Interim Abbreviated Consolidated Financial Statements of Fortis Bank Polska SA Capital Group for the First Quarter of 2010

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1. Financial Highlights

On 31 July 2009, Fortis Bank Polska SA and Dominet Bank S.A. were merged. After the merger with Dominet Bank SA, Fortis Bank Polska SA does not present financial statements retrospectively, i.e. with relevant items of Dominet Bank S.A. included in comparative data. As at 31 March 2009, consolidated data of Fortis Bank Polska SA are presented. The performance of Dominet Bank S.A. for the reporting period from 1 January 2009 through 31 July 2009 is not included in the result of the integrated Bank for the respective reporting periods of 2009. The data of the integrated Bank are presented since August 2009.

CONSOLIDATED FINANCIAL HIGHLIGHTS	**in PLN thousand**		**in EUR thousand**	
Profit & Loss Account	**31/03/2010 (YTD)**	**31/03/2009 (YTD)**	**31/03/2010 (YTD)**	**31/03/2009 (YTD)**
Interest income	229 282	229 102	57 799	49 811
Fee and commission income	52 740	31 118	13 295	6 766
Total income, net	223 225	46 614	56 272	10 135
Gross profit/loss	3 667	-57 451	924	-12 491
Net profit/loss	1 456	-52 072	367	-11 321
Ratios				
Number of shares	24 123 506	16 771 180	-	-
Basic Earnings/Loss Per Share (PLN/EUR)	0.06	-3.10	0.02	-0.67
Diluted Earnings/Loss Per Share (PLN/EUR)	0.06	-3.10	0.02	-0.67
Cash Flow Statement				
Net cash provided by operating activities	-323 406	-3 855 130	-81 526	-838 181
Net cash provided by investing activities	783 318	188 609	197 464	41 007
Net cash provided by (used in) financing activities	-156 272	3 413 782	-39 394	742 223
Total net cash flow	303 640	-252 739	76 544	-54 951
Balance Sheet	**Balance as at 31/03/2010**	**Balance as at 31/12/2009**	**Balance as at 31/03/2010**	**Balance as at 31/12/2009**
Total assets	17 508 409	20 294 483	4 533 274	4 939 994
Due to banks	603 157	2 011 154	156 169	489 546
Due to customers	8 079 696	9 226 316	2 091 993	2 245 829
Loans and credit facilities received	6 302 455	6 560 893	1 631 830	1 597 024
Equity	1 386 192	1 368 634	358 913	333 147
Ratios				
Number of shares	24 123 506	24 123 506	-	-
Book value per share (in PLN / EUR)	57.46	56.73	14.88	13.81
Diluted book value per share (in PLN / EUR)	57.46	56.73	14.88	13.81
Capital adequacy				
Capital adequacy ratio	14.06%	13.40%	-	-

FINANCIAL HIGHLIGHTS (SEPARATE)	in PLN thousand		in EUR thousand	
Profit & Loss Account	**31/03/2010 (YTD)**	**31/03/2009 (YTD)**	**31/03/2010 (YTD)**	**31/03/2009 (YTD)**
Interest income	229 282	229 102	57 799	49 811
Fee and commission income	52 085	30 542	13 130	6 640
Total income, net	222 516	45 866	56 093	9 972
Gross profit/loss	3 952	-57 172	996	-12 430
Net profit/loss	1 726	-51 814	435	-11 265
Cash Flow Statement				
Net cash provided by operating activities	-323 406	-3 855 275	-81 526	-838 213
Net cash provided by investing activities	783 318	188 754	197 464	41 039
Net cash provided by (used in) financing activities	-156 272	3 413 782	-39 394	742 223
Total net cash flow	303 640	-252 739	76 544	-54 951
Balance Sheet	**Balance as at 31/03/2010**	**Balance as at 31/12/2009**	**Balance as at 31/03/2010**	**Balance as at 31/12/2009**
Total assets	17 525 879	20 311 849	4 537 797	4 944 221
Due to banks	603 157	2 011 154	156 169	489 546
Due to customers	8 097 333	9 244 085	2 096 560	2 250 155
Loans and credit facilities received	6 302 455	6 560 893	1 631 830	1 597 024
Equity	1 386 662	1 368 834	359 034	333 196
Ratios				
Number of shares	24 123 506	24 123 506	-	-
Book value per share (in PLN / EUR)	57.48	56.74	14.88	13.81
Diluted book value per share (in PLN/EUR)	57.48	56.74	14.88	13.81
Capital adequacy				
Capital adequacy ratio	13.93%	13.28%	-	-

Key items in the balance sheet, income statement and cash flow statement in the financial statements for the first quarter of 2010 and the comparative financial figures for the first quarter of 2009 have been converted into EUR according to the following rules:

- particular assets and liabilities items in the balance sheet and book value per share as at the end of the first quarter of 2010 have been converted into EUR at the mid-rate binding as at 31 March 2010 published by the National Bank of Poland on 31 March 2010, i.e. EUR 1 = PLN 3.8622; comparative financial data as at the end of 2009 have been converted into EUR at the mid-rate binding as at 31 December 2009, published by the National Bank of Poland on 31 December 2009, i.e. EUR 1 = PLN 4.1082;
- particular items in the income statement and cash flows, and earnings per share after the first quarter of 2010 were converted into EUR at the rate based on the arithmetic mean of mid rates determined by the National Bank of Poland as at the last days of the months from January through March 2010, i.e. EUR 1 = PLN 3.9669, whereas comparative data after the first quarter of 2009 were converted into EUR at the rate based on the arithmetic mean of mid rates determined by the National Bank of Poland as of the last days of the months from January through March 2009, i.e. EUR 1 = PLN 4.5994.

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

On 31 July 2009, Fortis Bank Polska SA and Dominet Bank S.A. were merged. After the merger with Dominet Bank S.A., Fortis Bank Polska SA, does not present financial statements retrospectively, i.e. with relevant items of Dominet Bank S.A. included in comparative data. As at 31 March 2009, consolidated data of Fortis Bank Polska SA are presented. The performance of Dominet Bank S.A. for the reporting period from 1 January 2009 through 31 July 2009 is not included in the result of the integrated Bank for the respective reporting periods of 2009. The data of the integrated Bank are presented since August 2009.

Consolidated Income Statement (in PLN thousand)	**Notes**	**1/01/2010-31/03/2010**	**1/01/2009-31/03/2009**
Interest income	Note 9.1	229 282	229 102
Interest expense	Note 9.2	-86 438	-126 010
Net interest income		**142 844**	**103 092**
Fee and commission income	Note 9.3	52 740	31 118
Fee and commission expense	Note 9.4	-12 886	-3 108
Net fee and commission income		**39 854**	**28 010**
Dividend and other investment income		68	-
Net trading income	Note 9.5	34 965	-95 507
Net gain/loss on available-for-sale financial assets		1 272	6 300
Other revenues		4 222	4 719
Total income, net		**223 225**	**46 614**
Personnel expenses		-57 842	-45 333
Depreciation of fixed assets and intangible fixed assets		-20 773	-10 663
Other expenses		-68 489	-34 631
Net impairment losses	Note 9.6	-72 454	-13 438
Gross profit/loss		**3 667**	**-57 451**
Income tax expense		-2 211	5 379
Net profit/loss		**1 456**	**-52 072**

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

Consolidated Earnings per Share (EPS) (PLN)	Note 9.7		
Net profit/loss (in PLN thousand)		1 456	-52 072
Weighted average number of ordinary shares		24 123 506	16 771 180
EPS ratio (in PLN)		0.06	-3.10
Diluted weighted average number of ordinary shares		24 123 506	16 771 180
Diluted EPS ratio (in PLN)		0.06	-3.10

Consolidated report of total income (in PLN thousand)	**1.01.2010-31.03.2010**	**1.01.2009-31.03.2009**
Net profit (loss) for the year	**1 456**	**-52 072**
Profits / losses not recognised in income statement (investments available for sale)	21 456	-2 001
Deferred tax - profits/losses not recognised in the income statement (investments available for sale)	-4 077	380
Profits / losses not recognised in income statement (investments available for sale) - net	**17 379**	**-1 621**
Net profits / losses recognised in the income statement (investments available for sale)	-1 576	-6 235
Deferred tax - profits/losses recognised in the income statement (investments available for sale)	299	1 185
Profits / losses recognised in income statement (investments available for sale) - net	**-1 277**	**-5 050**
Total income	**17 558**	**-58 743**

Consolidated balance sheet (in PLN thousand)	Notes	31 March 2010	31 December 2009	31 March 2009
ASSETS				
Cash and cash equivalents	Note 10.1	1 137 042	832 724	1 240 897
Financial assets held for trading	Note 10.2.1	175 208	664 305	1 606 034
Due from banks	Note 10.3.1	232 653	1 573 242	581 843
Loans to customers	Note 10.3.2	13 282 983	13 811 556	15 167 872
Investments - Available for Sale	Note 10.4	2 002 042	2 785 842	988 288
Other investments	Note 10.5	12	12	-
Property, Plant and Equipment		187 388	188 372	114 165
Intangible assets		31 201	42 229	30 516
Settlements on account of income tax		45 358	48 554	-
Deferred tax assets		239 627	227 819	148 594
Other assets		174 895	119 828	98 212
Total assets		**17 508 409**	**20 294 483**	**19 976 421**
LIABILITIES				
Financial liabilities held for trading	Note 10.2.2	182 172	171 474	1 255 460
Due to banks	Note 30.6.1	603 157	2 011 154	1 189 127
Due to customers	Note 10.5.2	8 079 696	9 226 316	6 340 296
Loans and credit facilities received	Note 10.6.3	6 302 455	6 560 893	9 194 447
Liabilities related to issuance of debt securities		30 000	30 000	-
Subordinated liabilities		553 464	582 984	470 130
Current tax liabilities		112	107	30 554
Other obligations		308 213	286 148	319 745
Provisions		62 948	56 773	17 483
Total liabilities		**16 122 217**	**18 925 849**	**18 817 242**
EQUITY CAPITAL				
Share capital		1 206 175	1 206 175	503 135
Additional capital		554 446	554 446	308 656
Other capital		45 685	45 685	344 983
Revaluation reserve		7 361	-8 741	-24 724
Retained earnings		-428 931	949	79 201
Net profit (loss) for the year		1 456	-429 880	-52 072
Total equity		**1 386 192**	**1 368 634**	**1 159 179**
Total liabilities and equity		**17 508 409**	**20 294 483**	**19 976 421**

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

Consolidated Statement of Changes in Shareholders' Equity in the first quarter of 2009 (in PLN thousand)							
	Share capital	**Additional capital**	**Retained earnings**	**Net profit (loss) for the year**	**Other capital**	**Revaluation reserve**	**Total capital**
Balance as at 01/01/2009	**503 135**	**308 656**	**79 201**	**-**	**344 983**	**-18 053**	**1 217 922**
Total income in Quarter I 2009	-	-	-	-52 072	-	-6 671	-58 743
Balance as at 31/03/2009	**503 135**	**308 656**	**79 201**	**-52 072**	**344 983**	**-24 724**	**1 159 179**

Consolidated Statement of Changes in Shareholders' Equity in 2009 (in PLN thousand)							
	Share capital	**Additional capital**	**Retained earnings**	**Net profit (loss) for the year**	**Other capital**	**Revaluation reserve**	**Total capital**
Balance as at 01/01/2009	**503 135**	**308 656**	**79 201**	**-**	**344 983**	**-18 053**	**1 217 922**
Połączenie z Dominet Bank S.A.	157 306	-23 982	-	-	-	101	133 425
Total income in 2009	**-**	**-**	**-**	-429 880	-	9 227	-420 653
Reclassification	-	-	-	-	16	-16	-
Share issue	105 440	332 505	-	-	-	-	437 945
Increase of the share nominal value	440 294	-95 955	-	-	-344 344	-	-5
Distribution of retained earnings	-	33 222	-78 252	-	45 030	-	-
Balance as at 31/12/2009	**1 206 175**	**554 446**	**949**	**-429 880**	**45 685**	**-8 741**	**1 368 634**

Consolidated Statement of Changes in Shareholders' Equity in the first quarter of 2010 (in PLN thousand)							
	Share capital	**Additional capital**	**Retained earnings**	**Net profit (loss) for the year**	**Other capital**	**Revaluation reserve**	**Total capital**
Balance as at 01/01/2010	**1 206 175**	**554 446**	**-428 931**	**-**	**45 685**	**-8 741**	**1 368 634**
Total income in Quarter I 2010	-	-	-	1 456	-	16 102	17 558
Balance as at 31/03/2010	**1 206 175**	**554 446**	**-428 931**	**1 456**	**45 685**	**7 361**	**1 386 192**

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

Consolidated Cash Flow Statement (in PLN thousand)	**1.01.2010-31.03.2010**	**1.01.2009-31.12.2009**	**1.01.2009-31.03.2009**
Cash and cash equivalents, gross, opening balance	**833 802**	**1 495 348**	**1 495 348**
Merger with Dominet Bank S.A.	-	**630 029**	**-**
Adjusted cash and cash equivalents, gross Opening balance	**833 802**	**2 125 377**	**1 495 348**
Gross profit/loss	**3 667**	**-521 161**	**-57 451**
Adjustments for:	**-327 073**	**1 906 063**	**-3 797 679**
Depreciation	20 773	58 377	10 663
Impairment losses	60 176	814 929	17 876
Profits/losses on investing activities	11 773	25 280	403
Changes in operational assets and liabilities:	-408 977	1 118 460	-3 753 616
- financial assets and liabilities held for trading	499 795	-82 287	59 970
- due from banks	1 340 601	- 936 147	24 527
- loans to customers	465 623	2 519 750	-360 819
- change in the balance of available-for-sale investments	4 236	-34 9962	778
- change in the other investments	-	-12	-
- due to banks	-1 407 998	-265 809	-1 087 836
- due to customers	-1 146 620	675 610	-28 168
- liabilities due on account of credits and loans received	-102 166	-524 770	-2 417 535
- liabilities due on account of a subordinated loan	-29 520	-96 420	52 890
- other assets and liabilities	-32 928	-136 493	2 577
Income tax (current and deferred)	-10 818	-110 983	-73 005
Net operating cash flows	**-323 406**	**1 384 902**	**-3 855 130**
Purchase of available-for-sale investments	-7 656 890	-43 423 114	-176 355
Purchase of property, plant and equipment and intangible fixed assets	-12 013	-85 750	-17 082
Proceeds from sales of available-for-sale investments	8 452 556	41 911 731	381 454
Proceeds from sales of property, plant and equipment	-	2 186	811
Other investment expenses	-335	-1 523	-219
Net cash provided by investing activities	**783 318**	**-1 596 470**	**188 609**
Issuance of subordinated liabilities	**-**	295 410	**-**
Payment of subordinated liabilities	**-**	-123 246	**-**
Loans and credit facilities taken	1 158 045	1 896 929	5 405 496
Repayment of loans and credit facilities	-1 314 317	-3 587 040	-1 991 714
Share issue	-	437 945	-
Other financial expenses	-	-5	-
Net cash provided by (used in) financing activities	**-156 272**	**-1 080 007**	**3 413 782**
Cash and cash equivalents, gross stan na koniec okresu	**1 137 442**	**833 802**	**1 242 609**
Change in cash and cash equivalents, net	**303 640**	**-1 291 575**	**-252 739**

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

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

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

Profit & Loss Account (in PLN thousand)	**1/01/2010-31/03/2010**	**1/01/2009-31/03/2009**
Interest income	229 282	229 102
Interest expense	-86 611	-126 279
Net interest income	**142 671**	**102 823**
Fee and commission income	52 085	30 542
Fee and commission expense	-12 695	-2 953
Net fee and commission income	**39 390**	**27 589**
Dividend and other investment income	-	-
Net trading income	34 965	-95 507
Net gain/loss on available-for-sale financial assets	1 272	6 300
Other revenues	4 218	4 661
Total income, net	**222 516**	**45 866**
Personnel expenses	-57 169	-44 650
Depreciation of fixed assets and intangible fixed assets	-20 717	-10 597
Other expenses	-68 224	-34 353
Net impairment losses	-72 454	-13 438
Gross profit/loss	**3 952**	**-57 172**
Income tax expense	-2 226	5 358
Net profit/loss	**1 726**	**-51 814**

Report of total income (in PLN thousand)	**1/01/2010-31/03/2010**	**1/01/2009-31/03/2009**
Net profit (loss) for the year	**1 726**	**-51 814**
Profits / losses not recognised in income statement (investments available for sale)	21 456	-2 001
Deferred tax - Profits / losses not recognised in income statement (investments available for sale)	-4 077	380
Profits/losses not recognised in the income statement (investments available for sale) - net	**17 379**	**-1 621**
Net profits / losses recognised in the income statement (investments available for sale)	-1 576	-6 235
Deferred tax - Net profits / losses recognised in the income statement (investments available for sale)	299	1 185
Profits / losses recognised in income statement (investments available for sale) - net	**-1 277**	**-5 050**
Total income	**17 828**	**-58 485**

Balance sheet (in PLN thousand)	31 March 2010	31 December 2009	31 March 2009
ASSETS			
Cash and cash equivalents	1 137 042	832 724	1 240 897
Financial assets held for trading	175 208	664 305	1 606 034
Due from banks	232 653	1 573 242	581 843
Loans to customers	13 282 984	13 811 556	15 167 872
Investments - Available for Sale	2 002 000	2 785 800	988 246
Other investments	18 208	18 208	18 196
Property, Plant and Equipment	187 131	188 071	113 738
Intangible assets	31 166	42 182	30 429
Settlements on account of income tax	45 358	48 554	-
Deferred tax assets	239 492	227 699	148 475
Other assets	174 637	119 508	97 887
Total assets	**17 525 879**	**20 311 849**	**19 993 617**

LIABILITIES			
Financial liabilities held for trading	182 172	171 474	1 255 460
Due to banks	603 157	2 011 154	1 189 127
Due to customers	8 097 333	9 244 085	6 358 908
Loans and credit facilities received	6 302 455	6 560 893	9 194 447
Liabilities related to issuance of debt securities	30 000	30 000	-
Subordinated liabilities	553 464	582 984	470 130
Current tax liabilities	-	-	30 473
Other obligations	307 688	285 652	319 162
Provisions	62 948	56 773	17 483
Total liabilities	**16 139 217**	**18 943 015**	**18 835 190**

EQUITY CAPITAL			
Share capital	1 206 175	1 206 175	503 135
Additional capital	554 415	554 415	308 656
Other capital	45 639	45 639	344 983
Revaluation reserve	7 377	-8 725	-24 724
Retained earnings	-428 670	-	78 191
Net profit (loss) for the year	1 726	-428 670	-51 814
Total equity	**1 386 662**	**1 368 834**	**1 158 427**
Total liabilities and equity	**17 525 879**	**20 311 849**	**19 993 617**

Statement of Changes in Shareholders' Equity in the first quarter of 2009 (in PLN thousand)							
	Share capital	Additional capital	Retained earnings	Net profit (loss) for the year	Other capital	Revaluation reserve	Total capital
Balance as at 01/01/2009	**503 135**	**308 656**	**78 191**	**-**	**344 983**	**-18 053**	**1 216 912**
Total income in Quarter I 2009	-	-	-	-51 814	-	-6 671	-58 485
Balance as at 31/03/2009	**503 135**	**308 656**	**78 191**	**-51 814**	**344 983**	**-24 724**	**1 158 427**

Statement of Changes in Shareholders' Equity in 2009 (in PLN thousand)							
	Share capital	Additional capital	Retained earnings	Net profit (loss) for the year	Other capital	Revaluation reserve	Total capital
Balance as at 01/01/2009	**503 135**	**308 656**	**78 191**	**-**	**344 983**	**-18 053**	**1 216 912**
Merger with Dominet Bank S.A.	157 306	-23 982	-	-	-	101	133 425
Total income in 2009	-	-	-	-428 670	-	9 227	-419 443
Share issue	105 440	332 505	-	-	-	-	437 945
Increase of the share nominal value	440 294	-95 955	-	-	-344 344	-	-5
Distribution of retained earnings	-	33 191	-78 191	-	45 000	-	-
Balance as at 31/12/2009	**1 206 175**	**554 415**	**-**	**-428 670**	**45 639**	**-8 725**	**1 368 834**

Statement of Changes in Shareholders' Equity in the first quarter of 2010 (in PLN thousand)							
	Share capital	Additional capital	Retained earnings	Net profit (loss) for the year	Other capital	Revaluation reserve	Total capital
Balance as at 01/01/2010	**1 206 175**	**554 415**	**-428 670**	**-**	**45 639**	**-8 725**	**1 368 834**
Total income in Quarter I 2010	-	-	-	1 726	-	16 102	17 828
Balance as at 31/03/2010	**1 206 175**	**554 415**	**-428 670**	**1 726**	**45 639**	**7 377**	**1 386 662**

Cash Flow Statement (in PLN thousand)	**1.01.2010-31.03.2010**	**1.01.2009-31.12.2009**	**1.01.2009-31.03.2009**
Cash and cash equivalents, gross Opening balance	**833 802**	**1 495 348**	**1 495 348**
Merger with Dominet Bank S.A.	**-**	**630 029**	**-**
Adjusted cash and cash equivalents, gross, opening balance	**803 802**	**2 125 377**	**1 495 348**
Gross profit/loss	**3 952**	**-519 928**	**-57 172**
Adjustments for:	**-327 358**	**1 904 677**	**-3 798 103**
Depreciation	20 717	58 136	10 597
Impairment losses	60 176	814 929	17 876
Profits/losses on account of FX rate differences	-	-	-
Profits/losses on investing activities	11 773	25 280	403
Changes in operational assets and liabilities:	-409 201	1 117 285	-3 754 031
- financial assets and liabilities held for trading	499 795	-82 287	59 970
- due from banks	1 340 601	-936 147	24 527
- loans to customers	465 622	2 519 750	-360 819
- change in the balance of available-for-sale investments	4 236	-34 962	778
- change in the other investments	-	-12	-
- due to banks	-1 407 997	-265 809	-1 087 836
- due to customers	-1 146 752	674 311	-28 624
- liabilities due on account of credit facilities and loans received	-102 166	-524 770	-2 417 535
- liabilities due on account of a subordinated loan	-29 520	-96 420	52 890
- other assets and liabilities	-33 020	-136 369	2 618
Income tax (current and deferred)	-10 823	-110 953	-72 948
Net operating cash flows	**-323 406**	**1 384 749**	**-3 855 275**
Purchase of available-for-sale investments	-7 656 890	-43 423 114	-176 355
Purchase of property, plant and equipment and intangible fixed assets	-12 013	-85 597	-16 937
Proceeds from sales of available-for-sale investments	8 452 556	41 911 731	381 454
Proceeds from sales of property, plant and equipment	0	2 186	811
Other investment expenses	-335	-1 523	-219
Net cash provided by investing activities	**783 318**	**-1 596 317**	**188 754**
Issuance of subordinated liabilities	**-**	295 410	-
Payment of subordinated liabilities	**-**	-123 246	-
Loans and credit facilities taken	1 158 045	1 896 929	5 405 496
Repayment of loans and credit facilities	-1 314 317	-3 587 040	-1 991 714
Share issue	-	437 945	-
Other financial expenses	-	-5	-
Net cash provided by (used in) financing activities	**-156 272**	**-1 080 007**	**3 413 782**
Cash and cash equivalents, gross Ending balance	**1 137 442**	**833 802**	**1 242 609**
Change in gross cash and cash equivalents	**303 640**	**-1 291 575**	**-252 739**

Cash Flow Statement is prepared using an indirect method.

4. Key Factors Affecting Consolidated Performance of Fortis Bank Polska SA Capital Group as at the End of the First Quarter of 2010.

Financial Results

Profit & Loss Account (in PLN thousand)	**01/01/2010-31/03/2010**	**1/01/2009-31/03/2009**	**Change**
Net interest income	142 844	103 092	39%
Net fee and commission income	39 854	28 010	42%
Net trading income	34 965	-95 507	-137%
Personnel expenses	-57 842	-45 333	28%
Other expenses	-68 489	-34 631	98%
Gross profit/loss	**3 667**	**-57 451**	**-106%**
Net profit/loss	**1 456**	**-52 072**	**-103%**

Financial Highlights

	31 March 2010	**31 December 2009**	**Change**
Total assets (in PLN thousand)	**17 508 409**	**20 294 483**	**-14%**
Loans to customers	13 282 983	13 811 556	-4%
Due to customers	8 079 696	9 226 316	-12%
Total equity	1 386 192	1 368 634	1%

Financial ratios (%)

	31 March 2010	**31 December 2009**	**Change**
Capital adequacy ratio	14.06	13.40	0.66
Return on assets (ROA)*	0.03	-2.06	2.09
Return on equity (ROE)*	0.45	-34.14	34.59
Net interest margin*	2.82	2.02	0.8

*These ratios were calculated as follows:

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

On 31 July 2009 Fortis Bank Polska SA and Dominet Bank S.A. were merged. After the merger, Fortis Bank Polska SA has ceased to present financial statements retrospectively, i.e. with respective items of Dominet Bank S.A. included in comparative data. The result of Dominet Bank S.A. for the reporting period from 1 January 2009 to 31 July 2009 is not included in the result of the merged Bank for 2009.

31 July 2009 was the last balance sheet day for Dominet Bank S.A., as at which the accounting books were closed and the last financial statements were prepared. The first reporting day for the integrated Bank was 31 August 2009.

As at the end of the first quarter of 2010, the consolidated net profit of the Group of Fortis Bank Polska SA stood at PLN 1,456 thousand as compared to the net loss of PLN 52,072 thousand recorded as at the end of the first quarter of 2009. The said profit has been attributable to, among other things, a 39% growth of interest income and a 42% growth of commission and fee income. The growth results, to a significant extent, from the merger with Dominet Bank S.A.

The financial statements as at Quarter I of 2010 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 941 thousand at the end of the first quarter of 2010, while its net loss stood at PLN 270 thousand.

As at the end of the first quarter of 2010, the Group's consolidated total assets stood at PLN 17,508,409 thousand and were lower by PLN 2,786,074 thousand or 14% than as at the end of the previous year.

Loans to customers constitute the principal item of the asset structure. They decreased by 4% in comparison to the end of 2009, i.e. down to PLN 13,282,983 thousand. As at the end of the first quarter of 2010, 47% of net loans to customers were foreign currency loans. Without taking into account the impact of FX rate changes, net loans to customers fell by 2%.

The share of loans to customers in the structure of total assets grew from 68% recorded as at the end of 2009 up to 76% at the end of the first quarter of 2010.

Commercial loans granted to enterprises prevailed in the gross loans to customers. As at the end of the first quarter of 2010, their share made up 53% and as compared to the balance at the end of 2009, it did not change.

The value of commercial loans decreased by PLN 242,247 thousand (or 3%) in comparison to the result recorded at the end of the previous year.

As at the end of the first quarter of 2010, mortgage loans stood at PLN 4,391,217 thousand and were lower by 3% than as at the end of 2009 (decrease by PLN 141,717 thousand). Their share in the structure of gross loans to customers in both periods was 31%.

PLN loans hold the biggest share in the gross loan volume and constitute 56% of the total volume. Their volume as at the end of the first quarter of 2010 stood at PLN 8,058,704 thousand and was lower by 1% than the volume noted as at the end of 2009.

The volume of loans granted in CHF (in PLN equivalent) as at the end of the first quarter of 2010 reached PLN 3,939,201 thousand and was by 4% lower than at the end of 2009. As at the end of the first quarter of 2010, such loans made up 27% of total loans, as compared to 28% recorded as at the end of 2009.

The portfolio of loans granted in EUR (in PLN equivalent) as at the end of the first quarter of 2010 stood at PLN 2,285,634 thousand as compared to PLN 2,525,328 thousand noted as at the end of 2009 (decline by 10%). The share of loans granted in EUR in the total loan volume decreased from 17% recorded as at the end of 2009 down to 16% noted at the end of the first quarter of 2010.

The value of impairment losses and IBNR totalled PLN 1,078,376 thousand as at the end of the first quarter of 2010, as compared to PLN 1,015,426 thousand recorded at the end of 2009.

Due from banks increased as at the end of the first quarter of 2010 by PLN 1,340,589 thousand in comparison to the balance noted at the end of the previous year (i.e. from PLN 1,573,242 thousand to PLN 232,653 thousand).

As at the end of the first quarter of 2010, financial assets held-for-trading went down by 74%, i.e. by PLN 489,097 thousand in comparison to the balance as at the end of December 2009.

Cash and cash equivalents increased in comparison to the end of 2009 by 37% or PLN 304,318 thousand; their share in total assets increased from 4% noted at the end of 2009 to 6% recorded at the end of the first quarter of 2010.

Investments available for sale went down by 28% (or PLN 783,800 thousand) in comparison to the end of 2009. Their share in the structure of assets dropped from 14% recorded as at the end of 2009 down to 11% noted at the end of the first quarter of 2010.

In the structure of liabilities, amounts due to customers prevail, whose value as at the end of the first quarter of 2010 stood at PLN 8,079,696 thousand and decreased by 12% in comparison to the balance noted at the end of 2009 (after a considerable growth in the second and the third quarter of 2009).

In the structure of due to customers, term deposits prevail which at the end of the first quarter of 2010 amounted to PLN 6,037,550 thousand, representing 76% of all customer deposits (and 75% of all liabilities due to customers). Sight deposits reached PLN 1,883,650 thousand as at the end of the first quarter of 2010.

Loans and credit facilities received are the second biggest item in the structure of liabilities. Their volume as at the end of the first quarter of 2010 stood at PLN 6,302,455 thousand and was lower by PLN 258,438 thousand or 4% than at the end of 2009.

At the end of the first quarter of 2010, loans and credit facilities received made up 36% of gross total liabilities, as compared to 32% recorded as at the end of 2009.

The share of due to banks in total liabilities decreased from 10% at the end of 2009 to 3% at the end of the first quarter of 2010.

As at the end of the first quarter of 2010, the share of held-for-trading financial liabilities accounted for 1% of total liabilities. Financial assets held-for-trading increased by 6% in comparison to the balance as at the end of 2009.

Provisions increased from PLN 56,773 thousand as at the end of 2009 up to PLN 62,948 thousand as at the end of the first quarter of 2010. 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 11% in comparison to the balance noted as at the end of 2009.

As at the end of the first quarter of 2010, the equity capital of the Group amounted to PLN 1,386,192 thousand, i.e. by 1% more than as at the end of 2009. The share of equity capital in the structure of total liabilities slightly increased from 7% recorded as at the end of 2009 up to 8% noted at the end of the first quarter of 2010. This capital growth is the result of the net profit for the first quarter of 2010.

A significant item of the income statement is the net interest income which as at the end of the first quarter 2010 reached PLN 142,844 thousand and was higher by 39% or PLN 39,752 thousand as compared to the first quarter of 2009.

The interest income consists of interest on account of:

- Cash: PLN 3,147 thousand;
- Due from banks: PLN 1,175 thousand;
- Investments: PLN 26,539 thousand;
- Loans to Customers: PLN 194,077 thousand;
- Securities: PLN 4,344 thousand.

The interest expenses include in particular interest on account of:

- Due to Customers: PLN 66,418 thousand;
- Loans and credit facilities received: PLN 8,339 thousand;
- Due to banks: PLN 5,702 thousand;
- Subordinated liabilities: PLN 5,187 thousand.

As at the end of the first quarter of 2010, the Group generated net fee and commission income of PLN 39,854 thousand, i.e. by 42% more than in the corresponding period of 2009.

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

- fees and commissions for cash settlements services: PLN 15,696 thousand;
- fees and commissions related to granting loans: PLN 6,931 thousand;
- card transactions income: PLN 5,273 thousand;
- fees and commissions related to guarantees and contingent liabilities: PLN 4,013 thousand;

- Fees and commissions related to the sale of insurance products: PLN 11,764 thousand.

At the end of the first quarter of 2010, fee and commission expenses amounted to PLN 12,886 thousand and were higher by 9,778 thousand higher than at the end of the first quarter of the previous year.

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

- card related expenses: PLN 3,759 thousand;
- expenses related to franchisee commissions and fees: PLN 4,327 thousand.

As at the end of the first quarter of 2010, the profit generated on transactions in held-for-trading financial instruments stood at PLN 34,965 thousand, in comparison to the loss of PLN 95,507 thousand recorded as at the end of the first quarter of 2009, which means a growth by PLN 130,472 thousand (137%). The improved net trading income is attributable to a better result on derivative instruments (loss of PLN 1,181 thousand in the first quarter of 2010 in comparison to the loss of PLN 127,912 thousand in the corresponding period of the previous year caused by a negative fair value adjustment on account of credit risk arising from derivative transactions entered into with Group customers). Furthermore, the net FX income grew from PLN 32,023 thousand in the first quarter of 2009 up to PLN 34,162 thousand in the first quarter of 2010. Result on valuation of securities held for trading grew by PLN 1,602 thousand at the same time, and reached PLN 1,984 thousand at the end of the first quarter of 2010.

At the end of the first quarter of 2010 the Group's personnel expenses amounted to PLN 57,842 thousand. The depreciation of fixed and intangible assets stood at PLN 20,773 thousand.

In the first quarter of 2010 the net impairment losses equalled PLN 72 454 thousand. Net impairment losses in the 59% were attributable to corporate customers of the Merchant Banking Business Line. The remaining 41% refer to Retail Banking Business Line customers.

5. Information on Fortis Bank Polska SA Capital Group

Basic data on the Issuer

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

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

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

The consolidated financial statements of Fortis Bank Polska SA Capital Group for the first quarter of 2010 contains the data of the Bank and of its subsidiary, Fortis Private Investments S.A. (jointly referred to as "the Group").

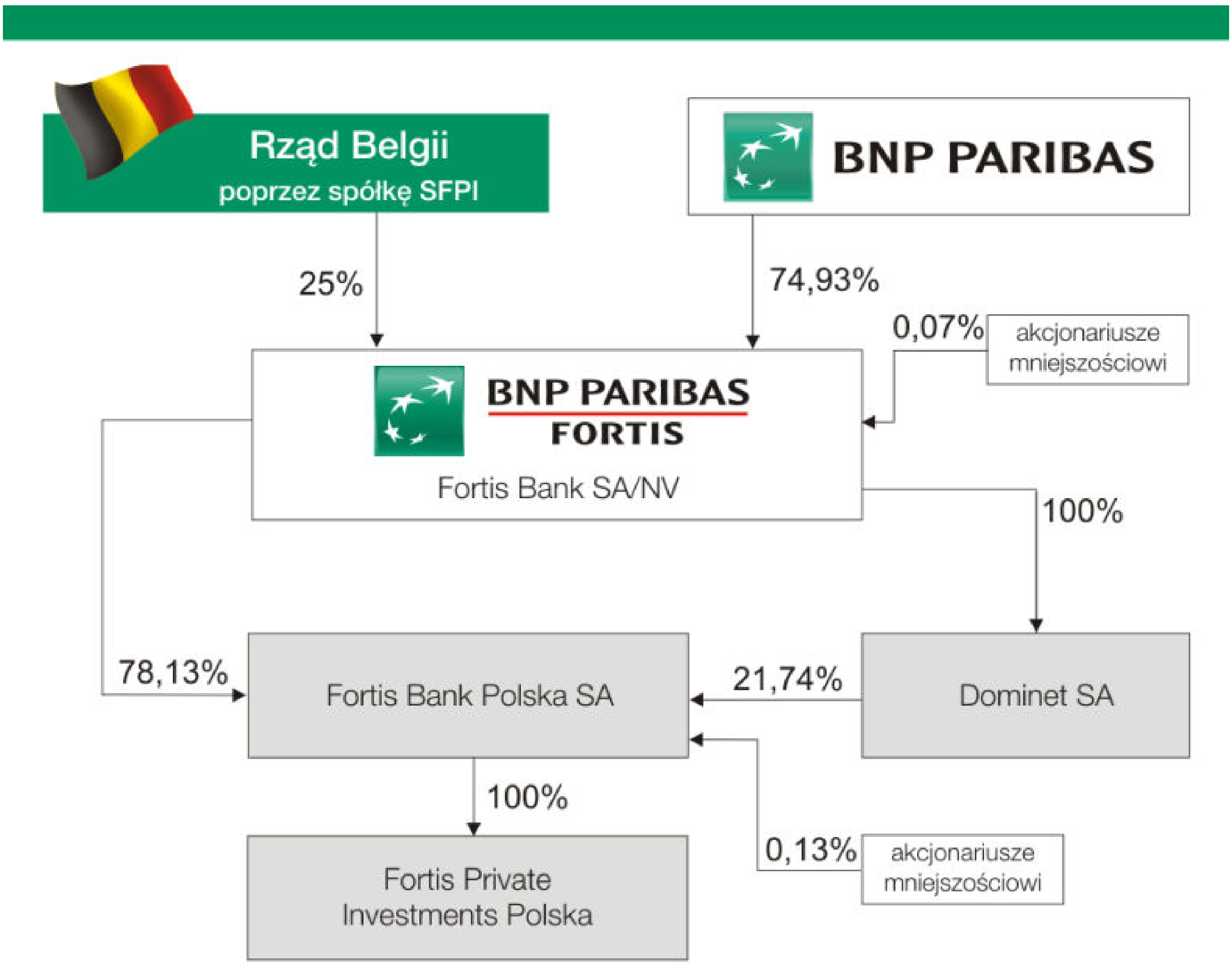
Structure of the Group

In the first quarter of 2010 and as at the report submission date (i.e. 12 May 2010) the structure of Fortis Bank Polska SA Capital Group has not changed.

Fortis Bank Polska SA Capital Group is part of BNP Paribas SA, an international financial institution based in Paris.

The direct parent entity of Fortis Bank Polska SA is Fortis Bank SA/NV based in Brussels which holds 99.87% of the Bank's shares, of which 21.74% through Dominet SA.

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



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

Fortis Private Investments Polska S.A. with its registered office in Warsaw, ul. Fredry 8, is entered into the National Court Register maintained by the District Court for the capital city of Warsaw, XIII Commercial and Registration Department of the National Court Register, under KRS no. 0000031121. The company was assigned statistical number (REGON) 012557199, and tax identification number (NIP) 526-02-10-808.

Furthermore, Fortis Bank Polska SA holds 24.75% shares in Dolnośląska Szkoła Bankowa Sp. z o.o., associated entity.

Dolnośląska Szkoła Bankowa Sp. z o.o. with its registered office in Lubin, ul. Komisji Edukacji Narodowej 6A, is entered into the National Court Register maintained by the District Court for Wrocław-Fabryczna, IX Commercial and Registration Department of the National Court Register, under KRS no. 0000147459. The company was assigned statistical number (REGON) 390555508, and tax identification number (NIP) 692-000-09-58.

Field of the Group's business activity:

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

The scope of the Bank's business includes in particular:

- accepting deposits due on demand and/or in fixed date and maintaining bank accounts for such deposits,
- maintaining other bank accounts,
- granting credits and loans, including consumer credits and loans,
- carrying out bank 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 on financial issues,
  - 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

6.1 Podstawa sporządzenia

6.1.1 Statement on consistency with the IFRS

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

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

The following standards (interpretations) issued by the International Accounting Standards Board (International Financial Reporting Interpretations Committee) were not in force yet as at 31 March 2010:

- Amendments to IAS 24 Disclosure of information on affiliated entities, binding for annual periods starting on 1 January 2011 or later, as at the date of preparing this financial statement, amendments to the above standards have not been approved by the European Commission;

- IFRS 9 Financial Instruments; applicable to annual periods starting on 1 January 2013 or later; as at the date of preparing this financial statement, the standard has not been approved by the European Commission.

Other standards and interpretations that have not become effective yet and have not been mentioned in these financial statements, are not material from the Group's standpoint. The Group did not use the option of an earlier adoption of standards and interpretations that were approved by the European Commission but that have or will become effective after the balance sheet date only. The Group now analyses in detail the effect of new standards on the financial statements.

6.2 Basic assumptions

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

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

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

The interim 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).

6.3 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 2010 through 31 March 2010 and as at 31 March 2010, and consolidated comparative data for the period from 1 January 2009 through 31 March 2009 and as at 31 March 2009 and 31 December 2009.

Pursuant to the accounting standards applied to the merger of Fortis Bank Polska SA with Dominet Bank S.A., after the merger with Dominet Bank S.A., Fortis Bank Polska SA does not present financial statements retrospectively, i.e. with respective items of Dominet Bank S.A. included in comparative data. The result of Dominet Bank S.A. for the reporting period from 1 January 2009 to 31 July 2009 has not been included in the result of the merged Bank for 2009.

6.4 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 dismiss 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 as profit on non-recurring purchase.

Prior to recognising such profit on non-recurring purchase, the Group shall review the procedures applied to duly calculate of the profit under IFRS 3.

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

The Group's entities apply the uniform accounting standards.

Under IAS 27, in the consolidated financial statements of Fortis Bank Polska SA Capital Group for Quarter I of 2010, the full consolidation is applied to the following subsidiary:

- Fortis Private Investments Polska S.A.

6.5 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.

6.5.1 Fair value

The fair value of financial instruments that are not traded on an active market is measured applying valuation models using the market yield curve. Some variables used in such models require an adoption of expert estimations. Change of the models adopted or a different estimation of variables could affect the estimation of fair values determined using such models. In the estimation of fair values, the Group takes into consideration customer credit risk and applies a developed methodology of adjustment of the measurement to fair value on that account, as described in Section "The fair value of financial instruments." The most significant parameter that does not come from an active market and is used by the Group to measure financial instruments is a counterparty risk component. In connection with a considerable counterparty risk growth, the Group makes an estimation of the level of that risk in derivative instrument transactions, including FX options, entered into with customers.

The estimation is made as at a balance sheet date assuming the level of derivative instrument valuations as at that day and taking into account risk assessment as at that day. The Group regularly monitors the level of risk related with concluded transactions in derivative instruments. The main factors affecting changes of estimated counterparty risk include:

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

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

6.5.2 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 (private individuals 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.

Impairment losses for an investment in an equity instrument classified as available for sale are not reversed through profit or loss.

6.5.3 Write-downs for non-financial assets' impairment

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

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

6.5.4 Useful lives and residual values

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

A residual value of an item of property, plant and equipment and intangible assets is the expected amount that the Group would currently obtain from disposal of the asset, after the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

6.5.5 Other Accounting Estimates

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

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

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

6.6 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 recorded 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.

6.7 Financial assets and liabilities

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

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

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

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

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

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.

6.7.2 Classification and measurement

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

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

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

6.7.3 The Group classifies financial instruments into the following categories:

Loans and receivables

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

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

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

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

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

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

Investments held to maturity

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

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

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

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

Financial assets measured to fair value through profit or loss

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

a) classified at initial recognition as held for trading if they were acquired mainly 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 total other income, 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 total other income 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 mainly 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) loans to customers;
c) due on account of debt securities issued.
d) liabilities due on account of credits and loans received.

6.7.4 Fair Value of Financial Instruments

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

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

Valuation techniques include:

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

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

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

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

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

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

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

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

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

6.8 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.

6.9 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.

6.10 Derivative instruments

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

Derivative instruments in the Group include the following transactions:

<u>IRS Contracts</u>

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.

<u>FX Forward Contracts</u>

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.

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.

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.

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.

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.

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.

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.

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.

6.11 Derivative instruments that are hedging instruments

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

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

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

The Group does not apply hedge accounting.

6.12 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.

6.13 Asset Impairment

6.13.1 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 (private individuals 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.

6.13.2 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.

6.14 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.

6.15 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.

6.16 Property, Plant and Equipment

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

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

Any impairment loss identified is recognised in the income statement.

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

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

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

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

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

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

Useful lives of fixed assets are as follows*:

No.	**Specification**	**Useful life**
1.	Own buildings	40 years
2.	Leasehold improvements	10 years
3.	Structural cabling	5 years
4.	IT equipment	3-5 years
5.	Telephone equipment	3 or 5 years
6.	Vehicles	5 years
7.	Furniture	5 years

8.	Cash and vault equipment	5 years
9.	ATMs	5 years
10.	Check processing device	5 years
11.	Conference room equipment	5 years
11.	Cash registers, armoured safes and safes	10 years
12.	Other equipment	5 years
13.	Operating software	5 years
14.	System software	3 or 5 years

*applicable to fixed assets purchased after 01/01/2010. Useful lives of fixed assets purchased before that date are presented in the Group's financial statement for 2009.

6.17 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.

6.18 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.

6.19 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.

6.20 Employee Benefits

6.20.1 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. 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 and post-death benefits is calculated at the present value of the estimated future cash outflows using interest rates determined by reference to market yields.

6.20.2 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.

6.20.3 Benefit for contract of employment termination

An entity shall recognise termination benefits as a liability and an expense when, and only when, the entity is demonstrably committed to either:

- terminate the employment of an employee or group of employees beforethe normal retirement date; or

- provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

6.21 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.

6.22 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.

6.23 Equity Capital

6.23.1 Definition

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 Bank measures the equity in the nominal value, except for revaluation reserve, which is recognised taking into account the deferred tax impact.

6.23.2 Costs of transactions related with operations in equity capital

Transaction costs related with operations in equity capital decrease the capital in the amount equal to the incremental costs directly attributable to this operation, i.e. such costs which in other case would not be incurred.

6.23.3 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.

6.23.4 Other Equity Capital Components

Other components that are recognised in equity refer to:

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

6.24 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.

6.25 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.

6.26 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 Bank 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.

6.27 Net profit/loss on transactions in financial instruments

Net profit/loss on transactions in financial instruments includes:

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

6.28 Current and deferred income tax

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

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

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

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

6.29 Government subsidies

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

6.30 Securitisation

Securitisation consists in transferring receivables, uniform in type, to a SPV capital company (issuer) which issues securities that are backed by securitised receivables. In the balance sheet, the Group recognises securitised receivables in the full amount.

Securitised loans are labelled in a manner that enables their identification and are serviced as so far, i.e. pursuant to the rules described above.

Furthermore, in the Group's balance sheet the Group's obligation was recognised which arose through the SPV towards the entities that finance the SPV as regards the securitised portfolio, in the amount corresponding to the current value of the obligation.

SPV operating costs and operating income that affect the amount of deferred remuneration due to the Bank under the agreement are recognised by the Group through profit or loss. The costs and income referred to above are recorded as "other costs" and "other income".

In February 2010 the securitisation transactions was settled and closed.

6.31 Lease facility

Leasing is classified as financial lease when, under the loan agreement, basically all potential benefits and risk resulting from the ownership is transferred to the lessee. All other types of lease facilities are regarded as operating lease.

Assets utilised under a financial lease agreement are recognised as the Group's assets and measured to their fair value at the moment of their purchase, however, not higher than the current value of minimum lease payments. The resulting obligation towards the lessor is recognised in the payables on account of financial lease.

Płatności z tytułu leasingu finansowego dzielone są na koszty finansowe i zmniejszenie zobowiązania z tytułu leasingu. Financial costs are directly recognised in the profit and loss account.

Operating lease payments are recognised in the profit and loss account using the straight-line method over the lease term.

6.32 Segment Reporting

6.32.1 Operating segments

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

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

- Retail Banking Business Line (RB BL, including Affluent Banking)
- 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.

6.32.2 Geographical segments

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

In the first half of 2009, the Group consolidated the results of Private Banking and Retail Banking Business Lines.

Furthermore in the reporting period, no changes in the Group's structure of operating segments occurred as compared to the situation presented in the Group's consolidated financial statement for the year ended on 31 December 2009.

7. Comparability with Previously Published Reports

To ensure data comparability, changes have been made with respect to the manner of presentation of the data published previously in the report for the first quarter of 2009 as at 31 March 2009, and the data published in the annual report for 2009 as at 31 December 2009. The data are presented in PLN thousand.

On 31 July 2009, Fortis Bank Polska SA and Dominet Bank S.A. were merged. Since the merger with Dominet Bank S.A., Fortis Bank Polska SA does not present financial statements retrospectively, i.e. with relevant items of Dominet Bank S.A. included in comparative data. For respective reporting periods of 2009, consolidated data of Fortis Bank Polska SA are presented.

Consolidated balance sheet as at 31 March 2009

Item	First Quarter 2010 Report	Quarter I 2009 Report	Difference	Change description
Due from banks	581 843	572 412	9 431	Reclassification of due from banks
Loans to customers	15 167 872	15 177 303	- 9 431	Reclassification of due from banks
Due to banks	1 189 127	1 179 750	9 377	Reclassification of due to banks
Due to customers	6 340 296	6 349 673	-9 377	Reclassification of due to banks
Total changes			-	

Consolidated balance sheet as at 31 December 2009

Item	First Quarter 2010 Report	2009 Annual Report	Difference	Change description
Investments - Available for Sale	2 785 842	2 785 854	-12	Separation of other investments
Other investments	12	-	12	Separation of other investments
Other obligations	286 148	265 910	20 238	Change in the manner of presenting restructuring reserve
Provisions	56 773	77 011	-20 238	Change in the manner of presenting restructuring reserve
Total changes			-	

Consolidated Cash Flow Statement for the period from 1 January to 31 March 2009

Item	First Quarter 2010 Report	First Quarter 2009 Report	Difference	Change description
Operating cash flows				
Due from banks	24 527	33 958	-9 431	Changes to Due from banks
Loans to customers	-360 819	-370 250	9 431	Changes to Due from banks
Due to banks	-1 087 836	-1 097 213	9 377	Changes to Due to banks
Due to customers	-28 168	-18 791	-9 377	Changes to Due to banks

Consolidated Cash Flow Statement for the period from 1 January to 31 December 2009

Item	First Quarter 2010 Report	2009 Annual Report	Difference	Change description
Operating cash flows				
Investments available for sale	-34 962	-34 974	12	Separation of other investments
Other investments	-12	-	-12	Separation of other investments
Impairment losses	814 929	835 167	-20 238	Change in the manner of presenting restructuring reserve
Status change: Other assets and liabilities	-136 493	-156 731	20 238	Change in the manner of presenting restructuring reserve

8. Segment Reporting

On 31 July 2009, Fortis Bank Polska SA and Dominet Bank S.A. were merged. After the merger with Dominet Bank S.A., Fortis Bank Polska SA, does not present financial statements retrospectively, i.e. with relevant items of Dominet Bank S.A. included in comparative data. As at 31 March 2009, consolidated data of Fortis Bank Polska SA are presented. The performance of Dominet Bank S.A. for the reporting period from 1 January 2009 through 31 July 2009 is not included in the result of the integrated Bank for the respective reporting periods of 2009. The data of the integrated Bank are presented since August 2009.

Consolidated Income Statement by Business Segments for the First Quarter of 2009 YTD.

1 Jan 2009 – 31 March 2009 (in PLN thousand)	**Retail Banking**	**Merchant Banking**	**ALM and support units (horizontal functions)**	**Total**
Interest income (external)	109 760	102 132	17 210	229 102
Transfer prices expense (internal)	-75 445	-95 109	-17 827	-188 381
Interest expense (external)	-41 547	-84 463	-	-126 010
Transfer prices income (internal)	59 528	151 906	-23 053	188 381
Net interest income	**52 296**	**74 466**	**-23 670**	**103 092**
Fee and commission income (external)	17 878	12 372	868	31 118
Fee and commission expense (external)	-2 527	-125	-456	-3 108
Net fee and commission income	**15 351**	**12 247**	**412**	**28 010**
Net trading income (external)	-27 910	-67 597	-	-95 507
Net gain/loss on available-for-sale financial assets (external)	-	441	5 859	6 300
Other income (external)	3 197	1 040	482	4 719
Total income, net	**42 934**	**20 597**	**-16 917**	**46 614**
Personnel expense (external)	-18 232	-8 009	-19 092	-45 333
Depreciation of fixed assets and intangible fixed assets (external)	-66	-	-10 597	-10 663
Other expenses (external)	-6 662	-2 285	-25 684	-34 631
Net impairment losses (external)	13 000	-26 438	-	-13 438
Costs allocation - rebilling (internal)	-45 672	-9 491	55 163	-
Gross profit/loss	**-14 698**	**-25 626**	**-17 127**	**-57 451**
Income tax expense	1 372	2 402	1 605	5 379
Net profit/loss	**-13 326**	**-23 224**	**-15 522**	**-52 072**

Consolidated Income Statement by Business Segments for the First Quarter of 2010 YTD.

1 Jan 2010 – 31 March 2010 (in PLN thousand)	Retail Banking	Merchant Banking	ALM and support units (horizontal functions)	Total
Interest income (external)	136 988	79 135	13 159	229 282
Transfer prices expense (internal)	-74 425	-92 173	-27 814	-194 412
Interest expense (external)	-51 126	-35 177	-135	-86 438
Transfer prices income (internal)	63 329	93 766	37 317	194 412
Net interest income	**74 766**	**45 551**	**22 527**	**142 844**
Fee and commission income (external)	39 682	12 410	648	52 740
Fee and commission expense (external)	-12 482	-55	-349	-12 886
Net fee and commission income	**27 200**	**12 355**	**299**	**39 854**
Dividend and other investment income (external)	68	-	-	68
Net trading income (external)	8 561	26 404	-	34 965
Net gain/loss on available-for-sale financial assets (external)	-	1 272	-	1 272
Other income (external)	2 948	1 179	95	4 222
Total income, net	**113 543**	**86 761**	**22 921**	**223 225**
Personnel expense (external)	-25 399	-4 595	-27 848	-57 842
Depreciation of fixed assets and intangible fixed assets (external)	-56	-	-20 717	-20 773
Other expenses (external)	-19 130	-1 543	-47 816	-68 489
Net impairment losses (external)	-29 488	-42 966	-	-72 454
Costs allocation - rebilling (internal)	-88 427	-7 788	96 215	-
Gross profit/loss	**-48 957**	**29 869**	**22 755**	**3 667**
Income tax expense	27 428	-16 823	-12 816	-2 211
Net profit/loss	**-21 529**	**13 046**	**9 939**	**1 456**

Description of Segment Activity

Retail Banking

Customers

As at the end of the first quarter of 2010, the number of active customers of this line reached 368,880. Private Individuals, including Mass Market Customers (93%) prevail among the Retail Banking customers. Enterprises account for the remaining 7% customers of the business line.

Distribution channels

Retail Banking customers have at their disposal both a network of branches as well as alternative channels: Pl@net, Multicash systems and Call Centre. The RB BL develops all the above distribution channels. The Group's statistics show that Customers are much interested in alternative distribution channels. Comparing data for the first quarter of 2010 and the first quarter of 2009, the Group noted the following:

- Increase in the number of Customers who use Pl@net, the banking system by 266% (growth attributable to e.g. customers of the former Dominet Bank S.A.);
- increase in the number of transfers made via electronic channels by 18%.

Products

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

The following products are largely popular among Private Individuals:

- mortgage loans: as at the end of the first quarter of 2010, the outstanding balance of such loans was PLN 4.4 billion.
- credit cards: the number of credit cards for Private Individuals and Mass Market Customers reached 68.6 thousand as at the end of the first quarter;
- investment products: deposit balance reached PLN 3.7 billion as at the end of the first quarter of 2010.

The following products are largely popular among Enterprises:

- investment loans: as at the end of the first quarter of 2010, the balance of such loans reached PLN 2.1 billion,
- foreign exchange transactions: the number of negotiated and table-based transactions in the first quarter of 2010 reached 13.7 thousand, and the average monthly volume of such transactions oscillates around PLN 0.3 billion.

Results

The net income of Retail Banking grew from PLN 42.9 million earned in the first quarter of 2009 up to PLN 113.5 million, or by 164%, in the first quarter of 2010. The said growth is mainly attributable to higher net trading income (PLN 8.6 million in the first quarter of 2010 as compared to the loss of PLN 27.9 million in the first quarter of 2009). At the same time the net commission and fee income grew up by 77% (in the first quarter 2010 it equalled PLN 27.2 million, while it amounted to PLN 15.4 million in the first quarter of 2009). Net interest income increased from PLN 52.1 million recorded in the first quarter of 2010 up to PLN 70.5 million earned in the first quarter of 2010.

At the end of the first quarter of 2010, net impairment loss reserve materially went up to PLN 29.5 million. In the first quarter of 2009, the Retail Banking Line recorded revenues from the release of net impairment loss reserve of PLN 13.0 million. Increase in net impairment losses related to loans is attributable to deterioration of the credit portfolio. The said loss increase was additionally affected by deterioration in repayment of consumer loans, likewise the assessment of the credit portfolio of the former Dominet Bank S.A. pursuant to the IFRS.

In the first quarter of 2010, personnel expenses stood at PLN 25.4 million and increased by 39% in comparison to the corresponding period of 2009. 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 94%.

The above events translated into a decrease in gross income from the loss of PLN 14.7 million after the first quarter of 2009 down to the loss of PLN 49.0 million after the first quarter of 2010.

Merchant Banking

Customers

As at the end of the first quarter of 2010, the number of active customers of this line reached 2,340 as compared to 2,322 noted as at the end of 2009 (decrease by 1%).

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.

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 in particular the following:

- deposits: the total balance of deposits reached PLN 3.2 billion as at the end of the first quarter of 2010;
- investment loans (including loans to purchase/ construct commercial real estate): as at the end of the first quarter of 2010, the balance of such loans reached PLN 2.8 billion, which means a decrease by 3% as compared to the end of 2009;
- working capital loans: at the end of the first quarter 2010, the balance of such loans reached PLN 1.1 billion, which means a decrease by 3% as compared to the end of 2009;
- overdraft facilities: as at the end of the first quarter of 2010, the balance of such loans reached PLN 0.8 billion, which means a decrease by 12% as compared to the end of 2009;
- foreign exchange transactions: the number of negotiated and table-based transactions in the first quarter of 2010 reached about 9.5 thousand and the average monthly volume of such transactions oscillates around PLN 0.7 billion.

The Bank introduced a more conservative credit granting policy, which translated into a decrease in credit balances of institutional customers.

Results

The net income of the Merchant Banking BL increased from PLN 20.6 million earned in the first quarter of 2009 up to PLN 86.8 million in the first quarter of 2010, i.e. by 321%.
The main reasons of the growth include:

- higher profit on transactions in financial instruments held for trading of PLN 26.4 million in the first quarter of 2010 in comparison to the loss of PLN 67.6 million generated in the first quarter of 2009; the loss in the first quarter of 2009 resulted primarily from the adjustment of fair value on account of credit risk of option transactions entered into with customers of the Group, and from a negative measurement to fair value of options bought to mitigate risk related to the increase in currency FX rates;
- net interest income drop by 39% from PLN 74.5 million in the first quarter of 2009 down to PLN 45.6 million in the first quarter of 2010.

In the first quarter of 2010, Merchant Banking BL recorded an increase of net write downs for credit receivables (from PLN 26.4 million as at the end of the first quarter of 2009 up to PLN 43.0 million as at the end of the first quarter of 2010). Increase in net impairment losses related to loans is attributable to deterioration of the credit portfolio.

Personnel expense went down by 43%. Costs allocation (rebilling) position is the net value of business line costs allocated and transferred from Merchant Banking to other units. The costs decreased by 18%.

The above events translated into an increase in gross income from PLN 25.6 million of loss after the first quarter of 2009 up to PLN 29.9 million of profit after the first quarter of 2010.

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 – revenues on the activity increased from PLN 16.9 million of loss after the first quarter of 2009 up to PLN 22.9 million of revenues after the first quarter of 2010. The said growth results primarily from lower financing costs in 2010. On the other hand, costs attributable to support units are presented.

9. Additional Notes to Consolidated Income Statement

Below there are highlights on consolidated revenues and expenses of the Group for the first quarter of 2010 and comparative data for the first quarter of 2009.

On 31 July 2009, Fortis Bank Polska SA and Dominet Bank S.A. were merged. After the merger with Dominet Bank S.A., Fortis Bank Polska SA, does not present financial statements retrospectively, i.e. with relevant items of Dominet Bank S.A. included in comparative data. As at 31 March 2009, consolidated data of Fortis Bank Polska SA are presented. The performance of Dominet Bank S.A. for the reporting period from 1 January 2009 through 31 July 2009 is not included in the result of the integrated Bank for the respective reporting periods of 2009. The data of the integrated Bank are presented since August 2009.

Note 9.1 Interest income

(in PLN thousand)	1/01/2010-31/03/2010	1/01/2009-31/03/2009
Cash and cash equivalents	3 147	6 697
Due from banks	1 175	1 204
Investments	26 539	17 210
Loans to customers	194 077	200 324
Securities	4 344	3 667
Total interest income	**229 282**	**229 102**

Note 9.2 Interest expense

(in PLN thousand)	1.01.2010-31.03.2010	1.01.2009-31.03.2009
Due to banks	-5 702	-10 298
Due to customers	-66 418	-67 632
Debt securities issue	-386	-
Subordinated loans	-5 187	-3 374
Loans and credit facilities received	-8 339	-44 188
Others	-406	-518
Total interest expense	**-86 438**	**-126 010**

Note 9.3 Fee and commission income

(in PLN thousand)	1/01/2010-31/03/2010	1/01/2009-31/03/2009
Custody services and securities trading	513	600
Cash settlements services	15 696	12 472
Guarantees and contingent liabilities	4 013	3 836
Loan origination fees and commissions (amortised using the straight-line method)	5 656	5 869
Loan origination fees and commissions (one-off items)	1 275	1 198
Fees and commissions related to derivative instrument buy/sell transactions	687	1 476
Income on account of agency in customer acquisition	263	290
Card related income	5 273	2 539
Insurance product sales revenues	11 764	-
Income on asset management	1 345	862
Others	6 255	1 976
Total fee and commission income	**52 740**	**31 118**

Note 9.4 Fee and commission expense

(in PLN thousand)	1/01/2010-31/03/2010	1/01/2009-31/03/2009
Custody services and securities trading	-51	-124
Card related expenses	-3 759	-1 309
Cash transactions expenses	-4	-824
Settlements	-334	-352
Expenses related to franchisees' commissions and fees	-4 327	
Others	-4 411	-499

Total fee and commission expenses	**-12 886**	**-3 108**

Note 9.5 Net trading income

(in PLN thousand)	1/01/2010-31/03/2010	1/01/2009-31/03/2009
Securities	1 984	382
Derivative instruments	-1 181	-127 912
- fair value adjustment on account for credit risk of derivative instruments	19 175	-95 702
Foreign exchange transactions	34 162	32 023
Total net trading income	**34 965**	**-95 507**

Note 9.6 Net impairment losses

(in PLN thousand)	1/01/2010-31/03/2010	1/01/2009-31/03/2009
Cash and cash equivalents, net	678	-1 253
Due from banks, net	12	-4
Loans to customers, net	-68 362	-11 631
Off-balance sheet commitments, net	-7 280	-639
Property, Plant and Equipment	657	-
Intangible assets	2 202	-
Other assets, net	-1 381	51
Other provisions, net	1 020	38
Total impairment losses, net	**-72 454**	**-13 438**

Note 9.7 Consolidated Earnings/Loss Per Share

	1/01/2010 – 31/03/2010	1/01/2009 – 31/03/2009
Number of shares as at 31 March	24 123 506	16 771 180
Weighted average number of ordinary shares	24 123 506	16 771 180
Net profit/loss of the period in PLN thousand	1 456	-52 072
Earnings/Loss Per Ordinary Share ratio in PLN	0,06	-3,10
Weighted average diluted number of potential ordinary shares	24 123 506	16 771 180
Diluted consolidated Earnings/loss Per Share ratio (PLN per share)	**0,06**	**-3,10**

The basic earnings/loss per share are computed as a quotient of the profit/loss attributable to the Bank's shareholders and a weighted average number of ordinary shares during the period.
The diluted earnings/loss per share are computed as a quotient of the profit/loss attributable to the Bank's shareholders and a weighted average number of ordinary shares adjusted to take into consideration the impact of all potential ordinary shares that cause the EPS dilution.
As at the reporting date, there occurred no factors resulting in the dilution of potential ordinary shares.

10. Additional Notes to Consolidated Balance Sheet

On 31 July 2009, Fortis Bank Polska SA and Dominet Bank S.A. were merged. After the merger with Dominet Bank S.A., Fortis Bank Polska SA, does not present financial statements retrospectively, i.e. with relevant items of Dominet Bank S.A. included in comparative data. As at 31 March 2009, consolidated data of Fortis Bank Polska SA are presented. The performance of Dominet Bank S.A. for the reporting period from 1 January 2009 through 31 July 2009 is not included in the result of the integrated Bank for the respective reporting periods of 2009. The data of the integrated Bank are presented since August 2009.

Note 10.1 Cash and cash equivalents

(in PLN thousand)	31/03/2010	31/12/2009	31/03/2009
Cash at hand	175 554	153 697	231 510
Due from the Central Bank	621 870	458 619	545 097
Short-term due from banks, including:	340 018	221 486	466 002
- nostro accounts	10 383	3 973	62 883
- short-term deposits from banks	329 635	217 513	403 119
Cash and cash equivalents, gross	**1 137 442**	**833 802**	**1 242 609**
Write-downs for impairment:	**-400**	**-1 078**	**-1 712**
- for Incurred But Not Reported losses (IBNR)	-400	-1 078	-1 712
Total cash and cash equivalents, net	**1 137 042**	**832 724**	**1 240 897**

Financial Assets and Liabilities Held for Trading

Note 10.2.1 Financial assets held for trading

(in PLN thousand)	31/03/2010	31/12/2009	31/03/2009
Held-for-trading securities, including:	**60 907**	**487 149**	**140 470**
- treasury bonds	60 907	418 088	37 583
- treasury bills	-	69 061	102 887
Derivative financial instruments, including:	**114 301**	**177 156**	**1 465 564**
- foreign currency contracts, including:	56 865	116 402	1 389 520
- fair value adjustment on account for credit risk	-15 417	-26 026	-80 503
- interest rate contracts	57 436	60 754	76 044
Total financial assets held for trading	**175 208**	**664 305**	**1 606 034**

Note 10.2.2 Financial liabilities held for trading

(in PLN thousand)	31.03.2010	31.12.2009	31.03.2009
Derivative financial instruments, including:	**182 172**	**171 474**	**1 255 460**
- foreign currency contracts	129 678	116 823	1 188 542
- interest rate contracts	52 494	54 651	66 918
Total financial liabilities held for trading	**182 172**	**171 474**	**1 255 460**

Receivables

Note 10.3.1. Due from Banks

(in PLN thousand)	31/03/2010	31/12/2009	31/03/2009
Loans	75 033	75 000	75 001
Receivables on account of construction projects:	37 408	33 530	5 300
Receivables on account of recognition of financial instruments (FX spot and FX swap transactions) on the transaction date	105 638	1 457 730	484 051
Other receivables	14 679	7 099	17 568
Total due from banks, gross	**232 758**	**1 573 359**	**581 920**
Write-downs for impairment:	**-105**	**-117**	**-77**
- for Incurred But Not Reported losses (IBNR)	-105	-117	-77
Total net due from banks	**232 653**	**1 573 242**	**581 843**

Note 10.3.2 Loans to Customers

(in PLN thousand)	31/03/2010	31/12/2009	31/03/2009
Loans to budgetary entities	423	429	414
Mortgage loans	4 391 217	4 532 934	4 944 646
Consumer loans and credit facilities	2 307 681	2 394 363	585 155
Commercial loans	7 644 529	7 886 776	9 882 679
Receivables on account of recognition of financial instruments (FX spot and FX swap transactions) on the transaction date	3 719	2 054	27 824
Other receivables	13 790	10 426	2 891
Total loans to customers, gross	**14 361 359**	**14 826 982**	**15 443 609**
Write-downs for impairment:	**-1 078 376**	**-1 015 426**	**-275 737**
- for incurred, reported losses	-991 214	-910 752	-224 902
- for Incurred But Not Reported losses (IBNR)	-87 162	-104 674	-50 835
Total net loans to customers	**13 282 983**	**13 811 556**	**15 167 872**

Note 10.4 Investments available for sale

(in PLN thousand)	31/03/2010	31/12/2009	31/03/2009
Treasury bonds	1 150 105	809 139	708 119
Treasury bills	276 457	957 408	279 415
NBP cash bills	549 947	999 320	-
Shares and stock	25 533	19 975	754
Total investments available for sale	**2 002 042**	**2 785 842**	**988 288**

Note 10.5 Other investments

(in PLN thousand)	31/03/2010	31/12/2009	31/03/2009
Investments in subsidiaries	-	-	-
Investments in affiliates	12	12	-
Total other investments	**12**	**12**	**-**

Liabilities

Note 10.5.1 Due to banks

(in PLN thousand)	31/03/2010	31/12/2009	31/03/2009
Banks' deposits	**497 179**	**556 579**	**698 734**
- Current	40 279	33 223	34 206
- Term	56 140	79 670	213 203
- Cash collateral	400 760	443 686	451 325
Others	**105 978**	**1 454 575**	**490 393**
Total due to banks	**603 157**	**2 011 154**	**1 189 127**

Note 10.6.2 Due to customers

(in PLN thousand)	31/03/2010	31/12/2009	31/03/2009
Current deposits	1 883 650	1 917 638	1 236 261
Term deposits	6 037 550	7 120 423	4 783 251
Cash collateral	155 306	186 615	299 132
Others	3 190	1 640	21 652
Total due to customers	**8 079 696**	**9 226 316**	**6 340 296**

Note 10.6.3. Loans and credit facilities received

(in PLN thousand)	31/03/2010	31/12/2009	31/03/2009
Loans and credit facilities received from banks	5 530 015	5 686 288	5 903 537
Loans and credit facilities received from other institutions	772 440	821 640	3 290 910
Securitisation related liabilities - bonds	-	46 348	-
Securitisation related liabilities - loan	-	6 617	-
Total loans and credit facilities received	**6 302 455**	**6 560 893**	**9 194 447**

11. Capital adequacy and financial liquidity

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 Bank rules of capital management did not change as compared to the ones presented in the consolidated financial statement of the Bank for the year ended on 31 December 2009.

Capital adequacy (in PLN thousand)	**31/03/2010**	**31/12/2009**	**31/03/2009**
Total equity capital plus short-term capital	1 898 918	1 905 192	1 591 086
Total capital requirement	1 089 949	1 137 639	1 350 767
Capital adequacy ratio	**14.06%**	**13.40%**	**9.42%**

In the first quarter of 2010 the capital position was maintained on a very solid level.
The Bank's own funds level remained stable. At the end of March 2010, the capital adequacy ratio reached 14.06%. As compared to the corresponding period of the previous period, the Bank's own funds grew up by 19% up to PLN 1,899 million. In the same period, risk-weighted off-balance sheet assets and liabilities decreased by 14% down to PLN 12,068 million.

The Bank's own funds were maintained on the level much higher than the internal capital requirement, necessary to cover all identified material risk types occurring in the Bank's business activity.

The Bank's liquidity situation remained safe in the first quarter of 2010. No regulatory liquidity measures were exceeded. The volume of credit lines from the Group as well as subordinated loans did not change. The credit lines whose maturity fell in the first quarter of 2010 have been extended.

Both the liquidity and capital situation of the Bank should be assessed as stable. The Bank's sources of financing allow the Bank to continue its business activity and carry out plans in a safe manner.

12. Other Material Information

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

In the first quarter of 2010, no atypical factors or events occurred in the Bank's activity that would materially affect its financial results.

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

In the first quarter of 2010, there were no issue, redemption or reimbursement of non-equity or equity securities.

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

Annual General Meeting of Fortis Bank Polska SA

On 29 April 2010 an Ordinary Annual General Meeting of Shareholders of Fortis Bank Polska SA took place. The procedure of the General Meeting announcement and conduct has been adjusted to the amended provisions of the Code of Commercial Companies and Partnerships that became effective on 3 August 2009. The notice of convening the Ordinary General Meeting of Shareholders of Fortis Bank Polska SA as well as draft resolutions and materials presented at the meeting were made available on the Bank's Web site on 1 April 2010.

The General Meeting of Shareholders approved the Consolidated Financial Statements of Fortis Bank Polska SA for the financial year 2009, the Separate Financial Statements for the financial year 2009, the Board of Executives' Report regarding Fortis Bank Polska SA Capital Group's activity in 2009 and the Board of Executives' Report regarding Fortis Bank Polska SA activity in 2009 and the Supervisory Board's Report for the financial year 2009.

The Bank's shareholders confirmed the discharge of duties of all members of Fortis Bank Polska SA Board of Executives and Supervisory Board in 2009.

In connection with the ending tenure of the Supervisory Board, the General Meeting of Shareholders appointed the new Supervisory Board with the following composition: . Camille Fohl, Jos Clijsters and three new Board members: Mark Selles, Lars Machenil, Jean-Marie Bellafiore appointed for a five-year tenure ending with the Annual General Meeting approving of the Bank's financial statement for 2014 fiscal year.

Fir the financial year 2009, the Bank generated net loss of PLN 428.7 million, which shall be covered from the additional capital of the Bank under the decision of the Annual General Meeting.

In connection with the legal merger of Fortis Bank Polska SA i Dominet Bank S.A. on 31 July 2009, the Annual General Meeting resolved to approve the Financial Statements of Dominet Bank S.A. for the period from 1 January 2009 to 31 July 2009 and the Management Board's Report from the activity of Dominet Bank S.A. in the period from 1 January 2009 to 31 July 2009 and the Dominet Banku S.A. Supervisory Board's Report. The Annual General Meeting confirmed the discharge of duties of the Dominet Bank S.A Management Board and Supervisory Board members for the period from 1 January through 31 July 2009.

The Shareholders gathered at the General Meeting adopted the resolution regarding the coverage of the loss of PLN 24 million resulting from the merger of the banks from the Bank's additional capital.

In connection with the amendments to the Code of Commercial Companies and Partnerships, the Annual General Meeting of Shareholders adopted the resolution to amend the Bank's statute and accept new regulations of Annual General Meetings.

Conclusion of a significant agreement with a customer not affiliated with the Bank

On 2 April 2010 the Bank signed a master agreement on currency transactions with a customer not affiliated with the Bank; as a result the value of agreements concluded with the customer within the past 12 months has amounted to PLN 154 million.

The largest agreement pertains to a guarantee line concluded on 15 January 2010, as amended with the credit limit of PLN 134 million. The credit limit is a non-revolving limit and the financing term is three years, so till 14 January 2013.

The guarantee granting terms and conditions are not different from market conditions.

12.4. Information on effects of changes in the group's structure

Integration within the BNP Paribas SA Group

Within the implementation of the Industrial Plan announced in December 2009 by BNP Paribas SA, the Group's strategy includes integration of selected business and operational areas of the business conducted in Poland, including the „one organisation" concept and the development of a Personal Finance Business Line in the Bank.

The "One organisation" concept will allow to strengthen the cooperation and synergy between numerous entities representing the Group in Poland. In particular Fortis Bank Polska SA and BNP Paribas Branch in Poland, in spite of preserving a separate legal status, will cooperate closely to offer a full range of services to enterprises.

As part of integration of the BNP Paribas Group in Poland in the corporate banking area, a new division of business scope between the BNP Paribas Branch and the Bank will be introduced in order to ensure transparency and non-competition between the group members.

The Bank will focus on rendering services related to daily banking operations for enterprises, including cash management, full credit service, global trade finance and selected futures transactions. The Branch's priority will be to serve the largest customers of the group in Poland (corporations and institutions) and offer investment banking solutions (such as structured products, corporate consulting on mergers and acquisitions, advanced derivative instruments and financial market products) for chosen customers.

In connection with a new division of the competences between organisational units of the BNP Paribas Group in Poland in 2010, some customers, with their consent, will be transferred from the BNPP Branch to the Bank. On 30 March 2010, an agreement was signed between the Bank and BNPP Branch, the agreement purpose was to conclude a transaction of a purchase of the organised part of the banking enterprise of the Branch by the Bank, subject to obtaining a permit from the Polish Financial Supervision Authority for this transaction. (see: Information on Related Party Transactions

12.5. Information on changes to contingent liabilities

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

Contingent liabilities received (in PLN thousand)	**31.03.2010**	**31.12.2009**	**Change (%)**
Financial liabilities received	1 944 587	4 242 177	-54%
Guarantee liabilities received	144 309	259 672	-44%
Total contingent liabilities received	**2 088 896**	**4 501 849**	

Contingent liabilities granted (in PLN thousand)	**31.03.2010**	**31.12.2009**	**Change (%)**
Financial liabilities granted	2 453 872	2 628 305	-7%
Guarantee liabilities granted	920 111	805 490	14%
Total contingent liabilities granted	**3 373 983**	**3 433 795**	

Since the end of 2009 there has been a significant change in the credit lines received and liabilities on account of guarantees received.

12.6. Information about shareholders holding, directly or indirectly through their subsidiaries, at least 5% of the total number of votes at the Annual General Meeting as of the date of submitting the abbreviated interim consolidated financial statements, with the indication of the number of shares held by such entities, their percentage of the share capital, number of votes resulting thereof and their percentage share in the total number of votes at the Annual General Meeting and the indication of any changes to the structure of ownership of the issuer's substantial share blocks in the period elapsed from the submission of the annual report for 2009.

The shareholder structure as at the date of submission of the abbreviated interim consolidated financial statements for the first quarter of 2010, i.e. as at 12 May 2010, was as follows:

	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 S.A./NV	18 848 593	78,13%	18 848 593	78,13%
Dominet SA	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.

The shareholder structure has not changed since the date of submission of the annual report for 2009, i.e. as at 12 March 2010.

In the first quarter of 2010 and as at the date of this report submission i.e. 12 May 2010 the Bank has not undertaken any actions aiming at floating series L and M shares on the stock exchange market. All other shares (series A to K) have been admitted and introduced to public trading.

12.7. Information on the number of the issuer's shares or share options, held by the members of the management or supervisory bodies, as at the date of submission of the abbreviated interim consolidated financial statements, and any changes in the number of such shares or share options held, in the period from the submission of the previous annual report for 2009, indicated separately for each person

As at the date of submitting the quarterly report for the first quarter of 2010, i.e. 12 May 2010, none of the Members of the Board of Executives or Members of the Supervisory Board held any shares issued by Fortis Bank Polska SA or any other related financial instruments, which means that no change occurred from the date of submitting the previous report for 2009, i.e. 12 March 2010.

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

Since 2001, proceedings have been continued before the Office for Competition and Consumer Protection ("the Office"), instituted at the request of the Polish Organisation of Commerce and Distribution (POHID) in Warsaw, as regards practices that limit competition on the payment card market and that are applied by VISA and MasterCard likewise 20 banks, including Fortis Bank Polska SA. The competition limitation charge referred to an agreement signed on collecting intercharge fees. In the opinion of the Office, such fees are charged unduly which in turn affects prices of consumer goods. The Office President issued a decision under which a penalty of PLN 2.9 million was imposed on Fortis Bank Polska SA. The decision was given the order of immediate enforceability. In this respect, the Bank made a complaint on the decision of the Office President. On 13 November 2008, , the Court of Competition and Consumer Protection – XVII Division of the Original Court in Warsaw issued a decision stating that determination of commissions when accepting card payments did not constitute a practice that would restrict competition. The Office's President made an appeal against the said decision and the Bank applied for a dismissal of the appeal. To secure against an unfavourable outcome of the case, in 2007 the Bank created a provision of PLN 2.9 million. By the day of this report annoucement the proceedings were not closed.

The Bank is a defendant in cases regarding obligations resulting from master agreements on derivative transactions, including foreign currency options. The biggest claim in this group concerned the amount of PLN 2.4 million.

12.9. Information on Related Party Transactions

Information on transactions of the Bank with its parent company and entities affiliated by management is presented below. These transactions concern bank operations made within regular business activity.

31.03.2009 (in PLN thousand)	**Parent entity**	**Entities affiliated by management**	**Total**
Cash and cash equivalents	391 916	57 834	449 750
Financial assets held for trading	404 580	-	404 580
Due from banks and Loans to customers	131 069	49 599	180 668
Other assets	3 733	201	3 934
Total	**931 298**	**107 634**	**1 038 932**
Financial liabilities held for trading	847 197	-	847 197
Due to banks and customers	281 889	282 578	564 467
Loans and credit facilities received	-	9 194 447	9 194 447
Subordinated liabilities	-	470 130	470 130
Other obligations	2 263	9 425	11 688
Total	**1 131 349**	**9 956 580**	**11 087 929**

31.12.2009 (in PLN thousand)	**Parent entity**	**Entities affiliated by management**	**Total**
Cash and cash equivalents	221 181	-	221 181
Financial assets held for trading	41 838	-	41 838
Due from banks and Loans to customers	982 862	413 713	1 396 575
Other assets	10 799	2 978	13 777
Total	**1 256 680**	**416 691**	**1 673 371**
Financial liabilities held for trading	133 822	83	133 905
Due to banks and customers	1 086 179	831 578	1 917 757
Loans and credit facilities received	390 000	6 117 928	6 507 928
Subordinated liabilities	60 000	492 984	552 984
Other obligations	3 573	2 993	6 566
Total	**1 673 574**	**7 445 566**	**9 119 140**

31.03.2010 (in PLN thousand)	**Parent entity**	**Entities affiliated by management**	**Total**
Cash and cash equivalents	339 146	-	339 146
Financial assets held for trading	20 694	1 458	22 152
Due from banks and Loans to customers	8 875	10 220	19 095
Other assets	2 455	2 744	5 199
Total	**371 170**	**14 422**	**385 592**
Financial liabilities held for trading	88 396	59 279	147 675
Due to banks and customers	98 308	544 111	642 419
Loans and credit facilities received	390 000	5 912 455	6 302 455
Subordinated liabilities	60 000	463 464	523 464
Other obligations	3 568	3 658	7 226
Total	**640 272**	**6 982 967**	**7 623 239**

1.01.2009 – 31.03.2009 (in PLN thousand)	**Parent entity**	**Entities affiliated by management**	**Total**
Interest income	3 036	281	3 317
Interest expense	-2 388	-46 093	-48 481
Fee and commission income	2 366	303	2 669
Fee and commission expense	-391	-	-391
Net trading income	-360 143	1 033	-359 110

Other revenues	2 491	24	2 515

1.01.2010 – 31.03.2010 (in PLN thousand)	**Parent entity**	**Entities affiliated by management**	**Total**
Interest income	440	38	478
Interest expense	-6 041	-10 446	-16 487
Fee and commission income	1 410	66	1 476
Fee and commission expense	-287	-	-287
Net trading income	9 978	-109 517	-99 539
Other revenues	603	-	603

31.03.2009 (in PLN thousand)	**Parent entity**	**Entities affiliated by management**	**Total**
Contingent liabilities granted:	29 398	115 982	145 380
- items related to financing	-	85 719	85 719
- guarantees	29 398	30 263	59 661
Contingent liabilities received:	1 410	258 610	260 020
- items related to financing	-	258 610	258 610
- guarantees	1 410	-	1 410
Transactions in derivative instruments*	22 140 566	-	22 140 566

31.12.2009 (in PLN thousand)	**Parent entity**	**Entities affiliated by management**	**Total**
Contingent liabilities granted:	46 135	126 214	172 349
- items related to financing	-	114 582	114 582
- guarantees	46 135	11 632	57 767
Contingent liabilities received:	46 130	252	46 382
- items related to financing	-	-	-
- guarantees	46 130	252	46 382
Transactions in derivative instruments*	8 345 515	823 320	9 168 835

31.03.2010 (in PLN thousand)	**Parent entity**	**Entities affiliated by management**	**Total**
Contingent liabilities granted:	39 213	176 575	215 788
- items related to financing	-	166 721	166 721
- guarantees	39 213	9 854	49 067
Contingent liabilities received:	39 209	96	39 305
- items related to financing	-	-	-
- guarantees	39 209	96	39 305
Transactions in derivative instruments*	7 196 991	2 147 869	9 344 860

*In the item "Transactions in derivative instruments," the derivative instrument purchase and sale transactions are presented.

Agreements between Fortis Bank Polska SA and Fortis Finance Belgium S.C.R.L./C.V.B.A.

On 29 December 2009, the Bank signed a credit line agreement for EUR 200 million with Fortis Finance Belgium SCRL/CVBA. The credit was disbursed on 4 January 2010. Funds under the credit facility will be allocated to general corporate purposes of the Bank. The Agreement replaced the loan agreement of 7 December 2007, which expired on 4 January 2010. The financing term is 13 months counted from the credit disbursement date. The credit interest rate was determined based on the EURIBOR rate increased by a margin.

Annex to the agreement between Fortis Bank Polska SA and BGL BNP Paribas SA

On 5 March 2010 an annex to the credit agreement dated 25 February 2008 between BGL BNP Paribas SA (formerly Fortis Banque Luxembourg SA) based in Luxembourg and the Bank was signed. Under the aforesaid agreement, BGL BNP Paribas SA granted the Bank a credit line up to EUR 300 million (or its equivalent amount in USD or CHF) for the funding of the Bank's current operating activity. The credit line was renewed on 5 March 2010. Pursuant to the annex, it was stipulated that the credit line will be available until 5 March 2011. Terms and conditions of the financing granted remain unchanged and correspond to market conditions.

The agreement value is equal to PLN 1.165 million, at the NBP mid-rate of 5 March 2010, and exceeds 10% of the Bank's equity capital.

Annex to the credit line agreement with Fortis Lease Polska sp. z o.o.

On 2 March 2010 the Bank signed an annex to the Multipurpose Credit Line Agreement with Fortis Lease Polska Sp. z o.o. concluded on 17 November 2000. The credit line is available in the form of an overdraft facility, L/C credit line and guarantee credit line. The credit limit in the amount of PLN 175 million has not changed. The amendment to the agreement concerned the extension of the financing term by subsequent 6 months i.e. until the end of July 2010.

Agreement by and between Fortis Bank Polska SA and BNP Paribas SA Branch in Poland

On 30 March 2010 an agreement by and between Fortis Bank Polska SA and BNP Paribas SA Branch in Poland was concluded. The purpose of the agreement is to acquire the organised part of the banking enterprise of the Branch by the Bank upon fulfilment of the conditions stipulated in the agreement. The performance of the agreement depends, in particular, on obtaining a permit of the Polish Financial Supervision Authority (KNF) for this transaction. Until the date of this report announcement, i.e. until 12 May 2010, this condition has not been satisfied.

The organised part of the enterprise, constituting the object of the agreement, will be composed of selected assets and specific liabilities of the Branch towards the group of its customers, including loan receivables, deposits and selected components of the fixed assets as well as selected operational agreements related to services rendered for the acquired customer portfolio. In order to perform the agreement, the Bank will take over the service of approximately 150 capital groups, representing 350 customers, upon their consent to such a transfer.

The assessed value, as at 31 December 2009, of the loan receivables taken over equals EUR 95 million and liabilities on account of deposits – approximately EUR 238 million.

The detailed terms of the transaction, including the purchase price of the organised part of the enterprise, will be determined until the day of the transaction conclusion.

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

Approval of the Rehabilitation programme for Fortis Bank Polska SA by the Polish Financial Supervision Authority

On 9 March 2010, the Bank was informed about the fact that the Polish Financial Supervision Authority (KNF) approved the Rehabilitation programme for Fortis Bank Polska SA, which the Bank delivered on 16 December 2009 along with complements.

The programme realisation aims at mitigating various risks in the continued activity of the Bank and increasing the operation effectiveness, what is expected to result in earning a net profit and improving the main economic indicators of the Bank. The programme realisation is planned to last until 31 December 2012.

The KNF has positively assessed the Bank's actions undertaken so far, which resulted in a significant improvement of the Bank's capital and liquidity position. The KNF has obliged the Bank's Board of Executives to execute the programme in full and present quarterly reports on its realisation.

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

In the first quarter of 2010 no changes occurred in the composition of the Board of Executives of Fortis Bank Polska SA.

On 30 April 2010 the Supervisory Board appointed the Board of Executives in the current composition:

1. Alexander Paklons - president
2. Jan Bujak - senior vice-president
3. Frederic Amoudru - vice-president

4. Jean-Luc Deguel - vice-president
5. Jacek Obłękowski - vice-president
6. Jaromir Pelczarski - vice-president
7. Michel Thebault - vice-president
8. Philippe Van Hellemont - vice-president

for the next five-year tenure which shall expire on the date of the Annual General Meeting approving financial statements for the financial year 2014.

At the same time, the Supervisory Board appointed Mrs. Marta Oracz member of the board effective 1 June 2010.

Changes in the composition of the Supervisory Board

Effective from 31 March 2010, Mr. Reginald De Gols resigned from his function in the Supervisory Board of the Bank. The reason of the resignation was the fact that Mr. De Gols left the BNP Paribas Fortis group as he retired from the company. Mr. Reginald De Gols was a member of the Supervisory Board of the Bank since 26 June 2009.

In connection with the above, effective 1 April 2010, the Fortis Bank Polska SA Supervisory Board's composition was as follows:

1. Camille Fohl - Chairman
2. Jos Clijsters - Deputy Chairman
3. Antoni Potocki - Deputy Chairman
4. Zbigniew Dresler

On 29 April 2010 the Annual General Meeting resolved to appoint the new Bank's Supervisory Board on the next five-year tenure which shall expire on the date of the Annual General Meeting approving financial statements for the financial year 2014. Three new members were appointed to the Bank's Supervisory Board: Mark Selles, Lars Machenil, Jean-Marie Bellafiore, who represent BNP Paribas group. Simultaneously, the tenure of Mr. Antoni Potocki, Deputy Chairman of the Board and Mr. Zbigniew Dresler, Member of the Board, who have been involved in the Supervisory Board's activity for many years, expired on the date of the Annual General Meeting.

Further to the above, effective 30 April 2010, the Fortis Bank Polska SA Supervisory Board's composition is as follows:

1. Camille Fohl - Chairman
2. Jos Clijsters - Deputy Chairman
3. Jean-Marie Bellafiore
4. Lars Machenil
5. Mark Selles

Following the Annual General Meeting recommendation, it is planned to complete the composition of the Supervisory Board with the independent members by the end of June 2010 at the Extraordinary General Meeting.

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

In the first quarter of 2010, there was no sureties for loan or credit facility nor guarantees granted, the total amount of which would exceed 10% of the Group's equity.

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

The Bank has indicated no factors that would affect the Bank's financial performance in the next quarter.

12.13. Other Important Events

Signatures of the Members of the Board of Executives (on the Polish original):

12 May 2010	**Alexander Paklons** President of the Board of Executives	.... signature
12 May 2010	**Jan Bujak** Senior Vice-President of the Board of Executives Financial Director	.... signature
12 May 2010	**Frédéric Amoudru** Vice-President	.... signature
12 May 2010	**Jacek Obłękowski** Vice-President	.... signature
12 May 2010	**Jaromir Pelczarski** Vice-President	.... signature
12 May 2010	**Michel Thebault** Vice-President	.... signature
12 May 2010	**Philippe Van Hellemont** Vice-President	.... signature
12 May 2010	**Jean-Luc Deguel** Vice-President	.... signature