The Capital Group of Fortis Bank Polska SA

Interim Extended Consolidated Financial Statements of Fortis Bank Polska SA Capital Group Quarter I 2008

prepared pursuant to the International Financial Reporting Standards

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1. Financial Highlights

Consolidated Financial Highlights	in PLN thousand		in EUR thousand	
	Quarter I 2008	Quarter I 2007	Quarter I 2008	Quarter I 2007
Interest income	214 513	118 091	60 301	30 231
Fee and commission income	51 367	30 294	14 439	7 755
Total income, net	170 601	124 869	47 957	31 966
Gross profit	68 684	43 110	19 307	11 036
Net profit	55 306	38 108	15 547	9 756
Net cash provided by operating activities	1 001 994	-1 851 591	281 665	-474 001
Net cash provided by investing activities	-300 222	154 951	-84 394	39 667
Net cash provided by (used in) financing activities	1 739 165	-1 872	488 887	-479
Total net cash flow	2 440 937	-1 698 512	686 158	-434 814
Total assets	17 867 279	10 189 520	5 067 582	2 633 291
Due to banks	7 998 287	4 058 742	2 268 503	1 048 906
Due to Customers	7 567 713	4 766 818	2 146 382	1 231 895
Equity	1 209 623	1 018 146	343 078	263 121
Number of shares	16 771 180	16 771 180	-	-
Book value per share (in PLN/EUR)	72,13	60,71	20,46	15,69
Diluted book value per share (in PLN / EUR)	72,13	60,71	20,46	15,69
Capital adequacy ratio	11,07%	10,16%	-	-
Basic Earnings Per Share (PLN)	3,30	2,27	0,93	0,58
Diluted Earnings Per Share (PLN)	3,30	2,27	0,93	0,58

Separate FBP Financial Highlights				
Interest income	214 444	118 091	60 281	30 231
Fee and commission income	49 787	30 294	13 995	7 755
Total income, net	168 994	124 869	47 505	31 966
Gross profit	68 236	43 110	19 181	11 036
Net profit	54 943	38 108	15 445	9 756
Net cash provided by operating activities	1 013 746	-1 851 591	284 968	-474 001
Net cash provided by investing activities	-300 186	154 951	-84 384	39 667
Net cash provided by (used in) financing activities	1 739 165	-1 872	488 887	-479
Total net cash flow	2 452 725	-1 698 512	689 471	-434 814
Total assets	17 883 726	10 189 520	5 072 246	2 633 291
Due to banks	7 998 287	4 058 742	2 268 503	1 048 906
Due to Customers	7 586 097	4 766 818	2 151 596	1 231 895
Equity	1 208 555	1 018 146	342 775	263 121
Number of shares	16 771 180	16 771 180	-	-
Book value per share (in PLN/EUR)	72,06	60,71	20,44	15,69
Diluted book value per share (in PLN / EUR)	72,06	60,71	20,44	15,69
Capital adequacy ratio	10,93%	10,16%	-	-
Basic Earnings Per Share (PLN)	3,28	2,27	0,92	0,58
Diluted Earnings Per Share (PLN)	3,28	2,27	0,92	0,58

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 2008 and the corresponding financial figures for the first quarter of 2007 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 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; comparative financial data as at the end of the first quarter of 2007 have been converted into EUR at the mid-rate binding as at 31 March 2007, published by the National Bank of Poland on 30 March 2007, i.e. EUR 1 = PLN 3.8695;
- particular items in the income statement and cash flows, and earnings per share 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 at the last days of the months from January through March 2008, i.e. EUR 1 = PLN 3.5574, whereas comparative data as at the end of the first quarter of 2007 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 2007, i.e. EUR 1 = PLN 3.9063.

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

Consolidated Income Statement (in PLN thousand)		Quarter I 2008	Quarter I 2007*
Interest income	Note 9.1	214 513	118 091
Interest expense	Note 9.2	-127 547	-57 123
Net interest income		**86 966**	**60 968**
Fee and commission income	Note 9.3	51 367	30 294
Fee and commission expense	Note 9.4	-3 030	-1 771
Net fee and commission income		**48 337**	**28 523**
Dividend and other investment income		-	600
Net trading income	Note 9.5	32 040	31 759
Net gain/loss on available-for-sale financial assets		-	751
Net profit (loss) on hedging transactions		-54	-22
Other income		3 312	2 290
Total income, net		**170 601**	**124 869**
Personnel expenses		-45 167	-36 660
Depreciation of fixed assets and intangible fixed assets		-7 991	-5 482
Other expenses		-28 903	-30 892
Net impairment losses	Note 9.6	-19 856	-8 725
Profit before income tax		**68 684**	**43 110**
Income tax expense		-13 378	-5 002
Profit after tax		**55 306**	**38 108**

*for Quarter I 2007, separate data of Fortis Bank Polska SA have been presented.

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

Consolidated EPS ratio (PLN)	**Note 7**		
Net profit (in PLN)		55 306	38 108
Weighted average number of ordinary shares		16 771 180	16 771 180
EPS ratio (in PLN)		3,30	2,27
Diluted weighted average number of ordinary shares		16 771 180	16 771 180
Diluted EPS ratio (in PLN)		3,30	2,27

Consolidated balance sheet (in PLN thousand)		31 March 2008	31 December 2007	31 March 2007*
Assets				
Cash and cash equivalents	**Note 10.1**	4 042 709	1 590 463	1 128 336
Financial assets held for trading	**Note 10.3.1**	319 103	253 301	203 142
Due from banks	**Note 10.2.1**	272 615	228 525	206 361
Loans to customers	**Note 10.2.2**	12 013 203	11 172 026	7 924 657
Investments - available for sale	**Note 10.4**	870 285	603 235	495 517
Property, plant and equipment		115 363	113 816	71 000
Intangible assets		29 102	22 287	20 205
Deferred tax assets		37 863	33 873	28 109
Other assets		167 036	193 488	112 193
Total assets		**17 867 279**	**14 211 014**	**10 189 520**
Liabilities				
Financial liabilities held for trading	**Note 10.3.2**	280 643	201 381	82 079
Due to banks	**Note 10.5.1**	7 998 287	5 895 545	4 058 742
Due to Customers	**Note 10.5.2**	7 567 713	6 307 428	4 766 818
Current tax liabilities		11 043	26 601	7 475
Subordinated liabilities		352 580	358 200	-
Other liabilities		432 363	251 929	243 800
Provisions		15 027	15 974	12 460
Total liabilities		**16 657 656**	**13 057 058**	**9 171 374**
Equity				
Share capital		503 135	503 135	503 135
Share premium		308 656	308 656	308 814
Other capital		183 200	183 200	74 934
Revaluation reserve		-3 162	-2 818	700
Retained earnings		162 488	-15 811	92 455
Net profit (loss) for the year		55 306	177 594	38 108
Total equity		**1 209 623**	**1 153 956**	**1 018 146**
Total liabilities and equity		**17 867 279**	**14 211 014**	**10 189 520**

*for Quarter I 2007, separate data of Fortis Bank Polska SA have been presented.

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 2007 (in PLN thousand)*

	Share capital	Share premium	Retained earnings	Net profit (loss) for the year	Other capital	Revaluation reserve	Total capital
Balance as at 01.01.2007	**503 135**	**308 814**	**92 455**	**-**	**74 934**	**2 167**	**981 505**
Net profit (loss) for the year	-	-	-	38 108	-	-	38 108
Net profits/losses not recognised in the income statement (investments available for sale)	-	-	-	-	-	-169	-169
Net profits/losses recognised in the income statement (investments available for sale)	-	-	-	-	-	-1 642	-1 642
Deferred tax – net profits/losses (investments available for sale)	-	-	-	-	-	344	344
Total income in Quarter I 2007	**-**	**-**	**-**	**38 108**	**-**	**700**	**36 641**
Balance as at 31.03.2007	**503 135**	**308 814**	**92 455**	**38 108**	**74 934**	**700**	**1 018 146**

*for Quarter I 2007, separate data of Fortis Bank Polska SA have been presented.

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 01.01.2008	**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**
Net profit (loss) for the year	-	-	-	55 306	-	-	55 306
Net profits/losses not recognised in the income statement (investments available for sale)	-	-	-	-	-	-425	-425
Net profits/losses recognised in the income statement (investments available for sale)	-	-	-	-	-	-	-
Deferred tax – net profits/losses (investments available for sale)	-	-	-	-	-	81	81
Total income in Quarter I 2008	**-**	**-**	**-**	**55 306**	**-**	**-344**	**54 962**
Balance as at 31.03.2008	**503 135**	**308 656**	**162 488**	**55 306**	**183 200**	**-3 162**	**1 209 623**

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

Consolidated Cash Flow Statement (in PLN thousand)	Quarter I 2008	Quarter I 2007*
Cash and cash equivalents, gross, opening balance	**1 590 779**	**2 827 141**
Consolidation adjustment	11 444	-
Adjusted cash and cash equivalents, gross, opening balance	**1 602 223**	**-**
Profit before income tax	**68 640**	**43 110**
Adjustments for:	**933 772**	**-1 894 701**
Depreciation	7 991	5 482
Impairment losses	19 140	8 279
Profits/losses on account of FX rate differences	54 308	5 745
Profits/losses on investing activities	445	1 153
Changes in operational assets and liabilities:	884 867	-1 909 046
- financial assets and liabilities held for trading	13 460	-35 321
- due from banks	-44 205	-7 231
- loans to customers	-859 563	-957 294
- change in the balance of available for sale investments	-1 550	-11 126
- due to banks	1 008 447	-901 108
- due to customers	565 282	139 461
- other assets and liabilities	202 996	-136 427
Income tax (current and deferred)	-32 979	-6 314
Net operating cash flows	**1 002 412**	**-1 851 591**
Purchase of available-for-sale investments	-283 998	-
Purchase of property, plant and equipment and intangible fixed assets	-15 945	-13 189
Proceeds from sales of available-for-sale investments	-	168 852
Proceeds from sales of property, plant and equipment	46	62
Other investment expenses	-325	-774
Net cash provided by investing activities	**-300 222**	**154 951**
Issuance of subordinated liabilities	-	-
Loans and credit facilities taken	1 760 122	27 233
Repayment of loans and credit facilities	-20 957	-29 105
Share issue	-	
Net cash provided by (used in) financing activities	**1 739 165**	**-1 872**
Cash and cash equivalents, gross, ending balance	**4 043 578**	**1 128 629**
Change in cash and cash equivalents, net	**2 441 355**	**-1 698 512**

*for Quarter I 2007, separate data of Fortis Bank Polska SA have been presented.

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. Separate Financial Statements of Fortis Bank Polska SA

Income Statement (in PLN thousand)	Quarter I 2008	Quarter I 2007
Interest income	214 444	118 091
Interest expense	-127 744	-57 123
Net interest income	**86 700**	**60 968**
Fee and commission income	49 787	30 294
Fee and commission expense	-2 713	-1 771
Net fee and commission income	**47 074**	**28 523**
Dividend and other investment income	-	600
Net trading income	32 040	31 759
Net gain/loss on available-for-sale financial assets	-	751
Net profit (loss) on hedging transactions	-54	-22
Other income	3 234	2 290
Total income, net	**168 994**	**124 869**
Personnel expenses	-44 413	-36 660
Depreciation of fixed assets and intangible fixed assets	-7 930	-5 482
Other expenses	-28 559	-30 892
Net impairment losses	-19 856	-8 725
Profit before income tax	**68 236**	**43 110**
Income tax expense	-13 293	-5 002
Profit after tax	**54 943**	**38 108**

EPS ratio (PLN)		
Net profit (in PLN)	54 943	38 108
Weighted average number of ordinary shares	16 771 180	16 771 180
EPS ratio (in PLN)	3,28	2,27
Diluted weighted average number of ordinary shares	16 771 180	16 771 180
Diluted EPS ratio (in PLN)	3,28	2,27

Balance sheet (in PLN thousand)	31 March 2008	31 December 2007	31 March 2007
Assets			
Cash and cash equivalents	4 042 635	1 590 463	1 128 336
Financial assets held for trading	319 103	253 301	203 142
Due from banks	272 443	228 525	206 361
Loans to customers	12 013 200	11 172 026	7 924 657
Investments - available for sale	888 439	603 235	495 517
Property, plant and equipment	114 891	113 816	71 000
Intangible assets	29 026	22 287	20 205
Deferred tax assets	37 775	33 873	28 109
Other assets	166 214	193 488	112 193
Total assets	**17 883 726**	**14 211 014**	**10 189 520**
Liabilities			
Financial liabilities held for trading	280 643	201 381	82 079
Due to banks	7 998 287	5 895 545	4 058 742
Due to customers	7 586 097	6 307 428	4 766 818
Current tax liabilities	10 939	26 601	7 475
Subordinated liabilities	352 580	358 200	-
Other liabilities	431 723	251 929	243 800
Provisions	14 902	15 974	12 460
Total liabilities	**16 675 171**	**13 057 058**	**9 171 374**
Equity			
Share capital	503 135	503 135	503 135
Share premium	308 656	308 656	308 814
Other capital	183 200	183 200	74 934
Revaluation reserve	-3 162	-2 818	700
Retained earnings	161 783	-15 811	92 455
Net profit (loss) for the year	54 943	177 594	38 108
Total equity	**1 208 555**	**1 153 956**	**1 018 146**
Total liabilities and equity	**17 883 726**	**14 211 014**	**10 189 520**

Statement of Changes in Shareholders' Equity in the first quarter of 2007 (in PLN thousand)

	Share capital	Share premium	Retained earnings	Net profit (loss) for the year	Other capital	Revaluation reserve	Total capital
Balance as at 01.01.2007	**503 135**	**308 814**	**92 455**	**-**	**74 934**	**2 167**	**981 505**
Net profit (loss) for the year	-	-	-	38 108	-	-	38 108
Share issue							
Net profits/losses not recognised in the income statement (investments available for sale)	-	-	-	-	-	-169	-169
Net profits/losses recognised in the income statement (investments available for sale)	-	-	-	-	-	-1 642	-1 642
Deferred tax – net profits/losses (investments available for sale)	-	-	-	-	-	344	344
Total income in Quarter I 2007	**-**	**-**	**-**	**38 108**	**-**	**700**	**36 641**
Balance as at 31.03.2007	**503 135**	**308 814**	**92 455**	**38 108**	**74 934**	**700**	**1 018 146**

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 01.01.2008	**503 135**	**308 656**	**161 783**	**-**	**183 200**	**-2 818**	**1 153 956**
Net profit (loss) for the year	-	-	-	54 943	-	-	54 943
Net profits/losses not recognised in the income statement (investments available for sale)	-	-	-	-	-	-425	-425
Deferred tax – net profits/losses (investments available for sale)	-	-	-	-	-	81	81
Total income in Quarter I 2008	**-**	**-**	**-**	**54 943**	**-**	**-344**	**54 599**
Balance as at 31.03.2008	**503 135**	**308 656**	**161 783**	**54 943**	**183 200**	**-3 162**	**1 208 555**

Cash Flow Statement (in PLN thousand)	Quarter I 2008	Quarter I 2007
Cash and cash equivalents, gross, opening balance	**1 590 779**	**2 827 141**
Profit before income tax	**68 236**	**43 110**
Adjustments for:	**945 510**	**-1 894 701**
Depreciation	7 930	5 482
Impairment losses	19 140	8 279
Profits/losses on account of FX rate differences	54 308	5 745
Profits/losses on investing activities	445	1 153
Changes in operational assets and liabilities:	896 543	-1 909 046
- financial assets and liabilities held for trading	13 460	-35 321
- due from banks	-44 033	-7 231
- loans to customers	-860 695	-957 294
- change in the balance of available for sale investments	-1 550	-11 126
- due to banks	1 008 809	-901 108
- due to customers	573 509	139 461
- other assets and liabilities	207 043	-136 427
Income tax (current and deferred)	-32 856	-6 314
Net operating cash flows	**1 013 746**	**-1 851 591**
Purchase of available-for-sale investments	-283 998	-
Purchase of property, plant and equipment and intangible fixed assets	-15 909	-13 189
Proceeds from sales of available-for-sale investments	-	168 852
Proceeds from sales of property, plant and equipment	46	62
Other investment expenses	-325	-774
Net cash provided by investing activities	**-300 186**	**154 951**
Loans and credit facilities taken	1 760 122	27 233
Repayment of loans and credit facilities	-20 957	-29 105
Net cash provided by (used in) financing activities	**1 739 165**	**-1 872**
Cash and cash equivalents, gross, ending balance	**4 043 504**	**1 128 629**
Change in gross cash and cash equivalents	**2 452 725**	**-1 698 512**

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 2008.

Financial Results

Income Statement (in PLN thousand)	**Quarter I 2008**	**Quarter I 2007**	**Change**
Net interest income	86 966	60 968	43%
Net fee and commission income	48 337	28 523	69%
Net trading income	32 040	31 759	1%
Personnel expenses	-45 167	-36 660	23%
Other expenses	-28 903	-30 892	-6%
Profit before income tax	**68 684**	**43 110**	**59%**
Profit after tax	**55 306**	**38 108**	**45%**
Total assets (in PLN thousand)	**17 867 279**	**10 189 520**	**75%**
Loans to customers	12 013 203	7 924 657	52%
Due to customers	7 567 713	4 766 818	59%
Total equity	**1 209 623**	**1 018 146**	19%
Financial ratios (%)			
Capital adequacy ratio	11,07	10,16	0,91
Return on assets (ROA)*	1,6	1,6	-
Return on equity (ROE)*	19,6	17,5	2,1
Net interest margin*	2,9	2,5	0,4

*These ratios were calculated as follows:

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

In the first quarter of 2008, the Capital Group of Fortis Bank Polska SA generated very good financial results.

- **The consolidated gross profit stood at PLN 68,684 thousand (growth by 59% as compared to the corresponding period of the previous year) while the net profit reached PLN 55,306 thousand (increase by 45% as compared to the corresponding period of the previous year),**
- **The Return on Equity ratio clearly improved up to 19.6%,**
- **EPS grew by 45.1% up to PLN 3.30.**

The financial performance of Fortis Bank Polska SA Group results from business development and fast growing sales of strategic products, both in RB BL and CB BL. In the first quarter of 2008, both deposit and loan volumes increased.

Furthermore, the Group continued its strategy, adopted in 2006, to increase the Group's share in the mortgage loan market, enterprise financing, and savings and investment products, improve the product offering to provide customers with a comprehensive set of banking services, and to open new branches. All the above actions greatly contributed to the income generated.

The financial statements for Quarter I of 2008 are the first consolidated statements that present data of the Bank and of its subsidiary, Fortis Private Investments Polska SA 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 SA on account of asset management reached PLN 2,313 thousand at the end of Quarter I of 2008.

As at the end of the fist quarter of 2008, consolidated total assets stood at PLN 17,867,279 thousand and were higher by 75% than at the end of the first quarter of 2007.

Loans to customers increased by 52% in comparison to the first quarter of 2007, i.e. up to PLN 12 013 203 thousand. Commercial loans (71%) and mortgage loans (25%) prevailed in the Loans to customers. The value of commercial loans granted to enterprises increased by PLN 2 686 944 thousand over the result recorded in the previous year.

In the first quarter of 2008, Liabilities due to customers likewise significantly increased up to PLN 7,567,713 thousand in comparison to PLN 4,766,818 thousand noted in the first quarter of 2007. In comparison to Quarter I of 2007, term deposits grew by 59% while current deposits increase was smaller – by 14%.

The following products are largely popular among Private Individuals:

- mortgage loans – growth by 63% as at the end of Quarter I 2008 in comparison to Quarter I 2007,
- investment products such as foreign investment funds L-FIX, L-Funds managed by Fortis Investments based in Luxembourg.

A wide range of lending and deposit products is offered to Institutional Customers. The products include in particular:

- investment loans (including loans earmarked for the purchase / construction of commercial real estate) – growth by 61% as at the end of Quarter I 2008 in comparison to Quarter I 2007,
- working capital loans – growth by 30% as at the end of Quarter I 2008 in comparison to Quarter I 2007,
- overdradft facilities – growth by 50% as at the end of Quarter I 2008 in comparison to Quarter I 2007,
- deposits – growth by 93% as at the end of Quarter I 2008 in comparison to Quarter I 2007,

As a consequence of the rise in credit volumes, the net interest income went up by 43% and the net fee and commission income grew by 69% as at the end of Quarter I 2008 in comparison to Quarter I 2007.

Interest income on loans to customers in the first quarter of 2008 stood at PLN 214,513 thousand and was higher by 81% than the result recorded in the first quarter of 2007. Interest expense growth followed the increase in liabilities: of which, due to customers by 139% while due to banks – by 96%.

An increase was noted as regards fee and commission income on account of loan origination; in Qtr. I 2008, the related earnings stood at PLN 9,007 thousand while in the corresponding period of the previous year they were at PLN 5,538 thousand.

In the first quarter 2008, the Group recorded the fee and commission income of PLN 16,243 thousand related to a settlement with Fortis Bank Brussels of the derivative instrument buy/sell transactions concluded with customers.

In the first quarter 2008, net impairment losses significantly increased – by 128% in comparison to the corresponding period of the previous year. It was due to a deterioration of quality of some borrowers.

An intensive development of the Bank, consisting in new offices opened, launch of new products on the market and employment of new personnel, resulted in expense growth, including increase of personnel expenses by approximately 23% in comparison to the first quarter of the previous year.

5. Information on Fortis Bank Polska SA Capital Group

Basic data on the Issuer

Fortis Bank Polska SA ("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 6421.

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

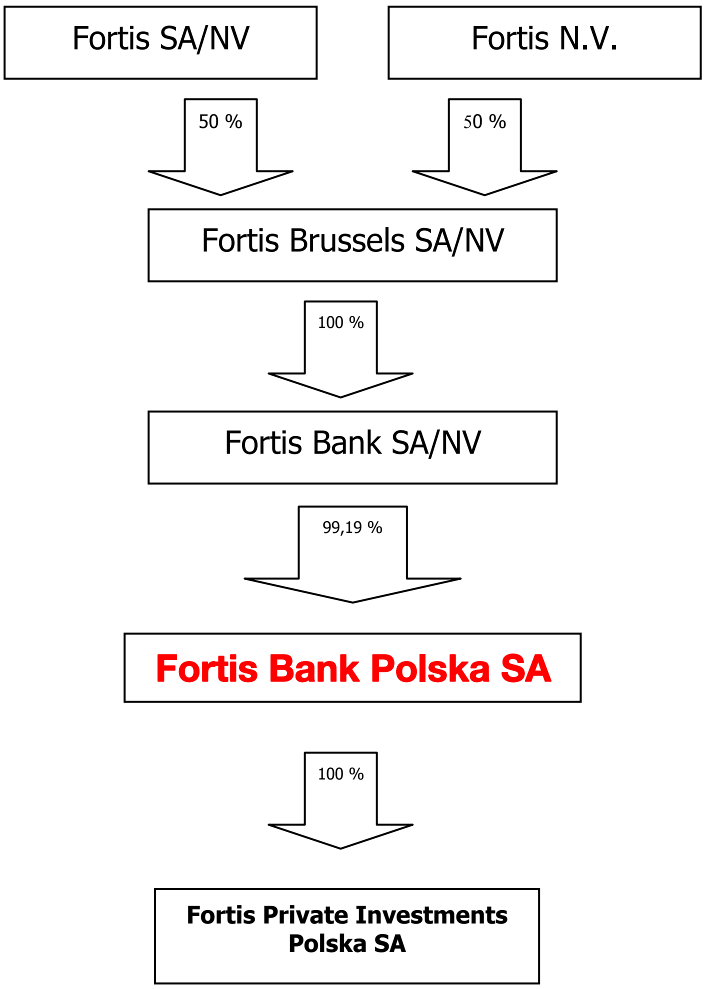
The consolidated financial statements of Fortis Bank Polska SA Capital Group for the first quarter 2008 contains the data of the Bank and of its subsidiary, Fortis Private Investments SA (jointly referred to as "the Group").

The Group's structure

The Bank is part of Fortis, an international banking and insurance group. The ultimate parent entities are: Fortis SA/NV and Fortis N.V. Fortis Bank SA/NV based in Brussels is the Bank's parent entity.

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

Structure of the group of Fortis Bank Polska SA



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

Name of the entity	Ownership relation	Consolidation method	Registered office	% of votes at the Annual General Meeting		
				31.03.2008	31.12.2007	31.03.2007
Fortis Private Investments Polska SA	Subsidiary	Full consolidation	Warsaw	100%	100%	100%

The Group's principal line of business:

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 Group focuses primarily on investment, commercial and retail banking, and on asset management.

The scope of the Bank's business include 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 consolidated financial statements fulfil the requirements of the International Financial Reporting Standards (IFRS), including the International Accounting Standard (IAS) 34 *Interim Financial Reporting.* In the scope not regulated by the above standards, these financial statements are consistent with the Accounting Act of September 29, 1994 (Journal of Laws of 2002 no. 76, item 694, as amended) and administrative acts based thereon, likewise fulfil requirements set out in the Ministry of Finance Ordinance dated October 19, 2005, regarding current and periodical information submitted by issuers of securities (Journal of Laws of 2005 No. 209, item 1744).

Previous adoption of standards that are not binding as at the balance sheet date

The consolidated financial statements of the Group take into account the requirements of all International Accounting Standards, International Financial Reporting Standards and the related interpretations, approved by the European Union, except standards and interpretations which are either awaiting the approval of the European Union or have been approved by the European Union however they have or will become effective after the balance sheet date only.

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.

Basis for the financial statements

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

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

Comparative data

The consolidated financial statements present consolidated data of Fortis Bank Polska SA and its subsidiary, Fortis Private Investments Polska SA, for the period from 1 Jan 2008 through 31 March 2008, while separate comparative data present data of Fortis Bank Polska SA for the period from 1 Jan 2007 through 31 March 2007, and as at 31 Dec 2007.

The fact that data regarding Fortis Bank Polska SA only are accounted for in comparative periods, does not impair the comparability with the consolidated data for 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.

Ther 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 2008, 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.

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.

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

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.

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.

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.

Both as at 31.03.2008 and as at 31.03.2007, the Group made no offsetting 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.

A derivative is a financial instrument with all three of the following characteristics:

- its 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,
- it requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors, and
- it is settled at a future date.

Derivative instruments

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 OIS 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.

Hedge accounting

Hedge accounting recognises effects of offsetting changes in the fair value of a hedging instrument and of the hedged item that could affect the profit or loss.

Pursuant o the hedge accounting principles adopted, in order to hedge an interest rate risk, the Group designates specific derivative instruments as a fair value hedge.

A fair value hedge is a hedge of the exposure to changes in fair value of a recognised asset or liability or a firm commitment, or an identified portion of such an asset, liability or firm commitment, that is attributable to a particular risk.

The Group applies hedge accounting to a hedging relationship only if all of the following conditions are met:

- At the inception of the hedge there is formal designation and documentation of the hedging relationship and the Group's risk management objective and strategy for undertaking the hedge.That documentation shall include identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Group will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value,
- The hedge is expected to be highly effective in offsetting changes in fair value attributable to the hedged risk, consistently with the originally documented risk management strategy for that particular hedging relationship,
- The effectiveness of the hedge can be reliably measured, i.e., the fair value or cash flows of the hedged item that are attributable to the hedged risk and the fair value of the hedging instrument can be reliably measured,
- The hedge is assessed on an ongoing basis and determined actually to have been highly effective throughout the financial reporting periods for which the hedge was designated.

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.

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.

The Group does not have in-built derivative instruments.

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.

The Group creates write-downs for impairment for incurred but not reported (IBNR) losses. Such write-downs reflect the level of credit losses estimated on the basis of a history of losses, pertaining to assets of similar risk characteristics, that were incurred by the Group as at a balance sheet date, but for which the Bank is not yet able to identify individual exposures with impairment.

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.

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.

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.

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.

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, i.e. 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 to the extent to which they can be utilised to decrease future tax liability.

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.

Segment Reporting

Business segments

A business segment is a distinguishable component of a business entity that is engaged either in providing products or services, or a group of products and services, which is subject to risks and rewards that are different from those of other business segments.

As the risk that the Group is exposed to and the rate of return achieved depend chiefly on differentiation of products and services provided, the business segment has been defined as the primary reporting segment pursuant to the IAS 14 requirements.

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

- Retail Banking Business Line (RB BL)
- Merchant & Private Banking Business Line (GMK, CB and PB 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 & Private Banking Business Line.

Geographical segments

Geographical segment is a distinguishable component of an enterprise that provides products and services within a particular economic environment and that is subject to risks and returns that are different from those of components operating in other economic environments.

The Group operates in Poland as the sole geographical segment.

7. Segment Reporting

Information on Segments

A segment is a distinguishable component of the Group that is engaged either in providing products or services, which are subject to risks and rewards that are different from those of other segments. Segments with a majority of revenue earned from sales to external customers and whose revenue, result or assets are 10% or more of all the segments are reported separately. The Group's reportable segments are defined using the "management approach" which are those reviewed by Management to strategically manage the Group and make business decisions and are based on the risks and rewards of the product lines and services provided. The primary segmentation covers a breakdown by products and services.

Primary segmentation

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

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

Accounting principles for specific segments are the same as the ones described in the accounting principles. Transactions between specific business segments are subject to customary commercial and market conditions. 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.

Business segments:

- **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.

Consumer Finance, separated within the Retail Banking business line, specialises in sale and service of credit cards and cash loans for Private Individuals.

- **Merchant & Private Banking**

Within this segment the following lines exist in the Group:

Global Markets offers a wide range of products for corporate and institutional customers and takes care for relations with other banks and the Bank'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.

Private Banking provides integrated services and solutions in terms of asset management for the affluent Private Individuals, offered in all Fortis Private Banking centers worldwide, including Switzerland, Luxembourg, Monaco, Dubai or Singapore. It is an intermediary in contacts with experts of Fortis Private Investments Polska SA (FPIP) which is the subsidiary of Fortis Bank Polska SA

FPIP is a licensed brokerage firm that provides asset management services. 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.

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

The segment plays a major role in the management of the Group'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 Group's activity are also included in the segment.

Consolidated Income Statement by Business Segments

1 Jan 2008 – 31 March 2008 (in PLN thousand)	Retail Banking	Merchant & Private Banking	ALM and support units (horizontal functions)	Total
Interest income (external)	91 348	111 419	11 746	214 513
Transfer prices expense (internal)	-67 665	-149 594	-11 784	-229 043
Interest expense (external)	-29 103	-98 100	-344	-127 547
Transfer prices income (internal)	43 172	156 468	29 403	229 043
Net interest income	**37 752**	**20 193**	**29 021**	**86 966**
Other transfer prices (internal)	**3 421**	**10 398**	**-13 819**	**-**
Fee and commission income (external)	24 681	25 862	824	51 367
Fee and commission expense (external)	-2 003	-563	-464	-3 030
Net fee and commission income	**22 678**	**25 299**	**360**	**48 337**
Dividend and other investment income (external)	-	-	-	**-**
Net trading income (external)	16 476	15 564	-	**32 040**
Net gain/loss on available-for-sale financial assets (external)	-	-	-	**-**
Net profit (loss) on hedging transactions (external)	-	-	-54	**-54**
Other income (external)	2 315	996	1	**3 312**
Total income, net	**82 642**	**72 450**	**15 509**	**170 601**
Personnel expense (external)	-19 346	-10 709	-15 112	**-45 167**
Depreciation of fixed assets and intangible fixed assets (external)	-3 274	-910	-3 807	**-7 991**
Other expenses (external)	-1 109	-1 258	-26 536	**-28 903**
Net impairment losses (external)	-6 572	-13 209	-75	**-19 856**
Costs allocation (rebilling) (internal)	-36 091	-9 183	45 274	**-**
Profit before income tax	**16 250**	**37 181**	**15 253**	**68 684**
Income tax expense	-2 821	-7 676	-2 881	**-13 378**
Profit after tax	**13 429**	**29 505**	**12 372**	**55 306**

1 Jan 2007 – 31 March 2007 (in PLN thousand)	Retail Banking	Merchant & Private Banking	ALM and support units (horizontal functions)	Total
Interest income (external)	53 567	56 834	7 690	118 091
Transfer prices expense (internal)	-34 015	-75 675	-7 151	-116 841
Interest expense (external)	-17 834	-38 489	-800	-57 123
Transfer prices income (internal)	28 247	75 371	13 223	116 841
Net interest income	**29 965**	**18 041**	**12 962**	**60 968**
Other transfer prices (internal)	**40**	**2 467**	**-2 507**	**-**
Fee and commission income (external)	19 587	9 973	734	30 294
Fee and commission expense (external)	-1 200	-127	-444	-1 771
Net fee and commission income	**18 387**	**9 846**	**290**	**28 523**
Dividend and other investment income	-	-	600	600
Net trading income (external)	11 478	20 281	-	31 759
Net gain/loss on available-for-sale financial assets (external)	-	-	751	751
Net profit (loss) on hedging transactions (external)	-	-	-22	-22
Other income (external)	1 577	711	2	2 290
Total income, net	**61 447**	**51 346**	**12 076**	**124 869**
Personnel expense (external)	-15 281	-10 499	-10 880	-36 660
Depreciation of fixed assets and intangible fixed assets (external)	-2 352	-749	-2 381	-5 482
Other expenses (external)	-3 603	-1 357	-25 932	-30 892
Net impairment losses (external)	-2 186	-6 540	1	-8 725
Costs allocation (rebilling) (internal)	-34 182	-4 872	39 054	-
Profit before income tax	**3 843**	**27 329**	**11 938**	**43 110**
Income tax expense	-399	-3 215	-1 388	-5 002
Profit after tax	**3 444**	**24 114**	**10 550**	**38 108**

Description of Segment Activity

Retail Banking

Customers

Retail Banking is a dynamically developing business line. As at the end of the first quarter of 2008, the number of active customers of this line reached 51,766. Private Individuals (69%) and enterprises (21%) prevail among the Retail Banking customers, while the remaining 10% are mass market customers acquired by the end of the first quarter 2007 within the RB dedicated line - Consumer Finance. Portfolios of that line's customers (credit cards, cash loans) continue to be maintained, however the Group does not focus on this area any longer.

Distribution channels

Retail Banking customers have at their disposal both a network of branches as well as alternative channels: Pl@net, Multicash systems and Call Centre. The RB BL develops both the above distribution channels. The Group's statistics show that alternative distribution channels have becoming increasingly popular among Customers. Comparing the Quarter I 2008 data and Quarter I 2007 (YTD), the Group noted the following:

- increase in the number of Customers using the Pl@net banking system by 36%,
- increase in the number of transfers made via the Pl@net by 55%,

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 2008, the balance of such loans reached PLN 3.0 billion, which means an increase by 63% as compared to the end of the first quarter of 2007;
- credit cards: as at the end of the first quarter of 2008, the number of credit cards for Private Individuals and mass market Customers stood at 10,179 while the balance of card credits increased by 30% (the average of the first three months of 2008 as compared to the average of the first three months of 2007);
- investment type products: 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; their balance (PLN 0.5 billion as at the end of the first quarter of 2008) increased by 24% over the balance noted as at the end of the first quarter of 2007.

The following products are largely popular among Enterprises:

- investment loans: as at the end of the first quarter of 2008, the balance of such loans reached PLN 2.0 billion, which means an increase by 51% as compared to the end of the first quarter of 2007,
- currency exchange instruments: the number of table-based and negotiated transactions in the first quarter of 2008 increased by 28% as compared to the first quarter of 2007, and the average monthly volume of such transactions oscillates around PLN 1.2 billion.

Results

The growing interest of Retail Banking Customers in the Group's products is reflected in the Group's income statement as this line's net revenues increased by 34% in the first quarter of 2008 as compared to the first quarter of 2007 (YTD). This increase was generated thanks to:

- net income on held-for-trading financial instruments higher by 44%, which was attributable both to the net FX income (growth by 42%) and the net income on derivative instruments (it was low at the beginning of 2007, and has been growing systematically since mid 2007);
- net interest profit higher by 26%;
- net fee and commission profit higher by 23%.

The Retail Banking intensive development also resulted in costs increase. Personnel expenses grew by 27%. The increase was however mainly due to the growth in FTEs (in periods analysed by 23% on average). 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 6% as a result of higher customer activity and higher sales of products and services. The support units (horizontal functions) involved in the service of such products and services, transferred to business lines costs proportional to the increasing production.

Merchant & Private Banking

Customers

As at the end of the first quarter of 2008, the number of active customers of this line reached 2,703. On average, the number of the line's customers increased by 34% (the first three months of 2008 compared to the first three months of 2007). Large and medium enterprises that form the Commercial Banking Business Line (CB BL), have the biggest share (91%) in the number of Merchant & Private Banking customers.

Distribution channels

M&PB customers have at their disposal both a network of Business Centres (8), which are part of the international Fortis Bank network including about 125 centres in 20 countries, as well as alternative channels: Multicash, Pl@net systems and Call Centre. As statistics show, these channels are more and more willingly used by the customers. Comparing the Quarter I 2008 data and Quarter I 2007, the Group noted the following:

- increase in the number of Customers using the MultiCash home-banking system - by 22% (the system is installed by 64% of CB BL institutional customers),
- increase in the number of transfers made via the MultiCash by 21%.

Products

M&PB 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 2008, the balance of such loans exceeded PLN 2.8 billion, which means an increase by 61% as compared to the end of the first quarter of 2007;
- working capital loans: as at the end of the first quarter of 2008, the balance of such loans reached PLN 1.4 billion, which means an increase by 30% as compared to the end of the first quarter of 2007;
- overdraft facilities: as at the end of the first quarter of 2008, the balance of such loans reached PLN 1.5 billion, which means an increase by 50% as compared to the end of the first quarter of 2007;
- deposits: as at the end of the first quarter of 2008, the total balance of deposits reached PLN 3.5 billion, which means an increase by 93% as compared to the end of the first quarter of 2007;
- currency exchange instruments: the number of negotiated and table-based transactions in the first quarter of 2008 reached about 13,430 and the average monthly volume of such transactions oscillates around PLN 1.5 billion.

At the end of the first quarter of 2008, Private Banking customers saved approx. PLN 472 million (in deposits 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).

Results

From January 2008, the financial data of the Merchant &Private Banking Business Line include also results generated by Fortis Private Investments Polska (FPIP) which make up 2% of the Line's net income, and 1% of the Group's consolidated net income.

The constantly developing base of Merchant & Private Banking customers and growing interest in the Group's products is reflected in the Group's income statement as this line's net income increased by 39% in the first quarter of 2008 as compared to the first quarter of 2007. This increase was generated thanks to:

- net interest profit higher by 12%;
- net fee and commission income higher by 157%, resulting from a changed method of settlement with Fortis Bank Brussels of the derivative instrument buy/sell transactions concluded with customers. Out of PLN 25.2 million, PLN 10.9 million was earned on fees and commissions on derivatives.
- lower net trading income by 23%, including primarily net FX income (increase by 15%); by the end of 2007, this item included also income on derivative instruments.

The Merchant & Private Banking intensive development also resulted in costs increase.
Within the presented segment, a new specialised business line (Private Banking) was developed. Costs allocation (rebilling) position is the net value of business line costs allocated and transferred from M&PB line

to other units. The costs increased by 88%. The factor affecting the growth of transferred costs was the higher Customer activity, the resulting growth of products and services sold and primarily organisational changes. The support units (horizontal functions) involved in the service of such products and services, transferred to business lines costs proportional to the increasing production.
Personnel expense increased by 2%. It results primarily from a remuneration policy adjustment to the present situation on the labour market and from a reduced headcount (by 20% without FPIP, or by 14% when we consider FPIP employees the new personnel of the line). The headcount reduction results from transferring some employees from credit back-office units to another back office unit (related with the RB BL).

ALM and support units (horizontal functions)

Results

On one hand, the ALM segment presents the results of FX, interest rate and liquidity risk management (net profit on the activity increased by 35%), and on the other hand, costs of support units reflecting the Group's development. In 2007, the Group implemented a new methodology of costs allocation, which has been continued in 2008, in accordance with the methodology applied in Fortis. This methodology introduces a new definition of the unit's direct costs i.e. the cost that is in the area of a given unit's responsibility is treated as a direct cost of a given unit. In accordance with this methodology, costs of depreciation, rent and training are reported as a direct cost of appropriate support units responsible for this cost. Finally, the costs are allocated to business units, in a proportion appropriate to the support rendered to a given business line, increasing the unit's allocation costs.

8. Consolidated Earnings Per Share

Note 8. Consolidated earnings per share

	1.01.2008 – 31.03.2008	1.01.2007 – 31.03.2007
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
Basic consolidated net profit for the period (in PLN)	55 306	38 108
Basic consolidated EPS ratio (in PLN)	**3,30**	**2,27**
Weighted average diluted number of ordinary shares	16 771 180	16 771 180
Diluted consolidated EPS ratio (PLN per share)	3,30	2,27

The basic consolidated earnings per share are computed as a quotient of the consolidated profit 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 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)	Quarter I 2008 (YTD)	Quarter I 2007 (YTD)
Cash and cash equivalents	17 654	6 275
Due from banks	3 618	2 952
Investments	9 406	6 543
Loans to customers	183 314	100 937
Securities	521	1 384
Total interest income	**214 513**	**118 091**

Note 9.2 Interest expense

(in PLN thousand)	Quarter I 2008 (YTD)	Quarter I 2007 (YTD)
Due to banks	-54 344	-27 754
Due to customers	-67 837	-28 397
Subordinated loans	-4 741	-
Derivative hedging instruments	-344	-800
Others	-281	-172
Total interest expense	**-127 547**	**-57 123**

Note 9.3 Fee and commission income

(in PLN thousand)	Quarter I 2008 (YTD)	Quarter I 2007 (YTD)
Custody services and securities trading	673	583
Cash settlements services	13 292	12 531
Guarantees and contingent liabilities	3 223	3 509
Loan origination fees and commissions (amortised using the straight-line method)	5 647	4 487
Loan origination fees and commissions (incurred one time)	3 360	1 051
Fees and commissions related to derivative instrument buy/sell transactions	16 243	-
Income on account of agency in customer acquisition	157	997
Card related income	3 021	2 680
Income on asset management	2 817	745
Others	2 934	3 711
Total fee and commission income	**51 367**	**30 294**

Note 9.4 Fee and commission expense

(in PLN thousand)	Quarter I 2008 (YTD)	Quarter I 2007 (YTD)
Custody services and securities trading	-239	-30
Card related expenses	-774	-721
Cash transactions expenses	-827	-520
Settlements	-299	-352
Others	-891	-148
Total fee and commission expenses	**-3 030**	**-1 771**

Note 9.5 Net trading income

(in PLN thousand)	Quarter I 2008 (YTD)	Quarter I 2007 (YTD)
Securities	-302	263
Derivative instruments	1 421	3 804
Foreign exchange transactions	30 921	27 692
Total net trading income	**32 040**	**31 759**

Note 9.6 Net impairment losses

(in PLN thousand)	Quarter I 2008 (YTD)	Quarter I 2007 (YTD)
Cash and cash equivalents, net	-553	-336
Due from banks, net	-116	-37
Loans to customers, net	-20 239	-7 965
Off-balance sheet commitments, net	859	-384
Other assets, net	-22	-93
Other provisions, net	215	90
Total impairment losses, net	**-19 856**	**-8 725**

10. Additional Notes to Consolidated Balance Sheet

Note 10.1 Cash and cash equivalents

(in PLN thousand)	31 March 2008	31 December 2007	31 March 2007
Cash at hand	302 047	543 343	132 477
Due from the central bank	126 281	17 153	26 500
Short-term due from banks, including:	3 593 925	1 006 442	933 910
- nostro accounts	95 236	97	2 624
- short-term deposits from banks	1 267 056	150 516	395 834
- other short-term receivables	2 231 633	855 829	535 452
Short-term loans to customers	21 325	23 841	35 742
Total cash and cash equivalents, gross	**4 043 578**	**1 590 779**	**1 128 629**
Write-downs:	**-869**	**-316**	**-293**
- for Incurred But Not Reported losses (IBNR)	-869	-316	-293
Total cash and cash equivalents, net	**4 042 709**	**1 590 463**	**1 128 336**

Receivables

Note 10.2.1. Due from Banks

(in PLN thousand)	31 March 2008	31 December 2007	31 March 2007
Loans/Credits	75 000	74 999	25 000
Debt securities not traded on an active market	150 058	150 639	154 492
Deposits	44 000	-	-
Other receivables	3 749	2 964	26 925
Total due from banks, gross	**272 807**	**228 602**	**206 417**
Write-downs:	**-192**	**-77**	**-56**
- for Incurred But Not Reported losses (IBNR)	-192	-77	-56
Total net due from banks	**272 615**	**228 525**	**206 361**

Note 10.2.2 Loans to Customers

(in PLN thousand)	31 March 2008	31 December 2007	31 March 2007
Loans to budgetary entities	446	454	1 196
Mortgage loans	3 028 765	2 660 307	1 834 981
Consumer loans and credit facilities	496 774	489 765	252 455
Commercial loans	8 701 145	8 215 694	6 014 201
Other receivables	3	215	1 239
Total loans to customers, gross	**12 227 133**	**11 366 435**	**8 104 072**
Write-downs:	**-213 930**	**-194 409**	**-179 415**
- for incurred, reported losses	-160 618	-145 351	-144 643
- for Incurred But Not Reported losses (IBNR)	-53 312	-49 058	-34 772
Total net loans to customers	**12 013 203**	**11 172 026**	**7 924 657**

Financial Assets and Liabilities Held for Trading

Note 10.3.1 Financial assets held for trading

(in PLN thousand)	31 March 2008	31 December 2007	31 March 2007
Held-for-trading securities:	**44 846**	**48 241**	**146 689**
- treasury bonds	44 846	33 309	146 689
- treasury bills	-	14 932	-
Derivative financial instruments:	**274 257**	**205 060**	**56 453**
- foreign currency contracts	240 170	160 130	17 100
- interest rate contracts	34 087	44 930	39 353
Total financial assets held for trading	**319 103**	**253 301**	**203 142**

As at 31.03.2008, 31.12.2007 and 31.03.2007, 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 2008	31 December 2007	31 March 2007
Derivative financial instruments:			
- foreign currency contracts	257 647	157 620	37 383
- interest rate contracts	22 996	43 761	34 362
Short sale - treasury bonds	-	-	10 334
Total financial liabilities held for trading	**280 643**	**201 381**	**82 079**

Note 10.4 Investments Available for Sale

(in PLN thousand)	31 March 2008	31 December 2007	31 March 2007
Investments Available for Sale at fair value			
Treasury bonds	701 032	464 186	452 299
Treasury bills	144 193	95 835	-
NBP Bonds	24 979	24 979	24 979
Shares	81	18 235	18 239
Total investments available for sale	**870 285**	**603 235**	**495 517**

Liabilities

Note 10.5.1 Due to banks

(in PLN thousand)	31 March 2008	31 December 2007	31 March 2007
Deposits	**1 004 877**	**1 373 528**	**928 177**
- Current	30 712	103 769	73 930
- Term	623 020	856 300	675 853
- Cash collateral	301 145	316 059	177 542
- Other deposits	50 000	97 400	852
Loans and credit facilities received	**4 760 730**	**3 666 796**	**2 594 990**
Others	**2 232 680**	**855 221**	**535 575**
Total due to banks	**7 998 287**	**5 895 545**	**4 058 742**

Note 10.5.2 Due to customers

(in PLN thousand)	31 March 2008	31 December 2007	31 March 2007
Current deposits	1 249 265	1 425 475	1 096 237
Term deposits	5 360 361	4 597 824	3 380 339
Loans and credit facilities received	705 160	-	-
Cash collateral	231 395	260 334	254 751
Others	21 532	23 795	35 491
Total due to customers	**7 567 713**	**6 307 428**	**4 766 818**

11. Capital Adequacy and Financial Liquidity

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 FBP in the analysed period is to maintain the equity funds at the level that guarantees the solvency ratio of at least 9%.

Should there arise any risk of going below that threshold (i.e. below 9%), the Group will undertake steps aimed at the equity funds' increase, including the Tier 1 funds, and in particular the share capital, Share premium and reserve capital.

The consistent policy of building the core capital, applied in recent years, has provided the Group with a foundation that now ensures a greater flexibility in looking for alternative sources of financing its business activity.

Capital adequacy and financial liquidity (in PLN thousand)	**31.03.2008**	**31.12.2007**	**31.03.2007**
Risk-weighted off-balance sheet assets and liabilities	11 605 915	11 726 693	8 815 211
Share capital	503 135	503 135	503 135
Share premium	308 656	308 656	308 814
Reserve capital together with retained earnings	167 389	183 710	75 444
Subordinated liabilities included in the capital*	352 580	358 200	-
Other elements of the equity capital included in the capital adequacy ratio calculation	82 493	67 300	51 111
Gross equity capital, total	**1 414 253**	**1 421 001**	**938 504**
Deductions			
Capital shares in financial entities		18 196	18 196
Net intangible assets	29 102	22 287	20 205
Total deductions	**29 102**	**40 483**	**38 401**
Net equity capital	**1 385 151**	**1 380 518**	**900 103**
Short-term capital	**23 627**	**14 286**	**8 699**
including current profit on the Trading Portfolio	23 627	14 286	8 699
Total equity capital plus short-term capital	**1 408 778**	**1 394 804**	**908 802**
Credit risk	949 707	946 714	707 932
Market risk	2 393	5 707	7 867
Operational risk	66 094	-	-
Total capital requirement	**1 018 194**	**952 421**	**715 799**
Capital adequacy ratio	**11,07%**	**11,72%**	**10,16%**

*On 21 November 2007, Fortis Bank Polska SA 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 2008 the capital adequacy ratio was 11.07% in comparison to 10.16% as at the end of March 2007. The ratio expresses the proportion between the Group's capital and its exposure on account of specific risks.

The Group's equity (as a category computed for the capital adequacy ratio calculation) increased by 53% versus the end of March 2007, while risk-weighted assets and off-balance sheet items increased by 31% in the same period.

Effective 1 January 2008, the Group 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 credit risk, new capital requirements for operational risk have been implemented, while 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.

The Group 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.

The requirement for operational risk is computed using the Basic Indicator Approach (BIA) as the percentage of the financial result generated.

Within Pillar II, the Group fulfils duties related to the internal capital computation under Resolution No. 4/2007 of the Banking Supervision Commission dated 13 March 2007 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.

In order to fulfil its duties under Pillar III, the Group intends to publish information, on the Bank's website, on a measurement of risks identified in the 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. 1/2007 of the Banking Supervision Commission dated 13 March 2007, regarding the scope and detailed rules of setting out capital requirements for specific risks, including the scope and conditions of use of statistical methods and the scope of information enclosed to applications for the issuance of permit for their use, terms and conditions of taking into consideration agreements on assignment of receivables, subparticipation agreements, credit derivative instrument agreements and agreements other than agreements on assignment of receivables and subparticipation agreements for the needs of setting capital requirements, conditions, scope and manner of use of ratings assigned by external creditworthiness institutions and export credit agencies, the manner and detailed rules of calculation of the banks' capital adequacy ratio, the scope and manner of taking into account bank's business in holdings in the calculation of capital requirements and the capital adequacy ratio likewise the determination of additional items in the bank's balance sheet statement recognised jointly with the equity in the capital adequacy computation and the scope, manner and terms of their setting out.

The manner of calculation of equity capital used in the capital adequacy ratio computation is governed by Resolution no. 2/2007 of the Banking Supervision Commission dated 13 March 2007 regarding other reductions of Tier 1 funds, their amount, scope and conditions of decreasing bank's Tier 1 funds by such reductions, other bank's balance sheet items included into Tier 2 capital, their amount, scope and conditions of including them into bank's Tier 2 capital, reductions of Tier 2 capital, their amount, scope and conditions of decreasing bank's Tier 2 capital by such reductions; likewise the scope and manner of taking into account bank's business in holdings in the calculation of equity capital.

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. Other capital requirements computed by the Group have not materially changed in comparison to calculations according to Basel II rules. In connection with the above, the Bank has recalculated comparative period data. The comparative data presented below are computed according to Basel I rules.

Minimal capital requirements (in PLN thousand)	**31.03.2008**	**31.12.2007**	**31.03.2007**
Credit risk	949 707	946 714	707 932
Market risk, including:	2 393	5 707	7 867
- general interest rate risk	2 393	5 707	5 984
- currency risk	-	-	1 883
Operational risk	66 094	-	-
Total capital requirement	**1 018 194**	**952 421**	**715 799**

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 2007 as at 31 March 2007 to ensure data comparability.

Balance sheet as at 31 March 2007

Item	Quarter I 2007 Report	Quarter I 2008 Report	Difference	Change description
Cash and cash equivalents	1 128 727	1 128 336	320	IBNR - cash and cash equivalents
			78	Reclassification of vostro balance overdrafts from Due from banks
			86	Reclassification of VISA card receivables from Other assets
			-875	Measurement of FX Spot transactions
Financial assets held for trading	204 019	203 142	-877	Change in presentation of measurement of interest rate derivative instruments
Due from banks	179 436	206 361	-78	Reclassification of vostro balance overdrafts to Cash and cash equivalents
			26 925	Reclassification of Receivables due on account of LC discount from Loans to customers
			78	IBNR - due from banks
Loans to customers	7 952 981	7 924 657	-7 222	IBNR - loans to customers
			5 493	Reclassification of VISA card receivables from Other assets
			-26 925	Reclassification of Receivables due on account of LC discount to Due from banks
			330	Reclassification of interest on substandard category
Current tax receivables	900	-	-900	Netting of current tax
Deferred tax assets	29 258	28 109	-1 149	Netting of deferred tax
Other assets	768 860	112 193	-5 579	Reclassification of VISA card receivables to Cash and cash equivalents and Loans to customers
			-330	Reclassification of interest on substandard category
			-1 410	Reclassification of Provisions for other assets from Other liabilities
			-571 066	Change in the presentation of financial instruments at the trade date
			-78 282	Change in presentation of measurement of interest rate derivative instruments
Total changes			**-661 383**	
Financial liabilities held for trading	61 911	82 079	20 168	Change in presentation of measurement of interest rate derivative instruments
Due to banks	4 263 475	4 058 742	-202 492	Reclassification of Due to Brokerage Houses from Due to Banks
			-699	Measurement of FX Spot transactions
			-1 542	Reclassification of Social benefit funds to Other liabilities
Due to customers	4 564 459	4 766 818	202 492	Reclassification of Due to Brokerage Houses from Due to Banks
			-133	Measurement of FX Spot transactions
Current tax liabilities	8 375	7 475	-900	Netting of current tax
Deferred tax liabilities	3 145	-	-3 145	Netting of deferred tax

Other liabilities	914 301	243 800	1 542	Reclassification of Social benefit funds from Due to banks
			-1 410	Reclassification of Provisions for other assets to Other assets
			-571 108	Change in the presentation of financial instruments at the trade date
			-99 328	Change in presentation of measurement of interest rate derivative instruments
			-197	Others
Provisions	11 117	12 460	1 343	IBNR - provisions
Other capital	75 444	74 934	-510	Posting Net fixed assets revaluation reserve to Retained earnings
Retained earnings	100 259	92 455	510	Posting Net fixed assets revaluation reserve to Retained earnings
			-8 314	Adjustment to the opening balance regarding change in IBNR
Net profit (loss) for the year	35 768	38 108	2 340	IBNR – adjustment
Total changes			**-661 383**	

Income statement for the period from 1 January through 31 March 2007

Item	Quarter I 2007 Report	Quarter I 2008 Report	Difference	Change description
Interest income	228 088	118 091	-103 908	Reclassification of Interest on derivative instruments to Net trading income
			-1 601	Reclassification of Interest on hedging derivative instruments to Interest expense
			-4 486	Reclassification of Straight-line fees and commissions to Fee and commission income
Interest expense	-163 209	-57 123	1 601	Reclassification of Interest on hedging derivative instruments from Interest income
			104 485	Reclassification of Interest on derivative instruments to Net trading income
Fee and commission income	23 087	30 294	2 744	Reclassification of accounts regarding Other income
			4 486	Reclassification of Straight-line fees and commissions from Interest income
			-23	Others
Fee and commission expense	-1 794	-1 771	23	Others
Dividend and other investment income	913	600	-313	Reclassification to Other income
Net trading income	32 336	31 759	103 908	Reclassification of Interest on derivative instruments from Interest income
			-104 485	Reclassification of Interest on derivative instruments from Interest expense
Net result on available-for-sale financial assets	789	751	-38	Reclassification of Net income on sale of fixed and intangible assets to Other expense
Other income	4 683	2 290	-2 744	Reclassification of accounts to Fee and commission income
			313	Reclassification from Dividend and other investment income
			38	Reclassification of Net income on sale of fixed and intangible assets from Net result on available-for-sale financial assets

Net impairment losses	-11 066	-8 725	2 341	IBNR – adjustment
Total changes			**2 341**	

13. Additional Information

Information on Previously Published Financial Forecast

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

Explanations regarding Seasonal or Periodical Nature of the Interim Business

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

Information on Dividends Paid

The Board of Executives intends to recommend that the Annual General Shareholders' Meeting should resolve to pay no dividend and allocate the entire 2007 net profit to increase the Bank's equity funds.

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 2008	31 December 2007	Change (%)
Financial liabilities received	707 266	584 232	21%
Guarantee liabilities received	260 123	259 712	0,2%
Total contingent sheet commitments received	**967 389**	**843 944**	**15%**

Contingent liabilities granted (in PLN thousand)	31 March 2008	31 December 2007	Change (%)
Financial liabilities granted	3 547 779	3 730 140	-5%
Guarantee liabilities granted	785 594	876 428	-10%
Total contingent sheet commitments granted	**4 333 373**	**4 606 568**	**-6%**

Agreements Significant for the Bank's Activity Signed in Qtr I of 2008

On 9 January 2008, Fortis Bank Polska SA signed a Cooperation Agreement with Dominet Bank SA, under which both parties thereto have committed to undertake all necessary initiatives leading to the merger of Fortis Bank Polska SA and Dominet Bank SA The merger is to be effected by transferring the assets of Dominet Bank SA (the acquiree) to Fortis Bank Polska SA (the acquirer) in exchange for newly-issued FBP shares which will be allocated to the existing Dominet Bank shareholders, pursuant to Art. 492 § 1 of the Code of Commercial Companies and Partnerships.

On 25 February 2008, Fortis Bank Polska SA signed a credit agreement with Fortis Banque Luxembourg based in Luxembourg. The agreement defines the terms of a credit line contracted by Fortis Bank Polska SA with Fortis Banque Luxembourg SA with the limit of EUR 300 million (or its equivalent in USD or CHF) in order to finance the Bank's operating activity.

On 3 March 2008, Fortis Bank Polska SA signed an agreement with Fortis Bank SA/NV Bruxelles Sucursala Bucaresti, regarding the provision of financial services by Fortis Bank Polska SA with respect to clearing outgoing domestic ('domestic' from the point of view of the branch serviced) and cross-border payments, including both traditional and electronic transfers; settlement of incoming domestic and cross-border payments; handling customer complaints; settlement of transactions entered into by local treasury departments; disbursement of loans granted by local credit departments; reporting to the branches of Fortis Bank SA/NV. Under the above agreement, the Bank is paid remuneration to cover operating costs of the Payment Shared Service Group, increased by a margin up to 24%.

Description of Unusual Factors and Events

In the first quarter of 2008 in the Bank, there were no unusual events which affected the financial result and changed the structure of the balance sheet items.

Corrections of Prior Period Errors

In the first quarter of 2008 in the Bank, there was no need to correct any errors related to prior periods.

Information on Sureties for Loan or Credit Facilities or Guarantees Issued by the Issuer or Its Subsidiary

In the first quarter of 2008, the Bank or its subsidiary issued no securities for loan or credit facilities or guarantees, which would have exceeded 10% of the Bank's equity.

Post-balance Sheet Events

On 25 April 2008, Fortis Bank Polska SA signed a credit agreement with Budimex Dromex S.A based in Warszaw. Under the agreement, Budimex Dromex SA was granted a credit line of PLN 200 million earmarked for financing the current business activity. The Agreement was concluded for 10 years, i.e., until 24 April 2018. The interest rate is WIBOR 1M plus the Bank's margin. Under the agreement, two financing forms have been separated: an overdraft facility up to PLN 50 million and a guarantee credit line up to PLN 150 million.

Effective 15 May 2008, following its FX risk mitigation policy, Fortis Bank Polska SA suspended selling mortgage loans in currencies other than Polish zloty to private individuals. The Bank intends to develop the PLN mortgage loan offer. The existing portfolio of foreign currency loans will be serviced under unchanged terms and conditions.

Material Events Occurring after the Close of the Quarter, Excluded from the Quarterly Financial Statements

There were no events, excluded from the Statements, which could have a material effect on the future financial results.

Issue, Redemption and Reimbursement of Debt and Capital Securities

In the first quarter of 2008, there were no issue, redemption or reimbursement of debt or equity securities.

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

In the first quarter of 2008, there were no pending proceedings related to the obligations or claims of the Bank or its subsidiary before court, relevant authority for arbitration or state administration bodies, whose total value would account for at least 10% of the Bank's equity.

Information on Related Party Transactions

The Bank is part of Fortis, an international banking and insurance group. The ultimate parent entities are: Fortis SA/NV and Fortis N.V. Fortis Bank SA/NV based in Brussels is the Bank's parent entity. Fortis Bank Polska SA is the parent entity of Fortis Private Investments Polska SA, 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.

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

Balance sheet items as of 31.03.2008 (in PLN thousand)	Parent entity	Subsidiary	Entities affiliated by management	Total
Assets				
Cash and cash equivalents	2 209 523	-	45 373	2 254 896
Financial assets held for trading	137 078	-	-	137 078
Due from Banks and Loans to Customers	7 683	1	202 593	210 277
Other assets	19 844	241	577	20 662
Total	**2 374 128**	**242**	**248 543**	**2 622 913**
Liabilities				
Financial liabilities held for trading	156 965	-	-	156 965
Due to banks and customers	1 354 862	19 454	5 795 793	7 170 109
Subordinated liabilities	-		352 580	352 580
Other liabilities	1 985	70	45 251	47 306
Total	**1 513 812**	**19 524**	**6 193 624**	**7 726 960**

Balance sheet items as of 31.12.2007 (in PLN thousand)	Parent entity	Subsidiary	Entities affiliated by management	Total
Assets				
Cash and cash equivalents	527 221	-	40 340	567 561
Financial assets held for trading	103 238	-	-	103 238
Due from Banks and Loans to Customers	-	1	119 540	119 541
Other assets	197	402	488	1 087
Total	**630 656**	**403**	**160 368**	**791 427**
Liabilities				
Financial liabilities held for trading	104 540	-	-	104 540
Due to banks and customers	834 133	10 171	4 007 143	4 851 447
Subordinated liabilities	-	-	358 200	358 200
Other liabilities	829	15	38 372	39 216
Total	**939 502**	**10 186**	**4 403 715**	**5 353 403**

Balance sheet items as of 31.03.2007 (in PLN thousand)	Parent entity	Subsidiary	Entities affiliated by management	Total
	Assets			
Cash and cash equivalents	373 821	-	2	373 823
Financial assets held for trading	26 296	-	-	26 296
Due from Banks and Loans to Customers	-	-	70 959	70 959
Other assets	386	89	173	648
Total	**400 503**	**89**	**71 134**	**471 726**
	Liabilities			
Financial liabilities held for trading	38 522	-	-	38 522
Due to banks and customers	265 821	3 005	2 775 495	3 044 321
Other liabilities	14 849	11	17 777	32 637
Total	**319 192**	**3 016**	**2 793 272**	**3 115 480**

Income Statement 1.01.2008- 31.03.2008 (in PLN thousand)	Parent entity	Subsidiary	Entities affiliated by management	Total

Interest income	10 596		1 724	12 320
Interest expense	-32 612	-196	-55 633	-88 441
Fee and commission income	17 127	797	178	18 102
Fee and commission expense	-371	-	-1	-372
Net trading income	27 750	-	10	27 760
Net profit (loss) on hedging transactions	439	-	-	439
Other income	1 741	-	-	1 741

Income Statement 1.01.2007 - 31.03.2007 (in PLN thousand)	Parent entity	Subsidiary	Entities affiliated by management	Total
Interest income	3 904	-	665	4 569
Interest expense	-4 104	-30	-21 826	-25 960
Fee and commission income	769	5	295	1 069
Fee and commission expense	-387	-	-1	-388
Dividend and other investment income	-	600	-	600
Net trading income	16 095	-	-	16 095
Net profit (loss) on hedging transactions	695	-	-	695
Other income	1 417	984	-	2 401

Shareholders Holding at least 5% of Total Voting Rights at the AGM

Structure of shareholders as at the balance sheet day, i.e. 31 March 2008.

	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	16 635 287	99,19%	16 635 287	99,19%
Others	135 893	0,81%	135 893	0,81%
Total:	16 771 180	100%	16 771 180	100%

The Bank's share capital is divided into 16,771,180 shares of PLN 30 nominal value each, which constitutes 16,771,180 votes at the General Meeting of the Bank's Shareholders.

Shares of Fortis Bank Polska SA held by Management or Supervisory Board Members

As at the date of submitting this report for the first quarter of 2008, i.e. 14 May 2008, none of the Members of the Board of Executives or Members of the Supervisory Board held any shares issued by Fortis Bank Polska SA 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 2007, i.e. 7 February 2008.

As at 31 March 2007, none of the Members of the Board of Executives held any shares issued by Fortis Bank Polska SA

As at 31 March 2007, Members of the Supervisory Board, held neither shares of the Bank nor rights to them.

Other Important Events

On 21 February 2008, the Extraordinary General Meeting of the Bank's Shareholders appointed Mr. Marc Luet and Mr. Lucas Willemyns to the Supervisory Board of Fortis Bank Polska SA

Effective 21 February 2008, the FBP Supervisory Board's composition is as follows:

Jos Clijsters - Chairman

Werner Claes - Deputy Chairman

Antoni Potocki	- Deputy Chairman
Zbigniew Dresler	
Peter Ullmann	
Marc Luet	
Lucas Willemyns	