

Interim Consolidated Financial Statements of Fortis Bank Polska SA Capital Group Quarter I 2009

prepared pursuant to the International Financial Reporting Standards



Table of Contents

Table of Contents	1
1. Financial Highlights	2
2. Consolidated Financial Statements of Fortis Bank Polska SA Capital Group	4
3. Quarterly Financial Information – Separate Financial Data of Fortis Bank Polska SA	8
4. The Key Factors Affecting Consolidated Performance of Fortis Bank Polska SA Capital Group in Quarter I of 2009.	11
5. Information on Fortis Bank Polska S.A. Capital Group	15
6. Accounting Policies	17
7. Segment Reporting	32
8. Consolidated Earnings Per Share	38
9. Additional Notes to Consolidated Income Statement	39
10. Additional Notes to Consolidated Balance Sheet	41
11. Capital adequacy	44
12. Comparability with Previously Published Reports	46
13. Additional Information	48

1. Financial Highlights

Consolidated Financial Highlights	in PLN thousand		in EUR thousand	
	1 st Quarter 2009	1 st Quarter 2008	1 st Quarter 2009	1 st Quarter 2008
Interest income	229 102	214 513	49 811	60 301
Fee and commission income	31 118	51 367	6 766	14 439
Total income, net	46 614	170 601	10 135	47 957
Gross profit/loss	-57 451	68 684	-12 491	19 307
Net profit/loss	-52 072	55 306	-11 321	15 547
Net cash provided by operating activities	-3 855 130	-370 802	-838 175	-104 234
Net cash provided by investing activities	188 609	-300 222	41 007	-84 394
Net cash provided by (used in) financing activities	3 413 782	1 739 165	742 218	488 887
Total net cash flow	-252 739	1 068 141	-54 950	300 259
Total assets	19 976 421	17 867 643	4 249 127	5 067 685
Due to banks	1 179 750	3 237 557	250 941	918 247
Due to customers	6 349 673	6 862 553	1 350 621	1 946 382
Loans and credit facilities received	9 194 447	5 465 890	1 955 724	1 550 255
Equity	1 159 179	1 209 623	246 566	343 078
Number of shares	16 771 180	16 771 180	16 771 180	16 771 180
Book value per share (in PLN/EUR)	69,12	72,13	14,7	20,46
Diluted book value per share (in PLN / EUR)	69,12	72,13	14,7	20,46
Capital adequacy ratio	9,42%	11,07%	-	-
Basic Earnings Per Share (PLN)	-3,10	3,30	-0,68	0,93
Diluted Earnings Per Share (PLN)	-3,10	3,30	-0,68	0,93

Separate FBP Financial Highlights

Interest income	229 102	214 444	49 811	60 281
Fee and commission income	30 542	49 787	6 640	13 995
Total income, net	45 866	168 994	9 972	47 505
Gross profit/loss	-57 172	68 236	-12 430	19 181
Net profit/loss	-51 814	54 943	-11 265	15 445
Net cash provided by operating activities	-3 855 275	-359 468	-838 207	-101 048
Net cash provided by investing activities	188 754	-300 186	41 309	-84 384
Net cash provided by (used in) financing activities	3 413 782	1 739 165	742 218	488 887
Total net cash flow	-252 739	1 079 511	-54 950	303 455
Total assets	19 993 617	17 884 090	4 252 785	5 067 685
Due to banks	1 179 750	3 237 557	250 941	918 247
Due to customers	6 368 285	6 880 937	1 354 580	1 951 596
Loans and credit facilities received	9 194 447	5 465 890	1 955 724	1 550 255
Equity	1 158 427	1 208 555	246 406	342 775
Number of shares	16 771 180	16 771 180	16 771 180	16 771 180
Book value per share (in PLN/EUR)	69,07	72,06	14,69	20,44
Diluted book value per share (in PLN / EUR)	69,07	72,06	14,69	20,44
Capital adequacy ratio	9,32%	10,93%	-	-

Rules of PLN conversion into EUR

Key items in the balance sheet, income statement and cash flow statement in the financial statements for the first quarter of 2009 and the corresponding financial figures for the first quarter of 2008 have been converted into EUR according to the following rules:

- particular assets and liabilities items in the balance sheet and book value per share as at the end of the first quarter of 2009 have been converted into EUR at the mid-rate binding as at 31 March 2009 published by the National Bank of Poland on 31 March 2009, i.e. EUR 1 = PLN 4.7013; comparative financial data as at the end of the first quarter of 2008 have been converted into EUR at the mid-rate binding as at 31 March 2008, published by the National Bank of Poland on 31 March 2008, i.e. EUR 1 = PLN 3.5258;
- particular items in the income statement and cash flows, and earnings per share as at the end of the first quarter of 2009 were converted into EUR at the rate based on the arithmetic mean of mid rates determined by the National Bank of Poland as at the last days of the months from January through March 2009, i.e. EUR 1 = PLN 4.5994, whereas comparative data as at the end of the first quarter of 2008 were converted into EUR at the rate based on the arithmetic mean of mid rates determined by the National Bank of Poland as of the last days of the months from January through March 2008, i.e. EUR 1 = PLN 3.5574.

2. Consolidated Financial Statements of Fortis Bank Polska SA Capital Group

Consolidated Income Statement (in PLN thousand)	Notes	1st Quarter 2009	1st Quarter 2008
Interest income	Note 9.1	229 102	214 513
Interest expense	Note 9.2	-126 010	-127 547
Net interest income		103 092	86 966
Fee and commission income	Note 9.3	31 118	51 367
Fee and commission expense	Note 9.4	-3 108	-3 030
Net fee and commission income		28 010	48 337
Net trading income	Note 9.5	-95 507	32 040
Net gain/loss on available-for-sale financial assets		6 300	-
Net profit (loss) on hedging transactions		-	-54
Other revenues		4 719	3 312
Total income, net		46 614	170 601
Personnel expenses		-45 333	-45 167
Depreciation of fixed assets and intangible fixed assets		-10 663	-7 991
Other expenses		-34 631	-28 903
Net impairment losses	Note 9.6	-13 438	-19 856
Gross profit/loss		-57 451	68 684
Income tax expense		5 379	-13 378
Net profit/loss		-52 072	55 306

Notes published on the following pages constitute an integral part of the consolidated financial statements.

Consolidated Earnings per Share (EPS) (PLN)		
Note 8		
Net profit/loss (in PLN thousand)	-52 072	55 306
Weighted average number of ordinary shares	16 771 180	16 771 180
EPS ratio (in PLN)	-3,10	3,30
Diluted weighted average number of ordinary shares	16 771 180	16 771 180
Diluted EPS ratio (in PLN)	-3,10	3,30

Consolidated report of total income (in PLN thousand)	1st Quarter 2009	1st Quarter 2008
Net profit (loss) for the year	-52 072	55 306
Profits / losses not recognised in income statement (investments available for sale)	-2 001	-425
Deferred tax - profits/losses not recognised in the income statement (investments available for sale)	380	81
Profits/losses not recognised in the income statement (investments available for sale) - net	-1 621	-344
Net profits / losses recognised in income statement (investments available for sale)	-6 235	-
Deferred tax - profits/losses recognised in the income statement (investments available for sale)	1 185	-
Profits / losses recognised in income statement (investments available for sale) - net	-5 050	-
Total income	-58 743	54 962

Consolidated balance sheet statement (in PLN thousand)	Notes	31 March 2009	31 December 2008	31 March 2008
ASSETS				
Cash and cash equivalents	Note 10.1	1 240 897	1 494 888	1 789 825
Financial assets held for trading	Note 10.3.1	1 606 034	1 372 145	319 467
Due from banks	Note 10.2.1	572 412	606 373	2 504 133
Loans to customers	Note 10.2.2	15 177 303	14 823 117	12 034 528
Investments - Available for Sale	Note 10.4	988 288	1 200 836	870 285
Property, Plant and Equipment		114 165	113 258	115 363
Intangible Assets		30 516	26 000	29 102
Deferred tax assets		148 594	96 717	37 863
Other assets		98 212	135 670	167 077
Total assets		19 976 421	19 869 004	17 867 643
LIABILITIES				
Financial liabilities held for trading	Note 10.3.2	1 255 460	961 601	281 007
Due to banks	Note 10.5.1	1 179 750	2 276 963	3 237 557
Due to customers	Note 10.5.2	6 349 673	6 368 464	6 862 553
Loans and credit facilities received	Note 10.5.3	9 194 447	8 198 200	5 465 890
Subordinated liabilities		470 130	417 240	352 580
Current tax liabilities		30 554	57 061	11 043
Other obligations		319 745	354 679	432 363
Provisions		17 483	16 874	15 027
Total liabilities		18 817 242	18 651 082	16 658 020
EQUITY CAPITAL				
Share capital		503 135	503 135	503 135
Share premium		308 656	308 656	308 656
Other capital		344 983	344 983	183 200
Revaluation reserve		-24 724	-18 053	-3 162
Retained earnings		79 201	705	162 488
Net profit (loss) for the year		-52 072	78 496	55 306
Total equity		1 159 179	1 217 922	1 209 623
Total liabilities and equity		19 976 421	19 869 004	17 867 643

Notes published on the following pages constitute an integral part of the consolidated financial statements.

Consolidated Statement of Changes in Shareholders' Equity in the first quarter of 2008
(in PLN thousand)

	Share capital	Share premium	Retained earnings	Net profit (loss) for the year	Other capital	Revaluation reserve	Total capital
Balance as at 01.01.08	503 135	308 656	161 783	-	183 200	-2 818	1 153 956
Consolidation adjustment	-	-	705	-	-	-	705
Adjusted balance as at 01.01.2008	503 135	308 656	162 488	-	183 200	-2 818	1 154 661
Total income in Quarter I 2008	-	-	-	55 306	-	-344	54 962
Balance as at 31.03.08	503 135	308 656	162 488	55 306	183 200	-3 162	1 209 623

Consolidated Statement of Changes in Shareholders' Equity in the first quarter of 2009
(in PLN thousand)

	Share capital	Share premium	Retained earnings	Net profit (loss) for the year	Other capital	Revaluation reserve	Total capital
Balance as at 01.01.09	503 135	308 656	79 201	-	344 983	-18 053	1 217 922
Total income in Quarter I 2009	-	-	-	-52 072	-	-6 671	-58 743
Balance as at 31.03.09	503 135	308 656	79 201	-52 072	344 983	-24 724	1 159 179

Notes published on the following pages constitute an integral part of the consolidated financial statements.

Consolidated Cash Flow Statement (in PLN thousand)	1 st Quarter 2009	1 st Quarter 2008
Cash and cash equivalents, gross, opening balance	1 495 348	711 109
Consolidation adjustment	-	11 444
Adjusted cash and cash equivalents, gross, opening balance	1 495 348	722 553
Gross profit/loss	-57 451	68 640
Adjustments for:	-3 797 679	-439 442
Depreciation	10 663	7 991
Impairment losses	17 877	19 140
Profits/losses on account of FX rate differences	-	-
Profits/losses on investing activities	403	445
Changes in operational assets and liabilities:	-3 753 617	-434 039
- financial assets and liabilities held for trading	59 970	13 460
- due from banks	33 958	-1 419 965
- loans to customers	-370 250	-857 047
- change in the balance of available for sale investments	778	-1 550
- due to banks	-1 097 213	1 008 447
- due to customers	-18 791	565 282
- liabilities due on account of credits and loans received	-2 417 535	59 929
- liabilities due on account of a subordinated loan	52 890	-5 620
- other assets and liabilities	2 576	203 025
Income tax (current and deferred)	-73 005	-32 979
Net operating cash flows	-3 855 130	-370 802
Purchase of available-for-sale investments	-176 355	-283 998
Purchase of property, plant and equipment and intangible fixed assets	-17 082	-15 945
Proceeds from sales of available-for-sale investments	381 454	-
Proceeds from sales of property, plant and equipment	811	46
Other investment expenses	-219	-325
Net cash provided by investing activities	188 609	-300 222
Loans and credit facilities taken	5 405 496	1 760 122
Repayment of loans and credit facilities	-1 991 714	-20 957
Net cash provided by (used in) financing activities	3 413 782	1 739 165
Cash and cash equivalents, gross, ending balance	1 242 609	1 790 694
Change in cash and cash equivalents, net	-252 739	1 068 141

The consolidated cash Flow Statement is prepared using an indirect method.

Notes published on the following pages constitute an integral part of the consolidated financial statements.

3. Quarterly Financial Information – Separate Financial Data of Fortis Bank Polska SA

Profit & Loss Account (in PLN thousand)	1st Quarter 2009	1st Quarter 2008
Interest income	229 102	214 444
Interest expense	-126 279	-127 744
Net interest income	102 823	86 700
Fee and commission income	30 542	49 787
Fee and commission expense	-2 953	-2 713
Net fee and commission income	27 589	47 074
Net trading income	-95 507	32 040
Net gain/loss on available-for-sale financial assets	6 300	-
Net profit (loss) on hedging transactions	-	-54
Other revenues	4 661	3 234
Total income, net	45 866	168 994
Personnel expenses	-44 650	-44 413
Depreciation of fixed assets and intangible fixed assets	-10 597	-7 930
Other expenses	-34 353	-28 559
Net impairment losses	-13 438	-19 856
Gross profit/loss	-57 172	68 236
Income tax expense	5 358	-13 293
Net profit/loss	-51 814	54 943

Report of total income (in PLN thousand)	1st Quarter 2009	1st Quarter 2008
Net profit (loss) for the year	-51 814	54 943
Profits / losses not recognised in income statement (investments available for sale)	-2 001	-425
Deferred tax - profits/losses not recognised in the income statement (investments available for sale)	380	81
Profits/losses not recognised in the income statement (investments available for sale) - net	-1 621	-344
Net profits/losses recognised in the income statement (investments available for sale)	-6 235	-
Deferred tax - profits/losses recognised in the income statement (investments available for sale)	1 185	-
Profits / losses recognised in income statement (investments available for sale) - net	-5 050	-
Total income	-58 485	54 599

Balance sheet (in PLN thousand)	31 March 2009	31 December 2008	31 March 2008
ASSETS			
Cash and cash equivalents	1 240 897	1 494 888	1 789 751
Financial assets held for trading	1 606 034	1 372 145	319 467
Due from banks	572 412	606 373	2 503 961
Loans to customers	15 177 303	14 823 117	12 034 525
Investments - Available for Sale	1 006 442	1 218 990	888 439
Property, Plant and Equipment	113 738	112 926	114 891
Intangible Assets	30 429	25 896	29 026
Deferred tax assets	148 475	96 586	37 775
Other assets	97 887	135 383	166 255
Total assets	19 993 617	19 886 304	17 884 090
LIABILITIES			
Financial liabilities held for trading	1 255 460	961 601	281 007
Due to banks	1 179 750	2 276 963	3 237 557
Due to customers	6 368 285	6 387 532	6 880 937
Loans and credit facilities received	9 194 447	8 198 200	5 465 890
Subordinated liabilities	470 130	417 240	352 580
Current tax liabilities	30 473	56 890	10 939
Other obligations	319 162	354 092	431 723
Provisions	17 483	16 874	14 902
Total liabilities	18 835 190	18 669 392	16 675 535
EQUITY CAPITAL			
Share capital	503 135	503 135	503 135
Share premium	308 656	308 656	308 656
Other capital	344 983	344 983	183 200
Revaluation reserve	-24 724	-18 053	-3 162
Retained earnings	78 191	-	161 783
Net profit (loss) for the year	-51 814	78 191	54 943
Total equity	1 158 427	1 216 912	1 208 555
Total liabilities and equity	19 993 617	19 886 304	17 884 090

Statement of Changes in Shareholders' Equity in the first quarter of 2008 (in PLN thousand)

	Share capital	Share premium	Retained earnings	Net profit (loss) for the year	Other capital	Revaluation reserve	Total capital
Balance as at 01.01.08	503 135	308 656	161 783	-	183 200	-2 818	1 153 956
Total income in Quarter I 2008	-	-	-	54 943	-	-344	54 599
Balance as at 31.03.08	503 135	308 656	161 783	54 943	183 200	-3 162	1 208 555

Statement of Changes in Shareholders' Equity in the first quarter of 2009 (in PLN thousand)

	Share capital	Share premium	Retained earnings	Net profit (loss) for the year	Other capital	Revaluation reserve	Total capital
Balance as at 01.01.09	503 135	308 656	78 191	-	344 983	-18 053	1 216 912
Total income in Quarter I 2009	-	-	-	-51 814	-	-6 671	-58 485
Balance as at 31.03.09	503 135	308 656	78 191	-51 814	344 983	-24 724	1 158 427

Cash Flow Statement (in PLN thousand)	1 st Quarter 2009	1 st Quarter 2008
Cash and cash equivalents, gross, opening balance	1 495 348	711 109
Gross profit/loss	-57 172	68 236
Adjustments for:	-3 798 103	-427 704
Depreciation	10 597	7 930
Impairment losses	17 877	19 140
Profits/losses on account of FX rate differences	-	-
Profits/losses on investing activities	403	445
Changes in operational assets and liabilities:	-3 754 032	-422 363
- financial assets and liabilities held for trading	59 970	13 460
- due from banks	33 958	-1 419 793
- loans to customers	-370 250	-858 179
- change in the balance of available for sale investments	778	-1 550
- due to banks	-1 097 213	1 008 809
- due to customers	-19 247	573 509
- liabilities due on account of credits and loans received	-2 417 535	59 929
- liabilities due on account of a subordinated loan	52 890	-5 620
- other assets and liabilities	2 617	207 072
Income tax (current and deferred)	-72 948	-32 856
Net operating cash flows	-3 855 275	-359 468
Purchase of available-for-sale investments	-176 355	-283 998
Purchase of property, plant and equipment and intangible fixed assets	-16 937	-15 909
Proceeds from sales of available-for-sale investments	381 454	-
Proceeds from sales of property, plant and equipment	811	46
Other investment expenses	-219	-325
Net cash provided by investing activities	188 754	-300 186
Loans and credit facilities taken	5 405 496	1 760 122
Repayment of loans and credit facilities	-1 991 714	-20 957
Net cash provided by (used in) financing activities	3 413 782	1 739 165
Cash and cash equivalents, gross, ending balance	1 242 609	1 790 620
Change in gross cash and cash equivalents	-252 739	1 079 511

Cash Flow Statement is prepared using an indirect method.

4. The Key Factors Affecting Consolidated Performance of Fortis Bank Polska SA Capital Group in Quarter I of 2009.

Financial Results

Income Statement (in PLN thousand)	1st Quarter 2009	1st Quarter 2008	Change
Net interest income	103 092	86 966	18,5%
Net fee and commission income	28 010	48 337	-42%
Net trading income	-95 507	32 040	-398%
Personnel expenses	-45 333	-45 167	0,4%
Other expenses	-34 631	-28 903	20%
Gross profit/loss	-57 451	68 684	-183,6%
Net profit/loss	-52 072	55 306	-194,2%
Total assets (in PLN thousand)	19 976 421	17 867 643	12%
Loans to customers	15 177 303	12 034 528	26%
Due to customers	6 349 673	6 862 553	-7,5%
Total equity	1 159 179	1 209 623	-4%

Financial ratios (%)

Capital adequacy ratio	9,42	11,07	-1,65
Return on assets (ROA)*	-1,1	1,58	-2,7
Return on equity (ROE)*	-17,0	20,2	-37,2
Net interest margin*	2,1	2,4	-0,3

*These ratios were calculated as follows:

Return on assets (ROA)	Net profit/loss / average assets as at the end of four subsequent quarters
Return on equity (ROE)	Net profit/loss / average equity as at the end of four subsequent quarters
Net interest margin	Net interest income / average assets as at the end of four subsequent quarters

The consolidated net loss of Fortis Bank Polska SA Group as at the end of the first quarter of 2009 stood at PLN (52) million. In consequence of deteriorating situation on financial markets and depreciating zloty, some customers that the Group entered into derivative contracts with, will not be able to meet the obligations resulting from transactions in derivative instruments. The Group assessed risks related to transactions based on derivative instruments and made an adjustment to reduce their valuation to fair value in the first quarter of 2009. Reasons of the loss suffered in the first quarter of 2009 include primarily a negative measurement of derivative instruments and an increase of the adjustment of measurement to fair value of credit receivables resulting from completed derivative transactions.

The financial statements as at Quarter I of 2009 are the consolidated statements that present data of the Bank and of its subsidiary, Fortis Private Investments Polska S.A. The Group, through the operations of its subsidiary, manages and administers assets held in investment funds and in other investment products. Fee and commission income of Fortis Private Investments Polska S.A. on account of asset management reached PLN 813 thousand at the end of the first quarter of 2009, while its net profit stood at PLN 258 thousand.

As at 31 March 2009, the Group's consolidated total assets stood at PLN 19,976,421 thousand and were higher by 12% than at the end of March 2008.

Loans to customers constitute the principal item of the asset structure. They increased by 26% in comparison to the end of March 2008, i.e. up to PLN 15,177,303 thousand. As at the end of March 2009, 52% of loans to customers were foreign currency loans. Growth of their value was to a great extent attributable to higher FX rates. Excluding the impact of FX rate changes, loans to customers increased by 9% in comparison to the end of March of 2008.

The share of loans to customers in the structure of total assets increased from 67% recorded as at the end of March 2008 up to 76% noted at the end of March 2009.

Commercial loans granted to enterprises prevailed in the gross loans to customers. As at the end of March 2008, their share made up 71% and went down to 64% at the end of March 2009.

The value of commercial loans increased by PLN 1,168,176 thousand (by 13%) over the result recorded in March of the previous year.

As at 31 March 2009, mortgage loans stood at PLN 4,944,646 thousand and were higher by 64% than as at the end of March 2008 (growth by PLN 1,929,240 thousand). Excluding the impact of FX rate changes (due to zloty depreciation, the value of mortgage loans grew by PLN 1,223,288 thousand), mortgage loans increased by 23% in comparison to the end of March 2008. Their share in the structure of gross loans to customers increased from 25% at the end of March 2008 up to 32% at the end of March 2009.

PLN loans hold the biggest share in the loan volume and constitute 48% of the total volume. As at 31 March 2009, their value stood at PLN 7,344,107 thousand, which was comparable to the level recorded as at 31 March 2008.

At the end of March 2008, the loans granted in CHF (in PLN equivalent) reached PLN 2,642,045 thousand and grew by 75% up to PLN 4,623,965 thousand at the end of March 2009 (excluding the impact of FX rate changes, the value of loans granted in CHF grew by 27% in comparison to the balance recorded as at the end of March 2008). At the end of March 2009, such loans made up 30% of gross total loans, as compared to 22% recorded as at the end of March 2008).

The credit portfolio in EUR (in PLN equivalent) grew from PLN 1,987,855 thousand at the end of March 2008 to PLN 3,061,227 thousand at the end of March 2009; however, at the same time their share in the total loan volume increased from 16% as at 31 March 2008 to 20% as at 31 March 2009. The increased value of loans granted in EUR was chiefly attributable to FX rate changes: excluding the impact of FX rate changes, the value of EUR loans rose by 15% in comparison to the balance noted at the end of March 2008.

In connection with the above, write-downs for impairment for incurred but not reported losses (IBNR) increased by 29% from PLN 213,930 thousand recorded as at the end of March 2008 up to PLN 275,737 thousand noted as at the end of March 2009.

Due from banks decreased as at the end of March 2009 by 77% in comparison to the corresponding period of the previous year (i.e. from PLN 2,504,133 thousand to PLN 572,412 thousand).

As at the end of March 2009, the value of financial assets held for trading increased by 403% in comparison to the balance recorded as at the end of March 2008, i.e. by PLN 1,286,567. Such a considerable change is attributable to an increased value of derivative financial instruments (resulting chiefly from changes in FX rates).

Cash and cash equivalents decreased in comparison to the end of March 2008 by 31% and their share in total assets went down from 10% noted at the end of March 2008 to 6% recorded at the end of March 2009.

Investments available for sale increased by 14% in comparison to the end of March 2008. Their share in the asset structure remained at 5%. As at the end of March 2009, the Group's securities portfolio consisted mainly of securities issued by the Polish State Treasury.

Loans and credit facilities received prevail in the structure of liabilities. As at the end of March 2009, the item stood at PLN 9,194,447 thousand and was higher than as at the end of March 2008 by PLN 3,728,557 thousand.

At the end of March 2009, loans and credit facilities received made up 46% of gross total liabilities, as compared to 31% recorded as at the end of March 2008.

Liabilities due to customers are the second biggest item in the structure of liabilities. As at the end of March 2009, the item stood at PLN 6,349,673 thousand and was higher than as at the end of March 2008 by PLN 512,880 thousand.

The share of due to customers made up 32% of total liabilities and their value decreased by 7% as compared to the balance recorded at the end of March 2008.

In the structure of due to customers, term deposits prevail which at the end of March 2009 amounted to PLN 4,783,251 thousand, representing 79% of all customer deposits (and 75% of all liabilities due to customers). Sight deposits reached PLN 1,236,271 thousand as at the end of March 2009.

The share of due to banks in total liabilities decreased from 18% at the end of March 2008 to 6% at the end of March 2009.

As at the end of March 2009, the share of held-for-trading financial liabilities increased up to 6% of total liabilities. As at the end of March 2008, the share was 2%. An increased value of held-for-trading financial liabilities (by PLN 974,453 thousand in comparison to the balance noted as at the end of 2008) is the consequence of growth in value of derivative financial instruments (mostly foreign currency contracts).

Provisions increased from PLN 15,027 thousand as at the end of March 2008 up to PLN 17,483 thousand as at the end of March 2009. The item comprises provisions for off-balance sheet commitments, legal risk reserves and office sub-lease reserve. Expressed as percentage, the value of provisions increased by 16% in comparison to the balance noted as at the end of March 2008.

As at 31 March 2009, the equity capital of the Group amounted to PLN 1,159,179 thousand, i.e. by 4% less than as at 31 March 2008. The share of equity capital in the structure of total liabilities slightly decreased from 7% recorded as at the end of March 2008 down to 6% noted at the end of March 2009.

A significant item of the income statement is the net interest income which as at the end of the first quarter 2009 reached PLN 103,092 thousand and was higher by 19% or PLN 16,126 thousand than at the end of the first quarter of 2008. High interest income reflects growing loan volumes.

The Bank's net interest income grew by 7%. This item stood at PLN 229,102 thousand as at the end of the first quarter of 2009 as compared to PLN 214,513 thousand as at the end of the first quarter of 2008.

The interest income consists mainly of interest on account of:

- Loans to Customers: PLN 200,324 thousand versus PLN 183,314 thousand at the end of the first quarter of 2008,
- Due from banks: PLN 1,204 thousand versus PLN 3,618 thousand at the end of the first quarter of 2008,
- Investments: PLN 17,210 thousand versus PLN 9,406 thousand at the end of the first quarter of 2008,

The interest expenses include in particular interest on account of:

- Due to banks: PLN (23,806) thousand versus PLN (54,344) thousand at the end of the first quarter of 2008,
- Due to Customers: PLN (98,313) thousand versus PLN (67,837) thousand at the end of the first quarter of 2008.

As at the end of March 2009, the Group generated net fee and commission income of PLN 28,010 thousand, i.e. by 42% less than as at the end of March 2008. The net fee and commission income decrease is related to much smaller sales of derivative instruments than last year.

A decline of fee and commission income by 39%. As at the end of March 2009, this item stood at PLN 31,118 thousand as compared to PLN 51,367 thousand as at the end of the first quarter 2008.

The commission and fee income consists mainly of the following items:

- Fees and commissions related to derivative instrument buy/sell transactions: PLN 1,476 thousand versus PLN 16,243 thousand at the end of the first quarter of 2008,
- fees and commissions for cash settlements services: PLN 12,473 thousand versus PLN 13,292 thousand at the end of the first quarter of 2008,
- commissions related to granting credit facilities: PLN 7,067 thousand versus PLN 9,007 thousand at the end of the first quarter of 2008,
- card transactions income: PLN 2,539 thousand versus PLN 3,021 thousand at the end of the first quarter of 2008.

The commission and fee expenses include in particular the following items:

- card related expenses: PLN (1,309) thousand versus PLN (774) thousand at the end of the first quarter of 2008,
- cash transactions commission expenses: PLN (824) thousand versus PLN (827) thousand at the end of the first quarter of 2008,
- settlement commission expenses: PLN (352) thousand versus PLN (299) thousand at the end of the first quarter of 2008.

At the end of the first quarter of 2009, fee and commission expenses amounted to PLN (3,108) thousand and were higher by 3% than at the end of the first quarter of the previous year when they equalled PLN (3,030) thousand.

As at the end of March 2009, the loss suffered held-for-trading financial instruments stood at PLN (95,507) thousand, in comparison to the profit of PLN 32,040 thousand recorded as at the end of March 2008, which means a slump by PLN 127,547 thousand (398%). The decline results from a negative adjustment of fair value on account of credit risk related to derivative transactions made with the Group's customers. The measurement of derivative instruments was adjusted on that account by PLN 119,517 thousand. On the other hand, a positive adjustment of PLN 23,815 thousand was made to fair value on account of credit risk of not matured derivative transactions. The net result on derivative instruments stood at PLN (127,912) thousand as at the end of March 2009 and decreased in comparison to the previous year by PLN 129,333 thousand. The net FX income of PLN 32,023 thousand increased by 4% in comparison to the previous year.

As at the end of the first quarter of 2009, the Group's personnel costs stood at PLN (45,333) thousand and were similar to costs incurred by the end of the first quarter of the previous year, when they stood at PLN (45,167) thousand.

The depreciation of fixed and intangible assets amounted to PLN (10,663) thousand and was higher by 33% than at the end of the first quarter of 2008.

In the first quarter of 2009, net impairment losses amounted to PLN (13,438) thousand, which meant a decrease by PLN 6,418 thousand in comparison to the corresponding period of the previous year. The charge with credit risk costs on Loans to Customers decreased from PLN (20,239) thousand at the end of the first quarter of 2008 down to PLN (11,630) thousand at the end of the first quarter of 2009.

5. Information on Fortis Bank Polska S.A. Capital Group

Basic data on the Issuer

Fortis Bank Polska S.A. ("the Bank"), with its registered office in Warsaw at ul. Suwak 3, was entered in the register of entrepreneurs of the National Court Register (KRS) maintained by the District Court for the capital city of Warsaw, XIII Commercial Division of the National Court Register under No. KRS 0000006421.

The Bank was assigned statistical number (REGON) 003915970, and tax identification number (NIP) 676-007-83-01.

The Bank is a company with an indefinite period of operation, and its business has no seasonal or periodical nature.

The consolidated financial statements of Fortis Bank Polska SA Capital Group for the first quarter of 2009 contains the data of the Bank and of its subsidiary, Fortis Private Investments S.A. (jointly referred to as "the Group").

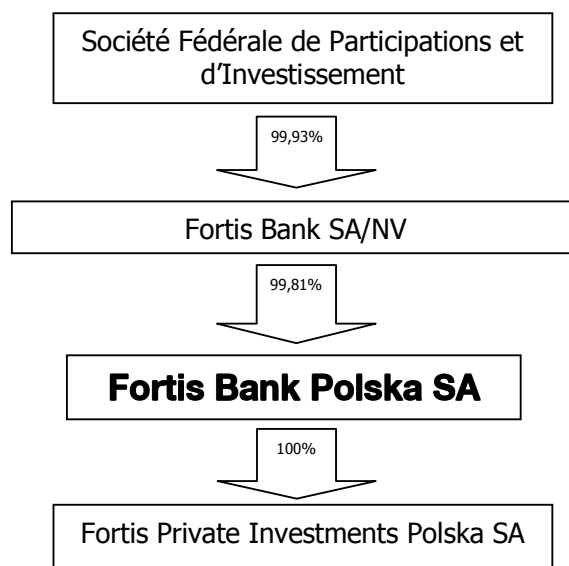
The Group's structure

As at 31 March 2009, the Bank was part of an international banking group where the ultimate parent entity was the Belgian State government through the agency of the Société Fédérale de Participations et d'Investissement (Belgian Federal Participation and Investment Company). Fortis Bank SA/NV based in Brussels remains the Bank's direct parent entity.

Following the change of the parent entity of Fortis Bank S.A./NV, the majority shareholder of Fortis Bank Polska SA cannot exercise voting rights attached to shares held until it receives a consent from the Polish Financial Supervision Authority, pursuant to Article 25 para. 1 of the Banking Law Act of 29 August 1997. On 30 March 2009, the Belgian Federal Participation and Investment Company filed an application to the Polish Financial Supervision Authority for a consent to exercise voting rights attached to shares of Fortis Bank Polska SA.

Fortis Bank Polska S.A. is the parent entity of Fortis Private Investments Polska S.A., holding 100% of its shares.

The diagram below presents the position of Fortis Bank Polska SA in the Fortis Bank group.



Name of the entity	Ownership relation	Consolidation method	Registered office	% of votes at the Annual General Meeting		
				31.03.2009	31.12.2008	31.03.2008
Fortis Private Investments Polska SA	Subsidiary	Full consolidation	Warsaw	100%	100%	100%

Fortis Private Investments Polska SA with its registered office in Warsaw, ul. Fredry 8, is entered into the National Court Register maintained by the District Court for the capital city of Warsaw, XIII Commercial and Registration Department of the National Court Register, under KRS no. 0000031121.

The company was assigned statistical number (REGON) 012557199, and tax identification number (NIP) 526-02-10-808.

Field of the Group's business activity:

The scope of the Group's business covers banking transactions both in Polish zlotys and foreign currencies for domestic and foreign private individuals and legal persons and other organizations without legal personality, and brokerage activities. The scope of the Bank's business includes in particular:

- accepting deposits due on demand and/or in fixed date and maintaining bank accounts for such deposits,
- maintaining other bank accounts,
- granting credits and loans, including consumer credits and loans,
- carrying out pecuniary settlements, including payment card settlements, likewise payment card issuance,
- issuing and confirming bank guarantees, granting sureties, likewise opening and confirming L/Cs,
- issuing securities, including convertible bonds and banking securities, likewise carrying out commissioned tasks, and assuming obligations related to the issuance of securities,
- participating in trading in financial instruments, including maintaining securities custody accounts,
- conducting operations on money and FX markets including forward and derivative instrument transactions,
- conducting check and bill-of-exchange operations and warrant transactions,
- purchasing and selling cash debts,
- purchasing and selling foreign currencies,
- safekeeping valuables and securities, likewise rendering safe-deposit boxes available,
- providing the following financial services:
 - consulting services in financial matters,
 - custody services,
 - leasing services,
 - brokerage activity,
- conducting commission sale in favour of open pension funds and safekeeping pension funds' assets,
- providing agency services related to the distribution of participation units, investment certificates or participation titles to investment funds, likewise agency services related to their sale and redemption, or safekeeping of investment funds' assets,
- providing agency services related to property insurance,
- intermediating within the scope of personal insurance, including life insurance,
- rendering certification services under the regulations governing electronic signatures, except for issuing qualified certificates used by the Bank with regard to actions to which it is a party,
- acting as an agent in making money transfers and FX settlements,
- issuance of electronic money instrument.

In addition to the above, the Group runs the following business through its subsidiary:

- management of third party's securities portfolio upon order,
- offering securities in primary trading or under initial public offering,
- taking actual and legal actions related to the maintenance of investment fund corporations, investment funds, pension fund corporations and pension funds.

6. Accounting Policies

Basis of presentation

Statement on consistency with the IFRS

These financial statements have been prepared pursuant to the International Financial Reporting Standards (IFRS) published in the Commission Regulation (EC) no. 1725/2003 of 29 September 2003 as amended, and in the scope not regulated by the above standards, pursuant to the Accounting Act of 29 September 1994 (Journal of Laws of 2002 No. 76, item 694, as amended) and administrative acts based thereon, likewise in accordance with requirements set out in the Ministry of Finance Ordinance dated 19 February 2009, regarding current and periodical information submitted by issuers of securities and conditions of recognising as equivalent the information required by law provisions of a country that is not a EU Member State (Journal of Laws of 2009 No. 33, item 260).

New standards and interpretations, likewise amendments to standards or interpretations, which have not been binding yet and have not been applied earlier:

The following standards (interpretations) issued by the International Accounting Standards Board (International Financial Reporting Interpretations Committee) were not in force as at 31 March 2009:

- Amendments to IFRS 3 *Business Combinations* and IAS 27 *Consolidated and Separate Financial Statements*, to become effective on 1 July 2009;
- Amendments to IAS 39 *Financial Instruments – Recognition and Measurement* to become effective on 1 July 2009;
- Interpretation IFRIC 17 *Distributions of Non-cash Assets to Owners*, to become effective on 1 July 2009.

Other standards and interpretations that have not become effective yet and have not been mentioned in these financial statements, are not material from the Group's standpoint. The Group did not use the option of an earlier adoption of standards and interpretations that were approved by the European Commission but that have or will become effective after the balance sheet date only. In the opinion of the Bank's Board of Executives, the implementation of new standards and interpretations will not materially affect the Group's financial statements.

Basis for the financial statements

The interim consolidated financial statements were prepared assuming the continuation of the Group's business in the foreseeable future.

The Bank's Board of Executives is not aware of any circumstances indicating any risk to the business continuation by the Group in the foreseeable future.

The interim consolidated financial statements of the Group were prepared based on the historical cost principle, except for derivative financial instruments, financial assets and liabilities measured at fair value through profit or loss, available-for-sale financial assets which were measured at fair value, and available-for-sale assets measured at the amount that is the lower of their balance sheet value and fair value less cost to sell, likewise financial instruments that are measured at amortised cost using the effective interest method.

The consolidated financial statements were stated in Polish zlotys (PLN), and all the values were given in PLN thousands, unless indicated otherwise. The functional currency is Polish zloty (PLN).

Comparative data

The consolidated financial statements present consolidated data of Fortis Bank Polska S.A. and its subsidiary, Fortis Private Investments Polska S.A. for the period from 1 January 2009 through 31 March 2009 and as at 31 March 2009, and consolidated comparative data for the period from 1 January 2008 through 31 March 2008 and as at 31 March 2008 and 31 December 2008.

Consolidation basis

Subsidiaries are enterprises that are controlled by Fortis Bank Polska SA (which is the parent entity). The control exists when the Bank, either directly or indirectly, has the power to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The control also exists when the Bank owns one half or less of voting power of an enterprise, when there is:

- power over more than one half of the voting rights by virtue of an agreement with other investors,
- power to govern the financial and operating policies of the enterprise under a statute or an agreement,
- power to appoint or remove the majority of the members of the management board or equivalent governing body, where such board or body controls the enterprise.

The Group applies the purchase method of accounting to settle the purchase of subsidiaries. The acquisition cost is determined as the fair value of assets transferred, equity instruments issued and liabilities assumed or acquired as at the acquisition date, increased by costs directly attributable to the acquisition.

The full consolidation method is applied to the subsidiary. The full consolidation consists in adding together specific items of financial statements of the Bank and of the subsidiaries in full amount, and making relevant adjustments and consolidation eliminations. In the full consolidation of balance sheets, all items of assets and liabilities of both the subsidiary and parent are aggregated in their full amounts, irrespective of the parent's actual interest in the subsidiary.

In the consolidation process, the carrying value of the parent's investment in the subsidiary and the parent's portion of equity of the subsidiary are eliminated.

The excess of the purchase price over the fair value of the Group's share in the acquired net assets is recognised as the enterprise's goodwill and reported on the asset side of the consolidated balance sheet statement.

In a situation when the purchase price is lower than the fair value of the share in the acquired net assets, the difference is recognised directly in the income statement.

Intragroup receivables and payables and intragroup transactions, unrealised gains and expenses resulting from transactions with the subsidiary are eliminated in the preparation of consolidated financial statements.

The Group's entities apply the uniform accounting policies.

Under IAS 27, in the consolidated financial statements of Fortis Bank Polska SA for Quarter I of 2009, the full consolidation is applied to the following subsidiary:

- Fortis Private Investments Polska SA

Accounting Estimates

When preparing the consolidated financial statements pursuant to the IFRS, the management is required to make subjective evaluations, estimations and accept assumptions that affect both the accounting policies applied and the assets and liabilities, likewise income and expenses. Estimations and assumptions are made based on available historical data and a number of other factors that are considered appropriate in given circumstances.

The results create the basis for making estimations referring to balance sheet assets and liabilities. Actual results can differ from estimated values. Estimations and assumptions are subject to ongoing reviews. Adjustments to estimations are recognised in the period in which a given estimation was changed provided that the adjustment refers to that period only, or in the period when the change was made and in the future periods if the adjustment affects both the current period and the future ones.

Fair value

The fair value of financial instruments that are not traded on an active market is measured using valuation models using the market yield curve. Some variables used in such models require the adoption of expert estimations. Change of the models adopted or a different estimation of variables could affect the estimation of fair values determined using such models. In the estimation of fair values, the Group takes into consideration customer credit risk and applies a developed methodology of adjustment of the measurement to fair value on that account, as described in Section "The fair value of financial instruments." The most significant parameter that does not come from an active market and is used by the Bank to measure financial instruments is a counterparty risk component. In connection with a considerable counterparty risk growth, the Bank made an additional estimation of the level of that risk in derivative instrument transactions, including FX options, entered into with customers. The estimation was made as at a balance sheet date assuming the level of derivative instrument valuations as at that day and taking into account risk assessment as at that day. The Bank regularly monitors the level of risk related to concluded transactions in derivative instruments. The main factors affecting changes of estimated counterparty risk include:

- changes of the fair value of derivative instruments, correlated with e.g. FX rates and interest rates,
- changes with respect to counterparty credit risk.

Considering a strong variability of economic environment, there is an uncertainty as regards the estimations made.

Write-downs for impairment of financial assets

The Group regularly reviews the credit portfolio with the view to impairment in monthly periods. In the estimation of write-downs for impairment, the Bank assesses whether there is any evidence of impairment for specific financial asset or group of financial assets. A catalogue of impairment indicators includes events determined both in terms of quantity (e.g. delays in or lack of repayment of a matured part of borrower's liabilities) and quality (e.g. a significant deterioration of borrower's financial standing reflected in an internal rating decrease below a specified level). The catalogue of indicators includes gradations of indicator materiality. Impairment can be confirmed by one indicator or a combination of several ones.

Financial assets with respect to which impairment evidence was identified, are subsequently subject to an estimation of a write-down for impairment. In the process, future cash flows on account of such receivables are estimated.

Such estimations for receivables due from business entities whose total exposure exceeds (for one customer) the equivalent of EUR 50 thousand are made based on an individual analysis of future cash flow (individual analysis).

For remaining receivables (individual customers and business entities of exposure up to the tier of EUR 50 thousand), estimations are made on the basis of recoverability parameters, determined by models for specific homogeneous credit portfolios and credit collateral types (portfolio analysis).

Recoverability parameters of specific portfolio models have been determined based on historical credit loss experience and expert assessments. The methodology and assumptions on the basis of which estimated cash flow amounts and periods when they occur are determined, are subject to periodical reviews to diminish differences between the estimated and actual loss value.

When there is no evidence of impairment of a receivable, it is included into the portfolio of similar characteristics and takes part in the portfolio analysis of impairment to determine write-downs for impairment for the incurred, but not reported losses (IBNR).

A write-down on that account is estimated on the basis of historical loss patterns that characterise the given part of the portfolio. Statistical models and parameters they use are subject to periodical reviews and the results obtained are validated by comparison to actual losses.

When objective evidence of an available-for-sale financial asset impairment is found, cumulated losses recognised so far in the equity capital are derecognised from the equity capital and recognised in the income statement, even if the financial asset has not been removed from the balance sheet. The cumulated loss amount which is derecognised from the equity capital and recognised in the income statement, constitutes the difference between the acquisition cost (net of any principal repayments and depreciation) and the present fair value reduced by any losses on account of impairment of that asset, previously recognised in the income statement.

If the fair value of an available-for-sale debt instrument subsequently increases, and the increase can be objectively determined to result from an event following the recognition of an impairment loss in the income statement, then the reversed provision amount is recognised in the income statement.

Write-downs for non-financial assets' impairment

A non-financial asset is impaired when its carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the fair value less cost to sell and the value in use.

The determination of the value in use is related to the Group's estimation of future cash flows, expected to arise from continuing use of an asset, and discounting those values.

Useful lives and residual values

The useful life is a time period over which an item of the property, plant and equipment and intangible assets is expected to be used by the Group.

A residual value of an item of property, plant and equipment and intangible assets is the expected amount that the Group would currently obtain from disposal of the asset, after the estimated costs of disposal, if the

asset were already of the age and in the condition expected at the end of its useful life.

Other Accounting Estimates

The Group made provisions on account of long-term employee benefits on the basis of an actuarial valuation.

Legal risk provisions are calculated on the basis of an estimated amount of the Group's liabilities should a court case end unfavourably, or should a case be likely to end unfavourably for the Bank.

In addition to the above estimates, the Group makes also other subjective assessments during the accounting policy implementation process (e.g. as regards the classification of financial assets into a category required under IAS 39). Assessments made by the Group affect the presentation in the financial statements and financial results.

Foreign currencies

Foreign currency transactions are accounted for using the exchange rate at the date of the transaction settlement. Outstanding balances in foreign currencies at the end of a reporting period are translated at the exchange rates binding the end of the reporting period. Non-monetary items carried at historical cost are translated using the historical exchange rate that existed at the date of the transaction. Exchange differences arising from the settlement of liabilities relating to the acquisition of an asset are recognised as income or as an expense in the period in which they arise.

Financial assets and liabilities

Rules of Balance Sheet Recognition and Derecognition of Financial Assets and Liabilities

The Group recognises a financial asset or liability in the balance sheet when the Group becomes a party to such an instrument.

The Group recognises standardised purchase and sale transactions of financial assets in the balance sheet at the trade date which is the date of the Group's commitment to purchase or sell a given financial asset.

Standardised purchase or sale transactions of financial assets constitute transactions whose contractual terms require delivery of an asset in the period established by the binding regulations or conventions in the market place.

Standardised purchase or sale transactions apply in particular to FX spot currency transactions, deposits and placements likewise to purchases and sales of securities, where it is customary that two business days elapse between the trade date and settlement date.

The Group derecognises a financial asset from the balance sheet at the moment when contractual rights to cash flows from the financial asset expire or when the Group transfers the contractual rights to receive cash flows from the financial asset in a transaction where the Group basically transfers the entire risk and all benefits related to the financial asset.

Classification and measurement

Financial instruments are initially measured at fair value, adjusted (as regards financial assets or liabilities not classified as measured at fair value through profit or loss) by material transaction costs that can be directly attributed to the acquisition or issue of a financial asset or liability.

Subsequently, financial assets measured at fair value through profit or loss and available for sale are measured at fair value, except for such available-for-sale equity assets that are not quoted on an active market and whose fair value cannot be reliably determined.

Discount, premium, any fees and commissions included in the internal rate of return of an instrument along with incremental transaction costs are recognised in the initial value of the financial instrument and amortised over the economic useful life of the instrument.

The Group classifies financial instruments into the following categories:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:

- a) financial assets that the Group intends to sell immediately or in the near term, and those that upon initial recognition were designated as measured at fair value through profit or loss;

- b) financial assets that upon initial recognition were designated by the Group as available for sale.

Loans and receivables upon the initial recognition are measured at fair value including transaction costs.

After the initial recognition, the loans and receivables are measured at amortised cost, using the effective interest method, including write-downs for impairment.

In the category of loans and receivables, the Group classifies due from banks and loans to customers.

Investments held to maturity

Held-to-maturity investments consist of financial assets with fixed or determinable payments and fixed maturity which are not derivative instruments and for which the entity has a positive intent and ability to hold to maturity.

Held-to-maturity investments are measured at initial recognition at fair value including transaction costs.

After the initial recognition, the held-to-maturity investments are measured at amortised cost, using the effective interest rate method, including write-downs for impairment.

The Group does not classify any financial assets into the category of held-to-maturity assets.

Financial assets measured to fair value through profit or loss

Financial assets measured to fair value through profit or loss are the assets:

- a) classified at initial recognition as held for trading if they were acquired chiefly to be sold in the near term;
- b) that are part of a portfolio of identified financial instruments that are managed together and for short-term profit taking,
- c) that are derivative instruments (excluding derivative instruments that constitute effective hedging instruments), or
- d) classified at the initial recognition as measured to fair value through profit or loss.

The Group classifies held-for-trading financial assets into the category of financial assets, in particular:

- a) held-for-trading securities,
- b) derivative instruments (excluding derivative instruments that constitute effective hedging instruments),

The Group did not classify assets at their initial recognition as measured to fair value through profit or loss.

Financial assets available for sale

Available-for-sale financial assets are those that are not derivative instruments and are classified at initial recognition as available for sale or assets that are not:

- a) loans and receivables,
- b) investments held to maturity,
- c) financial assets measured to fair value through profit or loss.

Available-for-sale financial assets are held at fair value. Gains or losses on an available-for-sale financial asset shall be recognised directly in the revaluation reserve, through the statement of changes in equity, except for impairment losses and FX differences on cash financial assets until the financial asset is derecognised, at which time the cumulative gains or losses previously recognised in equity shall be recognised in profit or loss.

Interest income on available-for-sale financial assets is computed using the effective interest method and recognised in profit or loss.

Financial liabilities measured to fair value through profit or loss.

Financial liabilities measured to fair value through profit or loss are the liabilities:

- a) classified at initial recognition as held for trading if they were assumed chiefly to be repurchased in the near term;
- b) that are part of a portfolio of identified financial instruments, which are managed together and for

short-term profit taking, or

- c) that are derivative instruments (excluding derivative instruments that constitute effective hedging instruments).

The Group classifies held-for-trading financial liabilities into the category of financial liabilities, in particular:

- a) derivative instruments (excluding derivative instruments that constitute effective hedging instruments),
- b) liabilities on account of short sale of securities.

Other financial liabilities.

Other financial liabilities are the liabilities not held for trading and not measured to fair value through profit or loss.

Other financial liabilities are measured at initial recognition at fair value including transaction costs.

After the initial recognition, other financial liabilities are recognised in amounts that require payment at amortised cost including the effective interest rate method.

The Group classifies in particular the following into the category of other financial liabilities:

- a) due to banks;
- b) due to customers.

Fair Value of Financial Instruments

Fair value of balance sheet and off-balance sheet financial instruments is the price for which a given asset could be exchanged or a liability settled through an arm's length transaction between the willing and knowledgeable parties.

The fair value of financial instruments is determined based on quoted prices in active markets. When quoted prices in active markets are not available, valuation techniques are used. Valuation techniques make maximum use of market inputs but are affected by the assumptions accepted, including discount rates and estimates of future cash flows.

Valuation techniques include:

- market prices of comparable investments,
- discounted cash flows,
- option pricing models,
- market multiples valuation methods.

The principal methods and assumptions used in determining the fair value of financial instruments:

- Fair values for securities are determined using market prices from active markets. If no quoted prices are available from an active market, the fair value is determined using discounted cash flow models. Discount factors are based on the market interest rate curves.
- Fair values for derivative financial instruments are obtained from active markets or determined using, as appropriate, discounted cash flow models and option pricing models,
- Fair values of loans are determined using discounted cash flow models based upon present interest rates for similar type loans. For variable-rate loans that re-price frequently, fair values are approximated by the carrying amount,
- The carrying amounts are considered to approximate fair values for other financial assets and liabilities, such as short-term payables and receivables.

In the measurement of financial instruments, the Bank takes into consideration customer credit risk using a developed methodology of adjustment of the measurement to fair value on that account.

In order to adjust the measurement of the fair value of financial instruments, the Bank applies an approach based on the assessment of customer natural exposure taking into account contracts signed with other banks, likewise on the assessment of cash flows generated by customers which cash flows could cover the measurement of derivative transactions that do not hedge cash flows in foreign currencies.

In the analysis, a possibility is considered of taking additional financing by customers to cover unsettled transactions that do not hedge their contracts settled in foreign currencies.

An estimation of the measurement adjustment is determined using dedicated analytical tools taking into account a materiality criterion.

Receivables arising out of terminated derivative instruments that were not paid by customers, at maturity are transferred at fair value (taking into account adjustments for credit risk) to the "Loans to customers" item where they are subsequently maintained and measured pursuant to rules binding for the "loans and receivables" category.

Considering the uncertainty, actual results can differ from estimated values.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount recognised in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

The Group made no setoff referred to above.

Sale and Repurchase Agreements and Lending/Borrowing Securities

Securities subject to a repurchase agreement ('repos', 'sell buy backs') are not derecognised from the balance sheet. The liability resulting from the obligation to repurchase the assets is included in due to banks or due to customers depending on the type of counterparty. Securities purchased under agreements to resell ('reverse repos', 'buy sell backs') are not recognised in the balance sheet. The right to receive cash from the counterparty is recorded as due from banks or loans to customers depending on the type of counterparty. The difference between the sale and repurchase price is treated as interest and accrued over the life of the agreements using the effective interest method.

If securities acquired under agreements to resell ('reverse repos', 'buy sell backs') are sold to third parties, the Group records proceeds from the sale and a liability for the obligation to return the collateral (liability for the short sale of securities). The obligation to return the collateral is measured at fair value through profit or loss and is classified as a held-for-trading liability.

Derivative instruments

Derivative instruments are financial instruments whose value changes in response to the change in a specified interest rate, financial instrument price, foreign exchange rate, index of prices or rates or other variable, which require no initial net investment and are settled at a future date, or instruments that require an initial net investment in the amount lower than the investment in other contract types while permitting creation of an analogous risk exposure. In the measurement of derivative instruments, a fair value adjustment for credit risk, referred to in Item "Fair value of financial instruments," is taken into account.

Derivative instruments in the Group include the following transactions:

a) IRS Contracts

IRS contracts consist in an exchange of interest payments based on a variable market interest rate for interest accrued at a fixed interest rate agreed upon in the contract. The purpose of IRS contracts is to hedge against interest rate risk and to obtain gains as a result of short-term price changes.

IRS contracts are measured to fair value using the Discounted Cash Flow method, based on discount factors estimated on the basis of market yield curve as of the measurement date. The measurement result is recognised in the net profit (loss) on transactions in held-for-trading financial instruments.

b) FX Forward Contracts

FX Forward Contracts consist in a purchase or sale of a specific currency at a predetermined date in the future at the exchange rate agreed on the transaction date. The purpose of FX Forward contracts is to hedge against FX rate risk and to maintain liquidity, likewise to obtain gains as a result of short-term price changes.

FX Forward contracts are measured to fair value using the Discounted Cash Flow method. The fair value is established by comparing present cash flows translated into PLN equivalents. The measurement result is recognised in the net profit (loss) on transactions in held-for-trading financial instruments.

c) FX Swap Contracts

FX Swap Contracts consist in a 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 agreed at the transaction date. Transactions may be concluded as a combination of a transaction with the value date equal to the transaction date and the simultaneous reverse transaction for the value date of the following day. The purpose of FX Swap contracts is to regulate liquidity and hedge against FX rate risk of the Group's currency loan portfolio, likewise to obtain gains as a result of short-term price changes.

FX Swap contracts are measured to fair value using the Discounted Cash Flow method. The fair value is established by comparing present cash flows translated into PLN equivalents. The measurement result is recognised in the net profit (loss) on transactions in held-for-trading financial instruments.

d) Interest Rate Options

Interest rate options consist in a purchase (sale) of a right to receive the settlement amount in exchange for a premium paid (received). Depending on the option type (cap/floor), the counterparty receives on a specified settlement day the settlement amount resulting from the difference between the predetermined transaction rate and the reference rate. The purpose of such contracts is to hedge against interest rate risk and also to obtain gains as a result of short-term price changes.

Interest rate options are measured to fair value based on the modified Black-Scholes model. The volatility parameter, which is required when using the above model, is assumed in the form of the so-called implied volatility parameter what ensures consistency of the price obtained with the actual market price. The measurement result is recognised in the income statement in net profit (loss) on transactions in held-for-trading financial instruments.

e) FX Options

FX options consist in a purchase of a right, or the Group's assuming an obligation, to buy (sell) a foreign currency at the forward FX rate established on the transaction conclusion date in exchange for a premium paid (received).

FX Options are measured to fair value based on the Garman-Kohlhagen model. The volatility parameter, which is required when using the above model, is assumed in the form of the so-called implied volatility parameter what ensures consistency of the price obtained with the actual market price. The measurement result is recognised in the income statement in net profit (loss) on transactions in held-for-trading financial instruments.

f) FRA Contracts

FRA contracts consists in an agreement between the parties to the transaction (on the transaction date) upon a fixed interest rate for a specific value of deposit. On the day of the transaction settlement, the buyer of a FRA contract shall pay the settlement amount to the seller if the reference rate on the date of effecting the transaction is lower than the agreed transaction rate. The seller of the instrument shall pay the buyer, on the transaction settlement date, the settlement amount when the reference rate is higher than the agreed transaction rate. FRAs are measured at the fair value using the Discounted Cash Flow method based on the market yield curve. The measurement result is recognised in the net profit (loss) on transactions in held-for-trading financial instruments.

g) CIRS Contracts

CIRS contracts consist in an exchange of interest payments based on a variable market interest rate in one currency in exchange for interest accrued at a fixed interest rate in another currency agreed upon in the contract, with the exchange of principal amounts at the predetermined exchange rates at the beginning and end of the period, or with the exchange made only at the end of the period for which the transaction was concluded, or without any principal amount exchange. The purpose of IRS contracts is to hedge against interest rate risk and to obtain gains as a result of short-term price changes.

CIRS contracts are measured to fair value using the Discounted Cash Flow method based on the market yield curve. The measurement result is recognised in the net profit (loss) on transactions in held-for-trading financial instruments.

h) OIS Contracts

OIS contracts consist in an exchange of interest payments based on a fixed contractual interest rate for interest payments based on a variable interest rate. The variable interest rate is determined on the basis of a rate compounded of WIBOR Overnight indexes or based on POLONIA rates determined every business day during the interest period. Such contracts are entered into for the period up to one year. The purpose

of OIS contracts is to hedge against interest rate risk and also to obtain gains as a result of short-term price changes.

OIS contracts are measured to fair value using the Discounted Cash Flow method, based on discount factors estimated on the basis of market yield curve as of the measurement date. The measurement result is recognised in the net profit (loss) on transactions in held-for-trading financial instruments.

i) Futures contracts

Futures contracts consist in a purchase or sale of foreign currency at the rate determined at the transaction conclusion at the Warsaw Commodity Exchange. The contracts are standardised with respect to amounts and maturities. The purpose of entering into contract is to hedge against the FX rate risk.

The futures contracts are measured to market FX rate provided by the Warsaw Commodity Exchange. At the same time, there are daily flows on account of the contract's marking to market. The daily measurement result is recognised in the net profit (loss) on transactions in held-for-trading financial instruments.

Derivative instruments that are hedging instruments

On its recognition date, a derivative instrument can be designated as either a fair value hedge of a recognised asset or liability (fair value hedge), a hedge of a net investment in a foreign entity or a hedge of a future cash flow attributable to a recognised asset or liability or a forecast transaction (cash flow hedge).

The fair value is hedged to limit a risk that fair value changes resulting from a specific risk related to financial assets and liabilities held, or a specific part thereof, may affect the financial result.

Changes in the fair value of a hedged asset or liability related to the hedged risk and any changes in the fair value of the hedging instrument within a fair value hedge are recognised in the income statement. If the hedge no longer meets the criteria for hedge accounting or is otherwise discontinued, the adjustment to the carrying amount of a hedged interest-bearing financial instrument that results from hedge accounting is amortised using the new effective interest rate calculated on the hedge accounting discontinuation date.

In 2009, the Group has not applied hedge accounting while in 2008, interest rate risk hedge accounting was used.

Embedded derivatives

Financial assets or liabilities can include embedded derivatives. If the host contract for such an instrument is not measured at fair value through profit or loss, and the embedded instrument's economic characteristics and risk are not closely related to those of the host contract, the embedded instrument shall be separated and presented independently, to be measured to fair value. Changes in fair value of a separated derivative instrument are recognised in the income statement. The host contracts are measured pursuant to rules applicable to their respective category of financial assets or liabilities.

The separated embedded derivatives are reported as hedging or held-for-trading derivatives, as appropriate.

Asset Impairment

Financial assets

A financial asset (or a group of financial assets) is considered impaired if there is objective evidence of impairment as a result of one or more events, occurring after the initial recognition of the asset, that affect the future cash flow of the given financial instrument (or a group of financial instruments) if such cash flow can be reliably estimated.

As at each balance sheet date, the Group makes an assessment whether there is any objective evidence of impairment of a financial asset (or group of financial assets).

When objective evidence of loans and receivables impairment is found, the Group estimates a write-off amount as a difference between the carrying value and present value of expected future cash flows (discounted by an original effective interest rate of the instrument) recognising it in the income statement and reducing loans and receivables using the provision account.

Write-downs for impairment are determined using an individual method for receivables due from business entities whose total exposure exceeds (for one customer) the equivalent of EUR 50 thousand (individual analysis of future cash flows). For remaining receivables (individual customers and business entities of exposure up to the tier of EUR 50 thousand), write-offs are set using recoverability parameters, determined

by models, on account of voluntary repayments and collateral value (portfolio analysis of future cash flows).

The Group creates write-downs for impairment for incurred but not reported losses (IBNR) when there is objective evidence with respect to loans and receivables that probable losses are present in components of the loan portfolio, without having specifically identified impaired loans and receivables. The write-down for impairment for IBNR losses is estimated based upon historical patterns of losses in each component, reflecting the current economic climate in which the borrowers operate.

As regards uncollectible loans and receivables, in the event legal and procedural ways of their repayment enforcement have been exhausted, the Group writes down such loans and receivables to the related write-downs for their impairment.

Any amounts subsequently recovered are charged to the Net impairment losses in the income statement.

As regards available-for-sale financial assets with objective evidence of impairment, the cumulated losses recognised so far directly in the revaluation reserve are now recognised in the income statement. The amount of cumulated losses that is derecognised from the revaluation reserve and recognised in the income statement constitutes the difference between the acquisition price (less any capital repayment and depreciation) and the present fair value.

Non-financial Assets

A non-financial asset is impaired when its carrying amount exceeds its recoverable amount.

As at each balance sheet date, the Group makes an assessment whether there is any indicator of a non-financial asset impairment and in the event any such indicators are identified, the Bank estimates the asset's recoverable value.

The recoverable value is the higher of the following:

- the fair value less cost to sell, and
- the value in use.

Fair value less cost to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, after deducting any direct incremental disposal costs.

Value in use is the present value of estimated future cash flows expected to arise from continuing use of an asset and from its disposal at the end of its useful life.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, freely available balances with the central bank and other banks and other financial assets with original maturity less than three months of the acquisition date.

Due from Banks and Loans to Customers

Due from banks and loans to customers include loans originated by the Bank by providing money directly to a borrower and loans purchased from third parties that are carried at amortised cost.

Debt securities not traded on an active market are also recognised as loans.

Costs incurred and loan origination fees earned for granting a loan are deferred and amortised over the life of the loan as an adjustment to the loan effective interest rate.

Rules governing impairment estimation are presented above.

Property, Plant and Equipment

Property, plant and equipment include assets of foreseeable useful life longer than one (1) year, that are complete and used by the Group in order to provide services.

Property, plant and equipment are recognised at acquisition cost less accumulated depreciation and write-downs for impairment. The residual value and useful life of property, plant and equipment are subject to annual reviews.

Any impairment loss identified is recognised in the income statement.

The acquisition price is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition.

Depreciation is calculated using the straight-line method to write down the value subject to depreciation

over the asset estimated useful life.

Repairs and maintenance expenses of a property, plant and equipment component are charged to the income statement when the expenditure is incurred.

Expenditures that enhance or extend the benefits of the property, plant and equipment beyond their original use are capitalised and subsequently depreciated.

Fixed assets of low unit value (low-value assets) are charged to costs as one-time expenses in the month they are made available for use. In the event of a total material value of a purchase of low-value assets, they are capitalised by the Group.

Software for computer hardware that cannot operate without that specific software, such as the operating system, is an integral part of the related hardware and it is treated as property, plant and equipment.

Useful lives of fixed assets are as follows:

No.	Specification	Useful life
1.	Leasehold improvements	10 years
2.	Structural cabling	10 years
3.	IT equipment	3-10 years
4.	Telephone equipment	6 years
5.	Vehicles	3-4 years
6.	Furniture	10 years
7.	Cash and vault equipment	5 years
8.	Cash registers, armoured safes and safes	10 years
9.	Other equipment	5 years
10.	Operating software	5 years

Non-Current Assets Held for Sale and Discontinued Operations

Non-current assets held for sale are such assets or a group of assets for which the Group will recover the carrying amount from a sale transaction instead of through continuing use. Such assets are carried at the lower of the following:

- their book value as at the time of being classified to this category, or
- their fair value less cost to sell.

Assets that are classified as held for sale are not depreciated.

The results of operations that are classified as discontinued operations are presented separately in the income statement.

The Group does not hold any non-current assets held for sale.

Intangible Assets

Intangible assets are identifiable assets which are not physical in nature and are recognised at acquisition cost. Intangible assets are recognised in the balance sheet if they will generate financial benefits in the future and can be reliably measured. The Group assesses regularly if an intangible asset may be impaired.

Intangible assets include intangible assets with definite useful lives, such as trademarks and licenses. They

are amortised over their useful lives using the straight-line method.

The Group does not have any intangible assets of indefinite useful life.

Intangibles are recorded on the balance sheet at acquisition cost less any amortisation and any impairment losses. The residual value and useful life of intangible assets are subject to annual reviews.

Any impairment loss identified is recognised in the income statement.

The useful life of intangible assets is determined for:

- system software, i.e. other than operating system software – 3 years.

Due to customers

Liabilities on account of Customer deposits equal the amount due at the balance sheet date. Liabilities due to Customers are measured at amortised cost.

Employee Benefits

Long-Term Obligations to Employees

The Group measures reserves established for one-time retirement benefit, disability benefits and post-death benefits due to eligible employees under the Labour Code provisions, likewise for liabilities on account of customary jubilee awards. The reserve amounts are estimated on the basis of actuarial calculations.

The value of reserves and costs on account of employee benefit obligations is estimated using the projected unit credit method. This method sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Under this method, the cost of providing these benefits is charged to the income statement to spread the pension cost over the service lives of employees. The value of obligations on account of one-time retirement benefits, disability benefits, post-death benefits and jubilee awards is calculated at the present value of the estimated future cash outflows using interest rates determined by reference to market yields.

Short-term Obligations to Employees

Employee entitlements to vacation leave and additional leave are recognised when they accrue to employees. A reserve is made for the estimated liability for the vacation leave and additional leave up to the balance sheet date.

Provisions

Provisions are liabilities with uncertainties in the amount or timing of payments.

The Group recognises provisions in the balance sheet, when:

- a) there is a present legal or customarily expected obligation as a result of past events;
- b) cash outflow is likely to take place in order to perform the obligation;
- c) a reliable estimate can be made at the balance sheet date.

When an impact of the time value of money is material, while estimating the provision amount the Group discounts the estimated future liability amount.

Contingent Liabilities - Off-balance Sheet Commitments

Contingent liabilities are:

- a) a possible obligation arising as a result of past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- b) a present obligation, which arises as a result of past events, however it is not recognised in the balance sheet because it is unlikely that an outflow of economic benefits will be necessary to perform the obligation or the liability amount cannot be reliably estimated.

The Group recognises as contingent liabilities such off-balance sheet commitments that do not meet the balance sheet recognition criteria as assets or liabilities, in particular:

- contingent liabilities granted on account of credit lines extended by the Group – in the amount unused by customers;

- contingent liabilities granted on account of guarantees issued by the Group in favour of customers – in the amount specified in agreements;
- contingent liabilities on account of export and import letters of credit;
- contingent liabilities on account of financial and guarantee master agreements concluded – in the amount unutilised by the customer;
- contingent liabilities on account of credit lines obtained by the Group – in the amount available for use by the Group;
- contingent liabilities on account of guarantees received by the Group – in the amount specified in agreements.

Shareholders' equity

The equity capital comprises capital and funds established pursuant to the binding regulations, i.e. the statute and the applicable Acts. The equity comprises also retained earnings. The equity is recognised in the nominal value.

Share Issue Costs

Expenses directly attributable to the issue of new shares, other than on a business combination, are deducted from equity net of any related income taxes.

Dividends on Ordinary Shares

Dividends on ordinary shares are recognised in equity in the period in which they are approved by the shareholders. The dividend income is recognised in the income statement at the acquisition of rights. Dividends paid are classified in the cash flow statement as cash provided by (used in) financing activities. Dividends received are classified in operating cash flow.

Other Equity Capital Components

Other components that are recognised in equity refer to:

- Measurement of available-for-sale financial assets to market.

Earnings per Share

Basic earnings per share are calculated by dividing net income available to ordinary shareholders by the weighted average number of ordinary shares in the period.

For the diluted earnings per share, the weighted average number of ordinary shares and the net profit are adjusted to assume conversion of all dilutive potential ordinary shares, such as convertible debt and share options granted to employees. Potential or contingent share issuances are treated as dilutive when their conversion to shares would decrease net earnings per share.

Interest Income and Expense

Interest income and interest expense are recognised in the income statement for all financial instruments on an accrual basis using the effective interest method based on the acquisition price including direct transaction costs.

For financial assets written-down for impairment, interest income is thereafter recognised based on the effective interest rate that was used to discount the future cash flows for the purpose of estimating the write-down for impairment.

Fees and Transaction Costs

Fees related to granting a loan or changing its material conditions, constitute an integral part of the effective interest rate of a financial instrument. Thus the Group recognises origination fees, fees for granting a loan or other preliminary fees for such actions as an assessment of borrower's financial standing, collateral assessment and recording. Such fees are deferred and recognised in the interest income as an adjustment to the effective interest rate.

Commissions and fees that do not constitute an integral part of the effective interest rate of a financial instrument are recognised through profit or loss, during the time of providing services or at the moment of performing a significant action.

Commissions and fees regarding receivables with respect to which the effective interest rate calculation

cannot be applied (receivables of indefinite term of payment of specific instalments and undetermined interest rate changes) are spread over time using the straight-line method and included into the commission and fee income.

Loan syndication fees are recognised as revenue when the process related to the syndication organisation has been completed.

Transaction costs are included in the initial measurement of financial assets and liabilities other than those measured at fair value through profit or loss. Transaction costs are costs directly attributable to the acquisition or disposal of a financial asset or liability. They include fees and commissions paid to intermediaries, advisers, brokers, and dealers levied by regulatory agencies and securities exchanges, and transaction taxes and duties. Such costs are deferred and recognised as an adjustment to the effective interest rate of financial instruments.

Net profit/loss on transactions in financial instruments

Net profit/loss on transactions in financial instruments includes:

- net profit/loss on transactions in financial instruments classified as available for sale, i.e. realised gains or losses on sales that represent the difference between the sales proceeds received and the amortised cost of the asset sold, minus any impairment losses previously recognised in the income statement;
- net profit/loss on transactions in financial instruments carried at fair value through profit or loss, e.g. the difference between the carrying value at the end of the current reporting period and the previous reporting period.

Current and deferred income tax

Income tax in the income statement includes a current tax and deferred tax. The current tax constitutes the Group's tax liability computed on the basis of relevant tax law provisions.

Deferred tax is recognised using the balance sheet method, based on identification of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In order to determine amounts of deferred tax assets and liabilities, statutory tax rates are applied.

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised.

Deferred tax and current tax related to fair value measurement of available-for-sale assets which are charged or credited directly to the revaluation reserve are also directly recognised in the revaluation reserve and subsequently recognised in the income statement together with the gain or loss on such an investment.

Government subsidies

Government subsidies are recognised systematically as income in specific periods, to ensure their proportionality to relevant costs compensated by such subsidies. The income on that account is recognised in the "Other income" item.

Segment Reporting

Operating segments

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity); whose operating results are reviewed regularly by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and for which discrete financial information is available.

In the Group's business, the following segments exist:

- Retail Banking Business Line (RB BL)
- Private Banking Business Line
- Merchant Banking Business Line (Global Markets - GMK and Commercial Banking BL)
- Asset & Liability Management (ALM) and support units (horizontal functions) are the Bank's Head Office units, except the Global Markets BL, which belongs to the Merchant Banking Business Line.

Geographical segments

The Group operates in Poland as the sole geographical segment. All income and costs earned and incurred by the Group come from this geographical segment, likewise all assets held are located in this area.

7. Segment Reporting

Information on Segments

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity); whose operating results are reviewed regularly by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and for which discrete financial information is available.

Operating segments

The main business profile of the Group includes financial services rendered within the following segments:

- Retail Banking
- Private Banking
- Merchant Banking
- ALM and support units (horizontal functions)

Accounting principles for specific segments are the same as the ones described in the accounting principles. In the income statement costs are at first presented as direct costs in all business lines (except ALM) and support units (horizontal functions). In the rebilling process, costs flow from these units to business lines as well as between the business lines and between the support units. ALM doesn't generate direct costs, only accepts costs from support units (horizontal functions) in the rebilling process. This is a separate process in reporting that is presented in a separate report position (costs allocation – rebilling). As a result of the process, all costs generated by support units (horizontal functions) are absorbed by business lines. The financial result of support units (horizontal functions) at the process end is zero.

Transfer prices between segments are determined primarily to transfer interest rate risk to the Merchant Banking BL or ALM, so that fixed margins can be allocated to the remaining business lines.

Transfer prices are calculated for standard periods of product duration, based on official WIBOR, WIBID, LIBOR and EURIBOR indexes.

- **Retail Banking**

Retail Banking specialises in the service of small enterprises and Private Individuals, by providing financial services for retail customers, professionals (liberal professions) and small enterprises. Moreover, the segment offers consulting on all forms of daily banking, savings, investment and lending, likewise providing retail banking services.

- **Private Banking**

Private Banking provides integrated services and solutions in terms of asset management for the affluent Private Individuals (primarily for customers holding assets of EUR 1 million). It provides solutions offered in all Fortis Private Banking centres worldwide, including Switzerland, Luxembourg, Monaco, Dubai or Singapore. It is an intermediary in contacts with experts of Fortis Private Investments Polska S.A. (FPIP) or Fortis Intertrust Polska S.A.

Fortis Private Investments Polska SA (FPIP) is a licensed brokerage firm providing asset management services. Currently it manages assets of natural and legal persons.

Products offered by FPIP include comprehensive investment solutions. Customer assets are invested in Polish and international financial instruments. Products available to customers are tailored to individual customer needs, their preferences, acceptable risk, expected rate of return and investment horizon.

Effective 1 January 2008, the data of FPIP are consolidated in Fortis Bank Polska SA Group and reported in the Private Banking BL.

Merchant Banking

Global Markets offers a wide range of products for corporate and institutional customers and also takes care for relations with other banks and the Group's liquidity management.

Commercial Banking specialises in the service of medium and big enterprises of annual turnover exceeding PLN 25 million, focusing on clients that operate internationally, by offering them financial solutions based on standard products and banking services as well as specialist financial products.

- **ALM and support units (horizontal functions)**

The ALM segment plays a major role in the management of the Bank's balance sheet and off-balance sheet items; it manages risk and capital and sets out transfer and external prices. Costs of support units (horizontal functions), treasury and financial functions as well as other activity not related with the core banking activity are also included in the segment.

Geographical segments

The Group runs its business in Poland as the only geographical segment, therefore all revenues earned, costs incurred and assets pertain to one geographical segment – Poland.

Consolidated Income Statement by Business Segments

1 Jan 2008 – 31 March 2008 (in PLN thousand)	Retail Banking	Private Banking	Merchant Banking	ALM and support units	Total
Interest income (external)	91 348	3 610	107 809	11 746	214 513
Transfer prices expense (internal)	-67 665	-2 919	-146 675	-11 784	-229 043
Interest expense (external)	-29 103	-3 312	-94 788	-344	-127 547
Transfer prices income (internal)	43 172	3 673	152 795	29 403	229 043
Net interest income	37 752	1 052	19 141	29 021	86 966
Other transfer prices (internal)	3 421	-76	10 474	-13 819	-
Fee and commission income (external)	24 681	1 746	24 116	824	51 367
Fee and commission expense (external)	-2 003	-328	-235	-464	-3 030
Net fee and commission income	22 678	1 418	23 881	360	48 337
Net trading income (external)	16 476	63	15 501	-	32 040
Net profit (loss) on hedging transactions (external)	-	-	-	-54	-54
Other income (external)	2 315	103	893	1	3 312
Total income, net	82 642	2 560	69 890	15 509	170 601
Personnel expense (external)	-19 233	-1 499	-9 203	-15 232	-45 167
Depreciation of fixed assets and intangible fixed assets* (external)	-	-61	-	-7 930	-7 991
Other expenses* (external)	-4 496	-434	-1 680	-22 293	-28 903
Net impairment losses (external)	-6 572	-10	-13 199	-75	-19 856
Costs allocation - rebilling (internal)	-36 091	-1 347	-7 836	45 274	-
Profit before income tax	16 250	-791	37 972	15 253	68 684
Income tax expense	-3 166	157	-7 397	-2 972	-13 378
Net profit/loss	13 084	-634	30 575	12 281	55 306

1 Jan 2009 – 31 March 2009 (in PLN thousand)	Retail Banking	Private Banking	Merchant Banking	ALM and support units (horizontal functions)	Total
Interest income (external)	106 502	3 258	102 132	17 210	229 102
Transfer prices expense (internal)	-73 205	-2 461	-147 013	-17 828	-240 507
Interest expense (external)	-37 341	-4 206	-84 463	-	-126 010
Transfer prices income (internal)	54 586	4 942	151 906	29 073	240 507
Net interest income	50 542	1 533	22 562	28 455	103 092
Other transfer prices (internal)	224	-3	51 904	-52 125	-
Fee and commission income (external)	17 183	695	12 372	868	31 118
Fee and commission expense (external)	-2 369	-158	-125	-456	-3 108
Net fee and commission income	14 814	537	12 247	412	28 010
Net trading income (external)	-27 980	70	-67 597	-	-95 507
Net gain/loss on available-for-sale financial assets (external)	-	-	441	5 859	6 300
Other income (external)	3 110	87	1 040	482	4 719
Total income, net	40 710	2 224	20 597	-16 917	46 614
Personnel expense (external)	-16 784	-1 448	-8 009	-19 092	-45 333
Depreciation of fixed assets and intangible fixed assets* (external)	-	-66	-	-10 597	-10 663
Other expenses* (external)	-6 255	-407	-2 285	-25 684	-34 631
Net impairment losses (external)	13 035	-35	-26 438	-	-13 438
Costs allocation - rebilling (internal)	-44 353	-1 319	-9 491	55 163	-
Gross profit/loss	-13 647	-1 051	-25 626	-17 127	-57 451
Income tax expense	1 279	93	2 402	1 605	5 379
Net profit/loss	-12 368	-958	-23 224	-15 522	-52 072

Description of Segment Activity

Retail Banking

Customers

As at the end of the first quarter of 2009, the number of active customers of this line reached 54,515. Private Individuals, including Mass Market Customers (80%) prevail among the Retail Banking customers. Enterprises account for the remaining 20% customers of the business line.

Distribution channels

Retail Banking customers have at their disposal both a network of branches as well as alternative channels: PI@net, Multicash systems and Call Centre. The RB BL develops all the above distribution channels. The Group's statistics show that Customers are much interested in alternative distribution channels. Comparing data for the first quarter of 2009 and the first quarter of 2008, the Group noted the following:

- increase in the number of Customers using the PI@net banking system by 20%,
- increase in the number of transfers made via the PI@net by 37%,

Products

RB BL customers use a wide range of credit, deposit, investment and card products.

The following products are largely popular among Private Individuals:

- mortgage loans: as at the end of the first quarter of 2009, the balance of such loans reached PLN 4.9 billion, which means an increase by 64% as compared to the end of the first quarter of 2008;
- credit cards: as at the end of the first quarter of 2009, the number of credit cards for Private Individuals and Mass Market Customers stood at 9,381 while the balance of card credits increased by 20% (the average of the first three months of 2009 as compared to the average of the first three months of 2008);
- investment products: e.g. Extra Zysk ("extra profit") deposit, whose balance reached PLN 1.1 billion as at the end of the first quarter of 2009.

The following products are largely popular among Enterprises:

- investment loans: as at the end of the first quarter of 2009, the balance of such loans reached PLN 2.6 billion, which means an increase by 30% as compared to the end of the first quarter of 2008,
- day-to-day foreign exchange transactions: the number of table-based and negotiated transactions in the first quarter of 2009 increased by 14% as compared to the first quarter of 2008, and the average monthly volume of such transactions oscillates around PLN 1.6 billion.

Results

The net income of Retail Banking decreased from PLN 82.6 million earned in the first quarter of 2008 down to PLN 40.70 million in the first quarter of 2009, i.e. by 51%.

The main reasons of the decline include:

- Loss on transactions in financial instruments held for trading of PLN (28.0) million in comparison to the profit of PLN 16.5 million generated as at the end of March 2008; the loss resulted primarily by the adjustment of fair value on account of credit risk of matured derivative instruments – FX options;
- net commission and fee income lower by 35%.

At the same time, the net interest income increased by 34%.

The basic products of the business line include mortgage loans, investment loans and derivatives. The margin generated on mortgage loans in the first quarter of 2009 stood at PLN 12.6 million as compared to PLN 6.9 million earned in the first quarter of 2008. The margin generated on investment loans stood at PLN 11.6 million as compared to PLN 9.5 million earned as at the end of the first quarter of 2008. The income on fees and commissions likewise on derivatives measurement was PLN 5.8 million in the first quarter of 2009. Due to the situation on financial markets, in the first quarter of 2009 the loss on derivatives on account of a negative measurement of fair value amounted to PLN 15.2 million.

Personnel costs decreased by about 13% in comparison to the first quarter of 2008. The "costs allocation (rebilling)" item is the net value of business line costs allocated and transferred from Retail Banking to other units. The costs increased by 23%.

Private Banking

Customers

As at the end of the first quarter of 2009, the number of active customers of this line reached 291. On average, the number of the line's customers increased by 26% (three months of 2009 compared to twelve months of 2008).

Distribution channels

Private Banking BL customers have at their disposal both a network of selected Business Centres (6), which are part of the international Fortis Bank network, as well as alternative channels: Multicash, PI@net systems and Call Centre. As statistics show, these channels are more and more willingly used by the customers.

Comparing data for the first quarter of 2009 and the first quarter of 2008 (YTD), the Group noted the following:

- increase in the number of Customers using the PI@net banking system by 51%,
- increase in the number of transfers made via the PI@net by 73%,

Products

Private Banking BL customers use credit, deposit, investment and card products.

The following products are largely popular among customers of the business line:

- investment products – as the end of the first quarter of 2009, Private Banking customers saved approx. PLN 260 million (in savings and investment products such as e.g. foreign investment funds like L-FIX and L-Funds managed by Fortis Investments or Fortis FIO investment portfolios managed by Fortis Private Investments Polska SA).
- overdraft facility limit: As at the end of the first quarter of 2009, the outstanding balance of such loans was PLN 141 million.

Results

In connection with a consolidation of financial statements effective January 2008, the financial data of the Private Banking Business Line include also results generated by Fortis Private Investments Polska (FPIP) which make up 34% of the Line's net income, and 2% of the consolidated net income of Fortis Bank Polska.

The net income of Private Banking BL decreased by 13% in the first quarter of 2009 YTD in comparison to the first quarter of 2008 (YTD). The decrease resulted from the fact that net fee and commission income was lower by 62% (without FPIP: lower by -25%). At the same time, the net interest income increased by 46%.

Personnel expense went down by 3%. The "costs allocation (rebilling)" item is the net value of business line costs allocated and transferred from Private Banking to other units. The costs decreased by 2%.

Merchant Banking

Customers

As at the end of the first quarter of 2009, the number of active customers of this line reached 2,442. On average, the number of the line's customers increased by 3% (the first three months of 2009 compared to the first three months of 2008).

Distribution channels

- Merchant Banking customers have at their disposal both a network of Business Centres (8), which are part of the international Fortis Bank network, as well as alternative channels: Multicash, PI@net systems and Call Centre.

Products

Merchant Banking customers use a wide range of credit and deposit products, financing international commercial transactions or performing transactions on international financial markets.

Products offered by the group to institutional customers include:

- investment loans (including loans to purchase / construction of commercial real properties): as at the

end of the first quarter of 2009, the balance of such loans reached PLN 3.5 billion, which means an increase by 24% as compared to the end of the first quarter of 2008;

- working capital loans: as at the end of the first quarter of 2009, the balance of such loans reached PLN 1.4 billion, similarly as the level recorded at the end of the first quarter of 2008;
- overdraft facilities: as at the end of the first quarter of 2009, the balance of such loans reached PLN 1.5 billion, which means an increase by 5% as compared to the end of the first quarter of 2008;
- deposits: as at the end of the first quarter of 2009, the total balance of deposits reached PLN 3.1 billion, which means a decrease by 11% as compared to the end of the first quarter of 2008;
- day-to-day foreign exchange transactions: the number of negotiated and table-based transactions in the first quarter of 2009 reached about 12,226 and the average monthly volume of such transactions oscillates around PLN 1.3 billion.

Results

The net income of Merchant Banking decreased from PLN 69.9 million earned in the first quarter of 2008 down to PLN 20.6 million in the first quarter of 2009, i.e. by 71%.

The main reasons of the decline include:

- Loss on transactions in financial instruments held for trading of PLN (67.62) million in comparison to the profit of PLN 15.5 million generated as at the end of March 2008; the loss resulted primarily by the adjustment of fair value on account of credit risk of matured derivative instruments – FX options;
- net commission and fee income lower by 49%.

At the same time, the net interest income increased by 18%.

In addition to the above, in the first quarter 2009, this business line recorded an increase of net write downs for credit receivables (from PLN 13.2 million as at the end of March 2008 up to PLN 42.0 million as at the end of March 2009).

The margin generated on investment loans in the first quarter of 2009 stood at PLN 15.9 million as compared to PLN 11.9 million earned in the first quarter of 2008, and increased by 34%. The margin generated on working capital loans increased from PLN 5.4 million recorded in the first quarter of 2008 up to PLN 8.9 million earned in the first quarter of 2009.

The margin on deposits stood at PLN 14.4 million as compared to PLN 9.7 million earned in the first quarter of 2008 (growth by 48%).

The above events translated into a decline of gross profit by PLN 63.6 million (167%) in comparison to the end of March of 2008.

Personnel expense went down by 13%. Costs allocation (rebilling) position is the net value of business line costs allocated and transferred from Merchant Banking to other units. The costs increased by 21%.

ALM and support units (horizontal functions)

Results

On one hand, the segment of ALM and support units presents the results of interest rate and liquidity risk management – the net profit on the activity decreased by 209% due to dynamic growth of remaining (internal) transfer prices. On the other hand, it reports costs of support units.

8. Consolidated Earnings Per Share

Note 8. Consolidated earnings per share

	1.01.2009 – 31.03.2009	1.01.2008 – 31.03.2008
Number of shares as at 31 March	16 771 180	16 771 180
Weighted average number of ordinary shares	16 771 180	16 771 180
Net profit/loss of the period in PLN thousand	-52 072	55 306
EPS ratio in PLN	-3,10	3,30
Weighted average diluted number of potential ordinary shares	16 771 180	16 771 180
Diluted consolidated EPS ratio (in PLN)	-3,10	3,30

The basic consolidated earnings per share are computed as a quotient of the consolidated profit/loss attributable to the Bank's shareholders and a weighted average number of ordinary shares during the period.

The diluted consolidated earnings per share are computed as a quotient of the consolidated profit/loss attributable to the Bank's shareholders and a weighted average number of ordinary shares adjusted to take into consideration the impact of all potential ordinary shares that cause the EPS dilution.

As at the reporting date, there occurred no factors resulting in the dilution of potential ordinary shares.

9. Additional Notes to Consolidated Income Statement

Note 9.1 Interest income

(in PLN thousand)	1 st Quarter 2009 (YTD)	1 st Quarter 2008 (YTD)
Cash and cash equivalents	6 697	17 654
Due from banks	1 204	3 618
Investments	17 210	9 406
Loans to customers	200 324	183 314
Securities	3 667	521
Total interest income	229 102	214 513

Note 9.2 Interest expense

(in PLN thousand)	1 st Quarter 2009 (YTD)	1 st Quarter 2008 (YTD)
Due to banks	-23 806	-54 344
Due to customers	-98 313	-67 837
Subordinated loans	-3 374	-4 741
Derivative hedging instruments	-	-344
Others	-517	-281
Total interest expense	-126 010	-127 547

Note 9.3 Fee and commission income

(in PLN thousand)	1 st Quarter 2009 (YTD)	1 st Quarter 2008 (YTD)
Custody services and securities trading	600	673
Cash settlements services	12 473	13 292
Guarantees and contingent liabilities	3 836	3 223
Loan origination fees and commissions (amortised using the straight-line method)	5 869	5 647
Loan origination fees and commissions (incurred one time)	1 198	3 360
Fees and commissions related to derivative instrument buy/sell transactions	1 476	16 243
Income on account of agency in customer acquisition	290	157
Card related income	2 539	3 021
Income on asset management	862	2 817
Others	1 975	2 934
Total fee and commission income	31 118	51 367

Note 9.4 Fee and commission expense

(in PLN thousand)	1 st Quarter 2009 (YTD)	1 st Quarter 2008 (YTD)
Custody services and securities trading	-124	-239
Card related expenses	-1 309	-774
Cash transactions expenses	-824	-827
Settlements	-352	-299
Others	-499	-891
Total fee and commission expenses	-3 108	-3 030

Note 9.5 Net trading income

(in PLN thousand)	1 st Quarter 2009 (YTD)	1 st Quarter 2008 (YTD)
Securities	382	-302
Derivative instruments	-127 912	1 421
Measurement to fair value	-32 210	1 421
- fair value adjustment on account for credit risk of not matured derivative instruments	23 815	-
- fair value adjustment on account for credit risk of matured derivative instruments	-119 517	-
Foreign exchange transactions	32 023	30 921
Total net trading income	-95 507	32 040

Note 9.6 Net impairment losses

(in PLN thousand)	1 st Quarter 2009 (YTD)	1 st Quarter 2008 (YTD)
Cash and cash equivalents, net	-1 253	-553
Due from banks, net	-4	-116
Loans to customers, net	-11 630	-20 239
Off-balance sheet commitments, net	-640	859
Other assets, net	51	-22
Other provisions, net	38	215
Total impairment losses, net	-13 438	-19 856

10. Additional Notes to Consolidated Balance Sheet

Note 10.1 Cash and cash equivalents

(in PLN thousand)	31 March 2009	31 December 2008	31 March 2008
Cash at hand	231 510	355 984	302 047
Due from the central bank	545 097	14 671	126 281
Short-term due from banks, including:	466 002	1 124 693	1 362 366
- nostro accounts	62 883	325 574	95 236
- short-term deposits from banks	403 119	799 119	1 267 056
- other short-term receivables	-	-	74
Total cash and cash equivalents, gross	1 242 609	1 495 348	1 790 694
Write-downs for impairment	-1 712	-460	-869
- for Incurred But Not Reported losses (IBNR)	-1 712	-460	-869
Total cash and cash equivalents, net	1 240 897	1 494 888	1 789 825

Receivables

Note 10.2.1. Due from Banks

(in PLN thousand)	31 March 2009	31 December 2008	31 March 2008
Loans	75 000	75 000	75 000
Debt securities not traded on an active market	-	-	150 058
Receivables on account of construction projects:	5 300	3 100	-
Receivables on account of unsettled FX spot and FX swap transactions	474 620	511 922	2 231 518
Deposits	-	-	44 000
Other receivables	17 569	16 425	3 749
Total due from banks, gross	572 489	606 447	2 504 325
Write-downs for impairment	-77	-74	-192
- for Incurred But Not Reported losses (IBNR)	-77	-74	-192
Total net due from banks	572 412	606 373	2 504 133

Note 10.2.2 Loans to Customers

(in PLN thousand)	31 March 2009	31 December 2008	31 March 2008
Loans to budgetary entities	414	420	446
Mortgage loans	4 944 646	4 501 796	3 015 407
Consumer loans and credit facilities	585 155	562 868	496 774
Commercial loans	9 882 679	9 969 916	8 714 503
Receivables on account of unsettled FX spot and FX swap transactions	37 255	44 534	21 325
Other receivables	2 891	3 256	3
Total loans to customers, gross	15 453 040	15 082 790	12 248 458
Write-downs for impairment	-275 737	-259 673	-213 930
- for incurred, reported losses	-224 902	-211 972	-160 618
- for Incurred But Not Reported losses (IBNR)	-50 835	-47 701	-53 312
Total net loans to customers	15 177 303	14 823 117	12 034 528

Financial Assets and Liabilities Held for Trading

Note 10.3.1 Financial assets held for trading

(in PLN thousand)	31 March 2009	31 December 2008	31 March 2008
Securities held for trading	140 470	255 154	44 846
- treasury bonds	37 583	129 506	44 846
- treasury bills	102 887	125 648	-
Derivative financial instruments	1 465 564	1 116 991	274 621
- foreign currency contracts	1 389 520	1 036 267	240 513
Measurement to fair value	1 470 023	1 140 586	240 513
- fair value adjustment on account for credit risk	-80 503	-104 319	-
- interest rate contracts	76 044	80 724	34 108
Total financial assets held for trading	1 606 034	1 372 145	319 467

As at 31 March 2009, 31 December 2008 and 31 March 2008, in the Group's balance sheet there were no buy-sell-back repo securities held for trading.

Note 10.3.2 Financial liabilities held for trading

(in PLN thousand)	31 March 2009	31 December 2008	31 March 2008
Derivative financial instruments:			
- foreign currency contracts	1 188 542	889 452	257 990
- interest rate contracts	66 918	72 149	23 017
Short sale - treasury bonds	-	-	-
Total financial liabilities held for trading	1 255 460	961 601	281 007

Note 10.4 Investments available for sale

(in PLN thousand)	31 March 2009	31 December 2008	31 March 2008
Investments available for sale at fair value			
Treasury bonds	708 119	826 886	701 032
Treasury bills	279 415	348 883	144 193
NBP Bonds	-	24 979	24 979
Shares and stock	754	88	81
Total investments available for sale	988 288	1 200 836	870 285

Liabilities

Note 10.5.1 Due to banks

(in PLN thousand)	31 March 2009	31 December 2008	31 March 2008
Due to the central bank	-	325 000	-
Deposits	698 735	1 438 513	1 004 877
- Current	34 207	48 554	30 712
- Term	213 203	974 683	623 020
- Cash collateral	451 325	415 276	301 145
- Other deposits	-	-	50 000
Other due to banks	481 015	513 450	2 232 680
Total due to banks	1 179 750	2 276 963	3 237 557

Note 10.5.2 Due to customers

(in PLN thousand)	31 March 2009	31 December 2008	31 March 2008
Current deposits	1 236 261	1 192 980	1 249 265
Term deposits	4 783 251	4 896 315	5 360 361
Cash collateral	299 132	236 308	231 395
Others	31 029	42 861	21 532
Total due to customers	6 349 673	6 368 464	6 862 553

Note 10.5.3. Loans and credit facilities received

(in PLN thousand)	31 March 2009	31 December 2008	31 March 2008
Loans and credit facilities received from banks	5 903 537	5 277 520	4 760 730
Loans and credit facilities received from customers	3 290 910	2 920 680	705 160
Total loans and credit facilities received	9 194 447	8 198 200	5 465 890

11. Capital adequacy

Capital adequacy

The present policy of the Group regarding maintaining adequate level of equity funds refers to the capital adequacy category, solvency ratio and the structure of equity funds described in the Banking Law and its relevant administrative law provisions.

The basic goal of the Group in the analysed period is to maintain the equity funds at the level that guarantees the solvency ratio of at least 9.5%.

In connection with the fact that the capital adequacy ratio went slightly below the 9.5% tier, the Bank took relevant measures. In April 2009, Fortis Finance Belgium granted Fortis Bank Polska SA a loan of EUR 50 million from an entity of Fortis Bank Group. The loan, following the approval of the Polish Financial Supervision Authority, would increase the Bank's equity funds. The Bank's Board of Executives contemplates also a capital increase through a share issue.

Capital adequacy (in PLN thousand)	31.03.2009	31.12.2008	31.03.2008
Risk-weighted off-balance sheet assets and liabilities	13 999 612	13 980 907	11 605 915
Share capital	503 135	503 135	503 135
Share premium	308 656	308 656	308 656
Reserve capital together with retained earnings	344 983	344 983	167 389
Subordinated liabilities included in the capital*	470 130	417 240	352 580
Other elements of the equity capital included in the capital adequacy ratio calculation	-5 301	52 095	82 493
Gross equity capital, total	1 621 603	1 626 109	1 414 253
Deductions			
Capital shares in financial entities	-	-	-
Net intangible assets	30 516	26 000	29 102
Total deductions	30 516	26 000	29 102
Net equity capital	1 591 087	1 600 109	1 385 151
Short-term capital	-	-	23 627
including current profit on the Trading Portfolio	-	-	23 627
Total equity capital plus short-term capital	1 591 087	1 600 109	1 408 778
Capital charge for:			
Credit risk	1 228 925	1 209 643	949 707
Market risk	45 509	9 654	2 393
Operational risk	76 333	76 333	66 094
Total capital requirement	1 350 767	1 295 630	1 018 194
Capital adequacy ratio	9,42%	9,88%	11,07%

*On 21 November 2007, Fortis Bank Polska S.A. obtained the consent of the Banking Supervision Commission to include the loan as subordinated debt into Tier 2 capital of the Bank, pursuant to Article 127 of the Banking Law in order to take it into account in the capital adequacy ratio calculation.

As at 31 March 2009 the capital adequacy ratio was 9.42% in comparison to 11.07% as at the end of March 2008. The ratio expresses the proportion between the Group's capital and its exposure on account of

specific risks.

The Group's own funds (as a category computed for the capital adequacy ratio calculation) increased by 15% versus the end of March 2008, while risk-weighted assets and off-balance sheet items increased by 21% in the same period.

From 1 January 2008, Fortis Bank Polska SA has applied rules resulting from the New Capital Accord implementation into the Polish law through amendments to the Banking Law Act and through Resolutions of the Banking Supervision Commission.

The New Capital Accord comprises three pillars:

- Pillar I – changes have been introduced as regards capital requirements for credit risk, new capital requirements for operational risk have been determined while capital requirements for market risk remained unchanged,
- Pillar II – banks are obliged to develop internal capital assessment processes and to determine target capital levels consistent with risk profiles of a given bank and regulatory requirements,
- Pillar III – banks are obliged to disclose information on their risk profile and capitalisation level.

Fortis Bank Polska SA fulfils the above duties by computing the capital requirement for credit risk using a standard approach which is a development of the Basel I method. Pursuant to that approach, borrower classes have been defined in greater detail and banks can use external ratings assigned by specified rating agencies.

In order to determine the capital requirement for market risk, a requirement for interest rate risk a requirements charge for and FX risk are calculated. The total requirement for general interest rate risk is computed for original items by maturity, and the total capital requirement for FX risk is computed by a basic method. The requirement for operational risk is computed using the Basic Indicator Approach (BIA) as the percentage of the net income earned.

Within Pillar II, the Bank fulfils duties related to the internal capital computation under Resolution No. 383/2008 of the Banking Supervision Commission dated 17 December 2008 regarding detailed rules governing risk management system and internal controls and detailed conditions of estimation by banks of internal capital and review of the internal capital estimation and maintenance process. For all risks that have been considered material, internal capital estimation methodologies have been developed. They are used by the Bank to make monthly internal assessments of the internal capital needs.

The Bank performs its duties under Pillar III by publishing information, on the Bank's website, on a measurement of risks identified in the Bank's activity, and on capital required to cover those risks.

The scope and detailed rules of setting capital requirements for specific risks are determined by Resolution No. 380/2008 of the Banking Supervision Commission dated 17 December 2008 regarding the scope and detailed rules of determination of capital requirements on account of specific risk types (...).

The manner of calculation of equity capital used in the capital adequacy ratio computation is governed by Resolution no. 381/2008 of the Banking Supervision Commission dated 17 December 2008 regarding other reductions of Tier 1 funds (...).

The application of the above regulations by the Group effective 1 January 2008 resulted in the increase of the total capital requirement. The increase is attributable chiefly to the capital requirement for operational risk that has not been previously taken into account in the capital adequacy ratio computation.

Minimal capital requirements (in PLN thousand)	31.03.2009	31.12.2008	31.03.2008
Credit risk	1 228 925	1 209 643	949 707
Market risk, including:	45 509	9 654	2 393
- general interest rate risk	2 632	6 047	2 393
- currency risk	42 877	3 607	-
Operational risk	76 333	76 333	66 094
Total capital requirement	1 350 767	1 295 630	1 018 194

12. Comparability with Previously Published Reports

There have been changes made with respect to the manner of presentation of the data, published previously in the report for the first quarter of 2008 as at 31 March 2008, and in the annual report for 2008 as at 31 December 2008, to ensure data comparability.

Balance sheet as at 31 March 2008				
Item	Report for 1st Quarter 2008	Report for 1st Quarter 2009	Difference	Change description
Cash and cash equivalents	4 042 709	1 789 825	-2 231 518	Receivables on account of unsettled FX spot and FX swap transactions - banks
			-21 325	Receivables on account of unsettled FX spot and FX swap transactions - customers
			-41	Other due from banks
Financial assets held for trading	319 103	319 467	364	Dirty valuation of derivative instruments - CIRS
Due from banks	272 615	2 504 133	2 231 518	Receivables on account of unsettled FX spot and FX swap transactions - banks
Loans to customers	12 013 203	12 034 528	21 325	Receivables on account of unsettled FX spot and FX swap transactions - customers
Other assets	167 036	167 077	41	Other due from banks
Financial liabilities held for trading	280 643	281 007	-364	Dirty valuation of derivative instruments - CIRS
Due to banks	7 998 287	3 237 557	-4 760 730	Loans and credit facilities received
Due to customers	7 567 713	6 862 553	-705 160	Loans and credit facilities received
Loans and credit facilities received	-	5 465 890	5 465 890	Loans and credit facilities received
Total changes			-	

Balance sheet as at 31 December 2008				
Item	Report for year 2008	Report for 1st Quarter 2009	Difference	Change description
Due to banks	7 554 483	2 276 963	-5 277 520	Loans and credit facilities received
Due to customers	9 289 144	6 368 464	-2 920 680	Loans and credit facilities received
Loans and credit facilities received	-	8 198 200	8 198 200	Loans and credit facilities received
Total changes			-	

Cash flow statement for the period from 1 January through 31 March 2008				
Item	Report for 1st Quarter 2008	Report for 1st Quarter 2009	Difference	Change description
Cash and cash equivalents, gross, opening balance	1 590 779	711 109	-855 758	Receivables on account of unsettled FX spot and FX swap transactions - banks
			-23 841	Receivables on account of unsettled FX spot and FX swap transactions - customers
			-71	Other due from banks
Profits/losses on account of FX rate differences	54 308	-	-54 308	Liabilities on account of loans and credit facilities received from banks and customers
Due from banks	-44 205	-1 419 965	-1 375 760	Changes to Receivables on account of unsettled FX spot and FX swap transactions - banks
Loans to customers	-859 563	-857 047	2 516	Changes to Receivables on account of unsettled FX spot and FX swap transactions - customers
Other assets and liabilities	202 996	203 025	29	Other due from banks
Liabilities on account of loans and credit facilities received from banks	-	59 929	59 929	Liabilities on account of loans received from banks
Liabilities due on account of a subordinated loan	-	-5 620	-5 620	Liabilities due on account of a subordinated loan

13. Additional Information

Description of factors and events, especially atypical ones, having a material effect on the financial results generated.

In connection with a downturn in the global financial markets, the Bank has identified rising credit risk related to derivative contracts. An analysis of the situation of customers who entered into FX transactions, showed that some of the cash flows expected by exporters would not be generated or would be generated in the amount lower than estimated when contracts to hedge such cash flows were signed.

Another material factor that affects the ability of customers to settle their payment obligations in foreign currencies due to the Bank is the PLN exchange rate depreciation.

In order to mitigate credit risk of customers on account of financial instruments, the Bank decided to develop a methodology of adjusting the fair value on account of the said risk and disclose the fact in the financial statements.

The Bank applied an approach based on the assessment of customer natural exposure taking into account contracts signed with other banks, including the assessment of cash flows generated by customers which cash flows could cover the measurement of derivative transactions that do not hedge cash flows in foreign currencies.

The impact of adjustments to fair values of derivative instruments on account of counterparty credit risk was presented in the note regarding held-for-trading financial assets.

Explanations regarding seasonal or periodical nature of the group's business in the reporting period.

In Fortis Bank Polska SA activity, there are no material seasonal or periodical events.

Information regarding the issue, redemption and reimbursement of non-equity and equity securities

In the first quarter of 2009, there were no issue, redemption or reimbursement of non-equity or equity securities.

Information regarding paid (or declared) dividend

The Board of Executives intends to recommend that the Annual General Shareholders' Meeting should resolve to pay no dividend and allocate the entire 2008 net profit to increase the Bank's equity funds.

Corrections of Prior Period Errors

In the first quarter of 2009 in the Bank, there was no need to correct any errors related to prior periods.

Events that occurred following the date as of which the abbreviated quarterly financial statements were made, which were not included in such statements and which could have a material effect on the group's future results.

On 21 April 2009, the Bank signed a credit agreement with Fortis Finance Belgium SCRL based in Brussels on taking a EUR 50 million subordinated debt by the Bank from Fortis Finance Belgium SCRL. The funds were disbursed on 22 April 2009. The financing terms correspond to market conditions. The Agreement was concluded for 10 years, i.e., until 21 April 2019. The interest period was determined at 3 months, interest rate at 3M EURIBOR for EUR plus margin, and after 5 years of the funds disbursement, the interest rate will be 3M EURIBOR for EUR plus margin.

The Board of Executives of Fortis Bank Polska S.A. has applied to the Polish Financial Supervision Authority (KNF) for approval of including the loan as subordinated debt into Tier 2 capital of the Bank, pursuant to Article 127 of the Banking Law.

Change in the composition of the Board of Executives of Fortis Bank Polska SA

On 1 April 2009, under the Supervisory Board's decision, Mr Jacek Obłąkowski took up a position of a Vice-President of the Board of Executives of Fortis Bank Polska SA, responsible for the Retail banking Business Line.

Mr Jacek Obłąkowski remains the President of the Management Board of Dominet Bank SA.

Effective 1 April 2009, the FBP Board of Executives' composition is as follows:

Alexander Paklons	- President of the Board of Executives
Jan Bujak	- Senior Vice-President of the Board of Executives
Jean – Luc Deguel	- Vice President
Thierry Lechien	- Vice President
Jacek Obłękowski	- Vice President
Jaromir Pelczarski	- Vice President

At the same time, to ensure an efficient merger of Fortis Bank Polska SA and Dominet Bank SA, on 1 April 2009:

- Mr Jan Bujak took up a position of a Vice-President of the Management Board of Dominet Bank SA based in Lubin,

- Mr Jaromir Pelczarski was delegated by the Supervisory Board of Dominet Bank SA to temporarily perform duties of a Vice-President of the Management Board of Dominet Bank SA based in Lubin.

Information on Changes to Contingent Liabilities in the Period from the Close of the Last Fiscal Year

The Bank recognises as contingent liabilities such off-balance sheet commitments that do not meet the balance sheet recognition criteria as assets or liabilities.

The tables below present changes to contingent liabilities granted and received.

Contingent liabilities received (in PLN thousand)	31 March 2009	31 December 2008	Change (%)
Financial liabilities received	1 636 272	1 606 913	2%
Guarantee liabilities received	287 430	282 933	2%
Total contingent sheet commitments received	1 923 702	1 889 846	

Contingent liabilities granted (in PLN thousand)	31 March 2009	31 December 2008	Change (%)
Financial liabilities granted	3 213 917	4 017 997	-20%
Guarantee liabilities granted	891 920	908 430	-2%
Total contingent sheet commitments granted	4 105 837	4 926 427	

Information on effects of changes in the group's structure

Information about the owner of Fortis Bank Polska SA

As a result of a takeover of Fortis activities by the Belgian, Dutch and Luxembourgian governments in September and October 2008, likewise following further agreements signed by the government of the Kingdom of Belgium and Fortis, there was a change in the ownership structure of the principal shareholder of Fortis bank Polska SA. Since 10 October 2008, the government of the Kingdom of Belgium holds 99.93% of Fortis Bank SA/NV through the Belgian Federal Participation and Investment Company.

At the same time, in October the Belgian government reached an agreement with BNP Paribas, a financial and banking group registered in France, that subject to BNP Paribas' obtaining necessary permits, it would acquire a 75% interest in Fortis Bank SA/NV and 100% of Fortis Insurance Belgium from the Belgian State Treasury and would buy a 16% share of Fortis Banque Luxembourg (thus increasing its controlling interest up to 67%) from the Luxembourgian State Treasury. BNP Paribas announced taking control over Fortis Bank SA/NV along with its international subsidiaries, including Fortis Bank Polska SA.

On 11 February and 13 February 2009, Annual General Meetings of Fortis Shareholders were held, respectively, in Brussels (AGM of Fortis SA/NV) and Utrecht (AGM of Fortis N.V.). They were to approve transactions made in October 2008, i.e. the sale of the Dutch part of Fortis to the Dutch State and the sale of 50% +1 share of Belgian Fortis Bank to the government of the Kingdom of Belgium thereby increasing its share up to 99.93%. The third issue voted on was the contemplated resale of Fortis Bank SA/NV to the

French BNP Paribas Group. The voting result in Brussels was negative. In consequence, the parties to the transactions can terminate their contractual relationship, or, unless there is a mutual agreement, the transactions can be cancelled by the court. Voting in Utrecht over the transaction was not made due to the voting result in Brussels.

The legal dispute initiated by minority shareholders of Fortis SA/NV and Fortis N.V., who questioned the validity of transactions made in October 2008, was finally settled in April decisions of the Annual General Meeting of Fortis.

Shareholders present at the General Meeting held on 28 and 29 April 2009 in Ghent and Utrecht approved the agreement dated 6 March 2009 signed by and between Fortis holding, BNP Paribas and the Belgian Federal Participation and Investment Company, as regards the amended conditions of the planned transactions. Under provisions of the new agreement, the Belgian government will transfer 75% of shares in Fortis Bank SA.NV (Fortis Bank Belgium) to BNP Paribas based on the valuation of 100% assets at EUR 11 billion, in exchange for shares of BNP Paribas issued at EUR 68 each, whereas Fortis Bank SA/NV will acquire 25% of Fortis Insurance Belgium from Fortis holding.

On 12 May 2009, BNP Paribas took over 263,586,083 shares of Fortis Bank SA/NV, i.e. 54.55 % of all its shares, from the Belgian Government (Belgian Federal Participation and Investment Company – SFPI/FPIM). The transfer of remaining 20.39% of shares of Fortis Bank SA/NV from SFPI/FPIM to BNP Paribas requires the agreement of shareholders of BNP Paribas. Taking up the decision had been planned for the General Meeting on 13 May 2009..

The transaction will enable Fortis Bank to ensure its essential role in the service of the Belgian economy by anchoring it within the BNP Paribas group, which will hereby realise a strategic operation to strengthen its pan-European network. The purchase of 25% of Fortis Insurance Belgium will allow a robust industrial partnership to be established in the field of bancassurance, and once again offer Fortis holding a clear industrial perspective as the leading Belgian insurer. The existing distribution agreement between Fortis Insurance Belgium and Fortis Bank for the distribution of insurance products through Fortis Bank will form the basis of a strong and long-term strategic partnership in bancassurance between Fortis and BNP Paribas. This agreement cannot be unilaterally terminated before the end of 2020 by any of the parties. BNP Paribas and Fortis will also enter into a shareholders' agreement which will give Fortis Bank a representation on the Board of Directors of Fortis Insurance Belgium in line with the level of its shareholding.

On 30 March 2009, the Belgian Federal Participation and Investment Company filed an application to the Polish Financial Supervision Authority for a consent to exercise voting rights attached to shares of Fortis Bank Polska SA.

Following the change of the parent entity of Fortis Bank S.A./NV, the majority shareholder of Fortis Bank Polska SA cannot exercise voting rights attached to shares held until it receives a consent from the Polish Financial Supervision Authority, pursuant to Article 25 para. 1 of the Banking Law Act of 29 August 1997.

The position of the Board of Executives regarding the possibility of performance of previously published forecasts

Fortis Bank Polska S.A. Board of Executives has not published any financial forecast.

Information about shareholders holding, directly or indirectly through their subsidiaries, at least 5% of the total number of votes at the Annual General Meeting as of the date of submitting the quarterly report, with the indication of the number of shares held by such entities, their percentage of the share capital, number of votes resulting thereof and their percentage share in the total number of votes at the Annual General Meeting and the indication of any changes to the structure of ownership of the issuer's substantial share blocks in the period elapsed from the submission of the previous quarterly report.

The shareholder structure as at the date of submission of the quarterly report for the first quarter of 2009, i.e. as at 14 May 2009, was as follows:

	Number of shares	share (%) in the equity	Number of votes at the AGM*	share (%) in the total number votes at the AGM
Fortis Bank SA/NV	16 738 712	99,81%	16 738 712	99,81%
Others	32 468	0,19%	32 468	0,19%
Total	16 771 180	100%	16 771 180	100%

* In connection with a change of Fortis Bank SA/NV parent entity, Fortis Bank SA/NV cannot exercise its voting rights attached to the shares held BNP Paribas a relevant consent from KNF (the Polish Financial Supervision Authority).

The shareholder structure as at the date of submission of the quarterly report for the fourth quarters of 2008, i.e. as at 19 February 2009, was as follows:

	number of shares owned	share (%) in the equity	number of votes at the AGM	share (%) in the total number votes at the AGM
Fortis Bank SA/NV	16 651 449	99,29%	16 651 449	99,29%
Others	119 731	0,71%	119 731	0,71%
Total	16 771 180	100%	16 771 180	100%

Following a transaction entered into under the tender offer to acquire shares of Fortis Bank Polska SA listed on the Warsaw Stock Exchange, announced by the Société Fédérale de Participations et d'Investissement (which manages acquired Fortis assets on behalf of the Government of the Kingdom of Belgium), the number of shares of Fortis Bank Polska SA held by Fortis Bank SA/NV increased up to 16,738,712 shares, which accounts for 99.81 % of all shares of Fortis Bank Polska SA.

Having purchased the first tranche of Fortis Bank SA/ NV shares from the Société Fédérale de Participations et d'Investissement, BNP Paribas became its major shareholder and thus acquired indirectly on May 12, 2009, 16,738,712 shares in Fortis Bank Polska SA, which represent approximately 99.81% of Fortis Bank Polska's share capital and carry the right to approximately 99.81% of the total vote at Fortis Bank Polska's general shareholders' meeting,

As a result of the abovementioned acquisition, BNP Paribas holds at present, through Fortis Bank SA/NV, 16,738,712 shares, which represent approximately 99.81% of Fortis Bank Polska's share capital, carrying the right to 16,738,712 votes which equal to approximately 99.81% of the total number of votes at the Fortis Bank Polska's general shareholders' meeting.

Prior to the foregoing acquisition, BNP Paribas did not hold any shares in Fortis Bank Polska, either directly or indirectly, except for any such shares that, from time to time, may have been held temporarily by the BNP Paribas group entities performing financial intermediation services within the scope of their business activities.

At the date of submitting this quarterly report Fortis Bank SA/NV, BNP Paribas' subsidiary, still holds directly 16,738,712 shares in Fortis Bank Polska, carrying the right to 16,738,712 votes which equal to approximately 99.81% of the total number of votes at the Fortis Bank Polska's general shareholders' meeting.

In accordance with the Notification of indirect acquisition received on May 13th 2009, BNP Paribas informed that within 12 months from the abovementioned acquisition BNP Paribas does not intend to increase its shareholding in Fortis Bank Polska except where it is forced to do so by the provisions of law, in particular, within the scope of a tender offer for the sale or exchange of all remaining shares in Fortis Bank Polska, referred to in Article 74 Section 2 of the Act.

BNP Paribas may not effectively exercise voting rights attached to the shares held in Fortis Bank Polska until it fulfills the obligation to announce a tender offer, provided for in Article 74 Section 2 of the Act and until BNP Paribas obtains a permit from the Financial Supervision Commission to exercise voting rights at the general shareholders' meeting of Fortis Bank Polska pursuant to Article 25 Section 1 of the Act on the Banking Law of August 29, 1997 (Dz. U. of 2002, No 72, item 665, as amended).

At the same time, on 13 May 2009 the Bank received the notification about an indirect disposal from Société

Fédérale de Participations et d'Investissement on May 12, 2009, of 16,738,712 shares in Fortis Bank Polska SA, which represent approximately 99.81% of Fortis Bank Polska's share capital and carry the right to approximately 99.81% of the total vote at Fortis Bank Polska's general shareholders' meeting, as a result of disposal of 263,586,083 shares in Fortis Bank SA/NV, with its registered office in Brussels, Belgium, which represent 54.55% of Fortis Bank SA/NV share capital and carry the right to 54.55% of the total vote at Fortis Bank SA/NV general shareholders' meeting.

Information on the number of the issuer's shares or share options, held by the members of the management or supervisory bodies, as at the date of the quarterly report submission, and any changes in the number of such shares or share options held, in the period from the submission of the previous quarterly report, indicated separately for each person

As at the date of submitting this report for the first quarter of 2009, i.e. 14 May 2009, none of the Members of the Board of Executives or Members of the Supervisory Board held any shares issued by Fortis Bank Polska S.A. or any other related financial instruments, which means that no change occurred from the date of submitting the previous quarterly report for the fourth quarter of 2008, i.e. 19 February 2009.

Pending Proceedings before Court, Relevant Arbitration Body or Public Administration Body

In the first quarter of 2009, anti-monopoly proceedings were continued before the Office for Competition and Consumer Protection ("the Office"), instituted at the request of the Polish Organisation of Commerce and Distribution (POHID) in Warsaw, as regards practices that limit competition on the payment card market. The Office accuses banks operating on the market of using competition-restricting practices by way of signing an agreement on interchange fees. In the opinion of the Office, such fees are charged unduly which in turn affects prices of consumer goods. A decision was issued under which a penalty of PLN 2.9 million was imposed on Fortis Bank Polska SA. The decision was given the order of immediate enforceability. In this respect, the Bank made a complaint on the decision of the Office President's decision. On 13 November 2008, the Court of Competition and Consumer Protection stated that determination of commissions when accepting card payments did not constitute a practice that would restrict competition. The Office made an appeal. As at 31 March 2009, the proceedings were not closed. To secure against an unfavourable outcome of the case, in 2007 the Bank created a provision of PLN 2.9 million.

In the first quarter of 2009, proceedings were conducted before the Office for Competition and Consumer Protection ("the Office"). In a letter dated 2 July 2008, the Bank was asked to provide documentation regarding mortgage loan contractual models and furnish information as regards the product. The Bank faced the risk of a penalty up to EUR 50 million to be imposed for the failure to furnish the information and provide the documentation or for misleading the Office. In a letter dated 9 July 2008, FBP SA provided the relevant data to the Office. Then in a letter dated 6 August 2008, the Bank notified the Office about changes introduced as regards this credit product, in line with the guidelines of the Office's report on mortgage loans. The Bank complied with the guidelines of the Office's report and furnished the requested information and documents on time, therefore the risk of the penalty being imposed is low. As at 31 March 2009, the case was not closed.

Information on Related Party Transactions

As at 31 March 2009 the Bank was part of an international banking group where the ultimate parent entity is the Belgian State government through the agency of the Société Fédérale de Participations et d'Investissement. Fortis Bank SA/NV based in Brussels remains the Bank's direct parent entity.

Fortis Bank Polska S.A. is the parent entity of Fortis Private Investments Polska S.A., holding 100% of its shares.

The Bank makes related party transactions. The majority of such transactions are banking operations related to a regular business activity and they mainly comprise loans, deposits and guarantees. Terms of such transactions correspond to market conditions.

Intragroup settlements with the subsidiary were eliminated from the consolidated financial statements for the first quarter of 2009 and the first quarter of 2008.

Information on transactions of Fortis Bank Polska S.A. with its parent company, its subsidiary and entities affiliated by management is presented below.

Balance sheet items as of 31.03.2009 (in PLN thousand)	Parent entity	Entities affiliated by management	Total
Cash and cash equivalents	391 916	57 834	449 750
Financial assets held for trading	404 580	-	404 580
Due from Banks and Loans to Customers	131 069	49 599	180 668
Other assets	3 733	201	3 934
Total	931 298	107 634	1 038 932
Financial liabilities held for trading	847 197	-	847 197
Due to banks and customers	281 889	9 477 025	9 758 914
Subordinated liabilities	-	470 130	470 130
Other obligations	2 263	9 425	11 688
Total	1 131 349	9 956 580	11 087 929

Balance sheet items as of 31.12.2008 (in PLN thousand)	Parent entity	Entities affiliated by management	Total
Cash and cash equivalents	1 106 389	-	1 106 389
Financial assets held for trading	205 148	-	205 148
Due from Banks and Loans to Customers	302 986	41 700	344 686
Other assets	10 451	197	10 648
Total	1 624 974	41 897	1 666 871
Financial liabilities held for trading	717 080	-	717 080
Due to banks and customers	1 235 055	8 360 715	9 595 770
Subordinated liabilities	-	417 240	417 240
Other obligations	22 010	16 142	38 152
Total	1 974 145	8 794 097	10 768 242

Balance sheet items as of 31.03.2008 (in PLN thousand)	Parent entity	Entities affiliated by management	Total
Cash and cash equivalents	1 039 834	43 704	1 083 538
Financial assets held for trading	137 132	-	137 132
Due from Banks and Loans to Customers	1 177 372	204 262	1 381 634
Other assets	19 844	577	20 421
Total	2 374 182	248 543	2 622 725
Financial liabilities held for trading	157 255	-	157 255
Due to banks and customers	1 354 862	5 795 793	7 150 655
Subordinated liabilities	-	352 580	352 580
Other obligations	1 984	45 251	47 235
Total	1 514 101	6 193 624	7 707 725

Profit & Loss Account 1.01.2009 - 31.03.2009 (in PLN thousand)	Parent entity	Entities affiliated by management	Total
Interest income	3 036	281	3 317
Interest expense	-2 388	-46 093	-48 481
Fee and commission income	2 366	303	2 669
Fee and commission expense	-391	-	-391
Net trading income	-360 143	1 033	-359 110
Other revenues	2 491	24	2 515

Profit & Loss Account 1.01.2008- 31.03.2008 (in PLN thousand)	Parent entity	Entities affiliated by management	Total
Interest income	10 485	1 724	12 209
Interest expense	-796	-55 633	-56 429
Fee and commission income	17 127	178	17 305
Fee and commission expense	-371	-1	-372
Net trading income	-3 666	10	-3 656
Net profit (loss) on hedging transactions	440	-	440
Other revenues	1 741	-	1 741

Information about granting by the issuer or its subsidiary any suretyships for loans or credit facilities or issuance of guarantees – in total to one entity or its subsidiary, if the total value of the existing suretyships or guarantees constitutes the equivalent of at least 10% of the group's equity.

In the first quarter of 2009, the Bank or its subsidiary issued no securities for loan or credit facilities or guarantees, which would have exceeded 10% of the group's equity.

Other information essential for the assessment of the situation with respect to human resources, property, finances, net profit/loss and changes thereto, likewise the information which are vital for the evaluation of the group's ability to fulfil its obligations;

Credit risk

In connection with a downturn in the global financial markets, the Bank has undertaken measures to mitigate credit risk related to derivatives held by the Bank. Details of actions taken have been presented in Section "Description of factors and events, especially atypical ones, having a material effect on the financial results generated."

A tender offer to acquire shares of Fortis Bank Polska SA

On 10 January 2009, the Belgian Federal Participation and Investment Company that manages Fortis assets on behalf of the Belgian government, announced a tender offer to acquire shares of Fortis Bank Polska SA traded on the stock exchange. The tender offer to acquire shares of Fortis Bank Polska SA is an obligation under the law. The said obligation is the consequence of a transaction under which in October 2008 the Belgian Fortis Bank SA/NV was taken over by the Belgian government through Société Fédérale de Participations et d'Investissement. As at 10 January 2009, the minority shareholders of Fortis Bank Polska SA who were the addressees of the tender offer, held 0.71% of shares of Fortis Bank Polska SA. The share price indicated in the tender offer was determined at PLN 154.85.

On 14 January 2009, the Polish Financial Supervision Authority decided to request the Belgian Federal Participation and Investment Company, i.e. the entity that had announced the tender offer to subscribe for up to 119,731 shares of Fortis Bank Polska SA, to increase the tender price up to PLN 222. The PFSA's request was the consequence of a compulsory buyback of Fortis Bank Polska SA shares by Fortis Bank SA/NV based in Brussels. The subscription for shares were made between 27 January and 27 February 2009.

On 4 March 2009, under the tender offer to acquire shares of Fortis Bank Polska SA, listed on the Warsaw Stock Exchange, a transaction was entered into for 87,263 shares.

In consequence of the aforesaid transaction, Fortis Bank SA/NV holds 16,738,712 shares of Fortis Bank Polska SA, which is 99.81% of all the shares of Fortis Bank Polska SA.

Opinion of a statutory auditor on the Merger Plan audit

On 24 February 2009, the Board of Executives of Fortis Bank Polska SA published a written opinion prepared by an independent statutory auditor from an audit of the correctness and reliability of the Merger Plan of Fortis Bank Polska SA and Dominet Bank SA, at the request of the District Court for the capital city of Warsaw in Warsaw, XII Commercial Division of the National Court Register, pursuant to Articles 502 and 503 of the Code of Commercial Companies and Partnerships. In the above opinion, the statutory auditor stated that the Merger Plan was prepared in a correct and reliable manner.

Application to KNF (Polish Financial Supervision Authority) for postponement of the implementation of the commitment to increase the liquidity of shares of Fortis Bank Polska SA

On 12 September 2008, Fortis SA/NV, Fortis NV, Fortis Brussels SA/NV and Fortis Bank SA/NV filed a request to the Financial Supervision Authority to postpone the deadline for the fulfilment of the Fortis Bank Polska SA share liquidity increase obligation.

The obligation to increase the liquidity of the Bank's shares to 10-15% minimum was determined by the Banking Supervision Commission in Resolution No. 14/KNB/2007 authorising Fortis Brussels SA/N.V. to exercise over 75% of voting rights at the Annual General Meeting of Fortis Bank Polska S.A. via Fortis Bank SA/N.V. This commitment was to be fulfilled within two years since the Resolution date. The Applicants requested the postponement of the above-mentioned date till the end of June 2010.

On 20 March 2009 Fortis Bank Polska SA received a letter from the PFSA, in which PFSA stated that it had suspended the processing of an application for altering the due date of the commitment to increase the free float of shares of Fortis Bank Polska SA at the WSE. The consideration of the application was suspended in connection with a change of the ultimate parent entity of Fortis Bank Polska SA. The PFSA will expect the new investor to implement the commitment to increase Fortis Bank Polska SA share free float, having agreed on the new date taking into account the current market situation.

Factors that in the issuer's opinion will affect the issuer's results in at least the subsequent quarter

The Bank forecasts that in the near future and especially in the perspective of at least the subsequent quarter, the identified counterparty credit risk on account of derivative contracts entered into will affect the Bank's financial performance. The Bank intends to regularly analyse customer ability to settle their payment obligations due to the Bank. A difference between the amount of customer payment obligations due to the Bank and the expected ability to repay such obligations will be reported as an adjustment to the valuation of derivative instruments on account of counterparty credit risk.

Other Important Events

Change in the composition of the Supervisory Board

On 31 January 2009, Mr Christopher Norris resigned from his function in the Supervisory Board of Fortis Bank Polska SA. Mr Christopher Norris was a member of the Supervisory Board of Fortis Bank Polska SA since 26 September 2008.

Effective 1 February 2009, the FBP Supervisory Board's composition is as follows:

1. Jos Clijsters - Chairman
2. Antoni Potocki - Deputy Chairman
3. Zbigniew Dresler
4. Lucas Willemys
5. Peter Ullmann

Material transactions with entities unrelated with the Capital Group of Fortis Bank Polska SA

On 31 March 2009, Fortis Bank Polska S.A. and Fortis Bank S.A./NV signed an agreement with a Customer not affiliated with the Capital Group of Fortis Bank Polska SA. Pursuant to the aforementioned agreement, the Parties have agreed to suspend for a period of two months the repayment of the debt due under the loan agreements concluded with the Customer. Total outstanding debt as at 31 March 2009 under the said agreements is the equivalent of PLN 286,856 thousand, whereas the debt towards Fortis Bank Polska S.A. totals the equivalent of PLN 236,495 thousand, which constitutes 14.53% of the Bank's equity capital.

Fortis Bank Polska S.A. and Fortis Bank S.A./NV have agreed not to undertake any debt enforcement actions or actions to secure its claims against the Company. The purpose of the concluded agreement is to enable the completion of the negotiations between the Parties and obtaining long-term financing for the Company. The agreement contains a detailed schedule of actions to be taken during the agreement validity that shall lead to conclusion of a restructuring agreement by the end of May 2009.