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2007 REPORT OF THE SUPERVISORY BOARD OF FORTIS BANK POLSKA SA

Assessment of the Bank's developments in 2007

The Supervisory Board has the pleasure to report that Fortis Bank Polska SA (FBP) has closed the year 2007 with very good results. Following its development strategy, the Bank increased the balance sheet by almost 30% and the profitability of the Bank was excellent.

Last year the Bank continued its fast development, according to targets set. The Bank opened 9 new branches. In 12 months the Bank hired 272 people, increasing the number of employees to 1,701 at the end of 2007. Last year was for the Bank a year of extensive expansion and evolution as well as preparation for merger with Dominet Bank. Numerous internal projects were initiated to adjust Bank's activity to new legal requirements, introducing new internal processes arising from implementing a new model of management, as well as upgrading functioning of the Bank in perspective of internal structure development.

During 2007, high rate of economic growth was maintained in Poland. Good condition of the economy and great performance of enterprises, determined financial sector results, which were better than expected. FBP followed the growing trend and developed even faster than the banking sector as a whole.

GDP dynamics in 2007 was 6.5%, slightly higher than 6.2% noted in 2006. The domestic demand continued to be the main growth engine. Simultaneously, as in the preceding year, growth rate of investment outlays was significantly affected by a direct investment inflow and EU funds' absorption. In 2007, a zloty appreciation trend was maintained. The gradual tightening of a monetary policy, along with the worsening market liquidity conditions resulted in significant growth of market interest rates.

The highlights of the Bank's 2007 performance are:

- Net Profit in 2007 went up by 109% y/y to PLN 177.6 million This was achieved in spite of major investments made. The gross profit increased by 106% up to PLN 214.6 million
- In 2007, the Bank's total assets grew by PLN 3.2 billion or 29% to PLN 14.2 billion.
- As at 31 December 2007, the gross value of loans reached PLN 11,366 million, which means an increase by PLN 4,220 million as compared to 2006.
- Total off-balance exposures increased in 2007 compared with 2006 by 30 % and amounted PLN 4,606 million
- Good gross income performance. Net interest income amounting to PLN 289 million was higher than in 2006 by PLN 82 million, i.e. by 39%. Commission and fee result increased by almost 26%. Good FX performance was mainly due to foreign trade development and lending in FC. FX income reached PLN 156 million and was higher by 41% as compared to

2006.

- The result on banking activity amounting to PLN 580 million was higher by 38% compared to 2006.
- Total operating expenses in 2007 went up to PLN 365 million, by PLN 48 million y/y, following the growth of the business, development of the distribution network and investments in the new activities. The increased staff cost resulted from new hires, intensified training programs, provision for bonus accrual created in a higher amount, reserves for retirement fund and anniversary awards (created due to IAS requirements). Additionally, PLN 0.5 million donation to Fortis Foundation was granted.
- Write-downs for impairment of loans and credit facilities decreased from PLN 53,283 thousand at the end of 2006 down to PLN 41,309 thousand. The main item constituted the charge with credit risk costs on Loans to Customers, which decreased from PLN 50 million down to PLN 37 million.
- As at 31 December 2007, the capital adequacy ratio was 11.72% in comparison to 11.45% as at the end of 2006.
- ROE increased from 10.7% as at December 31, 2006 to 16.3% at December 31, 2007.
- ROA increased from 1% as at December 31, 2006 to 1.4% at December 31, 2007
- Book value per share rose from PLN 52.96 as at December 31, 2006 to PLN 68.81 as at December 31, 2007.

FBP competed with success with other banks on the market.

- Market share in loans (in 2003, 1.4%) increased from 2.2% in 2006 to 2.7% in 2007 (in outstanding balance). Compound annual growth rate (CAGR) in loans is 39% (2002-2007) and 60% 2007 vs. 2006, which is two times better than average in the banking sector 18% and 31% respectively. FBP is the fastest growing bank in growth of loan portfolio among the peer group banks.
- The loans granted in CHF (in PLN equivalent) at the end of 2006 reached PLN 1,406 million and grew by 65.2 % up to PLN 2,323 million at the end of 2007. In 2007, the share of such loans in total loans gross was 20.4%; CHF loans to individuals constitute 19.7% of the total loans balance. The credit portfolio in EUR (in PLN equivalent) grew from PLN 1,373 million in 2006 to PLN 2,119 million; however, at the same time their share in the total loan volume decreased from 19.2 % in 2006 to 18.7% as at 31 December 2007.
- The FBP market share in deposits increased from 1.3% to 1.6% and in gross income is 1.4%.
- In deposit production, compound annual growth rate (CAGR) of 22% (2002- 2007) and 36% 2007/ 2006. Average for banking sector being at 10% and 13% respectively.
- In the Gross income category FBP has also grown faster than competition CAGR at 17% in 2002-2007 and 37% 2007/2006, while the average for the banking sector was 8% and 15% respectively.
- ROE of 17% for FBP is below average of the banking sector (23%). Cost income ratio at 52% is better than average in the banking sector (55%).

The Board highly appreciates the efforts of both the Bank's Board of Executives and employees to implement the new growth strategy announced by Fortis. As in the previous years, emphasis was put on increasing the Bank's customer base and market share. At the same time, more risk mitigating measures were implemented. The whole team managed not only to meet the challenge of the dynamically growing Bank but also no major incidents occurred.

The Board monitored developments in the results and operation of the business lines, which have focused on developing new growth strategy, introducing new products and growing the customer base. Especially Retail Banking, Commercial Banking and Global Markets business lines contributed to the excellent results of the Bank.

- In 2007, Retail Banking business line focused on development of distribution network, improving competencies in areas of operation and in new markets. The focus was laid on targeted segments of on one hand small and medium enterprises and on the other hand their owners and management staff.
- The Bank continued the promotion of mortgage loans for private individuals achieving very good sales results, thanks also to cooperation with renowned financial intermediaries. At the same time the Bank developed its offering of commercial mortgage loans. The Bank also offered its Customers a mortgage and savings loan as a combination of a mortgage loan and an investment product, Fortis DuoProfit.
- The Bank developed the investment products offer, organized further subscriptions for Fortis L foreign investment funds and USD Luxemburg fund (Fortis L-Fix equity 6) managed by Fortis Private Investments. In 2007, the Bank added six new sub-funds to its offering of international Fortis L Funds. In January 2007, the Bank offered its Customers a fund investing on international real estate markets (Fortis RealProfit).
- The Bank further developed its range of services addressed to high-net-worth customers by offering comprehensive asset management services to the private banking segment.
- Consumer Finance (mass retail banking segment) with credit cards and cash loans for individuals was transferred to Dominet Bank. This activity was under special attention of the Supervisory Board, which welcomed the decision of Fortis to expand by acquisition of Dominet Bank. The transaction was finalized in March 2007 on the basis of the Banking Supervisory Authority decision. FBP management was working with Fortis Consumer Finance and Dominet Bank on developing the integration plan, which was finalized in the first quarter of 2008.
- Commercial Banking reached excellent results in terms of gross profit and volumes. In line with its strategy, CB focused on further development of specialized services, such as leasing, international trade finance services and factoring. In co-operation with the business line Global Markets new derivative products were offered to the customers. Building on the experience of the Fortis Group in the world energy markets, the Bank – as the first bank in Poland – started to trade the CO2 emission certificates. Its comprehensive offer in emission trading comprises: assistance in finding a contractor, advisory on carrying out transactions and offering market analyses with regard to these instruments. Cash Management team was reorganized to deal with specialised settlement products; it had also modified some of the offered products.
- The Bank continued to develop its program addressed to Customers applying for an additional financing using the EU funds.
- The shared service center established in Krakow by Commercial Banking Fortis back in 2005 to provide clearing services for newly opened business centers, extended its operation by signing new agreement with Fortis Bank SA/NV branch in France.
- During 2007, the Global Markets Business Line (GMK BL), performed well, especially in money market transactions and sales of options, thanks also to the strengthening of customer desk and good cooperation with the CB and RB business lines. GMK worked on intensifying contacts with customers, introduction of new products in synergy with other business lines, improvement of inter-bank activity, improvement in reporting on sales and risk monitoring. At the beginning of 2007, the Bank supplemented its offering by products to hedge energy and fuel price indexes

The Bank's financial statements for 2006 were approved at the Annual General Meeting of Shareholders (AGM) on June 15, 2007. The AGM confirmed the discharge of duties of both the Board of Executives and the Supervisory Board members.

The shareholders resolved to allocate the entire 2006 net profit of PLN 108.3 million partly (PLN 50 million) to the general risk fund and remaining part (PLN 58.3 million) to reserve capital.

At the same meeting, the Bank's articles of association were amended, with the purpose to:

- fulfil the commitments to the Banking Supervision Authority to provide in the Statute that at least half of the members of the Bank's BOE and SuB reside in Poland, have good command of Polish language and good knowledge of the Polish banking market with experience that can be used in performing their managerial duties and that there should be at least two independent members of the Supervisory Board.
- add rendering of investment banking services to the scope of the business of the Bank ,
- update the Statute provisions by replacing securities by financial instruments and replacing the old name of the SEC by new name: Financial Supervisory Authority.

The Supervisory Board confirms that in 2007 no breach of the adopted corporate governance standards was reported at Fortis Bank Polska. The Board was informed and fully supports the implementation of new Best Practices for companies listed on the Warsaw Stock Exchange, which are effective January 1, 2008.

FBP had been granted the Investor in Human Capital award. The award distinguishes FBP among employers as the best place for personal development and helps to build a strong, positive image of Fortis in Poland.

The Supervisory Board closely monitors the performance of Fortis Private Investments Polska (previously Fortis Securities Polska SA), the Bank's subsidiary. At the end of 2007, assets under management of Fortis Private Investments Polska totalled PLN 551,5 million as compared to almost PLN 260 million at the end of December 2006. In 2007, FPIP developed its offering of portfolio management services in cooperation with new agents and acquired new customers. FPIP pursued its strategy, developing the offer for affluent individual clients in co-operation with Private Banking Business Line of Fortis.

Changes in the ownership and capital structure

Under Resolution of the Extraordinary General Meeting of the Bank dated October 26, 2006 regarding the Bank's share capital increase from PLN 452,331,000 up to PLN 503,135,400 by a share issue with pre-emptive rights excluded, and listing the shares on the regulated market, 1,693,480 Series K common bearer shares were issued. All the private placement Series K shares were subscribed for by Fortis Bank SA/NV at the issue price of PLN 118.10. The issue value was PLN 199,999,988. The Bank's share capital increase by PLN 50,804,400 was registered on January 2, 2007. Following the registration, the Bank's share capital amounts to PLN 503,135,400 and is divided into 16,771,180 shares of PLN 30 nominal value each.

As at 31 December 2007, the equity capital of the Bank amounted to PLN 1,153,956 thousand, i.e. by 17.6 % more as compared to 31 December 2006 (PLN 981,505 thousand). Its share in total liabilities decreased slightly from 8.9% to 8.1% as at the end of 2007.

In accordance with regulatory requirements concerning capital adequacy and exposure, the Bank deducted PLN 18,196 thousand from equity with regard to its net capital exposure in shares of Fortis Private Investments Polska S.A. (FPIP) and PLN 22,287 thousand representing 100% of net intangible fixed assets.

In order to increase the equity, the Bank took a loan of EUR 100 million from Fortis Bank (Nederland) N.V. based in Rotterdam. Having received the consent of the Banking Supervision Commission, the Bank included the above-mentioned subordinated loan into the Tier 2 capital. As at 31 December 2007, the capital adequacy ratio was 11.72% in comparison to 11.45% as at the end of 2006.

The Bank meets the National Bank of Poland (NBP) requirements with regard to the value of equity needed to ensure the safety of the banking system and the limits of acceptable exposure. However the dynamic growth of the balance sheet requires close monitoring of the liquidity issue and further capital injections.

On March 7, 2007 the Banking Supervision Commission issued a permit to Fortis S.A./NV based in Brussels and Fortis N.V. based in Utrecht, through the agency of Fortis Bank S.A./NV based in Brussels to exercise more than 75% of the voting rights at the Bank's Annual General Meeting. As a result of the permit and after the acquisition of new issue shares, Fortis Bank S.A./NV is entitled to exercise voting rights attached to all shares held, i.e. 16,635,287 shares representing 99.19% of the share capital and 16,635,287 voting rights at the Annual General Meeting of the Bank, that constitute 99.19% of total votes.

One of conditions of granting the aforesaid permit is the majority shareholder's commitment to refrain from undertaking any actions leading to withdrawal of the shares of Fortis Bank Polska S.A. from the public trading on the Warsaw Stock Exchange (WSE, Giełda Papierów Wartościowych w Warszawie) until 2017, and to increase the liquidity of the Bank's shares quoted on the WSE up to at least 10-15% within 2 years of issuance of the aforesaid permit.

Changes in composition of the Supervisory Board

Since January 1, 2007 to June 15, 2007 the Supervisory Board operated in the following composition:

Jos Clijsters	Chairman
Werner Claes	Deputy Chairman
Antoni Potocki	Deputy Chairman
Zbigniew Dresler	Member of the Supervisory Board
Didier Giblet	Member of the Supervisory Board
Bernard Levie	Member of the Supervisory Board
Thierry Schuman	Member of the Supervisory Board
Peter Ullmann	Member of the Supervisory Board

On June 15, 2007 Mr. Bernard Levie resigned from the Supervisory Board's membership, which he held since May 2005.

Then, on December 7, 2007 Mr. Thierry Schuman and Mr. Didier Giblet resigned from their functions in the Supervisory Board. Mr. Thierry Schuman was the Bank Supervisory Board's member since May 2005 and Mr. Didier Giblet held his function in the Supervisory Board since June 2002.

As at 31 December 2007 the Supervisory Board operated in the following composition:

Jos Clijsters	Chairman
Werner Claes	Deputy Chairman
Antoni Potocki	Deputy Chairman
Zbigniew Dresler	Member of the Supervisory Board
Peter Ullmann	Member of the Supervisory Board

Considering the above, it was necessary to complement the composition of the Supervisory Board. The Extraordinary Meeting of Shareholders held on February 21, 2008 confirmed the appointment of Mr. Marc Luet and Mr. Lucas Willemyns to the Supervisory Board of FBP.

Review of 2007 meetings

In the year under review, the Supervisory Board met on 5 occasions and adopted 31 resolutions.

Recurring issues discussed at the meetings included financial performance of the Bank and results by business lines, review of annual accounts, strategic discussions on financial and business prospects of the Bank in Poland and issues brought to the attention of the Board by the Audit Committee. The Board was regularly briefed on developments in economic situation in Poland and the Bank's performance in comparison to competitive banks and the banking sector.

The issue of securing sound liquidity and solvency position of the Bank came up regularly, considering the ambitious growth plans and favourable market conditions resulting in rapid growth of the balance sheet. The Supervisory Board closely monitored measures taken to secure liquidity position short term and advised on structural solutions to be worked out to secure the growth of the company to meet long term liquidity and capital requirements.

The Board was presented with strategies of particular business lines, including a follow-up on Retail Banking SE Strategy implementation, presentation on new Personal Banking strategy, developments in Global Markets, strategies for development of new activities in Consumer Finance and Private Banking.

The Board also discussed and approved the new Mission, Vision and Strategy of Fortis Bank Polska for the years 2007-2011.

The Board reviewed the proposed agenda and draft resolutions for the Annual General Meeting, including those regarding profit distribution, amendments in the Statutes, changes in the Regulations of the Supervisory Board, its composition and remuneration of the board members. The Board issued a positive recommendation as regards the Board of Executives activity in 2006.

The Board monitored the progress of important projects, in particular implementation of the International Financial Reporting Standards, Recommendation S and the Basel 2 project (compliance with requirements set out in the New Basle Capital Accord).

The Board discussed HR development issues, including a review of the Employee Motivation Survey completed in 4th quarter 2006. Compared to the previous survey, there was improvement in all domains except for degree of freedom and personal development of talents and abilities, which were evaluated on the same level as in previous year and below Fortis Global score. The Board supported implementation of an action plan aimed at continued effort to increase opportunities for personal development by providing more internal training programs for newly hired staff and building up leadership and managing skills. The Board supported the idea to set up a trainee program for 20-30 people.

The Board of Executives reported on the changes of the Bank's organizational structure. Line management structure was introduced in the Finance and Legal arising from the further development of reporting and risk and in Technology and Operations to align the structures for the

future and in support of increasing volumes. Other changes in TOPS & FAP reflect the new model of security and safety management, aiming at: implementation of centralization of responsibilities within particular departments, improvement of existing processes, reorganization of Investigations, implementation of Information Security Management standards (ISO 27001).

Major organizational changes were reported to the Supervisory Board and approved.

With the perspective of future merger with Dominet Bank, the Board members raised the issue of counteracting tensions among the management and staff of both banks associated with the uncertainty about the organizational structure of the merged entity.

Further topics of discussion were internal control systems, business risks, and risk management.

The following issues became the major attention points for the Bank's management:

- changes to credit approval models for the business lines.
- Adjusting the internal strategies for risk management to the changing environment, reflecting organizational changes of the dynamically growing organization, new requirements of the regulators and group policies.
- Starting from Q42006 the Board received the quarterly reports on operational loss events in FBP, which include operational loss events recorded under requirements defined by the Basel Committee on Banking Supervision in the New Capital Accord and group reporting standards.
- Regular reviews of the reporting on evolution of the credit portfolio and borrowers with total exposures in excess of 10% of the Bank's equity.
- Changes in credit policy to improve monitoring the risk of foreign currency lending and implementation of required risk mitigating measures in compliance with Recommendation S of the Polish banking supervision.
- Post audit recommendations following the complex audit performed by the General Inspectorate for Banking Supervision in September 2007.

The Board recommended to convene the FBP Extraordinary General Meeting on February 21st 2008 to authorize the changes in the composition of Supervisory Board and Statute amendments resulting from recent changes in the Banking law, new requirements of the Banking Supervisory Commission and organizational changes at the Bank. In particular new provisions were added concerning the management system in the Bank including the risk management system and internal controls and appropriate amendments to the scope of activity of Bank's bodies.

The developments in the preparation for integration with Dominet Bank were discussed.

The Board reviewed the performance of other Fortis entities present in Poland, including Fortis Lease Polska and Fortis Private Investments Polska.

The above issues were the basis for the Supervisory Board adopting a number of resolutions and recommendations for the Board of Executives. Some of the most important resolutions adopted by the Bank Supervisory Board during the year under review are:

- Approval of the budget for 2007 and financial target 2008-2011.
- Approval of amended Regulations regarding credit decision making
- Approval for participation the FBP Executive Board members in the authorities of the Dominet SA and Dominet Bank SA, i.e. Alexander Paklons as President of Management Board of Dominet SA and Chairman of the Supervisory Board of Dominet Bank SA and Jaromir Pelczarski as member of the Supervisory Board of Dominet Bank SA.
- Approval of Board of Executives and the Supervisory Board reports for 2006.
- Recommending a motion regarding distribution of net profit for 2006 to be allocated fully to increase the Bank's own funds,

- Recommendations on Statute amendments and confirming the unified texts of the Statute authorized by the June 15th Annual Shareholders Meeting and the Extraordinary General Meeting of February 21st, 2008.
- Deciding on changes in the composition of the Audit Committee, i.e. appointing Mr. Werner Claes as a member of the Audit Committee to replace Mr. Didier Giblet
- Appointment of Mr. Thierry Lechien as Vice President of the Fortis Bank Polska Board of Executives as of September 1, 2007 to replace Mr. Koen Verhoeven who resigned as of August 31, 2007.
- Submitting the application to the Banking Supervision Commission for approval of appointment of Mr. Alexander Paklons to perform the duties of President of the Bank's Executive Board and consequently, having received the approval of BSC deciding on the change on the position of President of the Board of Executives.
- Approval of the document Mission Vision and Strategy of Fortis Bank Polska for the years 2007-2011,
- Confirmation of cancelling the Problem Asset Committee and approval of the Credit Risk Committee Regulations.
- Approval of amended policy for credit risk management.
- Approval of the Information Policy on the Bank's capital adequacy.
- Approval of amended policies and strategies for FX, interest rate, liquidity and operational risk management at Fortis Bank Polska SA
- Approval of updated rules for exercising internal controls at Fortis Bank Polska SA
- Approval of the changes in the Bank's organizational structure and new division of responsibilities of BOE members of Fortis Bank Polska S.A. considering the changes that took place effective September 1, 2007, and then December 1, 2007 and January 1, 2008.
- Recommendation to the Board of Executives to convene the Extraordinary General Meeting on February 21, 2008, for the purpose of authorization of appointment of new members to the Supervisory Board and Statute amendments
- On giving support of implementation at FBP of the new "Corporate Governance Standards of the Warsaw Stock Exchange"

Remuneration adjustments, other changes in the terms and conditions of the employment contracts and bonus payments for the Board of Executives members were considered and decided on by the Compensation Committee of the Supervisory Board, which signed 9 decisions in 2007.

Audit Committee

In 2006 the Supervisory Board established an Audit Committee, in line with recommendations of the local regulator (GINB) and the CBFA, as well as in line with the corporate governance standards applied in Fortis group and Best Practices in Public Companies in 2005 imposed by the Warsaw Stock Exchange (currently Code of Best Practice for WSE Listed Companies).

The principal responsibilities of the Audit Committee (AC) are to take care of co-ordination of external auditor's and internal auditors' activity and monitor the quality of internal controls and risk management systems. In order to fulfil its responsibilities of: i) assessing the processes related to the company' risks and control environment, ii) overseeing financial reporting process and iii) evaluating the internal and external audit processes, AC cooperates closely with Internal Audit function. For purpose of risk management system monitoring, AC cooperates with the Risk Line and Compliance Department.

Meetings of the Audit Committee are to be held at least four (4) times a year, usually prior to each scheduled Supervisory Board meeting.

AC recommendations and opinions are presented to the Supervisory Board by the Committee Chairman. Additionally the AC should submit an annual report of its activity to the Supervisory Board.

Pursuant to the adopted Regulations of the Audit Committee the Supervisory Board appointed the following board members to the Audit Committee:

1. Peter Ullmann as the Chairman of the Committee
2. Zbigniew Dresler
3. Didier Giblet
4. Antoni Potocki

AC, in the original composition, operated until December 7, 2007, when Mr. Didier Giblet submitted his resignation from the FBP Supervisory Board. Mr. Werner Claes, other FBP Supervisory Board member, took his position in AC

The FBP Audit Committee held 5 meetings in 2006 and discussed the following issues:

- o Defining the Activity Plan for 2007.
- o Reports on the activity of Audit Department presented by the Head of Audit and reports from the Risk & ALM Committee on risks overview presented by the Chief Risk Officer.
- o The situation in Audit Department and relations with the external auditor.
- o Review of financial statements together with the opinion of the Expert Auditor twice a year, i.e. including the semi-annual report and annual report, and presenting its opinion to the Supervisory Board thereof.
- o Review of the Control & Risk Self Assessment report and Action Plan prepared in accordance with Fortis procedure and signed by the FBP Management Team members.
- o Information on co-operation with the statutory auditor and issuing opinion on the selection of the auditor for the next reporting period.
- o Review of the Agenda and draft resolutions for the General Assembly and amended corporate documents to be submitted to the shareholders.
- o Review of reports on compliance issues, including status of execution of the FBP Compliance Action Plan and the Annual Compliance Report.
- o Information security – results of internal audit and methods of ensuring the proper level of information security
- o FBP new branch model – implementing, operating and post-audit findings of the Audit Department
- o Evaluation of credit collateral, monitoring and reporting collateral
- o Credit decision making process
- o Revision of the Bank's main projects
- o MIFID implementation
- o Credit Risk Inspection Group work results and cooperation with Fortis Credit Risk Management – Credit Risk Inspection
- o Bank's HR situation; risk and irregularities related with high fluctuation of staff, especially in the front-office
- o Identity and access management issues

The key topics that were brought to the Supervisory Board attention are:

- Risk and credit processes issues. AC advised that the policy for mortgage loans should be reviewed and checked considering the market circumstances and Central Bank audit recommendations.
- The need for monitoring and adoption of long term solutions for securing the Bank's liquidity position.
- HR situation in Credits and HR retention issues in general in view of integration process.
- Follow-up of Central Bank post-audit recommendations

The AC finds the internal controls and the risk management systems of FBP effective and highly developed. However AC intends to monitor closely the further evolution of both.

Prospects

Fortis continues to implement its development strategy focused on profitable growth with the goal to evaluate from the leadership position in Benelux into a strategic position in Europe. The evolution will be measured by the double-digit growth of the Net Operating Profit before capital gains. Geographically, the focus on profitable growth means that Fortis will develop further in the Benelux - its home market, focus on the enlarged (by new EU countries) Europe and selectively expand in Asia and North America. Acquisitions are contemplated in order to accelerate the organic growth and penetrate new markets. By 2009, at least 30% of NOP BCG is to come from outside the Benelux.

Major acquisition, which was finalized in October 2007, is the take over of the Dutch bank ABN AMRO in Consortium with the Royal Bank of Scotland and the Spanish Banco Santander. Fortis will take over the banking business in the Benelux and the global portfolio of private banking customers as well as the global asset Management platform. The successful integration of ABN AMRO is the major challenge for the Fortis group in 2008.

On 21 March 2007, having received the permit of the Banking Supervision Commission, Fortis Bank SA/NV finalised the purchase of 100% shares of Dominet S.A., the owner of Dominet Bank S.A., Polish retail bank specialised in consumer loans. In 2007 the integration process of Fortis Bank Polska S.A. and Dominet Bank S.A. was initiated and should finish by 2011. In the negotiation process with the regulator Fortis agreed on several commitments, which include:

- To conclude the merger of Dominet Bank and Fortis Bank Polska within 4 coming years.
- To maintain the shares of Fortis Bank Polska in stock exchange trading until 2017 and to increase the liquidity of the bank's shares listed on the Warsaw Stock Exchange to 10-15% in 2 years' time.

Fortis Bank Polska plans to implement Fortis group strategy by leveraging regional opportunities. As employer the Bank intends to provide an exciting and motivating working environment, caring for the staff and development of their competences. For its clients the Bank provides top quality, flexible financial services adjusted to their needs. Offering professional advisory services and individual solutions the Bank wants to build long-term partnerships and thus to enable customers to develop and strengthen their market position.

In line with the Fortis strategy and the new Mission, Vision and Strategy for the years 2007- 2011 approved by the Supervisory Board, FBP is set:

- to generate income 2.5 times higher than in 2006, i.e. to exceed PLN 1 billion,
- to systematically boost the profitability up and reach the return on equity (ROE) of 17%,

- o to reduce the cost/income ratio down to 50%,
- o to increase the share in financial service market,
- o to efficiently integrate with Dominet Bank and ensure cooperation with other Fortis companies in Poland.
- o Implement Fortis organization culture based on Fortiomas.

The Bank had not published financial forecasts for 2007. The Supervisory and Executive Boards pursue this policy and do not make any financial forecasts public for 2008.

Under the commitment towards the Banking Supervision Authority, the process of integration between Fortis Bank Polska S.A. and Dominet Bank should finish by 2011. In the sight of the integration, in 2007 a number of activities were carried out to initiate the integration process, including regular meetings of the management bodies of both the banks in order to establish a platform enabling communication between the banks and taking key decisions related to the integration synchronisation. The cooperation agreement signed in January 2008 provides a basis to prepare integration documentation and apply for relevant permits. The Board is optimistic as regards development of an integration strategy and planned management structure of the merged institution, which should be finalized in the first half of 2008.

Integration of the banks will ensure operating synergies for the Fortis entities in Poland. Fortis Bank Polska S.A. and Dominet Bank S.A. are complementary to each other. Thanks to joined efforts it will be possible to reach a greater number of customers with the offering and to boost financial figures.

In the current context of market uncertainty, Fortis is taking the prudent approach to limit its exposure to foreign currency mortgages. Following this policy, effective 15 May 2008 Fortis Bank Polska suspended selling FC denominated mortgages to private individuals. The Bank intends to develop the PLN mortgage loan offer. The existing portfolio of foreign currency loans will be serviced under unchanged terms and conditions. A review of the situation will be done in the third quarter 2008.

The Board finds the strategic plans of development of business lines ambitious but attainable.

In 2008 Retail Banking BL will strive to increase its market share through organic growth targeting the Personal Banking segment and small enterprises. The objective will be attained by development of credit offering for both private individuals (focus on mortgage loans) and enterprises, likewise through the developed offering of savings and investment products and credit cards. In view of the merger with Dominet Bank the common business strategy for the merged banks will be developed to consolidate the consumer finance activity (offering of consumer loans, car loans and credit cards for individuals).

The Commercial Banking BL targets medium-sized and corporate customers, with focus on internationally active customers, offering them value added solutions through a cohesive network of business centers supported by professionals providing specialist financial products. In terms of operational and functional aspects, Fortis aims at becoming a high value added, low cost specialist service provider; therefore, work optimization of the back and mid office came into focus. As far as credit activity is concerned, this is driven by a clearly described credit policy, aiming at reducing risk, avoiding excessive plain vanilla lending and focus on value added, asset based lending. The Bank will continue to develop Specialised Financial Services, including Global Trade Finance, Cash Management and financial market products (money market transactions and derivatives) to the Bank's clients in co-operation with the Global Markets business line. The Bank intends also to develop Investment Banking by offering Corporate Advisory Services.

The Private Banking BL aims at winning a 5% market share in the segment of High Net Worth

Individuals (HNWI) offering to its Clients, apart from standard banking products, products and services tailor-made to their individual needs. In cooperation with Fortis Private Investments Polska S.A., asset management offering is developed including model portfolios and individual investment strategies. In 2008, it is planned to expand the basic offering by credit products, structured products in cooperation with the Global Markets BL and Individual insurance solutions for the UHNWI and standard insurance products for other customers.

Through the Global Markets BL (GMK), which corresponds to the Global Markets BL in the Fortis group structure, the Bank intends to increase its activity in the financial market and the trade in securities. The development of the Global Markets BL is based on a customer driven strategy. The Bank intends to expand its offer of derivatives further.

The implementation of Basel 2 is of major concern for the Bank's authorities. As decided by the B2 Steering Committee and approved by Supervisory Board the Bank started in 2008 with the Standardized approach (STA) for credit risk and Basic Indicator Approach (BIA) for operational risk. Works on the project for implementation of the advanced risk management approaches in medium term (3-5 years) are continued. The Basel 2 project is considered as one of the most important mandatory projects running in 2008. The Supervisory Board recommends that the Group experience should be used in the development of tools required for Basel 2 requirements.

The Bank has undertaken necessary actions to ensure compliance of the Bank's operations with the Market and Financial Instruments Directive (MiFID) that came into force in the EU legal framework effective November 1, 2007 with respect to financial instrument markets. To ensure adjustment to MiFID requirements, some changes must be made in selected areas of the Bank's business (offering and processing of financial instruments and investment services). In particular with regard to the management of the information processing system, risk management and management of conflicts of interests, likewise customer categorization requirements must be implemented along with rules of pre-trade and post-trade transparency, rules of order execution and registration, and changes to internal audit. Considering that MiFID has not been implemented into the Polish legal system yet, adjustment solutions developed by the Bank in the areas mentioned above will eventually be implemented after the Act on Trading in Financial Instruments is amended and new administrative acts to the Act are issued.

Annual accounts and Board of Executives Report

The Supervisory Board reviewed the report of Fortis Bank Polska SA Board of Executives on the Bank's activity in 2007 and the Bank's financial statements comprising:

- 1). the introduction;
- 2). the balance sheet as at 31 December 2007, with total assets and total equity and liabilities of PLN 14,211,014 thousand;
- 3). the capital adequacy ratio;
- 4). the statement of off-balance-sheet items as at 31 December 2007, showing a total of PLN 4,606,568 thousand;
- 5). the income statement for the financial year from 1 January 2007 to 31 December 2007 with a net profit of PLN 177 594 thousand;
- 6). the statement of changes in equity for the period from 1 January 2007 to 31 December 2007 with an increase in equity of PLN 172,451 thousand;
- 7). the cash flow statement for the financial year from 1 January 2007 to 31 December 2007, with an increase in cash amounting to PLN - 1,236,362 thousand;
- 8). the additional notes and explanations.

Based on the audit of the financial statements of the Bank as at and for the year ended 31 December 2007, KPMG Audyt Sp. z o.o. has issued an unqualified opinion on these financial statements.

As a result of its activity in the 2007 fiscal year, the Bank earned a net profit of PLN 177,593,763.31 (say: one hundred seventy seven million five hundred ninety three thousand seven hundred sixty three and 31/100 Polish zlotys).

Considering the positive opinion of the Audit Committee, the Supervisory Board approves the Board of Executives Report on the Bank's activity in 2007 and submits the Fortis Bank Polska Financial Statements for 2007 for the consideration of the Annual General Meeting on 6 June 2008.

Profit distribution

Having considered the Board of Executives' motion regarding allocation of the Bank's after-tax profit for the financial year 2007 amounting to PLN 177 593 763,31, the Supervisory Board recommends to present to the Annual General Meeting a draft resolution assuming allocation of the whole 2007 net profit for distribution for the increase of own funds in the following way:

- PLN 15,811,352.51 to cover the financial effects of implementing IFRS by FBP
- PLN 84,188,647.49 to be allocated to reserve capital,
- PLN 77,593,763.31 to be allocated to general risk fund.

The Annual General Meeting will be provided with financial statements, the report of Fortis Bank Polska SA Board of Executives on the Bank's activity in 2007 and this report of the Supervisory Board.

Warsaw, June 6, 2008