The Capital Group of Fortis Bank Polska SA

Interim Consolidated Financial Statements of Fortis Bank Polska SA Capital Group For Qtr. I-IV of 2008

prepared pursuant to the International Financial Reporting Standards

FORTIS BANK

Table of Contents

1. Financial Highlights

Consolidated Financial Highlights	in PLN thousand		in EUR thousand	
	Qtr. I - IV 2008 (YTD)	Quarters I-IV 2007 (YTD)	Quarters I-IV 2008 (YTD)	Quarters I-IV 2007 (YTD)
Interest income	1 005 093	606 041	284 560	160 464
Fee and commission income	190 847	150 023	54 032	39 722
Total income, net	636 098	580 289	180 091	153 646
Profit before income tax	102 974	214 607	29 154	56 822
Net profit	78 496	177 594	22 224	47 022
Net cash provided by operating activities	-2 029 812	- 3 087 933	-574 676	-817 606
Net cash provided by investing activities	-670 156	-56 377	-189 733	-14 927
Net cash provided by (used in) financing activities	3 472 822	1 612 932	983 217	427 063
Total net cash flow	772 854	-1 531 378	218 809	-405 470
Total assets	19 869 004	14 211 014	4 762 008	3 967 341
Due to banks	7 554 483	5 895 545	1 810 585	1 645 881
Due to customers	9 289 144	6 307 428	2 226 331	1 760 868
Equity	1 217 922	1 153 956	291 900	322 154
Number of shares	16 771 180	16 771 180	16 771 180	16 771 180
Book value per share (in PLN/EUR)	72,62	68,81	17,40	19,21
Diluted book value per share (in PLN / EUR)	72,62	68,81	17,40	19,21
Capital adequacy ratio	10,57%	11,72%	-	-
Basic Earnings Per Share (PLN)	4,68	10,59	1,33	2,80
Diluted Earnings Per Share (PLN)	4,68	10,59	1,33	2,80

Separate FBP Financial Highlights				
Interest income	1 005 027	606 041	284 541	160 464
Fee and commission income	186 239	150 023	52 728	39 722
Total income, net	631 355	580 289	178 748	153 646
Profit before income tax	102 585	214 607	29 044	56 822
Net profit	78 191	177 594	22 137	47 022
Net cash provided by operating activities	-2 018 538	-3 087 933	-571 484	-817 606
Net cash provided by investing activities	-670 045	-56 377	-189 702	-14 927
Net cash provided by (used in) financing activities	3 472 822	1 612 932	983 217	427 063
Total net cash flow	784 239	-1 531 378	222 032	-405 470
Total assets	19 886 304	14 211 014	4 766 155	3 967 341
Due to banks	7 554 483	5 895 545	1 810 585	1 645 881
Due to customers	9 308 212	6 307 428	2 230 901	1 760 868
Equity	1 216 912	1 153 956	291 658	322 154
Number of shares	16 771 180	16 771 180	16 771 180	16 771 180
Book value per share (in PLN/EUR)	72,56	68,81	17,39	19,21
Diluted book value per share (in PLN / EUR)	72,56	68,81	17,39	19,21
Capital adequacy ratio	10,47%	11,72%	-	-
Basic Earnings Per Share (PLN)	4,66	10,59	1,32	2,80
Diluted Earnings Per Share (PLN)	4,66	10,59	1,32	2,80

Rules of PLN conversion into EUR

Key items in the balance sheet, income statement and cash flow statement in the financial statements as of the end of the fourth quarter of 2008 and the corresponding financial figures as of the end of the fourth 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 fourth quarter of 2008 have been converted into EUR at the mid-rate binding as at 31 December 2008 published by the National Bank of Poland on 31 December 2008, i.e. EUR 1 = PLN 4.1724; comparative financial data as at the end of the fourth quarter of 2007 have been converted into EUR at the mid-rate binding as at 31 December 2007, published by the National Bank of Poland on 31 December 2007, i.e. EUR 1 = PLN 3.5820;
- particular items in the income statement and cash flows, and earnings per share as at the end of the fourth 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 December 2008, i.e. EUR 1 = PLN 3.5321, whereas comparative data as at the end of the fourth 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 December 2007, i.e. EUR 1 = PLN 3.7768.

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

Consolidated Income Statement (in PLN thousand)		4th Quarter 2008	Qtr. I - IV 2008 (YTD)	4th Quarter 2007*	Qtr. I - IV 2007* (YTD)
Interest income	Note 9.1	273 904	1 005 093	190 621	606 041
Interest expense	Note 9.2	-167 377	-609 171	-106 232	-317 008
Net interest income		**106 527**	**395 922**	**84 389**	**289 033**
Fee and commission income	Note 9.3	40 311	190 847	40 187	150 023
Fee and commission expense	Note 9.4	-3 475	-12 376	-2 917	-10 474
Net fee and commission income		**36 836**	**178 471**	**37 270**	**139 549**
Dividend and other investment income		-	-	2 800	3 400
Net trading income	Note 9.5	-50 263	49 767	39 844	140 169
Net gain/loss on available-for-sale financial assets		-	-3 233	-2 968	-2 723
Net profit (loss) on hedging transactions		82	257	-106	-126
Other revenues		4 196	14 914	3 049	10 987
Total income, net		**97 378**	**636 098**	**164 278**	**580 289**
Personnel expenses		-34 584	-181 958	-41 626	-160 198
Depreciation of fixed assets and intangible fixed assets		-10 766	-38 470	-9 268	-25 257
Other expenses		-46 696	-145 612	-41 868	-138 918
Net impairment losses	Note 9.6	-129 070	-167 084	-16 100	-41 309
Profit before income tax		**-123 738**	**102 974**	**55 416**	**214 607**
Income tax expense		18 889	-24 478	-10 091	-37 013
Net profit		**-104 849**	**78 496**	**45 325**	**177 594**

*for four quarters of 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 8

Net profit (in PLN thousand)	78 496	177 594
Weighted average number of ordinary shares	16 771 180	16 771 180
EPS ratio (in PLN)	4 68	10,59

Diluted weighted average number of ordinary shares	16 771 180	16 771 180
Diluted EPS ratio (in PLN)	4 68	10,59

Consolidated balance sheet (in PLN thousand)		31 December 2008	31 December 2007*
Assets			
Cash and cash equivalents	Note 10.1	1 494 888	710 793
Financial assets held for trading	Note 10.3.1	1 372 145	253 301
Due from banks	Note 10.2.1	606 373	1 084 283
Loans to customers	Note 10.2.2	14 823 117	11 195 867
Investments - Available for Sale	Note 10.4	1 200 836	603 235
Property, Plant and Equipment		113 258	113 816
Intangible Assets		26 000	22 287
Deferred tax assets		96 717	33 873
Other assets		135 670	193 559
Total assets		**19 869 004**	**14 211 014**
Liabilities			
Financial liabilities held for trading	Note 10.3.2	961 601	201 381
Due to banks	Note 10.5.1	7 554 483	5 895 545
Due to customers	Note 10.5.2	9 289 144	6 307 428
Current tax liabilities		57 061	26 601
Subordinated liabilities		417 240	358 200
Other liabilities		354 679	251 929
Provisions		16 874	15 974
Total liabilities		**18 651 082**	**13 057 058**
Equity			
Share capital		503 135	503 135
Share premium		308 656	308 656
Other capital		344 983	183 200
Revaluation reserve		-18 053	-2 818
Retained earnings		705	-15 811
Net profit (loss) for the year		78 496	177 594
Total equity		**1 217 922**	**1 153 956**
Total liabilities and equity		**19 869 004**	**14 211 014**

*for four quarters of 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 for four quarters 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 01.01.07	**503 135**	**308 814**	**92 455**	**-**	**74 934**	**2 167**	**981 505**
Net profit (loss) for the year	-	-	-	177 594	-	-	177 594
Net profits/losses not recognised in the income statement (investments available for sale)	-	-	-	-	-	-6 857	-6 857
Net profits/losses recognised in the income statement (investments available for sale)	-	-	-	-	-	703	703
Deferred tax – net profits/losses (investments available for sale)	-	-	-	-	-	1 169	1 169
Total income in Quarter IV 2007	**-**	**-**	**-**	**177 594**	**-**	**-4 985**	**172 609**
Distribution of retained earnings	**-**	**-**	**-108 266**	**-**	108 266	-	**-**
Issue costs	**-**	**-158**	**-**	**-**	-	-	**-158**
Balance as at 31.12.07	**503 135**	**308 656**	**-15 811**	**177 594**	**183 200**	**-2 818**	**1 153 956**

*for four quarters of 2007, separate data of Fortis Bank Polska SA have been presented.

Consolidated Statement of Changes in Shareholders' Equity for four quarters of 2008 (in PLN thousand)

	Share capital	Share premium	Retained earnings	Net profit (loss) for the year	Other capital	Revaluation reserve	Total capital
Balance as at 01.01.08	**503 135**	**308 656**	**161 783**	**-**	**183 200**	**-2 818**	**1 153 956**
Consolidation adjustment	-	-	705	-	-	-	705
Adjusted balance as at 01.01.2008	**503 135**	**308 656**	**162 488**	**-**	**183 200**	**-2 818**	**1 154 661**
Net profit (loss) for the year	-	-	-	78 496	-	-	78 496
Net profits/losses not recognised in the income statement (investments available for sale)	-	-	-	-	-	-22 655	-22 655
Net profits/losses recognised in the income statement (investments available for sale)	-	-	-	-	-	3 846	3 846
Deferred tax – net profits/losses (investments available for sale)	-	-	-	-	-	3 574	3 574
Total income in Quarter IV 2008	**-**	**-**	**-**	**78 496**	**-**	**-15 235**	**63 261**
Distribution of retained earnings	**-**	**-**	**-161 783**	**-**	**161 783**	**-**	**-**
Balance as at 31.12.08	**503 135**	**308 656**	**705**	**78 496**	**344 983**	**-18 053**	**1 217 922**

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

Consolidated Cash Flow Statement (in PLN thousand)	Quarters I-IV 2008 (YTD)	Quarters I-IV 2007 (YTD)
Cash and cash equivalents, gross, opening balance	**711 109**	**2 242 487**
Consolidation adjustment	**11 385**	**-**
Adjusted cash and cash equivalents, gross, opening balance	**722 494**	**2 242 487**
Profit before income tax	**102 974**	**214 607**
Adjustments for:	**-2 132 786**	**-3 302 540**
Depreciation	38 470	25 257
Impairment losses	170 803	26 205
Profits/losses on account of FX rate differences	-	-3
Profits/losses on investing activities	3 499	13 773
Changes in operational assets and liabilities:	-2 288 282	-3 342 808
- financial assets and liabilities held for trading	-358 624	33 822
- due from banks	477 913	-318 232
- loans to customers	-3 796 822	-4 225 871
- change in the balance of available for sale investments	-5 385	11 677
- due to banks	889 506	-315 164
- due to customers	347 524	1 680 071
- other assets and liabilities	157 606	-209 111
Income tax (current and deferred)	-57 276	-24 964
Net operating cash flows	**-2 029 812**	**-3 087 933**
Purchase of available-for-sale investments	-1 185 781	-667 467
Purchase of property, plant and equipment and intangible fixed assets	-45 310	-87 723
Proceeds from sales of available-for-sale investments	560 176	702 283
Proceeds from sales of property, plant and equipment	2 628	3 703
Other investment expenses	-1 869	-7 173
Net cash provided by investing activities	**-670 156**	**-56 377**
Issuance of subordinated liabilities	59 040	358 200
Loans and credit facilities taken	5 405 496	2 149 206
Repayment of loans and credit facilities	-1 991 714	-894 474
Net cash provided by (used in) financing activities	**3 472 822**	**1 612 932**
Cash and cash equivalents, gross, ending balance	**1 495 348**	**711 109**
Change in cash and cash equivalents, net	**772 854**	**-1 531 378**

*for four quarters of 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. Quarterly Financial Information – Separate Financial Data of Fortis Bank Polska SA

Profit & Loss Account (in PLN thousand)	4th Quarter 2008	Qtr. I - IV 2008 (YTD)	4th Quarter 2007	Qtr. I - IV 2007 (YTD)
Interest income	273 904	1 005 027	190 621	606 041
Interest expense	-167 660	-610 215	-106 232	-317 008
Net interest income	**106 244**	**394 812**	**84 389**	**289 033**
Fee and commission income	39 607	186 239	40 187	150 023
Fee and commission expense	-3 292	-11 393	-2 917	-10 474
Net fee and commission income	**36 315**	**174 846**	**37 270**	**139 549**
Dividend and other investment income	-	-	2 800	3 400
Net trading income	-50 263	49 767	39 844	140 169
Net gain/loss on available-for-sale financial assets	-	-3 233	-2 968	-2 723
Net profit (loss) on hedging transactions	82	257	-106	-126
Other revenues	4 266	14 906	3 049	10 987
Total income, net	**96 644**	**631 355**	**164 278**	**580 289**
Personnel expenses	-33 895	-179 178	-41 626	-160 198
Depreciation of fixed assets and intangible fixed assets	-10 702	-38 222	-9 268	-25 257
Other expenses	-46 393	-144 286	-41 868	-138 918
Net impairment losses	-129 070	-167 084	-16 100	-41 309
Profit before income tax	**-123 416**	**102 585**	**55 416**	**214 607**
Income tax expense	18 828	-24 394	-10 091	-37 013
Net profit	**-104 588**	**78 191**	**45 325**	**177 594**

EPS ratio (in PLN)		
Net profit (in PLN thousand)	78 191	177 594
Weighted average number of ordinary shares	16 771 180	16 771 180
EPS ratio (in PLN)	4,66	10,59
Diluted weighted average number of ordinary shares	16 771 180	16 771 180
Diluted EPS ratio (in PLN)	4,66	10,59

Balance sheet (in PLN thousand)	31 December 2008	31 December 2007
Assets		
Cash and cash equivalents	1 494 888	710 793
Financial assets held for trading	1 372 145	253 301
Due from banks	606 373	1 084 283
Loans to customers	14 823 117	11 195 867
Investments - Available for Sale	1 218 990	603 235
Property, Plant and Equipment	112 926	113 816
Intangible Assets	25 896	22 287
Deferred tax assets	96 586	33 873
Other assets	135 383	193 559
Total assets	**19 886 304**	**14 211 014**
Liabilities		
Financial liabilities held for trading	961 601	201 381
Due to banks	7 554 483	5 895 545
Due to customers	9 308 212	6 307 428
Current tax liabilities	56 890	26 601
Subordinated liabilities	417 240	358 200
Other liabilities	354 092	251 929
Provisions	16 874	15 974
Total liabilities	**18 669 392**	**13 057 058**
Equity		
Share capital	503 135	503 135
Share premium	308 656	308 656
Other capital	344 983	183 200
Revaluation reserve	-18 053	-2 818
Retained earnings	-	-15 811
Net profit (loss) for the year	78 191	177 594
Total equity	**1 216 912**	**1 153 956**
Total liabilities and equity	**19 886 304**	**14 211 014**

Statement of Changes in Shareholders' Equity for four quarters 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 01.01.07	**503 135**	**308 814**	**92 455**	**-**	**74 934**	**2 167**	**981 505**
Net profit (loss) for the year	-	-	-	177 594	-	-	177 594
Net profits/losses not recognised in the income statement (investments available for sale)	-	-	-	-	-	-6 857	-6 857
Net profits/losses recognised in the income statement (investments available for sale)	-	-	-	-	-	703	703
Deferred tax – net profits/losses (investments available for sale)	-	-	-	-	-	1 169	1 169
Total income in Quarter IV 2007	**-**	**-**	**-**	**177 594**	**-**	**-4 985**	**172 609**
Distribution of retained earnings	**-**	**-**	**-108 266**	**-**	**108 266**	**-**	**-**
Issue costs	**-**	**-158**	**-**	**-**	**-**	**-**	**-158**
Balance as at 31.12.07	**503 135**	**308 656**	**-15 811**	**177 594**	**183 200**	**-2 818**	**1 153 956**

Statement of Changes in Shareholders' Equity for four quarters of 2008 (in PLN thousand)

	Share capital	Share premium	Retained earnings	Net profit (loss) for the year	Other capital	Revaluation reserve	Total capital
Balance as at 01.01.08	**503 135**	**308 656**	**161 783**	**-**	**183 200**	**-2 818**	**1 153 956**
Net profit (loss) for the year	-	-	-	78 191	-	-	78 191
Net profits/losses not recognised in the income statement (investments available for sale)	-	-	-	-	-	-22 655	-22 655
Net profits/losses recognised in the income statement (investments available for sale)	-	-	-	-	-	3 846	3 846
Deferred tax – net profits/losses (investments available for sale)	-	-	-	-	-	3 574	3 574
Total income in Quarter IV 2008	**-**	**-**	**-**	**78 191**	**-**	**-15 235**	**62 956**
Distribution of retained earnings	**-**	**-**	**-161 783**	**-**	**161 783**	**-**	**-**
Balance as at 31.12.08	**503 135**	**308 656**	**-**	**78 191**	**344 983**	**-18 053**	**1 216 912**

Cash Flow Statement (in PLN thousand)	Qtr. I - IV 2008 (YTD)	Qtr. I - IV 2007 (YTD)
Cash and cash equivalents, gross, opening balance	**711 109**	**2 242 487**
Profit before income tax	**102 585**	**214 607**
Adjustments for:	**-2 121 123**	**-3 302 540**
Depreciation	38 222	25 257
Impairment losses	170 803	26 205
Profits/losses on account of FX rate differences	-	-3
Profits/losses on investing activities	3 499	13 773
Changes in operational assets and liabilities:	-2 276 829	-3 342 808
- financial assets and liabilities held for trading	-358 624	33 822
- due from banks	477 913	-318 232
- loans to customers	-3 796 822	-4 225 871
- change in the balance of available for sale investments	-5 385	11 677
- due to banks	889 506	-315 164
- due to customers	356 434	1 680 071
- other assets and liabilities	160 149	-209 111
Income tax (current and deferred)	-56 818	-24 964
Net operating cash flows	**-2 018 538**	**-3 087 933**
Purchase of available-for-sale investments	-1 185 781	-667 467
Purchase of property, plant and equipment and intangible fixed assets	-45 199	-87 723
Proceeds from sales of available-for-sale investments	560 176	702 283
Proceeds from sales of property, plant and equipment	2 628	3 703
Other investment expenses	-1 869	-7 173
Net cash provided by investing activities	**-670 045**	**-56 377**
Issuance of subordinated liabilities	59 040	358 200
Loans and credit facilities taken	5 405 496	2 149 206
Repayment of loans and credit facilities	-1 991 714	-894 474
Net cash provided by (used in) financing activities	**3 472 822**	**1 612 932**
Cash and cash equivalents, gross, ending balance	**1 495 348**	**711 109**
Change in gross cash and cash equivalents	**784 239**	**-1 531 378**

Cash Flow Statement is prepared using an indirect method.

4. The Key Factors Affecting Consolidated Performance of Fortis Bank Polska SA Capital Group for Four Quarters of 2008.

Financial Results

Income Statement (in PLN thousand)	**Qtr. I - IV 2008 (YTD)**	**Qtr. I - IV 2007 (YTD)**	**Change**
Net interest income	395 922	289 033	37,0%
Net fee and commission income	178 471	139 549	27,9%
Net trading income	49 767	140 169	-64,5%
Personnel expenses	-181 958	-160 198	13,6%
Other expenses	-145 612	-138 918	4,8%
Profit before income tax	**102 974**	**214 607**	**-52,0%**
Net profit	**78 496**	**177 594**	**-55,8%**
Total assets (in PLN thousand)	**19 869 004**	**14 211 014**	**39,8%**
Loans to customers	14 823 117	11 195 867	32,4%
Due to customers	9 289 144	6 307 428	47,3%
Total equity	1 217 922	1 153 956	5,5%

Financial ratios (%)			
Capital adequacy ratio	10,57	11,72	-1,15
Return on assets (ROA)*	0,4	1,4	-1,0
Return on equity (ROE)*	6,2	17,7	-11,5
Net interest margin*	2,1	2,3	-0,2

*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

As at the end of 2008, the consolidated net profit of the Fortis Bank Polska SA Group exceeded PLN 78 million. It was by 56% less than the net profit earned in 2007 despite the fact that the Group's net income increased in that period by 10%, from PLN 580 million in 2007 up to PLN 636 million in 2008). The lower than expected net profit for 2008 results from financial performance in the fourth quarter of 2008 which significantly differed from the results earned in the first three quarters of the year. In consequence of deteriorating situation on financial markets and depreciating zloty, some customers that the Group entered into derivative contracts with, will not be able to meet the obligations resulting from transactions in derivative instruments. The Group assessed risks related to transactions based on derivative instruments and made an adjustment to reduce their valuation to fair value in the fourth quarter of 2008. As a result of a negative valuation of derivative instruments combined with growth of provisions for credit receivables arising out of completed derivative transactions, the Group of Fortis Bank Polska SA recorded a net loss of PLN 105 million in the fourth quarter of 2008.

The financial statements as at the end of 2008 are the consolidated statements that present data of the Bank and of its subsidiary, Fortis Private Investments Polska S.A. The Group, through the operations of its subsidiary, manages and administers assets held in investment funds and in other investment products. Fee and commission income of Fortis Private Investments Polska S.A. on account of asset management reached PLN 6,579 thousand at the end of 2008, while its net profit stood at PLN 305 thousand.

As at 31 December 2008, the Group's consolidated total assets stood at PLN 19,869,004 thousand and were higher by 40% than at the end of December 2007.

Loans to customers constitute the principal item of the asset structure. They increased by 32% in comparison to the end of 2007, i.e. up to PLN 14,823,117 thousand. As at the end of 2008, 46% of loans to customers were foreign currency loans. Growth of their value was to a great extent attributable to higher FX rates. Excluding the impact of FX rate changes, loans to customers increased by 21% in comparison to 2007.

The share of loans to customers in the structure of total assets decreased from 79% recorded as at the end of December 2007 down to 75% noted at the end of December 2008.

Commercial loans granted to enterprises prevailed in the gross loans to customers. As at the end of December 2007, their share made up 72% and went down to 66% at the end of December 2008.

The value of commercial loans increased by PLN 1,858,530 thousand (by 23%) over the result recorded in the previous year.

As at the end of December 2008, mortgage loans stood at PLN 4,501,796 thousand and were higher by 69% than as at the end of December 2007, when they amounted to PLN 2,660,307 thousand. Excluding the impact of FX rate changes (due to zloty depreciation, the value of mortgage loans grew by PLN 910,372 thousand), mortgage loans increased by 35% in comparison to 2007. Their share in the structure of gross loans to customers increased from 23% at the end of December 2007 up to 30% at the end of December 2008.

PLN loans hold the biggest share in the loan volume and constitute 53% of the total volume. As at 31 December 2008, their value stood at PLN 7,836,129 thousand, which means an increase by PLN 1,201,610 thousand (18%) as compared to 31 December 2007.

At the end of December 2007, the loans granted in CHF (in PLN equivalent) reached PLN 2,317,952 thousand and grew by 81% up to PLN 4,195,058 thousand at the end of December 2008 (excluding the impact of FX rate changes, the value of loans granted in CHF grew by 40% in comparison to the balance recorded as at the end of December 2007). At the end of 2008, such loans made up 28% of gross total loans, as compared to 21% recorded as at the end of 2007).

The credit portfolio in EUR (in PLN equivalent) grew from PLN 2,113,498 thousand at the end of 2007 to PLN 2,642,787 thousand at the end of 2008 (growth by 25%); however, at the same time their share in the total loan volume slightly decreased from 19% as at 31 December 2007 to 18% as at 31 December 2008. The increased value of loans granted in EUR was chiefly attributable to FX rate changes: excluding the impact of FX rate changes, the value of EUR loans rose by 7% in comparison to the balance noted at the end of December 2007.

As at the end of 2008, the value of impaired receivables significantly increased to reach PLN 575,100 thousand, whereas as at the end of 2007 their value stood at PLN 255,713 thousand. It means growth by 125%. The share of impaired receivables in the structure of gross loans to customers increased from 3.79% at the end of 2007 up to 2.25% at the end of 2008. The situation results chiefly from the impairment of customer receivables arising out of closed transactions in derivatives.

In connection with the above, as at the end of 2008, write-downs for impairment for incurred but not reported losses (IBNR) increased by 87% from PLN 194,409 thousand recorded as at the end of December 2007 up to PLN 363,981 thousand noted as at the end of December 2008.

Due from banks decreased as at the end of 2008 by 44% in comparison to the previous year (i.e. from PLN 1,084,283 thousand to PLN 606,373 thousand).

As at the end of December 2008, financial assets held-for-trading increased by 442%, i.e. PLN 1,118,844 thousand in comparison to the balance as at the end of December 2007. Such a huge change results from an increased value of financial derivative instruments (mostly due to FX rate changes).

Cash and cash equivalents increased in comparison to the end of 2007 by 110% and their share in total assets increased from 5% noted at the end of December 2007 to 8% recorded at the end of December 2008.

Investments available for sale increased by 99% in comparison to the end of 2007. Their share in total assets likewise increased from 4% to 6% as at the end of 2008. As at 31 December 2008, the Group's securities portfolio consisted mainly of securities issued by the Polish State Treasury.

Liabilities due to customers prevail in the structure of liabilities. As at the end of December 2008, the item stood at PLN 9,289,144 thousand and was higher than as at the end of December 2007 by PLN 2,981,716 thousand.

The share of liabilities due to customers made up 47% of total liabilities and their value increased by 47% as compared to the balance recorded at the end of December 2007.

In the structure of due to customers, term deposits prevail which at the end of December 2008 amounted to PLN 4,896,315 thousand, representing 80% of all customer deposits (and 53% of all liabilities due to customers). Sight deposits reached PLN 1,192,980 thousand as at the end of December 2008.

The share of due to banks in total liabilities slightly decreased from 41% at the end of 2007 to 38% at the end of 2008.

As at the end of 2008, the share of held-for-trading financial liabilities increased up to 5% of total liabilities. As at the end of 2007, the share was 1%. An increased value of held-for-trading financial liabilities (by PLN 760,220 thousand in comparison to the balance noted as at the end of 2007) is the consequence of growth in value of derivative financial instruments (mostly foreign currency contracts).

Provisions increased from PLN 15,974 thousand as at the end of 2007 up to PLN 16,874 thousand as at the end of 2008. The item comprises provisions for off-balance sheet commitments, legal risk reserves and office sub-lease reserve. Expressed as percentage, the value of provisions increased by 6% in comparison to the balance noted as at 31 December 2007.

As at 31 December 2008, the equity capital of the Group amounted to PLN 1,217,922 thousand, i.e. by 6% more than as at 31 December 2007. Despite the equity growth, its share in total liabilities slightly decreased: from 8% as at the end of 2007 to 6% recorded at the end of 2008.

A significant item of the income statement is the net interest income which as at the end of 2008 reached PLN 395,922 thousand and was higher by 37% or PLN 106,889 thousand than at the end of 2007. High interest income reflects growing volumes of customer loans and deposits; as regards customer deposits, despite their volume decline noted at the turn of the third and fourth quarters of 2008, average balances in the entire period from 1 January through 31 December 2008 were higher by 31% than in the corresponding period of 2007.

The Bank’s net interest income grew by 66%. This item stood at PLN 1,005,093 thousand at the end of 2008 as compared to PLN 606,041 thousand at the end of 2007.

The interest income consists mainly of interest on account of:

- Loans to Customers: PLN 854,400 thousand versus PLN 530,974 thousand at the end of 2007,
- Due from banks: PLN 14,747 thousand versus PLN 12,500 thousand at the end of 2007,
- Investments: PLN 65,746 thousand versus PLN 22,972 thousand at the end of 2007.

The interest expenses include in particular interest on account of:

- Due to banks: PLN (259,831) thousand versus PLN (157,942) thousand at the end of 2007,
- Due to Customers: PLN (327,973) thousand versus PLN (149,777) thousand at the end of 2007.

As at the end of December 2008, the Group generated net commission and fee income of PLN 178,471 thousand, i.e. by 28% more than as at the end of December 2007.

The Bank's commission and fee income growth reached 27%. This item stood at PLN 190,847 thousand as at the end of 2008 as compared to PLN 150,023 thousand as at the end of 2007.

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

- Fees and commissions related to derivative instrument buy/sell transactions: PLN 48,395 thousand versus PLN 15,792 thousand as at the end of 2007,
- fees and commissions for cash settlements services: PLN 55,488 thousand versus PLN 53,324 thousand as at the end of 2007,

- commissions related to granting credit facilities: PLN 34,898 thousand versus PLN 26,347 thousand as at the end of 2007,
- card transactions income: PLN 11,687 thousand versus PLN 11,732 thousand as at the end of 2007.

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

- card related expenses: PLN (4,975) thousand versus PLN (4,087) thousand as at the end of 2007,
- cash transactions commission expenses: PLN (3,193) thousand versus PLN (3,062) thousand as at the end of 2007,
- settlement commission expenses: PLN (1,135) thousand versus PLN (1,431) thousand as at the end of 2007.

At the end of 2008, fee and commission expenses amounted to PLN (12,376) thousand and were higher by 18% than as at the end of the previous year when they equalled PLN (10,474) thousand.

The third highest item of the income statement is the net trading income, which as at the end of December 2008 stood at PLN 49,767 thousand and decreased in comparison to the amount recorded as at the end of December 2007 by PLN 90,402 thousand (64%). The decline resulted from a negative adjustment of the fair value of option transactions entered into with the Group's customers. The measurement of derivative instruments was adjusted on that account by PLN 104319thousand. The net income on derivative instruments stood at PLN (59,759) thousand as at the end of 2008 and decreased in comparison to the previous year by PLN 72,258 thousand. The net FX income of PLN 111,332 thousand decreased by 14% in comparison to the previous year.

The Group's development entailed growth of costs, including personnel costs.

At the end of December 2008, the Group's personnel costs stood at PLN (181,958) thousand and were higher by 14% compared to the end of December 2007, when they amounted to PLN (160,198) thousand.

The depreciation of fixed and intangible assets amounted to PLN (38,470) thousand and was higher by 52% than at the end of 2007.

At the end of 2008, net impairment losses increased up to PLN (167,084) thousand, and were higher by 304% (PLN 125,775 thousand) than in the previous year. The main growth factor were costs of loan provisions for receivables arising out of closing derivative transactions. The charge related to credit risk costs on customer receivables increased from PLN (23,482) thousand as at the end of 2007 to PLN (170,322) thousand as at the end of 2008 (the charge grew by PLN 146,840 thousand; approx. 77% of the charge with credit risk costs in 2008 resulted from net impairment losses related to receivables arising out of closed transactions in derivative instruments).

5. Information on Fortis Bank Polska SA Capital Group

Basic data on the Issuer

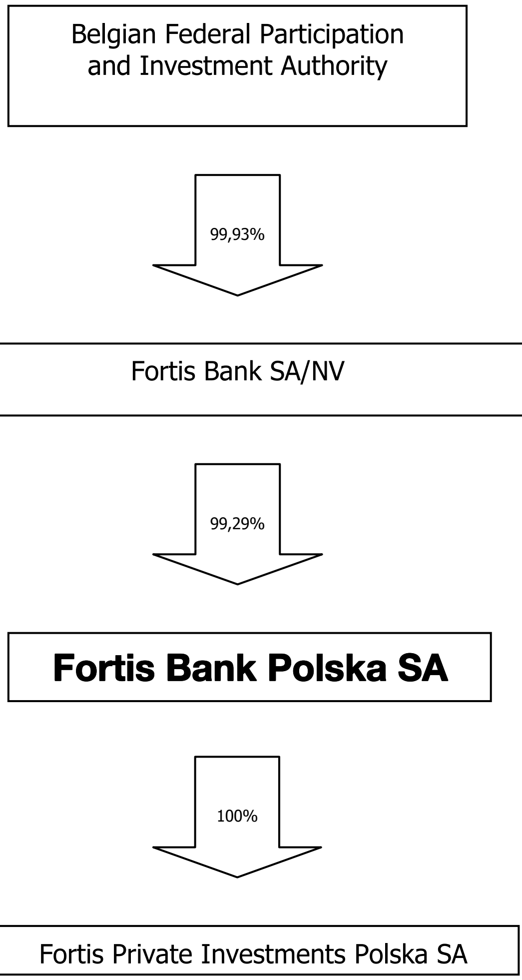
Fortis Bank Polska S.A. ("the Bank"), with its registered office in Warsaw at ul. Suwak 3, was entered in the register of entrepreneurs of the National Court Register (KRS) maintained by the District Court for the capital city of Warsaw, XIII Commercial Division of the National Court Register under No.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

The Bank 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 four quarters of 2008 contains the data of the Bank and of its subsidiary, Fortis Private Investments Polska S.A. (jointly referred to as "the Group").

The structure of the capital group of Fortis Bank Polska SA.

As at the end of the fourth quarter of 2008, the Bank was part of an international banking group where the ultimate parent entity was the Belgian State government through the agency of the Société Fédérale de Participations et d'Investissement. Fortis Bank SA/NV based in Brussels remains the Bank's parent entity.



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

Name of the entity	Ownership relation	Consolidation method	Registered office	% of votes at the Annual General Meeting	
				31.12.2008	31.12.2007
Fortis Private Investments	Subsidiary	Full consolidation	Warsaw	100%	100%

Polska SA					

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 includes in particular:

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

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

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

6. Accounting Policies

Basis of presentation

Statement on consistency with the IFRS

These consolidated financial statements fulfil the requirements of the International Financial Reporting Standards (IFRS), including the International Accounting Standard (IAS) 34, which have been approved by the European Union. In the scope not regulated by the above standards, these financial statements have been prepared in compliance 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 Bank's Board of Executives is not aware of any circumstances indicating any risk to the business continuation by the Group in the foreseeable future.

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

Comparative data

The consolidated financial statements present consolidated data of Fortis Bank Polska SA and its subsidiary, Fortis Private Investments Polska S.A., for the period from 1 January 2008 through 31 December 2008, while separate comparative data present data of Fortis Bank Polska S.A. for the period from 1 January 2007 through 31 December 2007.

The fact that data regarding Fortis Bank Polska S.A. only are accounted for in comparative periods, does not impair the comparability with the consolidated data for 2008 and does not materially affect the picture of the Bank's situation due to a minor scale of operations of Fortis Private Investments Polska SA.

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 four quarters 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. In the estimation of fair values, the Group takes into consideration customer credit risk and applies a developed methodology of adjustment of the measurement to fair value on that account, as described in Section "The fair value of financial instruments."

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.

<u>Write-downs for non-financial assets' impairment</u>

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.

<u>Useful lives and residual values</u>

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.

<u>Other Accounting Estimates</u>

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

<u>Rules of Balance Sheet Recognition and Derecognition of Financial Assets and Liabilities</u>

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.

<u>Classification and measurement</u>

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:

<u>Loans and receivables</u>

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

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

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

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

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

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

Investments held to maturity

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

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

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

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

Financial assets measured to fair value through profit or loss

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

a) classified at initial recognition as held for trading if they were acquired chiefly to be sold in the near term;

b) that are part of a portfolio of identified financial instruments that are managed together and for short-term profit taking,

c) that are derivative instruments (excluding derivative instruments that constitute effective hedging instruments), or

d) classified at the initial recognition as measured to fair value through profit or loss.

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

a) held-for-trading securities,

b) derivative instruments (excluding derivative instruments that constitute effective hedging instruments).

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

Financial assets available for sale

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

a) loans and receivables,

b) investments held to maturity,

c) financial assets measured to fair value through profit or loss.

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

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

Financial liabilities measured to fair value through profit or loss

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

a) classified at initial recognition as held for trading if they were assumed chiefly to be repurchased in the near term;

b) that are part of a portfolio of identified financial instruments, which are managed together and for short-term profit taking, or

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

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

a) derivative instruments (excluding derivative instruments that constitute effective hedging instruments),

b) liabilities on account of short sale of securities.

Other financial liabilities

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

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

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

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

a) due to banks;

b) due to customers.

Fair Value of Financial Instruments

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

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

Valuation techniques include:

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

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

- Fair values for securities are determined using market prices from active markets. If no quoted prices are available from an active market, the fair value is determined using discounted cash flow models. Discount factors are based on the market interest rate curves.
- Fair values for derivative financial instruments are obtained from active markets or determined using, as appropriate, discounted cash flow models and option pricing models,

- Fair values of loans are determined using discounted cash flow models based upon present interest rates for similar type loans. For variable-rate loans that re-price frequently, fair values are approximated by the carrying amount,
- The carrying amounts are considered to approximate fair values for other financial assets and liabilities, such as short-term payables and receivables.

In the measurement of financial instruments (FX Options and FX Forwards), the Bank takes into consideration customer credit risk using a developed methodology of adjustment of the measurement to fair value on that account.
In order to adjust the measurement of the fair value of option and forward transactions concluded, the Bank applies an approach based on the assessment of customer natural exposure taking into account contracts signed with other banks, likewise on the assessment of cash flows generated by customers which cash flows could cover the measurement of derivative transactions that do not hedge cash flows in foreign currencies.
In the analysis, a possibility is considered of taking additional financing by customers to cover unsettled transactions that do not hedge their contracts settled in foreign currencies.
An estimation of the measurement adjustment is determined using dedicated analytical tools taking into account a materiality criterion.

Offsetting financial instruments

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

The Group made no setoff referred to above.

Sale and Repurchase Agreements and Lending/Borrowing Securities

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

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

Derivative instruments

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

Derivative instruments in the Group include the following transactions:

a) IRS Contracts

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

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

b) FX Forward Contracts

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

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

c) FX Swap Contracts

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

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

d) Interest Rate Options

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

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

e) FX Options

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

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

f) FRA Contracts

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

g) CIRS Contracts

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

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

h) OIS Contracts

OIS contracts consist in an exchange of interest payments based on a fixed contractual interest rate for interest payments based on a variable interest rate. The variable interest rate is determined on the basis of a rate compounded of WIBOR Overnight indexes or based on POLONIA rates determined every business day during the interest period. Such contracts are entered into for the period up to one year. The purpose of OIS contracts is to hedge against interest rate risk and also to obtain gains as a result of short-term price changes.

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

i) Futures contracts

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

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

Derivative instruments that are hedging instruments

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

The Group applies hedge accounting with respect to interest rate risk hedging. The fair value is hedged to limit a risk that fair value changes resulting from a specific risk related to financial assets and liabilities held, or a specific part thereof, may affect the financial result.

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

Embedded derivatives

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

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

Asset Impairment

Financial assets

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

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

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

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

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

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

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

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

Non-financial Assets

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

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

The recoverable value is the higher of the following:

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

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

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

Cash and cash equivalents

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

Due from Banks and Loans to Customers

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

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

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

Rules governing impairment estimation are presented above.

Property, Plant and Equipment

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

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

Any impairment loss identified is recognised in the income statement.

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

Depreciation is calculated using the straight-line method to write down the value subject to depreciation over the asset estimated useful life.

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

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

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

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

Useful lives of fixed assets are as follows:

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

Non-Current Assets Held for Sale and Discontinued Operations

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

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

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

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

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

Intangible Assets

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

Intangible assets include intangible assets with definite useful lives, such as trademarks and licenses. They are amortised over their useful lives using the straight-line method.

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

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

Any impairment loss identified is recognised in the income statement.

The useful life of intangible assets is determined for:

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

Due to customers

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

Employee Benefits

Long-Term Obligations to Employees

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

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

Short-term Obligations to Employees

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

Provisions

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

The Group recognises provisions in the balance sheet, when:

a) there is a present legal or customarily expected obligation as a result of past events;

b) cash outflow is likely to take place in order to perform the obligation;

c) a reliable estimate can be made at the balance sheet date.

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

Contingent Liabilities - Off-balance Sheet Commitments

Contingent liabilities are:

a) a possible obligation arising as a result of past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

b) a present obligation, which arises as a result of past events, however it is not recognised in the balance sheet because it is unlikely that an outflow of economic benefits will be necessary to perform the obligation or the liability amount cannot be reliably estimated.

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

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

- contingent liabilities granted on account of guarantees issued by the Group in favour of customers – in the amount specified in agreements;

- contingent liabilities on account of export and import letters of credit;

- contingent liabilities on account of financial and guarantee master agreements concluded – in the amount unutilised by the customer;

- contingent liabilities on account of credit lines obtained by the Group – in the amount available for use by the Group;

- contingent liabilities on account of guarantees received by the Group – in the amount specified in agreements.

Shareholders' equity

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

Share Issue Costs

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

Dividends on Ordinary Shares

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

Other Equity Capital Components

Other components that are recognised in equity refer to:

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

Earnings per Share

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

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

Interest Income and Expense

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

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

Fees and Transaction Costs

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

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

Commissions and fees regarding receivables with respect to which the effective interest rate calculation cannot be applied (receivables of indefinite term of payment of specific instalments and undetermined interest rate changes) are spread over time using the straight-line method and included into the commission and fee income.

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

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

Net profit/loss on transactions in financial instruments

Net profit/loss on transactions in financial instruments includes:

- net profit/loss on transactions in financial instruments classified as available for sale, i.e. realised gains or losses on sales that represent the difference between the sales proceeds received and the amortised cost of the asset sold, minus any impairment losses previously recognised in the income statement;

- net profit/loss on transactions in financial instruments carried at fair value through profit or loss, 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

<u>Business segments</u>

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

<u>Geographical segments</u>

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.

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

The separate financial data of Fortis Bank Polska SA were prepared pursuant to the accounting principles applied in the preparation of the annual financial statements, and described in this chapter. The accounting principles applied in the preparation of this information are consistent with accounting principles applied in interim consolidated financial statements of Fortis Bank Polska SA Capital Group.

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

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

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

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

Activity 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.

- **Private Banking**

Private Banking provides integrated services and solutions in terms of asset management for the affluent Private Individuals. It is an intermediary in contacts with experts of Fortis Private Investments Polska SA.

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

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

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

c) **Merchant Banking**

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

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

d) ALM and support units (horizontal functions)

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

Secondary segment

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

Consolidated Income Statement by Business Segments

01.01.08-31.120.2008 (YTD) in PLN thousand	Retail Banking	Private Banking	Merchant Banking	ALM and support units (horizontal functions)	Total
Interest income (external)	433 430	14 916	484 068	72 679	1 005 093
Transfer prices expense (internal)	-327 689	-12 540	-669 236	-64 381	-1 073 846
Interest expense (external)	-141 780	-13 834	-452 977	-580	-609 171
Transfer prices income (internal)	201 001	15 563	716 187	141 095	1 073 846
Net interest income	**164 962**	**4 105**	**78 042**	**148 813**	**395 922**
Other transfer prices (internal)	2 276	4	103 244	-105 524	-
Fee and commission income (external)	99 220	5 252	83 303	3 072	190 847
Fee and commission expense (external)	-8 568	-1 007	-910	-1 891	-12 376
Net fee and commission income	**90 652**	**4 245**	**82 393**	**1 181**	**178 471**
Net trading income (external)	45 050	518	4 199	-	**49 767**
Net gain/loss on available-for-sale financial assets (external)	-	-	-	-3 233	**-3 233**
Net profit (loss) on hedging transactions (external)	-	-	-	257	**257**
Other income (external)	10 632	153	3 538	591	**14 914**
Total income, net	**313 572**	**9 025**	**271 416**	**42 085**	**636 098**
Personnel expense (external)	-73 452	-5 713	-35 709	-67 084	**-181 958**
Depreciation of fixed assets and intangible fixed assets (external)	-	-248	-	-38 222	**-38 470**
Other expenses (external)	-29 418	-1 783	-6 800	-107 611	**-145 612**
Net impairment losses (external)	-23 350	-23	-143 761	50	**-167 084**
Costs allocation (rebilling) (internal)	-170 824	-5 642	-35 694	212 160	**-**
Profit before income tax	**16 528**	**-4 384**	**49 452**	**41 378**	**102 974**
Income tax expense	-3 930	1 051	-11 759	-9 840	**-24 478**
Net profit	**12 598**	**-3 333**	**37 693**	**31 538**	**78 496**

1.01.2007-31.12.2007 (YTD) in PLN thousand	Retail Banking	Private Banking	Merchant Banking	ALM and support units (horizontal functions)	Total
Interest income (external)	271 146	4 191	300 970	29 734	606 041
Transfer prices expense (internal)	-185 051	-3 293	-401 969	-38 158	-628 471
Interest expense (external)	-83 976	-7 739	-222 337	-2 956	-317 008
Transfer prices income (internal)	133 419	8 212	407 430	79 410	628 471
Net interest income	**135 538**	**1 371**	**84 094**	**68 030**	**289 033**
Other transfer prices (internal)	-152	13	21 927	-21 788	-
Fee and commission income (external)	90 528	852	55 163	3 480	150 023
Fee and commission expense (external)	-7089	-75	-1 027	-2 283	-10 474
Net fee and commission income	**83 439**	**777**	**54 136**	**1 197**	**139 549**
Dividend and other investment income (external)	-	-	-	3 400	**3 400**
Net trading income (external)	61 819	365	77 985	-	**140 169**
Net gain/loss on available-for-sale financial assets (external)	-	-	-111	-2 612	**-2 723**
Net profit (loss) on hedging transactions (external)	-	-	-	-126	**-126**
Other income (external)	8 313	9	2 659	6	**10 987**
Total income, net	**288 957**	**2 535**	**240 690**	**48 107**	**580 289**
Personnel expense (external)	-63 934	-2 437	-42 065	-51 762	**-160 198**
Depreciation of fixed assets and intangible fixed assets (external)	-	-	-	-25 257	**-25 257**
Other expenses (external)	-26 369	-483	-7 008	-105 058	**-138 918**
Net impairment losses (external)	-27 168	-291	-13 857	7	**-41 309**
Costs allocation (rebilling) (internal)	-155 786	-4 774	-21 006	181 566	**-**
Profit before income tax	**15 700**	**-5 450**	**156 754**	**47 603**	**214 607**
Income tax expense	-4 239	841	-25 648	-7 967	**-37 013**
Net profit	**11 461**	**-4 609**	**131 106**	**39 636**	**177 594**

Description of Segment Activity

Retail Banking

Customers

Retail Banking is a dynamically developing business line. As at the end of the fourth quarter of 2008, the number of active customers of this line reached 53,768. Private Individuals (70%) and enterprises (21%) prevail among the Retail Banking customers, while the remaining 9% are mass market customers. Portfolios of that line's customers (credit cards, cash loans) continue to be maintained, however in 2008 the Group did not focus on this area.

Distribution channels

Retail Banking customers have at their disposal both a network of branches (35) as well as alternative channels: Pl@net Internet banking system Multicash (Home Banking system) and Call Center. The RB BL develops all the above distribution channels. The Group's statistics show that Customers are much interested in alternative distribution channels. Comparing data for four quarters of 2008 and four quarters of 2007 (YTD), the Group noted the following:

- increase in the number of Customers using the Pl@net banking system by 33%,
- increase in the number of transfers made via the Pl@net by 54%,

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 fourth quarter of 2008, the balance of such loans reached PLN 4.5 billion, which means an increase by 69% as compared to the end of the fourth quarter of 2007;
- credit cards: as at the end of the fourth quarter of 2008, the number of credit cards for Private Individuals and mass market Customers stood at 9,976 while the balance of card credits increased by 25% (the average of four quarters of 2008 as compared to the average of four quarters of 2007),
- investment products: Its outstanding balance reached PLN 0.9 billion as at the end of the fourth quarter of 2008.

The following products are largely popular among Enterprises:

- investment loans: as at the end of the fourth quarter of 2008, the balance of such loans reached PLN 2.6 billion, which means an increase by 37% as compared to the end of the fourth quarter of 2007,
- day-to-day foreign exchange transactions: the number of table-based and negotiated transactions within twelve months of 2008 increased by 18% as compared to twelve months of 2007, and the average monthly volume of such transactions oscillates around PLN 1.3 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 9% in the fourth quarter of 2008 as compared to the fourth quarter of 2007 (YTD). This increase was generated thanks to the following, but not limited to:

- net interest profit higher by 22%;
- net fee and commission profit higher by 9%.

The net trading income decreased by 27% as a result of a negative adjustment of fair value of unsettled derivatives in the amount of PLN 32.0 million.

The Retail Banking intensive development also resulted in costs increase. Personnel expenses grew by 15%. The increase was due to, inter alia, the growth in FTEs (by 6% on average in the periods analysed). 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 10% 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.

Private Banking

Customers

As at the end of the fourth quarter of 2008, the number of active customers of this line reached 283. On average, the number of the line's customers increased by 100% (twelve months of 2008 compared to twelve months of 2007).

Distribution channels

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

Comparing data for Quarter IV 2008 and Quarter IV 2007 (YTD), the Group noted the following:

increase in the number of Customers using the Pl@net banking system by 272%,

- increase in the number of transfers made via the Pl@net by 383%,

Products

Private Banking BL customers use credit, deposit, investment and card products.
The following products are largely popular among customers of the business line:

investment products – as the end of the fourth quarter of 2008, Private Banking customers saved approx. PLN 422 million (in savings and investment products such as e.g. foreign investment funds like L-FIX and L-Funds managed by Fortis Investments or Fortis FIO investment portfolios managed by Fortis Private Investments Polska SA).

overdraft facility limit: As at the end of the fourth quarter 2008, the outstanding balance of such loans was PLN 145 million.

Results

In connection with a consolidation of financial statements effective January 2008, the financial data of the Private Banking Business Line include also results generated by Fortis Private Investments Polska (FPIP) which make up 53% of the Line's net income, and 1% of the consolidated net income of Fortis Bank Polska. The constantly developing base of 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 256% in the fourth quarter of 2008 as compared to the fourth quarter of 2007 (YTD). This increase was generated thanks to the following, but not limited to:

- net interest income higher by 199% (without FPIP: by 118%)
- net fee and commission income higher by 446% (without FPIP: by -20%)

The Private Banking intensive development also resulted in costs increase. Personnel expense increased by 134% (without FPIP, by 20%). It mainly resulted from the increased employment in both Private Banking BL and FPIP (as at the end of 2008, FPIP employees account for 52% of the business line staff) and adjustment of the remuneration policy to the present situation on the labour market. The "costs allocation (rebilling)" item is the net value of business line costs allocated and transferred from Private Banking to other units. The costs increased by 18%. The factor affecting the growth of transferred costs was the higher Customer activity, and growth of products and services sold. 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 Banking

Customers

As at the end of the fourth quarter of 2008, the number of active customers of this line reached 2,510. On average, the number of the line's customers increased by 19% (twelve months of 2008 compared to twelve months of 2007).

Distribution channels

Merchant Banking customers have at their disposal both a network of Business Centres (8), which are part of the international Fortis Bank network, as well as alternative channels: Multicash, Pl@net systems and Call Centre. As statistics show, these channels are more and more willingly used by the customers. Comparing data for four quarters of 2008 and four quarters of 2007 (YTD), the Group noted the following:

- increase in the number of Customers using the Pl@net banking system by 313%,
- increase in the number of transfers made via the Pl@net by 1,022%,
- increase in the number of Customers using the MultiCash system by 4%,
- increase in the number of transfers made via the MultiCash by 2%.

Products

Merchant Banking customers use a wide range of credit and deposit products, financing international commercial transactions or performing transactions on international financial markets.
Products offered by the group to institutional customers include:

- investment loans (including loans to purchase / construction of commercial real properties): as at the end of the fourth quarter of 2008, the balance of such loans reached PLN 3.3 billion, which means an increase by 24% as compared to the end of the fourth quarter of 2007,
- working capital loans: as at the end of the fourth quarter of 2008, the balance of such loans reached PLN 1.6 billion, which means an increase by 9% as compared to the end of the fourth quarter of 2007,
- overdraft facilities: as at the end of the fourth quarter of 2008, the balance of such loans reached PLN 1.6 billion, which means an increase by 23% as compared to the end of the fourth quarter of 2007,
- deposits: as at the end of the fourth quarter of 2008, the total balance of deposits reached PLN 3.0 billion, which means an increase by 5% as compared to the end of the fourth quarter of 2007;

day-to-day foreign exchange transactions: the number of negotiated and table-based transactions during twelve months of 2008 reached about 55 thousand and the average monthly volume of such transactions oscillates around PLN 1.8 billion.

Results

The developing base of Merchant Banking BL 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 13% in the fourth quarter of 2008 as compared to the fourth quarter of 2007. This increase was generated thanks to the following, but not limited to:

- net commission and fee profit higher by 52%,

The net trading income decreased by 95% as a result of a negative adjustment of fair value of unsettled derivative instruments in the amount of PLN 64.3 million.

The Merchant Banking intensive development also resulted in costs increase.
The "costs allocation (rebilling) item is the net value of business line costs allocated and transferred from Merchant Banking to other units. The costs increased by 70%. 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 costs decreased by about 15% in comparison to the previous year. Such a situation results from decreasing employment in this segment through organisational changes and moving some people from units supporting credit operations to Retail Banking.

In the fourth quarter, the line noted a significant increase of net write-downs for credit receivables (including PLN 108.7 million of impairment losses related to receivables arising out of closed transactions in derivative instruments) which translated into a decrease of gross profit by 68% as compared to the end of 2007.

ALM and support units (horizontal functions)

Results

On one hand, the segment of ALM and support units presents the results of interest rate and liquidity risk management – the net profit on the activity decreased by 13% due to dynamic growth of remaining (internal) transfer prices. On the other hand, it reports costs of support units reflecting the Group's development.

8. Consolidated Earnings Per Share

Note 8. Consolidated earnings per share

	1.01.2008 – 31.12.2008	1.01.2007 – 31.12.2007
Number of shares as at 31 December	16 771 180	16 771 180
Weighted average number of ordinary shares	16 771 180	16 771 180
Net profit of the period (annualised) in PLN thousand	78 496	177 594
EPS ratio in PLN	**4,68**	**10,59**
Weighted average diluted number of potential ordinary shares	16 771 180	16 771 180
Diluted consolidated EPS ratio (in PLN)	**4,68**	**10,59**

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)	4th Quarter 2008	Quarters I- IV 2008 (YTD)	4th Quarter 2007	Quarters I- IV 2007 (YTD)
Cash and cash equivalents	11 082	62 393	11 953	32 730
Due from banks	1 317	14 747	3 492	12 500
Investments	16 668	65 746	6 162	22 972
Loans to customers	241 650	854 400	166 837	530 974
Securities	3 187	7 807	2 177	6 865
Total interest income	**273 904**	**1 005 093**	**190 621**	**606 041**

Note 9.2 Interest expense

(in PLN thousand)	4th Quarter 2008	Quarters I- IV 2008 (YTD)	4th Quarter 2007	Quarters I- IV 2007 (YTD)
Due to banks	-76 681	-259 831	-50 587	-157 942
Due to customers	-84 879	-327 973	-49 401	-149 777
Subordinated loans	-5 166	-19 181	-5 437	-5 437
Derivative hedging instruments	8	-537	-606	-2 932
Others	-659	-1 649	-201	-920
Total interest expense	**-167 377**	**-609 171**	**-106 232**	**-317 008**

Note 9.3 Fee and commission income

(in PLN thousand)	4th Quarter 2008	Quarters I- IV 2008 (YTD)	4th Quarter 2007	Quarters I- IV 2007 (YTD)
Custody services and securities trading	510	2 416	879	3 043
Cash settlements services	14 169	55 488	14 439	53 324
Guarantees and contingent liabilities	3 666	14 721	3 611	14 852
Loan origination fees and commissions (amortised using the straight-line method)	6 325	24 320	5 662	20 122
Loan origination fees and commissions (incurred one time)	1 767	10 578	1 944	6 225
Fees and commissions related to derivative instrument buy/sell transactions	6 130	48 395	4 196	15 792
Income on account of agency in customer acquisition	1 221	4 143	2 353	10 741
Card related income	2 926	11 687	3 157	11 732
Income on asset management	1 145	7 641	903	2 348
Others	2 452	11 458	3 043	11 844
Total fee and commission income	**40 311**	**190 847**	**40 187**	**150 023**

Note 9.4 Fee and commission expense

(in PLN thousand)	4th Quarter 2008	Quarters I- IV 2008 (YTD)	4th Quarter 2007	Quarters I- IV 2007 (YTD)
Custody services and securities trading	-147	-861	-236	-680
Card related expenses	-1 726	-4 975	-990	-4 087
Cash transactions expenses	-958	-3 193	-833	-3 062
Settlements	-288	-1 135	-360	-1 431
Others	-356	-2 212	-498	-1 214
Total fee and commission expenses	**-3 475**	**-12 376**	**-2 917**	**-10 474**

Note 9.5 Net trading income

(in PLN thousand)	4th Quarter 2008	Quarters I- IV 2008 (YTD)	4th Quarter 2007	Quarters I- IV 2007 (YTD)
Securities	-253	-1 806	-1 015	-2 142
Derivative instruments	-60 746	-59 759	5 578	12 499
- measurement to fair value	43 573	44 560	5 578	12 499
- adjustment of fair value on account of credit risk	-104 319	-104 319	-	-
Foreign exchange transactions	10 736	111 332	35 281	129 812
Total net trading income	**-50 263**	**49 767**	**39 844**	**140 169**

Note 9.6 Net impairment losses

(in PLN thousand)	4th Quarter 2008	Quarters I- IV 2008 (YTD)	4th Quarter 2007	Quarters I- IV 2007 (YTD)
Cash and cash equivalents, net	1 086	-144	-70	-150
Due from banks, net	123	3	-2	-20
Loans to customers, net	-129 655	-166 001	-15 767	-37 953
Off-balance sheet commitments, net	-83	-277	-2 248	-3 833
Other assets, net	-266	-51	322	538
Other provisions, net	-275	-614	1 665	109
Total impairment losses, net	**-129 070**	**-167 084**	**-16 100**	**-41 309**

10. Additional Notes to Consolidated Balance Sheet

Note 10.1 Cash and cash equivalents

(in PLN thousand)	31 December 2008	31 December 2007
Cash at hand	355 984	543 343
Due from the central bank	14 671	17 153
Short-term due from banks, including:	1 124 693	150 613
- nostro accounts	325 574	97
- short-term deposits from banks	799 119	150 516
Total cash and cash equivalents, gross	**1 495 348**	**711 109**
Write-offs for impairment	**-460**	**-316**
- for Incurred But Not Reported losses (IBNR)	-460	-316
Total cash and cash equivalents, net	**1 494 888**	**710 793**

Receivables

Note 10.2.1. Due from Banks

(in PLN thousand)	31 December 2008	31 December 2007
Loans	75 000	75 000
Debt securities not traded on an active market	-	150 639
Receivables on account of construction projects:	3 100	-
Receivables on account of unsettled FX spot and FX swap transactions	511 922	855 758
Other receivables	16 425	2 963
Total due from banks, gross	**606 447**	**1 084 360**
Write-offs for impairment	**-74**	**-77**
- for Incurred But Not Reported losses (IBNR)	-74	-77
Total net due from banks	**606 373**	**1 084 283**

Note 10.2.2 Loans to Customers

(in PLN thousand)	31 December 2008	31 December 2007
Loans to budgetary entities	420	454
Mortgage loans	4 501 796	2 660 307
Consumer loans and credit facilities	562 868	489 765
Commercial loans	10 074 224	8 215 694
Receivables on account of unsettled FX spot and FX swap transactions	44 534	23 841
Other receivables	3 256	215
Total loans to customers, gross	**15 187 098**	**11 390 276**
Write-offs for impairment	**-363 981**	**-194 409**
- for incurred, reported losses	-316 280	-145 351
- for Incurred But Not Reported losses (IBNR)	-47 701	-49 058
Total net loans to customers	**14 823 117**	**11 195 867**

Financial Assets and Liabilities Held for Trading

Note 10.3.1 Financial assets held for trading

(in PLN thousand)	31 December 2008	31 December 2007
Securities held for trading	**255 154**	**48 241**
- treasury bonds	129 506	33 309
- treasury bills	125 648	14 932
Derivative financial instruments	**1 116 991**	**205 060**
- foreign currency contracts	1 036 267	160 130
Measurement to fair value	1 140 586	160 130
xxxx	-104 319	-
- interest rate contracts	80 724	44 930
Total financial assets held for trading	**1 372 145**	**253 301**

Note 10.3.2 Financial liabilities held for trading

(in PLN thousand)	31 December 2008	31 December 2007
Derivative Financial Instruments	**961 601**	**201 381**
- foreign currency contracts	889 452	157 620
- interest rate contracts	72 149	43 761
Total financial liabilities held for trading	**961 601**	**201 381**

Note 10.4 Investments available for sale

(in PLN thousand)	31 December 2008	31 December 2007
Investments available for sale at fair value		
Treasury bonds	826 886	464 186
Treasury bills	348 883	95 835
NBP Bonds	24 979	24 979
Shares and stock	88	18 235
Total investments available for sale	**1 200 836**	**603 235**

Liabilities

Note 10.5.1 Due to banks

(in PLN thousand)	**31 December 2008**	**31 December 2007**
Due to the central bank	**325 000**	**-**
Deposits	**1 438 513**	**1 373 528**
- Current	48 554	103 769
- Term	974 683	953 700
- Cash collateral	415 276	316 059
Loans and credit facilities received	**5 277 520**	**3 666 796**
Others	**513 450**	**855 221**
Total due to banks	**7 554 483**	**5 895 545**

Note 10.5.2 Due to customers

(in PLN thousand)	**31 December 2008**	**31 December 2007**
Current deposits	1 192 980	1 425 475
Term deposits	4 896 315	4 597 824
Loans and credit facilities received	2 920 680	-
Cash collateral	236 308	260 334
Others	42 861	23 795
Total due to customers	**9 289 144**	**6 307 428**

11. Capital adequacy

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

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

Should there arise any risk of going below that threshold (i.e. below 9.5%), 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 (in PLN thousand)	**31.12.2008**	**31.12.2007**
Risk-weighted off-balance sheet assets and liabilities	**13 980 907**	**11 726 693**
Share capital	503 135	503 135
Share premium	308 656	308 656
Reserve capital together with retained earnings	344 983	183 710
Subordinated liabilities included in the capital*	417 240	358 200
Other elements of the equity capital included in the capital adequacy ratio calculation	52 095	67 300
Gross equity capital, total	**1 626 109**	**1 421 001**
Deductions		
Capital shares in financial entities	-	18 196
Net intangible assets	26 000	22 287
Total deductions	**26 000**	**40 483**
Net equity capital	**1 600 109**	**1 380 518**
Short-term capital	**99 389**	**14 286**
including current profit on the Trading Portfolio	99 389	14 286
Total equity capital plus short-term capital	**1 699 498**	**1 394 804**
Capital charge for:		
Credit risk	1 209 643	946 714
Market risk	9 654	5 707
Operational risk	66 947	-
Total capital requirement	**1 286 244**	**952 421**
Capital adequacy ratio	**10,57%**	**11,72%**

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

As at 31 December 2008 the capital adequacy ratio was 10.69% in comparison to 11.72% as at the end of December 2007. The ratio expresses the proportion between the Group's capital and its exposure on account of specific risks.

The Group's own funds (as a category computed for the capital adequacy ratio calculation) increased by 22% versus the end of December 2007, while risk-weighted assets and off-balance sheet items increased by 19% in the same period.

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

The New Capital Accord comprises three pillars:

Pillar I – changes have been introduced as regards capital requirements for credit risk, new capital requirements for operational risk have been determined while capital requirements for market risk remained unchanged,

Pillar II – banks are obliged to develop internal capital assessment processes and to determine target capital levels consistent with risk profiles of a given bank and regulatory requirements,

Pillar III – banks are obliged to disclose information on their risk profile and capitalisation level.

Fortis Bank Polska S.A. 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 net income earned.

Within Pillar II, the Bank 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.

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

The scope and detailed rules of setting capital requirements for specific risks are determined by Resolution No. 1/2007 of the Banking Supervision Commission dated 13 March 2007 regarding the scope and detailed rules of determination of capital requirements on account of specific risk types (…).

The manner of calculation of equity capital used in the capital adequacy ratio computation is governed by Resolution no. 2/2007 of the Banking Supervision Commission dated 13 March 2007 regarding other reductions of Tier 1 funds (...).

The application of the above regulations by the Group effective 1 January 2008 resulted in the increase of the total capital requirement. The increase is attributable chiefly to the capital requirement for operational risk that has not been previously taken into account in the capital adequacy ratio computation. Other capital requirements have not materially changed in comparison to calculations according to Basel II rules. In connection with the above, the Group has not recalculated comparative period data. The comparative data presented below as at 31 December 2007 are computed according to Basel I rules.

Minimal capital requirements (in PLN thousand)	31.12.2008	31.12.2007
Credit risk	1 209 643	946 714
Market risk, including:	9 654	5 707
- general interest rate risk	6 047	5 707
Operational risk	66 947	-
Total capital requirement	**1 286 244**	**952 421**

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 fourth quarter of 2007 as at 31 December 2007 to ensure data comparability.

Balance sheet as at 31 December 2007

Item	Report for 4th Quarter 2007	Report for 4th Quarter 2008	Difference	Change description
Cash and cash equivalents	1 590 463	710 793	-855 758	Receivables on account of unsettled FX spot and FX swap transactions - banks
			-23 841	Receivables on account of unsettled FX spot and FX swap transactions - customers
			-71	Other due from banks
Due from banks	228 525	1 084 283	855 758	Receivables on account of unsettled FX spot and FX swap transactions - banks
Loans to customers	11 172 026	11 195 867	23 841	Receivables on account of unsettled FX spot and FX swap transactions - customers
Other assets	193 488	193 559	71	Other due from banks
Total changes			-	

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

Item	Report for 4th Quarter 2007	Report for 4th Quarter 2008	Difference	Change description
Fee and commission income	134 231	150 023	15 792	Fees and commissions related to derivative instrument buy/sell transactions
Net trading income	155 961	140 169	-15 792	Fees and commissions related to derivative instrument buy/sell transactions
Total changes			-	

Cash flow statement for the period from 1 January through 31 December 2007

Item	Report for 4th Quarter 2007	Report for 4th Quarter 2008	Difference	Change description
Cash and cash equivalents, gross, opening balance	2 827 141	2 242 487	-566 941	Receivables on account of unsettled FX spot and FX swap transactions - banks
			-17 627	Receivables on account of unsettled FX spot and FX swap transactions - customers
			-86	Other due from banks
Due from banks	-29 415	-318 232	-288 817	Changes to Receivables on account of unsettled FX spot and FX swap transactions - banks
Loans to customers	-4 219 657	-4 225 871	-6 214	Changes to Receivables on account of unsettled FX spot and FX swap transactions - customers
Other assets and liabilities	-209 126	-209 111	15	Changes to Other due from banks

13. Additional Information

Information on Previously Published Financial Forecast

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

Explanations regarding Seasonal or Periodical Nature of the Interim Business

In Fortis Bank Polska S.A. 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 2008 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 December 2008	31 December 2007	Change (%)
Financial liabilities received	1 606 913	584 232	175%
Guarantee liabilities received	282 933	259 712	9%
Total contingent sheet commitments received	1 889 846	843 944	124%

Contingent liabilities granted (in PLN thousand)	31 December 2008	31 December 2007	Change (%)
Financial liabilities granted	4 017 997	3 730 140	8%
Guarantee liabilities granted	908 430	876 428	4%
Total contingent sheet commitments granted	4 926 427	4 606 568	7%

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

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

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

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

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

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

Corrections of Prior Period Errors

In the fourth 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 fourth 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.

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 fourth quarter of 2008, no issue, redemption nor reimbursement of debt and capital securities occurred.

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

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

Information on Related Party Transactions

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 S.A. with its parent company, its subsidiary and entities affiliated by management is presented below.

Balance sheet items as of 31.12.2008 (in PLN thousand)	Parent entity	Subsidiary	Entities affiliated by management	Total
Assets				
Cash and cash equivalents	1 106 389	-	1	1 106 390
Financial assets held for trading	205 148	-	-	205 148
Due from Banks and Loans to Customers	302 986	1	102 446	405 433
Other assets	10 451	211	516	11 178
Total	**1 624 974**	**212**	**102 963**	**1 728 149**
Liabilities				
Financial liabilities held for trading	717 080	-	9 253 800	9 970 880
Due to banks and customers	1 235 055	19 068	3 072 086	4 326 209
Subordinated liabilities	-	-	758 070	758 070
Other liabilities	22 010	49	25 058	47 117
Total	**1 974 145**	**19 117**	**13 109 014**	**15 102 276**

Balance sheet items as of 31.12.2007 (in PLN thousand)	Parent entity	Subsidiary	Entities affiliated by management	Total
Assets				
Cash and cash equivalents	72 997	-	35 001	107 998
Financial assets held for trading	103 238	-	-	103 238
Due from Banks and Loans to Customers	454 224	1	124 879	579 104
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	4 007 199	4 851 503
Subordinated liabilities	-	-	358 200	358 200
Other liabilities	829	15	38 372	39 216
Total	**939 502**	**10 186**	**4 403 771**	**5 353 459**

Profit & Loss Account 1.01.2008- 31.12.2008 (in PLN thousand)	Parent entity	Subsidiary	Entities affiliated by management	Total
Interest income	37 821	-	7 615	45 436
Interest expense	-34 087	-1 044	-217 075	-252 206
Fee and commission income	51 715	2 426	4 250	58 391
Fee and commission expense	-1 355	-	-1	-1 356
Net trading income	-716 437	-	993	-715 444
Net profit (loss) on hedging transactions	584	-	-	584
Other revenues	8 391	40	321	8 752

Profit & Loss Account 1.01.2007 - 31.12.2007 (in PLN thousand)	Parent entity	Subsidiary	Entities affiliated by management	Total
Interest income	20 285	-	3 413	23 698
Interest expense	-3 985	-299	-126 745	-131 029
Fee and commission income	15 856	8 537	2 227	26 620
Fee and commission expense	-1 867	-	-2	-1 869
Dividend and other investment income	-	3 400	-	3 400
Net trading income	27 810	-	-28	27 782
Net profit (loss) on hedging transactions	4 180	-	-	4 180
Other revenues	6 095	-	-	6 095

Material agreements with related parties

On 27 November 2008, Fortis Bank Polska SA along with the other parties to the agreement, signed the agreement on assignment of credit receivables which was concluded by and between Fortis Bank Nederland N.V., Fortis Bank Luksemburg S.A. and Fortis Bank Polska SA. Under the said assignment agreement, Fortis Bank Nederland N.V. transferred all its receivables due from Fortis Bank Polska SA under credit agreement dated 23 October 2007 for EUR 100 million, over to Fortis Bank Luxembourg S.A. The assignment agreement does not change the conditions of repayment of the obligation assumed by Fortis Bank Polska SA. As a result of the agreement, the credit receivables in question will be repaid in favour of Fortis Bank Luxembourg S.A.

On 2 December 2008, a credit agreement was signed between Fortis Bank Polska S.A. and Fortis Finance Belgium SCRL based in Brussels on taking a EUR 500 million credit line by the Bank from Fortis Finance Belgium SCRL to finance the Bank's current operating activity. The financing term was determined at 18 months starting from the credit line utilisation date. The financing terms correspond to market conditions. The credit interest rate was determined based on the EURIBOR rate increased by a margin and a liquidity premium. The maximum interest accrual period was determined at 12 months. On 3 December 2008, Bank drew down funds of EUR 500 million.

On 3 December 2008, a credit agreement was signed between Fortis Bank Polska S.A. and Fortis Finance Belgium SCRL based in Brussels on taking a EUR 100 million credit line by the Bank from Fortis Finance Belgium SCRL to finance the Bank's operating activity. The financing term was determined at 24 months starting from the credit line utilisation date. The financing terms correspond to market conditions. The credit interest rate was determined based on the EURIBOR rate increased by a margin and a liquidity premium. The commitment fee will be 0.225% p.a. on the unused credit limit. The maximum interest accrual period was determined at 12 months. Pursuant to the agreement, the credit line granted to Fortis Bank SA remains open for utilisation until 1 December 2009 starting from the agreement signing date.

On 5 December 2008, Fortis Bank Polska SA signed an agreement on assignment of credit receivables with Fortis Bank Nederland N.V., Fortis Bank S.A./NV, Fortis Bank Luxembourg S.A. Under the said assignment agreement, Fortis Bank Nederland N.V. transferred all its receivables due from Fortis Bank Polska SA under credit agreement dated 16 January 2007 for PLN 1,300 million, over to Fortis Bank Luxembourg S.A. The assignment agreement does not change the conditions of repayment of the obligation assumed by Fortis Bank Polska SA. As a result of the agreement, the credit receivables in question will be repaid in favour of Fortis Bank Luxembourg S.A.

On 8 December 2008, Fortis Bank Polska SA signed an agreement on assignment of credit receivables under which Fortis Bank Nederland N.V. transferred all its receivables due from Fortis Bank Polska SA under credit agreement dated 30 January 2004 for EUR 200 million, concluded for the period until 31 October 2010, over to Fortis Bank Luxembourg S.A. The assignment agreement does not change the conditions of repayment of the obligation assumed by Fortis Bank Polska SA. As a result of the agreement, the credit receivables in question will be repaid in favour of Fortis Bank Luxembourg S.A.

On 8 December 2008, Fortis Bank Polska SA signed an agreement on assignment of credit receivables under which Fortis Bank Nederland N.V. transferred all its receivables due from Fortis Bank Polska SA under credit agreement dated 30 January 2004 for EUR 200 million, concluded for the period until 30 June 2012, over to Fortis Bank Luxembourg S.A. The assignment agreement does not change the conditions of repayment of the obligation assumed by Fortis Bank Polska SA. As a result of the agreement, the credit receivables in question will be repaid in favour of Fortis Bank Luxembourg S.A.

On 8 December 2008, Fortis Bank Polska SA signed an agreement on assignment of credit receivables under which Fortis Bank Nederland N.V. transferred all its receivables due from Fortis Bank Polska SA under credit agreement dated 3 July 2006 for EUR 300 million, signed and reported on 27 July 2006, over to Fortis Bank Luxembourg S.A. The assignment agreement does not change the conditions of repayment of the obligation assumed by Fortis Bank Polska SA. As a result of the agreement, the credit receivables in question will be repaid in favour of Fortis Bank Luxembourg S.A.

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

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

	number of shares owned	share (%) in the equity	number of votes at the AGM	share (%) in the total number votes at the AGM
Fortis Bank SA/NV	**16 651 449**	**99.29%**	**16 651 449**	**99.29%**
Others	**119 731**	**0,71%**	**119 731**	**0,71%**
Total	**16 771 180**	**100%**	**16 771 180**	**100%**

The shareholder structure as at the date of submission of the quarterly report for three quarters of 2008, i.e. as at 4 November 2008, was as follows:

	number of shares owned	share (%) in the equity	number of votes at the AGM	share (%) in the total number votes at the AGM
Fortis Bank SA/NV	16 644 982	99,25%	16 644 982	99,25%
Others	126 198	0,75%	126 198	0,75%
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 S.A. held by Management or Supervisory Board Members

As at the date of submitting this report for the fourth quarter of 2008, i.e. 19 February 2009, none of the Members of the Board of Executives or Members of the Supervisory Board held any shares issued by Fortis Bank Polska S.A. or any other related financial instruments, which means that no change occurred from the date of submitting the previous quarterly report for the third quarter of 2008, i.e. 4 November 2008.

Other information essential for the assessment of the issuer's situation with respect to human resources, property, finances, net profit/loss and for the evaluation of the ability of Fortis Bank Polska SA to fulfil its obligations

Credit risk

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

Information about hedge accounting rules applied

In 2008, the Bank applied hedge accounting to a limited extent. Out of the existing three types of hedging relations, i.e. fair value hedging, cash flow hedging and net investment hedging, the Bank applied only the hedging for the risk of changing the fair value of bonds presented as receivables, which risk resulted exclusively from the variability of the risk-free interest rate.

To hedge interest rate risk of bonds of Credit Suisse First Boston, Singapore branch in the nominal value of PLN 150,000 thousand, an IRS contract was concluded in the nominal value of PLN 150,000 thousand. Changes to fair value were recognised in the income statement of the Bank.

On 1 October 2008, the hedged item, i.e. bonds of Credit Suisse First Boston, Singapore branch were sold, as a result which the Bank discontinued the application of hedge accounting.

Merger date

On 25 November 2008, the Board of Executives of Fortis Bank Polska SA announced that the planned legal merger of Fortis Bank Polska SA and Dominet Bank SA would be postponed from 30 June 2009 to 31 July 2009. After changing the planned merger date, the Banks made a respective amendment to the Cooperation Agreement signed between them on 9 January 2008.

Merger Plan

On 25 November 2008, the Board of Executives of Fortis Bank Polska SA approved a plan of merger of Fortis Bank Polska SA based in Warsaw and Dominet Bank SA based in Lubin, acting pursuant to Article 499 para. 1 and 2 of the Code of Commercial Companies and Partnerships.

The Merger Plan of Fortis Bank Polska SA and Dominet Bank SA was approved along with the following enclosures:

1. Drafts of resolutions of the General Meetings of Companies regarding the merger, and amendments to the Statute of Fortis Bank Polska SA.
2. Determination of the value of assets of Dominet Bank as at 1 October 2008.
3. Statement containing information about the book value of Dominet Bank SA as at 1 October 2008 prepared for the purpose of the merger.
4. Statement containing information about the book value of Fortis Bank Polska SA as at October 1, 2008 prepared for the purpose of the merger.
5. Recommendation regarding the exchange parity.
6. Draft amendments to Fortis Bank Polska SA Statute.

Information about the owner of Fortis Bank Polska SA

Fortis Bank Polska SA is controlled by Belgian Fortis Bank SA/NV based in Brussels which holds 99.29% of the Bank's shares.

On 6 October 2008, the Bank was informed about an agreement signed between the Belgian State and Fortis as a consequence of which the parent entity of the Bank's majority shareholder had changed. After a formal registration of the transaction, i.e. effective 10 October 2008, the Belgian State holds 99,93% of Fortis Bank SA/NV i.e. the Belgian Federal Participation and Investment Authority (registered in Brussels at 54 Avenue Louise, B1 100), while 0.07% shares are held by dispersed shareholders. First, i.e. on 29 September 2008, the Belgian State Treasury bought a 49.93% share in the common equity of Fortis Bank SA/NV and then increased its stake after the Dutch government had taken over Fortis Bank Nederland (Holding) NV (including Fortis interest in ABN AMRO Holding NV) and insurance assets of Fortis Group in the Netherlands.
At the same time, the Belgian government reached an agreement with BNP Paribas, a financial and banking group registered in France, that subject to BNP Paribas' obtaining necessary permits, it would acquire a 75% interest in Fortis Bank SA/NV and 100% of Fortis Insurance Belgium from the Belgian State Treasury and would buy a 16% share of Fortis Banque Luxembourg from the Luxembourgian State Treasury.
BNP Paribas announced taking control over Fortis Bank SA/NV along with its international subsidiaries, including Fortis Bank Polska SA.
The agreement on the purchase of businesses acquired by BNP Paribas will be finalised subject to antitrust and regulatory approvals. 88 million of shares will be issued on the basis of a standing authorisation granted to BNP Paribas' Board, while the issuance of further 44 million of shares will be submitted to the Extraordinary General Meeting of BNP Paribas shareholders for approval.

On 12 December 2008, the Court of Appeal in Belgium granted minority shareholders a right to express their opinion on decisions taken by the Fortis Group authorities and the Belgian government as regards the takeover of the Group's assets by the Benelux governments and the intention to sell some of the assets to the BNP Paribas Group. The Court of Appeal temporarily suspended the sale of the Belgian Fortis Bank to the French Group of BNP Paribas and ordered to convene a General Meeting of Shareholders for 12 February 2009 to vote on whether to proceed with the transaction. Under the Court's ruling, the Belgian government could not sell Fortis assets to the BNP Paribas Group until 16 February 2009. The Court decided also to appoint a group of experts to study the valuation of Fortis assets in this transaction. Experts are to present a preliminary report within 35 days and the final assessment – before 15 May 2009. The decision of the Court of Appeal overrules the verdict of the court of lower instance dated 18 November 2008 which confirmed the legitimacy of the Fortis Group's division and sale of its assets.

ISO

On 17 December 2008 the Fortis Bank Polska SA was awarded with a certificate of the Information Security Management System under ISO/IEC 27001:2005 standard. Fortis Bank Polska SA is the first bank in Poland which has audited its Information Security Management System in the area of all banking services offered and in all locations and organisational units. To ensure that procedures are appropriately applied, additional IT solutions have been implemented to support information security, including, but not limited to, the IDM – a system to manage identity and authorisations of employees in IT systems, monitoring of emails going out of the Bank, limitation of using external devices such as pen-drives with computers, etc. The Information Security Management System standard implemented in Fortis Bank Polska SA will be introduced in Dominet Bank's units in 2009, so that after the legal merger, the merged bank could pass the regulatory audit of the compliance with the ISO/IEC 27001:20055 standard. Subsequent audits will be performed until 2011 to annually confirm that the ISO standards are met.

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

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

Post-balance Sheet Events

A tender offer to acquire shares of Fortis Bank Polska SA

On 10 January 2009, Société Fédérale de Participations et d'Investissement, a company managing Fortis assets on behalf of the Belgian government, announced a tender offer to acquire shares of Fortis Bank

Polska SA traded on the stock exchange. The shares will be purchased by Dom Inwestycyjny of BRE Bank in favour of Fortis Bank SA/NV. The tender offer to acquire shares of Fortis Bank Polska SA is a legal obligation that Fortis Bank Polska SA shall perform because of its stock exchange membership. The said obligation is the consequence of a transaction under which in October 2008 the Belgian Fortis Bank was taken over by the Belgian government through Société Fédérale de Participations et d'Investissement. The minority shareholders who were the addressees of the tender offer, on 10 January 2009 held 0.71% of shares of Fortis Bank Polska SA. The share price indicated in the tender offer was determined at PLN 154.85. The subscription period for the sale of shares started on 20 January to last till 19 February 2009.

On 15 January 2009, the Board of Executives of Fortis Bank Polska SA announced that on 14 January 2009, the Polish Financial Supervision Authority decided to request Société Fédérale de Participations et d'Investissement, i.e. the entity that had announced the tender offer to subscribe for up to 119,731 shares of Fortis Bank Polska SA, to amend the tender offer contents by replacing the price determined at PLN 154.85 by the price of PLN 222. In connection with the above, the share price of Fortis Bank Polska SA was raised up to PLN 222.

Change in the composition of the Supervisory Board

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

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

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

A subsidy for the "Competence Development Academy- ARKa"

Fortis Bank Polska has obtained a subsidy for the "Competence Development Academy- ARKa" training project under Measure 2.1.1: "Development of Human Capital of Enterprises" of the Human Capital Operational Programme. The amount of subsidy is PLN 3,200,000. The ARKa Project includes 26 types of training courses in various fields, such as change management, project and process management, financial analysis, negotiation techniques, HR management, time and stress management. The courses are addressed to all the Bank's employees. The project will last 22 months, from March 2009 to December 2010.

Result of General Meetings of Shareholders in Brussels and Utrecht

On 11 February and 13 February 2009 General Shareholders Meetings of Fortis group had been performed in Brussels (Fortis SA/NV) and Utrecht (Fortis N.V.), topic of which had been approval of transactions made on October 2008 – sale of Dutch part of Fortis group to the Dutch State and sale of 50%+1 share of Fortis Bank Belgium to the government of Kingdom of Belgium, resulting in rise of it's share to 99,93%. Voting results were negative, what results in possibility of termination of contrach by partie or, if, failing such agreement, possibility of transaction cancelation by the court. Formally, decisions of the General Shareholders Meetings do not have direct impact on validity of concluded contracts.

Statements of the Bank's Board of Executives

Correctness and reliability of reports presented

According to the best knowledge of the Bank's Board of Executives, quarterly financial data and the comparative data presented in these Interim Consolidated Financial Statements of Fortis Bank Polska SA Capital Group for the period ending 31 December 2008 were prepared pursuant to the binding accounting policies and they accurately, reliably and clearly reflect the property and financial situation of the Group and its net profit.