

Current Report 8/2005



Statement of the Board of Executives of Fortis Bank Polska S.A. on the observance of corporate governance rules by the Bank

Pursuant §27 item 2 and 3 of the Warsaw Stock Exchange (WSE) Regulations, Resolution No. 44/1062/2004 dated December 15, 2004 of the Supervisory Board of the Warsaw Stock Exchange and Resolution No. 445/2004 dated December 15, 2004 of the Management Board of the Warsaw Stock Exchange, the Board of Executives of Fortis Bank Polska SA informs that in compliance with the decision taken by the Annual Shareholders' Meeting and the decisions of the Bank's Supervisory and Executive Boards, it adopted " Best Practices in Public Companies in 2005" in the following wording and extent.

No.	Rule		
General Rules			
I.	Objective of the Company	YES	
	The basic objective of operations of a company's authorities is to further the interest of the company, i.e. to increase the value of the assets entrusted by its shareholders, with consideration to the rights and interests of entities other than shareholders, involved in the functioning of the company, including, in particular, the company's creditors and employees.		
II.	Majority Rule and Protection of Minority	YES	
	A joint-stock company is a capital venture, and, therefore, it must respect the principle of capital majority rule, and the primacy of majority over minority. A shareholder who contributed bigger capital also bears a higher economic risk. It is, therefore, justified that his interest be taken into consideration in proportion to the contributed capital. The minority must have a guarantee of proper protection of their rights, within limits set by the law and commercial integrity. While exercising its rights, the majority shareholder should take into account the interests of the minority.		
III.	Honest Intentions and No-Abuse of Rights	YES	
	The exercise of rights and the reliance on legal institutions should be based on honest intentions (good faith) and cannot reach beyond the purpose and economic reasons for which these institutions have been established. No activities should be taken which exceed the limits so set and, thus, constitute an abuse of the law. The minority should be protected against abuse of ownership rights by the majority and the interests of the majority should be protected against abuse by the minority of its rights, thus, ensuring the best protection of equitable interests of the shareholders and other market participants.		

IV. Court Control	YES	
	The company's authorities and persons chairing a general meeting cannot decide on issues which should be resolved by court judgments. This does not apply to activities which are within the powers of the company's authorities and persons chairing general meetings or which they are obliged to undertake by force of law.	
V. Independent Opinions Ordered by the Company	YES	
	When choosing an entity which is to provide expert services, including, in particular, the services of an expert auditor, financial and tax advisory services, as well as legal services, the company should consider whether there exist circumstances limiting the independence of this entity when performing the entrusted tasks.	
Best Practices of General Meetings	Comply or not	Comments
1.	YES	General meetings of shareholders are usually held at the Bank's registered office situated in Warsaw.
2.	YES	The Agenda for a general meeting of shareholders (ordinary or extraordinary) is announced subject to prior opinion of the Supervisory Board. Draft Resolutions are announced to the public by current report 8 days before the date of the meeting at the latest. The materials are available for the shareholders.
3.	YES	
4.	YES	Historically, the Bank neither canceled nor postponed the announced dates of the shareholders' meeting, but if some extraordinary circumstances beyond the Company's control (force majeure) occur, the management board will take all the due care to observe this rule.

5.	<p>In order for a representative of a shareholder to participate in a general meeting, his right to act on behalf of the shareholder should be duly documented. It should be presumed that a written document confirming the right to represent a shareholder at a general meeting is in conformity with the law and does not require any additional confirmations and acknowledgement unless its authenticity or validity prima facie raises doubts of the company's management board (upon drawing-up the attendance list) or the chairman of the general meeting.</p>	YES	<p>In order to participate in the general meeting of shareholders and exercise voting rights, a shareholder's representative must present a power of attorney in writing, otherwise it should be rendered null and void. If the shareholder's representative is a legal person, the power of attorney should be granted by persons disclosed in a respective register (against the presentation of a copy of the respective register), and in the case of a natural person - pursuant to the provision of the Civil Code.</p>
6.	<p>The general meeting should have regular by-laws setting forth the detailed principles of conducting the meetings and adopting resolutions. The by-laws should contain, in particular, provisions concerning elections, including elections to the supervisory board by voting in separate groups. The by-laws should not be subject to frequent changes; it is advisable that the changes enter into force as of the subsequent general meeting.</p>	YES	<p>Since inception, at shareholders' meetings the Bank applied Rules of Procedure adopted by the AGM. Since year 2004 new Rules of Procedure has been in forced, which were adopted by the preceding AGM on June 26, 2003 in order to amend it according to corporate governance practices of 2002. Considering the present shareholders' structure there is no need of introducing provisions to the Rules of Procedure concerning elections to the supervisory board by voting in separate groups.</p>
7.	<p>A person opening the general meeting should procure an immediate election of the chairman of the meeting, and should refrain from any substantial or formal decisions.</p>	YES	<p>Section 5 of the Rules of Procedure of the General meeting of Shareholders provides that "the General Shareholders' Meeting is opened by the Chairman or Deputy Chairman of the Supervisory Board, who orders an election of a Chairman of the Meeting."</p>
8.	<p>The chairman of the general meeting ensures an efficient conduct of the meeting and observance of the rights and interests of all shareholders. The chairman should counteract, in particular, the abuse of rights by the participants of the meeting and should guarantee that the rights of minority shareholders are respected. The chairman should not, without sound reason, resign from his function, or put off the signing of the minutes of the meeting.</p>	YES	<p>This rule is reflected in the adopted Rules of Procedure of the General Meeting of Shareholders.</p>
9.	<p>A general meeting should be attended by members of the supervisory board and the management board. An expert auditor</p>	YES	<p>Rules of Procedure of the General Meeting provide in Section 3 that members of the Supervisory</p>

	should be present at an annual general meeting and at an extraordinary general meeting if financial matters of the company are to be discussed thereat . The absence of a member of the supervisory board or a management board at the general meeting requires explanation. This explanation shall be given at the general meeting.		Board and the Board of Executives and the expert auditor of the Bank are invited to the General Meeting. Being present they should provide the participants of the meeting with explanations and information concerning the company in their field of responsibilities .
10.	Members of the supervisory board and the management board and the expert auditor of the company should, within their powers and to the extent necessary for the settlement of issues discussed by the general meeting, provide the participants of the meeting with explanations and information concerning the company.	YES	as above
11.	All answers provided by the management board to the questions posed by the general meeting should take into account the fact that the reporting obligations are performed by a public company in a manner that follows from the Law on public trading in securities, and certain information cannot be provided otherwise.	YES	The management board members are aware that the Bank, as a listed company must comply with the reporting obligations under the Law on public trading in securities.
12.	Short breaks in the session which do not defer the session, ordered by the chairman in justified cases, cannot be aimed at hindering the exercise of the rights by the shareholders.	YES	This rule is reflected in the adopted Rules of Procedure of the General Meeting of Shareholders
13	Voting on issues placed on the agenda may be carried out only on issues related to the conduct of the meeting. This voting procedure cannot apply to resolutions which may have impact on the exercise by the shareholders of their rights.	YES	This rule is reflected in the adopted Rules of Procedure of the General Meeting of Shareholders
14	A resolution not to consider an issue placed on the agenda may be adopted only if it is supported by sound reasons. A motion in this respect should be accompanied by a detailed justification. Removing an item from the agenda or not considering an issue placed on the agenda requires adopting the resolution by the general meeting. All the shareholders who submitted the claim have to agree to remove it from agenda and 75% of those present at the general meeting must approve this course of action.	YES	This rule is reflected in the adopted Rules of Procedure of the General Meeting of Shareholders
15	A party objecting to a resolution must have an opportunity to concisely present the reasons for its objection.	YES	This rule is reflected in the adopted Rules of Procedure of the General Meeting of Shareholders
16	Due to the fact that the Code of Commercial Companies does not provide for court	YES	The Chairman of the Shareholders' Meeting makes sure that

	control in the event where a resolution is not adopted by the general meeting, the management board or the chairman of the meeting should form the resolutions in such a way that each person who does not agree with a decision being the subject of the resolution, have the possibility of challenging the same; provided that he is entitled to do so.		resolutions are formulated in a clear and straightforward way. The management provides the possibility to seek lawyer's advice during the meeting.
17	At the request of a participant in the general meeting, his written statement is recorded in the minutes.	YES	This rule is reflected in the adopted Rules of Procedure of the General Meeting of Shareholders.
Best Practices of Supervisory Boards			
18	The supervisory board submits to the general meeting an annual concise evaluation of the company's standing. The evaluation should be made available to all shareholders early enough to allow them to become acquainted with the same before the annual general meeting.	YES	Pursuant to the provisions of the Statute and the Regulations of the Supervisory Board, every year the Bank's Supervisory Board presents the Report of its activity in the previous year to the General Meeting of Shareholders, including the assessment of the company's financial standing, the prospects for its development and an opinion on the Report of the Board of Executives and the presented proposal of the profit allocation.
19	A member of the supervisory board should have relevant education, professional and practical experience, be of high morale and be able to devote all time required to properly perform the function on the supervisory board. Candidates for members of the supervisory board should be presented and supported by reasons in sufficient detail to allow an educated choice.	YES	Candidates for members of the Supervisory Board are presented to the Shareholders' Meeting supported by a sound reasoning; professional CVs of the candidates are available in the materials for the meeting.
20	a) At least one-half of members of the supervisory board should be independent members , with exception to item d). Independent members of the supervisory board should not have any relations with the company and its shareholders or employees, which relations could have significant impact on the ability of the independent member to make impartial decisions.		Point a) is not relevant for the Bank (see comment to point d).
	b) Detailed criteria of independence should be laid down in the statutes of the company	NO	At present the Statute does not provide for the detailed criteria of independence of the Supervisory Board members.. Detailed criteria of independence of Supervisory Board members were introduced into the company's Regulations of

			the Supervisory Board on the last General Meeting of May 24, 2005.
	c) Without consent of at least one independent member of the supervisory board, no resolutions should be adopted on the following issues: - performances of any kind by the company and any entities associated with the company in favor of members of the management board ; - consent to the execution by the company or its subsidiary of a key agreement with an entity associated with the company, member of the supervisory board or the management board, and with their associated entities; - and appointment of an expert auditor to audit the financial statements of the company	NO	
	d) In companies where one of the shareholders owns a package of shares that entitles him to more than 50% of votes, the supervisory board shall include at least two independent members, including an independent audit committee chairman, as long as such audit committee was established.	YES	Main shareholder has 75% votes at AGM. Currently, among the members of the Supervisory Board there are two (2) independent Supervisory Board members, i.e. such that do not have any formal, economic, by family or other connections with the strategic shareholder, Board of Executives' members and Bank's employees (according to the internal criteria compliant with the EU recommendation 2005/162/WE)
	The above rule may be implemented by the company on a date different than that for the remaining rules of this document, but no later than till June 30, 2005 .		
21	A supervisory board member should, most of all, bear in mind the interests of the company.	YES	Pursuant to §15 Section 2 of the Bank's Statute, "The Supervisory Board shall proceed with constant, general supervision over all activities of the Bank and the Board of Executives, and in particular, shall mind whether the activities of the Board of Executives comply with the business of the shareholders, welfare of the Bank, and whether they are in line with rules of law and the Statute."
22	Members of the supervisory board should take relevant actions in order to receive from the management board regular and complete information on any and all significant issues concerning the company's operations and on the risk related to the carried out business and ways of managing such risk.	YES	The Supervisory Board holds its meetings at least once every three months. At each such meeting, the Board of Executives presents reports of all material issues regarding the Company's business. Between the meetings, members of the Supervisory Board are

			regularly and duly provided with the most significant information.
23	A supervisory board member should inform the remaining members of the board of any conflict of interest that arises, and should refrain from participating in discussions and from voting on passing a resolution on the issue in which the conflict of interest has arisen.	YES	The rule is approved and applied in practice by the Supervisory Board members.
24	Information on personal, actual, and organizational connections of a supervisory board member with a given shareholder, and, in particular, with the majority shareholder, should be available to public. The company should have a procedure in place for obtaining information from members of the supervisory board and for making it available to the public.	YES	Pursuant to reporting obligations of the Company that is publicly traded, current reports regarding the appointment of new members to the Supervisory Board contain their curricula vitae, and in particular the information regarding connections, if any, of the Supervisory Board's member with a specific shareholder. The CV's of boardmembers is also available on the Bank's www pages.
25	Supervisory board meetings, save for issues which directly concern the management board or its members, and, in particular, removal, liability, and setting remuneration, should be accessible and open to members of the management board.	YES	Pursuant to §14 Section 4 of the Bank's Statute, "The President of the Board of Executives shall participate in meetings of the Supervisory Board by virtue of his office. Participation of other invited persons, shall also be allowed." Members of the Board of Executives are invited to participate in the meetings when issues concerning their scope of competence are discussed. Minutes of Supervisory Board meetings are sent to the attention of all members of the Board of Executives.
26	A supervisory board member should enable the management board to present publicly and in an appropriate manner information on the transfer or acquisition of the shares of the company or of its dominant company or a subsidiary, and of transactions with such companies, provided that such information is relevant for his financial standing.	YES	Every quarter, members of the Supervisory Board make written declarations about the number of the Bank's shares owned and then about any changes to number of the Bank's shares owned. The following internal procedures have been implemented in the Bank: i) "Rules of access to confidential information and purchase and sale of Bank securities by the persons having access to such information" , ii) Regulations on extending credits and cash loans, issuing bank guarantees and sureties to

			subsidiaries, units controlled by or associated with the Bank, the Bank's shareholders and entities affiliated with the Bank's shareholder.
27	<p>Remuneration of members of the supervisory board shall be established on basis of clear and transparent rules. The remuneration should be fair, but should not constitute a significant cost item in the company's business or have material impact on its financial results. The remuneration should be in reasonable relation to the remuneration of members of the management board. The aggregate remuneration of all members of the supervisory board and remuneration of each individual member of the supervisory board with specification of its particular components should be disclosed in the annual report along with the information on procedures and rules of how it was determined.</p>	YES	<p>The remuneration of the Supervisory Board members does not constitute a significant cost item. The General Meeting of Shareholders verifies the remuneration amount annually. Total remuneration of all the members of the Supervisory Board is provided in semi-annual and annual financial reports. As from annual report for 2004 the Bank discloses remuneration of individual members of the Supervisory Board for their participation in the Supervisory Board meetings with a commentary on the general rules of how it was determined.</p>
28	<p>The supervisory board should operate in accordance with its by-laws which should be available to the public. The regulations should provide for the existence of at least two committees:</p> <ul style="list-style-type: none"> • audit and • remuneration. <p>The audit committee shall include at least two independent members and at least one member qualified and with experience in the field of accounting and finances. The regulations of the supervisory board shall precisely define the tasks of the committees. The committees shall present annual reports of their activity to the supervisory board. Those reports shall be made available to the shareholders.</p>	NO	<p>The Supervisory Board operates in accordance with its by-laws adopted by the General Meeting. The currently binding Supervisory Board Regulations are available on the Bank's website. Statute provides for the existence of a remuneration committee within the Supervisory Board and such has been created within the Board. The Bank's Statute, having been amended pursuant to the new provisions of the Banking Law, provides for a possibility to create an Internal Audit Committee composed of the Supervisory Board's members to supervise the Audit Department activity. Audit committees exist on Fortis Group and Fortis Bank NV level.</p>
29	<p>The agenda of a supervisory board meeting should not be amended or supplemented during the meeting which it concerns. This requirement does not apply if all members of the supervisory board are present and agree to the amendment or supplementation of the agenda, and in instances where the adoption of certain activities by the supervisory board is necessary in order to protect the company</p>	YES	<p>The rule is accepted and applied in practice by the Supervisory Board members.</p>

	against damage and in the case of a resolution which concerns the determination whether there exists a conflict of interest between a supervisory board member and the company.		
30	A supervisory board member delegated by a group of shareholders to permanently exercise supervision should submit to the supervisory board detailed reports on the performance of his task.	YES	The rule is accepted by the Supervisory Board members and will be applied if such case occurs.
31	A supervisory board member should not resign from his function during a term of office if this could render the functioning of the board impossible, and, in particular, if it could hinder the timely adoption of an important resolution.	YES	The rule is accepted by the Supervisory Board members and will be applied if such case occurs.
Best Practices of Management Boards			
32	Bearing in mind the interest of the company, the management board sets forth the strategy and the main objects of the company's operations, and submits them to the supervisory board. The management board is liable for the implementation and performance of the same. The management board cares for transparency and effectiveness of the company management system and the conduct of its business in accordance with the legal regulations and best practice	YES	The Board of Executives sets forth the Bank's strategy and the annual budgets. The scope of competence of the Supervisory Board includes the approval of the Bank's economic and financial system and multi-year development plans, approval of the Bank's annual budget plan, resolving on annual economic and financial plans of the Bank, etc.
33	While making decisions on corporate issues, members of the management board should act within the limits of justified economic risk, i.e. after consideration of all information, analyses and opinions, which, in the reasonable opinion of the management board, should be taken into account in a given case in view of the company's interest. While determining the interest of the company, one should keep in mind the justified in long-term perspective interests of the shareholders, creditors, employees of the company and other entities and persons cooperating with the company, as well as the interests of local community.	YES	The rule is in use also pursuant to the Fortis Principles of Business Conduct adopted in the entire Fortis group
34	In transactions with shareholders and other persons whose interests have impact on the interest of the company, the management board should act with utmost care to ensure that the transactions are at arms' length.	YES	The rule is in use also pursuant to the Fortis Principles of Business Conduct adopted in the entire Fortis group
35	A management board member should display full loyalty towards the company and	YES	The Board of Executives' members shall submit written declarations

	avoid actions which could lead to implementing exclusively own material interest. If a management board member receives information on the possibility of making an investment or another advantageous transaction concerning the objects of the company, he should present such information immediately to the management board for the purpose of considering the possibility of the company taking advantage of it. Such information may be used by a management board member or be passed over to a third party only upon consent of the management board and only when this does not infringe the company's interest.		regarding the Bank's shares that they own likewise they shall inform about any changes in the possession of the Bank's shares. Internal regulations are in place defining disclosure obligations of the bank's management in this respect.
36	A management board member should treat his shares in the company and in its dominant companies and subsidiaries as a long-term investment.	YES	
37	Management board members should inform the supervisory board of each conflict of interest in connection with the performed function or of the risk of such conflict.	YES	The rule has been taken into account in the Regulations of the Board of Executives.
38	The remuneration of management board members should be set based on transparent procedures and principles, taking into account its incentive nature and ensuring effective and smooth management of the company. The remuneration should correspond to the size of the company's business enterprise, should be in reasonable relation to the economic results, and be related to the scope of liability resulting from a given function, taking into account the level of remuneration of members of management boards in similar companies in a similar market.	YES	This rule has been accepted by the Supervisory Board, which is the body entitled to determine remuneration of the Executive Board members.
39	The aggregate remuneration of all the members of the management board and the individual remuneration of each of the members should be disclosed and itemized in the annual report along with the information on procedures and rules of how it was established. If there is a significant difference between the remuneration of various members of the management, an explanation should be published.	YES	Total remuneration of all the members of the Board of Executives is provided in semi-annual and annual reports. As from annual report for 2004 both the total remuneration of all members of board of executives and individual remuneration of each executive are disclosed in annual reports together with information about the general rules of how it is determined.
40	The management board should lay down the principles and procedure of operations and allocation of powers in the by-laws which	YES	The Regulations of the Board of Executives adopted by the Supervisory Board determine the

	should be open and generally available.		rules and manner of operations and division of responsibility of the members of the Board of Executives - and it is available on the Bank's website. The currently binding Regulations were adopted on April 24, 2003.
Best Practices in Relations with Third Parties and Third Party Institutions			
41	The selection of an expert auditor for a company should guarantee impartiality of performance of the entrusted tasks.	YES	
42	In order to ensure proper impartiality of opinion, the company should change the expert auditor at least once every five years . By changing the expert auditor we understand as well the change of the person who carries out the research. Moreover, the company should not use the same entity carrying out the audit for a considerable period of time.	NO	As fully consolidated into Fortis, the Bank will apply the rules binding in Fortis.
43	The expert auditor should be selected by the supervisory board after it has been presented with the recommendations of the audit committee, or general meeting of the company, upon receiving recommendations from the supervisory board that include the recommendations of the audit. If the supervisory board chooses a different expert auditor than the one recommended by the audit committee, this choice shall be explained in detail. Information on the choice of the expert auditor along with the explanation shall be published in the annual report.	YES	As provided in the Bank's by-laws, the Supervisory Board is empowered to select an expert auditor upon the Board of Executives' recommendation. There is no audit committee established by the Supervisory Board. See also comments to point no. 28
44	An expert auditor who audited annual accounts of a company or its subsidiaries in the period of time concerned, cannot act as a special purpose auditor for the same company.	YES	
45	A company should acquire its own shares in such a way that no group of shareholders be privileged.	YES	The company has not purchased its own shares as for the time being but in the case of such transaction the Board of Executives shall apply all due care to observe this rule.
46	The statutes of the company, its basic internal regulations, information and documents related to general meetings, and the financial statements should be made available in the registered office of the company and on its website.	YES	The Bank's by-laws and other basic corporate documents likewise information and documents related to the general meeting of shareholders, and current and periodic reports (financial statements) are

			available in the registered office of the company and published on the intranet websites.
47	The Company should have proper media relations procedures and regulations and an information policy, ensuring coherent and reliable information about the company. The company should, in compliance with the legal regulations and taking into account its interests, make available to mass media representatives information on its current operation and business, standing, and enable their presence at general meetings.	YES	The Board of Executives adopted "FBP Information Policy", with includes media relations procedures. Bank press releases are published on a regular basis likewise all information on performance and current economic situation. Regulatory information obligations are accomplished in compliance with the Law on public trading in securities. The representatives of the media may be present at the general meetings, unless the issues discussed are confidential.
48	In its annual report, a company should make public its statement on the application of corporate governance standards. If the standards are not applied to any extent, the company should also publicly explain this fact.	YES	The Bank issues updated statements on compliance to corporate governance standards in each semi-annual and annual report.

Additionally, the following documents are in force at Fortis Bank Polska SA:

- The "Code of Good Banking Practice" as provided in Resolution no. 9 adopted by the 15th General meeting of Shareholders of the Polish Banks' Association, introduced in April, 21 2004 on the basis of the Board of Executives resolution.
- Principles of Business Conduct applied in the whole Fortis group, implemented in the Bank in May 2002 by the Board of Executives' resolution.