



**FORTIS  
BANK**

Solid partners, flexible solutions

Financial Statements 2001  
Fortis Bank Polska SA



## Table of contents

Auditor's opinion to the shareholders of Fortis Bank Polska SA .....	2
Introduction .....	3
Balance sheet .....	11
Profit and loss statement .....	14
Movements in own equity .....	15
Cash flow statement .....	18
Explanatory notes .....	21
Additional explanatory notes .....	43

## Auditor's opinion to the shareholders of Fortis Bank Polska SA

We have audited the accompanying financial statements of Fortis Bank Polska SA seated in Warsaw. These financial statements consist of: an introduction, the balance sheet as at 31 December 2001 with total assets and total liabilities and equity of PLN 4,075,874 thousand, the statement of contingencies and commitments granted as at 31 December 2001 amounting to PLN 1,359,992 thousand, the profit and loss account for the year then ended with a net profit of PLN 10,521 thousand, the statement of changes in equity for the year then ended with equity of PLN 489,503 thousand, the cash flows statement for the year then ended with an increase in cash amounting to PLN 200,412 thousand and notes to the financial statements.

These financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted the audit in accordance with International Standards on Auditing, as issued by the International Federation of Accountants, section 7 of the Polish Accounting Act dated 29 September 1994 (Official Journal no.121, item 591 with subsequent amendments) and the professional norms established by the Polish National Council of Certified Auditors. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, these financial statements of Fortis Bank Polska SA have been prepared from properly maintained accounting books and present fairly, in all material aspects, the financial position of the Bank as at 31 December 2001 and the results of its operations and its cash flows for the year then ended in accordance with the accounting standards applied in Poland

as set out in the Polish Accounting Act dated 29 September 1994 (Official Journal no.121, item 591 with subsequent amendments), the Polish Banking Supervisory Commission Resolution no. 1/98 dated 3 June 1998 on the special rules for bank accounting and the notes to the financial statements (NBP Official Journal no.14, item 27) and regulations concerning entities issuing securities admitted to public trading, which have been applied on a consistent basis.

As required under the Polish Accounting Act dated 29 September 1994 we also report that the information given in the Directors' Report is consistent with the financial statements.

Certified Auditor No. 4979/2575  
Hanna Fludra

For KPMG Polska Audyt Sp. z o.o.  
Certified Auditor No. 796/1670  
Bogdan Dębicki,  
Member of the Board of Directors

For KPMG Polska Audyt Sp. z o.o.  
Richard Cysarz, Proxy

# Introduction

1. Fortis Bank Polska SA seated in Warsaw 02-676, ul. Postępu 15 presents its annual report including financial data as at December 31, 2001 and comparatives as at December 31, 2000.
2. The register court competent for the Bank is the Regional 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 2001, Fortis Bank Polska SA did not merge with any other economic entity.
4. The time of operations of Fortis Bank Polska SA is indefinite.
5. The scope of the activities of Fortis Bank Polska SA covers banking and financial transactions both in Polish zlotys and foreign currencies for domestic and foreign legal entities and individual persons and other organizations including economic organizations with no legal status. The main business activity 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 business includes the following:

- accepting deposits,
- maintaining bank accounts,
- granting credits and cash loans,
- carrying out bank pecuniary settlements, including use of payment cards,
- issuing bank guarantees and sureties,
- issuing securities, including convertible bonds, carrying out commissioned tasks, and assuming obligations related to the issuance of securities,
- trading in securities, and maintaining securities accounts,
- undertaking money market and foreign currency operations, including forward and derivative instrument transactions,
- conducting check and bill-of-exchange operations,
- purchasing and selling receivables,
- conducting foreign exchange transactions,
- safe-deposit of valuable objects and securities,
- carrying out the following financial services:
  - financial consulting services,

- custody services,
  - leasing services,
  - brokerage services,
  - recommending open Pension Funds and keeping their assets,
  - intermediary in the distribution of trust units and investment certificates, intermediary in the sale and purchase of trust units and maintaining assets of investment funds,
  - intermediary in selling property insurance services.
6. In the 2001 Annual Report there has been no need to adjust the Bank's financial statements for 2000 to ensure data comparability.
  7. The Annual Report of Fortis Bank Polska SA has been prepared assuming that the business activity will be continued in the foreseeable future; the Board of Executives is not aware of any circumstances indicating a threat to the activity continuation.
  8. Accounting principles
    - 8.1. Fortis Bank Polska SA maintains its accounting records in accordance with the Accounting Act dated 29 September, 1994 (Official Journal No 121, item 591 with further amendments) and Resolution No 1/98 of the Banking Supervision Commission dated June 3, 1998 on the special rules of bank accounting and the notes to the financial statements (NBP Official Journal No 14, item 27).

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

### **Consistency principle**

The Bank applies accounting standards established in a consistent manner, and in subsequent financial years its rules remain consistent as to grouping of economic operations on accounts, valuation of assets, including depreciation (amortization) charges, liabilities, financial result determination and financial statements preparation; the Bank recognizes total assets and liabilities in the closing balance in the same amounts in the opening balance of the next reporting year.

### **Continuity principle**

In valuation of assets and liabilities and in financial result determination, the Bank assumes that it will continue its economic activity in foreseeable future in non-reduced scope, unless actual or legal circumstances suggest otherwise.

### **Accrual principle**

The Bank records in the books and in the financial result all income earned and due to the Bank and related costs incurred in a given financial year, irrespective of the date of their payment, excluding commission and fee income and expense which are recognized on a cash basis according to the rules stipulated under item 8.19.

### **Cautious valuation principle**

The Bank values individual items of assets and liabilities at the actual cost of acquisition with the exception of those items which were subject to periodical revisions to reflect the market value or to the indicators published by the President of Central Statistical Office (since Dec. 31, 1995, there has been no revision of fixed assets valuation).

In the financial result, irrespective of its magnitude, the Bank takes into account the following factors:

- reduction of useful value of the property assets, including depreciation (amortization) write-offs,
- reduced value of assets other than fixed assets, investments in progress (fixed assets under constructions) or intangible fixed assets, resulting from permanent changes in prices,
- only unquestionable other operating income and extraordinary profits,
- all operating costs and extraordinary losses incurred,
- provisions for risk known to the Bank, impending losses and effects of foreseeable circumstances.

### **Nominalism principle**

The Bank keeps accounting records and prepares financial statements in Polish and calculates in Polish currency.

### **Materiality principle**

When applying accounting standards, the Bank may accept certain simplifications, unless they have significant

adverse impact on the principle of true and fair view of the Bank's property and financial situation and the financial result.

- 8.2. The Bank's accounting records are maintained in compliance with Polish law within 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 an Order dated August 1, 1994 on the implementation of the Equation system, with further amendments). The system maintains a central database with one general ledger for the Head Office and branches.
- 8.3. For financial reporting the Bank applies a Model Chart of Accounts implemented by way of Resolution No. 2/95 of the NBP President dated February 22, 1995 (NBP Official Journal No 6, item 11, with further amendments). 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 also according to the Council of Ministers' Ordinance dated October 16, 2001 regarding the type, form and scope of current and periodical information and dates of its passing by issuers of securities admitted to public trading (Official Journal No 139, item 1569), and Ministry of Finance's Ordinance dated November 19, 1999 on additional financial information to be provided by banks that are issuers of securities admitted to or applying for admission to public trading (Official Journal No 96, item 1128), and the Council of Ministers' Ordinance dated October 16, 2001 on detailed conditions to be met by issue prospectus and abbreviated issue prospectus (Official Journal No 139, item 1568).
- 8.4. The Chart of Accounts includes the General Ledger list of accounts (Order of the Bank's Board of Executives' President dated December 21, 1998 on the implementation of the New Chart of Accounts of PPABank, as amended), and the accounting policies as described in the Accounting Policies document (the Bank's Board of Executives' President's Order

no. B/92/2000 dated December 12, 2000 on the introduction of the Accounting Policies in the Bank).

- 8.5. Tangible and intangible fixed assets are evaluated as of the end of each reporting period at their acquisition price less appropriate depreciation. In addition, the revaluation of the assets made according to the binding regulations is taken into account.
- 8.6. The acquisition price of fixed tangible and intangible assets purchased in foreign currencies are translated into Polish zloty using the NBP mid-rate of the day of the transaction.
- 8.7. Depreciation of fixed tangible and intangible assets are made based on the current depreciation plan determined by the Bank. The depreciation plan includes depreciation rates described in a separate document the „Measurement rules of the Bank“. Therefore, balance sheet depreciation rates can be different from the tax depreciation rates. Depreciation on fixed tangible and intangible assets are calculated monthly using a straight-line method. With regard to leased fixed assets, the Bank applies the straight-line or degressive method of redemption according to the rates binding for the basic fixed assets. The principal depreciation rates used by Bank for the balance sheet purposes are as follows:
- computer hardware – 30 % per year (purchased till December 31, 2000)
  - computer hardware – 33 % per year (purchased after January 1, 2001)
  - motor vehicles – 25 % per year,
  - leasehold improvements – 10 % per year,
  - computer software – 20 % per year (purchased till December 31, 2000)
  - computer software – 33 % per year (purchased after January 1, 2001)
  - share issue expenses – 20% per year.
- 8.8. Fixed assets whose value exceeds PLN 1,000 (from January 1, 2001) are depreciated according to the rules described in item 8.7 above.
- Property assets of the Bank not included into fixed tangible

and intangible assets with a value below PLN 3,500 (until December 31, 2000) and PLN 1,000 (from January 1, 2001) are single depreciated in the month they are brought into use or in the following month.

Depreciation expenses for 2001 include PLN 891 thousand of fully depreciated tangible and intangible fixed assets.

- 8.9. The Bank's intangible fixed assets include costs relating to share issues. These intangible fixed assets are depreciated over five years.
- 8.10. Securities:
- marketable debt securities are valued at their purchase price adjusted by accrued interest, discount and premium, however, not higher than the net sale price (e.g. the price at the stock exchange as at the balance-sheet date). If the adjusted purchase price is higher than the net sale price, the difference is recognized in the profit and loss account as financial operations costs;
  - investment debt securities are valued at their purchase price adjusted by accrued interest, discount, premium and write-offs resulting from permanent impairment, if any;
  - marketable equity securities are valued at their purchase price, however not higher than the net sale price. If the net sale price is lower than the purchase price the difference is recognized in the profit and loss account as financial operations costs;
  - investment equity securities are valued at their purchase price adjusted for write-offs resulting from impairment, if any.
- The permanent impairment of the securities value is regarded as the following:
- loss incurred by the issuer over one-year period, which is not covered by its own capital,
  - poor performance (i.e. below the purchase price) of the securities over at least a three-month period.
- 8.11. Participation units in open investment funds are shown according to their purchase price adjusted by the increase or decrease of the participation unit value, taking into account write-offs related to the permanent

impairment of their value. In the case the value of the participation unit is below its purchase price over the period of at least three months it is regarded as the permanent impairment of the participation unit value. The correction of participation units' value applies to the item of profit & loss account – Income on shares and other securities.

- 8.12. Shares and stakes in other units, i.e. subsidiaries, affiliated entities, and minority stakes are shown according to their purchase price taking into account write-offs related to the permanent impairment of their value.
- 8.13. Assets taken over for debts are shown according to the debts value (an amount to be repaid) for which the assets were seized, taking into account the following rules:
- Value of the seized item of property is determined based on valuation, which may not exceed its net sale price. A provision is created for the difference between the value of the seized asset and the debt amount,
  - The amount of the seized receivables is determined based on the price possible to attain (net sale price) from the sale of the seized receivables taking into account the financial standing of a debtor. A provision is created for the difference between the value of the seized receivables and the debt amount.
- 8.14. Receivables and commitments on account of loans, credits, and other debts are shown, according to Resolution No. 1/98 of the Banking Supervision Commission, according to the due payment amount (non-paid capital, capitalized interest, and accrued and matured interest) taking into account provisions created based on Resolution No. 8/99 of the Banking Supervision Commission dated December 22, 1999 regarding rules of the creation of provisions for risk related to banking activity (NBP Official Journal No. 26, item 43, as amended), however, the reserves required are created at the end of each reporting period. Reserves for receivables expressed in foreign currencies are translated

into zlotys along with the receivable covered with the reserve. The collateral specified in Resolution No. 8/99 of the Banking Supervision Commission was taken into account while calculating provisions for the exposure encumbered with the loan risk.

- 8.15. The Bank settles deferred expenditures, in the case such expenses refer to months that follow the month they were incurred.

The Bank settles accrued expenses in the amount corresponding to the amount of:

- payments for strictly determined services rendered to the Bank, however, not yet due,
- potential expenses whose amount or date of incurring is not yet known.

Cost accruals and deferrals are recorded in relation to the lapse of time or the amount of payments for the services rendered.

The projected, however, not yet incurred expenses recognized in accrued expenses shall decrease current expenses not later than by the end of the financial year that follows the year of their determination.

Deferred income is recognized in the amount of:

- the payment for future services made by contracting parties in favour of the Bank,
- amounts that increase the receivables or claims that a reserve was created for – until the time of their receiving (payment) or writing off,
- unsettled difference of the company's goodwill,
- donations, subsidies and additional payments.

The Bank also shows capitalized interest due and interest on at risk receivables as deferred income – until the interest is paid or written off.

- 8.16. The Bank creates reserves for future liabilities whose value is known or possible to assess, in particular, for the rights in a form of unused vacation leave granted to employees, severance payments, premium for absence-free work, variable part of remuneration, liabilities to auditing companies, legal counsel, telecommunication costs, rentals.



The reserves are appropriated into the costs of operations in the profit and loss account in the balance sheet and shown as expenses to be covered within interperiod settlements.

8.17. Pursuant to the Banking Law Act dated August 29, 1997 (Official Journal No. 140, item 939, as amended), the Bank creates a reserve for the general risk to cover any risks related to conducting business operations. The general risk reserve is created as a write-off into costs. The reserve is shown in item „Other reserves“ in the balance sheet liabilities. As of the end of 2001, this reserve was released.

8.18. The Bank includes to the financial result on account of interest, at the end of the reporting period, the following items:

- On the income side – not received in the reporting period:
  - interest due to the Bank from performing receivables and watch-list receivables,
  - interest on account of a discount and also interest received in the previous periods falling for the current reporting period.
- On the expense side – interest due and not matured yet, falling for the reporting period for the Bank’s liabilities.

The Bank shall not include the following in the interest financial result:

- due interest accrued and matured on receivables at risk (the interest is shown in the balance sheet assets as interest income along with the principal receivable, and on the liabilities side as suspended interest income),
- interest on account of a discount and the remaining interest received in advance falling for the subsequent reporting periods,
- capitalized interest, which until payment or writing off constitutes deferred income or suspended income.

8.19. Commission and fee income and expense are included in the financial result at the time they are received,

i.e. actual payment, except for the incomes related to the fees related to the credit line received from the EBRD, which are included into the financial result on the accruals basis.

8.20. 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 statement in the position „FX results“.

The result of forward transactions, which are still not matured, is included in the FX financial result of a given reporting period. The result is calculated according to the following rules:

- the result from the current FX spot transactions is calculated by comparing the transaction rate with the NBP mid-rate valid as of the end of the reporting period;
- the result from Market Swap transactions is calculated by a straight-line calculation of swap points from the day of the transaction conclusion till the balance sheet day, and by comparing the transaction rate with the NBP mid-rate valid as of the end of the reporting period. For the purpose of calculation, it is assumed that the Market Swap transactions are to secure the absolute FC position of the Bank;
- the result from FX forward transactions is calculated by comparing the transaction rate with the market rate valid for the same transactions as of the end of a reporting period.

In the case that there is a loss from the not yet matured FX transactions resulting from the above-mentioned calculation, the Bank creates a reserve and includes its costs into the financial result of the current reporting period. In the case that there is a profit from the not matured FX transactions, the Bank presents this result in the interperiod settlements on the asset side and includes income into the financial result of the current reporting period.



8.21. The Bank determines the amount of income tax on the basis of the gross financial result adjusted by permanent differences between tax income and financial income. Tax resulting from other timing differences due to the different dates of reporting income or costs for tax and accounting purposes is treated as an interperiod settlement on the asset side or a provision for deferred income tax. The amount of the provision or interperiod settlement is determined using the corporate income tax base applicable in the next tax period. The interperiod settlement on the asset side is taken into account only when it is expected that taxable revenues will be generated in the future, which will enable such settlement. All the provisions created by the Bank, which were not included in the calculation of corporate income tax liability were treated as other timing differences for the purpose of calculating deferred income. As of December 31, 2001 the negative deferred tax timing difference related to specific provisions was PLN 81,169 thousand and it decreased the tax amount for the year 2001. The said difference as at December 31, 2000 amounted to PLN 43,987 thousand.

8.22. From 1994 till 2000 the Bank used investment tax relief provided for in the Ordinance of the Council of Ministers dated January 25, 1994, regarding the deduction of investment expenditures from earned income, likewise cuts of income tax (Official Journal No 18, Item 62, as amended), Art.18a of the Corporate Income Tax Act dated February 15, 1992 (Official Journal No. 21, item 86, as amended) and Art. 3, Item 5 of the Act on amendments to CIT Act dated November 20, 1999 (Official Journal No. 95, Item 1101). In accordance with the aforesaid regulations expenses incurred for purchasing fixed assets subject to the investment tax relief may be deducted from taxable income. In addition, a taxpayer using the investment tax relief in the following year was entitled to deduct 50% of investment expenses deducted from the tax base in the previous year (investment tax premium). Since 2001, the tax regulations do not allow taxpayers to use investment tax relief.

The Bank used the following amounts of investment tax relief:

- PLN 440 thousand in 1994
- PLN 3,313 thousand in 1997
- PLN 3,999 thousand in 1998
- PLN 4,970 thousand in 1999
- PLN 2,646 thousand in 2000.

In 2001, the Bank deducted PLN 1,323 thousand as an investment tax premium from the tax base.

The aforementioned regulations provide that the right to the investment tax relief may be lost in specific cases (among others, in the case of ownership transfer of the property items the tax relief applied to). In such a case a tax liability for the year in which the case occurred should be increased.

8.23. For 2001 and 2000, average EUR/PLN rates set by the National Bank of Poland were the following:

- as of December 31, 2001, the NBP mid rate for EUR was 3.5219;
- as of December 31, 2000, the NBP mid rate for EUR was 3.8544;
- the average rate calculated as the average mean of the NBP mid rates at the month end from January up to December 2001, was 3.6509; the average rate calculated as the average mean of the NBP mid rates at the month end from January up to December 2000, was 4.0046;
- in 2001, the highest average rate for EUR was announced by NBP on September 17, 2001 and it amounted to 3.9569; the lowest average EUR rate, NBP announced on June 12, 2001 and it amounted to 3.3564;
- in 2000, the highest average rate for EUR was announced by NBP on January 5, 2000 and it amounted to 4.2797; the lowest average EUR rate, NBP announced on September 11, 2000 and it amounted to 3.8193.

9. Selected data presented in the balance sheet, profit and loss account and cash flow included in the financial report for the year 2001, and comparative financial data recalculated into EURO.

	PLN thousand 31.12.2001 current year	EUR thousand 31.12.2001 current year	PLN thousand 31.12.2000 the previous year	EUR thousand 31.12.2000 the previous year
I. Interest income	436 035	119 432	397 784	99 332
II. Fee and commission income	61 225	16 770	44 399	11 087
III. Result on banking activities	252 061	69 040	201 403	50 293
IV. Operating profit	15 763	4 318	30 030	7 499
V. Gross profit (loss)	15 763	4 318	30 030	7 499
VI. Net profit (loss)	10 521	2 882	21 032	5 252
VII. Total assets	4 075 874	1 157 294	3 447 318	894 385
VIII. Due to the Central Bank	0	0	16 000	4 151
IX. Due to other financial institutions	912 238	259 019	664 202	172 323
X. Due to customers and budget sector	2 505 104	711 293	2 376 815	616 650
XI. Equity	489 504	138 989	278 952	72 372
XII. Share capital	30 155	8 562	20 104	5 216
XIII. Number of shares	15 077 700		10 051 800	
XIV. Net book value per share (in PLN/EUR)	32.47	9.22	27.75	7.20
XV. Diluted book value per share (in PLN)	32.47	9.22	18.50	4.80
XVI. Capital adequacy ratio (in %)	19.40		12.59	
XVII. Profit (loss) per ordinary share (in PLN)	0.70	0.19	1.39	0.35
XVIII. Diluted profit (loss) per ordinary share (in PLN)	0.70	0.19	-	-
XIX. Declared or paid out dividend per ordinary share (in PLN/EUR)	0.70	0.19	-	-
XX. Net cash flow from operating activities – indirect method	(306 621)	(83 985)	2 006	501
XXI. Net cash flow from investing activities	53 466	14 645	(94 697)	(23 647)
XXII. Net cash flow from financing activities	453 567	124 234	161 471	40 321
XXIII. Net cash flow (total)	200 412	54 894	68 780	17 175

- selected assets and liabilities were recalculated into EURO using the NBP mid rate as of December 31, 2001, of 3.5219; comparative data were recalculated into EURO using the NBP mid rate as of December 31, 2000, of 3.8544;
  - selected profit and loss as well as cash flow items for 2001 were recalculated into EURO using the average mean of the NBP mid rates at the month end from January up to December 2001, of 3.6509; comparative data were recalculated into EURO using the average mean of the NBP mid rates at the month end from January up to December 2000, of 4.0046;
10. The Bank did not make any adjustment in the presented annual financial statements and comparatives resulting from the qualification in the prior year opinions issued by the entities entitled to audit financial statements.
11. The Bank's annual financial statements do not include data of any internal organizational units that prepare separate financial statements.
12. There is a difference between the Bank's annual financial statements prepared according to the Polish accounting rules (PAR) and the financial statements that would be prepared in accordance with International Accounting Standards (IAS), relating to the expenses of obtaining capital. According to PAR, expenses of obtaining capital are treated as intangible fixed assets and amortized over 5 years. Under IAS such expenses are decreased against the gross share issue or sale proceeds. As a consequence, the Bank's financial statements prepared in accordance with IAS would differ in the amount of intangible fixed assets, depreciation costs, net result and equity. There are no other material differences between the Bank's financial statements prepared in accordance with the Polish accounting rules and financial statements that would be prepared in accordance with International Accounting Standards.

	Note	PLN thousand 31.12.2001 current year	PLN thousand 31.12.2000 prior year
<b>ASSETS</b>			
I. Cash and due from Central Bank	1	407 644	209 018
II. T-bills and other bills eligible for refinancing with NBP			
III. Receivables due from other financial institutions	2	992 170	837 878
1. Current		6 010	4 224
2. Term		986 160	833 654
IV. Receivables due from customers and budget sector	3	2 113 741	1 845 751
1. Current		383 095	264 322
2. Term		1 730 646	1 581 429
V. Receivables subject to securities sale and repurchase agreements	4		
VI. Debt securities	5, 11	261 991	397 571
VII. Shares and investments in subsidiaries	6, 8, 11	10 196	18 196
VIII. Shares and investments in associates	7, 8, 11		
IX. Minority investments	9, 11	39	43
X. Other securities and property rights	10, 11	62 101	
XI. Intangible fixed assets	12	21 974	15 686
XII. Tangible fixed assets	13	72 712	62 446
XIII. Own shares for sale	14		
XIV. Other assets	15	93 976	45 612
1. Seized assets - for sale			
2. Other		93 976	45 612
XV. Interperiod settlements	16	39 330	15 117
1. Deferred income tax		16 795	10 814
2. Other interperiod settlements		22 535	4 303
<b>Total assets</b>		<b>4 075 874</b>	<b>3 447 318</b>

## Balance sheet

	Note	PLN thousand 31.12.2001 current year	PLN thousand 31.12.2000 prior year
<b>LIABILITIES</b>			
I. Due to the Central Bank			16 000
II. Due to other financial institutions	17	912 238	664 202
1. Current		9 404	2 756
2. Term		902 834	661 446
III. Due to non-financial and budget sectors	18	2 505 104	2 376 815
1. Savings:			
a) Current			
b) Term			
2. Other:		2 505 104	2 376 815
a) Current		404 948	300 504
b) Term		2 100 156	2 076 311
IV. Liabilities in respect of securities subject to sale and repurchase agreement	19		
V. Securities issued	20		
VI. Special funds and other liabilities	21	101 823	77 220
VII. Accruals and deferred income	22	66 690	27 843
VIII. Provisions	23	516	6 286
1. Provision for corporate income tax			
2. Other provisions		516	6 286
IX. Subordinated debt	24		
X. Share capital	25	30 155	20 104
XI. Unpaid contribution to share capital (negative value)			
XII. Reserve capital	26	352 220	162 234
XIII. Revaluation reserve		545	552
XIV. Other reserve capital	27	96 062	75 030
XV. FX differences from recalculation of foreign branches			
XVI. Undistributed profit (or uncovered loss) from prior years	28		
XVII. Net profit (loss)		10 521	21 032
<b>Total liabilities</b>		<b>4 075 874</b>	<b>3 447 318</b>
Capital Adequacy Ratio	29	19.40	12.59
Net book value		489 503	278 952

	Note	PLN thousand 31.12.2001 current year	PLN thousand 31.12.2000 prior year
Number of shares		15 077 700	10 051 800
Net book value per share (in PLN)	29	32.47	27.75
Expected number of shares		15 077 700	15 077 700
Diluted book value per share (in PLN)	29	32.47	18.50
<b>OFF BALANCE SHEET ITEMS</b>			
I. Contingent liabilities		1 625 515	743 444
1. Contingent liabilities granted:		1 359 992	556 620
a) lending commitments		1 231 137	462 241
b) guarantees	30	128 855	94 379
2. Contingent assets received:		265 523	186 824
a) lending commitments		223 526	158 386
b) guarantees		41 997	28 438
II. Commitments resulting from sale/ purchase transactions		3 069 940	475 500
III. Other, including:		74 520	66 969
– liabilities due to FX deposit transactions		74 520	66 969
<b>Total off-balance sheet items</b>		<b>4 769 975</b>	<b>1 285 913</b>

Profit and loss statement

	Note	PLN thousand 31.12.2001 current year	PLN thousand 31.12.2000 prior year
I. Interest income	31	436 035	397 784
II. Interest expense	32	311 331	273 467
<b>III. Net interest income (I-II)</b>		<b>124 704</b>	<b>124 317</b>
IV. Fee and commission income	33	61 225	44 399
V. Fee and commission expense		3 892	2 685
<b>VI. Net fee and commission income (IV-V)</b>		<b>57 333</b>	<b>41 714</b>
VII. Income on shares, securities and other property rights	34	6 725	5 065
<b>VIII. Net result on financial operations</b>	<b>35</b>	<b>13 307</b>	<b>444</b>
IX. Net result on foreign exchange differences		49 992	29 863
<b>X. Result on banking activities</b>		<b>252 061</b>	<b>201 403</b>
XI. Other operating income	36	7 788	9 219
XII. Other operating expenses	37	4 598	3 691
XIII. General expenses	38	144 341	118 959
XIV. Depreciation of tangible and intangible fixed assets		26 072	18 086
XV. Charges to provisions and revaluation	39	117 784	61 708
XVI. Release of provisions and decrease in respect of revaluation	40	48 709	21 852
XVII. Net charges to/release of provisions and changes in respect of revaluation (XV-XVI)		(69 075)	(39 856)
<b>XVIII. Operating profit</b>		<b>15 763</b>	<b>30 030</b>
XIX. Extraordinary gains/ losses, net			
1. Extraordinary gains	41	181	
2. Extraordinary losses	42	181	
<b>XX. Profit (loss) before taxation</b>		<b>15 763</b>	<b>30 030</b>
XXI. Corporate income tax	43	5 242	8 998
XXII. Other mandatory charges to profit (loss)	44		
<b>XXIII. Net profit (loss)</b>		<b>10 521</b>	<b>21 032</b>
Net profit (loss) (for 12 months)		10 521	21 032
Average weighted number of ordinary shares		15 077 700	15 077 700
Net profit (loss) per ordinary share (in PLN)	45	0.70	1.39
Average weighted of estimated number of ordinary shares		15 077 700	
Diluted net profit (loss) per ordinary share (in PLN)		0.70	



	Note	PLN thousand 31.12.2001 current year	PLN thousand 31.12.2000 prior year
<b>I. Opening balance of own equity</b>		<b>278 952</b>	<b>187 557</b>
a) changes in adopted accounting principles (policy)			
b) correction of material errors			
<b>I.a. Opening balance of own equity after reclassification to confirm with current year presentation</b>		<b>278 952</b>	<b>187 557</b>
<b>1. Opening balance of share capital</b>		<b>20 104</b>	<b>16 753</b>
1.1. Movements in share capital		10 051	3 351
a) increases (in respect of)		10 051	3 351
– issue of shares		10 051	3 351
b) decreases (in respect of)			
– redemption of shares			
<b>1.2. Closing balance of share capital</b>		<b>30 155</b>	<b>20 104</b>
<b>2. Opening balance of unpaid contributions to share capital</b>			
2.1. Movements in unpaid contributions to share capital			
a) increases			
b) decreases			
<b>2.2. Closing balance of unpaid contributions to share capital</b>			
<b>3. Opening balance of reserve capital</b>		<b>162 234</b>	<b>95 222</b>
3.1. Movements in reserve capital		189 986	67 012
a) increases (in respect of)		189 986	67 012
– issue of shares above their par value		189 979	67 012
– distribution of profit (mandatory)			
– distribution of profit (voluntary)			
– sale and liquidation of fixed assets		7	
b) decreases (in respect of)			
– covering prior period losses			
– sale and liquidation of fixed assets			
<b>3.2. Closing balance of reserve capital</b>		<b>352 220</b>	<b>162 234</b>
<b>4. Opening balance of revaluation reserve</b>		<b>552</b>	<b>552</b>
4.1. Movements in revaluation reserve		(7)	
a) increases (in respect of)			
– sale and liquidation of fixed assets			
b) decreases (in respect of)		(7)	
– sale and liquidation of fixed assets		(7)	

Movements in own equity

	in PLN '000 31.12.2001 current year	in PLN '000 31.12.2000 prior year
<b>4.2. Closing balance of revaluation reserve</b>	<b>545</b>	<b>552</b>
<b>5. Opening balance of General Risk Fund</b>	<b>58 012</b>	<b>32 356</b>
5.1. Movements in General Risk Fund	21 032	25 656
a) increases (in respect of)	21 032	25 656
– distribution of profit	21 032	25 656
b) decreases		
<b>5.2. Closing balance of General Risk Fund</b>	<b>79 044</b>	<b>58 012</b>
<b>6. Opening balance of brokerage activity fund</b>		
6.1. Movements in brokerage activity fund		
a) increase (in respect of)		
b) decrease (in respect of)		
<b>6.2. Closing balance of brokerage activity fund</b>		
<b>7. Opening balance of other reserve capital</b>	<b>17 018</b>	<b>17 018</b>
7.1. Movements in other reserve capital		
a) increases (in respect of)		
b) decreases (in respect of)		
– income tax on write-offs for General Risk Fund		
<b>7.2. Closing balance of other reserve capital</b>	<b>17 018</b>	<b>17 018</b>
<b>8. Foreign exchange differences from recalculation of foreign branches</b>		
<b>9. Opening balance of undistributed profit (uncovered loss) from prior years</b>	<b>21 032</b>	<b>25 656</b>
<b>9.1. Opening balance of undistributed profit from prior years</b>		
a) changes in adopted accounting principles (policy)		
b) corrections of material errors		
<b>9.2. Opening balance of undistributed profit from prior years after reclassification to confirm with current year presentation</b>	<b>21 032</b>	<b>25 656</b>
a) increases (in respect of)	-	
– distribution of profit		
b) decreases (in respect of)	(21 032)	(25 656)
– distribution of profit	(21 032)	(25 656)
<b>9.3. Closing balance of undistributed profit from prior years</b>		

	in PLN '000 31.12.2001 current year	in PLN '000 31.12.2000 prior year
<b>9.4. Opening balance of uncovered loss from prior years</b>		
a) changes in adopted accounting principles (policy)		
b) corrections of material errors		
<b>9.5. Opening balance of uncovered loss from prior years, after reclassification to confirm with current year presentation</b>		
a) increases (in respect of)		
– loss covering		
b) decreases (in respect of)		
<b>9.6. Closing balance of uncovered loss from prior years</b>		
<b>9.7. Closing balance of undistributed profit or uncovered loss from prior years</b>		
<b>10. Net income</b>	<b>10 521</b>	<b>21 032</b>
a) net profit	10 521	21 032
b) net loss		
<b>II. Closing balance of own equity</b>	<b>489 503</b>	<b>278 952</b>

## Cash flow statement

	in PLN '000 31.12.2001 current year	in PLN '000 31.12.2000 prior year
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>(306 621)</b>	<b>2 006</b>
<b>(I +/- II) – indirect method*</b>		
<b>I. Net profit (loss)</b>	<b>10 521</b>	<b>21 032</b>
<b>II. Adjustments for:</b>	<b>(317 142)</b>	<b>(19 026)</b>
1. Depreciation	26 072	18 086
2. Foreign exchange gains/losses		
3. Interest and dividends received and paid	(6 924)	(8 890)
4. (Profit ) loss on investment activities	(1 041)	(939)
5. Change in other provisions	(5 770)	127
6. Corporate income tax (per Profit and Loss Statement)	5 242	8 998
7. Corporate income tax paid	(7 621)	(20 313)
8. Change in debt securities held	2 777	(2 777)
9. Change in amounts due from financial sector	(152 506)	(407 084)
10. Change in amounts due from non-financial and budget sectors	(267 990)	(437 068)
11. Change in receivables in respect of securities subject to sale and repurchase agreement		
12. Change in shares, participation and other investments with variable amount of income		
13. Change in amounts due to financial institutions	(22 034)	95 931
14. Change in amounts due to non-financial and budget sectors	128 289	714 808
15. Change in payables in respect of securities subject to sale and repurchase agreement		
16. Change in securities issued		
17. Change in other liabilities	24 603	48 870
18. Change in interperiod settlements	(13 405)	(60)
19. Change in deferred income	34 020	14 170
20. Other items	(60 854)	(42 885)
<b>B. CASH FLOW FROM INVESTING ACTIVITIES (I-II)</b>	<b>53 466</b>	<b>(94 697)</b>
<b>I. Cash inflows from investing activities</b>	<b>4 193 648</b>	<b>4 219 359</b>
1. Sale of intangible fixed assets		
2. Sale of tangible fixed assets	878	1 606
3. Sale of shares in subsidiaries		
4. Sale of shares in associates		
5. Sale of shares in parent company		

Financial statements 2001 Fortis Bank Polska SA  
Cash flow statement

	in PLN '000 31.12.2001 current year	in PLN '000 31.12.2000 prior year
6. Sale of other shares, investments and securities (including those held in trading portfolio) and other property rights	4 176 488	4 201 834
7. Other inflows	16 282	15 919
<b>II. Cash outflows from investing activities</b>	<b>(4 140 182)</b>	<b>(4 314 056)</b>
1. Purchase of intangible fixed assets	(8 057)	(6 812)
2. Purchase of tangible fixed assets	(36 129)	(38 721)
3. Purchase of shares in subsidiaries		(9 088)
4. Purchase of shares on associates		
5. Purchase of shares in parent company		
6. Purchase of other shares, investments, and securities (including those held in trading portfolio) and other property rights	(4 095 996)	(4 259 124)
7. Acquisition of own shares		
8. Other outflows		(311)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES (I-II)</b>	<b>453 567</b>	<b>161 471</b>
<b>I. Cash inflows from financing activities</b>	<b>454 100</b>	<b>162 050</b>
1. Long term loans from banks	254 070	91 687
2. Long term loans from other financial institutions		
3. Issuance of bonds and other securities for other financial institutions		
4. Increase in subordinated debt		
5. Inflow from issuance of own shares	200 030	70 363
6. Additional payments to share capital		
7. Other inflows		
<b>II. Cash outflows from financing activities</b>	<b>(533)</b>	<b>(579)</b>
1. Repayment of long term loans taken from banks		
2. Repayment of long term loans taken from other financial institutions		
3. Redemption of bonds and the securities from other financial institutions		
4. Decrease in subordinated debt		
5. Costs of issuance of own shares		
6. Share buy-backs		
7. Payment of dividends and other payments to owners		
8. Bonuses for Management Board and Supervisory Board		

Cash flow statement

	in PLN '000 31.12.2001 current year	in PLN '000 31.12.2000 prior year
9. Payments for public purposes	(533)	(579)
10. Payment of liabilities under financial lease agreement		
11. Other outflows		
<b>D. NET CASH FLOW (A+/-B+/-C)</b>	<b>200 412</b>	<b>68 780</b>
<b>E. BALANCE SHEET CHANGE IN CASH</b>	<b>200 412</b>	<b>68 780</b>
– including changes in cash arising from exchange rate differences	(7 535)	(4 759)
<b>F. CASH AT THE BEGINNING OF THE REPORTING PERIOD</b>	<b>213 242</b>	<b>144 462</b>
<b>G. CASH AT THE END OF THE REPORTING PERIOD (F+/-D)</b>	<b>413 654</b>	<b>213 242</b>
– including cash with restricted option of use		

	PLN thousand current year	PLN thousand prior year
<b>Note 1A</b>		
CASH AND DUE FROM CENTRAL BANK		
1. Current account	407 584	208 986
2. Mandatory reserve		
3. Amounts of Bank Guarantee Fund		
4. Other	60	32
<b>Total of cash and due from Central Bank</b>	<b>407 644</b>	<b>209 018</b>

As at Dec. 31, 2001 the Bank's mandatory reserve of PLN 122,5218 thousand was maintained as follows:

- nostro account in NBP – PLN 110,269 thousand,
- cash in hand – PLN 12,252 thousand.

As at Dec. 31, 2000 the Bank's mandatory reserve of PLN 113,024 thousand was maintained as follows:

- nostro account in NBP – PLN 101,722 thousand,
- cash in hand – PLN 11,302 thousand.

**Note 1B**

CASH (BY CURRENCY)		
a. in Polish zloty	382 356	178 424
b. in foreign currency (PLN equivalent)	25 288	30 594
b1. unit/currency 1000/DEM	7 249	9 291
in thousand PLN	13 053	18 310
b2. unit/currency 1000/USD	1 123	1 479
in thousand PLN	4 477	6 127
b3. unit/currency 1000/ATS	8 695	6 562
in thousand PLN	2 225	1 838
b4. unit/currency 1000/EUR	430	
in thousand PLN	1 515	
b5. other currencies (in thousands PLN)	4 018	4 319
<b>Total cash</b>	<b>407 644</b>	<b>209 018</b>

**Note 2A**

DUE FROM OTHER FINANCIAL INSTITUTIONS (BY CATEGORY)		
1. Nostro accounts	6 009	4 221
2. Loans and placements	981 985	824 513
3. Purchased receivables		
4. Realized guarantees and commitments		
5. Other receivables (in respect of)		
6. Interest	4 176	9 144
a) accrued	4 176	9 144
b) overdue		
<b>Total gross receivables from financial institutions</b>	<b>992 170</b>	<b>837 878</b>
7. Provision for receivables from financial institutions (negative value)		
<b>Total receivables due from other financial institutions (net)</b>	<b>992 170</b>	<b>837 878</b>

**Note 2B**

DUE FROM OTHER FINANCIAL INSTITUTIONS (BY MATURITY)		
1. Current	6 009	4 221
2. Term, with maturity from balance sheet date:	981 985	824 513
a) up to 1 month	696 985	796 565
b) 1month – 3 months	225 000	27 181
c) 3 months – 1 year	60 000	767
d) 1 year – 5 years		
e) over 5 years		
f) overdue		
3. Interest	4 176	9 144
- accrued	4 176	9 144
- overdue		
<b>Total receivables due from other financial institutions (gross)</b>	<b>992 170</b>	<b>837 878</b>



Notes to the balance sheet

	PLN thousand current year	PLN thousand prior year
<b>Note 2C</b>		
DUE FROM OTHER FINANCIAL INSTITUTIONS (BY CONTRACTUAL MATURITY)		
1. Current	6 009	4 221
2. Term, with duration:	981 985	824 513
a) up to 1 month	611 959	508 621
b) 1 month – 3 months	284 932	302 573
c) 3 months – 1 year	60 357	2 044
d) 1 year – 5 years	24 737	11 275
e) over 5 years		
3. Interest	4 176	9 144
– accrued	4 176	9 144
– overdue		
<b>Total receivables due from other financial institutions (gross)</b>	<b>992 170</b>	<b>837 878</b>

	PLN thousand current year	PLN thousand prior year
<b>Note 2D</b>		
DUE FROM OTHER FINANCIAL INSTITUTIONS (BY CURRENCY)		
a. in Polish zloty (PLN)	846 359	688 362
b. in foreign currency (PLN equivalent)	145 811	149 516
b1. unit/currency 1000/EUR	21 941	2 008
in thousand PLN	77 274	7 740
b2. unit/currency 1000/USD	15 526	33 007
in thousand PLN	61 890	136 754
b3. unit/currency 1000/CHF	1 671	107
in thousand PLN	3 970	271
b4. unit/currency 1000/GBP	151	369
in thousand PLN	871	2 282
b5. other receivables (in thousand PLN)	1 806	2 469
<b>Total receivables due from other financial institutions (gross)</b>	<b>992 170</b>	<b>837 878</b>

	PLN thousand current year	PLN thousand prior year
<b>Note 2E</b>		
DUE FROM OTHER FINANCIAL INSTITUTIONS (GROSS)		
1. Performing loans	987 994	828 734
2. Watch loans		
3. Non-performing loans, including:		
– substandard		
– doubtful		
– loss		
4. Interest:	4 176	9 144
a) accrued	4 176	9 144
b) overdue		
– from performing and watch loans		
– from non-performing loans		
<b>Total receivables due from other financial institutions (gross)</b>	<b>992 170</b>	<b>837 878</b>

	PLN thousand current year	PLN thousand prior year
<b>Note 3A</b>		
DUE FROM NON-FINANCIAL AND BUDGET SECTORS (BY CATEGORY)		
1. Loans	2 143 895	1 837 416
2. Purchased receivables	2 747	4 057
3. Realized guarantees and commitments	4 727	5 159
4. Other (in respect of)	8 591	8 725
– VISA cards settlements	8 591	8 725
5. Interest	69 557	41 667
a) accrued	20 425	22 933
b) overdue	49 132	18 734
6. Amounts of receivables in respect of contribution to preferential loans		
<b>Total due from non-financial and budget sectors (gross)</b>	<b>2 229 517</b>	<b>1 897 024</b>
7. Provision for non-performing amounts due from non-financial and budget sectors (negative value)	(115 776)	(51 273)
<b>Total due from non-financial and budget sectors (net)</b>	<b>2 113 741</b>	<b>1 845 751</b>

The Bank does not have any loans related to financial leases.

	PLN thousand current year	PLN thousand prior year
<b>Note 3B</b>		
DUE FROM NON-FINANCIAL AND BUDGET SECTORS (BY MATURITY DATE)		
1. Current	380 884	259 942
2. Term, with maturity from balance sheet date:	1 779 076	1 595 415
a) up to 1 month	91 252	105 661
b) 1 month – 3 months	107 268	120 791
c) 3 months – 1 year	361 420	420 175
d) 1 year – 5 years	606 514	642 101
e) over 5 years	373 668	177 382
f) overdue	238 954	129 305
3. Interest	69 557	41 667
– accrued	20 425	22 933
– overdue	49 132	18 734
<b>Total due from non-financial and budget sectors (gross)</b>	<b>2 229 517</b>	<b>1 897 024</b>

**Note 3C**

	PLN thousand current year	PLN thousand prior year
DUE FROM NON-FINANCIAL AND BUDGET SECTORS (BY CONTRACTUAL MATURITY)		
1. Current	380 884	259 942
2. Term, with duration:	1 779 076	1 595 415
a) up to 1 month	24 528	35 787
b) 1 month – 3 months	35 090	48 849
c) 3 months – 1 year	657 257	619 218
d) 1 year – 5 years	621 536	643 033
e) over 5 years	440 665	248 528
3. Interest	69 557	41 667
– accrued	20 425	22 933
– overdue	49 132	18 734
<b>Total due from non-financial and budget sectors (gross)</b>	<b>2 229 517</b>	<b>1 897 024</b>

**Note 3D**

	PLN thousand current year	PLN thousand prior year
DUE FROM NON-FINANCIAL AND BUDGET SECTORS (BY CURRENCY)		
a. in Polish zloty (PLN)	1 059 297	957 131
b. in foreign currencies (PLN equivalent)	1 054 444	888 620
b1. unit/currency 1000/EUR in thousands PLN	200 309 705 470	105 441 406 411
b2. unit/currency 1000/USD in thousands PLN	84 585 337 183	75 682 313 566
b3. unit/currency 1000/CHF in thousands PLN	4 963 11 791	6 486 16 416
b4. unit/currency 1000/DEM in thousands PLN		73 234 144 324
b4. other currencies (in thousands PLN)		7 903
<b>Total due from non-financial and budget sectors (net)</b>	<b>2 113 741</b>	<b>1 845 751</b>

**Note 3E**

	PLN thousand current year	PLN thousand prior year
DUE FROM NON-FINANCIAL AND BUDGET SECTORS (GROSS)		
1. Performing loans (including interest)	1 866 754	1 667 899
2. Watch loans	51 012	58 153
3. Non-performing loans:	242 194	129 305
– substandard	52 028	33 891
– doubtful	52 657	15 423
– loss	137 509	79 991
4. Interest:	69 557	41 667
a) accrued	20 425	22 933
b) overdue	49 132	18 734
– from performing and watch loans	777	776
– from non-performing loans	48 355	17 958
<b>Total due from non-financial and budget sector (gross)</b>	<b>2 229 517</b>	<b>1 897 024</b>

Notes to the balance sheet

	PLN thousand current year	PLN thousand prior year
<b>Note 3F</b>		
VALUE OF LEGAL COLLATERAL DIMINISHING THE BASE FOR THE CALCULATION OF SPECIFIC PROVISIONS FOR NON-PERFORMING RECEIVABLES FROM NON-FINANCIAL AND BUDGET SECTORS		
a) Performing loans (including interest)		
b) Watch-list loans	25 854	19 182
c) Non-performing loans:	123 364	78 307
– substandard	27 176	28 101
– doubtful	38 292	10 144
– loss	57 896	40 062
<b>Total value of legal collateral against non-performing receivables from non-financial and budget sectors</b>	<b>149 218</b>	<b>97 489</b>

**Note 3G**

LOAN LOSS PROVISIONS FROM NON-FINANCIAL AND BUDGET SECTORS		
a) Performing loans (including interest)	4 296	1 469
b) Watch loans	376	972
c) Non-performing loans:	111 104	48 832
– substandard	5 254	1 298
– doubtful	8 326	2 848
– loss	97 524	44 686
<b>Total loan loss provisions from customers and budget sector</b>	<b>115 776</b>	<b>51 273</b>

**Note 3H**

MOVEMENTS IN LOAN LOSS PROVISIONS FROM NON-FINANCIAL AND BUDGET SECTORS		
Opening balance	51 273	12 751
a) Increases (in respect of)	107 017	61 296
– change in risk category	106 580	61 296
– foreign exchange differences	437	
– other		
b) Utilisation (in respect of)		
c) Releases (in respect of)	(42 514)	(22 774)
– repayment	(39 891)	(1 601)
– change in risk category		(19 805)
– write off	(604)	(578)
– others (incl. foreign exchange differences)	(2 019)	(790)
<b>Loan loss provisions from non-financial and budget sectors as of the balance sheet date</b>	<b>115 776</b>	<b>51 273</b>

**Note 5A**

DEBT SECURITIES		
1. Issued by central banks, of which:	42 108	310 926
5. Issued by State Budget, of which:	219 883	86 645
<b>Total debt securities</b>	<b>261 991</b>	<b>397 571</b>

**Note 5B**

DEBT SECURITIES (BY CATEGORY)		
1. Issued by State budget, of which:	219 883	86 645
a) bonds	93 013	27 006
b) treasury bills	126 870	59 639
c) other (by category):		
5. Issued by others, of which:	42 108	310 926
a) bonds		
b) other (by category):	42 108	310 926
– NBP bills		268 447
– mandatory reserve NBP Bonds	42 108	42 479
<b>Total debt securities</b>	<b>261 991</b>	<b>397 571</b>

	PLN thousand current year	PLN thousand prior year
<b>Note 5C</b>		
DEBT SECURITIES		
a) operating portfolio – of the brokerage house		
b) trading portfolio		2 777
c) investment portfolio	261 991	394 794
<b>Total debt securities</b>	<b>261 991</b>	<b>397 571</b>

<b>Note 5D</b>		
MOVEMENTS IN DEBT SECURITIES		
a) Opening balance	397 571	334 849
b) Increases (in respect of)	4 428 935	4 391 559
– purchases	4 425 168	4 390 423
– discount		
– interest	3 767	1 136
– premium		
c) Decreases (in respect of)	(4 564 515)	(4 328 837)
– sale	(4 564 515)	(4 328 837)
– interest		
– discount		
– premium		
<b>d) Closing balance</b>	<b>261 991</b>	<b>397 571</b>

Debt securities securing the Bank's liabilities:

- transfer of ownership rights to treasury bills to secure transactions on the Polish money market with a Polish bank:
  - as at 31.12.2001 – none
  - as at 31.12.2000 – 2 000 bills, nominal value of PLN 20 000 thousand,
- treasury bills held as security for the Banking Guarantee Fund:
  - as at 31.12.2001 – 1100 bills at total nominal value of PLN 11 000 thousand,
  - as at 31.12.2000 – 700 bills at total nominal value of PLN 7 000 thousand.

<b>Note 6A</b>		
SHARES AND INVESTMENTS IN SUBSIDIARIES		
a) in banks		
b) in other financial institution	10 196	18 196
c) in non-financial institution		
<b>Total shares and investments in subsidiary</b>	<b>10 196</b>	<b>18 196</b>

<b>Note 6B</b>		
MOVEMENTS IN SHARES AND INVESTMENTS IN SUBSIDIARIES		
Opening balance	18 196	9 108
a) Increases (in respect of)	-	9 088
– purchase of shares		9 088
b) Decreases (in respect of)	(8 000)	
– creating of specific provision	(8 000)	
<b>Closing balance</b>	<b>10 196</b>	<b>18 196</b>

<b>Note 6C</b>		
SHARES AND INVESTMENTS IN SUBSIDIARIES		
a) operating portfolio – of the brokerage house		
b) trading portfolio		
c) investment portfolio	10 196	18 196
<b>Total shares and investments in subsidiaries</b>	<b>10 196</b>	<b>18 196</b>

## Note 8A

## SHARES AND INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES (INVESTMENT)

No. a	Enterprise's name	b place	c type of activity	d relationship	e method of consolidation	f date of taking over/date of beginning significant influence	g share value at cost	h depreciation total	i shares (balance value)	j ownership (in percentage)	k number of votes in Shareholders Meeting	l other ownership
1.	Fortis Securities Polska SA	Poland	brokerage activity	subsidiary	-	23.12.1999	18 196	8 000	10 196	100%	100%	-

## Note 8B

## SHARES AND INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES (INVESTMENT)

No. a	Enterprise's name	m Own capital	share capital	due to capital (negative value)	reserve capital	other own capital:	n liabilities:	long term	o amounts due	p assets	r sales revenue	s value of unpaid shares by issuer	t dividends received/ taking part in profits from last year	
1.	Fortis Securities Polska SA		9 048	-	959	(1 504)	-	(1 519)	7 054	-	6 072	-	4 930	-

The financial data of Fortis Securities Polska SA are presented as at Dec. 31, 2001.

	PLN thousand current year	PLN thousand prior year
<b>Note 9A</b>		
SHARES AND INVESTMENTS IN OTHER ENTITIES		
a) banks		
b) other financial institutions		
c) non-financial institutions	39	43
<b>Total shares and investments in other entities</b>	<b>39</b>	<b>43</b>

<b>Note 9B</b>		
MOVEMENTS IN SHARES AND INVESTMENTS IN OTHER ENTITIES		
Opening balance	43	6
a) Increases (in respect of)	-	37
– purchase		40
– FX differences		(3)
b) Decreases (in respect of)	(4)	
– sale		
– write-off due to loss of value		
– FX differences	(4)	
<b>Closing balance</b>	<b>39</b>	<b>43</b>

<b>Note 9C</b>		
SHARES AND INVESTMENTS IN OTHER ENTITIES		
a) operating portfolio – of the brokerage house		
b) trading portfolio		
c) investment portfolio	39	43
<b>Total shares and investments in other entities</b>	<b>39</b>	<b>43</b>

SHARES AND INVESTMENTS IN OTHERS (INVESTMENT)

No.	a Enterprise's name	b place	c type of activity	d shares (balance value)	e part of owned shares (in percentage)	f part in total number of votes in Shareholders Meeting	g unpaid shares by issuer	h dividend received or receivable from previous year
1	S.W.I.F.T. s.c.	Belgium	interbank communication	39	-	-	-	-

Notes to the balance sheet

	PLN thousand current year	PLN thousand prior year
<b>Note 10A</b>		
OTHER SECURITIES AND PROPERTY RIGHTS (BY CATEGORY)		
a) participation units in investment funds	62 101	
<b>Total other securities and property rights (by category)</b>	<b>62 101</b>	

<b>Note 10B</b>		
OTHER SECURITIES AND PROPERTY RIGHTS		
c) investment portfolio	62 101	
<b>Total other securities and property rights</b>	<b>62 101</b>	

<b>Note 10C</b>		
MOVEMENTS IN OTHER SECURITIES AND PROPERTY RIGHTS		
Opening balance		
a) Increases (in respect of)	124 188	
– purchase of participation units	124 188	
b) Decreases	(62 087)	
– redemption of participation units	(62 087)	
<b>Closing balance</b>	<b>62 101</b>	

<b>Note 11A</b>		
SECURITIES, SHARES AND OTHER RIGHTS		
1. operating portfolio – of the brokerage house		
2. trading portfolio		2 777
3. investment portfolio	334 327	413 033
<b>Total securities, shares and other property rights</b>	<b>334 327</b>	<b>415 810</b>

	PLN thousand current year	PLN thousand prior year
<b>Note 11B</b>		
MOVEMENTS IN SECURITIES, SHARES AND OTHER PROPERTY RIGHTS		
Opening balance	415 810	343 963
a) Increases (in respect of)	4 553 123	4 400 687
– purchase	4 549 356	4 399 551
– discount		
– interest	3 767	1 136
– other (foreign exchange differences)		
b) Decreases (in respect of)	(4 634 606)	(4 328 840)
– sale	(4 564 515)	(4 328 837)
– interest		
– write-off due to loss of value	(8 000)	
– discount		
– premium		
– redemption of participation units	(62 087)	
– other (foreign exchange differences)	(4)	(3)
<b>Closing balance of securities, shares and other property rights</b>	<b>334 327</b>	<b>415 810</b>

<b>Note 11C</b>		
MOVEMENTS IN SECURITIES, SHARES AND OTHER PROPERTY RIGHTS (BY CURRENCY)		
a. in Polish zloty (PLN)	334 288	415 767
b. in foreign currencies (in respect of)	39	43
b1. Unit/currency 1000/BEF	55	55
in thousands PLN	5	6
b2. Unit/currency 1000 /EUR	10	10
in thousands PLN	34	37
b4. Other currencies (in thousands PLN)		
<b>Total securities, shares and other property rights</b>	<b>334 327</b>	<b>415 810</b>

As at 31.12.2001 the Bank owned 1 (one) share of BEF at nominal value of 55,000.00 and 6 (six) shares of EUR at nominal value of 9,750 in S.W.I.F.T., the global banking communication entity.



	PLN thousand current year	PLN thousand prior year		PLN thousand current year	PLN thousand prior year
<b>Note 11D</b>					
DEBT SECURITIES, INVESTMENTS AND TRUST UNITS – TRADING PORTFOLIO					
B. Negotiable and quoted on OTC market (book value)		2 777	c) other – by category (book value):	126 870	328 086
c) other – by category (book value):	-	2 777	c1) treasury bills	126 870	59 639
c1) Treasury Bills	-	2 777	– adjustments	4 865	3 410
– market value			– value at cost	122 005	56 229
– value at cost		2 777	c2) commercial papers	-	268 447
<b>Total value at cost</b>		<b>2 777</b>	– adjustments		2 399
<b>Total book value</b>		<b>2 777</b>	– value at cost		266 048
<b>Note 11E</b>					
DEBT SECURITIES, INVESTMENTS AND TRUST UNITS – INVESTMENT PORTFOLIO					
A. Negotiable and quoted on Stock Exchange (book value)	93 013	27 006	C. Negotiable and non-quoted on regulated markets (book value)	62 101	
a) shares (book value):	-		a) shares (book value):		
– adjustments			– adjustments		
– value at cost			– value at cost		
b) bonds (book value):	93 013	27 006	b) bonds (book value):		
– adjustments	3 638	3 110	– adjustments		
– value at cost	89 375	23 896	– value at cost		
c) other – by category (book value):			c) other – by category (book value):	62 101	
c1)			c1)	62 101	
– adjustments			– adjustments		
– value at cost			– value at cost		
B. Negotiable and quoted on OTC market (book value)	137 066	346 282	D. Non-negotiable (book value)	42 147	42 522
a) shares (book value):	10 196	18 196	a) shares (book value):		
– adjustments	(8 000)		– adjustments		
– value at cost	18 196	18 196	– value at cost		
b) bonds (book value):			b) bonds (book value):	42 108	42 479
– adjustments			– adjustments	477	848
– value at cost			– value at cost	41 631	41 631
			c) other by category (book value):	39	43
			c1) shares	39	43
			– adjustments	(7)	(3)
			– value at cost	46	46
			<b>Total value at cost</b>	<b>333 354</b>	<b>406 046</b>
			<b>Total adjustments</b>	<b>973</b>	<b>9 764</b>
			<b>Total book value</b>	<b>334 327</b>	<b>415 810</b>

The Bank purchased NBP bonds at their nominal value of PLN 41,631 thousand on September 30, 1999. The bonds were issued by NBP following the Monetary Policy Council decision to lower

Notes to the balance sheet

PLN thousand  
current year

PLN thousand  
prior year

the mandatory reserve that banks maintain on their NBP current accounts. Interest is paid annually on the bonds based on the consumer price index for particular months. These securities must be held until maturity and under current legislation may not be sold and should be free and clear of any liens, charges, claims and other incumbrances.

Note 12A

INTANGIBLE FIXED ASSETS

a) start-up and further expansion cost of public limited company	3 283	2 697
b) research and development costs		
c) goodwill		
d) patents, licences and related rights, incl. – software	18 691 18 691	12 989 12 989
f) perpetual usufruct		
g) other intangible fixed assets		
h) prepayments for intangible fixed assets		
<b>Total intangible fixed assets</b>	<b>21 974</b>	<b>15 686</b>

MOVEMENTS IN INTANGIBLE ASSETS (by category)

	a	b	c	d	e	f	g	h	Intangible assets total
	start-up and further expansion cost of public limited company	research and development costs	goodwill	patents, licences and related rights	software	long term leases of land	other intangible assets	prepayments for intangible fixed assets	
a) intangible assets (gross) at the beginning of the year	6 503				20 544				27 047
b) increases (in respect of)	1 804				11 186				12 990
– share capital increase									0
– purchases					8 057				8 057
– investment settlement	1 804				3 129				4 933
c) decreases (in respect of)					(332)				(332)
– liquidation					(332)				(332)
– other									
d) intangible assets (gross) at the end of the year	8 307				31 398				39 705
e) accumulated depreciation at the beginning of the year	(3 805)				(7 555)				(11 360)
f) depreciation (in respect to)	(1 219)				(5 152)				(6 371)
– cost of obtaining share capital	(1 219)								(1 219)
– purchases					(5 334)				(5 334)
– liquidation					182				182
– other									
g) accumulated depreciation at the end of the year	(5 024)				(12 707)				(17 731)
h) net intangible assets at the end of the year	3 283				18 691				21 974

In 2001 there was no unplanned depreciation of intangible assets.

Notes to the balance sheet

Note 13A

TANGIBLE FIXED ASSETS

Tangible fixed assets

	PLN thousand current year	PLN thousand prior year
a) Tangible fixed assets, of which:	70 714	47 125
– land and buildings used for bank's operating activity		
– other land and buildings		
– equipment	22 391	13 996
– vehicles	4 648	3 879
– other fixed assets	43 675	29 250
b) Assets under construction	1 998	15 010
c) Prepayments towards investments		311
<b>Total tangible fixed assets</b>	<b>72 712</b>	<b>62 446</b>

Note 13B

TABLE OF MOVEMENT OF TANGIBLE FIXED ASSETS (by category)

	own land and buildings for own use	other land and buildings	equipment	means of transport	other fixed assets
a) fixed assets value (gross) at the beginning of the year			28 866	7 374	37 964
b) increases (in respect to)			20 535	3 021	20 073
– purchase			15 964	3 021	3 237
– completion of investment			4 571		16 836
– other					
c) decrease (in respect to)			(5 042)	(988)	(1 820)
– sale			(2 673)	(857)	(3)
– liquidation			(1 618)		(1 817)
– other			(751)	(131)	
d) fixed assets value (gross) at the end of the year			44 359	9 407	56 217
e) accumulated depreciation at the beginning of the year			(14 870)	(3 494)	(8 714)
f) depreciation for period (in respect to)			(7 096)	(1 265)	(3 828)
– purchase			(11 263)	(2 061)	(5 304)
– sale			2 017	691	
– liquidation			1 425		1 476
– other			725	105	
g) accumulated depreciation at the end of the year			(21 966)	(4 759)	(12 542)
h) unplanned write-offs			(2)		
i) net fixed assets at the end of the year			22 391	4 648	43 675

In 2001, there was an unplanned depreciation of fixed assets in the amount of PLN 1.5 thousand.

	PLN thousand current year	PLN thousand prior year
<b>Note 13C</b>		
ON-BALANCE FIXED ASSETS (BY OWNERSHIP)		
a) Own	72 530	61 149
b) Used under rental, lease, leasing agreements, of which:	182	1 297
– operating leases	182	1 297
<b>Total on-balance sheet fixed assets</b>	<b>72 712</b>	<b>62 446</b>

**Note 15A**

## OTHER ASSETS

1. Seized assets for sale		
2. Other, including:	93 976	45 612
– interbank settlements	84 297	35 866
– tax settlements	4 037	436
– settlements with suppliers and recipients	2 917	2 661
– settlements with employees	860	624
– settlements arising from other transactions with customers	776	645
– other settlements	1 089	5 380
<b>Total other assets</b>	<b>93 976</b>	<b>45 612</b>

**Note 16A**CHANGES IN INTERPERIOD SETTLEMENTS  
IN RESPECT OF DEFERRED CORPORATE  
INCOME TAX

Opening balance	10 814	
a) Increases (in respect of)	12 130	14 206
– negative timing differences in respect of corporate income tax	12 130	14 206
b) Decreases (in respect of)	6 149	3 392
– release of negative difference arising from income tax	6 149	3 392
<b>Closing balance</b>	<b>16 795</b>	<b>10 814</b>

**Note 16B**

## OTHER INTERPERIOD SETTLEMENTS

a) Interperiod settlements, of which	14 931	3 845
– settlements on account of pricing of financial instruments	12 673	953
– rent	599	1 634
– insurance	564	525
– other	1 095	733
b) Other, including:	7 604	458
– income receivable	7 604	458
<b>Total other interperiod settlements</b>	<b>22 535</b>	<b>4 303</b>

**Note 17A**DUE TO OTHER FINANCIAL INSTITUTIONS  
(BY CATEGORY)

1. Current accounts and deposits	348 142	353 417
2. Loans and borrowings received	558 619	304 549
3. Other, including		
4. Interest	5 477	6 236
<b>Total due to other financial institutions</b>	<b>912 238</b>	<b>664 202</b>

**Note 17B**

## DUE TO OTHER FINANCIAL INSTITUTIONS (BY MATURITY)

1. Current	9 391	2 634
2. Term, with maturity from the balance sheet date:	897 370	655 332
a) Up to 1 month	293 508	294 881
b) 1 month – 3 months	45 243	45 902
c) 3 months – 1 year		10 000
d) 1 year – 5 years	558 619	4 818
e) over 5 years		299 731
f) overdue		
3. Interest	5 477	6 236
<b>Total due to other financial institutions</b>	<b>912 238</b>	<b>664 202</b>

## Notes to the balance sheet

	PLN thousand current year	PLN thousand prior year
<b>Note 17C</b>		
DUE TO OTHER FINANCIAL INSTITUTIONS (BY CONTRACTUAL MATURITY)		
1. Current	9 391	2 634
2. Term:	897 370	655 332
a) up to 1 month	249 369	185 218
b) 1 month – 3 months	71 749	152 759
c) 3 months to 1 year	17 634	12 806
d) 1 year – 5 years	202 367	4 818
e) over 5 years	356 251	299 731
3. Interest	5 477	6 236
<b>Total due to other financial institutions</b>	<b>912 238</b>	<b>664 202</b>

	PLN thousand current year	PLN thousand prior year
<b>Note 17D</b>		
DUE TO OTHER FINANCIAL INSTITUTIONS (BY CURRENCY)		
a. in PLN	160 569	106 625
b. in foreign currencies (in respect of)	751 669	557 577
b1. Unit/currency 1000/EUR	191 304	133 158
in thousands PLN	673 753	513 243
b2. Unit/currency 1000/USD	15 071	6 460
in thousands PLN	60 077	26 764
b3. Unit/currency 1000/CHF	7 508	6 915
in thousands PLN	17 839	17 501
b4. Other currency (in thousands PLN)		69
<b>Total due to other financial institutions</b>	<b>912 238</b>	<b>664 202</b>

	PLN thousand current year	PLN thousand prior year
<b>Note 18A</b>		
DUE TO NON-FINANCIAL AND BUDGET SECTORS (BY TYPE)		
1. Current accounts and deposits	2 171 811	2 114 772
2. Other (in respect of)	314 064	231 714
– blocked deposits	313 608	229 423
– VISA settlements	451	
– term deposits settlements	5	2 291
3. Interest	19 229	30 329
<b>Total due to customers and budget sector</b>	<b>2 505 104</b>	<b>2 376 815</b>

	PLN thousand current year	PLN thousand prior year
<b>Note 18D</b>		
DUE TO NON-FINANCIAL AND BUDGET SECTORS – OTHER (BY MATURITY)		
1. Current	404 478	297 024
2. Term:	2 081 397	2 049 462
a) up to 1 month	1 215 678	1 365 124
b) 1 month – 3 months	525 463	495 171
c) 3 months – 1 year	199 132	187 186
d) 1 year – 5 years	105 369	1 981
e) over 5 years	35 755	
f) overdue		
3. Interest	19 229	30 329
<b>Total due to non-financial and budget sectors – other</b>	<b>2 505 104</b>	<b>2 376 815</b>

	PLN thousand current year	PLN thousand prior year
<b>Note 18E</b>		
DUE TO NON-FINANCIAL AND BUDGET SECTORS – OTHER (BY CONTRACTUAL MATURITY)		
1. Current	404 478	297 024
2. Term:	2 081 397	2 049 462
a) up to 1 month	901 828	1 068 830
b) 1 month – 3 months	640 737	702 319
c) 3 months – 1 year	374 930	273 285
d) 1 year – 5 years	126 593	5 028
e) over 5 years	37 309	
3. Interest	19 229	30 329
<b>Total due to non-financial and budget sectors – other</b>	<b>2 505 104</b>	<b>2 376 815</b>

	PLN thousand current year	PLN thousand prior year
<b>Note 18F</b>		
DUE TO NON-FINANCIAL AND BUDGET SECTORS (BY CURRENCY)		
a. in Polish zloty (PLN)	2 010 018	1 856 448
b. in foreign currencies (in respect of)	495 086	520 367
b1. Unit/currency 1000/USD in thousands PLN	83 088 331 214	101 820 421 859
b2. Unit/currency 1000/EUR in thousands PLN	45 763 161 172	13 297 51 252
b3. Unit/currency 1000/NOK in thousands PLN	1 877 829	20 9
b4. Unit/currency 1000/GBP in thousands PLN	109 628	184 1 136
b5. Other currencies (in thousands PLN)	1 243	46 111
<b>Total due to non-financial and budget sectors</b>	<b>2 505 104</b>	<b>2 376 815</b>

**Note 21**

## SPECIAL FUNDS AND OTHER LIABILITIES

1. Special funds	1 202	774
– social fund	806	515
– other	396	259
2. Other liabilities	100 621	76 446
– interbank settlements	83 777	59 947
– liabilities arising from other transactions with customers	5 582	5 336
– settlements with suppliers and recipients	3 614	4 173
– tax settlements	2 666	2 124
– settlements with employees	78	43
– other	4 904	4 823
<b>Total special funds and other liabilities</b>	<b>101 823</b>	<b>77 220</b>

**Note 22**

## ACCRUALS AND DEFERRED INCOME

a) Interperiod settlements, of which:	10 509	5 682
– provisions for employees benefits and other	3 898	4 063
– settlement of financial instruments	4 241	441
– other interperiod settlements	2 370	1 178
b) Deferred income, of which:	479	392
– income received in advance	479	392
– unrealized FX differences		
c) Suspended interest, of which:	55 702	21 769
– interest on non-performing loans	55 698	21 738
– capitalised interest	4	31
<b>Total accruals and deferred income</b>	<b>66 690</b>	<b>27 843</b>

**Note 23A**

## MOVEMENTS IN DEFERRED TAX PROVISION

Opening balance		776
a) Increases (in respect of)	-	1 898
– provision for income tax		1 898
b) Decreases (in respect of)	-	(2 674)
– release of provision for income tax		(2 674)
<b>Closing balance</b>		<b>0</b>

**Note 23B**

## OTHER PROVISIONS:

– off-balance sheet commitments provision	516	142
– general risk reserve		6 144
<b>Total other provisions</b>	<b>516</b>	<b>6 286</b>

Notes to the balance sheet

	PLN thousand current year	PLN thousand prior year
<b>Note 23C</b>		
MOVEMENTS IN OTHER PROVISIONS		
Opening balance	6 286	6 160
a) Increases (in respect of)	2 937	126
– general risk reserve	1 980	
– off-balance sheet commitments provision	957	126
– foreign currency differences		
b) utilisation (in respect of)		
c) releases (in respect of)	(8 707)	-
– general risk reserve	(8 124)	
– provision for off-balance sheet liabilities	(583)	
<b>Closing balance</b>	<b>516</b>	<b>6 286</b>

**Note 24**

SUBORDINATED DEBT

The Bank does not have any subordinated debt.

**Note 25**

SHARE CAPITAL nominal value of 1 share = 2PLN

Series/ issue	Type of shares	Type of preference	Number of shares	Issue value	Type of capital covering	Date of registration	Eligibility for dividend
A	bearer share	common shares	634 060	1 268 120	cash	19.12.1990	from full payment
B	bearer share	common shares	1 115 940	2 231 880	cash	30.04.1991	from full payment
C	bearer share	common shares	2 000 000	4 000 000	cash	14.07.1994	01.01.1994
D	bearer share	common shares	1 250 000	2 500 000	cash	11.07.1996	01.01.1995
E	bearer share	common shares	1 250 000	2 500 000	cash	11.04.1997	01.01.1996
F	bearer share	common shares	625 000	1 250 000	cash	04.06.1998	01.01.1997
G	bearer share	common shares	740 000	1 480 000	cash	04.06.1998	01.01.1997
H	bearer share	common shares	761 500	1 523 000	cash	08.10.1999	01.01.1999
I	bearer share	common shares	1 675 300	3 350 600	cash	03.07.2000	01.01.1999
J	bearer share	common shares	5 025 900	10 051 800	cash	28.06.2001	01.01.2000
<b>Total number of shares</b>			<b>15 077 700</b>				
<b>Total share capital</b>				<b>30 155 400</b>			



Series A-J shares are common bearer shares.

As at Dec. 31, 2001 the following shareholders owned stock representing at least 5 % of the Bank's share capital or 5 % of the votes in the General Meeting of Shareholders (AGM):

– Fortis Bank: 99.10 % of share capital, with the right of 11,308,275 votes at the General Meeting of Shareholders or 99.10 % of total votes at AGM. However, in accordance with Article 26 of the Bill dated 29.08.1997 r. Banking Law (Dz.U. No 140, item 939 as amended) with reference to the resolution No. 159/KNB/99 of Banking Supervision Commission as of 16.08.1999 r. relating to permission granted to Fortis Bank to purchase shares of PPABank SA, Fortis Bank has permission only to acquire shares which give it up to 75 % of the total voting rights at the AGM.

## Note 26

### RESERVE CAPITAL

a) Share premium	351 853	161 875
b) Mandatory reserve	367	359
c) Statutory		
d) Contribution from shareholders		
e) Other		
<b>Total reserve capital</b>	<b>352 220</b>	<b>162 234</b>

## Note 27

### OTHER RESERVE CAPITAL:

– General Risk Fund	79 044	58 012
– Brokerage Activity Fund		
– Other	17 018	17 018
<b>Total other reserve capital</b>	<b>96 062</b>	<b>75 030</b>

## Note 29

### CAPITAL ADEQUACY RATIO CALCULATION

Risk weighted assets	2 135 181	1 808 545
Risk weighted off-balance sheet liabilities	269 645	95 631
<b>Total</b>	<b>2 404 826</b>	<b>1 904 176</b>

	PLN thousand current year	PLN thousand prior year
Share capital	30 155	20 104
Reserve capital	352 220	162 234
Other	17 018	17 018
General Risk Fund	79 044	58 012
Revaluation reserve	545	552
Subordinated debt		
Decreases of capital	(12 394)	(18 196)
<b>Own equity</b>	<b>466 588</b>	<b>239 724</b>
<b>Capital Adequacy Ratio</b>	<b>19.40</b>	<b>12.59</b>

### BOOK VALUE PER SHARE

Share capital	30 155	20 104
Reserve capital	352 220	162 234
Other	17 018	17 018
General Risk Fund	79 044	58 012
Revaluation reserve	545	552
Net profit	10 521	21 032
<b>Total</b>	<b>489 503</b>	<b>278 952</b>

Number of shares	15 077 700	10 051 800
------------------	------------	------------

<b>Book value per share (in PLN)</b>	<b>32.47</b>	<b>27.75</b>
--------------------------------------	--------------	--------------

### DILUTED BOOK VALUE PER SHARE

Share capital	30 155	20 104
Reserve capital	352 220	162 234
Other	17 018	17 018
General Risk Fund	79 044	58 012
Revaluation reserve	545	552
Net profit	10 521	21 032
<b>Total</b>	<b>489 503</b>	<b>278 952</b>

Number of shares	15 077 700	15 077 700
------------------	------------	------------

<b>Diluted book value per share</b>	<b>32.47</b>	<b>18.50</b>
-------------------------------------	--------------	--------------

## Note 30

### OFF-BALANCE SHEET COMMITMENTS

Guarantees and sureties granted for:	128 855	94 379
a) Subsidiaries		
b) Associates		
c) Parent company		
d) Other	128 855	94 379
<b>Total guarantees and sureties granted</b>	<b>128 855</b>	<b>94 379</b>

	PLN thousand current year	PLN thousand prior year
<b>Note 31</b>		
INTEREST INCOME		
1. Interest income from financial institutions	258 715	73 900
2. Interest income from financial and budget sectors	108 157	251 444
3. Interest income from securities:	68 716	72 390
a) fixed income securities	68 716	72 390
b) variable income securities		
4. Other	447	50
<b>Total interest income</b>	<b>436 035</b>	<b>397 784</b>

<b>Note 32</b>		
INTEREST EXPENSE		
1. Interest expense on transactions with financial institutions	55 746	31 400
2. Interest expense on transactions with non-financial and budget sectors	255 564	241 922
3. Other	21	145
<b>Total interest expense</b>	<b>311 331</b>	<b>273 467</b>

<b>Note 33</b>		
FEE AND COMMISSION INCOME		
1. Fee and commission income from banking activity	61 225	44 399
2. Fee and commission income from brokerage activity		
<b>Total fee and commission income</b>	<b>61 225</b>	<b>44 399</b>

<b>Note 34</b>		
INCOME FROM SHARES, OTHER SECURITIES AND OTHER PROPERTY RIGHTS		
1. Subsidiaries		
2. Associates		
3. Other	6 725	5 065
<b>Total fee and commission income</b>	<b>6 725</b>	<b>5 065</b>

<b>Note 35</b>		
NET RESULT ON FINANCIAL OPERATIONS		
1. Result on securities transactions	5 644	(65)
a) Income from securities transaction	7 716	1 003
b) Expenses on securities transaction	2 072	1 068
2. Result on other financial transactions	7 663	509
<b>Total net result on financial operations</b>	<b>13 307</b>	<b>444</b>

<b>Note 36</b>		
OTHER OPERATING INCOME		
a) Asset management fees		390
b) Sales, liquidation of fixed assets and assets for sale	878	1 606
c) Recovered loans	127	50
d) Compensation, penalties, fines	2 514	80
e) Donations		
f) Other	4 269	7 093
– leasing	251	761
– other	4 018	6 332
<b>Total other operating income</b>	<b>7 788</b>	<b>9 219</b>

<b>Note 37</b>		
OTHER OPERATING EXPENSES		
a) Asset management fees		
b) Sales, liquidation of fixed assets and assets for sale	1 534	1 524
c) Loans written off	423	207
d) Compensation, penalties, fines	119	57
e) Donations	403	600
f) Additional amortisation	2	
g) Other	2 117	1 303
– provision for cash	188	178
– vindication expenses	1 063	1 105
– other	866	20
<b>Total other operating expenses</b>	<b>4 598</b>	<b>3 691</b>

	PLN thousand current year	PLN thousand prior year
<b>Note 38</b>		
GENERAL EXPENSES		
1. Salaries	63 530	50 134
2. Employee benefits	4 282	2 358
3. Other general expenses	75 209	61 686
4. Taxes and levies	18	23
5. Bank Guarantee Fund charges	1 302	4 758
6. Other		
<b>Total general expenses</b>	<b>144 341</b>	<b>118 959</b>

	PLN thousand current year	PLN thousand prior year
<b>Note 39</b>		
CHARGES TO PROVISIONS AND REVALUATION		
1. Charges to provisions for:	109 784	61 708
– performing and watch loans	2 827	1 876
– watch loans	566	1 499
– non-performing loans	103 187	57 921
– off-balance sheet commitments	957	250
– general risk reserve	1 980	
– other	267	162
2. Revaluation:	8 000	
– of shares, securities and financial assets	8 000	
– other		
<b>Total charges to provisions and revaluation</b>	<b>117 784</b>	<b>61 708</b>

	PLN thousand current year	PLN thousand prior year
<b>Note 40</b>		
RELEASE OF PROVISIONS AND DECREASE IN RESPECT OF REVALUATION		
1. Release of provisions for:	48 707	21 852
– performing loans		1 045
– watch loans	430	751
– non-performing loans	39 461	19 610
– off-balance sheet commitments	583	124
– general risk fund	8 124	
– other	109	322
2. Decrease in respect of revaluation:	2	
– of shares, securities and financial assets		
– other	2	
<b>Total releases of provisions and decrease in respect of revaluation</b>	<b>48 709</b>	<b>21 852</b>

	PLN thousand current year	PLN thousand prior year
<b>Note 41</b>		
EXTRAORDINARY GAINS		
a) Contingent		
b) Other	181	
<b>Total extraordinary gains</b>	<b>181</b>	

	PLN thousand current year	PLN thousand prior year
<b>Note 42</b>		
EXTRAORDINARY LOSSES		
a) Contingent		
b) Other	181	
<b>Total extraordinary losses</b>	<b>181</b>	

Notes to profit and loss statement

	PLN thousand current year	PLN thousand prior year			
<b>Note 43</b>					
<b>CORPORATE INCOME TAX</b>					
1. Gross profit before tax	15 763	30 030			
2. Permanent differences between gross profit before taxation and taxable income	4 185	680			
3. Temporary differences between gross profit before taxation and taxable income	21 359	40 405			
4. Other differences between gross profit/(loss) and taxable income:	(1 227)	(2 484)			
– losses from prior years					
5. Taxable income	40 080	68 631			
6. Corporate Income Tax 30 % 2000 / 34 % 1999	11 222	20 589			
7. Deductions and decreases		1 013			
8. Corporate Income Tax payable	11 222	19 576			
9. Deferred tax provision	-	(776)			
– opening balance		776			
– increases		1 898			
– decreases		(2 674)			
– closing balance	-	-			
10. Interperiod settlements in respect of deferred income tax	(16 795)	(10 814)			
– opening balance	(10 814)				
– increases	(12 130)	(14 206)			
– decreases	6 149	3 392			
– closing balance	(16 795)	(10 814)			
<b>11. Corporate income tax presented in the profit and loss statement</b>	<b>5 242</b>	<b>8 998</b>			
			Difference resulting from investment tax relief correction in 1998 (in 000's)	(96)	
			b) tax deductible donations granted (in 000's)	539	580
			c) the Bank did not receive any other CIT relief or exemptions	-	-
			d) deferred tax liabilities as of 31.12.2001 (in 000's)	-	-
				<b>31.12.2001</b>	<b>31.12.2000</b>
			Accrued interest on securities	13 873	3 382
			Other accrued interest	17 969	29 023
			Market swap	158	317
			Unrealised foreign exchange differences	12 673	952
			Unrealised discount	6 334	6 814
			Net investment tax relief	5 177	7 759
			Difference between tax depreciation and balance-sheet depreciation	674.	-
			Deferred tax liability base	56 858	48 247
			Tax	15 920	13 509
			Tax rate 28 %		
			e) deferred tax assets as of 31.12.2001 (in 000's)		
				<b>31.12.2001</b>	<b>31.12.2000</b>
			Interest payable	24 705	36 572
			Deferred income	478	392
			Provision for non-performing loans	80 863	43 724
			Other provisions	6 546	5 281
			Deferred tax asset base	116 841	86 871
			Tax rate 28 %	32 715	24 323
			Difference between liability and receivable	16 795	10 814
			f) changes resulting from the change of tax rates		
			g) the Bank did not release any deferred tax assets due to the inability of claiming the future tax receivables		
			h) operations regarding income tax on extraordinary gains		
			Income tax on extraordinary gains amounts to 0,-		
Detailed information on the differences between corporate income tax charge per the accounts and the corporate income tax return:					
a) investment tax relief and investment premium claimed as at 31.12.2001					
	<b>31.12.2001</b>	<b>31.12.2000</b>			
Deduction from revenue	-	2 646			
– investment tax relief (in 000's)					
Deduction from revenue	1 323	2 484			
– premium relief (in 000's)					

	PLN thousand current year	PLN thousand prior year
--	------------------------------	----------------------------

#### Note 45

The Board of Executives will present to the General Shareholders' Meeting of Fortis Bank Polska SA a proposal to allocate the entire net profit for 2001 in the amount of PLN 10,520,863.07 for a dividend to shareholders.

#### Note 46

##### PROFIT PER ORDINARY SHARE

Net profit	10 521	21 032
Weighted average ordinary shares	15 077 700	15 077 700
<b>Profit per ordinary share (in PLN)</b>	<b>0.70</b>	<b>1.39</b>

##### DILUTED PROFIT PER SHARE

Net profit	10 521
Projected weighted average ordinary shares	15 077 700
<b>Diluted profit per ordinary share (in PLN)</b>	<b>0.70</b>

For calculation of weighted average ordinary shares and projected weighted average ordinary shares, the number of shares 15 077 700 Series A-J issues was adopted for 2000 and 2001.

Notes to cash flow statement

	PLN thousand current year	PLN thousand prior year
STRUCTURE OF CASH (REF. TO BALANCE-SHEET MOVEMENTS OF CASH)		
Cash	69 092	85 351
Travellers checks and valuable stamps	60	32
Current account with NBP	338 492	123 635
Nostro accounts with Polish banks	238	298
Nostro accounts with foreign banks	4 318	3 913
Interest receivable from performing debit balances		4
Debit balance on vostro account	1454	9
<b>Total cash</b>	<b>413 654</b>	<b>213 242</b>
OTHER ITEMS – OPERATING ACTIVITY		
Donations	533	579
Change in balance of accrued income from securities	(17 421)	(8 901)
Change in balance of other assets	(51 966)	(34 563)
Change in balance of provisions for shares and stakes	8 000	
<b>Total</b>	<b>(60 854)</b>	<b>(42 885)</b>
OTHER INFLOW – INVESTMENT ACTIVITY		
Realised interest on securities in 2000/1999, accrued in 2001/2000	9 358	7 029
Realised and accrued interest on securities in 2001/2000	6 924	8 890
<b>Total</b>	<b>16 282</b>	<b>15 919</b>
OTHER OUTFLOW – INVESTMENT ACTIVITY		
Prepayments for fixed assets		(311)
<b>Total</b>	<b>-</b>	<b>(311)</b>

Operating activity includes the Bank's core activity that generates income. The funds generated from operating activity are intended to maintain operating capacity, making new investments, repayment of debts without employing external financing, and the amount of the funds is used as a basis for assessment of the

effectiveness of the Bank's particular operations. The operating activity refers primarily to core banking activity such as:

- maintaining banking accounts,
- granting credits and cash loans,
- accepting deposits.

In addition, the Bank includes to the operating activity the following items: income tax payments, revenues from income tax surplus payments, adjustments of the net financial result by depreciation and all non-cash items related to investment and financial activity.

The investment activity is connected with purchasing and sale of long-term assets that allow the Bank to generate future profits, specifically the following:

- receipts and expenses related to sale / purchase of fixed tangible and intangible assets,
- receipts and expenses related to sale / purchase of shares and stakes in companies,
- receipts and expenses related to sale / purchase of debt securities.

The financial activity involves changes in the volume and relations of own capital to outside capital invested in the Bank, specifically the following:

- contracting and repaying long-term loans towards banks,
- receipts from own share issues,
- expenses for social purposes (donations).

## Note 47

The indirect method was used in the presentation of the cash flow statement for the period.

## 1. The bank's exposure

- 1.1. As at December 31, 2001 the Bank's exposure in relation to 5 clients exceeded 10 % of own funds and amounted in total to PLN 308 thousand. The loan exposure limit defined in the banking law was not exceeded with respect to any of the clients.
- 1.2. Information regarding the Bank's gross exposure to specific industries is presented in the table below. The data do not include the accrued interest:

Sectors of the economy	As of December 31, 2001 PLN thousand	As of December 31, 2000 PLN thousand
Wholesale	444 631	407 196
Construction services	210 438	186 767
Motor vehicles	127 933	12 454
Retail trade in industrial goods	96 751	125 302
Power plants, gasworks and waterworks	74 067	70 012
Production of metal goods	72 760	72 932
Municipal and housing services	60 857	22 460
Production of food and beverages	46 668	48 187
Land transport	38 778	36 926
Print shops and publishers	34 125	32 222
Economic building industry	31 037	21 975
Timber and wooden goods	28 185	38 214
Trade in means of transport	20 286	20 989
Production of textiles and fabrics	20 276	18 950
Furniture and accessories	19 842	25 076
Electric products	18 501	11 588
Paper and stationery	18 097	14 804
Other chemical products	15 754	19 503
Tourist services	14 845	17 045
Catering services	14 611	12 135
Legal and economic services	14 498	10 206
Coal and oil products	14 272	1 821
Other services	346 734	218 398
Other production	104 509	117 526
Other sectors	271 505	292 669
<b>Total</b>	<b>2 159 960</b>	<b>1 855 357</b>

## 2. Foreign currency operations

### ● *spot*

Spot transactions consist in the purchase of a currency for another currency, which is settled two business days after the transaction date. There are spot transactions carried out by the Bank with clients and with other banks.

Spot transactions are measured by the Bank by comparing the transaction exchange rate with the NBP mid-rate binding at the end of the reporting period.

### ● *forward*

Forward transactions, which are settled later than two business days after the transaction date, are carried out by the Bank with clients and other banks. FX forward transactions involve either the purchase or sale of a specific amount of a foreign currency for PLN or another foreign currency, on a predetermined date in the future, using a forward rate set on the transaction date. Forward transactions are measured by the Bank by comparing the transaction exchange rate with the market rate binding for similar transactions at the end of a reporting period.

This financial instrument is used to secure the Bank against the FX risk and to maintain liquidity. Any details, such as a transaction amount, FX rate and settlement date are specified in a contract.

On December 31, 2001, Fortis Bank Polska SA was involved in 503 FX forward transactions concluded with non-banking clients. On this day there were four (4) transactions of this type opened on the market. The Bank was obliged to sell EUR 82,668 thousand, NOK 2,931 thousand, USD 94,507 thousand, PLN 56,466 thousand (in total PLN 725,642 calculated at NBP fixing on December 31, 2001). Obligations to buy: USD 28,855 thousand, EUR 26,515 thousand, PLN 544,313 thousand (in total: PLN 752,722 thousand calculated at the NBP fixing on December 31, 2001).

The forward transactions were concluded for periods from 3 up to 369 days, while the latest settlement date is July 15, 2002.

A transaction can be settled earlier by concluding appropriate closing transactions. FX forward transactions may not be

## Additional explanatory notes

converted into another asset or liability. The Bank uses a number of security deposits in the event that a client fails to fulfill his/her contractual obligations. They amount to either 5 % or 10 % of the transaction amount. When carrying out FX forward transactions, the Bank is exposed to the FX and interest rate risk, however, the Treasury Department controls their levels by making appropriate transactions on the interbank market.

### ● swap

The Bank effects currency swap transactions of hedging nature. FX swaps involve the purchase or sale of a specific currency at a spot exchange rate and a simultaneous sale or purchase of the same amount of the currency at a forward rate. It is a financial instrument used to manage liquidity and hedge the Bank's currency loan portfolio against the FX risk. The amount of transactions, FX rates and settlement dates are specified in contracts concluded on the interbank market. Currency swap transactions are measured by the Bank by comparing the transaction exchange rate with the NBP mid-rate binding at the end of a reporting period.

On December 31, 2001 Fortis Bank Polska SA was involved in 28 currency swaps with both domestic and foreign banks.

The liabilities arising from these transactions amounted to: EUR 64,000 thousand, USD 95,000 thousand, and PLN 20,498 thousand respectively (in total, PLN 624,598 thousand calculated at the NBP fixing on December 31, 2001), while the receivables amounted to: USD 33,471 thousand, PLN 506,819 thousand (in total PLN 640,244 thousand calculated at the NBP fixing on December 31, 2001).

The period for which swap transactions were concluded was between 5 and 343 days, where the latest settlement date is February 19, 2002.

This financial instrument may be settled only on the date specified in the contract. It also may not be converted into (exchanged for) another asset or liability. With respect to currency swaps, the Bank is exposed to the interest rate risk, which will be reflected in the current prices of the instrument.

The Bank hedges against adverse market changes by making opposite transactions, i.e. offset (closing swaps, placements, deposits).

The table below presents FX spot, forward and swap operations.

	<b>As of December 31, 2001 PLN in thousand</b>	<b>As of December 31, 2000 PLN in thousand</b>
Spot	326 734	187 611
Forward	1 478 364	87 245
Swap	1 264 842	200 644
<b>Total</b>	<b>3 069 940</b>	<b>475 500</b>



### 3. Contingent liabilities and collateral

3.1. When issuing bank guarantees, Fortis Bank Polska SA follows the same procedures as in granting loans. By the end of 2001 the Bank had issued 600 guarantees, including 343 in PLN. The Bank's liabilities related to guarantees amounted to the equivalent of PLN 124,769 thousand, including PLN 88,748 thousand of guarantees issued in PLN. Guarantees issued by currency are presented in the table below:

Description	Currency	As of December 31, 2001		As of December 31, 2000	
		Amount	Quantity	Amount	Quantity
Total of guarantees issued:	PLN thousand	124 769	600	83 619	433
Including:					
	CHF thousand	24	1	63	1
	DEM thousand	-	-	6 248	43
	EUR thousand	20 816	104	2 734	19
	GBP thousand	57	1	62	1
	ITL thousand	-	-	229	1
	NLG thousand	-	-	1 799	2
	PLN thousand	88 748	343	50 929	218
	USD thousand	15 124	151	21 555	148

As at Dec. 31, 2002 the opened letters of credits balance amounted to the equivalent of PLN 63,833 thousand. The currency structure of letters of credits opened is as follows:

Currency	As of December 31, 2001		As of December 31, 2000	
	Amount	PLN amount	Amount	PLN amount
BEF thousand	-	-	300	29
DEM thousand	-	-	1 034	2 037
DKK thousand	1 406	666	91	47
ESP thousand	-	-	13 100	303
EUR thousand	8 604	30 302	-	-
ITL thousand	-	-	3 367 834	6 704
NOK thousand	-	-	299	140
PLN thousand	-	-	957	957
USD thousand	8 245	32 865	6 041	25 030
<b>Total</b>		<b>63 833</b>		<b>35 247</b>

Moreover, the Bank has three confirmed export letters of credit opened by a foreign bank to the order of a foreign client in the total amount of PLN 4,086 thousand.

Currency	As of December 31, 2001		As of December 31, 2000	
	Amount	PLN amount	Amount	PLN amount
EUR thousand	44	156	-	-
PLN thousand	247	247	-	-
USD thousand	924	3 683	2 597	10 760
<b>Total</b>		<b>4 086</b>		<b>10 760</b>

3.2. In 2001, the Bank did not have any issued guarantees or collateral due to its subsidiaries.

On November 12, 2001, an overdraft facility was granted to the Bank's subsidiary, i.e. Fortis Securities Polska SA. The information on this facility is presented under item 8.1 regarding transactions with affiliated entities.

4. In 2001, the Bank did not have any liabilities due to the State Budget or local government authorities on the account of acquiring ownership rights to buildings or constructions.

5. In 2001, the Bank did not discontinue any activity and the Bank is not expected to reduce the scope of its activities.

6. As of December 31, 2001, the Bank did not incur any own costs of investments for fixed assets or development for its own purposes.

## 7. Capital investments made and planned

Capital investments made in 2001 and corresponding data for 2000 are presented in the table below:

	As of December 31, 2001 PLN thousand	As of December 31, 2000 PLN thousand
<b>Investment commenced</b>	<b>16 953</b>	<b>26 996</b>
<b>Advances on investment</b>	<b>-</b>	<b>311</b>
<b>Fixed assets</b>	<b>22 222</b>	<b>9 682</b>
Equipment	15 964	5 013
Means of transport	3 021	2 214
Other	3 237	2 455
<b>Intangible fixed assets</b>	<b>8 057</b>	<b>6 812</b>
Costs incurred by the organization at the establishment or latter expansion of a joint stock company	-	752
Computer software acquired	8 057	6 060
<b>Total</b>	<b>47 232</b>	<b>43 801</b>

In 2002, the Bank plans to spend about PLN 20 million for capital investment purposes, of which the majority will cover the purchase of fixed assets and intangible assets necessary to secure the proper current activity of the Bank.

### 8.1. Essential transactions with affiliated entities:

- Loan Agreement dated September 24, 1998 with Generale Bank SA. and Generale Bank Netherlands N.V. (in June 1999 Generale Bank changed its name to Fortis Bank).

On November 12, 1999, an Annex to the Agreement was signed. Under the Agreement, the Bank was granted a credit line of up to DEM 200 million (or its equivalent in USD, NLG, BEF, FRF, GBP, EUR). The purpose of the credit line is to finance investment and working capital loans granted by the Bank to clients recommended by Fortis Bank S.A. or Fortis Bank Nederland N.V. The interest rate is equal to the three or six months IBOR rate for the specific currency in which the loan is granted plus a margin of 0.125 % per annum. In October 2000 it was agreed that the margin would amount to 0 %.

- Loan Agreement dated September 24, 2001 with Fortis Bank (Nederland) seated in Rotterdam. Under the Agreement, the Bank was granted a credit line of EUR 50 million for 48 months to finance the Bank's current operating activity. Within the credit line, the Bank may take advances in EUR or its equivalent in USD, CHF or JPY during 23 months following the agreement conclusion, for one-month, three-month or six-month interest periods. Interest rate: one-month, three-month or six-month IBOR rate in the advance currency depending on the interest period selected by the Bank. Commitment fee: 0.125 % p.a. on the unused portion of the credit limit.
- Fortis Bank Polska SA concluded transactions on the interbank market with Fortis Bank seated in Brussels. As at the end of 2001, the value of placements amounted to PLN 59,095 thousand. Fortis Bank also has nostro and loro accounts. The interest rate on these accounts does not differ from market rates.
- Loan Agreement dated November 12, 2001 between the Bank and its subsidiary, Fortis Securities Polska SA. Under the Agreement, the Bank granted an overdraft facility up to PLN 2,500,000 for 6 months to finance debit balances on the account of Fortis Securities Polska SA resulting from settlements with the National Depository for Securities effected by Fortis Securities Polska SA through Fortis Bank Polska Sa on the basis of Agreement dated June 22, 1999

concluded between the Bank and Fortis Securities Polska SA and regarding settlements related to trading in securities.

- Fortis Securities Polska SA had current accounts and deposits as at the end of 2001. The interest rate on these accounts does not differ from market rates.

## **8.2. Data related to entities affiliated with the issuer**

### **8.2.1. Share in management**

As of the end of June 2001, the Bank owned 100 % shares of Fortis Securities Polska SA (FSP).

Two members of the Bank Board of Executives and one proxy are the members of the FSP Supervisory Board.

Based upon Clause 3 Section 3 Item 2 of the Resolution No 2/98 of the Banking Supervision Commission dated June 3, 1998 on detailed rules of preparing consolidated financial statements by banks (NBP Official Journal No 14, item 28), the Bank as a parent entity does not prepare consolidated financial statements. The balance sheet value of the affiliate entity is below 5 % of the balance sheet value of the parent entity and both interest revenues from non-banking activities and net revenues from the sale of goods and services and financial operations from non-banking activities of the affiliate entity are below 5 % of the parent entity's revenues.

**8.2.2. Inter-company assets and liabilities of Fortis Bank  
Polska SA with Fortis Securities Polska SA**

	PLN thousand As of December 31, 2001	PLN thousand As of December 31, 2000
<b>Assets</b>		
Other assets	295	-
<b>Total assets</b>	<b>295</b>	<b>-</b>
<b>Liabilities</b>		
Amounts on current accounts	245	306
Term deposit	1 792	-
Accrued interest	-	2
<b>Total liabilities</b>	<b>2 037</b>	<b>308</b>

**8.2.3. Inter-company expenses and revenues of transactions  
between Fortis Bank Polska SA and Fortis Securities  
Polska SA**

	PLN thousand As of December 31, 2001	PLN thousand As of December 31, 2000
<b>Revenues</b>		
Interest revenues	-	50
Fees	36	132
Financial operations revenues	5.347	-
Other operating income	340	17
<b>Total revenues</b>	<b>5 723</b>	<b>199</b>
<b>Expenses</b>		
Interest expense	5 854	1 027
Share issue expenses	-	576
Remuneration for consulting in preparing share issue prospectus	1 102	-
Operating expenses	24	-
<b>Total expenses</b>	<b>6 980</b>	<b>1 603</b>

9. The Bank did not undertake any business in partnership with its affiliates.

**10. Employees**

10.1. There were 899 people employed in Fortis Bank Polska SA as of December 31, 2000. Within 12 months the headcount increased to 953 people. The average number of people employed in 2001 was 957.

The structure of employment by education at the Bank is as follows:

	As of December 31, 2001	As of December 31, 2000
High school graduates	45 %	39 %
College graduates	8 %	12 %
University graduates	47 %	49 %

10.2. Fortis Bank Polska SA employees have the opportunity to draw employee loans.

	As of December 31, 2001	As of December 31, 2000
Employee loan balance (in PLN thousand)	8 533	10 413
Number of employee loans	269	280

The interest rates of employee loans do not differ from market rates.

**11. Information on the remuneration paid to persons  
managing and supervising the Bank**

The remuneration including payments from profit paid to the members of the Board of Executives and Board of Directors and to proxies (holders of procuration) of Fortis Bank Polska SA is presented in the table below:

Remuneration	2001 PLN thousand	2000 PLN thousand
Board of Executives	6 351	5 079
Board of Directors	342	292
Proxies	3 972	3 341

Two members of the Board of Executives and a proxy of Fortis Bank Polska SA who at the same time are the members of the Supervisory Board of Fortis Securities Polska SA did not receive any remuneration related to this assignment, either in 2000 or in 2001.

**12. Information about advances, loans, credits, guarantees and sureties or any other agreements under which the party is bound to provide benefits in favor of the issuer, its subsidiaries or affiliates, with interest rates and repayment terms of such amounts specified, granted by the issuer in the issuer's organization and separately in organizations of the issuer's subsidiaries and affiliates (separately for each group), to persons managing and supervising [the issuer], and separately to their spouses, relatives and relations by affinity up to the second degree, adoptees or adopters and any other persons who they are personally related with (hereinafter referred to as family), with the interest rates and repayment terms of such amounts specified.**

As of December 31, 2001, Fortis Bank granted the following:

- Board of Directors' members
  - One (1) loan with the total outstanding balance as of December 31, 2001 amounting to PLN 69 thousand. The debt is to be repaid up to one (1) month and the interest rate does not differ from market rates,
  - One (1) guarantee issued for an indefinite period; as of December 31, 2001 the exposure amounted to USD 5 thousand.
- Board of Executives' members
  - One (1) loan whose outstanding balance as of December 31, 2001 amounted to EUR 97 thousand, to be repaid within one to two years. The loan interest rate does not differ from market rates,
  - Two (2) guarantees issued for the period to 1 year; as of December 31, 2001 the total exposure amounted to PLN 64 thousand.
- Proxies (holders of procuration)
  - Eleven (11) loans whose total outstanding balance as of December 31, 2001 amounted to PLN 567 thousand. The debt is to be repaid from beyond one (1) month to seven (7) years and the interest rates do not differ from market rates.  
As of December 31, 2001, family members of the managing or supervising persons held no advances, loans, cash loans, guarantees, sureties or any other agreements under which they would be obliged to provide benefits in favor of the Bank' subordinated unit.

13. In 2001 there were no significant events relating to previous years, presented in the financial report for the current period.

**14. Information on important events that occurred following the balance sheet data to be included in the financial statements**

- By the way of Resolution No. 24/2001 dated December 20, 2001, the Board of Directors of Fortis Bank Polska SA accepted the resignation of Mr. Marek Kulczycki from the position of the Senior Vice-President of the Bank, effective January 1, 2002.
- By the way of Resolution No. 25/2001 dated December 20, 2001, the Board of Directors of Fortis Bank Polska SA appointed Mr. Ronald Frans Edgar Richardson to the position of the Executive Vice President of the Bank effective February 1, 2002.
- Considering that the assignment of Mr. Jean-Marie De Baerdemaeker related to performing the function in the Bank Board of Executives comes to an end in September 2001, on the basis of Resolution no. 26/2001 the Board of Director resolved to recall Mr. Jean-Marie De Baerdemaeker from the position of the President of the Board of Executives at that time, and to appoint Mr. Ronald F.E. Richardson in his place. The Resolution becomes effective subject to the approval of the Banking Supervision Commission for the appointment of Mr. Ronald F.E. Richardson to the position of the President of the Board of Executives.

Additional explanatory notes

**15. Information on relations between the legal predecessor and issuer and on the manner and scope of the takeover of asset and liabilities**

Not applicable.

16. Due to the fact that the cumulated average annual inflation rate for the last three years has been lower than 100 % the Bank has not presented financial statements adjusted by inflation.

17. The Bank has not changed the presentation of its 2000 financial report.

18. New internal instructions „Accounting policies“ and „Valuation rules“ to be applied from January 1, 2001 were introduced by Orders B/92/2000 and B/93/2000 of the President of the Bank Board of Executives dated December 12, 2000.

Detailed information is presented in Introduction under item 8.

19. In the Bank's annual report for 2001, there was no need to correct any material errors.

**20. Other information**

**20.1. Bank authorities**

20.1.1. Fortis Bank Polska SA has following authorities:

- General Meeting of Shareholders
- Board of Directors
- Board of Executives

As of December 31, 2001 the Board of Directors was composed of 8 members, and the Board of Executives of 6 members.

20.1.2. Pursuant to Resolution No. 38/2000 dated December 15, 2000, the Board of Directors appointed Mr. Andre Van Brussel to the position of a Vice President of Fortis Bank Polska Board of Executives and the Chief Financial Officer effective January 1, 2001.

20.1.3. Pursuant to Resolution No. 43/2000 dated December 15, 2000, the Board of Directors assigned Mr. Thomas C. Cianfrani, a Vice President of Fortis Bank Polska Board of Executives so far employed as the Chief Financial Officer, the responsibilities of the Chief Information Officer.

20.1.4. Pursuant to Resolution No. 12/2001 dated May 15, 2001, the Board of Directors accepted the resignation of Mr. Thomas C. Cianfrani and recalled him from the position of the Vice President effective May 15, 2001.

**20.2. Additional information to the Bank assets and liabilities**

20.2.1. The foreign currency structure of assets and liabilities is presented in Table 1 below.

Table. 1. The foreign currency structure of assets and liabilities as of December 31, 2001

Currency	Assets (PLN thousand)	Assets %	Liabilities (PLN thousand)	Liabilities %
ATS	11 483	0.28	0	0.00
AUD	53	0.00	36	0.00
BEF	717	0.02	0	0.00
CAD	575	0.01	865	0.02
CHF	15 851	0.39	18 131	0.44
CZK	271	0.01	138	0.00
DEM	47 433	1.16	131	0.00
DKK	508	0.01	616	0.02
ESP	173	0.00	0	0.00
EUR	787 159	19.31	865 374	21.23
FIM	78	0.00	0	0.00
FRF	990	0.02	16	0.00
GBP	1 053	0.03	1 028	0.03
GRD	21	0.00	0	0.00
HUF	4	0.00	0	0.00
IEP	136	0.00	0	0.00
ITL	4 466	0.11	189	0.00
JPY	159	0.00	0	0.00
NLG	3 486	0.09	0	0.00
NOK	315	0.01	926	0.02
PTE	5	0.00	0	0.00
SEK	689	0.02	210	0.01
USD	405 419	9.95	418 471	10.27
PLN	2 794 830	68.57	2 769 743	67.95
<b>Total</b>	<b>4 075 874</b>	<b>100.00</b>	<b>4 075 874</b>	<b>100.00</b>

The total currency position as of December 31, 2001 amounted to PLN 8,879 thousand, i.e. 1.90 % of the Bank's equity.

20.2.2. Data on the source of funds acquisition and their use by the main geographical regions of Poland are presented in the table below. Interest is not included.

Geographical regions of Poland	Gross loans as at December 31, 2001 PLN in thousands	Gross loans as at December 31, 2000. PLN in thousands
Małopolska Region	258 147	281 130
Northern Region	164 608	181 224
Silesia Region	199 064	166 982
Eastern Region	1 149 515	857 836
Western Region	388 626	368 185
<b>Total</b>	<b>2 159 960</b>	<b>1 855 357</b>

Geographical regions of Poland	Deposits as at December 31, 2001 PLN in thousands	Deposits as at December 31, 2000. PLN in thousands
Małopolska Region	704 332	666 552
Northern Region	208 647	205 306
Silesia Region	302 546	259 425
Eastern Region	967 879	946 168
Western Region	302 471	269 035
<b>Total</b>	<b>2 485 875</b>	<b>2 346 486</b>

The Małopolska Region comprises the following provinces: Małopolska, Podkarpackie and Świętokrzyskie.

The Silesia Region comprises the following provinces: Silesia and Opolskie.

The Eastern Region comprises the following provinces: Mazowieckie, Lubelskie, Łódzkie, Warmińsko-Mazurskie and Podlaskie.

The Western Region comprises the following provinces: Wielkopolskie, Zachodniopomorskie, Dolnośląskie and Lubuskie.

The Northern Region comprises the following provinces: Pomorskie and Kujawsko-Pomorskie.

### 20.3. Supplementary information

20.3.1. The Board of Executives will recommend the General Meeting of Shareholders that the 2001 net profit should be allocated in full for the payment of dividend to shareholders.

20.3.2. From January to May of 2001, a tax audit was conducted at Fortis Bank Polska SA with respect to the VAT liabilities of its former Leasing & Investment Branch with regard to the fiscal years 1999 and 2000. As a result of the audit, Fortis Bank Polska received decisions that determined the amounts of alleged tax liabilities, tax arrears and penalty interest imposed on the Bank. On November 5, 2001, the Bank was notified about the end of tax appealation proceedings against the decision of the tax audit inspector that set out tax liabilities related to the operation of the former Leasing and Investment Branch (the Leasing & Investment branch was liquidated and ceased to exist at the end of 2000). Tax Chamber overruled the above decisions and discontinued the proceedings in cases that were their subject. The Bank received penalty interest in the amount of PLN 2,426 thousand.

With regard to the above, in the fourth quarter of 2001, the Bank released reserves for contingent VAT liabilities in the amount of PLN 9,155 thousand.

20.3.3. There are no material differences between the annual report and the quarterly report published earlier as regards balance sheet and off-balance sheet information, profit and loss account and cash flow statements for the first half of 2001.

21. Due to the fact that the Bank did not merge with any economic entity, it presents a financial statement of an independent unit.

22. As of December 31, 2001 there were no uncertainties regarding business continuity.

23. The Bank does not prepare consolidated financial statements under Clause 3 Section 2 Item 3 of the Resolution No 2/98 of the Banking Supervision Commission dated June 3, 1998

## Additional explanatory notes

on the detailed rules of preparation of consolidated financial statements (NBP Official Journal No 14, item 28). The Bank as a parent entity does not prepare a consolidated financial report, as total assets of its subsidiary entity – Fortis Securities Polska SA are below 5 % of total assets of the parent entity, and non-banking activity revenues or net revenues from sale of goods and services and financial operations of non-banking activities of the subsidiary entity are lower than 5 % of parent entity revenues. According to Clause 3 Section 2 Item 3 of the Minister of Finance Ordinance dated November 19, 1999 on additional disclosures relating to issuers of securities admitted to the public trading or issuers applying for admission for the public trading (Official Journal No. 96, item 1126), the balance sheet, profit and loss statement and cash flow statement and the auditor's opinion on the financial statements of Fortis Securities Polska SA for 2001 will be published in the form of a current report.

24. Based on conducted assessments, it has been established that the Bank's equity will not change substantially as a result of the amendments to the Polish Accounting Principles specified in the Act of November 9, 2000, regarding the Amendment of the Accounting Act and detailed regulations issued under the Accounting Act.

Jean-Marie De Baerdemaeker, President

Ronald F.E. Richardson, Senior Vice-President

André Van Brussel, Vice-President, Chief Financial Officer

Leszek Niemycki, Vice-President

Jean-Luc Deguel, Vice-President

Gilles Polet, Vice-President



**Fortis Bank Polska SA**

ul . Postępu 15

02-676 Warszawa

Poland

Telephone (+4822) 566 90 00

Fax (+4822) 566 90 10

0 801 367 847 (801 FORTIS)

[www.fortisbank.com.pl](http://www.fortisbank.com.pl)

e-mail: [info@fortisbank.com.pl](mailto:info@fortisbank.com.pl)