capital	20,104	1%	16,753	1%	20%
Total assets	3,447,318		2,390,293		44%



Assets

The asset structure of Fortis Bank Polska SA underwent some changes in the first half of 2000. The most significant changes included total assets' growing faster than the credit portfolio, high rate of growth of liabilities due from the financial sector and payables due to the non-financial and the budget sectors, increased proportion of debt securities and payments due from financial institutions in total assets.

Loans constitute the principal item in the Bank's assets (net, adjusted for non-performing loans reserve), which accounted for 54% of total assets as of December 31, 2000 as compared to 59% at the end of December 1999. Net loan portfolio rose by PLN 437,068 thousand and reached PLN 1,845,751 thousand (31% increase compared to 1999). Provisions for non-performing loans were established in the amount of PLN 51,273 thousand. The proportion of non-performing loans in the total portfolio stood at approximately 7% (without the watch-list category). The share of debt securities in total assets decreased in 2000 and amounted to PLN 397,571 thousand as of December 31, 2000. Its share in total assets decreased from 14% as of the end of 1999 to 12% as of the end of 2000.

At the end of December 2000, the Bank security portfolio consisted of securities issued by the State Treasury and the NBP, which can be classified as practically risk-free. The composition of the portfolio was as follows:

- Treasury bills issued by the Ministry of Finance: PLN 59,639 thousand,
- State Treasury bonds: PLN 27,006 thousand,
- NBP bills: PLN 268,447 thousand
- NBP bonds to secure the mandatory reserve: PLN 42,479 thousand.

As of the end of December 31, 2000, the proportion of cash and central bank balances in total assets had increased slightly from 5% in 1999 to 6% as of December 31, 2000.

Dues from the financial sector, including placements with other banks, accounted for 24% of total assets as of December 31, 2000, up from 19% at the end of December 1999.

Balances on December 31, 2000 included:

- PLN deposits: PLN 688,362 thousand
- foreign currency deposits: PLN 149,516 thousand

In 2000, the value of fixed assets increased by PLN 23 million. This was connected with the move of the Bank's seat, opening of new branches and major investments in the telecommunication and computer networks.

The principal components of fixed assets include:

- computer hardware: PLN 10,805 thousand,
- leasehold improvements: PLN 26,101 thousand.

The value of intangible assets at the end of December 2000 amounted to PLN 15,686 thousand, including:

- software: PLN 12,989 thousand,
- share issues expenses: PLN 2,697 thousand.

Other assets accounted for 1.3% of the total assets. This item consists mainly of interbank settlements in the amount of PLN 35,866 thousand.

Liabilities

The main item on the liabilities side comprises amounts due to customers (current accounts and term deposits). Customer deposits at the end of December 2000 reached PLN

2,376,815 thousand, which represented 69% of total liabilities, as compared to 70% noted at the end of December 1999. The majority of deposits are in zloty in the total amount of PLN 1,856,448 thousand (78% of all the customer deposits). Foreign currency deposits reached PLN 520,367 thousand at the end of 2000.

In 2000, the share of amounts due to financial sector in the overall structure of liabilities slightly decreased. As of December 31, 2000, this item accounted for 19% of total liabilities, compared with 21% the year before.

Special funds and other liabilities accounted for 2% of total liabilities at the end of December 2000. The principal item in this group comprises interbank settlement in the amount of PLN 59,947 thousand, which is 78% of this item.

The reserves shown in the balance sheet consist of two items:

- general risk reserve established in accordance with Art. 130 of the Banking Law Act: PLN 6,144 thousand. This reserve covers the risks inherent in banking operations.
- off-balance sheet items reserve - PLN 142 thousand.

Off-balance sheet items

At the end of December 2000 the off-balance sheet items totaled PLN 1,285,913 thousand, which is a 19% decrease over the previous year.

- Off-balance sheet items granted include:
 - related to financing: PLN 462,241 thousand
 - guarantees: PLN 94,379 thousand
- Off-balance sheet items received include:
 - related to financing: PLN 158,386 thousand
 - guarantees: PLN 28,438 thousand
- foreign currency exchange transactions concluded before the end of the year with maturities after December 31, 2000: PLN 475,500 thousand,
- FC deposit transactions: PLN 66,969 thousand.

As regards credit lines, the growth in the total amount is linked to the expansion of loan activity, as indicated in the section on assets.

Key financial indicators

Capital adequacy ratio

In 2000 the capital adequacy ratio increased. This indicator represents the ratio of the Bank's own funds to risk-weighted assets and off-balance sheet items. The risk weights to be used for the adjustment process are set by the Banking Supervision Commission. The Bank own funds increased by 57% in 2000, while risk-weighted assets and off-balance sheet items rose by 22%.

Capital adequacy ratio and its determinants

Indicator	2000	1999
Risk-weighted assets	1,808,545	1,383,178
Risk-weighted off-balance sheet items	95,631	178,401
Net own funds	239,724	152,793
Capital adequacy ratio	12.59	9.78

Performance indicators

Indicator	2000	1999	1998
Return on assets (ROA)	0.7%	1.6%	2.2%
Return on equity (ROE)	9.9%	19.5%	18.9%
Net interest margin	4.3%	4.7%	6.1%
Profit per share	2.09	2.55	2.45
Book value per share	27.75	22.39	17.29

The above indicators were calculated as follows:

Capital adequacy ratio	Net own funds to off balance-sheet weighted assets and liabilities
Return on equity (ROE)	Net profit to average weighted own funds I
Return on assets (ROA)	Net profit to average weighted total assets
Net interest margin	Net interest income to average weighted assets
Profit per share	Net profit to the number of shares issued
Book value per share	Book value at year's end to the number of shares issued

Note: All the numbers were rounded up to integers.

4. Operating activity**Credit activity****Credit policy**

Credit activity is the main source of Fortis Bank Polska revenues. In line with the strategy adopted by the Bank, small and medium-sized private enterprises are the core group of its customers. The loans are granted mainly to private companies with sound financial standing, managed in a modern way and with good prospects of future development.

The Bank offers the following types of loans:

- a. loans for companies:
 - overdraft facility
 - working capital loan (PLN and FC)
 - investment loan (PLN and FC)
 - discount loan
 - loans for purchase of securities
 - factoring loan
 - leasing
- b. loans within the Personal Banking Packages:
 - overdraft limit
 - fast loan
 - mortgage loans

c. loans for purchase of securities on the primary and secondary market for stock exchange investors

The Bank also issues PLN and FC guarantees and opens letters of credit at customer's request.

In order to reduce credit risk, the Bank observes procedures of loan granting and monitoring. Credit decisions are made by the Bank credit committees acting per the authorization of the Bank Board of Directors and Board of Executives. The Central Credit Committee of the Bank makes decisions on granting credit facilities, all loan types, guarantees and other types of financing in PLN and foreign currencies, in the amount exceeding PLN 1,000,000. While determining the credit exposure threshold amount it is necessary to take into account the Bank's total financial exposure towards a single entity or a group of entities related by capital and management and incurring common economic risk.

However, the Credit Committee decisions that result in a higher Bank's financial exposure than 25% of the loan exposure limit including loans and other receivables due to the Bank, as determined in the Banking Law Bill, in relation to one entity or a group of entities related by capital and management and incurring common economic risk, require an additional approval by a member of the Bank Board of Directors, authorized to approve Credit Committee decisions.

The Bank's organizational structure includes also Regional Credit Committees that make decisions on granting financing to clients in the amount higher than PLN 50,000 but not exceeding PLN 1,000,000 or an equivalent in another currency. Moreover, in order to manage credit transaction risk and the local loan portfolio, Credit Managers were appointed in the Regions. Credit Managers

are authorized to approve loans, guarantees and other types of financing up to the amount of PLN 50,000.

In the first quarter of 2000, a process of credit function restructuring was initiated in order to reinforce procedures related to making credit decisions and credit risk monitoring. A new Credit Department was organized in the Bank's structure. Tasks of the Credit Department include the supervision over the Bank's credit activity as regards credit risk analysis and monitoring, setting out credit standards and procedures, keeping credit files and collecting past-due loans (vindication). In the Credit Department, Credit Managers were appointed who work in regions, a Credit Analyst Group was created and groups supporting the operations of the Credits were restructured. At the same time, new templates of loan applications and improvements to credit procedures were developed.

Credit Administration Groups were incorporated into the Credit Department structures. New rules of a regular credit file review and a rating system in line with the Fortis Bank standards were implemented. The Credit Analyst Group fulfills an important role, as it is responsible for credit analyses and monitoring of credit file risk in cooperation with the Credit Managers. In 2001, the Credit Department will utilize the enhanced decision making process to focus on the improvement of the loan portfolio quality. Furthermore, in cooperation with IPS and MEC Business Lines, it will continue actions aiming at effective management of high risk files.

In line with the strategy of supporting small and middle-sized enterprises, in January 2000

the Bank concluded an agreement with the European Bank for Reconstruction and Development regarding a EUR 10 million credit line for 5 years. As of December 31, 2000, there were 77 loans in the amount of EUR 3.7 million approved from the EBRD credit line. The outstanding balance amounted to EUR 2.6 million.

In the third quarter of 2000, the Bank launched mortgage loans, including mortgage loans, mortgage and construction loans, mortgage loans for the purchase of building plots, and construction loans. All loan types can be drawn either in PLN, USD or EUR, and the currency can be changed three times during the repayment period.

Loan portfolio structure

As of December 31, 1999 the net outstanding loan balances amounted to PLN 1,409 million and in 2000 increased up to PLN 1,846 million. The PLN loan portfolio amounted to PLN 957.1 million as of the end of December 2000 and 20.3% higher as compared to December 1999. The EUR and DEM loan portfolio amounted to PLN 550.7 million at the end of 2000, i.e. increased by 81% as compared to December 31, 1999. The USD loans increased by about 8.7% to PLN 313.6 million as of December 31, 2000.

The Bank financial exposure is concentrated mainly in trade (30% of the loan portfolio), production (19%) and services (20%). The commitment in other sectors is relatively low and as of December 31, 2000 it amounted to 11% in the construction sector, 2% in transportation, 2% in printing and the remaining 16% in other sectors. As compared to the end of 1999, the Bank increased its exposure in services and construction.

During the year there were no major changes in the portfolio structure by type of financing and

at the end of 2000 it looks as follows: 36% are loans financing domestic companies (mainly investment loans), 30% - working capital loans, 14% overdrafts and 20% others.

The Bank's loan portfolio structure in terms of maturity shows the following trends: 14% are overdrafts (1% increase in comparison to 1999), 2% maturing in 1 month (decrease by 1%), 3% maturing in 1-3 months (growth by 1%), 33% maturing 3 months to 1 year (3% increase), 35% maturing in 1 to 5 years (decrease by 5%) and 13% loans maturing later than in 5 years (increase by 1%).

Non-performing loans

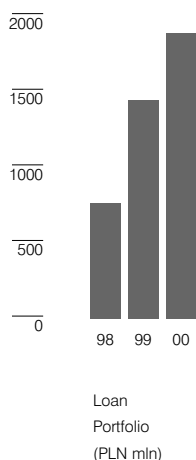
As of the end of December 2000, the non-performing loans amounted to PLN 129.3 million (without the watch-list category) and comprised 7% of the total loan portfolio, including PLN 33.9 million of sub-standard loans (i.e. 1.8% of the total portfolio), PLN 15.4 million - doubtful loans (i.e. 0.8% of the portfolio) and PLN 80 million are lost loans (i.e. 4.3% of the portfolio).

Enforcement titles

From January to December of 2000, the Bank issued 30 enforcement titles in the total amount of about PLN 30,764 thousand.

Guarantees issued

As of December 31, 2000, the Bank issued 433 guarantees, including 218 in PLN. The Bank's liabilities related to guarantees amounted to the equivalent of PLN 83,619 thousand, including PLN 50,929 thousand of guarantees issued in PLN. While issuing bank guarantees, Fortis Bank Polska SA follows the same procedures as in granting loans.



The Bank opened 29 import letters of credit at the customer's request in the total amount of PLN 35,247 thousand. Moreover, the Bank issued one confirmed export letter of credit opened to the order of a contracting party by a foreign bank in the total amount of USD 2,597 thousand (PLN 10,760 thousand).

Deposits

The customer deposits with Fortis Bank Polska SA increased by 43% in 2000. In December 1999, the PLN equivalent of deposits amounted to PLN 1,662 million, then at the end of December 2000, reached PLN 2,377 million. The Bank customers may deposit their funds in foreign currencies, however, the majority of deposits are in PLN (78%).

Fortis Bank Polska SA accepts deposits from its customers through Bank operating branches. The Bank offers current and auxiliary accounts, FC accounts, PLN or FC accounts for non-residents, Silver, Gold, VIP Gold accounts, Stock Investor accounts, deposits with negotiable interest rates depending on the amount and term of deposit and the situation on the interbank market, as well as a range of new-type fixed and variable interest term deposits (i.e. dynamic deposit, fixed interest deposit over a term of one month and longer, 3-month FORTIS deposit).

Money market operations

The Bank invests excess funds in the money market. Such transactions are carried out through the Bank's dealing room whose results were outstanding in 2000. The Bank is active both on the primary and secondary market of the Treasury bills and on the secondary market of the T-bonds. In 2000, revenues of the total were earned by the Treasury Department.

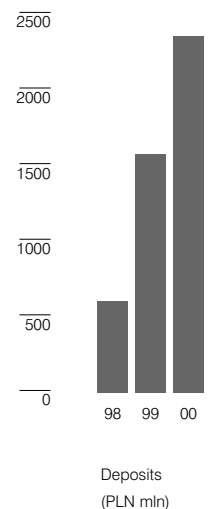
The Treasury Department focuses on maintaining liquidity, managing the Bank's foreign cur-

rency position and ensuring a balanced structure of the Bank's foreign currency assets and liabilities. Furthermore, the Department manages the investment portfolio and co-ordinates the Bank's policy with respect to cash operations in foreign currencies and the Polish zloty. The Bank's investments are basically not affected by market volatility due to the implementation and adherence to the investment policy recommended by the Assets and Liability Committee (ALCO) which restricts the portfolio to the most stable debt securities issued by the government or central bank.

Income generated from foreign exchange transactions makes a substantial share in the Bank's profits. Customers are offered a full range of currency operations, including FX forward transactions. The dealing room also reviews and updates the table of FX rates and sets preferential rates for large-volume transactions.

Cooperation with international financial institutions

In 2000, Fortis Bank Polska SA continued to develop co-operation with foreign banks in the area of foreign exchange, placements and banknote transactions. The Bank holds accounts with several well-established banks operating in the main financial centers of the world. The Bank maintains also PLN accounts for Fortis group banks providing services of a correspondent bank. Cooperation with the leading banks enables an efficient settlement of incoming foreign transfers and customer payment orders. Since September 1995, the Bank has been a member of the international interbank telecommunications network, known



as SWIFT, which accelerates the execution of payments and facilitates contacts with foreign banks and renders it possible to implement a number of new products related to the service of international transactions and their full automation. The Bank cooperates with foreign banks with respect to documentary operations, i.e. opening, advising and confirming letters of credit, and effecting documentary collections. Thanks to the services of the correspondent banks, the Bank can also accept checks denominated in foreign currencies.

Development of banking services

In 2000, Fortis Bank Polska focused on activities that made its products and services easily available. The Bank popularized call center and the Internet website as a source of information about the Bank's offering, launched information service based on the WAP technology (Fortis Bank Polska SA was the first bank in Poland that started to publish up-to-date foreign exchange rates in its WAP service <http://wap.fortisbank.com.pl>). The Internet banking system was made available to the Bank's clients. Some regulations were simplified, new solutions to the existing services were offered, new products were implemented.

The Internet banking system PI@net is addressed to small enterprises and individual clients. The system enables clients to view their account statements, place payment orders, submit applications for specific products and services, open term deposits, communicate with an account manager, etc. In the third quarter, the system was expanded by the option to settle ZUS premiums. At that time, the Bank introduced several other modifications, including an option to cancel a payment order, or payment of a ZUS premium on the day of its realization. Those who use e-banking at Fortis Bank Polska SA are not given vir-

tual accounts at a virtual branch of the Bank, but an account at one of the existing Bank branches, therefore, they have at all times access to and maintain all benefits related to such an account (e.g. option to make cash operations etc.).

The major change in the Bank's credit offering included the introduction of four types of mortgage loans: mortgage loan, mortgage and construction loan, mortgage loan for the purchase of a building plot and a construction loan. All of them are offered in PLN, USD or EUR and their interest rate is based on 6-month WIBOR, LIBOR and EURIBOR rates, respectively. The repayment of the above loans is insured in the „Europa“ Insurance Company.

The insurance covers loans in the amount of at least PLN 400 thousand, or the equivalent of USD 100 thousand or EUR 100 thousand.

Mortgage loans addressed to individual clients supplement the Gold and Silver Packages, i.e. sets of instruments that facilitate the management of private financial assets, similarly as loans for the purchase of securities and buying and managing investment portfolio of securities, which are offered by the Bank in cooperation with Fortis Securities Polska SA.

The Bank continues to expand its range of services addressed to Personal Banking clients. Silver and Gold Package holders are given American Express and VISA cards (Business, Business Gold, Classic, Classic Gold). In 2001, the offering will include also a very popular and safe VISA Electron card. In order to prepare for this undertaking, the Bank raised its status in the VISA International Service Association to the direct member posi-

tion (Principal and Plus). Furthermore, the Bank purchased the Euronet card management system, which in combination with the main accounting system Equation will enable the Bank to effect VISA Electron transactions on-line.

For institutional clients, both small and medium size enterprises, the important news is that effective end of 2000, all branches of Fortis Bank Polska SA offer products provided by Fortis Lease Polska (whose shareholder is a Belgian Fortis Lease that belongs to Fortis group, the same which owns Fortis Bank Polska SA). The basic products offered include financial and operating lease, in both PLN and foreign currencies (USD and EUR). In 2000, the Bank has broadened the scope of its custody services following the Securities and Exchange Commission license, issued in July, allowing the Bank to keep a full record of securities kept in custody for the clients.

With the support of the Flemish Community Government, in cooperation with the Commercial and Industrial Chamber of the Halle-Vilvoorde district, Regional Development Agency in Wielkopolska and Regional Development Agency in Zielona Góra, Fortis Bank Polska SA participates in the PLATO program. It is a pilot project aimed at achieving a higher level of professionalism of the SME sector through the organization of a series of meetings and training courses with the participation of specialists who represent renowned Polish and Flemish corporations. There are 200 companies enrolled to take part in the project from Wielkopolskie and Lubuskie provinces. PLATO program was successfully conducted in West European countries, with such companies as Ikea, Kodak, Philips, Renault, Siemens etc. as experts participating in the program. The basic information about the Polish project are to be found at www.platopolska.pl

Fortis Bank Polska SA participates also in building first e-business Center for SME sector in Poland (More details at www.getin.pl), which was launched by Getin Service Provider. The initiative aims popularization of the Internet among small and medium sized enterprises. First of all, a stereotype that only large corporation with capital for investments in information technology can take advantage of the network potential, needs to be changed. The e-business Center is a place where any business can present its offering, and the software available on the Internet enables an entrepreneur to design one's own website free of charge. The ultimate goal of the e-business Center is to be an on-line trading site.

Technology enhancements

Based on its own excellent technical facilities, skill and expertise, the Bank was able to launch an advanced e-banking system called PI@net in January 2000. Working on the project, the Bank's IT specialists were supported by ComputerLand. The system designers succeeded in compromising two things: maximum security (symmetric and asymmetric cryptography methods are used) while keeping the system user-friendly.

The system is protected by both hardware solutions such as Firewall security and specialist software. All data transmitted by the e-banking system is encrypted, both information sent by clients to the Bank and data sent from the Bank to clients. Transmission security is ensured by the SLL technology (Secure Socket Layer) using 128 bit-long session keys. The Bank's server has a certificate (issued by VerisSign), while only the users holding

certificates issued by the Bank can access PI@net. Electronic signatures are used to recognize clients while conducting transactions. Such security solutions used by Fortis Bank Polska make PI@net a perfectly safe system. Fortis Bank Polska is technologically prepared to expand the functionality of the WAP service in order to offer the clients, similarly as in PI@net system, the possibility of checking account balances, making money transfers and term deposits. The decision of a possible development of this distribution channel depends on whether cellular telephones equipped with the WAP browser become more popular, and the price of Internet connections in cellular telephone networks will decrease. Work on the development of MultiCash, a home banking system designed for businesses, is still in progress. The Bank gives the system users an option to use electronic signatures, which will further enhance the security level of transactions made through the system. The CRM (Customer Relationship Management) Application has been implemented in the Bank. In the first stage, a special module will be installed with the basic task to ensure internal technical assistance to employees facing technical problems (hardware, software, telecommunications equipment) The module will be used directly by the IT personnel and indirectly by the Bank employees who will be able to send error reports through electronic mail. Such messages will be then registered in the system and automatically assigned to the relevant specialist. Such a solution will greatly reduce the time of repairs and enhance organizational effectiveness, thus improving the quality of service offered by the Bank.

Work on the data warehouse project is still continued, i.e. IT system collecting data from all the IT systems already operating in the Bank, so as to prepare analyses and reports

on various aspects of the Bank's activities, including the profile of the clients and their preferences.

Fortis Bank Polska was a finalist of the „IT Leader“ competition organized for the fourth time (previously in 1997) by Computerworld magazine. The contest awards prizes to businesses, offices and institutions for achievements in the application of IT solutions.

The total outlays on technology in the year 2000 totaled to PLN 28 million.

5. Organizational and capital associations with other entities

The description of shareholder holding over 5% of votes at the general shareholders' meeting

Fortis Bank SA/NV

Over the year 2000 Fortis Bank increased its share in Fortis Bank Polska - by acquisition of series I shares - from 98.38% to 98.65%.

Fortis Bank is a universal bank operating in retail, corporate and investment banking. It is present in 65 countries and employs 40 thousand people. In Europe it is ranked among the first ten banks with private capital. In the Benelux countries the company has 7 million customers (approx. 20% market share) serviced by 2500 outlets. In Belgium Fortis Bank is the leader in all the segments of the financial services market.

Fortis Bank is part of the international Fortis group, which was established in 1990 following the merger of the largest Belgian insurance company AG 1824 and the Dutch group AMEV/VSB. Since 1993 Fortis has been listed on stock exchanges in Amsterdam, Brussels, London and Luxembourg - over this period the market value of the company has increased by almost 20 times and now exceeds EUR 40 billion. By the end of 2001, Fortis Group intends to consolidate its Belgian (Fortis B) and Dutch (Fortis NL) shares.

At the end of 2000 the assets of Fortis Group totaled EUR 438 billion and its net profit exceeded EUR 2.7 billion.

Fortis Group includes two core lines of business: banking and insurance and operates through 6 „businesses“.

Banking is represented by Fortis Bank, which was established in 1999 after the merger of five banks: Generale Bank (Belgium), ASLK-CGER Bank (Belgium), Generale Bank Nederland

(Netherlands), MeesPierson (Netherlands), VSB Bank (Netherlands). In March 2000, Fortis Bank completed the process of integration designed to create a uniform image of all the institutions within its structure. The restructuring program of the branch network and integration of the IT systems are still underway.

The banking operations are based on three businesses:

- Network Banking - for: individual customers, professionals, small businesses (IPS) and medium enterprises and corporate clients (MEC)
- Merchant Banking - for: servicing other banks and institutional investors transaction on financial markets and investment banking (Financial Markets and Investment Banking business lines), transactions in the derivatives market, clearing, transactions in securities, investment funds and others - (Information Banking and Securities Handling business lines)
- Private Banking/Asset Management - for: servicing affluent individual clients and asset management.

The insurance activity comprises remaining three businesses:

- Fortis AG/Fortis International: for insurance activity except in the US and The Netherlands
- AMEV Stad Rotterdam - for insurance in The Netherlands
- Fortis Inc.: for insurance products in the US.

An area of activity that gives Fortis Bank a competitive edge is bancassurance: sale of own

insurance products through its own bank outlets or exclusive intermediaries. These products are designed primarily for individual clients, however, the Bank has developed a range of products specifically for small and medium-sized companies and other members of the capital market. According to the long-term strategy of development published in 2000, over the next few years Fortis Bank will focus in Europe on activities enabling the accumulation of capital, which involves the development of:

- banking for individual clients (funds under management - EUR 65 billion),
- franchising (funds under management - EUR 100 billion) through Fortis Investment Management,
- investment services,
- leasing and factoring.

Fortis wants to gradually develop selected areas of activity so as to strengthen its posi-

tion in Europe, both through the development of its own structures and mergers with other institutions.

In Poland Fortis Bank intends to pursue its current strategy of operation, i.e. provide products and services to small and medium-sized companies and affluent individual customers.

Thanks to the financial and organizational involvement of Fortis Bank, Fortis Bank Polska will further increase its capital, improve its loan procedures, introduce modern standards of operation, acquire new clients and diversify its range of banking products and services.

High rating grades issued by independent international rating agencies reflect the reliability and security of Fortis Bank.

Long-term	Short-Term	Financial soundness	
Fitch-IBCA		AA-	F1+ B
Moody's		Aa3	P1 B
Standard & Poor's		AA-	A1+ -
Thomson Bankwatch		AA-	TBW1 B/C

Fortis Securities Polska SA

Fortis Securities Polska SA seated in Warsaw was established in 1992 as Polski Dom Maklerski SA. In 1996-2000, the Company operated as Pioneer Polski Dom Maklerski SA. In July 2000, it changed the name to Fortis Securities Polska SA (FSP). Its sole owner is Fortis Bank Polska. The Company share capital amounts to PLN 13,195,000. FSP Supervisory Board is composed of the following persons: Mr. Leszek Niemycki (Chairman), Mr. Jean-Marie De Baerdemaeker and Mr. Jan Bujak as representing Fortis Bank Polska SA

and also Mr. Freddy Van den Spiegel and Mr. Daniel de Meeus d'Argenteuil as representatives of Fortis Bank.

Fortis Securities Polska SA (FSP) has been operating on the capital market for 8 years. The Company is a shareholder and member of the Warsaw Stock Exchange, direct member of the National Depository for Securities and shareholder and member of the Central Offering Table. Acting on the basis of licenses granted, FSP is offering a full range of products available on the capital market, including brokerage

services, investment advisory services and portfolio management. Moreover, the company conducts a wide analytical activity offering charge-free recommendations and analyses.

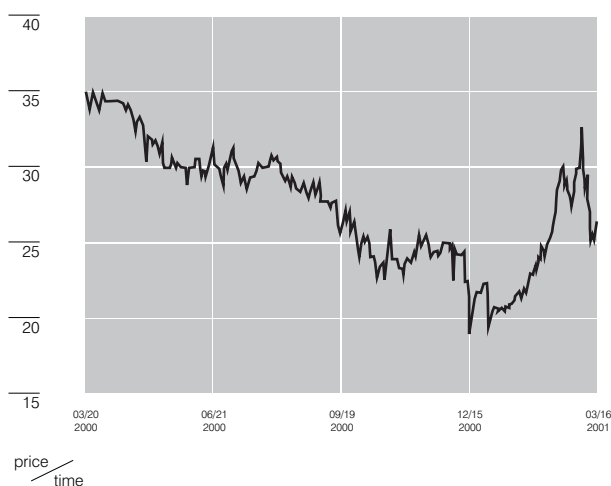
On August 30, 2000, Fortis Securities Polska SA was granted an authorization from the Securities and Exchange Commission for the funding of PDM Investment Fund Society that is going to extend the scope of the Fortis Group services offered. Four investment funds for institutional clients will be opened. PDM Investment Fund Society was registered on October 25, 2000.

The core activity of Fortis Securities Polska SA focuses on the following:

- 1) execution of client's orders within the primary and secondary public trading in securities (including online trading);
- 2) management of client securities portfolios to client orders,
- 3) professional investment advisory services,
- 4) acceptance of orders to purchase and redeem participation units of investments funds;
- 5) organization and conducting public and non-public offerings of securities;
- 6) offering securities in the public and non-public trading.

6. The Bank performance on the WSE

The Bank debuted on the primary market of the Warsaw Stock Exchange in November 1994 (as PPABank SA). Since December 21, 1998 PPABank shares have been quoted in the continuous trading system. In 2000, following the implementation of new WARSET system, the Bank shares were classified into the group of companies quoted in a one-fixing system. As a result of the acquisition of over 98% of shares by Fortis Bank in the end of 1999, the liquidity of the Bank's shares substantially decreased. This resulted in the gradual fall of the share price in 2000. Average daily turnover of the Bank's shares in 2000 amounted to 234 shares in comparison to 17,267 shares in 1999. As of January 3, the Bank's share price amounted to PLN 36.10 and decreased to PLN 20.10 as of December 29, 2000. In the said period, the WIG index changed only slightly from 18,982 to 17,848 points.



It should be emphasized that such a considerable slump of the Bank's share price, with the practically unchanged WIG index level could result from the negligible share liquidity on Warsaw bourse.

The Bank's share quotations between March 20, 2000 and March 16, 2001 are presented on the graph below.

Effective July 17, the Bank's shares are quoted under the name of FORTISPL.

Below there are market indices for Fortis Bank Polska SA as of December 31, 2000:

Ratio	December 31, 2000	December 31, 1999
EPS ratio	2.09	2.55
P/E ratio	9.61	6.75
BVPS ratio	27.75	22.39
P/BV ratio	0.72	0.94

Book value per share is PLN 27.75. To make appropriate calculation, share capital, reserve capital, revaluation reserve, other reserve capital and a net profit for fiscal year were included in own funds.

7. Development plans

The Bank's long-term strategy adopted by its authorities in December 1999 was reviewed in December 2000 taking into account micro- and macro-economic environment and forecasts.

The Bank's mission statement, as defined by the Board of Executives, is to provide modern and professional financial services as a partner to the successful small and medium businesses and the emerging Polish middle class.

The principal long-term goals include:

- Creation of optimal environment for rendering banking services to clients from target market segments through high service quality, further branch expansion, development of IT infrastructure and introduction of new services to the Bank's offering,

- capital increase to adhere to the requirements of the National Bank of Poland concerning the capital amount that guarantees the safety of the banking system and the rules of permissible exposure, and to secure the Bank's stable development,
- increase of the value for the shareholders by raising the Bank's equity and higher quality of assets.
- increase of the quality of assets

Gradual enhancement of the cooperation with the Fortis group will mean creation of a new Bank's image, establishment of the Fortis brand in Poland, support for the head office and affiliated organizations of the Fortis group international network. According to the development directions set by the Board of Directors, the Board of Executives introduces organizational changes to adjust operations and management systems to the structures of Fortis Bank. The changes made in 2000 concerned mainly the introduction of the so-called business lines to service specific market segments, and the restructuring of credit function to improve and reinforce lending procedures.

The financial and organizational investment of Fortis Bank should result in an increase of Fortis Bank Polska capital, introduction of modern operation standards, development of IT network and wider range of banking products offered to clients. New directions of operating activity to be developed in cooperation with Fortis Bank, will include international trade finance and asset management.

As an institution that provides services to the small and medium-sized companies segment

through MEC Business Line, the Bank has the following objectives:

- to acquire new clients, mainly international-ly developing companies with capital or commercial link abroad, ideally in a „Fortis country”,
- to develop such skills as: „International Trade Finance“ and „Financial Markets“,
- to develop fee business.

The major capital investments planned for 2001 are: technology, network expansion, new shares issue, fixed and movable assets. Implementing the branch expansion plan, in 2000 the Bank opened four new branches and six personal banking sub-branches. In the beginning of 2001, the Bank intends to launch new branches: in Warsaw, Bielsko-Biala and later in Gdańsk.

Along with the branch network expansion, other product and services distribution channels are developed, including the Internet. The offering addressed to client segments serviced by both business lines, IPS and MEC will be expanded. The Bank plans to enrich its offering for Personal Banking clients. Already in II quarter of 2001, VISA Electron card will be offered to Silver and Gold Package holders. The Bank intends to extend the PI@net system functionality and introduce an e-Package addressed to young individual clients, mainly persons who have just started their career.

In addition to the packages offered to individuals, packages for small enterprises will be introduced, including a set of complimentary financial solutions customized to the needs of this client group.

The Bank plans to continue the development of its activity on the capital market in close cooperation with its subsidiary - Fortis Securities Polska S.A. Based on a cooperation agreement concluded between the parties, customer service offices (POKi) of the brokerage house

are opened in the Bank's operating units. POKi sell participation units of investment funds, investment portfolios and offer agency services for conclusion of investment account agreements. In 2001, the Bank's offering will include loans to cover debit balances arising as a result of the realization of securities buy orders on the deferred payment rules.

In 2001, pursuant to the decision of the Board of Directors and Board of Executives, the Bank, in cooperation with Arthur Andersen will conduct an efficiency and productivity improvement project concerning the basic areas of the Bank's operations. Efficiency improvements are to be achieved within the Bank's existing operating business model (target customers, business lines, operating procedures, distribution channels) and operating structure (multi-business line matrix structure), through a rationalization of operating costs and streamlining of existing processes and organizational structure.

8. Organizational structure

Bank's authorities

According to the Statute, the Bank's authorities consist of:

- General Shareholders' Meeting,
- Board of Directors,
- Board of Executives.

There are also regular and temporary committees appointed that are advisory or decision-making bodies. The regular committees are the following:

- Assets and Liabilities Committee (ALCO)
- Credit Committee
- Problem Asset Committee
- Regional Credit Committees,
- Business Continuity Committee.

The Board of Directors approves Regulations of Credit Committees that are to decide on credits, loans, guarantees or other agreements regarding financing.

The Problem Asset Committee (PAC) was created to relieve the Credit Committee of issues not related to loan production. The PAC decides on asset valuation, assignment of problem assets to specific risk categories, creation of reserves and development of relevant procedures. The PAC operates under Regulations approved by the Board of Directors.

In addition, the Bank President appoints the Assets and Liabilities Committee (ALCO), an advisory body that is to effectively administer the Bank's assets and liabilities in order to ensure a long-term increase coupled with the realization of current financial plans.

The Business Continuity Committee is to plan and coordinate actions to be undertaken in emergency situations in order to ensure the continuity of the Bank's operations.

Business lines and operating branches

As of July 1, 2000, there were so called business lines created in the Bank's organizational structure that service two different client groups: IPS (Individuals, Professionals and Small Enterprises) and MEC (Medium -sized and Large Enterprises).

The organizational structure of the sales function was reorganized to comprise the existing five Regions (Eastern, Western, Małopolska, Silesian and Northern). Each of the Regions includes branch offices, their sub-branches and agencies, as well as Business Centers. Regions are managed by Region Directors. In June 2000, Personal Banking Sub-branches were launched. They offer products and services addressed to individual customers.

As of January 1, 2001 the credit activity of representative offices was incorporated into the branch structures.

The Bank's Head Office has been moved to Warsaw.

As of December 31, 2000, the Bank operated the following units:

- 17 (seventeen) full-service Branches (three Branches in Kraków, two Branches in Warsaw, Łódź Branch, Lublin Branch, Częstochowa Branch, Gliwice Branch, Katowice Branch, Poznań Branch, Gdynia Branch, Wrocław Branch, Bydgoszcz Branch, Zakopane Branch, Szczecin Branch and Kielce Branch). In December the Investment and Leasing Branch in Warsaw was closed.
- Two sub-branches of the Warsaw Branch and six Personal Banking Sub-branches - two in Warsaw, one in Wrocław, Poznań, Katowice and Łódź).
- Agency of Branch III in Kraków.
- 18 (eighteen) Representative Offices (three in Warsaw and Kraków and one in Częstochowa, Gdynia, Gliwice, Katowice, Lublin, Łódź, Poznań, Szczecin, Wrocław, Bydgoszcz, Zakopane, Kielce).

Bank authorities composition

Changes in the composition of the Board of Executives and the Board of Directors

As of January 1, 2000, the Bank's Board of Directors was composed of:

Joseph S. Conti	Chairman
Luc Delvaux	Vice Chairman
Antoni Potocki	Vice Chairman
Zbigniew Dresler	
Kathleen Steel	
Werner Claes	
Paul Dor	
Roland Saintrond	

At the meeting of the Board of Directors held on May 11, 2000, Joseph S. Conti, the Chairman of the Board of Directors since 1992, decided not to stand for the membership in the Board for the next tenure. The General Shareholders' Meeting held on June 15, 2000 elected the Board of Directors for the next tenure. Sjoerd van Keulen, a member of the Managing Committee of Fortis Bank, was elected the Chairman of the Board of Directors. Other Board members are: Luc Delvaux (Vice Chairman), Kathleen Steel, Werner Claes, Paul Dor, Roland Saintrond - all representing Fortis Bank, and Antoni Potocki (Vice Chairman) and Zbigniew Dresler - as the representatives of Polish minority shareholders.

As of January 1, 2000, the Board of Executives was composed of the following members:

Marek Kulczycki	President
Jean-Marie De Baerdemaeker	Executive Vice President
Thomas C. Cianfrani	Vice President
Jean-Luc Deguel	Vice President
Leszek Niemycki	Vice President
Gilles Polet	Vice President

At the meeting held on December 15, 2000, the Board of Directors decided to change the composition of the Board of Executives. As of December 15, 2000, Mr. Jean-Marie De Baerdemaeker, the existing Executive Vice-President was appointed to the position of President of the Board of Executives, subject to the approval of the Banking Supervision Commission. Accepting the motion of Mr. Marek Kulczycki, the Board of Directors, recalled him from the position of the President of the Board of Executives and appointed to the position of the Senior Vice-President. Mr. Marek Kulczycki is to represent the interests of the Fortis group in Poland as the Country Manager for Poland. As of December 31, 2000, the Board of Directors was composed of 8 persons while the Board of Executives comprised 6 persons.

As of December 31, 2000, the composition of the Bank' authorities was the following:

Board of Directors:

Sjoerd van Keulen	Chairman
Luc Delvaux	Vice Chairman
Antoni Potocki	Vice Chairman
Zbigniew Dresler	
Kathleen Steel	
Werner Claes	
Paul Dor	
Roland Saintrond	

Board of Executives

Jean-Marie De Baerdemaeker	President
Marek Kulczycki	Senior Vice President
Thomas C. Cianfrani	Vice President
Jean-Luc Deguel	Vice President
Leszek Niemycki	Vice President
Gilles Polet	Vice President

Effective January 1, 2001 Mr. Andre Van Brussel joined the Board of Executives. Mr. Van Brussel was appointed Vice President and Chief Financial Officer.

Employees

As of December 31, 1999, the Bank employed 673 persons. In 12 months, the number grew to 899 employees. Among the employees, 436 were university graduates. In order to upgrade the quality of services, the employees may participate in a range of specialist training programs. In 2000, 590 employees participated in different training courses.

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