Interim Abbreviated Consolidated Financial Statements of Fortis Bank Polska S.A. Capital Group for Quarter 3 2010

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1. Financial Highlights

Fortis Bank Polska SA and Dominet Bank SA merged on 31 July 2009. Pursuant to the accounting standards adopted, after the merger Fortis Bank Polska SA does not present financial statements retrospectively, i.e. with relevant items of Dominet Bank SA included in comparative data. The Bank's results do not include the result of Dominet Bank SA for the reporting period from 1 January 2009 till 31 July 2009.

CONSOLIDATED FINANCIAL HIGHLIGHTS	**in PLN thousand**		**in EUR thousand**	
Income statement	**30.09.2010 (YTD)**	**30.09.2009 (YTD)**	**30.09.2010 (YTD)**	**30.09.2009 (YTD)**
Interest income	678 341	660 845	169 471	150 216
Fee and commission income	161 231	113 115	40 281	25 712
Total income, net	652 079	344 746	162 910	78 364
Gross profit/loss	66 902	-331 301	16 714	-75 308
Net profit/loss	49 942	-275 722	12 477	-62 674
Ratios				
Weighted average number of shares	24 123 506	18 093 336	-	-
Basic Earnings/Loss Per Share (PLN/EUR)	2,07	-15,24	0,52	-3,46
Diluted Earnings/Loss Per Share (PLN/EUR)	2,07	-15,24	0,52	-3,46
Cash Flow Statement				
Net cash provided by operating activities	-841 770	2 181 323	-210 301	495 834
Net cash provided by investing activities	-13 863	-2 189 256	-3 463	-497 637
Net cash provided by (used in) financing activities	595 813	-889 276	148 853	-202 140
Total net cash flow	-259 820	-897 209	-64 911	-203 944
Balance Sheet	**Balance as at 30.09.2010**	**Balance as at 31.12.2009**	**Balance as at 30.09.2010**	**Balance as at 31.12.2009**
Total assets	19 166 219	20 294 483	4 807 178	4 939 994
Due to banks	1 383 434	2 011 154	346 986	489 546
Due to customers	7 331 515	9 226 324	1 838 855	2 245 831
Loans and credit facilities received	7 079 198	6 560 893	1 775 570	1 597 024
Equity	1 359 926	1 368 634	341 090	333 147
Ratios				
Number of shares	24 123 506	24 123 506	-	-
Book value per share (in PLN / EUR)	56,37	56,73	14,14	13,81
Diluted book value per share (in PLN / EUR)	56,37	56,73	14,14	13,81
Capital adequacy				
Capital adequacy ratio	13,14%	13,40%	-	-

FINANCIAL HIGHLIGHTS (SEPARATE)	in PLN thousand		in EUR thousand	
Income statement	**30.09.2010 (YTD)**	**30.09.2009 (YTD)**	**30.09.2010 (YTD)**	**30.09.2009 (YTD)**
Interest income	678 341	660 845	169 471	150 216
Fee and commission income	159 232	111 281	39 781	25 295
Total income, net	649 877	342 836	162 360	77 930
Gross profit/loss	67 679	-330 267	16 908	-75 073
Net profit/loss	50 692	-274 702	12 664	-62 442
Cash Flow Statement				
Net cash provided by operating activities	-841 778	2 181 173	-210 303	495 800
Net cash provided by investing activities	-13 855	-2 189 106	-3 461	-497 603
Net cash provided by (used in) financing activities	595 813	-889 276	148 853	-202 140
Total net cash flow	-259 820	-897 209	-64 911	-203 944
Balance Sheet	**Balance as at 30.09.2010**	**Balance as at 31.12.2009**	**Balance as at 30.09.2010**	**Balance as at 31.12.2009**
Total assets	19 183 640	20 311 849	4 811 548	4 944 221
Due to banks	1 383 434	2 011 154	346 986	489 546
Due to customers	7 348 607	9 244 093	1 843 142	2 250 157
Loans and credit facilities received	7 079 198	6 560 893	1 775 570	1 597 024
Equity	1 360 876	1 368 834	341 328	333 196
Ratios				
Number of shares	24 123 506	24 123 506	-	-
Book value per share (in PLN / EUR)	56,41	56,74	14,15	13,81
Diluted book value per share (in PLN/EUR)	56,41	56,74	14,15	13,81
Capital adequacy				
Capital adequacy ratio	13,03%	13,28%	-	-

Key items in the balance sheet, profit and loss account and cash flow statement in the financial statements for three quarters of 2010 and the corresponding financial figures for three quarters 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 third quarter of 2010 have been converted into EUR at the mid-rate binding as at 30 September 2010 published by the National Bank of Poland on 30 September 2010, i.e. EUR 1 = PLN 3.9870; 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 profit and loss account and cash flows, and earnings per share as at the end of the third 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 September 2010, i.e. EUR 1 = PLN 4.0027, whereas comparative data as at the end of the third 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 September 2009, i.e. EUR 1 = PLN 4.3993.

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

Fortis Bank Polska SA and Dominet Bank SA merged on 31 July 2009. Pursuant to the accounting standards adopted, after the merger Fortis Bank Polska SA does not present financial statements retrospectively, i.e. with relevant items of Dominet Bank SA included in comparative data. The Bank's results do not include the result of Dominet Bank SA for the reporting period from 1 January 2009 till 31 July 2009.

Consolidated Income statement (in PLN thousand)	**Notes**	**1.07.2010 - 30.09.2010**	**1.01.2010 - 30.09.2010**	**1.07.2009 - 30.09.2009**	**1.01.2009 - 30.09.2009**
Interest income	9.1	224 414	678 341	245 602	660 845
Interest expense	9.2	-74 038	-237 086	-132 879	-368 989
Net interest income		**150 376**	**441 255**	**112 723**	**291 856**
Fee and commission income	9.3	54 631	161 231	46 717	113 115
Fee and commission expense	9.4	-13 625	-41 449	-10 587	-16 576
Net fee and commission income		**41 006**	**119 782**	**36 130**	**96 539**
Dividend and other investment income		13	81	-	-
Net trading income	9.5	19 353	68 482	26 732	-62 118
Net gain/loss on available-for-sale financial assets		27	1 337	-3	6 297
Other revenues		13 229	21 142	4 114	12 172
Total income, net		**224 004**	**652 079**	**179 696**	**344 746**
Personnel expenses		-62 319	-180 689	-62 080	-148 640
Depreciation of fixed assets and intangible fixed assets		-17 859	-58 063	-16 041	-37 473
Other expenses		-72 180	-209 461	-54 762	-131 953
Net impairment losses	9.6	-26 676	-136 964	-102 286	-357 981
Gross profit/loss		**44 970**	**66 902**	**-55 473**	**-331 301**
Income tax expense		-9 815	-16 960	11 689	55 579
Net profit/loss		**35 155**	**49 942**	**-43 784**	**-275 722**

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

Consolidated Earnings per Share (EPS) (PLN)	**Note 9.7**	**1.01.2010 - 30.09.2010**	**1.01.2009 - 30.09.2009**
Net profit/loss (in PLN thousand)		49 942	-275 722
Weighted average number of ordinary shares		24 123 506	18 093 336
EPS ratio (in PLN)		2,07	-15,24
Diluted weighted average number of ordinary shares		24 123 506	18 093 336
Diluted EPS ratio (in PLN)		2,07	-15,24

Consolidated report of total income (in PLN thousand)	**1.07.2010 - 30.09.2010**	**1.01.2010 - 30.09.2010**	**1.07.2009 - 30.09.2009**	**1.01.2009 - 30.09.2009**
Net profit (loss) for the year	**35 155**	**49 942**	**-43 784**	**-275 722**
Profits/losses not recognised in the income statement (investments available for sale)	13 505	25 479	7 189	14 367
Deferred tax - Profits / losses not recognised in income statement (investments available for sale)	-2 566	-4 841	-1 365	-2 728
Profits/losses not recognised in the income statement (investments available for sale) - net	**10 939**	**20 638**	**5 824**	**11 639**
Net profits/losses recognised in the income statement (investments available for sale)	6	-1 578	-	-6 313
Deferred tax - profits/losses recognised in the income statement (investments available for sale)	-	300	-	1 199
Profits/losses recognised in the income statement (investments available for sale) - net	**6**	**-1 278**	**-**	**-5 114**
Total income	**46 100**	**69 302**	**-37 960**	**-269 197**

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

Consolidated balance sheet (in PLN thousand)	Notes	30 September 2010	31 December 2009	30 September 2009
ASSETS				
Cash and cash equivalents	**10.1.**	343 165	832 724	1 224 868
Financial assets held for trading	**10.2.1.**	517 282	664 305	720 686
Due from banks	**10.3.1.**	198 254	1 573 242	2 564 778
Loans to customers	**10.3.2.**	13 308 402	13 811 556	14 709 464
Investments Available for Sale	**10.4.**	2 790 063	2 785 842	3 376 803
Other investments	**10.5.**	12	12	12
Property, Plant and Equipment		171 814	188 372	200 832
Intangible assets		26 191	42 229	61 559
Settlements on account of income tax		47 255	48 554	12 001
Deferred tax assets		217 671	227 819	211 896
Other assets	10.6.	1 546 110	119 828	137 513
Total assets		**19 166 219**	**20 294 483**	**23 220 412**
LIABILITIES				
Financial liabilities held for trading	**10.2.2.**	142 169	171 474	289 772
Due to banks	**10.7.1.**	1 383 434	2 011 154	3 040 139
Due to customers	**10.7.2.**	7 331 515	9 226 324	10 291 884
Loans and credit facilities received	**10.7.3.**	7 079 198	6 560 893	6 659 924
Liabilities related to issuance of debt securities		30 000	30 000	30 000
Subordinated liabilities		568 440	582 984	723 390
Current tax liabilities		106	107	68
Other obligations	10.8.	1 212 253	286 140	642 523
Provisions		59 178	56 773	20 166
Total liabilities		**17 806 293**	**18 925 849**	**21 697 866**
EQUITY CAPITAL				
Share capital		1 206 175	1 206 175	1 206 175
Additional capital		46 800	554 446	556 902
Other capital		45 685	45 685	45 685
Revaluation reserve		10 619	-8 741	-11 443
Retained earnings		705	949	949
Net profit (loss) for the year		49 942	-429 880	-275 722
Total equity		**1 359 926**	**1 368 634**	**1 522 546**
Total liabilities and equity		**19 166 219**	**20 294 483**	**23 220 412**

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

Consolidated Statement of Changes in Shareholders' Equity for three quarters 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**
Merger with Dominet Bank S.A.	157 306	-21 581	-	-	-	101	135 826
Total income for three quarters of 2009	-	-	-	-275 722	-	6 525	-269 197
Reclassification	-	-	-	-	16	-16	-
Share issue	105 440	332 555	-	-	-	-	437 995
Increase of the share nominal value	440 294	-95 950	-	-	-344 344	-	-
Distribution of retained earnings	-	33 222	-78 252	-	45 030	-	-
Balance as at 30.09.2009	**1 206 175**	**556 902**	**949**	**-275 722**	**45 685**	**-11 443**	**1 522 546**

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**
Merger with 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 for three quarters 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**
Transfer from BNP Paribas SA	-	-78 010	-	-	-	-	-78 010
Total income for three quarters of 2010	-	-	-	49 942	-	19 360	69 302
Distribution of retained earnings	-	-429 636	429 636	-	-	-	-
Balance as at 30.09.2010	**1 206 175**	**46 800**	**705**	**49 942**	**45 685**	**10 619**	**1 359 926**

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

Consolidated Cash Flow Statement (in PLN thousand)	**1.01.2010-30.09.2010**	**1.01.2009-30.09.2009**
Cash and cash equivalents, gross, opening balance	**833 802**	**1 495 348**
Merger with Dominet Bank SA	**-**	**630 141**
Transfer from BNP Paribas SA	**-229 861**	**-**
Adjusted cash and cash equivalents, gross, opening balance	**603 941**	**2 125 489**
Gross profit/loss	**66 902**	**-331 301**
Adjustments for:	**-908 672**	**2 512 624**
Depreciation	58 063	37 473
Impairment losses	125 365	621 661
Profits/losses on investing activities	17 719	-584
Changes in operational assets and liabilities:	-1 104 314	1 949 031
- financial assets and liabilities held for trading	117 718	-20 370
- due from banks	1 375 001	-1 927 685
- loans to customers	608 132	1 768 006
- change in the balance of available-for-sale investments	-3 755	-12 949
- change in the other investments	-	-
- due to banks	-633 746	763 176
- due to customers	-2 126 315	1 741 177
- liabilities due on account of credit facilities and loans received	-77 508	-577 449
- liabilities due on account of a subordinated loan	-14 544	5 020
- other assets and liabilities	-349 297	210 105
Income tax (current and deferred)	-5 505	-94 957
Net cash provided by operating activities	**-841 770**	**2 181 323**
Purchase of available-for-sale investments	-29 460 455	-24 750 100
Purchase of property, plant and equipment and intangible fixed assets	-31 342	-68 316
Proceeds from sales of available-for-sale investments	29 479 348	22 623 030
Proceeds from sales of property, plant and equipment	274	7 061
Other investment expenses	-1 688	-931
Net cash provided by investing activities	**-13 863**	**-2 189 256**
Issuance of subordinated liabilities	-	211 130
Payment of subordinated liabilities	-	-
Loans and credit facilities taken	1 475 450	1 635 759
Repayment of loans and credit facilities	-879 637	-3 174 160
Share issue	-	437 995
Net cash provided by (used in) financing activities	**595 813**	**-889 276**
Cash and cash equivalents, gross Ending balance	**344 121**	**1 228 280**
Change in cash and cash equivalents, net	**-259 820**	**-897 209**

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

Fortis Bank Polska SA and Dominet Bank SA merged on 31 July 2009. Pursuant to the accounting standards adopted, after the merger Fortis Bank Polska SA does not present financial statements retrospectively, i.e. with relevant items of Dominet Bank SA included in comparative data. The Bank's results do not include the result of Dominet Bank SA for the reporting period from 1 January 2009 till 31 July 2009.

Income statement (in PLN thousand)	**1.07.2010 - 30.09.2010**	**1.01.2010 - 30.09.2010**	**1.07.2009 - 30.09.2009**	**1.01.2009 - 30.09.2009**
Interest income	224 414	678 341	245 602	660 845
Interest expense	-74 194	-237 602	-133 084	-369 705
Net interest income	**150 220**	**440 739**	**112 518**	**291 140**
Fee and commission income	54 100	159 232	46 064	111 281
Fee and commission expense	-14 178	-41 051	-10 434	-16 105
Net fee and commission income	**39 922**	**118 181**	**35 630**	**95 176**
Dividend and other investment income	-	-	-	244
Net trading income	19 353	68 482	26 732	-62 118
Net gain/loss on available-for-sale financial assets	27	1 337	-3	6 297
Other revenues	13 229	21 138	4 098	12 097
Total income, net	**222 751**	**649 877**	**178 975**	**342 836**
Personnel expenses	-61 702	-178 761	-61 474	-146 691
Depreciation of fixed assets and intangible fixed assets	-17 813	-57 909	-15 982	-37 289
Other expenses	-71 344	-208 564	-54 489	-131 142
Net impairment losses	-26 676	-136 964	-102 286	-357 981
Gross profit/loss	**45 216**	**67 679**	**-55 256**	**-330 267**
Income tax expense	-9 815	-16 987	11 704	55 565
Net profit/loss	**35 401**	**50 692**	**-43 552**	**-274 702**

Separate report of total income (in PLN thousand)	**1.07.2010 - 30.09.2010**	**1.01.2010 - 30.09.2010**	**1.07.2009 - 30.09.2009**	**1.01.2009 - 30.09.2009**
Net profit (loss) for the year	**35 401**	**50 692**	**-43 552**	**-274 702**
Profits/losses not recognised in the income statement (investments available for sale)	13 505	25 479	7 189	14 367
Deferred tax - Profits / losses not recognised in income statement (investments available for sale)	-2 566	-4 841	-1 365	-2 728
Profits/losses not recognised in the income statement (investments available for sale) - net	**10 939**	**20 638**	**5 824**	**11 639**
Net profits/losses recognised in the income statement (investments available for sale)	6	-1 577	-	-6 313
Deferred tax – net profits/losses recognised in the income statement (investments available for sale)	-	299	-	1 199
Profits/losses recognised in the income statement (investments available for sale) - net	**6**	**-1 278**	**-**	**-5 114**
Total income	**46 346**	**70 052**	**-37 728**	**-268 177**

Balance sheet (in PLN thousand)	30 September 2010	31 December 2009	30 September 2009
ASSETS			
Cash and cash equivalents	343 165	832 724	1 224 868
Financial assets held for trading	517 282	664 305	720 686
Due from banks	198 254	1 573 242	2 564 778
Loans to customers	13 308 402	13 811 556	14 709 464
Investments Available for Sale	2 790 021	2 785 800	3 376 761
Other investments	18 208	18 208	18 208
Property, Plant and Equipment	171 630	188 071	200 490
Intangible assets	26 173	42 182	61 499
Settlements on account of income tax	47 255	48 554	12 001
Deferred tax assets	217 523	227 699	211 784
Other assets	1 545 727	119 508	137 365
Total assets	**19 183 640**	**20 311 849**	**23 237 904**

LIABILITIES			
Financial liabilities held for trading	142 169	171 474	289 772
Due to banks	1 383 434	2 011 154	3 040 139
Due to customers	7 348 607	9 244 093	10 309 915
Loans and credit facilities received	7 079 198	6 560 893	6 659 924
Liabilities related to issuance of debt securities	30 000	30 000	30 000
Subordinated liabilities	568 440	582 984	723 390
Current tax liabilities	-	-	-
Other obligations	1 211 738	285 644	642 042
Provisions	59 178	56 773	20 166
Total liabilities	**17 822 764**	**18 943 015**	**21 715 348**

EQUITY CAPITAL			
Share capital	1 206 175	1 206 175	1 206 175
Additional capital	47 735	554 415	556 871
Other capital	45 639	45 639	45 639
Revaluation reserve	10 635	-8 725	-11 427
Retained earnings	-	-	-
Net profit (loss) for the year	50 692	-428 670	-274 702
Total equity	**1 360 876**	**1 368 834**	**1 522 556**
Total liabilities and equity	**19 183 640**	**20 311 849**	**23 237 904**

Statement of Changes in Shareholders' Equity for three quarters 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**
Merger with Dominet Bank S.A.	157 306	-21 581	-	-	-	101	**135 826**
Total income for three quarters of 2009	-	-	-	-274 702	-	6 525	**-268 177**
Share issue	105 440	332 555	-	-	-	-	**437 995**
Increase of the share nominal value	440 294	-95 950	-	-	-344 344	-	**-**
Distribution of retained earnings	-	33 191	-78 191	-	45 000	-	**-**
Balance as at 30.09.2009	**1 206 175**	**556 871**	**-**	**-274 702**	**45 639**	**-11 427**	**1 522 556**

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 for three quarters 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**
Transfer from BNP Paribas SA	-	-78 010	-	-	-	-	**-78 010**
Total income for three quarters of 2010	-	-	-	50 692	-	19 360	**70 052**
Distribution of retained earnings	-	-428 670	428 670	-	-	-	**-**
Balance as at 30.09.2010	**1 206 175**	**47 735**	**-**	**50 692**	**45 639**	**10 635**	**1 360 876**

Cash Flow Statement (in PLN thousand)	**1.01.2010-30.09.2010**	**1.01.2009-30.09.2009**
Cash and cash equivalents, gross Opening balance	**833 802**	**1 495 348**
Merger with Dominet Bank SA	**-**	**630 141**
Transfer from BNP Paribas SA	**-229 861**	**-**
Adjusted cash and cash equivalents, gross, opening balance	**603 941**	**2 125 489**
Gross profit/loss	**67 679**	**-330 267**
Adjustments for:	**-909 457**	**2 511 440**
Depreciation	57 909	37 289
Impairment losses	125 365	621 661
Profits/losses on investing activities	17 719	-584
Changes in operational assets and liabilities:	-1 104 946	1 947 961
- financial assets and liabilities held for trading	117 718	-20 370
- due from banks	1 375 000	-1 927 685
- loans to customers	608 132	1 768 006
- change in the balance of available-for-sale investments	-3 755	-12 949
- change in the other investments	-	-
- due to banks	-633 746	763 176
- due to customers	-2 126 991	1 740 140
- liabilities due on account of credit facilities and loans received	-77 508	-577 449
- liabilities due on account of a subordinated loan	-14 544	5 020
- other assets and liabilities	-349 252	210 072
Income tax (current and deferred)	-5 504	-94 887
Net cash provided by operating activities	**-841 778**	**2 181 173**
Purchase of available-for-sale investments	-29 460 455	-24 750 100
Purchase of property, plant and equipment and intangible fixed assets	-31 334	-68 166
Proceeds from sales of available-for-sale investments	29 479 348	22 623 030
Proceeds from sales of property, plant and equipment	274	7 061
Other investment expenses	-1 688	-931
Net cash provided by investing activities	-13 855	-2 189 106
Issuance of subordinated liabilities	-	211 130
Payment of subordinated liabilities	-	-
Loans and credit facilities taken	1 475 450	1 635 759
Repayment of loans and credit facilities	-879 637	-3 174 160
Share issue	-	437 995
Net cash provided by (used in) financing activities	**595 813**	**-889 276**
Cash and cash equivalents, gross Ending balance	**344 121**	**1 228 280**
Change in gross cash and cash equivalents	**-259 820**	**-897 209**

Cash Flow Statement is prepared using an indirect method.

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

Financial Results

Income Statement (in PLN thousand)	**1.07.2010-30.09.2010**	**1.01.2010-30.09.2010**	**1.07.2009-30.09.2009**	**1.01.2009-30.09.2009**	**Change Q3 2010 to Q3 2009**	**Change Q3 2010 YTD to Q3 2009 YTD**
Net interest income	150 376	441 255	112 723	291 856	33%	51%
Net fee and commission income	41 006	119 782	36 130	96 539	13%	24%
Net trading income	19 353	68 482	26 732	-62 118	-28%	210%
Personnel expenses	-62 319	-180 689	-62 080	-148 640	0%	22%
Other expenses	-72 180	-209 461	-54 762	-131 953	32%	59%
Gross profit/loss	**44 970**	**66 902**	**-55 473**	**-331 301**	**181%**	**120%**
Net profit/loss	**35 155**	**49 942**	**-43 784**	**-275 722**	**180%**	**118%**

Financial Highlights	**30.09.2010**	**31.12.2009**	**Change**
Total assets (in PLN thousand)	**19 166 219**	**20 294 483**	**-6%**
Loans to customers	13 308 402	13 811 556	-4%
Due to customers	7 331 515	9 226 324	-21%
Other assets	1 546 110	119 828	1 190%
Other obligations	1 212 253	286 140	324%
Total equity	1 359 926	1 368 634	-1%

Financial ratios (%)	**30.09.2010**	**31.12.2009**	**30.09.2009**
Capital adequacy ratio	13,14%	13,40%	13,33%
Return on assets (ROA)*	0,4	-2,1	-1,8
Return on equity (ROE)*	4,9	-34,1	-30,2
Net interest margin*	3,1	2,0	1,9

*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

Fortis Bank Polska SA and Dominet Bank SA merged on 31 July 2009. Pursuant to the accounting standards adopted, after the merger Fortis Bank Polska SA does not present financial statements retrospectively, i.e. with relevant items of Dominet Bank SA included in comparative data. The Bank's results do not include the result of Dominet Bank SA for the reporting period from 1 January 2009 till 31 July 2009.

The lack of retrospective data presentation of the merged banks affects the number of comparisons made and ratios calculated.

After three quarters of 2010 YTD, the consolidated net profit of the Group of Fortis Bank Polska SA stood at PLN 49,942 thousand as compared to the net loss of PLN 275,722 thousand recorded after three quarters of 2009 YTD. Better results were chiefly attributable to a higher net trading income, net interest income and fee and commission income, combined with lower than in the corresponding period of 2009 net write-downs for impairment of loans to customers.

The financial statements as at the end of the third quarter of 2010 are the consolidated statements that present data of the Bank and of its subsidiary, TFI Fortis Private Investments 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 TFI Fortis Private Investments Polska SA on account of asset management reached PLN 2,202 thousand after three quarters of 2010, while its net loss stood at PLN 750 thousand.

As at the end of the third quarter of 2010, the Group's consolidated total assets stood at PLN 19,166,219 thousand and were lower by PLN 1,128,264 thousand or 6% 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 13,308,402 thousand. As at the end of the third quarter of 2010, 48% of net loans to customers were foreign currency loans.

The share of loans to customers in the structure of total assets grew from 68% recorded as at the end of 2009 up to 69% at the end of the third quarter of 2010.

Commercial loans granted to enterprises prevailed in the gross loans to customers. As at the end of the third quarter of 2010, their share made up 51% and was lower than 53% recorded as at the end of the third quarter of 2009.

The value of commercial loans decreased by PLN 540,020 thousand (or 7%) in comparison to the result recorded at the end of the previous year.

As at the end of the third quarter of 2010, mortgage loans stood at PLN 4,821,262 thousand and increased by 6% in comparison to the balance recorded as at the end of 2009 (growth by PLN 288,328 thousand). Their share in the structure of gross loans to customers stood at 33% in comparison to 31% recorded as at the end of 2009.

PLN loans hold the biggest share in the gross loan volume and constitute 55% of the total volume. Their volume as at the end of the third quarter of 2010 stood at PLN 7,901,809 thousand and was lower by 3% 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 third quarter of 2010 reached PLN 4,264,720 thousand and was by 4% lower than at the end of 2009. As at the end of the third quarter of 2010, such loans made up 30% 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 third quarter of 2010 stood at PLN 2,204,615 thousand as compared to PLN 2,525,328 thousand noted as at the end of 2009 (decline by 13%). The share of loans granted in EUR in the total loan volume decreased from 17% recorded as at the end of 2009 down to 15% noted at the end of the third quarter of 2010.

The value of impairment losses and IBNR totalled PLN 1,146,801 thousand as at the end of the third quarter of 2010, as compared to PLN 1,015,426 thousand recorded at the end of 2009.

Due from banks decreased as at the end of the third quarter of 2010 by PLN 1,374,988 thousand in comparison to the balance noted at the end of the previous year (i.e. from PLN 1,573,242 thousand to PLN 198,254 thousand).

As at the end of the third quarter of 2010, financial assets held-for-trading went down by 22%, i.e. by PLN 147,023 thousand in comparison to the balance as at the end of December 2009.

The value of other assets as at the end of the third quarter of 2010 stood at PLN 1,546,110 thousand as compared to PLN 119,828 thousand recorded as at the end of 2009. A material increase of the item results primarily from the fact that a part of mutual settlements under the transaction of acquisition of the organised part of an enterprise from BNP Paribas SA Branch in Poland in the amount of PLN 1,184,059 is recognised in other assets.

Cash and cash equivalents increased in comparison to the end of 2009 by 59% or PLN 489,559 thousand; their share in total assets decreased from 4% noted at the end of 2009 to 2% recorded at the end of the third quarter of 2010.

Investments available for sale as at the end of the third quarter of 2010 amounted to PLN 2,790,063 thousand and stood at the level comparable to the end of 2009. Their share in the structure of assets increased from 14% recorded as at the end of 2009 up to 15% noted at the end of the third quarter of 2010.

In the structure of liabilities, amounts due to customers prevail, whose value as at the end of the third quarter of 2010 stood at PLN 7,331,515 thousand and decreased by 21% 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 third quarter of 2010 amounted to PLN 5,046,282 thousand, representing 70% of all customer deposits (and 69% of all liabilities due to customers). Sight deposits reached PLN 2,124,886 thousand as at the end of the third 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 third quarter of 2010 stood at PLN 7,079,198 thousand and was higher by PLN 518,305 thousand or 8% than at the end of 2009.

At the end of the third quarter of 2010, loans and credit facilities received made up 37% 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 7% at the end of the third quarter of 2010.

Financial liabilities held-for-trading accounted for 1% of the total liabilities as at the end of 2009 and remained unchanged as at the end of the third quarter of 2010.

The value of other liabilities as at the end of the third quarter of 2010 stood at PLN 1,212,253 thousand as compared to PLN 286,140 thousand recorded as at the end of 2009. A material increase of the item results primarily from the fact that a part of mutual settlements under the transaction of acquisition of the organised part of an enterprise from BNP Paribas SA Branch in Poland in the amount of PLN 915,164 is recognised in other liabilities. Provisions increased from PLN 56,773 thousand as at the end of 2009 up to PLN 59,178 thousand as at the end of the third 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 4% in comparison to the balance noted as at the end of 2009.

As at the end of the third quarter of 2010, the equity capital of the Group amounted to PLN 1,359,926 thousand, i.e. by 1% less than as at the end of 2009. The equity capital accounted for 7% of total liabilities as at the end of both periods. A decrease in the equity capital results from the transaction of acquisition of the organised part of an enterprise from BNP Paribas Branch in Poland SA. As a result of the transaction, the additional capital diminished by PLN 78,010 thousand.

A significant item of the income statement is the net interest income which as at the end of the first quarter 2010 reached PLN 441,255 thousand and was higher by 51% or PLN 149,399 thousand as compared to the first quarter of 2009.

The interest income consists of the interest on account of:

- Cash and cash equivalents: PLN 9,172 thousand;
- Due from banks: PLN 3,382 thousand;
- Available-for-sale investments: PLN 77,292 thousand;
- Loans to customers: PLN 579,641 thousand;
- Held-for-trading securities: PLN 8,854 thousand.

The interest expenses include in particular the interest on account of:

- Due to Customers: PLN 171,288 thousand;
- Loans and credit facilities received: PLN 29,363 thousand;
- Due to banks: PLN 17,936 thousand;
- Subordinated liabilities: PLN 15,898 thousand.

As at the end of the third quarter of 2010, the Group generated net fee and commission income of PLN 119,782 thousand, i.e. by 24% more than in the corresponding period of 2009.

The commission and fee income include in particular:

- fees and commissions for cash settlements services: PLN 46,786 thousand;
- Fees and commissions related to the sale of insurance products: PLN 35,485 thousand;
- fees and commissions related to granting loans: PLN 20,171 thousand;
- card transactions income: PLN 16,907 thousand;
- fees and commissions related to guarantees and contingent liabilities: PLN 12,896 thousand.

At the end of the third quarter of 2010, fee and commission expenses amounted to PLN 41,449 thousand and were higher by 24,873 thousand than at the end of the third quarter of the previous year.

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

- card related expenses: PLN 10,547 thousand;
- Fee and commission income related to the franchisee branch network: PLN 13,267 thousand.

As at the end of the third quarter of 2010, the profit generated on transactions in held-for-trading financial instruments stood at PLN 68,482 thousand, in comparison to the loss of PLN 62,070 thousand recorded as at the end of the third quarter of 2009, which means growth by PLN 130,552 thousand (210%). The improved net trading income is attributable to a better result on derivative instruments (profit of PLN 25,223 thousand for three quarters of 2010 in comparison to the loss of PLN 142,478 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, likewise a negative measurement to fair value of options purchased in order to mitigate the risk related to higher EUR and CHF exchange rates). Furthermore, the net FX income declined from PLN 77,713 thousand in the third quarter of 2009 down to PLN 41,406 thousand in the third quarter of 2010. Result on valuation of securities held for trading grew by PLN 842 thousand at the same time, and reached PLN 1,853 thousand at the end of the third quarter of 2010.

Personal costs of the Group as at the end of the third quarter of 2010 reached PLN 180,689 thousand.

Depreciation of fixed assets and intangible fixed assets stood at PLN 58,063 thousand.

After three quarters 2010, net impairment losses stood at PLN (-136,964) thousand. The net impairment losses in 66% pertain to customers of the Enterprise and Transaction Banking Business Line. The remaining 34% 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 the Capital Group of Fortis Bank Polska SA for the third quarter of 2010 includes the data of the Bank and of its subsidiary, Towarzystwo Funduszy Inwestycyjnych Fortis Private Investments S.A. (jointly referred to as "the Group").

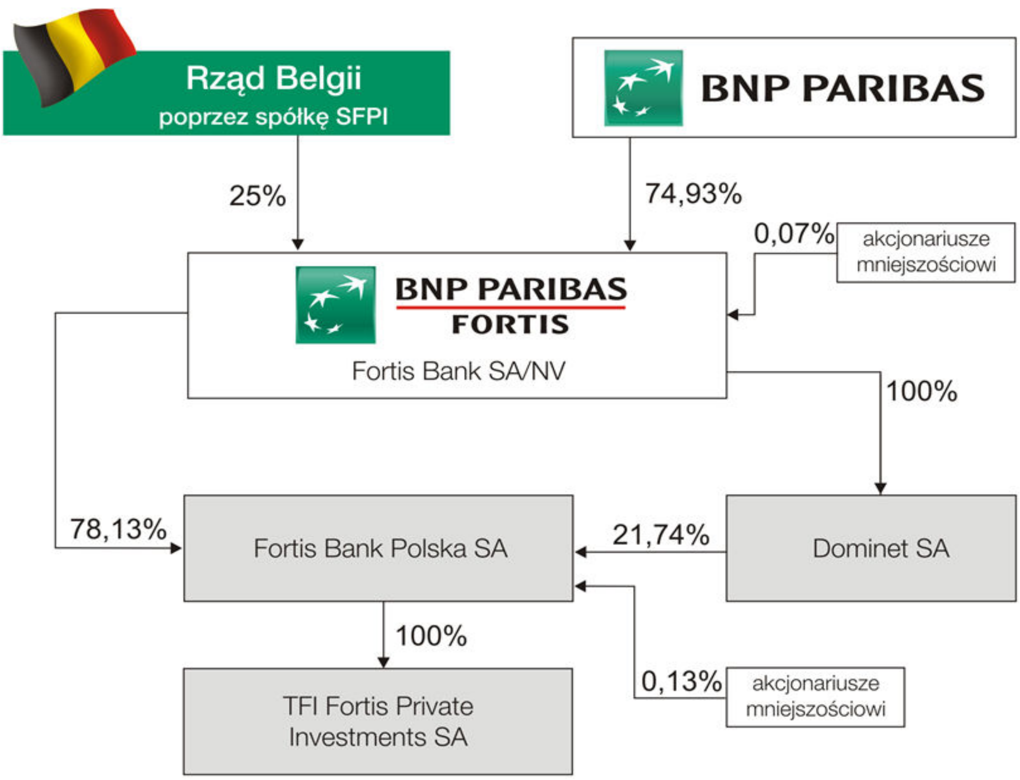
Structure of the Group

In the third quarter of 2010 and as at the report submission date (i.e. 9 November 2010), the structure of Fortis Bank Polska SA Capital Group has not changed.

As at 30 September 2010, the Capital group of Fortis Bank Polska S.A. was 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 78.13% directly while 21.74% through Dominet SA.

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



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

Towarzystwo Funduszy Inwestycyjnych Fortis Private Investments SA 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 Group's business activity includes 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 asset management.

The Bank's business activity consists, in particular, of the following:

- 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:

- establishment of investment funds and their management;
- intermediation in distribution and redemption of participation units in investment funds and participation titles to foreign investment funds;
- management of portfolios that consist of one or more financial instruments.

6. Accounting Policies

6.1 Podstawa sporządzenia

6.1.1. Statement on consistency with the IFRS

This Abbreviated interim consolidated financial report of the Bank's capital Group has been prepared pursuant to the International Accounting Standard 34 *Interim Financial Reporting* (IAS 34), approved by the EU, and other binding provisions. This financial report does not contain all information required for annual consolidated financial statements and therefore, it should be read together with the consolidated financial statement of Fortis Bank Polska SA capital group for the year ended on 31 December 2009. The Consolidated Financial Statement of Fortis Bank Polska SA capital group for the year ended on 31 December 2009 is available on the Bank's website: www.bnpparibasfortis.pl.

Pursuant to 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 No. 33/2009, item 259), the Bank shall publish its financial statement for the period of nine months ending on 30 September 2010, which is considered a current interim reporting period.

These financial statements of the Bank were approved for publishing by the Bank Board of Executives on 9 November 2009.

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 by the Group.

The following standards (interpretations) issued by the International Accounting Standards Board (International Financial Reporting Interpretations Committee) were not in force yet as at 30 September 2010:

- Amendments to IAS 24 *Disclosure of information on affiliated entities*, effective for annual periods beginning on or after 1 January 201

- Amendments to IFRS 3 *Business Combinations* effective for annual periods beginning on or after 1 July 2010, as at the date of preparing this financial statement, amendments to IFRS 3 have not been approved by the European Commission;

- Amendments to IFRS 7 *Financial Instruments: Disclosures,* effective for annual periods beginning on or after 1 January 2011, as at the date of preparing these financial statements, amendments to IFRS 7 have not been approved by the European Commission;

- Amendments to IAS 1 *Presentation of Financial Statements,* effective for annual periods beginning on or after 1 January 2011, as at the date of preparing these financial statements, amendments to IAS 1 have not been approved by the European Commission;

- Amendments to IAS 34 *Interim Financial Reporting,* effective for annual periods beginning on or after 1 January 2011, as at the date of preparing these financial statements, amendments to IAS 34 have not been approved by the European Commission;

- IFRS 9 *Financial Instruments*, effective for annual periods beginning on or after 1 January 2013; as at the date of preparing these financial statements, IFRS 9 has not been approved by the European Commission;

- Interpretation IFRIC 14 *Prepayments of a Minimum Funding Requirement*; it applies to annual periods starting on or after 1 January 2011.

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 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, Towarzystwo Funduszy Inwestycyjnych Fortis Private Investments SA, for the period from 1 January 2010 through 30 September 2010, from 1 July 2010 through 30 September 2010 and as at 30 September 2010 and consolidated comparative data for the period from 1 January 2009 through 30 September 2009, from 1 July 2009 through 30 September 2009 and as at 30 September 2009 and as at 31 December 2009.

Pursuant to the accounting standards applied to the merger of Fortis Bank Polska SA with Dominet Bank SA, after the merger with Dominet Bank SA, Fortis Bank Polska SA does not present financial statements retrospectively, i.e. with respective items of Dominet Bank SA included in comparative data. The result of Dominet Bank SA 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 IRSF 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 the third quarter of 2010, the full consolidation is applied to the following subsidiary:

- Towarzystwo Funduszy Inwestycyjnych Fortis Private Investments SA (investment fund company)

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, exclusive of 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 chiefly to be sold in the near term, i.e. within 6 months from the acquisition date;

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. A gain or loss on an available-for-sale financial asset shall be recognised directly in the revaluation reserve whose changes are presented in the statement of total income, except for write-downs for impairment losses and FX differences on cash financial assets, until the financial asset is derecognised, at which time the cumulative gain or loss previously recognised in revaluation reserve shall be recognised in profit or loss.

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

Financial liabilities measured to fair value through profit or loss.

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

a) classified at initial recognition as held for trading if they were assumed chiefly to be repurchased in the near term, i.e. within 6 months from the acquisition date;

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.

The Bank classifies fair value measurements using the fair value hierarchy to reflect materiality of the measurement input data. The fair value hierarchy is broken down into three levels:

- Level 1 - quoted (unadjusted) prices in active markets for identical assets or liabilities,
- Level 2 – input data are inputs other than quoted prices classified into level 1, which are observable for an asset or liability either directly (i.e. as prices) or indirectly (i.e. based on prices),
- Level 3 – input data for the measurement of an asset or liability which are not based on market observables.

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.

6.7.5 Reclassification of financial instruments

a) from their initial recognition and classification into the category of instruments measured at fair value through profit or loss, derivative instruments are not subject to reclassification into another category;

b) financial instruments that at their initial recognition have been specified as measured at fair value through profit or loss, are not subject to reclassification into another category (option of measurement at fair value pursuant to IAS 39);financial instruments classified as loans and receivables at their initial recognition are not subject to reclassification into another category;

c) financial instruments that at their initial recognition have been classified as measured at fair value through profit or loss, different from the ones referred to in subsections a) and b) above:

- may be reclassified into the category of loans and receivables provided that they are not held by the Bank for sale or repurchase in the near future and that the Bank intends and is able to hold them for a foreseeable future or to maturity,
- may be reclassified into the available-for-sale or held-to-maturity category provided that they are not already held by the Bank for sale or repurchase in the near future and only in rare cases (i.e. in cases resulting from single events that are not common and it is highly unlikely that such event would occur again in the near future);

d) financial instruments that at initial recognition were classified as available for sale:

- and that meet the criteria specified in the definition of loans and receivables (if they are not classified as available for sale),may be reclassified into the category of loans and receivables if the Bank has the intention and is able to hold them in the foreseeable future or till their maturity;
- with payments established or possible to determine and with an established maturity date, with respect to which the Bank has a firm intention and possibility of holding them till maturity, may be reclassified to the held-to-maturity category unless in the current financial year or over the last two financial years the Bank sold or reclassified more than more than an immaterial amount of investment held to maturity;

e) Financial instruments classified at initial recognition as held to maturity, with respect to which it has become improper to be classified as such as a result of change of intention or possibilities, the Bank shall reclassify into the available-for-sale category. In each case when more than an immaterial amount of instrument held-to-maturity is sold or reclassified, the Bank shall also reclassify into the available-for-sale category all the other instruments classified as held to maturity, unless the ale of reclassification was made:

- at a date close to the maturity date,
- after recovering a substantial notional amount of the instrument,

- as a result of event beyond the Bank's control and of non-recurring nature, which may not have been reasonably foreseen.

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.

Repurchase agreements or agreements to resell are recognised at the transaction settlement date which is the asset delivery date.

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 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.

6.12 Asset Impairment

6.12.1 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.

6.12.2 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.

6.13 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.

6.14 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, taking into account impairment write-downs.

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.

6.15 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 1 January 2010. With respect to fixed assets purchased before that date, useful lives are presented in the Group's financial statement for 2009.

6.16 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.

6.17 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.

6.18 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.

6.19 Employee Benefits

6.19.1 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.

6.19.2 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.

6.19.3 Benefits on account of work relationship termination

The Group recognises benefits on account of work relationship termination as a liability and expense when it is determined to, and is able to prove it that:

- the work relationship will be terminated with an employee or a group of employees before they reach the retirement age, or

- it will provide benefits on account of work relationship termination as a result of a proposal made by the Group to encourage the employees to voluntarily terminate the work relationship.

6.20 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.

6.21 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.

6.22 Equity Capital

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

6.22.2 Equity Capital Items

Share capital

Share capital is recognised in the nominal value and may be increased through new share issue or through increase in par value of existing shares.

Additional capital

Additional capital is established from net profit deductions and share premiums obtained from share issue above the nominal value and allocated to cover losses that may be incurred in connection with the Bank's business activity.

Other capital

Reserve capital is established for the purposes defined in the statute from profit deductions.

General risk reserve is established pursuant to the Banking Law Act dated 29 August 1997 from after-tax profit.

Revaluation reserve

Revaluation reserve includes differences from the measurement of available-for-sale financial assets decreased by the related deferred tax deductions. The revaluation reserve is not subject to distribution.

Retained earnings

The retained earnings comprise undistributed profits and retained losses from previous years.

Net profit (loss) for the year

Current year's net profit (loss) is the net profit or loss resulting from the income statement for the period the financial report is prepared. Net profit takes into account income tax.

6.22.3 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.

6.22.4 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 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.

6.24 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.

6.25 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.

6.26 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.

6.27 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.

6.28. 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.

6.29 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.

6.30 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.

Leasing payments are divided into financial (interest) expense and lease liability reduction. 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.

6.31 Segment Reporting

6.31.1 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)
- Enterprise and Transaction Banking (ETB)
- other banking activity

6.31.2 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.

Information on changes in the segment structure are presented in the Segment Reporting section.

7. Comparability with Previously Published Reports

There have been changes made with respect to the manner of presentation of the data, published in the report for the third quarter of 2009 as at 30 September 2009 to ensure data comparability. The data are presented in PLN thousand.

Fortis Bank Polska SA and Dominet Bank SA merged on 31 July 2009. Pursuant to the accounting standards adopted, after the merger Fortis Bank Polska SA does not present financial statements retrospectively, i.e. with relevant items of Dominet Bank SA included in comparative data. The Bank's results do not include the result of Dominet Bank SA for the reporting period from 1 January 2009 till 31 July 2009.

Consolidated balance sheet as at 30 September 2009

Item	Interim report for Quarter 3 2010	Interim report for Quarter 3 2009	Difference	Change description
Investments - Available for Sale	3 376 803	3 376 815	-12	Separation of other investments
Other investments	12	-	12	Separation of other investments
Due to customers	10 291 884	10 291 879	5	Change in the presentation of current liabilities due to customers
Other liabilities	642 523	643 578	-5	Change in the presentation of current liabilities due to customers
			-1 050	Change in the presentation of the restructuring reserve
Provisions	20 166	19 116	1 050	Change in the presentation of the restructuring reserve
Total changes			**-**	

Consolidated income statement for the period from 1 January through 30 September 2009

Item	Interim report for Quarter 3 2010 YTD	Interim report for Quarter 3 2009 YTD	Difference	Change description
Interest income	660 845	660 789	56	Change in the presentation of unclassified interest
Fee and commission expense	-16 576	-16 441	-135	Change in the presentation of a fee on loan insurance
Other revenues	12 172	12 228	-56	Change in the presentation of unclassified interest
Other expenses	-131 953	-132 088	135	Change in the presentation of a fee on loan insurance

Consolidated Cash Flow Statement for the period from 1 January to 30 September 2009

Item	Interim report for Quarter 3 2010 YTD	Interim report for Quarter 3 2009 YTD	Difference	Change description
Operating cash flows				
Impairment losses	621 661	620 611	1 050	Change in the manner of presenting restructuring reserve
Financial Assets and Liabilities Held for Trading	-20 370	-20 829	459	Change in the presentation of derivative instruments
Due to customers	1 741 177	1 741 172	5	Change in the presentation of current liabilities due to customers
Other assets and liabilities	210 105	211 619	-1 050	Change in the presentation of the restructuring reserve
			-459	Change in the presentation of derivative instruments
			-5	Change in the presentation of current liabilities due to customers

8. Segment Reporting

Fortis Bank Polska SA and Dominet Bank SA merged on 31 July 2009. Pursuant to the accounting standards adopted, after the merger Fortis Bank Polska SA does not present financial statements retrospectively, i.e. with relevant items of Dominet Bank SA included in comparative data. The Bank's results do not include the result of Dominet Bank SA for the reporting period from 1 January 2009 till 31 July 2009.

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

1 July 2010 – 30 Sept. 2010 (in PLN thousand)	Retail Banking	Enterprise and Transaction Banking	Other Banking Activity	Total
Interest income (external)	132 735	59 717	31 962	224 414
Transfer prices expense (internal)	-71 102	-34 341	-80 102	-185 545
Interest expense (external)	-33 641	-19 501	-20 896	-74 038
Transfer prices income (internal)	46 704	28 248	110 593	185 545
Net interest income	**74 696**	**34 123**	**41 557**	**150 376**
Fee and commission income (external)	40 484	13 547	600	54 631
Fee and commission expense (external)	-13 075	-126	-424	-13 625
Net fee and commission income	**27 409**	**13 421**	**176**	**41 006**
Dividend and other investment income (external)	13	-	-	13
Net trading income (external)	14 434	12 269	-7 350	19 353
Net gain/loss on available-for-sale financial assets (external)	-	-	27	27
Other income (external)	3 301	9 928	-	13 229
Total income, net	**119 853**	**69 741**	**34 410**	**224 004**
Personnel expense (external)	-30 348	-4 818	-27 153	-62 319
Depreciation of fixed assets and intangible fixed assets (external)	-46	-	-17 813	-17 859
Other expenses (external)	-14 273	-2 953	-54 954	-72 180
Net impairment losses (external)	-7 529	-18 443	-704	-26 676
Costs allocation - rebilling (internal)	-85 290	-13 453	98 743	-
Gross profit/loss	**-17 633**	**30 074**	**32 529**	**44 970**
Income tax expense	-3 952	-2 746	-3 117	-9 815
Net profit/loss	**-21 585**	**27 328**	**29 412**	**35 155**

Consolidated Income Statement by Business Segments in Three Quarters of 2010 YTD.

1 Jan. 2010 – 30 Sept. 2010 (in PLN thousand)	Retail Banking	Enterprise and Transaction Banking	Other Banking Activity	Total
Interest income (external)	403 411	178 693	96 237	678 341
Transfer prices expense (internal)	-217 422	-107 037	-262 134	-586 593
Interest expense (external)	-124 735	-58 554	-53 797	-237 086
Transfer prices income (internal)	161 766	81 398	343 429	586 593
Net interest income	**223 020**	**94 500**	**123 735**	**441 255**
Fee and commission income (external)	119 757	39 476	1 998	161 231
Fee and commission expense (external)	-39 935	-252	-1 262	-41 449
Net fee and commission income	**79 822**	**39 224**	**736**	**119 782**
Dividend and other investment income (external)	81	-	-	81
Net trading income (external)	33 080	51 185	-15 783	68 482
Net gain/loss on available-for-sale financial assets (external)	-	-	1 337	1 337
Other income (external)	8 686	12 341	115	21 142
Total income, net	**344 689**	**197 250**	**110 140**	**652 079**
Personnel expense (external)	-86 851	-7 962	-85 876	-180 689
Depreciation of fixed assets and intangible fixed assets (external)	-154	-	-57 909	-58 063
Other expenses (external)	-49 081	-5 984	-154 396	-209 461
Net impairment losses (external)	-90 630	-46 456	122	-136 964
Costs allocation - rebilling (internal)	-257 913	-36 438	294 351	-
Gross profit/loss	**-139 940**	**100 410**	**106 432**	**66 902**
Income tax expense	34 955	-25 202	-26 713	-16 960
Net profit/loss	**-104 985**	**75 208**	**79 719**	**49 942**

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

1 July 2009 – 30 Sept. 2009 (in PLN thousand)	Retail Banking	Enterprise and Transaction Banking	Other Banking Activity	Total
Interest income (external)	131 682	71 167	42 753	245 602
Transfer prices expense (internal)	-75 177	-47 177	-94 127	-216 481
Interest expense (external)	-76 459	-34 220	-22 200	-132 879
Transfer prices income (internal)	95 455	50 138	70 888	216 481
Net interest income	**75 501**	**39 908**	**-2 686**	**112 723**
Fee and commission income (external)	32 650	13 227	840	46 717
Fee and commission expense (external)	-9 376	199	-1 410	-10 587
Net fee and commission income	**23 274**	**13 426**	**-570**	**36 130**
Net trading income (external)	13 585	19 804	-6 657	26 732
Net gain/loss on available-for-sale financial assets (external)	-	-	-3	-3
Other income (external)	2 929	1 238	-53	4 114
Total income, net	**115 289**	**74 376**	**-9 969**	**179 696**
Personnel expense (external)	-27 857	-3 932	-30 291	-62 080
Depreciation of fixed assets and intangible fixed assets (external)	-59	-	-15 982	-16 041
Other expenses (external)	-9 088	-2 176	-43 498	-54 762
Net impairment losses (external)	-66 643	-32 057	-3 586	-102 286
Costs allocation - rebilling (internal)	-75 743	-19 980	95 723	-
Gross profit/loss	**-64 101**	**16 231**	**-7 603**	**-55 473**
Income tax expense	11 390	-1 553	1 852	11 689
Net profit/loss	**-52 711**	**14 678**	**-5 751**	**-43 784**

Consolidated Income Statement by Business Segments in Three Quarters of 2009 YTD.

1 Jan. 2009 – 30 Sept. 2009 (in PLN thousand)	Retail Banking	Enterprise and Transaction Banking	Other Banking Activity	Total
Interest income (external)	326 922	237 158	96 765	660 845
Transfer prices expense (internal)	-224 264	-165 104	-225 708	-615 076
Interest expense (external)	-169 350	-92 283	-107 356	-368 989
Transfer prices income (internal)	216 677	138 523	259 876	615 076
Net interest income	**149 985**	**118 294**	**23 577**	**291 856**
Fee and commission income (external)	69 474	40 288	3 353	113 115
Fee and commission expense (external)	-13 986	-43	-2 547	-16 576
Net fee and commission income	**55 488**	**40 245**	**806**	**96 539**
Net trading income (external)	10 169	7 346	-79 633	-62 118
Net gain/loss on available-for-sale financial assets (external)	-	-	6 297	6 297
Other income (external)	8 292	3 451	429	12 172
Total income, net	**223 934**	**169 336**	**-48 524**	**344 746**
Personnel expense (external)	-63 825	-10 842	-73 973	-148 640
Depreciation of fixed assets and intangible fixed assets (external)	-184	-	-37 289	-37 473
Other expenses (external)	-26 030	-5 562	-100 361	-131 953
Net impairment losses (external)	-111 278	-228 620	-18 083	-357 981
Costs allocation - rebilling (internal)	-162 364	-42 676	205 040	-
Gross profit/loss	**-139 747**	**-118 364**	**-73 190**	**-331 301**
Income tax expense	23 392	19 914	12 273	55 579
Net profit/loss	**-116 355**	**-98 450**	**-60 917**	**-275 722**

Consolidated total assets (in PLN thousand)	As at:	Retail Banking	Enterprise and Transaction Banking	Other Banking Activity	Total
Assets	**30 September 2010**	9 212 961	5 565 415	4 387 843	**19 166 219**
	31 December 2009	9 711 861	4 587 493	5 995 129	**20 294 483**
	30 September 2009	10 247 791	4 925 850	8 046 771	**23 220 412**
Liabilities	**30 September 2010**	4 660 400	4 143 136	10 362 683	**19 166 219**
	31 December 2009	6 533 384	3 346 938	10 414 161	**20 294 483**
	30 September 2009	7 089 204	3 853 196	12 278 012	**23 220 412**

Description of Segment Activity

Retail Banking

Customers

As at the end of the third quarter of 2010, the number of active customers of this line reached 358,818. Private Individuals, including Mass Market Customers (93%) prevail among the Retail Banking customers. Enterprises account for the remaining 7% of the RB customers.

Distribution channels

Retail Banking customers have at their disposal both a network of branches as well as alternative channels: Pl@net 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. When we compare data for three quarters 2010 TYD with the corresponding period of 2009, the Group noted the following:

- increase in the number of Customers using the Pl@net banking system by 19%,
- increase in the number of transfers made via electronic channels by 17%.

Products

RB BL customers use a wide range of credit, deposit, investment and card products.
Major products offered to Individual Customers include:

- mortgage loans: as at the end of the third quarter of 2010, the outstanding balance of such loans was PLN 4.8 billion;
- car loans: as at the end of the third quarter 2010, their outstanding balance stood at PLN 0.5 billion;
- cash loans: as at the end of the third quarter 2010, their outstanding balance stood at PLN 1.5 billion;
- investment products: deposit balance as at the end of the third quarter of 2010 was PLN 3.2 billion, including: the balance of term deposits was PLN 2.3 billion, the balance of savings accounts was PLN 0.6 billion while the balance of current accounts stood at PLN 0.3 billion.

Major products offered to Enterprises include:

- investment loans: as at the end of the third quarter of 2010, the outstanding balance of such loans was PLN 2.1 billion;
- foreign exchange transactions: the number of negotiated and table-based transactions in the third quarter of 2010 reached 44.0 thousand, and the average monthly volume of such transactions oscillates around PLN 0.3 billion.

Results

The net revenues of the Retail Banking BL increased up to PLN 344.7 million as at the end of the third quarter of 2010, i.e. by 54 % more than in the corresponding period of 2009. The above increase is attributable to a higher net interest income, net fee and commission income and net trading income (PLN 33.1 million in three quarters of 2010 as compared to PLN 10.1 million earned in the corresponding period of 2009). Net interest income stood at PLN 223.0 million after three quarters 2010 YTD and accounted for 65% of net revenues of the Retail Banking business line. Net commission and fee income amounted to PLN 79.8 million after three quarters of 2010 YTD, which accounts for 23% of net revenues of the Retail Banking business line.

At the end of the third quarter of 2010, net impairment losses amounted to PLN 90.6 million. As compared to the corresponding period of 2009, net impairment losses decreased by PLN 20.6 million (19%).

After three quarters of 2010 YTD, personnel expenses stood at PLN 86.9 million and accounted for 48% of total personnel expenses of the Fortis Bank Polska SA Group. The "costs allocation (rebilling)" item is the net value of business line costs allocated and transferred from Retail Banking to other units. The said costs stood at PLN 257.9 million after three quarters of 2010 YTD.

The increase of net revenues combined with expense growth resulted in the gross loss of the business line after three quarters of 2010 YTD of PLN 139.9 million stood at a level similar to the result reported after three quarters of 2009 YTD.

Enterprise and Transaction Banking

Customers

As at the end of the third quarter of 2010, the number of active customers of this line reached 2,398 as compared to 2,319 noted as at the end of 2009 (increase by 3%).

Distribution channels

Enterprise and Transaction 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

Enterprise and Transaction 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 3.1 billion as at the end of the third quarter of 2010;
- investment loans (including loans to purchase/ construct commercial real estate): as at the end of the third quarter of 2010, the balance of such loans reached PLN 2.7 billion, which means a decrease by 7% as compared to the end of 2009;
- overdraft facilities: as at the end of the third quarter of 2010, the balance of such loans reached PLN 0.9 billion, which means a decrease by 10% as compared to the end of 2009;
- foreign exchange transactions: the number of table-based and negotiated transactions in the first half of 2010 was about 30.4 thousand and the average monthly volume of such transactions oscillates around PLN 0.7 billion.

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

Results

The net revenues of Enterprise and Transaction Banking grew from PLN 169.3 million earned in the first three quarters of 2009 up to PLN 197.3 million in the first three quarters of 2010, or by 16%.

Main reasons of the change in the result include:

- higher net trading income: PLN 51.2 million for the first three quarters of 2010 as compared to PLN 7.3 million after three quarters of 2009;
- net interest income decline by 20% from PLN 118.3 million in the first three quarters of 2009 down to PLN 94.5 million in the first three quarters of 2010.

As at the end of the third quarter of 2010, the Enterprise and Transaction Banking BL recorded a decrease of net write-downs for credit receivables, from PLN 228.6 million after three quarters of 2009 down to PLN 46.5 million after three quarters of 2010. The decrease in net impairment losses is a result of restructuring actions taken by the Bank and the credit portfolio quality improvement.

Personnel costs decreased by 27%, from PLN 10.8 million as at the end of the third quarter of 2009 down to PLN 8.0 million after three quarters of 2010. The "costs allocation (rebilling)" item represents the net value of business line costs allocated and transferred from Enterprise Transaction Banking to other units. The costs went down from PLN 42.7 million as at the end of the third quarter of 2009 to PLN 36.4 as at the end of the third quarter of 2010.

The above events translated into an increase in gross income from PLN 118.4 million of loss after three quarters of 2009 up to PLN 100.4 million of profit after three quarters of 2010.

Other Banking Activity

Results

The Other Banking Activity segment presents net income on account of interest rate, liquidity and FX risks (the net income improved from the loss of PLN 48.5 million after three quarters of 2009 up to net income of PLN 110.1 million after three quarters of 2010; the growth results primarily from lower financing costs in 2010). The expenses include costs generated by support units.

9. Additional Notes to Consolidated Income Statement

Below there is selected information on consolidated revenues and expenses of the Group after three quarters of 2010 and comparative data for three quarters of 2009.

Fortis Bank Polska SA and Dominet Bank SA merged on 31 July 2009. Pursuant to the accounting standards adopted, after the merger Fortis Bank Polska SA does not present financial statements retrospectively, i.e. with relevant items of Dominet Bank SA included in comparative data. The Bank's results do not include the result of Dominet Bank SA for the reporting period from 1 January 2009 till 31 July 2009.

Note 9.1 Interest income

(in PLN thousand)	1.07.2010 - 30.09.2010	1.01.2010 - 30.09.2010	1.07.2009 - 30.09.2009	1.01.2009 - 30.09.2009
Cash and cash equivalents	2 556	9 172	4 397	16 733
Due from banks	1 008	3 382	1 247	3 566
Investments available for sale	26 108	77 292	31 441	66 123
Loans to customers	191 595	579 641	201 971	561 064
Securities held for trading	3 147	8 854	6 490	13 303
Others	-	-	56	56
Total interest income	**224 414**	**678 341**	**245 602**	**660 845**

Note 9.2 Interest expense

(in PLN thousand)	1.07.2010 - 30.09.2010	1.01.2010 - 30.09.2010	1.07.2009 - 30.09.2009	1.01.2009 - 30.09.2009
Due to banks	-6 708	-17 936	-6 603	-23 532
Due to customers	-49 366	-171 288	-105 859	-247 585
Loans and credit facilities received	-11 484	-29 363	-11 010	-78 579
Debt securities issue	-376	-1 151	-175	-263
Subordinated liabilities	-5 440	-15 898	-8 812	-17 661
Others	-664	-1 450	-420	- 1 369
Total interest expense	**-74 038**	**-237 086**	**-132 879**	**-368 989**

Note 9.3 Fee and commission income

(in PLN thousand)	1.07.2010 - 30.09.2010	1.01.2010 - 30.09.2010	1.07.2009 - 30.09.2009	1.01.2009 - 30.09.2009
Custody services and securities trading	453	1 486	672	1 961
Cash settlements services	15 246	46 786	15 837	41 347
Guarantees and contingent liabilities	4 539	12 896	3 911	11 757
Commissions related to granting credit facilities (amortised using the straight-line method)	4 914	15 772	6 956	20 427
Loan origination fees and commissions (one-off items)	1 505	4 399	1 833	4 094
Fees and commissions related to derivative instrument buy/sell transactions	1 003	1 809	133	4 376
Income on account of agency in customer acquisition	307	1 171	1 009	1 789
Card related income	6 164	16 907	5 781	11 000
Insurance product sales revenues	12 889	35 485	5 499	5 499
Income on asset management	1 076	3 587	987	2 965
Others	6 535	20 933	4 099	7 900
Total fee and commission income	**54 631**	**161 231**	**46 717**	**113 115**

Note 9.4 Fee and commission expense

(in PLN thousand)	1.07.2010 - 30.09.2010	1.01.2010 - 30.09.2010	1.07.2009 - 30.09.2009	1.01.2009 - 30.09.2009
Custody services and securities trading	-34	-131	-60	-257
Card related expenses	-2 614	-10 547	-3 161	-5 892
Cash transactions expenses	-13	-41	-56	-995
Settlements	-390	-1 114	-383	-1 137
Koszty prowizji związane z siecią placówek partnerskich	-4 413	-13 267	-3 869	-3 869
Fees and commissions related to the sale of insurance products:	-394	-1 585	-437	-715
Others	-5 767	-14 764	-2 621	-3 711
Total fee and commission expenses	**-13 625**	**-41 449**	**-10 587**	**-16 576**

Note 9.5 Net trading income

(in PLN thousand)	1.07.2010 - 30.09.2010	1.01.2010 - 30.09.2010	1.07.2009 - 30.09.2009	1.01.2009 - 30.09.2009
Securities	222	1 853	1 041	2 647
Derivative instruments, including:	26 783	25 223	7 314	-142 478
- fair value adjustment on account for credit risk of derivative instruments	8 115	28 194	20 407	-40 359
Foreign exchange transactions	-7 652	41 406	18 377	77 713
Total net trading income	**19 353**	**68 482**	**26 732**	**-62 118**

Note 9.6 Net impairment losses

(in PLN thousand)	1.07.2010 - 30.09.2010	1.01.2010 - 30.09.2010	1.07.2009 - 30.09.2009	1.01.2009 - 30.09.2009
Cash and cash equivalents, net	-706	121	-2 010	-2 948
Due from banks, net	-	12	6	-45
Loans to customers, net	-27 240	-136 402	-97 534	-355 565
Off-balance sheet commitments, net	1 331	-3 745	-1 017	2 136
Property, Plant and Equipment	1 214	2 864	1 892	1 892
Intangible assets	-	2 202	-	-
Other assets, net	-2 069	-4 084	-2 872	-2 717
Other provisions, net	794	2 068	-751	-734
Total impairment losses, net	**-26 676**	**-136 964**	**-102 286**	**-357 981**

Note 9.7 Consolidated Earnings/Loss Per Share

	1.01.2010 – 30.09.2010	1.01.2009 – 30.09.2009
Number of shares as at 30 September	24 123 506	24 123 506
Weighted average number of ordinary shares	24 123 506	18 093 336
Net profit/loss of the period in PLN thousand	49 942	-275 722
Earnings/Loss Per Ordinary Share ratio in PLN	2,07	-15,24
Weighted average diluted number of potential ordinary shares	24 123 506	18 093 336
Diluted consolidated Earnings/Loss Per Share (PLN per share)	**2,07**	**-15,24**

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

Note 10.1 Cash and cash equivalents

(in PLN thousand)	30 September 2010	31 December 2009	30 September 2009
Cash at hand	225 130	153 697	195 930
Due from the Central Bank	110 529	458 619	365 657
Short-term due from banks, including:	8 462	221 486	666 693
- nostro accounts	5 337	3 973	11 314
- short-term deposits from banks	3 125	217 513	655 379
Cash and cash equivalents, gross	**344 121**	**833 802**	**1 228 280**
Write-downs for impairment:	**-956**	**-1 078**	**-3 412**
- for Incurred But Not Reported losses (IBNR)	-956	-1 078	-3 412
Total cash and cash equivalents, net	**343 165**	**832 724**	**1 224 868**

Financial Assets and Liabilities Held for Trading

Note 10.2.1 Financial assets held for trading

(in PLN thousand)	30 September 2010	31 December 2009	30 September 2009
Held-for-trading securities, including:	**403 344**	**487 149**	**403 733**
- treasury bonds	158 856	418 088	265 848
- treasury bills	244 488	69 061	137 885
Derivative financial instruments, including:	**113 938**	**177 156**	**316 953**
- foreign currency contracts, including:	49 158	116 402	249 212
- fair value adjustment on account for credit risk	-804	-26 026	-38 476
- interest rate contracts	64 780	60 754	67 741
Total financial assets held for trading	**517 282**	**664 305**	**720 686**

Note 10.2.2 Financial liabilities held for trading

(in PLN thousand)	30 September 2010	31 December 2009	30 September 2009
Derivative financial instruments, including:	**142 169**	**171 474**	**289 772**
- foreign currency contracts	82 318	116 823	228 044
- interest rate contracts	59 851	54 651	61 728
Total financial liabilities held for trading	**142 169**	**171 474**	**289 772**

Receivables

Note 10.3.1. Due from Banks

(in PLN thousand)	30 September 2010	31 December 2009	30 September 2009
Loans	75 071	75 000	75 000
Receivables on account of construction projects:	32 389	33 530	33 565
Receivables from financial instruments recognition (transakcje typu fx spot i fx swap) w dacie zawarcia transakcji	79 536	1 457 730	2 447 482
Other receivables	11 363	7 099	8 850
Total due from banks, gross	**198 359**	**1 573 359**	**2 564 897**
Write-downs for impairment:	**-105**	**-117**	**-119**
- for Incurred But Not Reported losses (IBNR)	-105	-117	-119
Total net due from banks	**198 254**	**1 573 242**	**2 564 778**

Note 10.3.2 Loans to Customers

(in PLN thousand)	30 September 2010	31 December 2009	30 September 2009
Loans to budgetary entities	1 171	429	438
Mortgage loans	4 821 262	4 532 934	4 643 439
Consumer loans and credit facilities	2 277 215	2 394 363	2 514 176
Commercial loans	7 346 756	7 886 776	8 379 244
Receivables from financial instruments recognition (transakcje typu fx spot i fx swap) w dacie zawarcia transakcji	432	2 054	27 816
Other receivables	8 367	10 426	13 612
Total loans to customers, gross	**14 455 203**	**14 826 982**	**15 578 725**
Write-downs for impairment:	**-1 146 801**	**-1 015 426**	**-869 261**
- for incurred, reported losses	-1 064 479	-910 752	-748 877
- for Incurred But Not Reported losses (IBNR)	-82 322	-104 674	-120 384
Total net loans to customers	**13 308 402**	**13 811 556**	**14 709 464**

Investments

Note 10.4 Investments available for sale

(in PLN thousand)	30 September 2010	31 December 2009	30 September 2009
Treasury bonds	1 518 918	809 139	805 740
Treasury bills	199 707	957 408	1 110 636
Bonds issued by banks	82 768	-	-
Bonds issued by non-finance entities	8 451	-	-
NBP cash bills	950 000	999 320	1 459 348
Shares and stock	30 219	19 975	1 079
Total investments available for sale	**2 790 063**	**2 785 842**	**3 376 803**

Note 10.5 Other investments

(in PLN thousand)	30 September 2010	31 December 2009	30 September 2009
Investments in subsidiaries	-	-	-
Investments in affiliates	12	12	12
Total other investments	**12**	**12**	**12**

Note 10.6 Other assets

(in PLN thousand)	30 September 2010	31 December 2009	30 September 2009
Financial assets recognised at the trade date	139 545	-	18 360
Interest to be received, including:	81 600	63 387	72 988
Receivables due from counterparties	16 160	9 648	14 574
Deferred acquisition cost	14 260	12 125	15 656
Income to be received	11 995	14 251	4 156
Interbank settlements	830	203	285
Rozliczenie z oddziałem BNP Paribas SA z tytułu transferu	1 184 059	-	-
Others	122 220	42 412	30 519
Other assets	**1 570 669**	**142 026**	**156 538**
Impairment losses	-24 559	-22 198	-19 025
Total other assets, net	**1 546 110**	**119 828**	**137 513**

Liabilities

Note 10.5.1 Due to banks

(in PLN thousand)	**30 September 2010**	**31 December 2009**	**30 September 2009**
Banks' deposits	1 230 295	556 579	586 747
- Current	92 532	33 223	49 512
- Term	757 825	79 670	56 510
- Cash collateral	379 938	443 686	480 725
Sale of securities with the repurchase option	73 650	-	-
Others	79 489	1 454 575	2 453 392
Total due to banks	**1 383 434**	**2 011 154**	**3 040 139**

Note 10.6.2 Due to customers

(in PLN thousand)	**30 September 2010**	**31 December 2009**	**30 September 2009**
Current deposits	2 124 886	1 917 646	1 572 429
Term deposits	5 046 282	7 120 423	8 487 832
Cash collateral	159 926	186 615	209 463
Others	421	1 640	22 160
Total due to customers	**7 331 515**	**9 226 324**	**10 291 884**

Note 10.6.3. Loans and credit facilities received

(in PLN thousand)	**30 September 2010**	**31 December 2009**	**30 September 2009**
Loans and credit facilities received from banks	6 281 798	5 686 288	5 746 770
Loans and credit facilities received from other institutions	797 400	821 640	844 520
Securitisation related liabilities - bonds	-	46 348	62 156
Securitisation related liabilities - loan	-	6 617	6 478
Total loans and credit facilities received	7 079 198	6 560 893	6 659 924

On 11 February 2010, an agreement was signed under which the Bank bought the credit receivables due from the securitisation of the consumer loan portfolio of Dominet Bank S.A. back from the special purpose vehicle.

Note 10.8 Other liabilities

(in PLN thousand)	**30 September 2010**	**31 December 2009**	**30 September 2009**
Liabilities on account of recognition of financial assets at the trade date	-	-	299 749
Interest to be paid, including:	45 706	74 091	85 662
Liabilities due to counterparties	13 459	15 365	19 198
Expenses to be paid	13 146	18 656	16 905
Accrued interest and expenses	17 623	14 934	17 059
Taxes to be paid	9 736	12 617	10 876
Settlements on account of credit debt	53 469	35 296	55 733
Employee Benefits	29 970	48 426	34 535
Interbank settlements	62 430	40 415	62 901
Settlement with the BNP Paribas Branch on account of the transfer	915 164	-	-
Others	51 550	26 340	39 905
Total other liabilities	**1 212 253**	**286 140**	**642 523**

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)	**30 September 2010**	**31 December 2009**	**30 September 2009**
Total equity capital plus short-term capital	1 857 760	1 905 192	2 054 104
Total capital requirement	1 130 839	1 137 639	1 232 902
Capital adequacy ratio	**13,14%**	**13,40%**	**13,33%**

In the third quarter of 2010 the capital position was maintained on a very safe level.
The Bank's equity level remained stable. The capital adequacy ratio at the end of September 2010 was 13.14%. As compared to the corresponding period of the previous period, the Bank's equity decreased by 9.6% down to PLN 1,858 million. In the same period, risk-weighted off-balance sheet assets and liabilities decreased by 8.3% down to PLN 14,135 million.

The Bank's equity was maintained on the level 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 third quarter of 2010. No regulatory liquidity measures were exceeded. The amount of subordinated loans taken by the Bank was not changed. The Bank signed an agreement with BNP Paribas on credit line in the amount of EUR 100 million, of which EUR 50 million has been disbursed. Furthermore, under an agreement signed earlier with the European Investment Bank, it was decided to disburse funds of PLN 80 million.

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 third quarter of 2010, no factors or atypical events occurred that might have any material effect on the financial results generated.

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

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

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

Integration within the BNP Paribas SA Group

The integration of Fortis Bank SA/NV operating under the brand of BNP Paribas Fortis, with BNP Paribas, is in progress. The group's strategy comprises integration of selected business and operating activities run in Poland, including the implementation of the "one organisation" concept and development of the Personal Finance activity (consumer loans).

12.4. Information on changes to contingent liabilities

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

Contingent liabilities received (in PLN thousand)	30 September 2010	31 December 2009	Change (%)
Financial liabilities received	2 289 127	4 242 177	-46%
Guarantee liabilities received	283 664	259 672	9%
Total contingent liabilities received	**2 572 791**	**4 501 849**	

Contingent liabilities granted (in PLN thousand)	30 September 2010	31 December 2009	Change (%)
Financial liabilities granted	2 701 074	2 628 305	3%
Guarantee liabilities granted	1 262 820	805 490	57%
Total contingent liabilities granted	**3 963 894**	**3 433 795**	

Since the end of 2009, the credit lines received and liabilities son account of guarantees issued have materially chaned.

12.5. 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 interim abbreviated consolidated financial report, 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 2009 annual report.

The shareholder structure as at the date of submission of the interim abbreviated financial report for the third quarter of 2010, i.e. as at 09 November 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./N.V.*	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 shareholders' structure has not changed since the date of submitting the annual report for 2009, i.e. 12 March 2010.

In the third quarter of 2010 and as at report publication date, i.e. 9 November 2010, the Bank has not taken yet any actions to introduce L and M series shares to stock exchange trading. All other shares (series A to K) have been admitted and introduced to stock exchange trading.

12.6. 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 the submission of the interim abbreviated consolidated financial report, and any changes in the number of such shares or share options held, in the period from the submission of the previous quarterly report, indicated separately for each person

As at the date of submitting this report for the third quarter of 2010, i.e. 9 November 2010, none of the Members of the Board of Executives or Members of the Supervisory Board held any shares issued by Fortis Bank Polska S.A. or any other related financial instruments, which means that no change occurred from the date of submitting the 2009 annual report, i.e. 12 March 2010.

12.7. 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 District Court in Warsaw, the Court of Competition and Consumer Protection 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. On 22 April 2010, the Appellate Court overruled the decision of the court of first instance and asked for the reconsideration of the case.

To secure against an unfavourable outcome of the case, in 2007 the Bank created a provision of PLN 2.9 million. Till the date of publication of this report, i.e. 9 November 2010, the proceedings have not been closed.

12.8. 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.

30 September 2010 (in PLN thousand)	Parent entity	Entities affiliated by management	Total
Cash and cash equivalents	6 825	-	6 825
Financial assets held for trading	19 919	10 129	30 048
Due from banks and Loans to customers	66 906	18 638	85 544
Other assets	143 114	1 240 288	1 383 402
Total	**236 764**	**1 269 055**	**1 505 819**
Financial liabilities held for trading	81 583	34 638	116 221
Due to banks and customers	505 861	1 017 644	1 523 505
Loans and credit facilities received	390 000	6 609 198	6 999 198
Subordinated liabilities	60 000	478 440	538 440
Other liabilities	4 214	920 989	925 203
Total	**1 041 658**	**9 060 909**	**10 102 567**

31 December 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 liabilities	3 573	2 993	6 566
Total	**1 673 574**	**7 445 566**	**9 119 140**

30 September 2009 (in PLN thousand)	Parent entity	Entities affiliated by management	Total
Cash and cash equivalents	662 560	-	662 560
Financial assets held for trading	69 601	-	69 601
Due from banks and Loans to customers	2 227 862	9 647	2 237 509
Other assets	2 177	3 159	5 336
Total	**2 962 200**	**12 806**	**2 975 006**
Financial liabilities held for trading	208 195	-	208 195
Due to banks and customers	2 330 166	365 533	2 695 699
Loans and credit facilities received	390 000	6 201 290	6 591 290
Subordinated liabilities	60 000	633 390	693 390
Other liabilities	303 400	2 908	306 308
Total	**3 291 761**	**7 203 121**	**10 494 882**

1.01.2010 – 30.09.2010 (in PLN thousand)	Parent entity	Entities affiliated by management	Total
Interest income	1 657	242	1 899
Interest expense	-18 456	-39 415	-57 871
Fee and commission income	3 073	1 087	4 160
Fee and commission expense	-894	-44	-938
Net trading income	29 010	-70 627	-41 617
Other revenues	2 071	5 481	7 552

1.01.2009 – 30.09.2009 (in PLN thousand)	Parent entity	Entities affiliated by management	Total
Interest income	5 495	1 624	7 119
Interest expense	-8 366	-96 745	-105 111
Fee and commission income	7 068	1 112	8 180
Fee and commission expense	-1 744	-	-1 744
Net trading income	-304 605	-1 218	-305 823
Other revenues	3 759	55	3 814

30 September 2010 (in PLN thousand)	Parent entity	Entities affiliated by management	Total
Contingent liabilities granted:	13 264	286 901	300 165
- items related to financing	-	171 350	171 350
- guarantees	13 264	115 551	128 815
Contingent liabilities received:	20 440	96 712	117 152
- items related to financing	-	-	-
- guarantees	20 440	96 712	117 152
Transactions in derivative instruments*	6 097 046	5 662 090	11 756 136

31 December 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

30 September 2009 (in PLN thousand)	Parent entity	Entities affiliated by management	Total
Contingent liabilities granted:	26 606	139 195	165 801
- items related to financing	-	114 512	114 512
- guarantees	26 606	24 683	51 289
Contingent liabilities received:	26 601	13 605	40 206
- items related to financing	-	-	-
- guarantees	26 601	13 605	40 206
Transactions in derivative instruments*	10 460 265	-	10 460 265

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

Aneks do umowy pomiędzy Fortis Bank Polska SA a BGL BNP Paribas SA

On 5 March 2010 an annex to the loan agreement dated 25 February 2008 between BGL BNP Paribas SA (former Fortis Banque Luxembourg SA) based in Luxembourg and the Bank. The agreement referred to a credit line granted to the Bank by BGL BNP Paribas SA with the limit of EUR 300 million (or its equivalent in USD or CHF) in order to finance the Bank's current operating activity. Under the annex the credit line is renewed starting from 5 March 2010. The credit line will be available till 5 March 2011. The other financing terms and conditions remain unchanged are not different from market conditions.

On 2 June 2010 a credit agreement under the same terms and condition was signed between the Bank and BNP Paribas SA based in Paris which has superseded the above agreement and the annex. The debt balance with BGL BNP Paribas was paid off and the Bank obtained from BNP Paribas SA a new credit line of EUR 300 million, available till 7 June 2012. Terms and conditions of the financing granted correspond to market conditions.

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 multioption credit line agreement with Fortis Lease Polska sp. z o.o. dated 17 November 2000. The credit line can be utilised as an overdraft facility, L/C line or guarantee credit line. The credit limit has not changed and equals PLN 175 million. The agreement amendments referred to the financing term extension by subsequent 6 months, i.e. till the end of July 2010.

On 23 July 2010, the Bank agreed to extend the credit line for the subsequent current credit term, i.e. till 29 September 2010.

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

On 30 March 2010, an agreement was signed between Fortis Bank Polska SA and BNP Paribas SA Branch in Poland. 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.

Implementing rules to the Agreement were signed on 1 July 2010.

The organised part of the banking enterprise acquired by the Bank includes banking business segments such as: lending, cash management, trade finance, bank guarantees and other standard banking services.

The final transaction price for the acquisition of the organised part of the enterprise, signed by and between Fortis Bank Polska SA as the buyer and BNP Paribas SA Branch in Poland as the seller, has not been determined within the planned period of 120 days following the end of the second quarter of 2010. The price is currently reviewed by an independent expert to be published immediately after its determination.

Loan agreement with BNP Paribas SA

On 27 July 2010 an agreement was signed between BNP Paribas SA based in Paris and the Bank on granting a credit line up to EUR 100 million to the Bank. A loan tranche of EUR 50 million was disbursed. Funds under the credit line will be allocated to the Bank's current operating activity and general corporate purposes. The financing term is up to 15 years**.** The financing terms correspond to market conditions.

12.9. 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;

Transaction of acquisition of an organised part of the bank enterprise run by BNP Paibas SA Branch in Poland

On 30 March 2010, an agreement was signed between Fortis Bank Polska SA and BNP Paribas SA Branch in Poland. 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.

On 26 May 2010 the Polish Financial Supervision Authority issued a permit to conclude the above transaction.

The transaction concerns in particular the relationship with specific customers and their basic credit, deposit, FX, cash management and international trade finance products, including guarantees and collateral. Under the agreement, the Bank takes over the service of approx. 150 capital groups, or 350 customers, upon their consent to being transferred.

Implementing rules to the Agreement were signed on 1 July 2010.

The value of the preliminary price paid by the Bank for the assets acquired and the commitments taken over was established based on the net value of assets of the organised part of the enterprise referred to in the transaction as at 31 December 2009. The final price will be determined on the basis of respective values as at 30 June 2010, upon auditing financial reports of the Branch by a statutory auditor.

Under IFRS 3, the transfer transaction is considered a business combination. Parties to the transaction are under common control of BNP Paribas based in Paris, France. Mergers regarding business combinations and entities under common control are not under the obligation to apply IFRS 3. There is also no separate standard applying to transactions regarding entities and business combinations under common control; therefore, pursuant to IAS 8 as the accounting policy for the transfer transaction the Bank adopted the book value method as a method reflecting the shift of the transferred assets and commitments from one part of the group (i.e. the Branch) to another (i.e. the Bank).

The difference of PLN (-78.0) million between the net book value of the assets purchased and the commitments taken over and the value of the paid price of PLN 334.9 milion is recognised in the Bank's own funds (tier 1 capital). The difference computation does not include the change in the net assets under the transfer transaction which refers to settlements recognised during the transition period. The values provided are estimate values and they may change after the final settlement of the transaction.

The transition period is the period from 1 July 2010 when a portion of the assets acquired and the commitments taken over are operationally processed by the Branch.

In the transition period the Branch and the Bank will recognise mutual settlements equal to the values of the balances still to be migrated from the Branch to the Bank.

Cash settlements between the Bank and the Branch resulting from recognised settlements will take place at the moment of handing over by the Branch of the operating service of the remaining, not yet migrated assets and commitments and their migration to the Bank.

In the financial report the Bank adopts a prospective method of presentation of comparative data applicable to transfer in financial reports.

Change in the composition of the Supervisory Board

On 29 June 2010 the Extraordinary General Meeting of Shareholders appointed to the Supervisory Board, effective 1 July 2010, the following new members: three independent members – Ms Monika Bednarek, Mr Jarosław Bauc and Mr Andrzej Wojtyna, and also Mr Jean Deullin who represented BNP Paribas Personal Finance.

As at 30 September 2010, the Bank Supervisory Board’s composition was as follows:

Camille Fohl	- Chairman
Jarosław Bauc	- Deputy Chairman
Jos Clijsters	- Deputy Chairman
Monika Bednarek	Supervisory Board’s member
Jean Deullin	Supervisory Board’s member
Lars Machenil	Supervisory Board’s member
Mark Selles	Supervisory Board’s member
Andrzej Wojtyna	Supervisory Board’s member

Mr Jos Clijsters resigned from his function in the Bank’s Supervisory Board from 1 October 2010. Mr Jos Clijsters was a member of the Bank’s Supervisory Board since 1 July 2005, as the Chairman and Deputy Chairman of the Supervisory Board, likewise a member of the Audit Committee.

Changes in the Management Board

Mr Alexander Paklons submitted his resignation from the function of President of the Board of Executives and from his membership in the Bank Board of Executives, effective 1 July 2010. Mr Alexander Paklons assumed his duties in Fortis Bank Polska SA since February 2005.

Furthermore, the Supervisory Board accepted Mr Jean-Luc Deguel’s resignation from the function of Vice-president of the Board of Executives effective 1 July 2010. Mr. Deguel joined the Bank on 1 June 1998 when he was appointed to the Board of Executives as a representative of Generale Bank (later Fortis Bank).

On 18 June 2010 the Bank’s Supervisory Board appointed Mr Frédéric Amoudru, Vice President of the Board of Executives and General Manager of the BNP Paribas Group in Poland, to the position of the President of the Board of Executives of the Bank effective from the date of approval by the Polish Financial Supervision Authority (KNF) of the appointment.

From 1 July 2010 until KNF gives its consent, the Supervisory Board has appointed Mr. Fréderic Amoudru to perform duties of the President of the Board of Executives of the Bank.

Furthermore, the Supervisory Board appointed Mr Stéphane Rodes to the position of the member of the Board of Executives of Fortis Bank Polska effective 1 July 2010 until the end of the current five-years’ tenure of the Board of

Executives ending on the date of the Bank Annual General Shareholders' Meeting approving financial statements for fiscal year 2014.

On 14 September 2010, Mr Frédéric Amoudru obtained the required consent of the KNF and thus his appointment to the position of the President of the Baord of Executives became effective.

As at 30 September 2010, the Bank Executive Board's composition was as follows:

1. Frédéric Amoudru - President of the Board of Executives
2. Jan Bujak - Senior Vice-President
3. Jacek Obłękowski - Vice-President
4. Jaromir Pelczarski - Vice-President
5. Michel Thebault - Vice-President
6. Philippe Van Hellemont - Vice-President
7. Marta Oracz - Member of the Board of Executives
8. Stephane Rodes - Member of the Board of Executives

On 30 September 2010, Mr Frédéric Amoudru was appointed to the management board of PBW Polska Sp. z o.o. (limited liability company), whose shares are exclusively held by BNP Paribas Real Estate Property Management International SAS.

12.10. 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 reporting period, no suretyships for loans or credit facilities or issuance of guarantees were granted with the total value of existing suretyships and guarantees accounting for at least 10% of the Group's equity.

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

The Bank does not identify factors that would affect its financial performance in the subsequent quarter.

12.12. 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.

Loan agreement with BNP Paribas SA

On 29 October 2010, the Bank received CHF 250 million under another loan agreement signed with BNP Paribas SA based in Paris. The funds will be allocated to the Bank's current operating activity and general corporate purposes.

The financing period is three years of the disbursement date, i.e. until 29 October 2013. The financing terms correspond to market conditions.

The credit line with BNP Paribas replaced the one received under a loan agreement signed in 2004, which was in 2008 transferred to Fortis Banque Luxembourg SA (now BGL BNP Paribas SA) by way of an assignment of receivables, and which expired on 31 October 2010.

Redemption of subordinated bonds

As a result of the merger of Fortis Bank Polska SA and Dominet Bank S.A., on 31 July 2009 Fortis Bank Polska SA took over obligations related to corporate bonds issued. On 20 October 2010, the Polish Financial Supervision Authority (KNF) consented to an earlier reimbursement of funds through redemption of subordinated bonds of PLN 30 million issued on 29 July 2004 by Dominet Bank SA. The bonds will be redeemed on 29 January 2011. The aforesaid funds are recognised, under Article 127 para. 3 item 2 letter b of the Banking Law Act, to Tier 2 capital of Fortis Bank Polska SA.

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

On 4 October 2010, the Bank agreed to extend the availability of funds under the credit line agreement with Fortis Lease Polska Sp. z o.o. until 28 October 2010.

On 18 October 2010, the Bank signed another annex to the multi-option credit line dated 17 November 2000. The financing period was extended until 30 December 2010, while the credit term was extended until 30 December 2010. The credit limit has not changed and equals PLN 175 million.

12.13. Other Important Events

Transformation of Fortis Private Investments Polska S.A. into Towarzystwo Funduszy Inwestycyjnych Fortis Private Investments S.A. (investmemt fund company)

On 15 July 2010, Fortis Private Investments Polska (FPIP), the Bank's subsidiary, was transformed into Towarzystwo Funduszy Inwestycyjnych Fortis Private Investments S.A. (Investment Fund Company Fortis Private Investments S.A. under a decision dated 16 June 2010 taken by the Polish Financial Supervision Authority authorising the company to pursue the activity of opening and management of investment funds and management of financial instruments portfolios.

At the request of FPIP, the Financial Supervision Authority revoked the permit for brokerage activity.

As an investment fund company, the company will be able to open new investment funds and in the second half of 2010, it will take over the umbrella fund Fortis FIO from TFI Skarbiec SA.

On 5 July 2010 the Company's new name: Towarzystwo Funduszy Inwestycyjnych Fortis Private Investments S.A. was registered in the National Court Register.

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

On 17 July 2009, Fortis Bank Polska S.A. signed an agreement with a Customer not affiliated with the Capital Group of Fortis Bank Polska S.A., which amended the terms and conditions of the credit agreement dated April 25, 2008.

The amendments concerned the credit limit increase from PLN 200 million up to PLN 205.8 million and also the change of the credit limit nature from a multi-option credit line into a guarantee line agreement.

In 2010, annexes to the agreement were signed, which do not change any principal terms or conditions of the agreement. The total amount of guarantees issued under the said guarantee line exceeds 10% the Group's equity capital.

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

9 November 2010	Frédéric Amoudru President of the Board of Executives	.... signature
9 November 2010	Jan Bujak Senior Vice-President of the Board of Executives Financial Director	.... signature
9 November 2010	Jacek Obłękowski Vice-President of the Board of Executives	.... signature
9 November 2010	Jaromir Pelczarski Vice-President of the Board of Executives	.... signature
9 November 2010	Michel Thebault Vice-President of the Board of Executives	.... signature
9 November 2010	Philippe Van Hellemont Vice-President of the Board of Executives	.... signature
9 November 2010	Marta Oracz Member of the Board of Executives	.... signature
9 November 2010	Stephane Rodes Member of the Board of Executives	.... signature