



TRANSLATION

Fortis Bank Polska S.A. Group

**Report supplementing
the auditor's opinion
on the consolidated financial
statements**

**Financial Year ended
31 December 2008**

KPMG Audyt Sp. z o.o.

**The report supplementing the auditor's opinion
contains 12 pages**

**Report supplementing the auditor's opinion
on the consolidated financial statements
for the financial year ended
31 December 2008**



This document is a free translation of the Polish original. Terminology current in Anglo-Saxon countries has been used where practicable for the purposes of this translation in order to aid understanding. The binding Polish original should be referred to in matters of interpretation

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1 General

1.1 Identification of the Group

1.1.1 Name of the Group

Fortis Bank Polska S.A. Group

1.1.2 Registered office of the Parent Company of the Group

3 Suwak Street
02-676 Warsaw
Poland

1.1.3 Registration of the Parent Company in the National Court Register

Registration court: District Court for the Capital City Warsaw in Warsaw, XIII
Commercial Department of the National Court Register

Date: 17 April 2001

Registration number: KRS 0000006421

1.1.4 Registration of the Parent Company in the Tax Office and Statistical Office

NIP number: 676-007-83-01

REGON: 003915970

1.2 Information about companies comprising the Group

1.2.1 Companies included in the consolidated financial statements

As at 31 December 2008, the following companies were consolidated by the Group:

Parent Company:

- Fortis Bank Polska S.A.

Subsidiary consolidated on the full consolidation basis:

- Fortis Private Investments Polska S.A.

The following subsidiary was consolidated for the first time during the year ended 31 December 2008:

- Fortis Private Investments Polska S.A. – subject to consolidation for the period from 1 January 2008 to 31 December 2008.

1.3 Auditor information

Name: KPMG Audyt Sp. z o.o.
Registered office: Warsaw,
Address: ul. Chłodna 51, 00-867 Warsaw
Registration number.: KRS 0000104753
Registration court: District Court for the Capital City Warsaw in Warsaw,
XII Commercial Department of the National Court Register;
Share capital: PLN 125,000
NIP number: 526-10-24-841

KPMG Audyt Sp. z o.o. is entered in the register of entities authorised to audit financial statements under number 458.

1.4 Legal status

1.4.1 Share capital

The Parent Company was established for an indefinite period under the terms of its Statute dated 5 November 1990.

The share capital of the Parent Company amounted to PLN 503,135,400 as at 31 December 2008 divided into 16,771,180 ordinary shares with a nominal value of PLN 30 each.

As at 31 December 2008, the shareholder structure was as follows:

Name of the Shareholder	Number of shares	Voting rights (in %)	Book value of shares PLN'000	Percentage of share capital (in %)
Fortis Bank SA/NV	16,635,287	99.2%	499,060	99.2%
Others < 5%	135,893	0.8%	4,075	0.8%
	16,771,180	100.0%	503,135	100.0%

On 10 January 2009 Fortis Bank S.A./NV announced public bid to purchase share of Fortis Bank Polska S.A. listed on the Warsaw Stock Exchange. As a result of the bid number of shares of Fortis Bank Polska S.A. owned by Fortis Bank S.A./NV increased to 16,738,712, and its share in the share capital to 99.81%.

1.4.2 Management of the Parent Company

The Management Board is responsible for management of the Parent Company.

At 31 December 2008, the Management Board of the Parent Company was comprised of the following members:

- Alexander Paklons – President of the Management Board,
- Jan Bujak – First Vice-President of the Management Board,
- Jean – Luc Deguel – Vice-President of the Management Board,
- Thierry Lechien – Vice-President of the Management Board,
- Jaromir Pelczarski – Vice-President of the Management Board

On 30 June 2008 Mr. Bartosz Chyła has resigned from the post of Vice-President of the Management Board.

1.4.3 Scope of activities

The business activities listed in the Parent Company's Statute include the following:

- accepting deposits due on demand and/or in fixed date and maintaining bank accounts for such deposits,
- maintaining the 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,
- purchasing and selling of cash debts,
- purchasing and selling foreign exchange,
- safekeeping valuable objects and securities, likewise rendering safe-deposit boxes available,
- rendering the following financial services: consulting services, custody services, leasing services, brokerage activity,
- commission sale of open pension funds and safekeeping pension funds' assets,
- providing agency services related to the distribution of participation units, investment certificates or participation units of 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 banks with regard to actions to which they are parties,
- acting as an agent in making money transfers and FX settlements,
- issuance of instrument of electronic money.

The business activities of the subsidiary of the Group, according to its statute, include are, in particular, brokerage activities and fund management.

1.5 Prior period consolidated financial statements

The consolidated financial statements for the financial year ended 31 December 2008 are the first consolidated financial statements of the Group.

1.6 Audit scope and responsibilities

This report was prepared for the General Meeting of Fortis Bank Polska S.A. located in Warsaw, 3 Suwak Street ("Group"), which comprise the consolidated balance sheet as at 31 December 2008, with total assets and total liabilities and equity of PLN 19,869,004 thousand, the consolidated profit and loss account for the year then ended with a net profit of PLN 78,496 thousand, the consolidated statement of changes in equity for the year then ended with an increase in equity of PLN 63,966 thousand, the consolidated



cash flow statement for the year then ended with an increase in cash amounting to PLN 772,854 thousand and notes to the consolidated financial statements, comprising of a summary of significant accounting policies and other explanatory notes.

The Parent Company prepares its consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union on the basis of the decision of General Meeting dated 2 July 2006.

The consolidated financial statements have been audited in accordance with the contract dated 13 October 2008, concluded on the basis of the resolution of Supervisory Board 13 January 2009 on the appointment of the auditor.

We conducted the audit in accordance with section 7 of the Accounting Act, the professional standards established by the Polish National Council of Certified Auditors and International Standards on Auditing.

We audited the consolidated financial statements in the Parent Company's head office during the period from 7 January 2009 30 January 2009.

Management of the Parent Company is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with other applicable regulations.

Management of the Parent Company and members of the Supervisory Board are obliged to ensure that the consolidated financial statements and the Report on the Group's activities are in compliance with the requirements set forth in the Accounting Act.

Our responsibility is to express an opinion, and to prepare a supplementing report, on the financial statements.

The Management Board of the Parent Company submitted a statement, dated the same date as this report, as to the true and fair presentation of the consolidated financial statements presented for audit, which confirmed that there were no undisclosed matters which could significantly influence the information presented in the consolidated financial statements.

All our requests for additional documents and information necessary for expressing our opinion and preparing the report have been fulfilled.

KPMG Audyt Sp. z o.o., the members of its Management Board and Supervisory Board and other persons involved in the audit of the consolidated financial statements fulfil independence requirements from the companies included in the Group. The scope of the work planned and performed has not been limited in any way. The method and scope of our audit is detailed in working papers prepared by us and retained in the offices of KPMG Audyt Sp. z o.o.



1.7 Information on audits of the financial statements of the consolidated companies

1.7.1 Parent Company

The financial statements of the Parent Company for the year ended 31 December 2008 were audited by KPMG Audyt Sp. z o.o., certified auditor number 458, and received an unqualified opinion with the following emphasis of matter:

“Without qualifying our opinion, we draw attention to note 32 point 32.2 to the consolidated financial statements. Fortis Bank Polska S.A. is a member of Fortis Bank SA/NV Group which is currently undergoing ownership changes. The ultimate outcome of the ownership changes and its impact on the Bank cannot presently be determined.”

1.7.2 Other consolidated entities

<u>Entity's name</u>	<u>Authorised auditor</u>	<u>Financial year end</u>	<u>Type of auditor's opinion</u>
Fortis Private Investments Polska S.A.	KPMG Audyt Sp. z o.o.	31-12-2008	currently under audit

2 Financial analysis of the Group

2.1 Summary of the consolidated financial statements

2.1.1 Consolidated balance sheet

ASSETS	31.12.2008	% of total	31.12.2007	% of total
	PLN '000		PLN '000	
Cash and cash equivalents	1,494,888	7.5	710,793	5.0
Financial assets held for trading	1,372,145	6.9	253,301	1.8
Due from banks	606,373	3.1	1,084,283	7.6
Loans to customers	14,823,117	74.6	11,195,867	78.8
Investments- Available for Sale	1,200,836	6.0	603,235	4.2
Property, Plant and Equipment	113,258	0.6	113,816	0.8
Intangible assets	26,000	0.1	22,287	0.2
Deferred tax assets	96,717	0.5	33,873	0.2
Other assets	135,670	0.7	193,559	1.4
TOTAL ASSETS	19,869,004	100.0	14,211,014	100.0

EQUITY AND LIABILITIES	31.12.2008	% of total	31.12.2007	% of total
	PLN '000		PLN '000	
Liabilities				
Financial liabilities held for trading	961,601	4.8	201,381	1.4
Due to banks	7,554,483	38.0	5,895,545	41.5
Due to customers	9,289,144	46.8	6,307,428	44.4
Subordinated liabilities	417,240	2.1	358,200	2.5
Current tax liabilities	57,061	0.3	26,601	0.2
Other liabilities	354,679	1.8	251,929	1.8
Provisions	16,874	0.1	15,974	0.1
Total liabilities	18,651,082	93.9	13,057,058	91.9
Equity				
Share capital	503,135	2.5	503,135	3.5
Share premium	308,656	1.6	308,656	2.2
Other capital	344,983	1.7	183,200	1.3
Revaluation reserve	(18,053)	(0.1)	(2,818)	(0.0)
Retained earnings	705	-	(15,811)	(0.1)
Net profit for the year	78,496	0.4	177,594	1.3
Total equity attributable to equity holders of the Bank	1,217,922	6.1	1,153,956	8.1
TOTAL EQUITY AND LIABILITIES	19,869,004	100.0	14,211,014	100.0



2.1.2 Consolidated profit and loss account

	1.01.2008 - 31.12.2008 PLN '000	1.01.2007 - 31.12.2007 PLN '000
Interest income	1,005,093	606,041
Interest expense	(609,171)	(317,008)
Net interest income	395,922	289,033
Fee and commission income	190,847	150,023
Fee and commission expense	(12,376)	(10,474)
Net fee and commission income	178,471	139,549
Dividend and other investment income	-	3,400
Net trading income	(54,541)	140,169
Net loss on available-for-sale financial assets	(3,233)	(2,723)
Net profit(loss) on hedging transactions	257	(126)
Other revenues	14,914	10,987
	(42,603)	151,707
Operating income	531,790	580,289
Personnel expenses	(181,958)	(160,198)
Operating lease expenses	(38,470)	(25,257)
Depreciation and amortisation	(145,612)	(138,918)
Net impairment loss on financial assets	(62,776)	(41,309)
Profit before income tax	102,974	214,607
Income tax expense	(24,478)	(37,013)
Net profit	78,496	177,594
Consolidated profit/(loss) per share		
Net profit (PLN '000)	78,496	177,594
Weighted average of common shares	16,771,180	16,771,180
Net profit per share (PLN)	4.68	10.59

2.2 Selected financial ratios

	2008	2007
Total assets (PLN '000)	19,869,004	14,211,014
Gross profit (PLN '000)	102,974	214,607
Net profit (PLN '000)	78,496	177,594
Shareholders' equity (PLN '000)*	1,139,426	976,362
Return on equity	6.9%	18.2%
Capital adequacy ratio	9.9%	11.7%
Income generating assets to total assets	77.7%	86.3%
Interest bearing liabilities to total liabilities	92.5%	96.2%

* excluding current-year net profit

2.3 Interpretation of selected financial ratios

Total assets increased by PLN 5,657,990 thousand, i.e. 40% as compared to 31 December 2007. The growth was due to an increase in loans to customers that increased by PLN 3,627,250 thousand, i.e. by 32%, increase in financial assets held-for-trading that increased by PLN 1,118,844 thousand, i.e. by 441% and investments available-for-sale that increased by PLN 615,755 thousand, i.e. by 94.1%. On the liabilities side an increase was due to increase in due to customers that grew by PLN 2,981,716 thousand, i.e. by 47% and increase in due to banks by PLN 1.658.938 thousand, i.e. by 28%.

The gross profit for 2008 amounted to PLN 102,974 thousand which was a decrease of PLN 111,633 thousand when compared to 2007 gross profit. The decrease in the gross profit resulted mainly from loss on financial instruments held-for-trading that amounted to PLN 54,541 thousand compared to gain of PLN 140,169 thousand earned in 2007.

The net income for 2008 was PLN 78,496 thousand and was by PLN 99,098 thousand, i.e. 56% compared with 2007.

Capital adequacy ratio as at 31 December 2008 was 9.88% and decreased compared to 31 December 2007. That resulted mainly from an increase in capital requirements for credit risk and a decrease of net profit.

Share of income-generating-assets in total assets decreased from 86.3% as at 31 December 2007 to 77.6% as at 31 December 2008.

Share of the interest-bearing liabilities in total liabilities decreased from 96.2% as at 31 December 2007 to 92.5% as at 31 December 2008.

3 Detailed report

3.1 Accounting principles

The Parent Company maintains current documentation describing the accounting principles applied by the Group and adopted by the Management Board of the Parent Company.

The accounting principles are described in the notes to the consolidated financial statements to the extent required by International Financial Reporting Standards as adopted by the European Union.

Subordinated entity included in the Group apply accounting principles consistent with the accounting principles applied by the Parent Company.

The financial statements of the subordinated entity included in the consolidated financial statements were prepared at the same balance sheet date as the financial statements of the Parent Company.

3.2 Basis of preparation of the consolidated financial statements

The consolidated financial statements of the Fortis Bank Polska S.A. Group were prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with other applicable regulations.

The consolidated financial statements were prepared on the basis of the consolidation documentation.

3.3 Method of consolidation

The method of consolidation is described in note 4 entitled Accounting Policy of the notes to the consolidated financial statements.

3.4 Consolidation of equity and calculation of minority interest

The share capital of the Group is equal to the share capital of the Parent Company.

Other equity items of the Group are determined by adding the equity balances of subsidiaries included in the consolidated financial statements in the proportion reflecting the Parent Company's share in the subsidiary's equity as at the balance sheet date to the corresponding positions of the equity of the Parent Company.

Only equity of the subsidiary arising after the Parent Company obtained control of the subsidiary is included in the equity of the Group.

3.5 Consolidation eliminations

Intercompany balances within the Group were eliminated on consolidation.

Sales between entities and other intercompany operating revenues and expenses and financial revenues and expenses were eliminated on consolidation.

The consolidation eliminations were based on the accounting records of Fortis Bank Polska S.A. (or subsidiary entities) and agreed with information received from the subsidiaries.

3.6 Compliance with banking regulations

Base on our audit we have not identified any significant deviations in the Group's compliance with the banking regulatory norm pertaining among other to loan concentration, obligatory reserve and capital adequacy ratio.

3.7 Audit materiality

We have planned and applied an appropriate level of precision in conducting our audit procedures in order to obtain reasonable assurance about whether the consolidated financial statements taken as a whole are free of material misstatements.

3.8 Notes to the consolidated financial statements

All information included in the notes to the consolidated financial statements, comprising of a summary of significant accounting policies and other explanatory notes, is, in all material respects, presented accurately and completely. This information should be read in conjunction with the consolidated financial statements taken as a whole.

3.9 Report on the Group's activities

The Report on the Group's activities includes, in all material respects, the information required by Art. 49 of the Accounting Act and by the Decree of the Ministry of Finance dated [19 February 2009 on current and periodic information provided by issuers of securities and the conditions for recognition as equivalent information required by the law of a non-Member State (Official Journal from 2009, No 33, item 259)] and the information is consistent with the consolidated financial statements.

3.10 Information on the opinion of the independent auditor

Based on our audit of the consolidated financial statements of the Group as at and for the year ended 31 December 2008, we have issued an unqualified opinion with the following emphasis of matter:

"Without qualifying our opinion, we draw attention to note 32 note 32 point 32.2 to the consolidated financial statements. Fortis Bank Polska S.A. is a member of Fortis Bank SA/NV Group which is currently undergoing ownership changes. The ultimate outcome of the ownership changes and its impact on the Bank cannot presently be determined."

Signed on the Polish original

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Certified Auditor No. 90121/8144
Paweł Ryba, Director

Signed on the Polish original

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For KPMG Audyt Sp. z o.o.
ul. Chłodna 51, 00-867 Warsaw
Certified Auditor No. 9941/7390
Bożena Graczyk, Member of the Management Board

Signed on the Polish original

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For KPMG Audyt Sp. z o.o.
ul. Chłodna 51, 00-867 Warsaw
David Pozzecco, Partner

Warszawa, 31 March 2009