Interim Extended Consolidated Financial Statements of Fortis Bank Polska SA Capital Group for Quarter II of 2008

prepared pursuant to the International Financial Reporting Standards

FORTIS

Table of Contents

1. Financial Highlights

Consolidated Financial Highlights	in PLN thousand		in EUR thousand	
	2 quarters 2008 (YTD)	2 quarters 2007 (YTD)	2 quarters 2008 (YTD)	2 quarters 2007 (YTD)
Interest income	467 186	252 494	134 341	65 607
Fee and commission income	104 300	64 703	29 992	16 812
Total income, net	355 181	263 177	102 134	68 383
Profit before income tax	152 361	103 058	43 812	26 778
Net profit	122 885	86 437	35 336	22 459
Net cash provided by operating activities	1 585 094	-1 447 169	455 802	-376 025
Net cash provided by investing activities	-800 021	152 723	-230 050	39 683
Net cash provided by (used in) financing activities	845 797	133 683	243 213	34 735
Total net cash flow	1 630 870	-1 160 763	468 965	-301 607
Total assets	18 377 926	11 937 171	5 479 079	3 169 890
Due to banks	8 409 344	5 309 536	2 507 109	1 409 936
Due to customers	7 772 390	5 192 205	2 317 211	1 378 779
Equity	1 271 356	1 064 907	379 034	282 784
Number of shares	16 771 180	16 771 180	16 771 180	16 771 180
Book value per share (in PLN/EUR)	75,81	63,50	22,60	16,86
Diluted book value per share (in PLN / EUR)	75,81	63,50	22,60	16,86
Capital adequacy ratio	11,01	9,47	-	-
Basic Earnings Per Share (PLN)	7,33	5,15	2,11	1,34
Diluted Earnings Per Share (PLN)	7,33	5,15	2,11	1,34

Separate FBP Financial Highlights				
Interest income	467 127	252 494	134 325	65 607
Fee and commission income	101 427	64 703	29 166	16 812
Total income, net	352 283	263 177	101 301	68 383
Profit before income tax	151 737	103 058	43 633	26 778
Net profit	122 388	86 437	35 193	22 459
Net cash provided by operating activities	1 596 423	-1 447 169	459 059	-376 025
Net cash provided by investing activities	-799 965	152 723	-230 034	39 683
Net cash provided by (used in) financing activities	845 797	133 683	243 213	34 735
Total net cash flow	1 642 255	-1 160 763	472 238	-301 607
Total assets	18 394 917	11 937 171	5 484 144	3 169 890
Due to banks	8 409 344	5 309 536	2 507 109	1 409 936
Due to customers	7 791 316	5 192 205	2 322 854	1 378 779
Equity	1 270 154	1 064 907	378 676	282 784
Number of shares	16 771 180	16 771 180	16 771 180	16 771 180
Book value per share (in PLN/EUR)	75.73	63.50	22.58	16.86
Diluted book value per share (in PLN / EUR)	75.73	63.50	22.58	16.86
Capital adequacy ratio	10.88	9.47	-	-
Basic Earnings Per Share (PLN)	7.30	5.15	2.10	1.34
Diluted Earnings Per Share (PLN)	7.30	5.15	2.10	1.34

Rules of PLN conversion into EUR

Key items in the balance sheet, income statement and cash flow statement in the financial statements for the first half of 2008 and the corresponding financial figures for the first half of 2007 have been converted into EUR according to the following rules:

- particular assets and liabilities items in the balance sheet and book value per share as at the end of the first half of 2008 have been converted into EUR at the mid-rate binding as at 30 June 2008 published by the National Bank of Poland on 30 June 2008, i.e. EUR 1 = PLN 3.3542; comparative financial data as at the end of the first half of 2007 have been converted into EUR at the mid-rate binding as at 29 June 2007, published by the National Bank of Poland on 29 June 2007, i.e. EUR 1 = PLN 3.7658;
- particular items in the income statement and cash flows, and earnings per share as at the end of the first half of 2008 were converted into EUR at the rate based on the arithmetic mean of mid rates determined by the National Bank of Poland as at the last days of the months from January through June 2008, i.e. EUR 1 = PLN 3.4776, whereas comparative data as at the end of the first half of 2007 were converted into EUR at the rate based on the arithmetic mean of mid rates determined by the National Bank of Poland as of the last days of the months from January through June 2007, i.e. EUR 1 = PLN 3.8486.

2. Consolidated Financial Statements of Fortis Bank Polska S.A. Capital Group

Consolidated Income Statement (in PLN thousand)		Quarter II 2008	2 quarters 2008 (YTD)	Quarter II 2007*	2 quarters 2007* (YTD)
Interest income	Note 9.1	252 673	467 186	134 403	252 494
Interest expense	Note 9.2	-156 504	-284 051	-65 767	-122 890
Net interest income		**96 169**	**183 135**	**68 636**	**129 604**
Fee and commission income	Note 9.3	52 933	104 300	34 409	64 703
Fee and commission expense	Note 9.4	-3 008	-6 038	-2 754	-4 525
Net fee and commission income		**49 925**	**98 262**	**31 655**	**60 178**
Dividend and other investment income		-	-	-	600
Net trading income	Note 9.5	34 233	66 273	36 218	67 977
Net gain/loss on available-for-sale financial assets		-	-	-432	319
Net profit (loss) on hedging transactions		110	56	-91	-113
Other revenues		4 143	7 455	2 322	4 612
Total income, net		**184 580**	**355 181**	**138 308**	**263 177**
Personnel expenses		-50 408	-95 575	-39 424	-76 084
Depreciation of fixed assets and intangible fixed assets		-9 265	-17 256	-4 713	-10 195
Other expenses		-37 173	-66 076	-30 551	-61 443
Net impairment losses	Note 9.6	-4 057	-23 913	-3 672	-12 397
Profit before income tax		**83 677**	**152 361**	**59 948**	**103 058**
Income tax expense		-16 098	-29 476	-11 619	-16 621
Net profit		**65 579**	**122 885**	**48 329**	**86 437**

*for two Quarters 2007, separate data of Fortis Bank Polska SA have been presented.

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

Consolidated EPS ratio (PLN) **Note 8**

Net profit (in PLN)	122 885 000	86 437 000
Weighted average number of ordinary shares	16 771 180	16 771 180
EPS ratio (in PLN)	7,33	5,15
Diluted weighted average number of ordinary shares	16 771 180	16 771 180
Diluted EPS ratio (in PLN)	7,33	5,15

Consolidated balance sheet (in PLN thousand)		30 June 2008	31 December 2007*	30 June 2007*
Assets				
Cash and cash equivalents	Note 10.1	3 231 063	1 590 463	1 666 169
Financial assets held for trading	Note 10.3.1	305 977	253 301	185 211
Due from banks	Note 10.2.1	421 646	228 525	180 819
Loans to customers	Note 10.2.2	12 641 182	11 172 026	8 991 100
Investments - Available for Sale	Note 10.4	1 359 103	603 235	465 554
Property, Plant and Equipment		117 773	113 816	90 051
Intangible Assets		23 815	22 287	19 260
Deferred tax assets		33 037	33 873	32 052
Other assets		244 330	193 488	306 955
Total assets		**18 377 926**	**14 211 014**	**11 937 171**
Liabilities				
Financial liabilities held for trading	Note 10.3.2	275 438	201 381	120 389
Due to banks	Note 10.5.1	8 409 344	5 895 545	5 309 536
Due to customers	Note 10.5.2	7 772 390	6 307 428	5 192 205
Current tax liabilities		14 691	26 601	17 322
Subordinated liabilities		335 420	358 200	-
Other liabilities		283 901	251 929	219 182
Provisions		15 386	15 974	13 630
Total liabilities		**17 106 570**	**13 057 058**	**10 872 264**
Equity				
Share capital		503 135	503 135	503 135
Share premium		308 656	308 656	308 814
Other capital		344 983	183 200	183 200
Revaluation reserve		-9 008	-2 818	-868
Retained earnings		705	-15 811	-15 811
Net profit (loss) for the year		122 885	177 594	86 437
Total equity		**1 271 356**	**1 153 956**	**1 064 907**
Total liabilities and equity		**18 377 926**	**14 211 014**	**11 937 171**

*for two Quarters 2007, separate data of Fortis Bank Polska SA have been presented.

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

Consolidated Statement of Changes in Shareholders' Equity for two quarters of 2007 (in PLN thousand)*

	Share capital	Share premium	Retained earnings	Net profit (loss) for the year	Other capital	Revaluation reserve	Total capital
Balance as at 01.01.07	**503 135**	**308 814**	**92 455**	**-**	**74 934**	**2 167**	**981 505**
Net profit (loss) for the year	-	-	-	86 437	-	-	86 437
Net profits/losses not recognised in the income statement (investments available for sale)	-	-	-	-	-	-2 106	-2 106
Net profits/losses recognised in the income statement (investments available for sale)	-	-	-	-	-	-1 641	-1 641
Deferred tax – net profits/losses (investments available for sale)	-	-	-	-	-	712	712
Total income in Quarter II 2007	**-**	**-**	-	**86 437**	**-**	**-3 035**	**83 402**
Distribution of retained earnings	**-**	**-**	-108 266	**-**	108 266	-	**-**
Balance as at 30.06.07	**503 135**	**308 814**	**-15 811**	**86 437**	**183 200**	**-868**	**1 064 907**

*for two Quarters 2007, separate data of Fortis Bank Polska SA have been presented.

Consolidated Statement of Changes in Shareholders' Equity in 2007 (in PLN thousand)*

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

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

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

	Share capital	Share premium	Retained earnings	Net profit (loss) for the year	Other capital	Revaluation reserve	Total capital
Balance as at 01.01.08	**503 135**	**308 656**	**161 783**	**-**	**183 200**	**-2 818**	**1 153 956**
Consolidation adjustment	-	-	705	-	-	-	705
Adjusted balance as at 01.01.2008	**503 135**	**308 656**	**162 488**	**-**	**183 200**	**-2 818**	**1 154 661**
Net profit (loss) for the year	-	-	-	122 885	-	-	122 885
Net profits/losses not recognised in the income statement (investments available for sale)	-	-	-	-	-	-7 642	-7 642
Deferred tax – net profits/losses (investments available for sale)	-	-	-	-	-	1 452	1 452
Total income in Quarter II 2008	**-**	**-**	**-**	**122 885**	**-**	**-6 190**	**116 695**
Distribution of retained earnings	**-**	**-**	**-161 783**	**-**	**161 783**	**-**	**-**
Balance as at 30.06.08	**503 135**	**308 656**	**705**	**122 885**	**344 983**	**-9 008**	**1 271 356**

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

Consolidated Cash Flow Statement (in PLN thousand)	2 quarters 2008 (YTD)	2007*	2 quarters 2007* (YTD)
Cash and cash equivalents, gross, opening balance	**1 590 779**	**2 827 141**	**2 827 141**
Consolidation adjustment	11 385	**-**	**-**
Adjusted cash and cash equivalents, gross, opening balance	**1 602 164**	**2 827 141**	**2 827 141**
Profit before income tax	**152 361**	**214 607**	**103 058**
Adjustments for:	**1 432 733**	**-3 007 524**	**-1 550 227**
Depreciation	17 256	25 257	10 195
Impairment losses	22 310	26 205	1 398
Profits/losses on account of FX rate differences	-22 780	-3	-
Profits/losses on investing activities	1 927	13 773	1 727
Changes in operational assets and liabilities:	1 454 982	-3 047 792	-1 551 518
- financial assets and liabilities held for trading	21 381	33 822	20 920
- due from banks	-193 242	-29 415	18 302
- loans to customers	-1 490 268	-4 219 657	-2 016 217
- change in the balance of available for sale investments	-4 286	11 677	-3 896
- due to banks	1 667 640	-315 164	219 876
- due to customers	1 475 120	1 680 071	564 848
- other assets and liabilities	-21 363	-209 126	-355 351
Income tax (current and deferred)	-40 962	-24 964	-12 029
Net operating cash flows	**1 585 094**	**-2 792 917**	**-1 447 169**
Purchase of available-for-sale investments	-775 926	-667 467	-128 448
Purchase of property, plant and equipment and intangible fixed assets	-23 690	- 87 723	-39 130
Proceeds from sales of available-for-sale investments	-	702 283	318 465
Proceeds from sales of property, plant and equipment	539	3 703	2 917
Other investment expenses	-944	-7 173	-1 081
Net cash provided by investing activities	**-800 021**	**-56 377**	**152 723**
Issuance of subordinated liabilities	-	358 200	-
Loans and credit facilities taken	982 629	2 149 206	285 572
Repayment of loans and credit facilities	-136 832	-894 474	-151 889
Net cash provided by (used in) financing activities	**845 797**	**1 612 932**	**133 683**
Cash and cash equivalents, gross, ending balance	**3 233 034**	**1 590 779**	**1 666 378**
Change in cash and cash equivalents, net	**1 630 870**	**- 1 236 362**	**-1 160 763**

*for two Quarters 2007 and for the entire 2007, separate data of Fortis Bank Polska SA have been presented.

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

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

3. Separate Financial Statements of Fortis Bank Polska S.A.

Income Statement (in PLN thousand)	Quarter II 2008	2 quarters 2008 (YTD)	Quarter II 2007	2 quarters 2007 (YTD)
Interest income	252 683	467 127	134 403	252 494
Interest expense	-156 780	-284 524	-65 767	-122 890
Net interest income	**95 903**	**182 603**	**68 636**	**129 604**
Fee and commission income	51 640	101 427	34 409	64 703
Fee and commission expense	-2 741	-5 454	-2 754	-4 525
Net fee and commission income	**48 899**	**95 973**	**31 655**	**60 178**
Dividend and other investment income	-	-	-	600
Net trading income	34 233	66 273	36 218	67 977
Net gain/loss on available-for-sale financial assets	-	-	-432	319
Net profit (loss) on hedging transactions	110	56	-91	-113
Other revenues	4 144	7 378	2 322	4 612
Total income, net	**183 289**	**352 283**	**138 308**	**263 177**
Personnel expenses	-49 712	-94 125	-39 424	-76 084
Depreciation of fixed assets and intangible fixed assets	-9 202	-17 132	-4 713	-10 195
Other expenses	-36 817	-65 376	-30 551	-61 443
Net impairment losses	-4 057	-23 913	-3 672	-12 397
Profit before income tax	**83 501**	**151 737**	**59 948**	**103 058**
Income tax expense	-16 056	-29 349	-11 619	-16 621
Net profit	**67 445**	**122 388**	**48 329**	**86 437**

EPS ratio (PLN)		
Net profit (in PLN)	122 388 000	86 437 000
Weighted average number of ordinary shares	16 771 180	16 771 180
EPS ratio (in PLN)	7,30	5,15
Diluted weighted average number of ordinary shares	16 771 180	16 771 180
Diluted EPS ratio (in PLN)	7,30	5,15

Balance sheet (in PLN thousand)	30 June 2008	31 December 2007	30 June 2007
Assets			
Cash and cash equivalents	3 231 063	1 590 463	1 666 169
Financial assets held for trading	305 977	253 301	185 211
Due from banks	421 642	228 525	180 819
Loans to customers	12 641 182	11 172 026	8 991 100
Investments - Available for Sale	1 377 257	603 235	465 554
Property, Plant and Equipment	117 349	113 816	90 051
Intangible Assets	23 734	22 287	19 260
Deferred tax assets	32 889	33 873	32 052
Other assets	243 824	193 488	306 955
Total assets	**18 394 917**	**14 211 014**	**11 937 171**
Liabilities			
Financial liabilities held for trading	275 438	201 381	120 389
Due to banks	8 409 344	5 895 545	5 309 536
Due to customers	7 791 316	6 307 428	5 192 205
Current tax liabilities	14 598	26 601	17 322
Subordinated liabilities	335 420	358 200	-
Other liabilities	283 261	251 929	219 182
Provisions	15 386	15 974	13 630
Total liabilities	**17 124 763**	**13 057 058**	**10 872 264**
Equity			
Share capital	503 135	503 135	503 135
Share premium	308 656	308 656	308 814
Other capital	344 983	183 200	183 200
Revaluation reserve	-9 008	-2 818	-868
Retained earnings	-	-15 811	-15 811
Net profit (loss) for the year	122 388	177 594	86 437
Total equity	**1 270 154**	**1 153 956**	**1 064 907**
Total liabilities and equity	**18 394 917**	**14 211 014**	**11 937 171**

Statement of Changes in Shareholders' Equity for two quarters of 2007 (in PLN thousand)

	Share capital	Share premium	Retained earnings	Net profit (loss) for the year	Other capital	Revaluation reserve	Total capital
Balance as at 01.01.07	**503 135**	**308 814**	**92 455**	**-**	**74 934**	**2 167**	**981 505**
Net profit (loss) for the year	-	-	-	86 437	-	-	86 437
Net profits/losses not recognised in the income statement (investments available for sale)	-	-	-	-	-	-2 106	-2 106
Net profits/losses recognised in the income statement (investments available for sale)	-	-	-	-	-	-1 641	-1 641
Deferred tax – net profits/losses (investments available for sale)	-	-	-	-	-	712	712
Total income in Quarter II 2007	**-**	**-**	**-**	**86 437**	**-**	**-3 035**	**83 402**
Distribution of retained earnings	**-**	**-**	**-108 266**	**-**	**108 266**	**-**	**-**
Balance as at 30.06.07	**503 135**	**308 814**	**-15 811**	**86 437**	**183 200**	**-868**	**1 064 907**

Statement of Changes in Shareholders' Equity in 2007 (in PLN thousand)

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

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

	Share capital	Share premium	Retained earnings	Net profit (loss) for the year	Other capital	Revaluation reserve	Total capital
Balance as at 01.01.08	**503 135**	**308 656**	**161 783**	**-**	**183 200**	**-2 818**	**1 153 956**
Net profit (loss) for the year	-	-	-	122 388	-	-	122 388
Net profits/losses not recognised in the income statement (investments available for sale)	-	-	-	-	-	-7 642	-7 642
Deferred tax – net profits/losses (investments available for sale)	-	-	-	-	-	1 452	1 452
Total income in Quarter II 2008	**-**	**-**	**-**	**122 388**	**-**	**-6 190**	**116 198**
Distribution of retained earnings	**-**	**-**	**-161 783**	**-**	**161 783**	**-**	**-**
Balance as at 30.06.08	**503 135**	**308 656**	**-**	**122 388**	**344 983**	**-9 008**	**1 270 154**

Cash Flow Statement (in PLN thousand)	2 quarters 2008 (YTD)	2007 year	2 quarters 2007 (YTD)
Cash and cash equivalents, gross, opening balance	**1 590 779**	**2 827 141**	**2 827 141**
Profit before income tax	**151 737**	**214 607**	**103 058**
Adjustments for:	**1 444 686**	**-3 007 524**	**-1 550 227**
Depreciation	17 132	25 257	10 195
Impairment losses	22 310	26 205	1 398
Profits/losses on account of FX rate differences	-22 780	-3	-
Profits/losses on investing activities	1 927	13 773	1 727
Changes in operational assets and liabilities:	1 466 464	-3 047 792	-1 551 518
- financial assets and liabilities held for trading	21 381	33 822	20 920
- due from banks	-193 238	-29 415	18 302
- loans to customers	-1 490 268	-4 219 657	-2 016 217
- change in the balance of available for sale investments	-4 286	11 677	-3 896
- due to banks	1 668 002	-315 164	219 876
- due to customers	1 483 888	1 680 071	564 848
- other assets and liabilities	-19 015	-209 126	-355 351
Income tax (current and deferred)	-40 367	-24 964	-12 029
Net operating cash flows	**1 596 423**	**-2 792 917**	**-1 447 169**
Purchase of available-for-sale investments	-775 926	-667 467	-128 448
Purchase of property, plant and equipment and intangible fixed assets	-23 634	- 87 723	-39 130
Proceeds from sales of available-for-sale investments	-	702 283	318 465
Proceeds from sales of property, plant and equipment	539	3 703	2 917
Other investment expenses	-944	-7 173	-1 081
Net cash provided by investing activities	**-799 965**	**-56 377**	**152 723**
Issuance of subordinated liabilities	-	358 200	-
Loans and credit facilities taken	982 629	2 149 206	285 572
Repayment of loans and credit facilities	-136 832	-894 474	-151 889
Net cash provided by (used in) financing activities	**845 797**	**1 612 932**	**133 683**
Cash and cash equivalents, gross, ending balance	**3 233 034**	**1 590 779**	**1 666 378**
Change in gross cash and cash equivalents	**1 642 255**	**- 1 236 362**	**-1 160 763**

Cash Flow Statement is prepared using an indirect method.

4. The Key Factors Affecting Consolidated Performance of Fortis Bank Polska SA Capital Group in the First Half of 2008.

Financial Results

Income Statement (in PLN thousand)	**2 quarters 2008 (YTD)**	**2 quarters 2007 (YTD)**	**Change**
Net interest income	183 135	129 604	41%
Net fee and commission income	98 262	60 178	63%
Net trading income	66 273	67 977	-3%
Personnel expenses	-95 575	-76 084	26%
Other expenses	-66 076	-61 443	8%
Profit before income tax	**152 361**	**103 058**	**48%**
Net profit	**122 885**	**86 437**	**42%**
Total assets (in PLN thousand)	**18 377 926**	**11 937 171**	**54%**
Loans to customers	12 641 182	8 991 100	41%
Due to customers	7 772 390	5 192 205	50%
Total equity	1 271 356	1 064 907	19%

Financial ratios (%)			
Capital adequacy ratio	11,01	9,47	1,5
Return on assets (ROA)*	1,6	1,7	-0,1
Return on equity (ROE)*	20,9	18,2	2,7
Net interest margin*	2,3	2,5	-0,2

*These ratios were calculated as follows:

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

As at the end of the second quarter of 2008, the Capital Group of Fortis Bank Polska SA generated very good financial results:

- **The consolidated gross profit stood at PLN 152,361 thousand (growth by 48% as compared to the corresponding period of the previous year) while the net profit reached PLN 122,885 thousand (increase by 42 % as compared to the corresponding period of the previous year),**
- **The Return on Equity ratio clearly improved up to 20.9%,**
- **EPS grew by 42% up to PLN 7.33.**

The financial performance of Fortis Bank Polska S.A. Group results from business development and fast growing sales of products, both in RB BL and CB BL. In the second quarter of 2008, both deposit and loan volumes increased.

Furthermore, the Group continued its strategy to increase the Group's share in the mortgage loan market, enterprise financing, and savings and investment products, improve the product offering to provide customers with a comprehensive set of banking services, and to open new branches. All the above actions greatly contributed to the income generated.

The financial statements as at Quarter II of 2008 are the consolidated statements that present data of the Bank and of its subsidiary, Fortis Private Investments Polska S.A. The Group, through the operations of its subsidiary, manages and administers assets held in investment funds and in other investment products. Fee and commission income of Fortis Private Investments Polska S.A. on account of asset management reached PLN 4,154 thousand at the end of Quarter II of 2008.

As at the end of the second quarter of 2008, consolidated total assets stood at PLN 18,377,926 thousand and were higher by 54% than at the end of the second quarter of 2007.

Loans to customers increased by 41% in comparison to the second quarter of 2007, i.e. up to PLN 12,641,182 thousand. Commercial loans (72%) and mortgage loans (25%) accounted for the highest share in the loans to customers. The value of commercial loans granted to enterprises increased by PLN 2,345,394 thousand over the result recorded in the previous year.

In the second quarter of 2008, liabilities due to customers likewise significantly increased up to PLN 7,772,390 thousand in comparison to PLN 5,192,205 thousand noted in the second quarter of 2007. Term deposits grew by 62% in comparison to the second quarter of 2007.

The following products are largely popular among Private Individuals:

- mortgage loans – growth by 51% as at the end of Quarter II 2008 in comparison to Quarter II 2007,
- investment products: e.g. "Pure Profit" savings-linked insurance policy, which is a product of a guaranteed profit and capital protection. Its outstanding balance reached PLN 0.6 billion as at the end of the second quarter 2008.

A wide range of lending and deposit products is offered to Institutional Customers. The products include in particular:

- investment loans (including loans earmarked for the purchase / construction of commercial real estate) – growth by 37% as at the end of Quarter II 2008 in comparison to Quarter II 2007,
- working capital loans – growth by 24% as at the end of Quarter II 2008 in comparison to Quarter II 2007,
- overdraft facilities – growth by 38% as at the end of Quarter II 2008 in comparison to Quarter II 2007,
- deposits – growth by 52% as at the end of Quarter II 2008 in comparison to Quarter II 2007.

As a consequence of the rise in credit volumes, the net interest income went up by 41% and the net fee and commission income grew by 63% as at the end of Quarter II 2008 in comparison to Quarter II 2007.

Interest income on loans to customers in the second quarter of 2008 stood at PLN 388,314 thousand and was higher by 76% than the result recorded in the second quarter of 2007. Interest expense growth followed the increase in liabilities: of which, due to customers by 157% while due to banks – by 96%.

An increase was noted as regards fee and commission income on account of loan origination; in Qtr. II 2008, the related earnings stood at PLN 18,292 thousand while in the corresponding period of the previous year they were at PLN 5,538 thousand.

In the second quarter of 2008, the Group recorded the fee and commission income of PLN 30,885 thousand related to a settlement of derivative instrument buy/sell transactions concluded with customers.

In the second quarter of 2008, net impairment losses significantly increased – by 25% in comparison to the corresponding period of the previous year. It was due to a deterioration of quality of some borrowers.

An intensive development of the Group, consisting in new offices opened, launch of new products on the market and employment of new personnel, resulted in expense growth, including increase of personnel expenses by approximately 24% in comparison to the second quarter of the previous year.

5. Information on Fortis Bank Polska S.A. Capital Group

Basic data on the Issuer

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

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

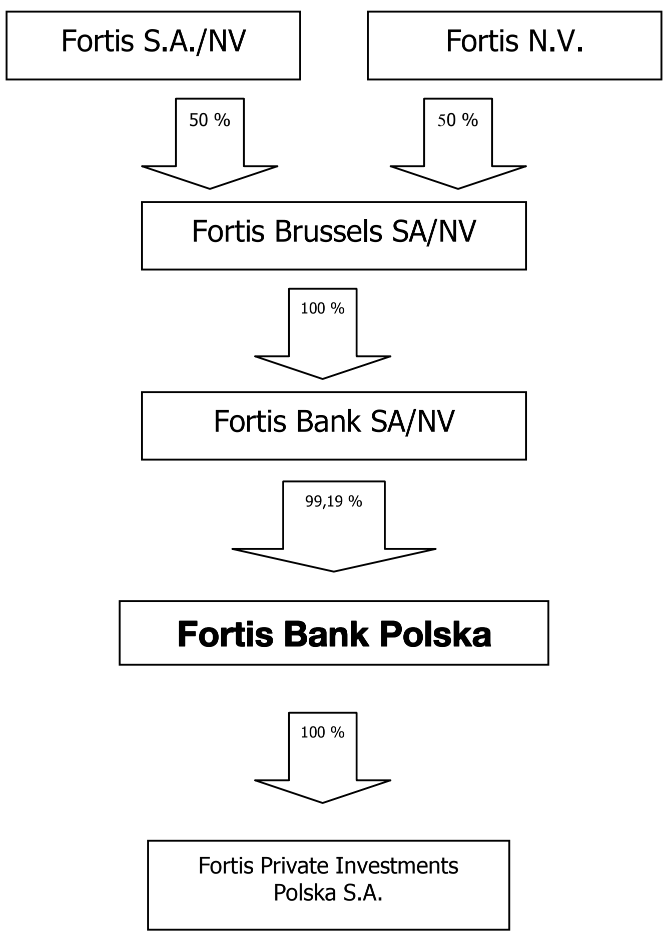
The consolidated financial statements of Fortis Bank Polska SA Capital Group for the second quarter of 2008 contains the data of the Bank and of its subsidiary, Fortis Private Investments S.A. (jointly referred to as "the Group").

The Group's structure

The Bank is part of Fortis, an international banking and insurance group. The ultimate parent entities are: Fortis SA/NV and Fortis N.V. Fortis Bank SA/NV based in Brussels is the Bank's parent entity.

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

Structure of the capital group of Fortis Bank Polska S.A.



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

Name of the entity	Ownership relation	Consolidation method	Registered office	% of votes at the Annual General Meeting		
				30.06.2008	31.12.2007	30.06.2007
Fortis Private Investments Polska S.A.	Subsidiary	Full consolidation	Warsaw	100%	100%	100%

The Group's principal line of business:

The scope of the Group's business covers banking transactions both in Polish zlotys and foreign currencies for domestic and foreign private individuals and legal persons and other organizations without legal personality, and brokerage activities. The Group focuses primarily on investment, commercial and retail banking, and on asset management.

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

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

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

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

6. Accounting Policies

Basis of presentation

Statement on consistency with the IFRS

These consolidated financial statements fulfil the requirements of the International Financial Reporting Standards (IFRS), including the International Accounting Standard (IAS) 34 *Interim Financial Reporting.* In the scope not regulated by the above standards, these financial statements have been prepared in compliance with the Accounting Act of September 29, 1994 (Journal of Laws of 2002 no. 76, item 694, as amended) and administrative acts based thereon, likewise fulfil requirements set out in the Ministry of Finance Ordinance dated October 19, 2005, regarding current and periodical information submitted by issuers of securities (Journal of Laws of 2005 No. 209, item 1744).

Previous adoption of standards that are not binding as at the balance sheet date

The consolidated financial statements of the Group take into account the requirements of all International Accounting Standards, International Financial Reporting Standards and the related interpretations, approved by the European Union, except standards and interpretations which are either awaiting the approval of the European Union or have been approved by the European Union however they have or will become effective after the balance sheet date only.

The Group did not use the option of an earlier adoption of standards and interpretations that were approved by the European Commission but that have or will become effective after the balance sheet date only.

Basis for the financial statements

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

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

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

Comparative data

The consolidated financial statements present consolidated data of Fortis Bank Polska S.A. and its subsidiary, Fortis Private Investments Polska S.A., for the period from 1 Jan 2008 through 30.06.08, while separate comparative data present data of Fortis Bank Polska S.A. for the period from 1 Jan 2007 through 30.06.07, and as at 31 Dec 2007.

The fact that data regarding Fortis Bank Polska S.A. only are accounted for in comparative periods, does not impair the comparability with the consolidated data for 2008.

Consolidation basis

Subsidiaries are enterprises that are controlled by Fortis Bank Polska SA (which is the parent entity). The control exists when the Bank, either directly or indirectly, has the power to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The control also exists when the Bank owns one half or less of voting power of an enterprise, when there is:

- power over more than one half of the voting rights by virtue of an agreement with other investors,

- power to govern the financial and operating policies of the enterprise under a statute or an agreement,
- power to appoint or remove the majority of the members of the management board or equivalent governing body, where such board or body controls the enterprise.

The Group applies the purchase method of accounting to settle the purchase of subsidiaries. The acquisition cost is determined as the fair value of assets transferred, equity instruments issued and liabilities assumed or acquired as at the acquisition date, increased by costs directly attributable to the acquisition.

The full consolidation method is applied to the subsidiary. The full consolidation consists in adding together specific items of financial statements of the Bank and of the subsidiaries in full amount, and making relevant adjustments and consolidation eliminations. In the full consolidation of balance sheets, all items of assets and liabilities of both the subsidiary and parent are aggregated in their full amounts, irrespective of the parent's actual interest in the subsidiary.

In the consolidation process, the carrying value of the parent's investment in the subsidiary and the parent's portion of equity of the subsidiary are eliminated.

The excess of the purchase price over the fair value of the Group's share in the acquired net assets is recognised as the enterprise's goodwill and reported on the asset side of the consolidated balance sheet statement.

In a situation when the purchase price is lower than the fair value of the share in the acquired net assets, the difference is recognised directly in the income statement.

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

Ther Group's entities apply the uniform accounting policies.

Under IAS 27, in the consolidated financial statements of Fortis Bank Polska SA for two Quarters of 2008, the full consolidation is applied to the following subsidiary:

- Fortis Private Investments Polska S.A.

Accounting Estimates

When preparing the consolidated financial statements pursuant to the IFRS, the management is required to make subjective evaluations, estimations and accept assumptions that affect both the accounting policies applied and the assets and liabilities, likewise income and expenses. Estimations and assumptions are made based on available historical data and a number of other factors that are considered appropriate in given circumstances.

The results create the basis for making estimations referring to balance sheet assets and liabilities. Actual results can differ from estimated values. Estimations and assumptions are subject to ongoing reviews. Adjustments to estimations are recognised in the period in which a given estimation was changed provided that the adjustment refers to that period only, or in the period when the change was made and in the future periods if the adjustment affects both the current period and the future ones.

Fair value

The fair value of financial instruments that are not traded on an active market is measured using valuation models using the market yield curve. Some variables used in such models require the adoption of expert estimations. Change of the models adopted or a different estimation of variables could affect the estimation of fair values determined using such models.

Write-downs for impairment of financial assets

The Group regularly reviews the credit portfolio with the view to impairment in monthly periods. In the estimation of write-downs for impairment, the Bank assesses whether there is any evidence of impairment for specific financial asset or group of financial assets. A catalogue of impairment indicators includes events determined both in terms of quantity (e.g. delays in or lack of repayment of a matured part of borrower's liabilities) and quality (e.g. a significant deterioration of borrower's financial standing reflected in an internal rating decrease below a specified level). The catalogue of indicators includes gradations of indicator materiality. Impairment can be confirmed by one indicator or a combination of several ones.

Financial assets with respect to which impairment evidence was identified, are subsequently subject to an estimation of a write-down for impairment. In the process, future cash flows on account of such receivables are estimated.

Such estimations for receivables due from business entities whose total exposure exceeds (for one customer) the equivalent of EUR 50 thousand are made based on an individual analysis of future cash flow (individual analysis).

For remaining receivables (individual customers and business entities of exposure up to the tier of EUR 50 thousand), estimations are made on the basis of recoverability parameters, determined by models for specific homogeneous credit portfolios and credit collateral types (portfolio analysis).

Recoverability parameters of specific portfolio models have been determined based on historical credit loss experience and expert assessments. The methodology and assumptions on the basis of which estimated cash flow amounts and periods when they occur are determined, are subject to periodical reviews to diminish differences between the estimated and actual loss value.

When there is no evidence of impairment of a receivable, it is included into the portfolio of similar characteristics and takes part in the portfolio analysis of impairment to determine write-downs for impairment for the incurred, but not reported losses (IBNR).

A write-down on that account is estimated on the basis of historical loss patterns that characterise the given part of the portfolio. Statistical models and parameters they use are subject to periodical reviews and the results obtained are validated by comparison to actual losses.

When objective evidence of an available-for-sale financial asset impairment is found, cumulated losses recognised so far in the equity capital are derecognised from the equity capital and recognised in the income statement, even if the financial asset has not been removed from the balance sheet. The cumulated loss amount which is derecognised from the equity capital and recognised in the income statement, constitutes the difference between the acquisition cost (net of any principal repayments and depreciation) and the present fair value reduced by any losses on account of impairment of that asset, previously recognised in the income statement.

If the fair value of an available-for-sale debt instrument subsequently increases, and the increase can be objectively determined to result from an event following the recognition of an impairment loss in the income statement, then the reversed provision amount is recognised in the income statement.

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.

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.

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.

Foreign currencies

Foreign currency transactions are accounted for using the exchange rate at the date of the transaction settlement. Outstanding balances in foreign currencies at the end of a reporting period are translated at the exchange rates binding the end of the reporting period. Non-monetary items carried at historical cost are translated using the historical exchange rate that existed at the date of the transaction. Exchange differences arising from the settlement of liabilities relating to the acquisition of an asset are recognised as income or as an expense in the period in which they arise.

Financial assets and liabilities

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.

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;
b) that are part of a portfolio of identified financial instruments that are managed together and for short-term profit taking,
c) that are derivative instruments (excluding derivative instruments that constitute effective hedging instruments), or
d) classified at the initial recognition as measured to fair value through profit or loss.

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

a) held-for-trading securities,
b) derivative instruments (excluding derivative instruments that constitute effective hedging instruments).

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

Financial assets available for sale.

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

a) loans and receivables,
b) investments held to maturity,
c) financial assets measured to fair value through profit or loss.

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

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

Financial liabilities measured to fair value through profit or loss.

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

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

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

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

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

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

b) liabilities on account of short sale of securities.

Other financial liabilities.

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

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

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

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

a) due to banks;

b) due to customers.

Fair Value of Financial Instruments

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

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

Valuation techniques include:

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

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

- Fair values for securities are determined using market prices from active markets. If no quoted prices are available from an active market, the fair value is determined using discounted cash flow models. Discount factors are based on the market interest rate curves.

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

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.

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.

Offsetting financial instruments

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

The Group made no setoff referred to above.

Sale and Repurchase Agreements and Lending/Borrowing Securities

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

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

Derivative instruments

Derivative instruments are financial instruments whose value changes in response to the change in a specified interest rate, financial instrument price, foreign exchange rate, index of prices or rates or other variable, which require no initial net and market investment and are settled at a future date, likewise instruments that either require no initial net investment or require an initial net investment in the amount lower than the investment in other contract types while permitting creation of an analogous risk exposure.

Derivative instruments in the Group include the following transactions:

a) IRS Contracts

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

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

b) FX Forward Contracts

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

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

c) FX Swap Contracts

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

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

d) Interest Rate Options

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

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

e) FX Options

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

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

f) FRA Contracts

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

g) CIRS Contracts

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

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

h) OIS Contracts

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

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

i) Futures contracts

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

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

Hedge accounting

Hedge accounting recognises effects of offsetting changes in the fair value of a hedging instrument and of the hedged item that could affect the profit or loss.

Pursuant o the hedge accounting principles adopted, in order to hedge an interest rate risk, the Group designates specific derivative instruments as a fair value hedge.

A fair value hedge is a hedge of the exposure to changes in fair value of a recognised asset or liability or a firm commitment, or an identified portion of such an asset, liability or firm commitment, that is attributable to a particular risk.

The Group applies hedge accounting to a hedging relationship only if all of the following conditions are met:

- At the inception of the hedge there is formal designation and documentation of the hedging relationship and the Group's risk management objective and strategy for undertaking the hedge. That documentation shall include identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Group will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value,
- The hedge is expected to be highly effective in offsetting changes in fair value attributable to the hedged risk, consistently with the originally documented risk management strategy for that particular hedging relationship,
- The effectiveness of the hedge can be reliably measured, i.e., the fair value or cash flows of the hedged item that are attributable to the hedged risk and the fair value of the hedging instrument can be reliably measured,
- The hedge is assessed on an ongoing basis and determined actually to have been highly effective throughout the financial reporting periods for which the hedge was designated.

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

Embedded derivatives

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

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

Asset Impairment

Financial assets

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

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

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

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

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

The Group creates write-downs for impairment for incurred but not reported (IBNR) losses. Such write-downs reflect the level of credit losses estimated on the basis of a history of losses, pertaining to assets of similar risk characteristics, that were incurred by the Group as at a balance sheet date, but for which the Bank is not yet able to identify individual exposures with impairment.

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

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

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

Non-financial Assets

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

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

The recoverable value is the higher of the following:

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

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

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

Cash and cash equivalents

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

Due from Banks and Loans to Customers

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

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

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

Rules governing impairment estimation are presented above.

Property, Plant and Equipment

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

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

Any impairment loss identified is recognised in the income statement.

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

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

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

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

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

Useful lives of fixed assets are as follows:

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

Non-Current Assets Held for Sale and Discontinued Operations

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

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

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

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

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

Intangible Assets

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

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

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

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

Any impairment loss identified is recognised in the income statement.

The useful life of intangible assets is determined for:

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

Employee Benefits

Long-Term Obligations to Employees

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

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

Short-term Obligations to Employees

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

Provisions

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

The Group recognises provisions in the balance sheet, when:

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

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

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

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

Contingent Liabilities - Off-balance Sheet Commitments

Contingent liabilities are:

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

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

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

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

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

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

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

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

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

Equity

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

Share Issue Costs

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

Dividends on Ordinary Shares

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

Earnings per Share

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

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

Interest Income and Expense

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

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

Fees and Transaction Costs

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

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

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

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

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

Net profit/loss on transactions in financial instruments

Net profit/loss on transactions in financial instruments includes:

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

Current and deferred income tax

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

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

Deferred tax assets are recognised to the extent to which they can be utilised to decrease future tax liability.

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

Segment Reporting

Business segments

A business segment is a distinguishable component of a business entity that is engaged either in providing products or services, or a group of products and services, which is subject to risks and rewards that are different from those of other business segments.

As the risk that the Group is exposed to and the rate of return achieved depend chiefly on differentiation of products and services provided, the business segment has been defined as the primary reporting segment pursuant to the IAS 14 requirements.

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

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

Geographical segments

Geographical segment is a distinguishable component of an enterprise that provides products and services within a particular economic environment and that is subject to risks and returns that are different from those of components operating in other economic environments.

The Group operates in Poland as the sole geographical segment.

7. Segment Reporting

Information on Segments

A segment is a distinguishable component of the Group that is engaged either in providing products or services, which are subject to risks and rewards that are different from those of other segments. The Group's reportable segments are defined using the "management approach" which are those reviewed by Management to strategically manage the Group and make business decisions and are based on the risks and rewards of the product lines and services provided. The primary segmentation covers a breakdown by products and services.

Primary segmentation

The main business profile of the Group includes financial services rendered within the following segments:

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

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

Transfer prices between segments are determined primarily to transfer interest rate risk to the Merchant Banking, Private Banking BL or ALM, so that fixed margins can be allocated to the remaining business lines. In the case of products whose interest rate are related to market interest rates, the transfer price and margin on a transaction are fixed. For products whose interest rates are not related to market interest rates, transfer prices change every day.

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

Activity segments:

- **Retail Banking**

Retail Banking specialises in the service of small enterprises and Private Individuals, by providing financial services for retail customers, professionals (liberal professions) and small enterprises. Moreover, the segment offers consulting on all forms of daily banking, savings, investment and lending, likewise providing retail banking services.

Consumer Finance, separated within the Retail Banking business line, specialises in sale and service of credit cards and cash loans for Private Individuals.

- **Private Banking**

Private Banking provides integrated services and solutions in terms of asset management for the affluent Private Individuals. It provides solutions offered in all Fortis Private Banking centers worldwide, including Switzerland, Luxembourg, Monaco, Dubai or Singapore. It is an intermediary in contacts with experts of Fortis Private Investments Polska S.A. (FPIP) or Fortis Intertrust Polska S.A.

Fortis Private Investments Polska SA is a licensed brokerage firm providing asset management services. Currently it manages assets of natural and legal persons.
Products offered by FPIP include comprehensive investment solutions. Customer assets are invested in Polish and international financial instruments. Products available to customers are tailored to individual customer needs, their preferences, acceptable risk, expected rate of return and investment horizon.

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

- **Merchant Banking**

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

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

- **ALM and support units (horizontal functions)**

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

Secondary segment

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

Consolidated Income Statement by Business Segments

01.01.08-30.06.2008 (YTD) in PLN thousand	Retail Banking	Private Banking	Merchant Banking	ALM and support units (horizontal functions)	Total
Interest income (external)	194 481	7 201	232 602	32 902	467 186
Transfer prices expense (internal)	-146 043	-5 937	-318 777	-26 950	-497 707
Interest expense (external)	-65 773	-6 783	-210 936	-559	-284 051
Transfer prices income (internal)	94 310	7 483	331 204	64 710	497 707
Net interest income	**76 975**	**1 964**	**34 093**	**70 103**	**183 135**
Other transfer prices (internal)	**594**	**-153**	**40 122**	**-40 563**	**-**
Fee and commission income (external)	51 954	3 210	47 476	1 660	104 300
Fee and commission expense (external)	-4 050	-600	-482	-906	-6 038
Net fee and commission income	**47 904**	**2 610**	**46 994**	**754**	**98 262**
Net trading income (external)	33 182	178	32 913	-	**66 273**
Net profit (loss) on hedging transactions (external)	-	-	-	56	**56**
Other income (external)	4 940	136	1 772	607	**7 455**
Total income, net	**163 595**	**4 735**	**155 894**	**30 957**	**355 181**
Personnel expense (external)	-40 576	-2 936	-20 491	-31 572	**-95 575**
Depreciation of fixed assets and intangible fixed assets (external)	-6 980	-245	-1 671	-8 360	**-17 256**
Other expenses (external)	-5 794	-750	-130	-59 402	**-66 076**
Net impairment losses (external)	-13 039	-8	-10 791	-75	**-23 913**
Costs allocation (rebilling) (internal)	-80 060	-2 728	-16 139	98 927	**-**
Profit before income tax	**17 146**	**-1 932**	**106 672**	**30 475**	**152 361**
Income tax expense	-3 284	374	-20 842	-5 724	**-29 476**
Net profit	**13 862**	**-1 558**	**85 830**	**24 751**	**122 885**

1.01.2007-30.06.2007 (YTD) in PLN thousand	Retail Banking	Private Banking	Merchant Banking	ALM and support units (horizontal functions)	Total
Interest income (external)	114 725	693	122 181	14 895	252 494
Transfer prices expense (internal)	-73 872	-527	-161 995	-15 951	-252 345
Interest expense (external)	-36 739	-3 020	-81 528	-1 603	-122 890
Transfer prices income (internal)	59 035	3 230	159 260	30 820	252 345
Net interest income	**63 149**	**376**	**37 918**	**28 161**	**129 604**
Other transfer prices (internal)	**48**	**4**	**6 832**	**-6 884**	**-**
Fee and commission income (external)	41 645	343	21 063	1 652	64 703
Fee and commission expense (external)	-3 007	-36	-423	-1 059	-4 525
Net fee and commission income	**38 638**	**307**	**20 640**	**593**	**60 178**
Dividend and other investment income (external)	-	-	-	600	**600**
Net trading income (external)	26 143	163	41 671	-	**67 977**
Net gain/loss on available-for-sale financial assets (external)	-	-	-38	357	**319**
Net profit (loss) on hedging transactions (external)	-	-	-	-113	**-113**
Other income (external)	3 326	7	1 276	3	**4 612**
Total income, net	**131 304**	**857**	**108 299**	**22 717**	**263 177**
Personnel expense (external)	-30 856	-1 091	-20 427	-23 710	**-76 084**
Depreciation of fixed assets and intangible fixed assets (external)	-4 342	-66	-1 200	-4 587	**-10 195**
Other expenses (external)	-7 438	-157	-2 055	-51 793	**-61 443**
Net impairment losses (external)	-5 051	-32	-7 316	2	**-12 397**
Costs allocation (rebilling) (internal)	-69 523	-1 569	-8 754	79 846	**-**
Profit before income tax	**14 094**	**-2 058**	**68 547**	**22 475**	**103 058**
Income tax expense	-1 872	342	-11 340	-3 751	**-16 621**
Net profit	**12 222**	**-1 716**	**57 207**	**18 724**	**86 437**

Description of Segment Activity

Retail Banking

Customers

Retail Banking is a dynamically developing business line. As at the end of the first half of 2008, the number of active customers of this line reached 52,011. Private Individuals (69%) and enterprises (21%) prevail among the Retail Banking customers, while the remaining 10% are mass market customers. Portfolios of that line's customers (credit cards, cash loans) continue to be maintained, however the Group does not focus on this area any longer.

Distribution channels

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

- increase in the number of Customers using the Pl@net banking system by 36%,
- increase in the number of transfers made via the Pl@net by 56%,

Products

RB BL customers use a wide range of credit, deposit, investment and card products.
The following products are largely popular among Private Individuals:

- mortgage loans: as at the end of the first half of 2008, the balance of such loans reached PLN 3.1 billion, which means an increase by 51% as compared to the end of the first half of 2007;
- credit cards: as at the end of the first half of 2008, the number of credit cards for Private Individuals and mass market Customers stood at 10,207 while the balance of card credits increased by 25% (the average of the first half of 2008 as compared to the average of the first six months of 2007),
- investment products: e.g. "Pure Profit" savings-linked insurance policy, which is a product of a guaranteed profit and capital protection and which has recently become popular among customers because it combines the best deposit features, i.e. simplicity and security plus insurance benefits. Its outstanding balance reached PLN 0.6 billion as at the end of the first half of 2008.

The following products are largely popular among Enterprises:

- investment loans: as at the end of the first half of 2008, the balance of such loans reached PLN 2.2 billion, which means an increase by 55% as compared to the end of the first half of 2007,
- currency exchange instruments: the number of table-based and negotiated transactions in the first half of 2008 increased by 23% as compared to the first half of 2007, and the average monthly volume of such transactions oscillates around PLN 1.2 billion.

Results

The growing interest of Retail Banking Customers in the Group's products is reflected in the Group's income statement as this line's net revenues increased by 25% in the first half of 2008 as compared to the first half of 2007 (YTD). This increase was generated thanks to:

- net trading income higher by 27%, which was attributable both to the net FX income (growth by 34%) and the net income on derivative instruments (insignificant in 2006, and in 2007 amounting to approx. PLN 9 million);
- net interest profit higher by 22%;
- net fee and commission profit higher by 24%.

The Retail Banking intensive development also resulted in costs increase. Personnel expenses grew by 32%. The increase was however mainly due to the growth in FTEs (in periods analysed by 20% on average). The "costs allocation (rebilling)" item is the net value of business line costs allocated and transferred from Retail Banking to other units. The costs increased by 15% as a result of higher customer activity and higher sales of products and services. The support units (horizontal functions) involved in the service of such products and services, transferred to business lines costs proportional to the increasing production.

Private Banking

Customers

As at the end of the first half of 2008, the number of active customers of this line reached 241. On average, the number of the line's customers increased by 150% (the first six months of 2008 compared to the first six months of 2007).

Distribution channels

Private Banking customers have at their disposal both a network of Business Centres (6), which are part of the international Fortis Bank network including about 125 centres in 20 countries, as well as alternative channels: Multicash, Pl@net systems and Call Centre. As statistics show, these channels are more and more willingly used by the customers.
Comparing the First Half 2008 data and First Half 2007 (YTD), the Group noted the following:

- increase in the number of Customers using the Pl@net banking system by 593%,
- increase in the number of transfers made via the Pl@net by 927%,

Products

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

- investment products – as the end of the first half of 2008, Private Banking customers saved approx. PLN 425 million (in savings and investment products such as e.g. foreign investment funds like L-FIX and L-Funds managed by Fortis Investments or Fortis FIO investment portfolios managed by Fortis Private Investments Polska S.A.).
- overdraft facility limit: as at the end of the first half of 2008, the balance of such credit facilities reached PLN 120 million (while in the frist half of 2007 the sales of these credits was insignificant).

Results

In connection with a consolidation of financial statements effective January 2008, the financial data of the Private Banking Business Line include also results generated by Fortis Private Investments Polska (FPIP) which make up 61%% of the Line's net income, and 1% of the consolidated net income of Fortis Bank Polska.
The constantly developing base of Merchant Banking customers and growing interest in the Group's products is reflected in the Group's income statement as this line's net income increased by 453% in the first half of 2008 as compared to the first half of 2007. This increase was generated thanks to:

- net interest income higher by 422% (without FPIP: by 281%)
- net fee and commission income higher by 773% (without FPIP: by 5%)

The Private Banking intensive development also resulted in costs increase. Personnel expense increased by 169% (without FPIP, by 36%). It mainly resulted from the increased employment in both Private Banking BL and FPIP (FPIP employees account for 55% of the business line staff) and adjustment of the remuneration policy to the present situation on the labour market. The "costs allocation (rebilling)" item is the net value of business line costs allocated and transferred from Private Banking to other units. The costs increased by 74%. The factor affecting the growth of transferred costs was the higher Customer activity, the resulting growth of products and services sold and primarily organisational changes. The support units (horizontal functions) involved in the service of such products and services, transferred to business lines costs proportional to the increasing production.

Merchant Banking

Customers

As at the end of the first half of 2008, the number of active customers of this line reached 2,471. On average, the number of the line's customers increased by 24% (the first six months of 2008 compared to the first six months of 2007).

Distribution channels

Merchant Banking customers have at their disposal both a network of Business Centres (8), which are part of the international Fortis Bank network including about 125 centres in 20 countries, as well as alternative channels: Multicash, Pl@net systems and Call Centre. As statistics show, these channels are more and more willingly used by the customers. Comparing the First Half 2008 data and First Half 2007 (YTD), the Group noted the following:

- increase in the number of Customers using the Pl@net banking system by 270%,
- increase in the number of transfers made via the Pl@net by 560%,

Products

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

- investment loans (including loans to purchase / construction of commercial real properties): as at the end of the first half of 2008, the balance of such loans exceeded PLN 2.8 billion, which means an increase by 37% as compared to the end of the first half of 2007;
- working capital loans: as at the end of the first half of 2008, the balance of such loans reached PLN 1.5 billion, which means an increase by 24% as compared to the end of the first half of 2007;
- overdraft facilities: as at the end of the first half of 2008, the balance of such loans reached PLN 1.5 billion, which means an increase by 38% as compared to the end of the first half of 2007;
- deposits: as at the end of the first half of 2008, the total balance of deposits reached PLN 3.6 billion, which means an increase by 52% as compared to the end of the first half of 2007;
- currency exchange instruments: the number of negotiated and table-based transactions in the first six months of 2008 reached about 27 thousand and the average monthly volume of such transactions oscillates around PLN 1.6 billion.

The range of products offered has expanded. In 2007, the Group added the following to its offering: energy derivatives and cash collection. Changes in the organisational structure have continued to provide a better and more precise service of institutional customers. To this end, a Cash Management Group has been established to deal with specialised settlement products such as Notional Cash Pooling or Cash Collection.

Results

The constantly developing base of Merchant Banking customers and growing interest in the Group's products is reflected in the Group's income statement as this line's net income increased by 44% in the first half of 2008 as compared to the first half of 2007. This increase was generated thanks to:

- net commission and fee profit higher by 128%,
- net FX income higher by 20%%, which constitute 77% of the net income on held-for-trading financial instruments.

The Merchant Banking intensive development also resulted in costs increase.
The "costs allocation (rebilling) item is the net value of business line costs allocated and transferred from Merchant Banking to other units. The costs increased by 84%. The factor affecting the growth of transferred costs was the higher Customer activity, the resulting growth of products and services sold and primarily organisational changes. The support units (horizontal functions) involved in the service of such products and services, transferred to business lines costs proportional to the increasing production.
Personnel costs remained at the same level as in the previous year. Such a situation results from decreasing employment in this segment through organisational changes and moving some people from units supporting credit operations to Retail Banking.

ALM and support units (horizontal functions)

Results

On one hand, the ALM segment presents the results of interest rate and liquidity risk management (net profit on the activity increased by 36%), and on the other hand, costs of support units reflecting the Group's development.

In 2007, the Group implemented a new methodology of costs allocation, which has been continued in 2008, in accordance with the methodology applied in Fortis. This methodology introduces a new definition of the unit's direct costs i.e. the cost that is in the area of a given unit's responsibility is treated as a direct cost of a given unit. In accordance with this methodology, costs of depreciation, rent and training are reported as a direct cost of appropriate support units responsible for this cost. Finally, the costs are allocated to business units, in a proportion appropriate to the support rendered to a given business line, increasing the unit's allocation costs.

8. Consolidated Earnings Per Share

Note 8. Consolidated earnings per share

	1.01.2008 – 30.06.2008	1.01.2007 – 30.06.2007
Number of shares as at 30 June	16 771 180	16 771 180
Weighted average number of ordinary shares	16 771 180	16 771 180
Consolidated net profit for the period (in PLN)	122 885 000	86 437 000
Basic consolidated EPS ratio (in PLN)	**7,33**	**5,15**
Weighted average diluted number of ordinary shares	16 771 180	16 771 180
Diluted consolidated EPS ratio (in PLN)	**7,33**	**5,15**

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

9. Additional Notes to Consolidated Income Statement

Note 9.1 Interest income

(in PLN thousand)	Quarter II 2008	2 quarters 2008 (YTD)	Quarter II 2007	2 quarters 2007 (YTD)
Cash and cash equivalents	21 841	39 495	5 016	11 291
Due from banks	5 579	9 197	2 843	5 795
Investments	18 816	28 222	6 069	12 612
Loans to customers	205 000	388 314	119 085	220 022
Securities	1 437	1 958	1 390	2 774
Total interest income	**252 673**	**467 186**	**134 403**	**252 494**

Note 9.2 Interest expense

(in PLN thousand)	Quarter II 2008	2 quarters 2008 (YTD)	Quarter II 2007	2 quarters 2007 (YTD)
Due to banks	-66 035	-120 379	-33 573	-61 327
Due to customers	-85 405	-153 242	-31 229	-59 626
Subordinated loans	-4 611	-9 352	-	-
Derivative hedging instruments	-215	-559	-803	-1 603
Others	-238	-519	-162	-334
Total interest expense	**-156 504**	**-284 051**	**-65 767**	**-122 890**

Note 9.3 Fee and commission income

(in PLN thousand)	Quarter II 2008	2 quarters 2008 (YTD)	Quarter II 2007	2 quarters 2007 (YTD)
Custody services and securities trading	658	1 331	790	1 373
Cash settlements services	14 052	27 344	13 202	25 733
Guarantees and contingent liabilities	4 302	7 525	3 819	7 328
Loan origination fees and commissions (amortised using the straight-line method)	5 867	11 514	4 717	9 204
Loan origination fees and commissions (incurred one time)	3 418	6 778	1 200	2 251
Fees and commissions related to derivative instrument buy/sell transactions	14 642	30 885	-	-
Income on account of agency in customer acquisition	1 963	2 120	4 640	5 637
Card related income	2 850	5 871	2 916	5 596
Income on asset management	2 073	4 890	342	1 087
Others	3 108	6 042	2 783	6 494
Total fee and commission income	**52 933**	**104 300**	**34 409**	**64 703**

Note 9.4 Fee and commission expense

(in PLN thousand)	Quarter II 2008	2 quarters 2008 (YTD)	Quarter II 2007	2 quarters 2007 (YTD)
Custody services and securities trading	-257	-496	-214	-244
Card related expenses	-1 391	-2 165	-1 202	-1 923
Cash transactions expenses	-651	-1 478	-648	-1 168
Settlements	-294	-593	-365	-717
Others	-415	-1 306	-325	-473
Total fee and commission expenses	**-3 008**	**-6 038**	**-2 754**	**-4 525**

Note 9.5 Net trading income

(in PLN thousand)	Quarter II 2008	2 quarters 2008 (YTD)	Quarter II 2007	2 quarters 2007 (YTD)
Securities	-956	-1 258	-1 661	-1 398
Derivative instruments	-162	1 259	6 345	10 149
Foreign exchange transactions	35 351	66 272	31 534	59 226
Total net trading income	**34 233**	**66 273**	**36 218**	**67 977**

Note 9.6 Net impairment losses

(in PLN thousand)	Quarter II 2008	2 quarters 2008 (YTD)	Quarter II 2007	2 quarters 2007 (YTD)
Cash and cash equivalents, net	-1 102	-1 655	293	-43
Due from banks, net	-6	-121	29	-8
Loans to customers, net	-2 477	-22 717	-3 183	-11 148
Off-balance sheet commitments, net	99	958	-798	-1 182
Other assets, net	12	-10	462	369
Other provisions, net	-583	-368	-475	-385
Total impairment losses, net	**-4 057**	**-23 913**	**-3 672**	**-12 397**

10. Additional Notes to Consolidated Balance Sheet

Note 10.1 Cash and cash equivalents

(in PLN thousand)	30 June 2008	31 December 2007	30 June 2007
Cash at hand	200 147	543 343	159 011
Due from the central bank	433 509	17 153	53 340
Short-term due from banks, including:	2 586 279	1 006 442	1 397 969
- nostro accounts	51 285	97	41 727
- short-term deposits from banks	954 945	150 516	456 780
- other short-term receivables	1 580 049	855 829	899 462
Short-term loans to customers	13 099	23 841	56 058
Total cash and cash equivalents, gross	**3 233 034**	**1 590 779**	**1 666 378**
Write-downs:	**-1 971**	**-316**	**-209**
- for Incurred But Not Reported losses (IBNR)	-1 971	-316	-209
Total cash and cash equivalents, net	**3 231 063**	**1 590 463**	**1 666 169**

Receivables

Note 10.2.1. Due from Banks

(in PLN thousand)	30 June 2008	31 December 2007	30 June 2007
Loans	75 000	74 999	25 000
Debt securities not traded on an active market	149 792	150 639	152 803
Deposits	179 566	-	-
Other receivables	17 486	2 964	3 081
Total due from banks, gross	**421 844**	**228 602**	**180 884**
Write-downs:	**-198**	**-77**	**-65**
- for Incurred But Not Reported losses (IBNR)	-198	-77	-65
Total net due from banks	**421 646**	**228 525**	**180 819**

Note 10.2.2 Loans to Customers

(in PLN thousand)	30 June 2008	31 December 2007	30 June 2007
Loans to budgetary entities	442	454	955
Mortgage loans	3 152 948	2 660 307	2 066 829
Consumer loans and credit facilities	506 413	489 765	296 885
Commercial loans	9 196 900	8 215 694	6 797 418
Other receivables	0	215	908
Total loans to customers, gross	**12 856 703**	**11 366 435**	**9 162 995**
Write-downs:	**-215 521**	**-194 409**	**-171 895**
- for incurred, reported losses	-158 600	-145 351	-134 525
- for Incurred But Not Reported losses (IBNR)	-56 921	-49 058	-37 370
Total net loans to customers	**12 641 182**	**11 172 026**	**8 991 100**

Financial Assets and Liabilities Held for Trading

Note 10.3.1 Financial assets held for trading

(in PLN thousand)	30 June 2008	31 December 2007	30 June 2007
Held-for-trading securities:	**41 831**	**48 241**	**81 896**
- treasury bonds	37 131	33 309	81 896
- treasury bills	4 700	14 932	-
Derivative financial instruments:	**264 146**	**205 060**	**103 315**
- foreign currency contracts	214 503	160 130	54 448
- interest rate contracts	49 643	44 930	48 867
Total financial assets held for trading	**305 977**	**253 301**	**185 211**

As at 30.06.08, 31.12.2007 and 30.06.07, in the Group's balance sheet there were no buy-sell-back repo securities held for trading.

Note 10.3.2 Financial liabilities held for trading

(in PLN thousand)	30 June 2008	31 December 2007	30 June 2007
Derivative financial instruments:	**275 438**	**201 381**	**120 389**
- foreign currency contracts	236 642	157 620	49 595
- interest rate contracts	38 796	43 761	70 794
Total financial liabilities held for trading	**275 438**	**201 381**	**120 389**

Note 10.4 Investments Available for Sale

(in PLN thousand)	30 June 2008	31 December 2007	30 June 2007
Investments Available for Sale at fair value			
Treasury bonds	1 069 037	464 186	422 338
Treasury bills	265 008	95 835	-
NBP Bonds	24 979	24 979	24 979
Shares	79	18 235	18 237
Total investments available for sale	**1 359 103**	**603 235**	**465 554**

Liabilities

Note 10.5.1 Due to banks

(in PLN thousand)	30 June 2008	31 December 2007	30 June 2007
Due to the central bank	**-**	**-**	**148 000**
Deposits	**2 315 026**	**1 373 528**	**1 537 105**
- Current	68 822	103 769	63 188
- Term	1 818 686	856 300	1 136 070
- Cash collateral	357 518	316 059	257 847
- Other deposits	70 000	97 400	80 000
Loans and credit facilities received	**4 512 593**	**3 666 796**	**2 724 800**
Others	**1 581 725**	**855 221**	**899 631**
Total due to banks	**8 409 344**	**5 895 545**	**5 309 536**

Note 10.5.2 Due to customers

(in PLN thousand)	30 June 2008	31 December 2007	30 June 2007
Current deposits	1 335 508	1 425 475	1 480 670
Term deposits	5 513 254	4 597 824	3 407 534
Other deposits	25 019	-	-
Loans and credit facilities received	670 840	-	-
Cash collateral	214 898	260 334	248 182
Others	12 871	23 795	55 819
Total due to customers	**7 772 390**	**6 307 428**	**5 192 205**

11. Capital adequacy and financial liquidity

Capital adequacy

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

The basic goal of FBP in the analysed period is to maintain the equity funds at the level that guarantees the solvency ratio of at least 9%.

Should there arise any risk of going below that threshold (i.e. below 9%), the Group will undertake steps aimed at the equity funds' increase, including the Tier 1 funds, and in particular the share capital, Share premium and reserve capital.

The consistent policy of building the core capital, applied in recent years, has provided the Group with a foundation that now ensures a greater flexibility in looking for alternative sources of financing its business activity.

Capital adequacy and financial liquidity (in PLN thousand)	**30.06.2008**	**31.12.2007**	**30.06.2007**
Risk-weighted off-balance sheet assets and liabilities	12 321 169	11 726 693	9 897 050
Share capital	503 135	503 135	503 135
Share premium	308 656	308 656	308 814
Reserve capital together with retained earnings	344 983	183 710	183 710
Subordinated liabilities included in the capital*	335 420	358 200	-
Other elements of the equity capital included in the capital adequacy ratio calculation	-11 154	67 300	-19 188
Gross equity capital, total	**1 481 040**	**1 421 001**	**976 471**
Deductions			
Capital shares in financial entities	-	18 196	18 196
Net intangible assets	23 815	22 287	19 260
Total deductions	**23 815**	**40 483**	**37 456**
Net equity capital	**1 457 225**	**1 380 518**	**939 015**
Short-term capital	**22 600**	**14 286**	**10 290**
including current profit on the Trading Portfolio	22 600	14 286	10 290
Total equity capital plus short-term capital	**1 479 825**	**1 394 804**	**949 305**
Credit risk	1 005 843	946 714	795 343
Market risk	2 451	5 707	6 711
Operational risk	66 947	-	-
Total capital requirement	**1 075 241**	**952 421**	**802 054**
Capital adequacy ratio	**11,01%**	**11,72%**	**9,47%**

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

As at 30 June 2008 the capital adequacy ratio was 11.01% in comparison to 9.47% as at the end of June 2007. The ratio expresses the proportion between the Group's capital and its exposure on account of specific risks.

The Group's own funds (as a category computed for the capital adequacy ratio calculation) increased by 56% versus the end of June 2007, while risk-weighted assets and off-balance sheet items increased by 24% in the same period.

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

The New Capital Accord comprises three pillars:

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

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

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

Fortis Bank Polska S.A. fulfils the above duties by computing the capital requirement for credit risk using a standard approach which is a development of the Basel I method. Pursuant to that approach, borrower classes have been defined in greater detail and banks can use external ratings assigned by specified rating agencies.

The requirement for operational risk is computed using the Basic Indicator Approach (BIA) as the percentage of the net income earned.

Within Pillar II, the Bank fulfils duties related to the internal capital computation under Resolution No. 4/2007 of the Banking Supervision Commission dated 13 March 2007 regarding detailed rules governing risk management system and internal controls and detailed conditions of estimation by banks of internal capital and review of the internal capital estimation and maintenance process. For all risks that have been considered material, internal capital estimation methodologies have been developed. They are used by the Bank to make monthly internal assessments of the internal capital needs.

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

The scope and detailed rules of setting capital requirements for specific risks are determined by Resolution no. 1/2007 of the Banking Supervision Commission dated 13 March 2007, regarding the scope and detailed rules of setting out capital requirements for specific risks, including the scope and conditions of use of statistical methods and the scope of information enclosed to applications for the issuance of permit for their use, terms and conditions of taking into consideration agreements on assignment of receivables, subparticipation agreements, credit derivative instrument agreements and agreements other than agreements on assignment of receivables and subparticipation agreements for the needs of setting capital requirements, conditions, scope and manner of use of ratings assigned by external creditworthiness institutions and export credit agencies, the manner and detailed rules of calculation of the banks' capital adequacy ratio, the scope and manner of taking into account bank's business in holdings in the calculation of capital requirements and the capital adequacy ratio likewise the determination of additional items in the bank's balance sheet statement recognised jointly with the equity in the capital adequacy computation and the scope, manner and terms of their setting out.

The manner of calculation of equity capital used in the capital adequacy ratio computation is governed by Resolution no. 2/2007 of the Banking Supervision Commission dated 13 March 2007 regarding other reductions of Tier 1 funds, their amount, scope and conditions of decreasing bank's Tier 1 funds by such reductions, other bank's balance sheet items included into Tier 2 capital, their amount, scope and conditions of including them into bank's Tier 2 capital, reductions of Tier 2 capital, their amount, scope and conditions of decreasing bank's Tier 2 capital by such reductions; likewise the scope and manner of taking into account bank's business in holdings in the calculation of equity capital.

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

Minimal capital requirements (in PLN thousand)	**30.06.2008**	**31.12.2007**	**30.06.2007**
Credit risk	1 005 843	946 714	795 343
Market risk, including:	2 451	5 707	6 711
- general interest rate risk	2 451	5 707	6 711
- currency risk	-	-	-
Operational risk	66 947	-	-
Total capital requirement	**1 075 241**	**952 421**	**802 054**

12. Comparability with Previously Published Reports

There have been changes made with respect to the manner of presentation of the data, published previously in the report for the second quarter of 2007 as at 30 June 2007 to ensure data comparability.

Balance sheet as at 30 June 2007

Item	Report for 1st half of 2007	Report for 1st half of 2008	Difference	Change description
Cash and cash equivalents	1 668 517	1 666 169	69	Short-term due from banks
			-2 417	Measurement of FX Spot transactions
Financial assets held for trading	175 690	185 211	9 521	Change in presentation of measurement of interest rate derivative instruments
Due from banks	180 888	180 819	-69	Short-term due from banks
Property, Plant and Equipment	84 691	90 051	5 360	Operating software
Intangible Assets	24 620	19 260	-5 360	Operating software
Deferred tax assets	30 055	32 052	1 997	Adjustment to the opening balance regarding change in the value of deferred tax on account of IBNR
Other assets	302 113	306 955	4 840	Recognition of financial instruments at the trade date
			2	Others
Total changes			**13 943**	
Financial liabilities held for trading	110 868	120 389	9 521	Change in presentation of measurement of interest rate derivative instruments
Due to banks	5 449 317	5 309 536	-136 884	Due to brokerage offices
			-1 680	Measurement of FX Spot transactions
			-1 217	Social benefit funds
Due to customers	5 056 056	5 192 205	136 884	Due to brokerage offices
			-735	Measurement of FX Spot transactions
Other liabilities	213 123	219 182	1 217	Social benefit funds
			4 840	Recognition of financial instruments at the trade date
			2	Others
Revaluation reserve	-867	-868	-1	Others
Retained earnings	-17 809	- 15 811	1 997	Adjustment to the opening balance regarding change in the value of deferred tax on account of IBNR
			1	Others
Net profit (loss) for the year	86 439	86 437	-2	Others
Total changes			**13 943**	

Income statement for the period from 1 January through 30 June 2007

Item	Report for 1st half of 2007	Report for Quarter II 2008	Difference	Change description
Fee and commission income	61 642	64 703	3 112	Reclassification of fee and commission income from Other revenues
			-51	Others
Fee and commission expense	-4 576	-4 525	51	Others
Other revenues	7 724	4 612	-3 112	Reclassification of Fee and commission income to Fees and commission income
Total changes			-	

13. Additional Information

Information on Previously Published Financial Forecast

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

Explanations regarding Seasonal or Periodical Nature of the Interim Business

In Fortis Bank Polska S.A. activity, there are no material seasonal or periodical events.

Information on Dividends Paid

The Board of Executives intends to recommend that the Annual General Shareholders' Meeting should resolve to pay no dividend and allocate the entire 2008 net profit to increase the Bank's equity funds.

Information on Changes to Contingent Liabilities in the Period from the Close of the Last Fiscal Year

The Bank recognises as contingent liabilities such off-balance sheet commitments that do not meet the balance sheet recognition criteria as assets or liabilities.

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

Contingent liabilities received (in PLN thousand)	**30 June 2008**	**31 December 2007**	**Change (%)**
Financial liabilities received	1 272 032	584 232	118 %
Guarantee liabilities received	283 211	259 712	9 %
Total contingent sheet commitments received	**1 555 243**	**843 944**	**84 %**

Contingent liabilities granted (in PLN thousand)	**30 czerwca 2008**	**31 December 2007**	**Change (%)**
Financial liabilities granted	4 004 849	3 730 140	7 %
Guarantee liabilities granted	882 740	876 428	1 %
Total contingent sheet commitments granted	**4 887 589**	**4 606 568**	**6 %**

Description of Unusual Factors and Events

In the second quarter of 2008 in the Bank, there were no unusual events which affected the financial result and changed the structure of the balance sheet items.

Corrections of Prior Period Errors

In the second quarter of 2008 in the Bank, there was no need to correct any errors related to prior periods.

Information on Sureties for Loan or Credit Facilities or Guarantees Issued by the Issuer or Its Subsidiary

In the first half of 2008, the Bank or its subsidiary issued no securities for loan or credit facilities or guarantees, which would have exceeded 10% of the Bank's equity.

Material Events Occurring after the Close of the Quarter, Excluded from the Quarterly Financial Statements

There were no events, excluded from the Statements, which could have a material effect on the future financial results.

Issue, Redemption and Reimbursement of Debt and Capital Securities

In the second quarter of 2008, no issue, redemption nor reimbursement of debt and capital securities occurred.

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

In the second quarter of 2008, there were no pending proceedings related to the obligations or claims of the Bank or its subsidiary before court, relevant authority for arbitration or state administration bodies, whose total value would account for at least 10% of the Bank's equity.

Information on Related Party Transactions

The Bank is part of Fortis, an international banking and insurance group. The ultimate parent entities are: Fortis SA/NV and Fortis N.V. Fortis Bank SA/NV based in Brussels is the Bank's parent entity. Fortis Bank Polska S.A. is the parent entity of Fortis Private Investments Polska S.A., holding 100% of its shares.

The Bank makes related party transactions. The majority of such transactions are banking operations related to a regular business activity and they mainly comprise loans, deposits and guarantees. Terms of such transactions correspond to market conditions.

Intragroup settlements with the subsidiary were eliminated from the consolidated financial statements.

Information on transactions of Fortis Bank Polska S.A. with its parent company, its subsidiary and entities affiliated by management is presented below.

Balance sheet items as of 30.06.2008 (in PLN thousand)	Parent entity	Subsidiary	Entities affiliated by management	Total
Assets				
Cash and cash equivalents	1 556 644	-	42 326	1 598 970
Financial assets held for trading	133 611	-	-	133 611
Due from Banks and Loans to Customers	146 972	1	118 181	265 154
Other assets	17 909	605	21 184	39 698
Total	**1 855 136**	**606**	**181 691**	**2 037 433**
Liabilities				
Financial liabilities held for trading	146 816	-	-	146 816
Due to banks and customers	1 065 591	18 926	5 659 440	6 743 957
Subordinated liabilities	-	-	335 420	335 420
Other liabilities	4 852	67	19 159	24 078
Total	**1 217 259**	**18 993**	**6 014 019**	**7 250 271**

Balance sheet items as of 31.12.2007 (in PLN thousand)	Parent entity	Subsidiary	Entities affiliated by management	Total
Assets				
Cash and cash equivalents	527 221	-	40 340	567 561
Financial assets held for trading	103 238	-	-	103 238
Due from Banks and Loans to Customers	-	1	119 540	119 541
Other assets	197	402	488	1 087
Total	**630 656**	**403**	**160 368**	**791 427**
Liabilities				
Financial liabilities held for trading	104 540	-	-	104 540
Due to banks and customers	834 133	10 171	4 007 143	4 851 447
Subordinated liabilities	-	-	358 200	358 200
Other liabilities	829	15	38 372	39 216
Total	**939 502**	**10 186**	**4 403 715**	**5 353 403**

Balance sheet items as of 30.06.2007 (in PLN thousand)	Parent entity	Subsidiary	Entities affiliated by management	Total
	Assets			
Cash and cash equivalents	814 819	-	509	815 328
Financial assets held for trading	36 752	-	-	36 752

Due from Banks and Loans to Customers	-	1	87 794	87 795
Other assets	296	67	155	518
Total	**851 867**	**68**	**88 458**	**940 393**
	Liabilities			
Financial liabilities held for trading	6 232	-	-	6 232
Due to banks and customers	744 138	7 562	2 987 494	3 739 194
Other liabilities	7 764	39	24 518	32 321
Total	**758 134**	**7 601**	**3 012 012**	**3 777 747**

Income Statement 1.01.2008- 30.06.2008 (in PLN thousand)	Parent entity	Subsidiary	Entities affiliated by management	Total
Interest income	28 151	-	4 576	32 727
Interest expense	-2 556	-473	-116 003	-119 032
Fee and commission income	32 659	1 550	2 240	36 449
Fee and commission expense	-719	-	-1	-720
Net trading income	11 600	-	17	11 617
Net profit (loss) on hedging transactions	729	-	-	729
Other revenues	3 690	-	264	3 954

Income Statement 1.01.2007 - 30.06.2007 (in PLN thousand)	Parent entity	Subsidiary	Entities affiliated by management	Total
Interest income	6 140	-	1 401	7 541
Interest expense	-1 809	-83	-44 666	-46 558
Fee and commission income	1 750	4 717	783	7 250
Fee and commission expense	-916	-35	-1	-952
Net trading income	29 760	-	4	29 764
Net profit (loss) on hedging transactions	2 206	-	-	2 206

Material agreements with related parties

On 30 April 2008, Fortis Bank Polska SA signed a cooperation agreement with Fortis Bank SA/NV on offering derivative instruments of Fortis Global Market by Fortis Bank Polska SA in Poland. The remuneration of Fortis Bank Polska SA on account of the agreement is the sales margin. The remuneration amount depends on the value of transactions effected. The agreement was concluded for an unlimited period of time.

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

Structure of shareholders as at 30 June 2008.

	number of shares owned	share (%) in the equity	number of votes at the AGM	share (%) in the total number votes at the AGM
Fortis Bank SA/NV	16 636 072	99,19%	16 636 072	99,19%
Others	135 108	0,81%	135 108	0,81%
Total:	16 771 180	100%	16 771 180	100%

The Bank's share capital is divided into 16,771,180 shares of PLN 30 nominal value each, which constitutes 16,771,180 votes at the General Meeting of the Bank's Shareholders.

Shares of Fortis Bank Polska S.A. held by Management or Supervisory Board Members

As at 30 June 2008, none of the managing or supervising persons held any shares issued by Fortis Bank Polska S.A.

As at 30 June 2007, none of the managing or supervising persons held any shares issued by Fortis Bank Polska S.A.

Other Important Events

Effective 15 May 2008, following its FX risk mitigation policy, Fortis Bank Polska S.A. suspended selling mortgage loans in currencies other than Polish zloty to private individuals. The Bank intends to develop the PLN mortgage loan offer. The existing portfolio of foreign currency loans will be serviced under unchanged terms and conditions.

On 6 June 2008, the Annual General Meeting of Shareholders of Fortis Bank Polska SA was held which approved financial statements for the fiscal year 2007, Report of the Board of Executives for 2007 and the Report of the Supervisory Board for 2007. The AGM approved the discharge of duties of all Members of the Supervisory Board and Board of Executives in 2007. Under the AGM decision, the entire 2007 profit was earmarked for increasing own funds and in particular, for covering the costs of implementation by Fortis Bank Polska SA of the International Financial Reporting Standards, and other capital.

On 6 June 2008, Fortis Private Investments Polska SA, a subsidiary of Fortis Bank Polska SA, filed an application to the Polish Financial Supervision Authority for a permit to run business by an investment fund company which will emerge from the transformation of the brokerage house and will operate under the firm of *Towarzystwo Funduszy Inwestycyjnych Fortis Private Investments SA*.

On 11 June 2008, the Bank released information about a resignation of Mr Bartosz Chytła from the function of a Member and Vice-President of the Board of Executives. Effective 1 July 2008, the FBP Board of Executives' composition is as follows:

1. Alexander Paklons - President of the Board of Executives
2. Jan Bujak - Senior Vice-President
3. Jean-Luc Deguel - Vice-President
4. Jaromir Pelczarski - Vice-President
5. Thierry Lechien - Vice-President

On 19 June 2008, the Bank released information about a planned date of a legal merger between Fortis Bank Polska SA and Dominet SA, i.e. 1 July 2009. At the same time, it was announced that Mr Alexander Paklons is planned to become the President of the Board of Executives of the combined bank. Mr Paklons is now the President of the Board of Executives of Fortis Bank Polska SA and Chairman of the Supervisory Board of Dominet Bank SA. Mr Jacek Obłękowski, at present the President of the Board of Executives of Dominet Bank SA, will be responsible for development of activity in the segment of individual customers and small enterprises.

In the second quarter of 2008, the Bank signed two significant credit agreements with customers that were not affiliated entities to the Capital Group of Fortis Bank Polska SA, for the total of PLN 500 million (PLN 300 million and PLN 200 million). The Agreements were concluded for the period up to one year and 10 years, respectively. Terms of such transactions correspond to market conditions.

Post-balance Sheet Events

After the balance sheet date, no material events have occurred until the date of the report publication.