

2009 Corporate Governance Report of Fortis Bank Polska SA



BNP PARIBAS
FORTIS

| Bank zmieniającego się świata



The Report has been prepared pursuant to §29 of the Warsaw Stock Exchange Regulations, Resolution no. 1013/2007 of the Warsaw Stock Exchange Management Board dated 11 December 2007 and §91 para. 5 item 4) of the Ministry of Finance Ordinance dated 19 February 2009, regarding current and periodical information submitted by issuers of securities.

1). Indication of corporate governance rules that the issuer is subject to

The corporate governance rules defined in "The Best Practices in Companies Listed on WSE", adopted by the Supervisory Board of the Warsaw Stock Exchange (Giełda Papierów Wartościowych S.A.) under Resolution No. 12/1170/2007 of 4 July 2007, entered into force on 1 January 2008.

Being a listed Company, Fortis Bank Polska SA ("the Bank") observes corporate governance rules specified in this document and therefore internally promotes the application of the best practices in the Bank and monitors their functioning.

The existing corporate governance reports and the contents of the "The Best Practices in Companies Listed on WSE" are published on the Bank's website, in the Investor Relations tab (<http://www.bnpparibasfortis.pl/english/investor-relations.htm>).

2). Corporate governance rules that have not been applied by the issuer, with their non-application circumstances and reasons, manner of removal of their effects, if any, likewise steps undertaken to mitigate risk of a rule non-application in the future.

"The Best Practices in Companies Listed on WSE" require that in the composition of the Supervisory Board there are at least two independent members. Moreover, as regards supervisory board members' independence criteria and operation of the supervisory board committees, the document refers to the European Commission Recommendation of 15 February 2005 on the role of non-executive or supervisory directors of listed companies and on the committees of the (supervisory) board.

Under the Bank's Statute at least two Supervisory Board Members are independent Members free of any relationship with the Bank, its shareholders or employees that might materially affect the ability to take impartial decisions by such independent Members. Independent members of the Supervisory Board of Fortis Bank Polska SA fulfil the independence criteria set out in the Supervisory Board Regulations approved by the General Meeting of the company. They however do not satisfy one of the independence criteria recommended by the EC, i.e. the limitation of the tenure to maximum 12 years. In order to preserve the continuity of the Supervisory Board operation during changes in ownership, independent members of the Board have not been changed during their term of office.

At the moment, the work to adjust corporate documents to requirements of the amended Code of Commercial Companies is in progress. Relevant amendments to the Statute and Regulations of the General Meeting will be tabled at the next General Meeting.

The Bank makes all efforts to pursue a transparent and efficient information policy. In 2009, the Bank did not webcast the General Meeting sessions and therefore it did neither record nor publish any recordings from the sessions. Participation in the General Meeting's sessions is available to all persons authorised to do so as well as to media representatives. The Bank does not intend to webcast the General Meeting's sessions taking into account the current shareholders' structure.

Except for the above issues related to rule 1 in Part I and rule 6 in Part III of "The Best Practices in Companies Listed on WSE", in 2009 Fortis Bank Polska SA observed all the other principles of corporate governance rules specified in the Best Practices.

3). Basic features of internal controls and risk management systems applied in the Bank, with respect to the process of preparation of financial statements and consolidated financial statements.

In Fortis Bank Polska SA, there is a management system that includes internal controls and risk management systems. The management system is described in the Bank's Statute.

The objective of internal controls that include: risk controls, checking compliance of the Bank's activity with law provisions and internal regulations and internal audit, is to support decision-making processes to contribute to ensuring:

- effectiveness and efficiency of the Bank's business,
- reliability of financial reporting,



- compliance of the Bank's business with law provisions and internal regulations.

The Supervisory Board, Board of Executives, managerial staff and all the remaining employees of the Bank participate in the internal control process, which covers operation of all organizational units of the Bank's head office, branches and subsidiaries.

The quality of internal controls is checked by the Audit Department. It operates in compliance with the binding law provisions, in particular the Banking Law, and other regulations issued by the Polish banking supervision as regards internal audit and internal control system, rules and methodology of Fortis Audit Services (i.e. internal audit of the Fortis Bank SA/NV group), International Standards for the Professional Practice of Internal Auditing, likewise internal regulations of the Bank and the Department. Tasks of the Audit Department include monitoring, examination and assessment, in an independent and objective manner, of the adequacy and effectiveness of the system of internal controls, and providing opinions concerning the Bank's management system, including the effectiveness of the management of risk related to the Bank's activity.

The status of the Audit Department guarantees an autonomy and impartiality of its activity, and authority necessary for performing its objective.

The Audit Department periodically, at least once a year, notifies the Supervisory Board on the inadequacies found together with conclusions resulting from the internal audit assignments conducted and actions undertaken to remove these inadequacies or fulfil recommendations.

The objective of the risk management system is to identify, measure or estimate and monitor the risk inherent in the Bank's activity. The risk management system serves to ensure that detailed objectives for the Bank's business activity are correctly determined and accomplished.

In the risk management system, the Bank:

- applies formalised rules to determine the level of risk assumed and risk management rules, likewise formalised procedures aimed at identification, measurement or estimation and monitoring of the risk existing in the Bank's business, including also the expected risk level in the future; limits to mitigate the risk, and the code of conduct in case the limits are exceeded,
- has adopted a system of management reporting which enables the risk level to be monitored, and an organisational structure which is adjusted to the level and profile of the risk assumed by the Bank.

The Bank supervises also the risk related to the activity of subsidiaries.

At the Supervisory Board's level, there is the Audit Committee, whose key tasks include monitoring internal controls quality and the assessment of the financial information integrity, especially financial statements reported by Fortis Bank Polska SA and the Bank's subsidiaries. In particular, the Audit Committee supervises the financial reporting process and assesses internal and external control processes. The Audit Committee issues recommendations to the Supervisory Board regarding a selection, appointment or reappointment of an external auditor (statutory auditor), supervises work performed by statutory auditors, provides opinion on the audit plan submitted by the statutory auditors and monitors whether the rule of the external auditor's independence and objectivity is followed.

Separate and consolidated financial statements are prepared by all the Bank's units whose scopes of activity include the participation in that process. The process is coordinated by the Stock Exchange and Regulatory Reporting Group in the finance and legal area reporting to the Vice-President of the Board of Executives, Chief Financial Officer. The Stock Exchange and Regulatory Reporting Group verifies correctness of information submitted, and is responsible for the final form of the reports. Financial statements are forwarded to the Board of Executives, Accounting Department Director, Accounting Line Director and Accounting Policy Group for their opinion and approval. Furthermore, semi-annual and annual financial statements are subject to a review or audit by the statutory auditor. Once the statements have been approved by the aforesaid units and sent to the Audit Committee for their information, financial statements are published.

4). Description of activity of the General Meeting and its basic authority, likewise rights of shareholders along with the manner of rights exercise.

The General Meeting of Fortis Bank Polska SA acts under provisions of the Code of Commercial Companies and Partnerships, the Bank's Statute and the Regulations of the General Meeting of Fortis Bank Polska SA Annual General Meeting shall take place within six months of the end of each fiscal year. General Meeting may be held in Warsaw, Krakow or Lubin.

Pursuant to the Bank's Statute, reserved for the competence of the General Meeting shall be in particular the following issues:



1. consideration and approval of a report on the Bank's activity and financial statements, as well as consolidated statements, likewise discharge of the members of the Bank bodies of their duties,
2. adoption of resolutions regarding profit allocation and loss coverage, and if needed, a resolution setting the date of establishing the right to dividend (dividend date) and the dividend payment date,
3. all decisions pertaining to claims for losses incurred during establishment of the Bank, its management or supervision,
4. amendments to the Bank's Statute, including decisions taken to increase the Bank's share capital through a share issue,
5. election and recall of the Supervisory Board and its specific members,
6. determination of remuneration of the Supervisory Board members,
7. redemption of shares and determination of detailed conditions governing the redemption,
8. establishment and liquidation of capital types and funds, and defining their purposes, with the reservation of capital and funds defined in the Statute,
9. merger or liquidation of the Bank and selection of liquidators,
10. approval of the Regulations of the Supervisory Board,
11. consideration of issues presented by the Supervisory Board or the Board of Executives,
12. adoption of resolutions regarding other matters which by virtue of binding regulations require a resolution to be adopted by the General Meeting.

Regulations of the General Meeting of the Bank's Shareholders have been adopted on 26 June 2003 and ensure appropriate conduct of the General Meeting likewise enable shareholders to exercise their rights. In 2010 necessary amendments arising from changes in law regulations will be introduced to the Regulations of the General Meeting of Shareholders.

1. The announcement about convening the (Annual or Extraordinary) General Meeting of Shareholders of Fortis Bank Polska SA including in particular: the place and date, agenda and information on the rules regarding participation in the Meeting, is published in the "*Monitor Sądowy i Gospodarczy*".
2. Authorised Shareholders can participate in the General Meeting in person or through their proxies. Power of Attorney should be granted in writing, otherwise it shall be deemed null and void, and attached to the minutes of the meeting. Representatives of legal persons should present valid extracts of the entries in respective registers, listing all persons authorised to represent the entities in question. Any person not listed in the register entry should provide the power of attorney in proof of authorisation. Joint holders of shares are required to nominate their joint representative to participate in the General Meeting. A third party or another shareholder, or a Member of the Supervisory Board may be a proxy. No employee of Fortis Bank Polska SA or member of the Bank's Board of Executives cannot be a proxy.
3. The notification about the General Meeting is sent to the Supervisory Board members, Board of Executives' members and the Company's auditor, who should be present at the Meeting and provide explanations and information regarding the Company within the scope of their respective competence and to the extent necessary for settlement of issues discussed at the Meeting.
4. Resolutions adopted by the General Meeting shall be recorded in minutes by a notary, otherwise they shall be deemed null and void.
5. The General Meeting is opened by the Chairman or Deputy Chairman of the Bank's Supervisory Board, who ordains the election of the Chairman of the General Meeting. The Chairman of the General Meeting can be only a Shareholder or a Shareholder's proxy. The mandate of the Chairman of the General meeting shall expire at the moment of drawing up minutes and signing them.
6. The Chairman of the General Meeting confirms the correctness of convening the General Meeting and its ability to pass resolutions, chair the Meeting, give and take away the floor, order voting and determine which resolution has been passed and then announce it, adhere to the agenda, and provide the notary taking the minutes with data that obligatorily must be included in the minutes. The Chairman also signs an attendance list at the General Meeting. The Chairman of the General Meeting, to ensure its legality and smooth running, can ask experts and the notary who takes minutes for their opinion. The Chairman may order breaks in the proceedings, no longer than one hour, that do not defer the session; in other cases a resolution of the General Meeting is required. Breaks in the General Meeting cannot be aimed at hindering shareholders in the exercise of their rights.



7. Shareholders resolve to adopt the General Meeting agenda. After the adoption, the agenda may not be changed. As regards issues not listed on the agenda, a resolution may not be adopted, unless the entire share capital is represented at the General Meeting, and the resolution is passed unopposed.
8. Shareholders attending the General Meeting shall elect the Secretary of the General Meeting. At the request of Shareholders who hold one tenth of the share capital represented at the General Meeting, instead of the Secretary of the General Meeting, a Mandate and Returning Committee composed of three (3) persons is elected.
9. Tasks of the Mandate and Returning Committee, or the Secretary of the General Meeting, shall include the following:
 - watching over correct preparation of the attendance list of Shareholders entitled to voting. The list should include a number of shares represented by each shareholder and number of votes s/he is entitled to,
 - verifying the submitted powers of attorney to represent the Shareholders absent at the General Meeting,
 - reporting to the Chairman on the attendance of the Shareholders and their votes, and submitting to the Chairman the attendance list of the Shareholders for his signature,
 - making the Shareholders' attendance list at the General Meeting available for inspection,
 - drawing up minutes of the activity of the Mandate and Returning Committee, or the Secretary, as appropriate.
10. The Bank's Board of Executives undertakes all actions to ensure that the General Meeting is run smoothly.
11. Resolutions of the General Meeting are adopted by the absolute majority of votes cast and are valid regardless of the amount of share capital represented at the General Meeting. In cases provided for in the Statute or the Code of Commercial Companies and Partnerships, resolutions must be taken by qualified majority voting. In particular, resolutions regarding amendments to the Bank's Statute require the majority of 3/4 (75%) votes cast.
12. Resolutions are voted on at the call of the Chairman of the Meeting. The Chairman conducts a discussion about the subject matter of the proceedings and informs the Meeting participants about:
 - item on the agenda that is subject to the vote,
 - contents of the motion which is to be voted on,
 - designation of cards which are to be used in the vote,
 - number of votes required to approve the motion.
13. The Shareholders may vote in a traditional manner, i.e. by a show of hands or by using electronic devices. The Board of Executives of Fortis Bank Polska SA shall decide about the manner of voting depending on the number of Shareholders entitled to participate in the General Meeting. Before the first voting, the Chairman of the Meeting shall inform the Shareholders about the voting manner.
14. The voting is open. The secret ballot is ordained over motions regarding election to the Supervisory Board and removal of the Bank Authorities' members or liquidators, over motions regarding bringing them to justice, likewise in personal cases. Besides, it may be ordained on demand of at least one of the present Shareholders entitled to voting.
15. Persons entitled to voting at the Meeting, the Bank Board of Executives and the Supervisory Board have the right to put forward motions, i.e. to propose contents of resolutions. A written motion, addressed to the Fortis Bank Polska SA authorities is handed over to the Chairman of the Meeting. The motion should bear the first name and surname of the motion proposer and the number of supporting shares.
16. Any Shareholder objecting to a resolution has an opportunity to justify his/her objection.
17. A resolution not to consider an issue included in the agenda may be taken only if it is supported by material and sound reasons. A motion in this respect should be accompanied by a detailed justification. The General Meeting cannot adopt resolutions to remove an item from the agenda, or not to consider an issue, included in the agenda at the request of the shareholders.
18. Voting on issues placed on the agenda may be carried out only on issues related to the conduct of the Meeting. This voting procedure cannot apply to resolutions which may have impact on the exercise by the shareholders of their rights.



19. At the request of a participant in the General Meeting, his/her written statement on issues covered by the Meeting is recorded concisely in the minutes.
20. After the agenda has been exhausted, the Chairman of the General Meeting lodges a motion to close the General Meeting. After the General Meeting has been closed, no motions may be lodged.
21. In matters not regulated in the Regulations, the provisions of the Statute of Fortis Bank Polska SA and the Code of Commercial Companies and Partnerships shall be applicable.

In 2009 there was one Annual General Meeting of Fortis Bank Polska SA on 26 June 2009, which is compliant with Article 385, section 1 of the *code of commercial companies and partnerships*.

5). Specification of Shareholders holding material blocks of shares and powers as well as limitations related to the Bank's securities

The share capital of the Bank is PLN 1,206,175,300 and is divided into 24,123,506 ordinary bearer shares with a nominal value of PLN 50 each.

All the shares of Fortis Bank Polska SA are bearer shares and entail no limits with respect to any ownership transfer or exercise of voting rights. All the shares entitle their holders to the same rights. Any limitations can only be based on specific provisions, e.g. of the Banking Law Act or Public Offering Act, or the Financial Instrument Trading Act.

As at 31 December 2009 and the report publication date, i.e. 17 March 2010, the shareholders' structure specifying the shareholders with at least 5% of the total number of votes at the General Meeting of Shareholders was as follows:

Shareholder	Number of shares held	Share (%) in the share capital	Number of votes at the GM	Share (%) in the total number of votes at the GM
Fortis Bank SA/NV*	18 848 593	78,13%	18 848 593	78,13%
Dominet S.A.**	5 243 532	21,74%	5 243 532	21,74%
Others	31 381	0,13%	31 381	0,13%
Total:	24 123 506	100,00%	24 123 506	100,00%

* BNP Paribas SA is the parent entity (74.93% shares) of Fortis Bank SA/NV based in Brussels.

**Fortis Bank SA/NV based in Brussels is the parent entity (100% shares) of Dominet S.A.

At the turn of the second and third quarters of 2008, a majority of assets of the Fortis Group have been taken over by the Belgian, Dutch and Luxembourgian governments. As a result of this takeover, the government of the Kingdom of Belgium took up 99.93% of shares in Fortis Bank SA/NV through Belgian Federal Participation and Investment Company (Société Fédérale de Participations et d'Investissement - SFPI). Since October 2008, Fortis Bank Polska SA has not been affiliated by capital with Fortis holding.

Tender announced by Société Fédérale de Participations et d'Investissement

On 10 January 2009, SFPI announced a tender offer to subscribe for shares of Fortis Bank Polska SA. The share price indicated in the tender offer was initially determined at PLN 154.85, and later increased to PLN 222. On 4 March 2009, as a result of conducting the tender offer, transactions of acquisition of 87,263 shares were concluded. In consequence of the aforesaid transaction, Fortis Bank SA/NV held 16,738,712 shares of Fortis Bank Polska SA, which represented 99.81% of all the shares of Fortis Bank Polska SA.

Acquisition of shares by BNP Paribas SA and KNF approval for exercising voting rights

In October 2008, the Belgian government reached an agreement with BNP Paribas, a financial and banking group registered in France that agreed to acquire a 75% interest in Fortis Bank SA/NV and 100% of Fortis Insurance Belgium from the Belgian State Treasury and purchase a 16% share of Fortis Banque Luxembourg (thus increasing its controlling stake up to 67%) from the Luxembourgian State Treasury. The aforementioned agreement with slightly modified terms and conditions was approved by the General



Meeting of Fortis holding Shareholders in Gent and Utrecht in April 2009. In May 2009, the transaction was finalised; the Belgian government provided BNP Paribas with 74.93% of shares in Fortis Bank SA/NV based in Brussels, the Luxembourgian government 15.96% of shares in Fortis Banque Luxemburg (now BGL BNP Paribas), and Fortis Bank SA/NV acquired 25% of shares in Fortis Insurance Belgium (now AG Insurance).

Owing to the acquisition of the majority stake in Fortis Bank SA/NV, BNP Paribas SA indirectly took up 16,738,712 shares in Fortis Bank Polska SA, representing 99.81% of the Bank's share capital.

On 20 May 2009, the Financial Supervision Authority granted the permit to BNP Paribas SA based in Paris to exercise via Fortis Bank SA/NV based in Brussels i) more than 75% of the voting rights at the General Meeting of Shareholders of Fortis Bank Polska SA and ii) more than 75% of the voting rights at the General Meeting of Shareholders of Dominet Bank S.A. based in Lubin. The permit has been granted provided that the following commitments are met:

- commitment to refrain from taking any actions towards the change of the business activity pursued currently in Poland by Fortis Bank Polska SA into a branch until 2017; Should a new branch of BNP Paribas be opened in Poland, it will conduct an activity other than the banking activity pursued currently by Fortis Bank Polska SA and Dominet Bank S.A.
- commitment to refrain from taking any actions leading to withdrawal of the shares of Fortis Bank Polska SA from the regulated trading on the Warsaw Stock Exchange until 2017 and increasing and maintaining the liquidity of the Bank's shares quoted on the Warsaw Stock Exchange to the level of at least 15% within 2 years of issuance of the aforesaid permits.

Tender announced by BNP Paribas SA

On 4 June 2009, BNP Paribas SA announced a tender offer to subscribe for shares of Fortis Bank Polska SA. The subscriptions for shares, under the tender offer, were made between 25 June 2009 and 24 July 2009. On 29 July 2009, as a result of conducting the tender offer, transactions of acquisition of 1,087 shares were closed at PLN 196 per share. The acquiring entity was Fortis Bank SA/NV, which took up 16,739,799 shares of Fortis Bank Polska SA, accounting for 99.81% of all shares of the Bank. Upon announcement of the tender offer, Fortis Bank SA/NV, having been granted the KNF permit, acquired the right to exercise voting rights attached to all the shares held.

Merger issue of L series shares

On 31 July 2009 the legal merger of Fortis Bank Polska SA and Dominet Bank S.A. was entered into the National Court Register (KRS). As a result of the merger, the share capital of Fortis Bank Polska SA increased from PLN 503,135,400 up to PLN 660,441,360 through the issue of 5,243,532 ordinary bearer Series L shares of PLN 30 nominal value each. The merger issue was addressed to Dominet SA, a shareholder of Dominet Bank S.A. The net assets of Dominet Bank S.A. were transferred in exchange for shares of Fortis Bank Polska SA. The issue of shares increased the share capital of the Bank by PLN 157,305,960 on 31 July 2009.

Increase of the nominal value of shares from PLN 30 to PLN 50

The General Meeting held on 26 June 2009 resolved to increase the Bank's share capital through raising the nominal value of all Bank's shares, including the merger issue shares, from PLN 30 to PLN 50. The capital increase was entered into the National Court Register on 14 September 2009.

Private placement with exclusion of pre-emptive right to M series shares

The issue of M series shares was offered in a private placement with pre-emptive rights excluded. The series M share subscription offer was addressed to the Bank's majority shareholder, i.e. Fortis Bank SA/NV. Under the Share Subscription Agreement signed on 6 August 2009, Fortis Bank SA/NV took up 2,108,794 ordinary bearer series M shares at the issue price of PLN 209 each. The issue value was PLN 440,737,946. The shares were covered in full by cash contribution.

On 14 September 2009, the share capital increased from PLN 660,441,360 to PLN 1,206,175,300, including PLN 440,294,240 as a result of increasing the share nominal value and PLN 105,439,700 as a result of the series M share issue.



Shareholders' structure as at 31 December 2009 and the report publication date, i.e. 17 March 2010

As at 31 July 2009 and the report publication date, i.e. 17 March 2010, BNP Paribas holds, via Fortis Bank SA/NV, 24,092,125 shares constituting 99.87% of share capital of Fortis Bank Polska SA that entitle to 24,092,125 votes, constituting 99.87% of the total number of votes at the General Meeting of Fortis Bank Polska SA

Fortis Bank SA/NV based in Brussels holds directly 18,848,593 shares in the Bank representing a 78.13% stake in the share capital and giving the right to exercise 18,848,593 of total votes at the general meeting. Dominet S.A. (a subsidiary of Fortis Bank SA/NV) holds 5,243,532, i.e. 21.74% of the share capital.

6). Description of the Bank Statute amendment rules

Any amendments to the Statute may be approved only by the Bank's General Meeting of Shareholders. Fortis Bank Polska SA, which is a bank in the understanding of the Polish banking law act, shall obtain consent of the KNF (the Polish Financial Supervision Authority) for amending the Bank's Statute as indicated in Article 34 para. 2 of the banking law.

In 2009 amendments to the Bank's Statute were primarily related to the integration with Dominet Bank S.A. The Annual General Meeting held on 26 June 2009 adopted the following amendments to the Statute:

1. progressive changes in the share capital amount:
 - up to PLN 660,441,360 as a result of series L merger share issue – registered in the National Court Register on 31 July 2009;
 - up to PLN 1,206,175,300 as a result of the share nominal value increase from PLN 30 up to PLN 50 and also the series M share issue – registered in the National Court Register on 14 September 2009.
2. In connection with the integration with Dominet Bank S.A., it has been made possible to organise Annual General Meeting of Shareholders and Extraordinary General Meeting of Shareholders in Warsaw, Krakow or Lubin; furthermore, the Statute provisions were amended in a way to adjust to the extended organisational structure of the integrated Bank, by introducing lines and sections as well as points of sale as being operating units of the Bank.
3. In connection with ownership changes in the Capital Group of Fortis Bank SA/NV and, consequently, in the Supervisory Board of the Bank, the Statute was amended as regards the minimum composition of the Bank Supervisory Board, which was reduced to 5 members, and appointment of at least one deputy chairman.

The recent Statute amendments were registered with the District Court for the capital city of Warsaw, XIII Commercial Division of the National Court Register on 14 September 2009. Acting under the authorisation arising out of Article 15 para. 3 item 12 of the Bank's Statute, the Supervisory Board of Fortis Bank Polska SA determined a consolidated text of the Statute that included the aforesaid amendments.

7). Composition and rules of activity of managing and supervisory authorities of the company and their committees:

a. Compositions and rules of activity of the Board of Executives:

As at 1 January 2009, Fortis Bank Polska SA Board of Executives' composition was as follows:

Alexander Paklons	President of the Board of Executives; until 31 March 2009 also acting as the Head of Retail Banking Business Line (RB BL)
Jan Bujak	Senior Vice-President, Head of Finance and Legal Line
Jean-Luc Deguel	Vice-President, Head of the Commercial Banking Business Line (CB BL)



Thierry Lechien	Vice-President, Head of CB Credits
Jaromir Pelczarski	Vice-President, Chief Operating Officer

In 2009 the composition of the Board of Executives changed as follows:

The Supervisory Board of the Bank appointed Mr Jacek Obłąkowski, the President of Dominet Bank S.A. Management Board, a Vice-President of the Board of Executives of Fortis Bank Polska SA, effective 1 April 2009. At the same time, Mr Obłąkowski held the position of the President of Dominet Bank S.A. until 31 July 2009.

The Supervisory Board recalled Mr Thierry Lechien from his function of a Member and Vice-President of the Board of Executives of Fortis Bank Polska SA, effective June 15, 2009 and appointed Mr Philippe Van Hellemont to the position of Vice-President of the Board of Executives, effective June 16, 2009. Mr. Philippe Van Hellemont was entrusted with the risk management area.

On 1 September 2009, the Bank's Supervisory Board appointed Mr Michel Thebault to the position of a Vice-President of the Board of Executives. Mr. Michel Thebault supervises the Personal Finance area.

On 13 November 2009, the Bank's Supervisory Board appointed Mr Frederic Amoudru to the position of a Vice-President of the Board of Executives. Since October 2009, Mr Amoudru has been working as a BNP Paribas Country Manager for Poland.

The aforementioned persons have been appointed to the Board of Executives until the end of the current five-year tenure ending with the Annual General Meeting approving of the Bank's financial statement for 2009 fiscal year.

The composition of the Board of Executives of Fortis Bank Polska SA as at 31 December 2009:

Alexander Paklons	President of the Board of Executives
Frédéric Amoudru	Vice-President, BNP Paribas Country Manager for Poland
Jan Bujak	Senior Vice-President, Chief Financial Officer
Jean-Luc Deguel	Vice-President, Head of the Commercial Banking Business Line (from 1 January 2010, the Enterprise Transaction Banking business line)
Jacek Obłąkowski	Vice-President, Head of Retail Banking Business Line
Jaromir Pelczarski	Vice-President, Chief Operating Officer
Michel Thebault	Vice-President, Personal Finance Business Line Director
Philippe Van Hellemont	Vice-President, Head of the Risk Line

The activity of the Board of Executives of Fortis Bank Polska SA is governed by, apart from the Bank's Statute, detailed Regulations of the Board of Executives, approved by the Supervisory Board.

The Board of Executives (the Board) shall be composed of three to eight members, including the President of the Board of Executives, one or a number of Vice-Presidents of the Board and other members of the Board in the number that is to be defined by the Bank's Supervisory Board. Appointment of two Members of



the Board, including the President, is made with consent of the banking supervision authority, given upon a request of the Bank's Supervisory Board. The tenure of the Board member is five years. Members of the Board shall be appointed for the period of a common tenure; a mandate of the Board member appointed prior to the expiry of a given tenure of the Board shall expire at the same time as mandates of the remaining members of the Board.

The Board of Executives manages the Bank's operating activity and represents the Bank before external parties. The scope of tasks of the Board includes primarily all the issues that are not reserved for the competence of other bodies of the Bank.

In 2009 the Board of Executives of Fortis Bank Polska SA held 30 meetings. Under item 12 section 1 of *Regulations of the Bank's Board of Executives*, the meetings were held at least once a month.

Meetings of the Board are convened by the President of the Board of Executives who determines their agenda. Any other Executive may at any time report issues to the President that require consideration by the Board. A meeting of the Board can be convened by the President on his/her own initiative or by the Supervisory Board. Any Board member should be informed about the Board meeting and agenda not later than two days before the meeting. The agenda of the meeting may be supplemented upon the consent of all Executives. The limitation of the agenda does not require the presence of all the Executives. Members of the Supervisory Board, Bank management staff and other persons invited may participate in the Board of Executives' meetings with advisory opinions. A meeting can take place at any time and place provided that all the Executives can participate in the meeting.

The Board of Executives act collectively and make decisions in the form of resolutions. Resolutions of the Board are adopted by a majority of votes cast. In the event of equal number of votes "for" and "against", the President of the Board of Executives shall have the casting vote, while in case of his absence - other Executive who acts as the President's deputy. Resolutions of the Board of Executives shall be validly adopted if more than half of the Executives participate in the meeting. Resolutions of the Board are required in particular in the following cases:

- a. issues reserved for the exclusive authority of the Board by the law provisions and the Statute,
- b. issues reserved for the exclusive authority of the Board by the Board itself by way of resolution,
- c. issues assigned by the General Meeting or the Supervisory Board,
- d. reserved for the Executive Board in the regulator's recommendations,
- e. considered by the Board on demand of an Executive,
- f. approval of general terms and conditions regarding new Bank products and amendments thereof; however amendments to the general term and conditions of specific products resulting from a change of the common binding law and organizational changes at the Bank may be implemented without a resolution of the Board.

Other issues shall likewise be decided by resolutions provided that they are considered by the Board.

The Board of Executives may adopt a resolution in lieu of a meeting, by voting in writing. The Board may adopt a resolution outside of a meeting using also means of direct communication at a distance, specifically electronic mail, teleconference or videoconference. A resolution is deemed adopted in the manner of voting in writing on the day on which the required number of votes "for" reaches the Management Office.

The Board of Executives is authorised to appoint standing committees to perform specific functions and coordinate work of organisational units of the Bank. The following standing committees work at Fortis Bank Polska SA:

- Risk and Asset & Liability Management Committee (Risk&ALM Committee)
- Credit Committees

The Risk and ALM Committee reports directly to the Senior Vice-President of the Bank's Board of Executives responsible for risk management at the Bank. The Committee's composition includes all members of the Board of Executives. The Committee is chaired by the Chief Risk Officer. The main tasks of the Committee include: determination and performance of the risk management strategy, taking decisions regarding projects and actions aimed at risk mitigation, asset and liability management, setting transfer prices, and appointment of supporting committees that are to support the Risk and ALM Committee's work, defining their composition, regulations and scopes of activity as well as delegating powers to such committees. The Committee's meetings are held at least once a month and decisions are taken by way of resolutions adopted by the majority of votes.



In September 2009 within the reorganisation of risk management processes at the Bank, a general **Credit Committee** was established, reporting directly to the Vice-President responsible for the risk management area at the Bank. The Committee is chaired by the Chief Risk Officer. The Committee members include also vice-presidents responsible for the business lines servicing, respectively, medium-sized enterprises and corporate and also small companies and private individual customers, and also Directors of International, Big Credit Exposures, IC/R Line, and SME.

The Credit Committee is a body authorised to take credit decisions at Fortis Bank Polska SA up to the level specified by the maximum credit limit, set up by the Supervisory Board of the Bank.

The main tasks of the Committee include taking decisions regarding the following:

- granting, increase, decrease or renewal of loans and other products bearing credit risk, the establishment of legal collateral for loans, fundamental changes of loan terms and conditions (including changes of legal collateral), risk/rating classification determination/change;
- restructuring, composition agreement concluding, transfers from balance-sheet to off-balance-sheet records;
- amendments to credit decisions or agreement conditions that do not significantly affect the credit relationship between a customer and the Bank.

The Credit Committee meets at least once a week. Credit Committee resolutions are adopted unanimously by the Committee members. If there is no unanimity, resolutions shall be adopted by the majority of votes cast. In the event of equal number of votes "for" and "against", the Chairman shall have the casting vote, while in case of his absence - other Committee Member who acts as the Chairman's deputy. The Credit Committee's resolutions are deemed validly adopted if at least half of the Committee members participate in the meeting, including the Chairman (or Deputy Chairman).

Credit decisions regarding cases where the maximum limit level established is not exceeded may be taken by relevant credit sub-committees (international or national) operating at the Bank under the *Credit Decision Making Regulations at Fortis Bank Polska SA* approved by the Bank's Supervisory Board.

The scope of activities of the President of the Board of Executives includes issues not reserved either to the Board or other Executives. During the President's absence, the Senior Vice President performs his/her duties, unless the President of the Board of Executives assigns this task to another Executive. The President's scope of activities includes in particular:

- a. Coordination and management of the Board's work,
- b. representing the Bank, when necessary jointly with other persons authorized to represent the Bank,
- c. informing Executives of essential matters and issues related to the current functioning of the Bank,
- d. appointing and recalling Bank employees to/from positions, the staffing of which he/she reserved for his/her decision,
- e. issuing orders,
- f. managing the Bank as a work place regarding issues governed by the Labour Law.

Within the framework of the function division the Executives are obliged to:

- a. manage the subordinated Bank's organizational units,
- b. decide on issues that belong to their scope of authority and monitor the decision implementation by the subordinated organizational units of the Bank,
- c. issue internal legal acts that regulate issues within their scope of authority,
- d. exercise the supervision and control over the implementation of the internal legal acts binding at the Bank by the subordinated organizational units.

In the event there is a conflict of interest between the company and the Executive, his/her spouse, relatives and relations by affinity up to the second degree, and any other persons who he/she is personally related with, the Executive should refrain from the participation in decision-making as regards such issues and may demand that it should be mentioned in the minutes.

b. Compositions and rules of activity of the Supervisory Board:

As at 1 January 2009, Fortis Bank Polska SA Supervisory Board's composition was as follows:

Jos Clijsters	Chairman of the Supervisory Board
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Antoni Potocki	Deputy Chairman of the Supervisory Board, independent member
Zbigniew Dresler	Supervisory Board's independent member
Peter Ullmann	Supervisory Board's member
Christopher Norris	Supervisory Board's member
Lucas Willemyns	Supervisory Board's member

In 2009 the composition of the Supervisory Board changed as follows:

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

On 26 June 2009, Mr Peter Ullmann resigned from his function in the Supervisory Board of the Bank. Mr Peter Ullmann was a member of the Supervisory Board of Fortis Bank Polska SA since 24 May 2005.

The Annual General Meeting held on 26 June 2009 appointed Mr Camille Fohl and Mr Reginald de Gols to the Supervisory Board, effective 26 June 2009. Mr Camille Fohl took up the position of the Chairman and Mr Jos Clijsters assumed the position the Deputy Chairman of the Bank's Supervisory Board.

On 25 September 2009, Mr Lucas Willemyns resigned from his function in the Supervisory Board of Fortis Bank Polska SA, effective 30 September 2009. Mr Lucas Willemyns was a member of the Supervisory Board of the Bank since 21 February 2008.

The aforementioned persons have been appointed to the Supervisory Board until the end of the current five-year tenure ending with the Annual General Meeting approving of the Bank's financial statement for 2009 fiscal year.

The composition of the Supervisory Board of Fortis Bank Polska SA as at 31 December 2009:

Camille Fohl	Chairman of the Supervisory Board
Jos Clijsters	Deputy Chairman
Antoni Potocki	Supervisory Board's independent member
Zbigniew Dresler	Supervisory Board's independent member
Reginald De Gols	Supervisory Board's member

The Supervisory Board of Fortis Bank Polska SA acts on the basis of the Bank's Statute and the Regulations of the Supervisory Board approved by the General Meeting.

The Supervisory Board shall comprise from five to seven members. During the transition period from September 2008 to July 2009, the Supervisory Board consisted of fewer than 7 members required at that time by the Bank's Statute. At any time, however, the number of Board members was not fewer than 5 persons pursuant to Art. 22 of the Banking Law Act. The General Meeting held on 26 June 2009, adopted the amendment to the Bank's Statute, reducing the required minimum composition of the Supervisory Board of Fortis Bank Polska SA to 5 members. After recording this amendment to the Statute, the Bank's Supervisory Board meets the Statute's requirements.



The Supervisory Board shall elect a Chairman and at least one Vice-Chairman from among its members. The tenure of the Supervisory Board member is five years. Members of the Supervisory Board shall be appointed for the period of a common tenure; a mandate of the Supervisory Board member appointed prior to the expiry of a given tenure of the Supervisory Board shall expire at the same time as mandates of the remaining members of the Supervisory Board.

The Chairman convenes the Supervisory Board's meetings, as required, however, at least once a quarter. The Supervisory Board's meeting is convened by a written notification, registered letter, courier delivery or fax, stating agenda of the meeting. The Supervisory Board's meetings shall be held in the Bank's registered office or at other place determined by a person responsible for convening the meeting. The President of the Board of Executives of the Bank shall participate in the Supervisory Board' meetings on account of his/her function. Other persons invited may attend the meetings.

The Supervisory Board's meetings may be convened at the request of the Board of Executives or one third of the Supervisory Board members, stating reasons and subject of the meeting. The Chairman shall convene such a meeting within two weeks from the day of receiving a motion. The meetings shall be presided over by the Chairman, and in case of his absence, by one of Deputy Chairmen.

The Supervisory Board makes decisions in the form of resolutions. Resolutions of the Supervisory Board are adopted by a majority of votes cast by members present at the meeting. In the event of equal number of votes "for" and "against", the Chairman of the Supervisory Board shall have the casting vote. Resolution of the Supervisory Board shall be regarded as validly adopted, if all members were invited at least 14 days before the meeting, and at least half of the members of the Board attend the meeting, including the Chairman and/or Deputy Chairman of the Board. The Supervisory Board members may participate in adopting resolutions by the Supervisory Board by giving his/her vote in writing through another member of the Board.

In justified cases, the Supervisory Board can adopt resolutions outside of a meeting by voting in writing or using direct telecommunication means, in particular fax and e-mail. The Supervisory Board resolution adopted by voting in writing or using direct telecommunication means shall be valid provided that all members of the Board have been notified about the contents of the draft resolution.

The Supervisory Board shall proceed with constant, general supervision over all activities of the Bank, and in particular, shall mind whether the activities of the Board of Executives are consistent with the interest of the shareholders, welfare of the Bank, and whether they are in line with rules of law and the Statute.

Reserved for the duties of the Supervisory Board shall be in particular the following issues:

1. notifying the Polish Financial Supervision Authority about the Board of Executives composition and any changes thereto immediately after the formation of the Board of Executives or making any changes to its composition,
2. notifying the Polish Financial Supervision Authority about the Board of Executives members who, according to the division of the scope of competence, supervise credit risk management and the internal audit,
3. supervision over the implementation of the management system, including the risk management system and internal controls, and the assessment of its adequacy and effectiveness,
4. supervision over the consistency of the Bank's policy with respect to risk assumption with the Bank's strategy and financial plan,
5. supervision over the compliance risk management and annual assessment of the compliance risk management effectiveness by the Bank.

Pursuant to the Bank's Statute, reserved for the competence of the Supervisory Board shall be in particular the following issues:

1. assessment of the Bank's financial statements,



2. assessment of the report of the Bank Board of Executives and its proposals pertaining to allocation of profit and covering losses, as well as presentation of annual reports with the results of the said assessments to the General Meeting,
3. approval of the draft annual budget, long-term programs of the Bank development and the Bank's business strategy likewise rules of the Bank's prudent and stable management,
4. approval of annual economic and financial plans of the Bank,
5. approval of the Bank Board of Executives motions regarding opening or liquidation of branches, sub-branches and representative offices of the Bank outside Poland,
6. approval of the Board of Executives motions regarding participation as a shareholder in establishment of another bank, company or another commercial organisation, with the exclusion of the Stock Exchange investments concluded for a term no longer than 6 months,
7. appointment and recalling of the President of the Board of Executives of the Bank, Vice Presidents and Members of the Board of Executives as well as determination of their remuneration. The Board may delegate one or more of its members to a committee empowered to make decisions on remuneration of members of the Board of Executives.
8. selection, upon the Board of Executives' motion, of a statutory auditor to carry out the audit of the Bank's financial statements,
9. approval of general rules of making credit decisions, including regulations of the credit committees which are the authorised bodies to reach decisions related to loans and credits under the regulations,
10. adoption of resolutions regarding purchase or sale of real estate or a stake in such real estate and also regarding the purchase or sale of the right of perpetual usufruct,
11. adoption of resolutions on issuing bonds,
12. drawing up a consolidated text of the Bank's amended Statute and editorial changes according to the resolution of the General Meeting,
13. appointment of an Audit Committee composed of the Supervisory Board members basically to supervise the Audit Department activity,
14. approval of the Bank's compliance risk policy assumptions,
15. approval of internal procedures regarding internal capital estimation, capital management and capital planning processes.
16. approval of the internal control rules.

Pursuant to the Bank's Statute and the Regulations of the Supervisory Board, an Audit Committee and Committee for Compensation of the Board of Executives' Members are established within the Supervisory Board of Fortis Bank Polska SA.

c. Composition and rules of activity of the Audit Committee:

After changes in the Supervisory Board's composition made by the General Meeting of Shareholders on 26 June 2009, the composition of the Audit Committee of Fortis Bank Polska SA was the following:

Reginald De Gols	Chairman
Jos Clijsters	Committee member
Antoni Potocki	Committee independent member
Zbigniew Dresler	Committee independent member

The composition and rules of operation of the Audit Committee are determined in the *Regulations of the Supervisory Board* and the *Audit Committee Regulations* approved by the Supervisory Board.

The Audit Committee is established by the Supervisory Board (SuB) pursuant to its Regulations. The Audit Committee is composed of at least three and maximum five Supervisory Board Members, including two



independent Members. Within the scope defined in a SuB Resolution, the Audit Committee can hold decision-making powers.

The Audit Committee meets at least four times a year. A meeting can be held if there is at least half of the Committee members present.

The scope of the Audit Committee competence includes in particular:

- a. monitoring the effectiveness of internal audit function, in particular by supervising the Audit Department activity and making recommendations on the appointment or removal of the head of the internal audit department and on the department's budget,
- b. periodical review of internal controls and in particular risk management systems, with a view to ensuring that the main risks including those related to compliance with existing legislation and corporate governance standards, are properly identified, managed and disclosed,
- c. assistance in monitoring the integrity of the financial information provided by the company,
- d. monitoring the external audit process, and in particular by ensuring the external auditor's independence and objectivity and monitoring the effectiveness of the external audit process, and the responsiveness of management to the recommendations made in the external auditor's management letter,
- e. making recommendations to the Supervisory Board in relation to the selection and appointment of the external auditor,
- f. ensuring good communication and co-operation between the external auditor, internal audit and the Supervisory Board.

The Audit Committee issues recommendations and provides opinions based on a consensus. The recommendations and opinions are presented to the Supervisory Board by the Committee Chairman.

The Audit Committee submits annual reports on its activity to the Supervisory Board. The Audit Committee Chairman forwards the Audit Committee recommendations and opinions to the President of the Board of Executives of the Bank.

d. Composition and rules of activity of the Committee for Compensation of the Board of Executives of Fortis Bank Polska SA

The Committee for Compensation of the Board of Executives' Members of Fortis Bank Polska SA (Compensation Committee) is composed of:

Camille Fohl	Chairman
Jos Clijsters	Committee member
Antoni Potocki	Committee independent member

The composition and rules of operation of the Compensation Committee are determined in the *Regulations of the Supervisory Board* and the *Regulations of the Committee for Compensation of the Board of Executives' Members of Fortis Bank Polska SA* approved by the Supervisory Board.

The Compensation Committee is established by the Supervisory Board pursuant to its Regulations. The Compensation Committee is composed of three members: the Supervisory Board's Chairman, by virtue of his office, and the Supervisory Board's Deputy Chairman and member, both appointed under a resolution adopted by the Supervisory Board. At least one (1) member of the Committee should be an independent Supervisory Board Member. Within the scope defined in a Supervisory Board Resolution, the Compensation Committee can hold decision-making powers.

The Compensation Committee may be authorised in particular to make decisions related to compensation packages in favour of the Board of Executives' Members, including:

- a. approval of employment terms and conditions for members of the Board of Executives determined in employment contracts or manager's contracts,
- b. determination of principles of motivation programs for the Board of Executives and to decide on payments of awards, bonuses and other benefits on this account,
- c. making formal decisions in terms of semi-annual adaptation of the compensation package to costs of living indexes and/or to foreign exchange rates, including expatriation premiums paid to expatriates, members of the Board of Executives.



The Compensation Committee can also prepare recommendations for the Supervisory Board in all other matters related to the employment and compensation package of the members of the Board of Executives, which would require a Supervisory Board resolution.

The Committee takes decisions based on a consensus. Should there be no consensus a given issue is submitted to the Supervisory Board to be decided upon.

Any decisions made by the Compensation Committee within the scope of its authorisation are immediately enforceable. The Chairman forwards the Compensation Committee's decisions to the President of the Board of Executives who undertakes appropriate actions to implement them.

Decisions can be taken at the Compensation Committee meetings or by voting in writing using direct telecommunication means, at the Chairman's initiative.

Decisions are formally finalised in the Management Office, where original copies of signed decisions are kept.