

Commentary
to a quarterly report of
Fortis Bank Polska SA
for the third quarter of 2002

1. Accounting principles adopted in the report:

- 1.1. Fortis Bank Polska SA keeps its accounting records pursuant to the rules set out in the Accounting Act dated September 29, 1994 (Official Journal No. 121 item 591, as amended), the Ministry of Finance Ordinance dated December 10, 2001, regarding special rules of bank accounting (Official Journal No. 149 item 1673, as amended) and the Ministry of Finance Ordinance dated December 12, 2001, regarding special rules of recognition, valuation methods, scope of including financial instruments and manner of their presentation (Official Journal no. 149 item 1674).
- 1.2. The Bank accounting rules are specified in the "Accounting rules" (as amended by Order No. B/45/2002 issued by the President of the Board of Executives of Fortis Bank Polska SA on May 6, 2002).
- 1.3. A detailed description of the accounting principles applied by the Bank was presented in the Introduction to the Semi-Annual Report published on September 30, 2002.
- 1.4. In the third quarter of 2002 under the Ministry of Finance Ordinance of September 20, 2002, regarding amendments to the Ordinance on special rules of bank accounting (Official Journal No. 157 item 1314), the Bank changed the manner of presentation of its result on the valuation of financial assets held for trading. According to the new principles the Bank recognizes the effects of valuation of financial assets held for trading in the revaluation fund.

As a consequence of this change, the revaluation reserve increased by PLN 652 thousand and now amounts to PLN 1,197 thousand, while the Bank's financial result decreased by PLN 652 thousand to PLN 25,812 thousand.
- 1.5. Financial data included in the quarterly report has been prepared using valuation rules applicable to assets and liabilities and the calculation of the financial result determined on the balance sheet day, taking into account adjustments resulting from provisions, including deferred tax assets and deferred tax liability referred to in the Accounting Act, and impairment loss.
- 1.6. For the purpose of financial reporting the Bank applies a Model Chart of Accounts implemented under the Ministry of Finance Ordinance dated December 12, 2001, regarding the bank model chart of accounts (NBP Official Journal No 152 item 1727). Due to the fact that the Bank's shares are admitted to public trading under the Law on the Public Trading of Securities, the Bank's reporting is prepared according to the Council of Ministers Ordinance dated October 16, 2001, regarding the type, form and scope of current and periodic information and dates of its provision by issuers of securities admitted to public trading (Official Journal No 139 item 1569), as amended by the Ministry of Finance Ordinance dated March 19, 2002 (NBP Official Journal No. 31 item 280), and the Ministry of Finance Ordinance dated October 16, 2001, on detailed requirements applicable to issue prospectuses and abbreviated versions of such prospectuses (Official Journal No 139 item 1568), as amended by the Ordinance of the Ministry of Finance of March 19, 2002 (Official Journal No. 36 item 328).
- 1.7. As of September 30, 2002, deferred tax assets amounted to PLN 41,150 thousand and deferred tax liability totaled PLN 9,768 thousand. As of September 30, 2001, the corresponding amount of deferred tax assets was PLN 32,468 thousand and deferred tax liability equaled PLN 14,155 thousand.
- 1.8. Selected financial data included in this report have been converted into the euro according to the following rules:

- 1.8.1. Particular assets and liabilities were converted into the euro at the mid exchange rate on September 30, 2002, published by the National Bank of Poland, i.e., PLN 4.0782.
- 1.8.2. Particular items in the profit and loss account and cash flow YTD were converted into the euro at the rate based on the arithmetic mean of mid rates determined by the National Bank of Poland on the last days of the months from January to September of 2002, i.e., PLN 3.8284.
- 1.8.3. Particular items in the profit and loss account and cash flow for the third quarter were converted into the euro at the rate based on the arithmetic mean of mid rates determined by the National Bank of Poland on the last days of the months of July, August and September, 2002, i.e., PLN 4.0801.
- 1.8.4. The following rates were applied in the calculations done according to the above mentioned rules:
- rate at the end of January, 2002 – EUR/PLN 3.5929
 - rate at the end of February, 2002 – EUR/PLN 3.6410
 - rate at the end of March, 2002 – EUR/PLN 3.6036
 - rate at the end of April, 2002 – EUR/PLN 3.5910
 - rate at the end of May, 2002 – EUR/PLN 3.7782
 - rate at the end of June, 2002 – EUR/PLN 4.0091
 - rate at the end of July, 2002 – EUR/PLN 4.0810
 - rate at the end of August, 2002 – EUR/PLN 4.0809
 - rate at the end of September, 2002 – EUR/PLN 4.0782.
- 1.9. The Bank's only controlled entity is the brokerage house Fortis Securities Polska S.A. (FSP). Pursuant to Art 58 of the Accounting Act, the Bank is not obligated to prepare a consolidated statement, as the financial data of this subsidiary is immaterial for a reliable and transparent presentation of the property, financial situation and financial result of the Bank. As of the end of September 2002, the total assets of Fortis Securities Polska SA constituted 0.2% of the Bank's total assets, FSP's total income made up 0.2% of the Bank's total income and deductions were made in order to adjust the value of the capital investment in the FSP, in compliance with the applicable regulations.
2. Information about adjustments made on account of provisions, including differed tax liability and differed tax assets, referred to in the Accounting Act:
- 2.1 As of the end of the third quarter 2002, deferred tax assets amounted to PLN 41,150 thousand, while deferred tax liability totaled PLN 9,768;
- 2.2 In the third quarter 2002, the Bank created provisions in the amount of PLN 993 thousand for the depreciation of Fortis Securities Polska S.A. shares;
- 2.3 The Bank created provisions in the amount of PLN 27,139 for loans and off-balance sheet commitments, the exceeding value of provisions created over the released ones in the third quarter 2003, amounted to PLN 18,252 thousand.
3. Factors and events that had a substantial impact on the financial result achieved in the third quarter of 2002:
- 3.1 interest income in the amount of PLN 34,696 thousand, which is similar to the figure achieved in the corresponding period last year;
- 3.2 commission and fee income in the amount of PLN 15,109 thousand – higher by 2% as compared to the third quarter of 2001;
- 3.3 FX result totaling PLN 29,773 thousand – 15% lower than in the third quarter of 2001 (of 34,845 thousand);
- 3.4 creation of provisions of total PLN 27,139 thousand for non-performing loans and off balance-sheet commitments; the difference between the amounts of created and released provisions for non-performing loans and off balance-sheet commitments was PLN 18,252 thousand.

4. In order to make data presented in the balance sheet comparable, the following changes have been introduced to the balance-sheet as at September 30, 2002:

BALANCE AS OF:	SPECIFICATION OF BALANCE SHEET ITEMS	WAS: (in PLN '000)	IS: (in PLN '000)	CHANGE REFERS TO:
Sept. 30, 2001	Assets: III. Receivables due from other financial institutions 1. Current	7 962	43 226	overnight deposits transferred from "term" to "current" receivables
	III. Receivables due from other financial institutions 2. Term	608 051	572 787	overnight deposits transferred from "term" to "current" receivables
	XIII. Intangible assets	21 517	17 920	costs of capital gathering transferred to interperiod settlements
	XVI. Interperiod settlements 1. Deferred income tax	18 313	32 468	deferred tax assets and differed tax liability are presented separately in the balance sheet
	XVI. Interperiod settlements 2. Other	12 664	16 261	costs of capital gathering transferred from intangible fixed assets
	Liabilities: II. Due to other financial institutions 1. Current	7 307	19 634	overnight deposits transferred from the "term" to "current" receivables
	II. Due to other financial institutions 2. Term	853 469	841 142	overnight deposits transferred from "term" to "current" receivables
	III. Due to customers and budget sector 1. Current	320 088	317 979	overnight deposits transferred from "term" to "current" receivables
	III. Due to customers and budget sector 2. Term	2 032 796	2 002 575	overnight deposits transferred from "term" to "current" receivables
	X. Provisions 1. Deferred tax liability	0	14 155	deferred tax assets and differed tax liability are presented separately in the balance sheet

5. One type of collateral used by the Bank is the transfer of a specific amount to the Bank's account, where the Bank undertakes to return this amount upon the repayment of debt along with the interest and fees due. Art 102 of the Banking Law Act dated August 29, 1998 regulates this form of collateral. The value of this type of collateral accepted by the Bank as of September 30, 2002, amounted to PLN 257,454 thousand and was shown under the item "due to customers and budget sector" in the balance sheet, which is part of this quarterly report.
6. After the third quarter of 2002, the Bank reported net profit was lower by PLN 2.2 million than the forecast. This was due to the following positive and negative factors:
- 6.1. interest income – lower than expected by 20%
 - 6.2. commission & fee result - lower by 17% than expected,
 - 6.3. lower than planned general expenses,
 - 6.4. balance between the created and released provisions for non-performing loans and off balance-sheet commitments was lower than the budgeted amount.
7. The Board of Executives maintains the reviewed financial forecast for the period ending at December 31, 2002 which was announced after the 2nd quarter 2002. Due to lower than forecasted growth of deposits and loans and high costs of provisioning for non-performing loans, the planned net profit for 2002 is assumed to reach PLN 30 million (down by 35% as compared to the original plan), whereas the total assets are assumed to reach PLN 4,144 million, which is 15% lower than originally planned.

8. In the quarterly report as of September 30, 2002, on the liabilities side under the item “Undistributed profit (or uncovered loss) from previous years”, the amount of PLN 764 thousand was shown with the 2001 result to be approved, regarding adjustments in the opening balance as of 01.01.2002, resulting from the new provisions of the Accounting Act.
9. Fortis Securities Polska S.A – Fortis Bank Polska subsidiary – discontinued its brokerage activity as of June 29, 2002, under the sale agreement concluded between Fortis Securities Polska SA and DB Securities SA on May 20, 2002. The agreement concerns the sale of an organized part of the enterprise, which until then was used to conduct brokerage activity by Fortis Securities Polska SA.
- 9.1. In order to finance the costs of the FSP reorganization, under the agreement of June 14, 2002, the Bank extended to FSP a non-revolving working capital loan of PLN 800 thousand for 3 months, i.e., until September 16, 2002, at market conditions.
- 9.2. On September 30, 2002 the Bank granted an overdraft credit facility up to PLN 1 million until March 31, 2004, at market conditions.
- 9.3. On August 12, 2002, the Extraordinary Shareholders Meeting of PDM TFI Investment Fund Society (subsidiary of Fortis Securities Polska SA) adopted a resolution on the liquidation of the Company.
10. Significant transactions with affiliated entities:
- 10.1. loan agreement of September 24, 1998 with Fortis Bank S.A. and Fortis Bank Nederland NV (former Generale Bank). On November 12, 1999, an annex to the agreement was drawn up. Under this agreement the Bank was granted a credit line facility in the maximum amount of DEM 200 million (or its USD, NLG, BEF, FRF, GBP or EUR equivalent) for 7 years.
- 10.2. loan agreement of September 24, 2001 with Fortis Bank (Nederland) N.V., seated in Rotterdam. Under this agreement the Bank was granted a credit line facility in the maximum amount of EUR 50 million for 48 months.
11. The structure of shareholders with at least 5% of the total number of votes at the General Shareholders’ Meeting until the date of publishing this report, e.g. October 31, 2002.

shareholder	number of shares owned	Share (%) in the equity	number of votes at the GSM	share (%) in the total number of shares
Fortis Bank	14,941,807	99.10%	11,308,275	75%
Others	135,893	0.90%	135,893	0.90%
Total	15,077,700	100%		

**Pursuant to Art. 26 of the Banking Law Act of 29.08.1997 (Dz. U. No. 140, Item. 939 as amended) and according to Resolution No. 159/KNB/99 of the Banking Supervision Commission of 16.08.1999 regarding the issuance of the permit to acquire the Bank’s shares by Fortis Bank – Fortis Bank has 75% of the total votes at the General Shareholders Meeting.*

In the third quarter of 2002 and until the date of submitting this report , no changes were made in the Bank’s ownership structure as compared with the date of publishing the report for the second quarter , e.g. July 31, 2002.

The last significant change took place as a result of the registration of the Bank’s share capital increase up to PLN 30,155,400 following the Series J shares issue on June 28, 2001.

12. Changes in the number of the issuer’s shares or share options owned by the members of the management or supervisory bodies according to the Bank’s knowledge.
- 12.1 As at the date of submitting this report, i.e. on October 31, 2002, none of the Members of the Board of Executives (Jean-Marie De Baerdemaeker, Ronald Richardson, Leszek

Niemycki, Jean-Luc Deguel, Gilles Polet, Andre Van Brussel) held any shares issued by Fortis Bank Polska SA, which has not changed as compared to July 31, 2002.

12.2 Until the date of submitting this report, no changes took place with respect to the structure of the Bank shares owned by the Members of the Board of Directors:

	Position	Number of shares owned as of	
		July 31, 2002	October 31, 2002
Luc Delvaux	Chairman	25	25

12.3 The other Members of the Board of Directors, i.e. Antoni Potocki, Paul Dor, Zbigniew Dresler, Roland Saintrond, Werner Claes, Kathleen Steel and Didier Giblet do not hold any shares of the Bank.

13. In the third quarter of 2002, there were no pending proceedings related to the obligations or claims of the Bank or its subsidiary before court, relevant authority for arbitration or state administration bodies, whose total value would account for at least 10% of the Bank's own funds.

14. In the third quarter of 2002, the Bank did not grant any sureties or guarantees to one entity (or subsidiaries) that the total amount of which would constitute at least 10 % of its equity (i.e., over PLN 47.9 million).

15. Other information that the Banks regards as important for the assessment of the Bank's personnel, property, financial standing and financial result as well as changes made to them.

15.1 As of July 1, 2002, changes were introduced in the internal organizational structure of the Bank. The new branch model was implemented. Its modern structure with a clear division into the back and front office operations has substantially improved effectiveness of operations and enabled the Bank to better respond to customer needs.

15.2 The Call Center was opened in August 2002, which combines the convenience of the existing Infoline with an automatic telephone service, based on the Avaya Poland software. Bank customers, calling one number available in whole Poland, can obtain information about account balances, history of transactions on their accounts, amount of interest on a deposit or credit card debt. They can also submit instructions to block lost or stolen cards. The Call Center also enables Bank customers to make transfers,.

15.3 On October 1, 2002, Mr Sjoerd van Keulen resigned from the position of the Chairmen of the Supervisory Board of Fortis Bank Polska SA, which he held from June 15, 2000. At the meeting of the Supervisory Board of September 19, 2002, the Board Members elected Luc Delvaux (until then the Deputy Chairman of the Board) the new Chairman of the Supervisory Board and Mr Paul Dor the Deputy Chairman..

The Board of Directors has the following composition:

<i>name</i>	<i>position</i>
Luc Delvaux	Chairman
Paul Dor	Deputy Chairman
Antoni Potocki	Deputy Chairman
Werner Claes	Member of the Board
Zbigniew Dresler	Member of the Board
Didier Giblet	Member of the Board
Kathleen Steel	Member of the Board
Roland Saintrond	Member of the Board

15.5 The Board of Executives decided to convene the Extraordinary General Shareholders' Meeting at ul. Postępu 15 in Warszawa at 2p.m on October 31, 2002. The purpose of the Meeting is to amend the Bank's Articles of Association, for the purpose of broadening the Bank's scope of activity to allow the Bank to act as an intermediary in sale of life insurance products and to adjust the Statutes to the amended Act on Foreign Exchange Law.