INTRODUCTION

1. Fortis Bank Polska S.A. with its registered office in Warsaw 02-676, ul. Postępu 15 presents its annual report including financial data as at June 30, 2004 and comparative data as at December 31, 2003 and June 30, 2003.
2. The register court competent for the Bank is the District Court for the capital city of Warsaw, XX Commercial and Registration Department of the National Court Register, ul. Barska 28/30, 02-315 Warsaw, register no. KRS 6421.
3. In the first half of 2004, Fortis Bank Polska S.A. did not merge with any other business entity.
4. There is no time limit for Fortis Bank Polska S.A. operations.
5. The scope of the activities of Fortis Bank Polska S.A. covers banking transactions both in Polish zlotys and foreign currencies for domestic and foreign natural persons and legal entities and other organizations without legal personality. The core business of the Bank according to Polish Business Classification is ‘other banking activity’ (PKD 6512A), whereas according to the classification adopted by the regulated market, the sector is defined as “Financial institutions and banks.”

   The scope of the Bank’s business includes:

   - accepting deposits payable on demand or at maturity and maintaining accounts for such deposits,
   - maintaining other bank accounts,
   - granting credits and cash loans, including consumer credits and loans,
   - effecting bank monetary settlements, including payment card transactions, likewise issuing payment cards,
   - issuing and confirming bank guarantees, sureties and letters of credit,
   - issuing securities, including convertible bonds and bank securities, likewise rendering commissioned services and assuming obligations related to the issue of securities,
   - trading in securities and maintaining securities accounts,
   - undertaking money market and foreign currency operations, including forward and derivative transactions,
   - effecting check and bill-of-exchange transactions, likewise operations involving warrants,
   - purchasing and selling receivables,
   - purchasing and selling FX values,
   - safe-keeping of valuable items and securities and providing safe-boxes,
   - providing the following financial services:
     - consulting and advisory services in financial matters,
     - custody services,
     - leasing services,
     - brokerage services.
   - acquisition services for open-end pension funds and safe-keeping of pension fund assets,
   - agency services in handling subscriptions for participation units or investment certificates, agency services in their sale and redemption, likewise safe-keeping of investment fund assets,
   - agency services in property insurance,
   - agency services in personal insurance, including life insurance,
   - providing certification services within the meaning of electronic signature regulations, save for the issuance of qualified certificates used by banks in transactions which they are parties to,

- agency services in cross-border money transfers made by residents and settlements with non-residents in Poland,
- issuing electronic money.

6. The Bank's only controlled entity is Fortis Securities Polska S.A. (FSP). Pursuant to Art 58 of the Accounting Act, the Bank is not required 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 June 2004, total assets of Fortis Securities Polska S.A. constituted 1.2% of the Bank's total assets, while FSP's total income represented 1.1% of the Bank's total income.
7. The financial statements of Fortis Bank Polska S.A. has been prepared with the assumption that its business will be continued in the foreseeable future; the Board of Executives has no knowledge whatsoever of any circumstances that may disrupt the Bank's operations.
8. As of June 30, 2004, the composition of the Board of Executives of Fortis Bank Polska S.A. was as follows:

name	*function*
Ronald F.E. Richardson	President of BoE
Jan Bujak	Vice-President
Jean-Luc Deguel	Vice-President
Bartosz Chytła	Vice-President
Jaromir Pelczarski	Vice-President
Koen Vehoeven	Vice-President

Effective May 1, 2004 Mr Bartosz Chytła, Head of Retail Banking Business Line, was appointed as Vice-President of the Board of Executives.

9. As of June 30, 2004, the composition of the Supervisory Board of Fortis Bank Polska S.A. was as follows:

name	*function*
Luc Delvaux	Chairman
Paul Dor	Deputy Chairman
Antoni Potocki	Deputy Chairman
Werner Claes	Board Member
Zbigniew Dresler	Board Member
Didier Giblet	Board Member
Roland Saintrond	Board Member

10. Accounting principles

Fortis Bank Polska S.A. maintains its accounting records in accordance with:

Accounting Act dated 29 September, 1994 (Journal of Laws no. 76, Item 694 of 2002 as amended);

Banking Law Act dated 29 August 1997 (Journal of Laws no. 72, Item 665 of 2002 as amended);

Public Trading in Securities Act dated 25 August 1997 (Journal of Laws. no. 49, Item 447 of 2002 as amended);

Ordinance of the Finance Minister of December 10, 2001, regarding special accounting principles for banks (Journal of Laws no. 149, item 1673 as amended);

Ordinance of the Finance Minister of December 12, 2001, regarding the detailed principles of recognition, valuation methods and the scope of including financial instruments and manner of their presentation (Journal of Laws no. 149, Item 1674 as amended);

Ordinance of the Finance Minister of December 10, 2003, regarding the rules of creation of provisions for risk related to banking activity (Journal of Laws no. 218, Item 2147);

Accounting principles are set out in the Accounting Principles (Order no. B/106/2003 of the President of the Board of Executives of Fortis Bank Polska S.A., dated October 8, 2003) and Valuation Rules (Order no. B/147/2003 of the President of the Board of Executives of Fortis Bank Polska S.A., dated December 30, 2003).

The Bank applies the main principles defined in the Accounting Act, in particular, the following:

consistency concept

The Bank applies the adopted accounting standards consistently. Thus in subsequent fiscal years it follows the same rules for grouping of transactions on accounts, valuation of assets, including depreciation (amortization) charges, and liabilities, determination of the financial result and preparation of financial statements so that data for the subsequent years shown in such statements could be compared. Total assets and liabilities shown in the books of accounts on the day of their closure should be recognized in the same amount in the balance sheet in the books of accounts opened for the next fiscal year. An entity may, with effect from the first day of a fiscal year, regardless of the day of taking such a decision, supersede the applied to-date solutions with others provided in relevant regulations.

continuity concept

In the valuation of assets and liabilities and in determination of the financial result, the Bank assumes that it will continue in business in the foreseeable future within a scope that has not been materially changed and that no bankruptcy or winding-off proceedings will be instituted against the Bank, unless actual or legal circumstances suggest otherwise.

accrual basis and matching concept

In its books and in the financial result, the Bank records all income earned and due to the Bank and related costs incurred in a given fiscal year, irrespective of the date of their payment. In order to ensure that income and related costs are matched, the Bank recognizes, in assets or liabilities related to a given fiscal year, costs or income referring to future reporting periods and costs referring to the current reporting period which have not yet been incurred.

Prudence (conservatism) concept

The Bank measures individual assets and liabilities at the actual cost of their acquisition. In particular, in the financial result, regardless of its amount, the Bank recognizes:

- reductions in the useful or commercial value of assets, including depreciation (amortization) write-offs,
- only unquestionable other operating income and extraordinary profits,
- all operating costs and extraordinary losses incurred,
- provisions for risk identified by the Bank, impending losses and effects of other events.

no-offset principle

The value of particular assets and liabilities, income and related costs, as well as profits and extraordinary losses are determined separately. Values of different-in-kind assets and liabilities, income and related costs as well as profits and extraordinary losses may not offset each other.

materiality concept

When applying accounting standards, the Bank may accept certain simplifications, unless they have a significant adverse impact on the principle of true and fair view of the Bank's property and financial situation and the financial result. Information is deemed material if its omission or misrepresentation may have an effect on economic decisions taken by users based on financial statements. The materiality of information depends on the amount of an item or error assessed in the given circumstances.

substance over form principle

Events, including economic transactions, should be included in the Bank's books of accounts and shown in the financial statement in accordance with their substance and economic reality.

10.1 The Bank's books of accounts are maintained in compliance with Polish laws using the computerized system "Equation" developed by the British company Misys International Banking Systems Ltd., London (approved by the Bank's Board of Executives' President in Order dated August 1, 1994, on the implementation of the Equation system).

10.2 For financial reporting, the Bank applies the Model Chart of Accounts implemented under the Ordinance of the Finance Minister of December 12, 2001 (Journal of Laws no 152, Item 1727, dated December 28, 2001). Due to the fact that the Bank's shares are admitted to public trading under the Public Trading in Securities Act, the Bank's reports and accounts are prepared also according to the Ordinance of the Council of Ministers 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 (Journal of Laws no 139, Item 1569 as amended) and the Ordinance of the Minister of the Council of Ministers of October 16, 2001, regarding the detailed requirements applicable to issue prospectuses and abridged versions of such prospectuses (Journal of Laws no. 139, Item 1568 as amended).

10.3 The Chart of Accounts includes a list of accounts, whereas the Commentary to the Chart of Accounts comprises a description of accounts and indexes of typical accounting entries.

10.4 Tangible and intangible fixed assets are measured as of the end of each reporting period at the acquisition price less their depreciation. In addition, the Bank recognizes revaluation conducted according to valid regulations as well as impairment losses.

10.5 The acquisition price of fixed tangible and intangible assets purchased in foreign currency is converted into Polish zloty at the NBP mid-rate applied on the day of payment.

10.6 Fixed tangible and intangible assets are depreciated based on the valid depreciation schedule determined by the Bank. The depreciation schedule includes depreciation rates specified in a separate document, i.e., the "Valuation Rules of the Bank". Therefore, balance sheet depreciation rates can be different from tax depreciation rates. Depreciation on fixed tangible and intangible assets is calculated monthly on a straight line basis.

Selected principal depreciation rates used by the Bank for balance sheet purposes are as follows:

- computer equipment – 33% on an annual basis,
- passenger cars – 25% on an annual basis,
- improvements on premises not owned by Bank – 10% on an annual basis,
- computer software – acquired and used by the Bank in the form of licenses is depreciated on a straight-line basis for the period of 3 years.

10.7 Items of value not exceeding PLN 3,500 are charged to costs as one-time payments in the month they are made available for use. In 2004 the Bank incurred the respective costs in the amount of PLN 67 thousand.

10.8 Securities:

Debt securities have been classified to the following categories:

- held for trading

  These are debt securities which have been purchased in order to obtain gains as a result of short-term price fluctuations. On the balance-sheet date debt securities held for trading are measured to market value, whereas assets which have no existing active market – at fair value and the valuation effect is included in the financial operations result;

- held to maturity

  These are debt securities which have been purchased with an intention to hold them to maturity. Such securities are measured at amortized cost (with discount and premium accrued by a straight-line method) taking into account write-downs for impairment losses.

- available for sale

  These are debt securities not classified to the "securities held for trading" category or the "debt securities held to maturity" category. They are measured at fair value and the valuation effect is included into the revaluation capital.

- Loans and credit facilities

  debt securities purchased directly from their issuer are classified as financial instruments that result from the disbursement of funds to the other party of the contract.

  As of the balance-sheet day such securities are measured at fair value and the fair value is hedged. The valuation effect is included in the net result on financial transactions.

Impairment loss with respect to securities is regarded as, in particular:

- loss incurred by the issuer over a period of one year, which is not covered by his equity capital,
- poor performance (i.e. below acquisition price) of securities over a period of at least three-subsequent months.

As part of securities operations, the Bank enters into repurchase agreements. Under a repurchase agreement one of the parties, i.e., the seller, agrees to transfer the other party, i.e., the buyer, on the purchase date, the ownership of negotiable securities (sell-buy-back) or put a block on such securities in favor of the buyer (repo) in exchange for the purchase price paid by the buyer. At the same time, the seller agrees to return to the buyer the received funds and the buyer agrees to transfer back the ownership of the securities (in the case of sell-buy-back transactions) or to take the block off the securities (repo transactions). The Bank on an on-going basis records receivables and liabilities resulting from interest on repo transactions. As of the reporting date such transactions are measured at market value.

10.9 Shares and holdings in subsidiaries are measured by equity method. The effect of valuation of these assets is shown in the profit and loss account as a share in the net profit (loss) of subsidiaries measured by equity method, whereas the effect of changes in the subsidiary's own funds not presented in its profit and loss account is shown by the Bank as the revaluation capital. Other shares and interests recognized as fixed assets are valued at the acquisition price, taking into account write-downs for impairment losses.

10.10 Amounts receivable and payable on account of loans, cash loans and other debts are recognized at the amount of the payment due, which also includes the interest due, taking into account specific provisions created according to the Ordinance of the Finance Minister of December 10, 2003, regarding the rules for creation of provisions for risk related to banking activity (Journal of Laws no. 218, Item 2147). The required provisions are built at the end of each reporting period. Provisions for receivables denominated in foreign currencies are converted into zlotys. In some specifically defined cases, the Bank writes credit exposures to specific provisions under the binding provisions.

When classifying credit exposures into risk categories, the Bank applies two independent criteria:

- timeliness of a loan principal or/and interest repayment,
- economic and financial standing of the borrower.

Following the regulations on creating specific provisions for risk related to banking activity, the Bank, when classifying credit exposures into risk categories , may take into account the type of collateral which secure those exposures.

Detailed criteria of credit exposures classification and reclassification are defined by separate internal regulations.

Specific provisions are created with regard to credit exposures classified into the following risk categories:

- normal" – with regard to credit exposures arising from consumer loans and credit facilities;
- "watch list" category;
- "non-performing" – including exposures classified into "substandard", "doubtful" or "lost" categories".

The Bank classifies credit exposures arising from consumer loans to:

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

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

10.11 The Bank settles deferred expenses if such expenses relate to months that follow the month in which they were incurred.

The Bank settles accrued expenses in an amount referring to the current reporting period, arising in particular from:

- obligations towards employees, in particular, for rights acquired by the employees involving unused vacation leave, bonuses and other variable portions of remuneration, etc.,
- obligations related to the Bank's day-to-day operations, in particular, obligations towards audit firms, for legal service, telecommunications costs, rent, office materials, etc.

Deferred and accrued expenses are written off in relation to the lapse of time or the amount of payments. The time and manner of settlement depends on the nature of settled costs, according to the prudence (conservatism) concept.

Expected, however, not yet incurred expenses recognized in accrued expenses reduce current expenses in the reporting period in which it was determined that such liabilities did not arise.

Deferred income includes, in particular:

- payments received or due from counterparties for services to be performed in future reporting periods,
- interest on "at-risk" and "watch-list" receivables – until their receipt (payment) or write-off.

10.12 The Bank creates provisions for future liabilities whose amount or the time when they arise may not be established. It is certain or quite likely that such liabilities will arise, which means that they result from past events involving a payment obligation. As a consequence, the present or future assets of the unit will be used; reliable assessment of the liability amount is possible.

Further, the Bank creates provisions for economic transactions that result in losses. Such transactions include in particular:

- agreements regarding office space sublease at prices lower than those agreed in lease agreements,
- lease agreements regarding office space not used to conduct business.

Provisions are created in the amount of the actual or estimate costs that the Bank is not able to avoid.

The Bank also creates provisions for other future liabilities, and in particular, for the outcomes of pending judicial proceedings. Provisions for future liabilities are created against other operating costs.

If liabilities for which provisions have been created arise, they will decrease the amount of the created provisions. If the risk for which a provision has been created is reduced or eliminated, such unused provision will increase the balance of other operating income or financial income on the date on which it is no longer required.

10.13 Due to temporary differences between the value of assets and liabilities shown in the books of accounts and their tax value and the tax loss deductible in the future, at the end of each reporting period the Bank establishes the amount of deferred tax liability and deferred tax assets.

Deferred tax assets are determined in an amount anticipated to be tax deductible in the future, due to negative temporary differences, which in the future will result in reducing the tax base and deductible tax loss determined according to the prudence (conservatism) concept.

Deferred tax liability is established in the amount of the income tax that will have to be paid in the future, due to positive temporary differences, i.e., differences which will result in increasing the tax base in the future.

Under the European Union Guarantee Fund Act dated April 16, 2004, the Bank includes in the books receivables due from the Tax Office in the amount of 8% of the value of specific provisions for receivables on account of loans classified by banks into the lost or doubtful risk categories, that were made by the Bank but were not recognized as tax deductible as at December 31, 2002.

10.14 The Bank measures the equity in the nominal value.

10.15 The net financial result includes: net operating result, net extraordinary gains/losses, and mandatory charges to the financial result on account of income tax. The net operating result includes the banking activity result adjusted for the difference between other operating revenues and other operating costs, cost of the Bank’s activities, depreciation of fixed assets and intangible assets, provisions revaluation result. The banking activity result includes: interest and fee income, income from shares, holdings and other securities, result on financial transactions, FX result.

10.16 The Bank includes the following items into its interest income at the end of a reporting period:

- income not received in the reporting period arising from:
  - interest due to the Bank, including discount and capitalized interest on receivables classified as performing or watch list, the Bank includes the interest on receivables classified as watch list since January 1, 2004.
  - interest income, including discount, received in the previous reporting period referring to the current reporting period,
- current interest income referring to the reporting period,
- current interest income referring to the interest classified as deferred income in the previous periods,
- costs on account of matured and not matured interest on the Bank’s liabilities referring to the reporting period.

The Bank does not include the following items in its interest income:

- matured and not matured interest, including capitalized interest – on receivables “at risk” receivables which are treated as deferred income until they are collected or written off,

- discount and interest collected in advance referring to future reporting periods.

10.17 Commission and fee income and expenses are included in the financial result when they are collected, i.e. upon their actual payment, except for commissions and fees related to the credit line facility made available by the European Bank for Reconstruction and Development, which are included into the financial result on an accrual basis, and also for commissions and fees related to revolving loans, overdrafts and guarantees which are calculated on a straight-line basis over the duration of the loan agreement or the guarantee agreement.

10.18 The Bank evaluates daily FC positions (with reference to the NBP mid-rate). The result from the above-mentioned operations is recorded on a separate account “Revaluation result”. The FX result is calculated on a daily basis and recorded on a separate account “FX result”. Both accounts are presented in the profit and loss account in the position “FX result”.

The result on forward transactions whose maturity does not fall prior to the end of the reporting period is included in the FX financial result of that reporting period. The result is calculated according to the following rules:

- result on current FX spot transactions, FX swaps, futures and forward transactions is calculated by comparing the transaction rate with the market rate applicable to analogous transactions at the end of the reporting period, if the difference between the value date and the current date exceeds two days. In other cases, the reference rate is the NPB mid-rate.

10.19 The Bank determines the amount of income tax on the basis of the gross financial result adjusted for permanent differences between tax income and financial income. The amount of tax resulting from temporary differences, due to the fact that particular items were recognized in income or costs for taxation and accounting purposes at different dates, is shown as deferred tax reserve or deferred tax assets. The amount of deferred tax liability and deferred tax assets is determined according to income tax rates applied during the fiscal year when the tax liability arises.

All specific provisions created by the Bank excluded from the assessment of corporate income tax liability have been recognized in temporary differences for the purpose of assessing the amount of deferred income tax.

Deferred tax assets as of June 30, 2004, and the comparable data as of June 30, 2003 are presented in the financial part of the report in Note 17, whereas the deferred tax reserve - in Note 27.

10.20 The Bank includes the following transactions to derivative instruments:

- **FX forward** - consists in a purchase / sale of a specific currency for zlotys (or a foreign currency) at a predetermined date in the future at the exchange rate agreed on the transaction date.
- **Market Swaps** are the foreign exchange transactions of purchase or sale of a specific currency at a current exchange rate and a simultaneous sale or purchase of the same amount of the currency at a forward rate.
- **FRA –** obligation to pay or receive interest on the amount of the contractual deposit on a specified date in the future at an agreed interest rate in exchange for the receipt or payment of interest on the deposit calculated at a market rate. At the transaction settlement, the amount resulting from the difference between the market interest rate and the interest rate agreed upon in the agreement is paid.
- **IRS contracts –** consist in an exchange of interest payments based on a variable market interest rate for interest accrued at a fixed interest rate agreed upon in the contract. At the interest payment dates the parties may set off their mutual payments, depending on the relation between interest rate market values on which the payments to be exchanged are based, or the gross interest amount under the contract may be paid.
- **CIRS contracts –** consist in the exchange of fixed interest payment into variable ones in two different currencies. The transaction settlement method is similar to the one used for IRS contracts,

- **FX Futures** are standardized stock exchange contracts for foreign currency exchange. The essence of the contract consists in the daily market valuation at the stock exchange and the related cash flows. Contracts may be settled by a physical supply of foreign currency or by providing the difference between the contract rate of exchange and the final settlement price,
- **options –** contracts under which a party purchases the right to buy (call option) or sell (put option) underlying assets at a predetermined price and date. The option holder has the right to carry out, i.e. to buy (in the case of a call option) or to sell (put option) the option. In the event the holder applies to execute the option, the other party of the transaction, i.e. writer, shall buy or sell the option depending on the contract terms and conditions.

External costs of a derivative transaction are not taken into account when entering the financial instrument into the Bank's books. Their value is considered immaterial.

10.21 The Bank applies hedge accounting to a limited extent. Out of three types of hedging. i.e. fair value, cash flows and net investment hedge, the Bank uses the fair value hedge only. The hedge accounting consists in a symmetrical recognition of the impact exercised by changes in a hedging item and the hedged asset upon financial result. The reason to hedge a fair value is to limit the risks of fair value change impact upon financial result, arising from a specific risks associated to assets and liabilities or their portion entered into books. The Bank applies hedge accounting against risks of changes to fair value as a result of interest rate changes. A specific hedge item can be applied as a hedge to more than one type of risks, provided that:

- types of hedged risk can be determined
- hedge effectiveness can be proved,
- it is possible to ensure that a hedging item can be assigned to hedge against different types of risk.

Hedge effectiveness can be assessed by comparing the change in the value of the hedging instrument or the resulting cash flow to the change in the value of the hedged asset or the resulting cash flow.

A hedge can be considered effective if during the period of its use the changes in the hedged item's fair value or the resulting cash flow changes will be set off in 80% up to 125% by the change in the hedging item's fair value or the resulting cash flow changes.

The Bank ceases to apply a fair value hedge accounting should one of the following events arise:

1) a hedging item expires, gets sold, its use comes to an end or it is carried out;
2) a hedge ceases to comply with the applicable hedge accounting criteria, as defined in detailed accounting regulations.

10.22 Financial data included in the annual report have been prepared according to the rules of asset and liability valuation and measurement of the net financial result determined on the balance-sheet day, taking into account adjustments related to provisions, deferred tax assets and reserve, referred to in the Accounting Act, and asset revaluation.

10.23 Below are mid EUR/PLN rates set by the National Bank of Poland in the 1st half of 2004, applied to convert selected items from the balance sheet, the profit and loss account and cash flow account:

- As of June 30, 2004, the mid EUR rate published by the NBP on June 30, 2004, was PLN 4.5422;
- As of June 30, 2003, the mid EUR rate published by the NBP on June 30, 2003 was PLN 4.457;
- mid rate, calculated as a simple average of mid rates set by the National Bank of Poland on the last days of the months from January to June 2004, was PLN 4.7311; mid rate calculated as a simple average of mid rates set by the National Bank of Poland on the last days of the months from January to June 2003, was PLN 4.311;
- in 2004, the highest mid EUR rate of PLN 4.9149 was published by the NBP on March 1,

2004; and the lowest mid EUR rate of PLN 4.5422 was published by the NBP on June 30, 2004;

- in 2003, the highest mid EUR rate of PLN 4.717 was published by the National Bank of Poland on December 31, 2003; whereas the lowest mid EUR rate of PLN 3.9773 was published by the National Bank of Poland on January 3, 2003.

11. Comparative data in the financial statement as at June 30, 2003 have been modified so as to ensure comparability of data while the statement and explanation of differences resulting from adjustments due to changes in the manner of presentation have been enclosed in the additional notes (item 32).

12. Key items in the balance sheet, profit and loss account and cash flow statement in the financial statements for the first half of 2004 and the corresponding financial figures for 2003 displayed on the cover page of the semi-annual report have been converted into EUR according to the following rules:

    - particular asset and liability items in the balance-sheet as at the end of June 2004 have been translated into EUR at the mid-rate applied on June 30, 2004, published by the National Bank of Poland, i.e. PLN 4.5422; comparative financial data have been converted into EUR at the mid-rate published on June 30, 2003, i.e., PLN 4.457, published by the National Bank of Poland;

    - particular items in the profits and loss account and cash flow statement for the first half of 2004 have been converted into EUR at a rate which is a simple average of mid rates set by the National Bank of Poland for the last days of the months from January to June 2004, i.e. PLN 4.7311; comparative data have been translated into EUR at a rate which is a simple average of mid rates set by the National Bank of Poland for the last days of the months from January to June 2003, i.e., PLN 4.311.

13. No adjustments have been made to the financial statements for the first half of 2004 and the comparative financial data for 2003 as a result of any reservations stated in the opinions of the relevant entities authorized to audit the Bank's financial statements for the previous years.

14. The auditor made no reservations to financial statements for previous reporting periods, i.e. for the financial year 2003 or for the first half of 2003.

15. The Bank's annual financial statements do not include data of any internal organizational units that prepare their financial statements independently.

16. As a result of amendments to the Ordinance regarding detailed requirements applicable to issue prospectuses and abridged versions of such prospectuses dated August 11, 2004, the obligation has arisen to present the differences in the disclosed data value shown in statements prepared in accordance with the Polish Accounting Principles (PZR) and statements that would have been prepared according to the International Financial Reporting Standards (IFRS). If the reliable presentation in figures of the aforesaid differences in the financial statements for 2004 is unfeasible, notwithstanding maintaining due diligence, the issuer should provide information on the differences in a descriptive manner, admit that the differences were not presented in figures and enclose the relevant reasons for the situation. With regard to the above, the Bank reports that notwithstanding due diligence, it is unfeasible to establish the reliable difference amounts and therefore the differences are presented in a descriptive manner.

    A difference that would occur between the financial statements of Fortis Bank Polska S.A. prepared as at June 30, 2004, in accordance with the Polish Accounting Principles (PZR), and statements that would have been prepared according to the International Financial Reporting Standards (IFRS) with respect to the valuation of financial instruments, incl. granted loans, cash loans and other own receivables. According to IAS 39, granted loans, cash loans and other own receivables should be measured at amortized cost, taking into account the effective interest rate and based on the valuation of impairment loss. In the Bank's financial statements, granted loans, cash loans and other own receivables have been shown in the amount of payment due (unpaid principal, capitalized interest, interest accrued matured and not matured), recognizing specific provisions created under the Ordinance of the Finance Minister of December 10, 2003, regarding the principles of creating provisions for risks related to banking activity (Journal of Laws. no. 218 of 2003, Item 2147).

The Ordinance of the Finance Minister of December 10, 2001 regarding special accounting principles for banks introduces the mandatory measurement at amortized cost by the effective interest rate method, starting with January 1, 2005.

Additionally, the Bank makes specific provisions for the lost receivables due on account of loans, credit facilities and other receivables reported in the financial statement prepared according to the Polish Accounting Principles set by the Finance Minister's Ordinance dated December 10, 2003 on rules for creating provisions for risks related to banking activity. As provided in IAS 39, write-downs shall be established as the difference between the receivable balance-sheet value and the discounted value of the receivable future cash flows, by applying the effective interest rate.

Currently, the Bank works on the implementation of IT tools allowing the Bank to identify and measure credit portfolio value losses, and also a financial instruments valuation methodology that employs effective interest rate, for the needs of preparing financial statements according to the International Financial Reporting Standards. In this connection by virtue of the Ministry Council's Ordinance dated August 11, 2004 on specific conditions required with respect to issue prospectuses and their abridged versions (par.18 section 2 item 5), the Bank presented key qualitative difference areas without their quantification.

Apart from that, there are no material differences between the Bank's financial statements prepared as at June 30, 2004, in compliance with the Polish Accounting Principles and statements that would have been prepared according to the International Financial Reporting Standards.