

Letter of the President of the Board of Executives

Warsaw, April 2004

Ladies and Gentlemen,

Polish economy was growing throughout 2003, which is confirmed not only by statistical data but also by the optimism of our Customers, both institutional and private. Fortis Bank Polska SA also closed the year 2003 with good results: our net profit totaled PLN 36 million.

For several years now we have focused on small and medium-sized enterprises and high net-worth individuals. However, we are also successful in competing for corporate customers. In 2003, both the number and value of export and import transactions processed by the Bank increased significantly.

During the past year we granted 49 per cent more loans than in 2002 and managed to improve the loan quality. The share of non-performing loans in the total portfolio value dropped to 14 per cent. The growth rate of mortgage loans was particularly fast. It was definitely the most popular product in our offering for private individuals.

Even before the European Union referendum held in May 2003, we launched *To the European Union with Fortis Bank* project benefiting from our experience gained during several years of cooperation with the European Bank for Reconstruction and Development. Under the project our representatives organized meetings devoted to EU related issues, which were attended by hundreds of participants throughout the country. The purpose of such meetings was to provide information about available EU financial aid, procedures and conditions for application for investment cost refunds. As a result, in the second half of 2003, a considerable number of businesses contracted investment loans with our Bank linked to PHARE grants.

Our Customers have resumed depositing their savings in our Bank. Our flexible approach to base interest rate changes contributed to reversing the customer deposit withdrawal trend. Consequently, at the end of December 2003, the customer deposit balance was higher by 8% as compared to the end of December 2002.

Similarly to the previous years, in 2003 we paid a lot of attention the effective management of our operating costs. They remain at a stable level, which is a significant step towards our goal to reach a satisfactory cost-income ratio.

I would like to thank the Bank's employees and all others involved for their active and creative support in ensuring quality and friendly service to more customers.

Yours sincerely,

Ronnie Richardson
President of the Board of Executives