Interim Consolidated Financial Statements of Fortis Bank Polska S.A. Capital Group for 3 Quarters of 2008

prepared pursuant to the International Financial Reporting Standards

FORTIS

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1. Financial Highlights

Consolidated Financial Highlights	in PLN thousand		in EUR thousand	
	Qtr. I - III 2008 (YTD)	Qtr. I-III 2007 (YTD)	Qtr. I-III 2008 (YTD)	Qtr. I-III 2007 (YTD)
Interest income	731 189	415 420	213 505	108 425
Fee and commission income	150 536	109 836	43 956	28 667
Total income, net	538 720	416 011	157 304	108 579
Profit before income tax	226 712	159 191	66 199	41 549
Net profit	183 345	132 269	53 536	34 522
Net cash provided by operating activities	1 481 601	-3 271 008	432 622	-853 737
Net cash provided by investing activities	-293 594	241 974	-85 728	63 156
Net cash provided by (used in) financing activities	959 269	1 585 893	280 103	413 920
Total net cash flow	2 147 276	-1 443 141	626 996	-376 662
Total assets	18 982 227	13 101 341	5 569 412	3 468 257
Due to banks	9 372 137	5 733 980	2 749 798	1 517 930
Due to customers	7 332 692	5 466 321	2 151 422	1 447 074
Equity	1 333 866	1 110 428	391 358	293 958
Number of shares	16 771 180	16 771 180	16 771 180	16 771 180
Book value per share (in PLN/EUR)	79,53	66,21	23,34	17,53
Diluted book value per share (in PLN / EUR)	79,53	66,21	23,34	17,53
Capital adequacy ratio	11,39%	9,07%	-	-
Basic Earnings Per Share (PLN)	10,93	7,89	3,19	2,06
Diluted Earnings Per Share (PLN)	10,93	7,89	3,19	2,06

Separate FBP Financial Highlights				
Interest income	731 123	415 420	213 485	108 425
Fee and commission income	146 632	109 836	42 816	28 667
Total income, net	534 711	416 011	156 134	108 579
Profit before income tax	226 001	159 191	65 991	41 549
Net profit	182 779	132 269	53 371	34 522
Net cash provided by operating activities	1 492 877	-3 271 008	435 915	-853 737
Net cash provided by investing activities	-293 485	241 974	-85 697	63 156
Net cash provided by (used in) financing activities	959 269	1 585 893	280 103	413 920
Total net cash flow	2 158 661	-1 443 141	630 321	-376 662
Total assets	18 999 319	13 101 341	5 574 427	3 468 257
Due to banks	9 372 137	5 733 980	2 749 798	1 517 930
Due to customers	7 351 814	5 466 321	2 157 033	1 447 074
Equity	1 332 595	1 110 428	390 985	293 958
Number of shares	16 771 180	16 771 180	16 771 180	16 771 180
Book value per share (in PLN/EUR)	79,46	66,21	23,31	17,53
Diluted book value per share (in PLN / EUR)	79,46	66,21	23,31	17,53
Capital adequacy ratio	11,27%	9,07%	-	-
Basic Earnings Per Share (PLN)	10,90	7,89	3,18	2,06
Diluted Earnings Per Share (PLN)	10,90	7,89	3,18	2,06

Rules of PLN conversion into EUR

Key items in the balance sheet, income statement and cash flow statement in the financial statements as of the end of the third quarter of 2008 and the corresponding financial figures as of the end of the third quarter 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 third quarter of 2008 have been converted into EUR at the mid-rate binding as at 30 September 2008 published by the National Bank of Poland on 30 September 2008, i.e. EUR 1 = PLN 3.4083; comparative financial data as at the end of the third quarter of 2007 have been converted into EUR at the mid-rate binding as at 30 September 2007, published by the National Bank of Poland on 28 September 2007, i.e. EUR 1 = PLN 3.7775;
- particular items in the income statement and cash flows, and earnings per share as at the end of the third quarter 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 September 2008, i.e. EUR 1 = PLN 3.4247, whereas comparative data as at the end of the third quarter 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 September 2007, i.e. EUR 1 = PLN 3.8314.

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

Consolidated Income Statement (in PLN thousand)		3rd Quarter 2008	Qtr. I - III 2008 (YTD)	3rd Quarter 2007*	Qtr. I-III 2007* (YTD)
Interest income	Note 9.1	264 003	731 189	162 926	415 420
Interest expense	Note 9.2	-157 743	-441 794	-87 886	-210 776
Net interest income		**106 260**	**289 395**	**75 040**	**204 644**
Fee and commission income	Note 9.3	46 236	150 536	39 462	109 836
Fee and commission expense	Note 9.4	-2 863	-8 901	-3 032	-7 557
Net fee and commission income		**43 373**	**141 635**	**36 430**	**102 279**
Dividend and other investment income		-	-	-	600
Net trading income	Note 9.5	33 757	100 030	38 019	100 325
Net gain/loss on available-for-sale financial assets		-3 233	-3 233	-74	245
Net profit (loss) on hedging transactions		119	175	93	-20
Other revenues		3 263	10 718	3 326	7 938
Total income, net		**183 539**	**538 720**	**152 834**	**416 011**
Personnel expenses		-51 799	-147 374	-42 488	-118 572
Depreciation of fixed assets and intangible fixed assets		-10 448	-27 704	-5 794	-15 989
Other expenses		-32 840	-98 916	-35 607	-97 050
Net impairment losses	Note 9.6	-14 101	-38 014	-12 812	-25 209
Profit before income tax		**74 351**	**226 712**	**56 133**	**159 191**
Income tax expense		-13 891	-43 367	-10 301	-26 922
Net profit		**60 460**	**183 345**	**45 832**	**132 269**

*for three quarters of 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 thousand)	183 345	132 269
Weighted average number of ordinary shares	16 771 180	16 771 180
EPS ratio (in PLN)	10,93	7,89
Diluted weighted average number of ordinary shares	16 771 180	16 771 180
Diluted EPS ratio (in PLN)	10,93	7,89

Consolidated balance sheet (in PLN thousand)		30 September 2008	31 December 2007*	30 September 2007*
Assets				
Cash and cash equivalents	Note 10.1	3 747 895	1 590 463	1 383 754
Financial assets held for trading	Note 10.3.1	434 689	253 301	326 414
Due from banks	Note 10.2.1	235 181	228 525	256 806
Loans to customers	Note 10.2.2	13 398 138	11 172 026	10 286 583
Investments - Available for Sale	Note 10.4	847 196	603 235	348 664
Property, Plant and Equipment		114 793	113 816	101 156
Intangible Assets		23 417	22 287	21 265
Deferred tax assets		38 051	33 873	38 883
Other assets		142 867	193 488	337 816
Total assets		**18 982 227**	**14 211 014**	**13 101 341**
Liabilities				
Financial liabilities held for trading	Note 10.3.2	271 180	201 381	159 826
Due to banks	Note 10.5.1	9 372 137	5 895 545	5 733 980
Due to customers	Note 10.5.2	7 332 692	6 307 428	5 466 321
Current tax liabilities		27 918	26 601	29 031
Subordinated liabilities		340 830	358 200	377 750
Other liabilities		287 095	251 929	208 606
Provisions		16 509	15 974	15 399
Total liabilities		**17 648 361**	**13 057 058**	**11 990 913**
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		-6 958	-2 818	-1 179
Retained earnings		705	-15 811	-15 811
Net profit (loss) for the year		183 345	177 594	132 269
Total equity		**1 333 866**	**1 153 956**	**1 110 428**
Total liabilities and equity		**18 982 227**	**14 211 014**	**13 101 341**

*for three quarters of 2007 and for the entire 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 three 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	-	-	-	132 269	-	-	132 269
Net profits/losses not recognised in the income statement (investments available for sale)	-	-	-	-	-	-2 316	-2 316
Net profits/losses recognised in the income statement (investments available for sale)	-	-	-	-	-	-1 815	-1 815
Deferred tax – net profits/losses (investments available for sale)	-	-	-	-	-	785	785
Total income in Quarter III 2007	**-**	**-**	-	**132 269**	**-**	**-3 346**	**128 923**
Distribution of retained earnings	**-**	**-**	-108 266	**-**	108 266	-	**-**
Balance as at 30.09.07	**503 135**	**308 814**	**-15 811**	**132 269**	**183 200**	**-1 179**	**1 110 428**

*for three quarters of 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 III 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 three 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	-	-	-	183 345	-	-	183 345
Net profits/losses not recognised in the income statement (investments available for sale)	-	-	-	-	-	-1 407	-1 407
Net profits/losses recognised in the income statement (investments available for sale)	-	-	-	-	-	-3 704	-3 704
Deferred tax – net profits/losses (investments available for sale)	-	-	-	-	-	971	971
Total income in Quarter III 2008	**-**	**-**	**-**	**183 345**	**-**	**-4 140**	**179 205**
Distribution of retained earnings	**-**	**-**	**-161 783**	**-**	**161 783**	**-**	**-**
Balance as at 30.09.08	**503 135**	**308 656**	**705**	**183 345**	**344 983**	**-6 958**	**1 333 866**

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

Consolidated Cash Flow Statement (in PLN thousand)	Qtr. I-III of 2008 (YTD)	2007*	Qtr. I-III 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	**226 712**	**214 607**	**159 191**
Adjustments for:	**1 254 889**	**-3 007 524**	**-3 430 199**
Depreciation	27 704	25 257	15 989
Impairment losses	37 501	26 205	13 810
Profits/losses on account of FX rate differences	-17 370	-3	-
Profits/losses on investing activities	2 271	13 773	3 275
Changes in operational assets and liabilities:	1 251 424	-3 047 792	-3 445 821
- financial assets and liabilities held for trading	-111 589	33 822	-80 846
- due from banks	-6 776	-29 415	-57 695
- loans to customers	-2 261 803	-4 219 657	-3 322 143
- change in the balance of available for sale investments	-4 169	11 677	2 980
- due to banks	2 516 961	-315 164	-430 140
- due to customers	1 035 422	1 680 071	838 964
- other assets and liabilities	83 378	-209 126	-396 941
Income tax (current and deferred)	-46 641	-24 964	-17 452
Net operating cash flows	**1 481 601**	**-2 792 917**	**-3 271 008**
Purchase of available-for-sale investments	-772 693	-667 467	-128 296
Purchase of property, plant and equipment and intangible fixed assets	-32 104	- 87 723	-59 643
Proceeds from sales of available-for-sale investments	510 606	702 283	428 017
Proceeds from sales of property, plant and equipment	1 952	3 703	3 207
Other investment expenses	-1 355	-7 173	-1 311
Net cash provided by investing activities	**-293 594**	**-56 377**	**241 974**
Issuance of subordinated liabilities	-	358 200	377 750
Loans and credit facilities taken	1 357 821	2 149 206	1 358 628
Repayment of loans and credit facilities	-398 552	-894 474	-150 485
Net cash provided by (used in) financing activities	**959 269**	**1 612 932**	**1 585 893**
Cash and cash equivalents, gross, ending balance	**3 749 440**	**1 590 779**	**1 384 000**
Change in cash and cash equivalents, net	**2 147 276**	**- 1 236 362**	**-1 443 141**

*for three quarters of 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. Quarterly Financial Information – Separate Financial Data of Fortis Bank Polska SA

Income Statement (in PLN thousand)	3rd Quarter 2008	Qtr. I - III 2008 (YTD)	3rd Quarter 2007	Qtr. I - III 2007 (YTD)
Interest income	263 996	731 123	162 926	415 420
Interest expense	-158 031	-442 555	-87 886	-210 776
Net interest income	**105 965**	**288 568**	**75 040**	**204 644**
Fee and commission income	45 205	146 632	39 462	109 836
Fee and commission expense	-2 647	-8 101	-3 032	-7 557
Net fee and commission income	**42 558**	**138 531**	**36 430**	**102 279**
Dividend and other investment income	-	-	-	600
Net trading income	33 757	100 030	38 019	100 325
Net gain/loss on available-for-sale financial assets	-3 233	-3 233	-74	245
Net profit (loss) on hedging transactions	119	175	93	-20
Other revenues	3 262	10 640	3 326	7 938
Total income, net	**182 428**	**534 711**	**152 834**	**416 011**
Personnel expenses	-51 158	-145 283	-42 488	-118 572
Depreciation of fixed assets and intangible fixed assets	-10 388	-27 520	-5 794	-15 989
Other expenses	-32 517	-97 893	-35607	-97 050
Net impairment losses	-14 101	-38 014	-12 812	-25 209
Profit before income tax	**74 264**	**226 001**	**56 133**	**159 191**
Income tax expense	-13 873	-43 222	-10 301	-26 922
Net profit	**60 391**	**182 779**	**45 832**	**132 269**

EPS ratio (in PLN)		
Net profit (in PLN thousand)	182 779	132 269
Weighted average number of ordinary shares	16 771 180	16 771 180
EPS ratio (in PLN)	10,90	7,89
Diluted weighted average number of ordinary shares	16 771 180	16 771 180
Diluted EPS ratio (in PLN)	10,90	7,89

Balance sheet (in PLN thousand)	30 September 2008	31 December 2007	30 September 2007
Assets			
Cash and cash equivalents	3 747 895	1 590 463	1 383 754
Financial assets held for trading	434 689	253 301	326 414
Due from banks	235 176	228 525	256 806
Loans to customers	13 398 138	11 172 026	10 286 583
Investments - Available for Sale	865 350	603 235	348 664
Property, Plant and Equipment	114 415	113 816	101 156
Intangible Assets	23 296	22 287	21 265
Deferred tax assets	37 902	33 873	38 883
Other assets	142 458	193 488	337 816
Total assets	**18 999 319**	**14 211 014**	**13 101 341**
Liabilities			
Financial liabilities held for trading	271 180	201 381	159 826
Due to banks	9 372 137	5 895 545	5 733 980
Due to customers	7 351 814	6 307 428	5 466 321
Current tax liabilities	27 824	26 601	29 031
Subordinated liabilities	340 830	358 200	377 750
Other liabilities	286 430	251 929	208 606
Provisions	16 509	15 974	15 399
Total liabilities	**17 666 724**	**13 057 058**	**11 990 913**
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	-6 958	-2 818	-1 179
Retained earnings	-	-15 811	-15 811
Net profit (loss) for the year	182 779	177 594	132 269
Total equity	**1 332 595**	**1 153 956**	**1 110 428**
Total liabilities and equity	**18 999 319**	**14 211 014**	**13 101 341**

Statement of Changes in Shareholders' Equity for three 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	-	-	-	132 269	-	-	132 269
Net profits/losses not recognised in the income statement (investments available for sale)	-	-	-	-	-	-2 316	-2 316
Net profits/losses recognised in the income statement (investments available for sale)	-	-	-	-	-	-1 815	-1 815
Deferred tax – net profits/losses (investments available for sale)	-	-	-	-	-	785	785
Total income in Quarter III 2007	**-**	**-**	**-**	**132 269**	**-**	**-3 346**	**128 923**
Distribution of retained earnings	**-**	**-**	**-108 266**	**-**	**108 266**	**-**	**-**
Balance as at 30.09.07	**503 135**	**308 814**	**-15 811**	**132 269**	**183 200**	**-1 179**	**1 110 428**

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 III 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 three 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	-	-	-	182 779	-	-	182 779
Net profits/losses not recognised in the income statement (investments available for sale)	-	-	-	-	-	-1 407	-1 407
Net profits/losses recognised in the income statement (investments available for sale)						-3 704	-3 704
Deferred tax – net profits/losses (investments available for sale)	-	-	-	-	-	971	971
Total income in Quarter III 2008	**-**	**-**	**-**	**182 779**	**-**	**-4 140**	**178 639**
Distribution of retained earnings	**-**	**-**	**-161 783**	**-**	**161 783**	**-**	**-**
Balance as at 30.09.08	**503 135**	**308 656**	**-**	**182 779**	**344 983**	**-6 958**	**1 332 595**

Cash Flow Statement (in PLN thousand)	Qtr. I - III 2008 (YTD)	2007 year	Qtr. I - III 2007 (YTD)
Cash and cash equivalents, gross, opening balance	**1 590 779**	**2 827 141**	**2 827 141**
Profit before income tax	**226 001**	**214 607**	**159 191**
Adjustments for:	**1 266 876**	**-3 007 524**	**-3 430 199**
Depreciation	27 520	25 257	15 989
Impairment losses	37 501	26 205	13 810
Profits/losses on account of FX rate differences	-17 370	-3	-
Profits/losses on investing activities	2 271	13 773	3 275
Changes in operational assets and liabilities:	1 262 981	-3 047 792	-3 445 821
- financial assets and liabilities held for trading	-111 589	33 822	-80 846
- due from banks	-6 771	-29 415	-57 695
- loans to customers	-2 261 803	-4 219 657	-3 322 143
- change in the balance of available for sale investments	-4 169	11 677	2 980
- due to banks	2 517 323	-315 164	-430 140
- due to customers	1 044 386	1 680 071	838 964
- other assets and liabilities	85 604	-209 126	-396 941
Income tax (current and deferred)	-46 027	-24 964	-17 452
Net operating cash flows	**1 492 877**	**-2 792 917**	**-3 271 008**
Purchase of available-for-sale investments	-772 693	-667 467	-128 296
Purchase of property, plant and equipment and intangible fixed assets	-31 995	- 87 723	-59 643
Proceeds from sales of available-for-sale investments	510 606	702 283	428 017
Proceeds from sales of property, plant and equipment	1 952	3 703	3 207
Other investment expenses	-1 355	-7 173	-1 311
Net cash provided by investing activities	**-293 485**	**-56 377**	**241 974**
Issuance of subordinated liabilities	-	358 200	377 750
Loans and credit facilities taken	1 357 821	2 149 206	1 358 628
Repayment of loans and credit facilities	-398 552	-894 474	-150 485
Net cash provided by (used in) financing activities	**959 269**	**1 612 932**	**1 585 893**
Cash and cash equivalents, gross, ending balance	**3 749 440**	**1 590 779**	**1 384 000**
Change in gross cash and cash equivalents	**2 158 661**	**- 1 236 362**	**-1 443 141**

Cash Flow Statement is prepared using an indirect method.

4. The Key Factors Affecting Consolidated Performance of Fortis Bank Polska SA Capital Group for Three Quarters of 2008.

Financial Results

Income Statement (in PLN thousand)	Qtr. I - III 2008 (YTD)	Qtr. I - III 2007 (YTD)	Change
Net interest income	289 395	204 644	41%
Net fee and commission income	141 635	102 279	39%
Net trading income	100 030	100 325	-0,3%
Personnel expenses	-147 374	-118 572	24%
Other expenses	-98 916	-97 050	2%
Profit before income tax	**226 712**	**159 191**	**42%**
Net profit	**183 345**	**132 269**	**39%**
Total assets (in PLN thousand)	**18 982 227**	**13 101 341**	**45%**
Loans to customers	13 398 138	10 286 583	30%
Due to customers	7 332 692	5 466 321	34%
Total equity	1 333 866	1 110 428	20%

Financial ratios (%)			
Capital adequacy ratio	11,39	9,07	2,32
Return on assets (ROA)*	1,4	1,5	-0,1
Return on equity (ROE)*	19,8	17,8	2,0
Net interest margin*	2,2	2,4	-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 third quarter of 2008, the Capital Group of Fortis Bank Polska SA generated very good financial results:

- **The consolidated gross profit stood at PLN 226,712 thousand (growth by 42% as compared to the corresponding period of the previous year) while the consolidated net profit reached PLN 183,345 thousand (increase by 39 % as compared to the corresponding period of the previous year),**
- **The Return on Equity ratio clearly improved up to 19.8%,**
- **EPS grew by 39% up to PLN 10.93.**

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. As of the end of the third quarter of 2008, both deposit and loan value increased in comparison to the same period of the previous year.

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 III 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 5,585 thousand at the end of Quarter III of 2008.

As at 30 September 2008, the Group's total assets stood at PLN 18,982,227 thousand and were higher by 45% than at the end of September 2007.

Loans to customers constitute the major item of the asset structure. Loans to customers increased by 30% in comparison to the third quarter of 2007, i.e. up to PLN 13,398,138 thousand.

The share loans to customers in the structure of total assets decreased from 79% recorded as at the end of September 2007 down to 71% noted at the end of September 2008.

Commercial loans granted to enterprises prevailed in the gross loans to customers. As at the end of the third quarter of 2007, their share made up 73% and went down to 70% at the end of the third quarter of 2008.

The value of commercial loans increased by PLN 1,966,169 thousand over the result recorded in the previous year.

As at 30 September 2008, mortgage loans stood at PLN 3,511,857 thousand and were higher by 41% than as at 30 September 2007, when they amounted to PLN 2,493,863 thousand. Their share in the structure of gross loans to customers increased from 24% at the end of September 2007 up to 26% at the end of September 2008.

PLN loans hold the biggest share in the loan volume and constitute 61% of the total volume. As at 30 September 2008, their value stood at PLN 8,295,865 thousand, which means an increase by PLN 2,016,071 thousand as compared to 30 September 2007.

The loans granted in CHF (in PLN equivalent) at the end of September 2007 reached PLN 2,191,696 thousand and grew by 45% up to PLN 3,174,348 thousand at the end of September 2008. At the end of the third quarter of 2008, such loans made up 23% of gross total loans.

The credit portfolio in EUR (in PLN equivalent) grew from PLN 1,848,708 thousand at the end of the third quarter 2007 to PLN 2,031,858 thousand at the end of the third quarter of 2008; however, at the same time their share in the total loan volume decreased from 18% as at 30 September 2007 to 15% as at 30 September 2008.

Due from banks decreased as at the end of the third quarter of 2008 by 8% in comparison to the corresponding period of the previous year (i.e. from PLN 256,806 thousand to PLN 235,181 thousand).

As at the end of 30 September 2008, financial assets held-for-trading increased by 33%, i.e. PLN 108,275 thousand in comparison to the balance as at the end of September 2007.

Cash and cash equivalents increased in comparison to the end of the third quarter 2007 by 171% and their share in total assets increased from 11% noted at the end of September 2007 to 20% recorded at the end of September 2008.

Investments available for sale increased by 143% in comparison to the third quarter of 2007. Their share in total assets likewise increased from 3% to 5% as at the end of the third quarter of 2008. As at 30 September 2008, the Group's securities portfolio consisted mainly of securities issued by the Polish State Treasury and the National Bank of Poland.

Liabilities towards customers on account of funds deposited on current accounts and term deposits make up the main item in the structure of liabilities. As at the end of the third quarter of 2008, customer deposits stood at PLN 7,332,692 thousand and were higher than as at 30 September 2007, when they amounted to PLN 1,866,371 thousand.

The share of due to customers made up 39% of total liabilities and their value increased by 34% as compared to the balance recorded at the end of September 2007

In the structure of due to customers, term deposits prevail which at the end of September 2008 amounted to PLN 5,107,009 thousand, representing 70% of all customer deposits. Sight deposits reached PLN 1,256,258 thousand as at the end of September 2008.

The share of due to banks in total liabilities slightly increased from 44% at the end of the third quarter of 2007 to 49% at the end of the third quarter of 2008.

The share of financial liabilities held-for-trading in total liabilities remained unchanged, i.e. 1% as at the end of both the third quarter of 2008 and the third quarter of 2007. As at the end of September 2008, their balance stood at PLN 271,180 thousand which means that it changed by 70% in comparison to the end of the third quarter of 2007.

Provisions increased from PLN 15,399 thousand as at the end of the third quarter 2007 up to PLN 16,509 thousand as at the end of the third quarter of 2008. The item comprises provisions for off-balance sheet commitments, legal risk reserves and office sub-lease reserve. The value of provisions increased by 7% in comparison to the balance noted as at 30 September 2007.

As at 30 September 2008, the equity capital of the Group amounted to PLN 1,333,866 thousand, i.e. by 20% more as compared to PLN 1,110,428 thousand recorded at 30 September 2007. Its share in total liabilities decreased slightly from 8% to 7% as at the end of the third quarter of 2008.

A significant item of the income statement is the net interest income which as at 30 September 2008 reached PLN 289,395 thousand and was higher by 41% or PLN 84,751 thousand than at the end of the third quarter of 2007. High net interest income illustrates business growth visible in the credit area and deposit acquisition.

The Bank's net interest income grew by 76%. This item stood at PLN 731,189 thousand at the end of the third quarter of 2008 as compared to PLN 415,420 thousand at the end of the third quarter of 2007.

The interest income consists mainly of interest on account of:

- Loans to Customers: PLN 612,750 thousand versus PLN 364,137 thousand at the end of the third quarter of 2007,
- Due from banks: PLN 13,430 thousand versus PLN 9,008 thousand at the end of the third quarter of 2007,
- Investments: PLN 49,078 thousand versus PLN 16,810 thousand at the end of the third quarter of 2007.

The interest expenses include in particular interest on account of:

- Due to banks: PLN (183,150) thousand versus PLN (107,355) thousand at the end of the third quarter of 2007,
- Due to Customers: PLN (243,094) thousand versus PLN (100,376) thousand at the end of the third quarter of 2007.

The Group's income was materially affected by the net trading income which as at the end of September 2008 stood at PLN 100,030 thousand. Currency exchange transactions of PLN 100,596 thousand were the main item of the above result (growth by 6% as compared to the corresponding period of the previous year). Transactions in derivatives fell to PLN 987 thousand down from PLN 6,921 thousand recorded at the end of the third quarter of 2007.

As at the end of September 2008, the Group generated net commission and fee income of PLN 141,635 thousand, i.e. by 39% more than in June 2007.

The Bank's commission and fee income growth reached 37%. This item stood at PLN 150,536 thousand at the end of the third quarter of 2008 as compared to PLN 109,836 thousand at the end of the third quarter of 2007.

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

- Fees and commissions related to derivative instrument buy/sell transactions: PLN 42,265 thousand versus PLN 11,596 thousand at the end of the third quarter of 2007,

- fees and commissions for cash settlements services: PLN 41,319 thousand versus PLN 38,885 thousand at the end of the third quarter of 2007,
- commissions related to granting credit facilities: PLN 26,806 thousand versus PLN 18,741 thousand at the end of the third quarter of 2007,
- card transactions income: PLN 8,761 thousand versus PLN 8,575 thousand at the end of the third quarter of 2007.

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

- card related expenses: PLN (3,249) thousand versus PLN (3,097) thousand at the end of the third quarter of 2007,
- cash transactions commission expenses: PLN (2,235) thousand versus PLN (2,229) thousand at the end of the third quarter of 2007,
- settlement commission expenses: PLN (847) thousand versus PLN (1,071) thousand at the end of the third quarter of 2007.

At the end of the third quarter 2008, fee and commission expenses amounted to PLN (8,901) thousand and were higher by 18% than at the end of the third quarter of the previous year when they equalled PLN (7,557) thousand.

An intensive development of the Group including the launch of new products on the market and employment of new personnel resulted in expense growth.

At the end of September 2008, the group's personnel costs stood at PLN (147,374) thousand and were higher by 24% compared to the end of September 2007, when they amounted to PLN (118,572) thousand.

The depreciation of fixed and intangible assets amounted to PLN (27,704) thousand and was higher by 73% than at the end of the third quarter of 2007.

At the end of the third quarter of 2008, net impairment losses increased up to PLN (38,014) thousand, and were higher by 51% than in the corresponding period of the previous year. The main item constituted the charge with credit risk costs on Loans to Customers, which increased from PLN (22,186) thousand at the end of the third quarter 2007 up to PLN (36,346) thousand at the end of the third quarter 2008, as a result of deterioration of some borrowers' quality and credit portfolio growth.

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.

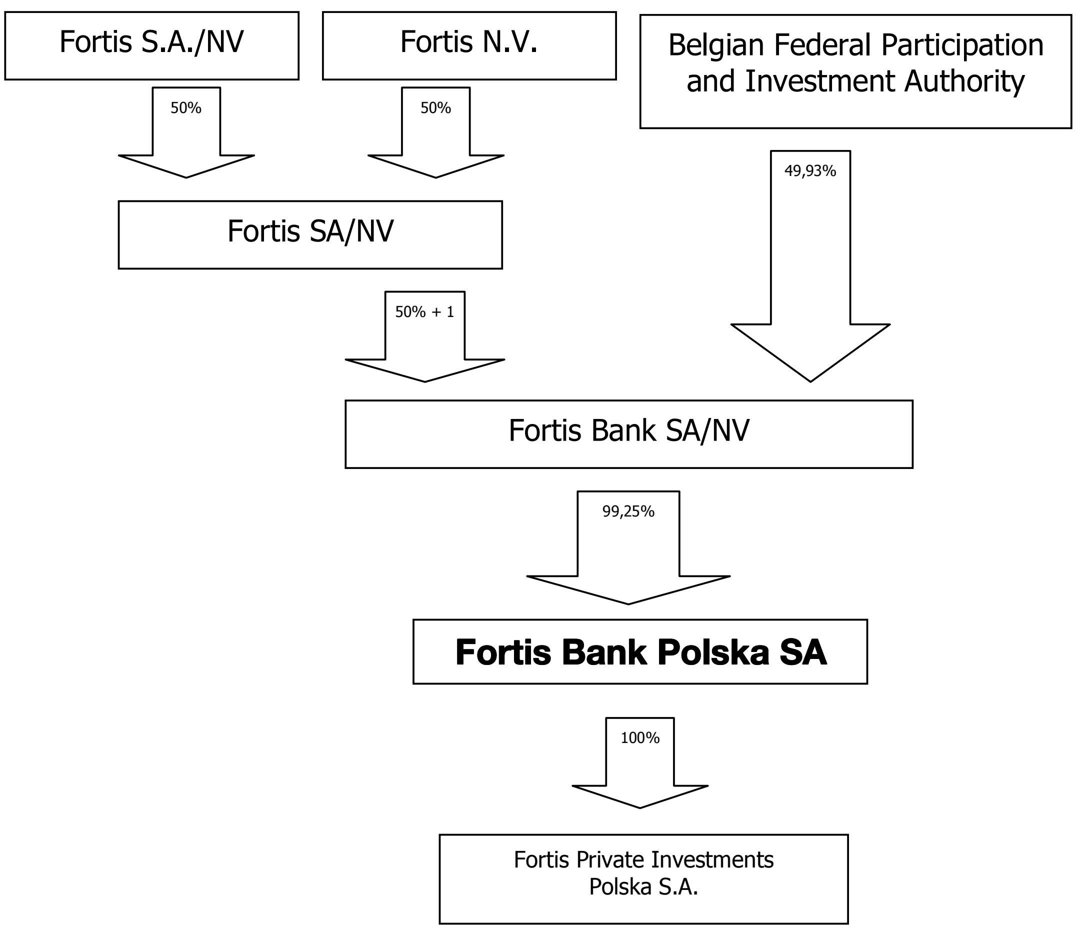
The Bank is a company with an indefinite period of operation, and its business has no seasonal or periodical nature.

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

The Group's structure

As at the end of the third quarter, the Bank was part of Fortis, an international banking and insurance group. The ultimate parent entities were: Fortis SA/NV, Fortis N.V. and the Kingdom of Belgium government, i.e. the Belgian Federal Participation and Investment Authority. Fortis Bank SA/NV based in Brussels is the Bank's parent entity.

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		
				30.09.2008	**31.12.2007**	**30.09.2007**
Fortis Private Investments Polska SA	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, which have been approved by the European Union. 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 Group's Management are not aware of any circumstances indicating any risk to the business continuation by the Group 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. The functional currency is Polish zloty (PLN).

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 January 2008 through 30 September 2008, while separate comparative data present data of Fortis Bank Polska S.A. for the period from 1 January 2007 through 30 September 2007, and as at 31 December 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 and does not materially affect the picture of the Bank's situation due to a minor scale of operations of Fortis Private Investments Polska SA.

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 three quarters of 2008, the full consolidation is applied to the following subsidiary:

- Fortis Private Investments Polska SA

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

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.

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.

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.

Derivative instruments that are hedging instruments

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

The Group applies hedge accounting with respect to interest rate risk hedging. The fair value is hedged to limit a risk that fair value changes resulting from a specific risk related to financial assets and liabilities held, or a specific part thereof, may affect the financial result.

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

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.

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.

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

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

<u>Non-Current Assets Held for Sale and Discontinued Operations</u>

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.

Due to customers

Liabilities on account of Customer deposits equal the amount due at the balance sheet date. Liabilities due to Customers are measured at amortised cost.

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.

Other Equity Capital Components

Other components that are recognised in equity refer to:

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

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.

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

The separate financial data of Fortis Bank Polska SA were prepared pursuant to the accounting principles applied in the preparation of the annual financial statements, and described in this chapter. The accounting principles applied in the preparation of this information are consistent with accounting principles applied in interim consolidated financial statements of Fortis Bank Polska SA Capital Group.

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 BL or ALM, so that fixed margins can be allocated to the remaining business lines.

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 (FPIP) 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 internal and external transfer 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

01.01.08-30.09.2008 (YTD) in PLN thousand	Retail Banking	Private Banking	Merchant Banking	ALM and support units (horizontal functions)	Total
Interest income (external)	308 191	10 985	355 889	56 124	731 189
Transfer prices expense (internal)	-230 952	-8 595	-433 603	22 603	-650 547
Interest expense (external)	-105 700	-9 963	-325 585	-546	-441 794
Transfer prices income (internal)	148 008	10 652	456 662	35 225	650 547
Net interest income	**119 547**	**3 079**	**53 363**	**113 406**	**289 395**
Other transfer prices (internal)	1 659	-248	66 410	-67 821	-
Fee and commission income (external)	76 787	4 399	66 967	2 383	150 536
Fee and commission expense (external)	-6 003	-819	-753	-1 326	-8 901
Net fee and commission income	**70 784**	**3 580**	**66 214**	**1 057**	**141 635**
Net trading income (external)	49 998	434	49 598	-	**100 030**
Net gain/loss on available-for-sale financial assets (external)	-	-	-	-3 233	**-3 233**
Net profit (loss) on hedging transactions (external)	-	-	-	175	**175**
Other income (external)	7 363	185	2 564	606	**10 718**
Total income, net	**249 351**	**7 030**	**238 149**	**44 190**	**538 720**
Personnel expense (external)	-60 747	-4 383	-31 441	-50 803	**-147 374**
Depreciation of fixed assets and intangible fixed assets (external)	-	-184	-	-27 520	**-27 704**
Other expenses (external)	-18 113	-1 329	-4 758	-74 716	**-98 916**
Net impairment losses (external)	-24 943	-14	-12 982	-75	**-38 014**
Costs allocation (rebilling) (internal)	-124 309	-4 365	-23 808	152 482	**-**
Profit before income tax	**21 239**	**-3 245**	**165 160**	**43 558**	**226 712**
Income tax expense	-4 396	594	-31 457	-8 108	**-43 367**
Net profit	**16 843**	**-2 651**	**133 703**	**35 450**	**183 345**

1.01.2007-30.09.2007 (YTD) in PLN thousand	Retail Banking	Private Banking	Merchant Banking	ALM and support units (horizontal functions)	Total
Interest income (external)	187 756	1 895	204 562	21 207	415 420
Transfer prices expense (internal)	-124 768	-1 439	-273 025	-26 349	-425 581
Interest expense (external)	-60 309	-5 666	-142 475	-2 326	-210 776
Transfer prices income (internal)	95 992	6 021	270 425	53 143	425 581
Net interest income	**98 671**	**811**	**59 487**	**45 675**	**204 644**
Other transfer prices (internal)	-404	11	12 751	-12 358	-
Fee and commission income (external)	66 182	545	40 624	2 485	109 836
Fee and commission expense (external)	-5 183	-52	-682	-1 640	-7 557
Net fee and commission income	**60 999**	**493**	**39 942**	**845**	**102 279**
Dividend and other investment income (external)	-	-	-	600	**600**
Net trading income (external)	44 243	283	55 799	-	**100 325**
Net gain/loss on available-for-sale financial assets (external)	-	-	-111	356	**245**
Net profit (loss) on hedging transactions (external)	-	-	-	-20	**-20**
Other income (external)	6 035	7	1 892	4	**7 938**
Total income, net	**209 544**	**1 605**	**169 760**	**35 102**	**416 011**
Personnel expense (external)	-47 522	-1 733	-31 206	-38 111	**-118 572**
Depreciation of fixed assets and intangible fixed assets (external)	-	-	-	-15 989	**-15 989**
Other expenses (external)	-20 944	-288	-4 731	-71 087	**-97 050**
Net impairment losses (external)	-17 903	-67	-7 233	-6	**-25 209**
Costs allocation (rebilling) (internal)	-108 112	-2 491	-14 211	124 814	**-**
Profit before income tax	**15 063**	**-2 974**	**112 379**	**34 723**	**159 191**
Income tax expense	-2 662	526	-18 636	-6 150	**-26 922**
Net profit	**12 401**	**-2 448**	**93 743**	**28 573**	**132 269**

Description of Segment Activity

Retail Banking

Customers

Retail Banking is a dynamically developing business line. As at the end of the third quarter of 2008, the number of active customers of this line reached 51,946. Private Individuals (69%) and enterprises (22%) prevail among the Retail Banking customers, while the remaining 9% 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 three quarters of 2008 and three quarters of 2007 (YTD), the Group noted the following:

- increase in the number of Customers using the Pl@net banking system by 35%,
- 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 third quarter of 2008, the balance of such loans reached PLN 3.5 billion, which means an increase by 40% as compared to the end of the third quarter of 2007;
- credit cards: as at the end of the third quarter of 2008, the number of credit cards for Private Individuals and mass market Customers stood at 10,381 while the balance of card credits increased by 25% (the average of three quarters of 2008 as compared to the average of three quarters 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 third quarter of 2008.

The following products are largely popular among Enterprises:

- investment loans: as at the end of the third quarter of 2008, the balance of such loans reached PLN 2.4 billion, which means an increase by 45% as compared to the end of the third quarter of 2007,
- currency exchange instruments: the number of table-based and negotiated transactions in the first nine months of 2008 increased by 23% as compared to the first nine months of 2007, and the average monthly volume of such transactions oscillates around PLN 1.3 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 19% in the third quarter of 2008 as compared to the third quarter of 2007 (YTD). This increase was generated thanks to:

- net trading income higher by 13%, attributable to a higher net FX income,
- net interest profit higher by 21%;
- net fee and commission profit higher by 16%.

The Retail Banking intensive development also resulted in costs increase. Personnel expenses grew by 28%. The increase was however mainly due to the growth in FTEs (in periods analysed by 17% 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 third quarter of 2008, the number of active customers of this line reached 251. On average, the number of the line's customers increased by 117% (the first nine months of 2008 compared to the first nine months of 2007).

Distribution channels

Private Banking BL customers have at their disposal both a network of Business Centres (8), which are part of the international Fortis Bank network, as well as alternative channels: Multicash, Pl@net systems and Call Centre. As statistics show, these channels are more and more willingly used by the customers.
Comparing data for Quarter III 2008 and Quarter III 2007 (YTD), the Group noted the following:

- tenfold increase in the number of Customers using the Pl@net banking system,
- increase in the number of transfers made via the Pl@net by 631%,

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 third quarter of 2008, Private Banking customers saved approx. PLN 374 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 third quarter 2008, the outstanding balance of such loans was PLN 140 million.

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 57% of the Line's net income, and 1% of the consolidated net income of Fortis Bank Polska. The constantly developing base of Private 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 338% in the third quarter of 2008 as compared to the third quarter of 2007. This increase was generated thanks to:

- net interest income higher by 280% (without FPIP: by 178%)
- net fee and commission income higher by 626% (without FPIP: by -3%)

The Private Banking intensive development also resulted in costs increase. Personnel expense increased by 153% (without FPIP, by 32%). It mainly resulted from the increased employment in both Private Banking BL and FPIP (FPIP employees account for 53% 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 75%. 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 third quarter of 2008, the number of active customers of this line reached 2,535. On average, the number of the line's customers increased by 21% (the first nine months of 2008 compared to the first nine 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, 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 data for Quarter III 2008 and Quarter III 2007, the Group noted the following:

- increase in the number of Customers using the Pl@net banking system by 307%,
- increase in the number of transfers made via the Pl@net by 840%,
- increase in the number of Customers using the MultiCash system by 10%,
- increase in the number of transfers made via the MultiCash by 9%.

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 third quarter of 2008, the balance of such loans exceeded PLN 2.9 billion, which means an increase by 24% as compared to the end of the third quarter of 2007;
- working capital loans: as at the end of the third quarter of 2008, the balance of such loans reached PLN 1.4 billion, which means an increase by 10% as compared to the end of the third quarter of 2007;
- overdraft facilities: as at the end of the third quarter of 2008, the balance of such loans reached PLN 1.7 billion, which means an increase by 30% as compared to the end of the third quarter of 2007;
- deposits: as at the end of the third quarter of 2008, the total balance of deposits reached PLN 3.3 billion, which means an increase by 36% as compared to the end of the third quarter of 2007;
- currency exchange instruments: the number of negotiated and table-based transactions in the first nine months of 2008 reached about 41 thousand and the average monthly volume of such transactions oscillates around PLN 1.7 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 BL 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 40% in the third quarter of 2008 as compared to the third quarter of 2007. This increase was generated thanks to:

- net commission and fee profit higher by 66%,

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 68%. 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 26%), 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 – 30.09.2008	1.01.2007 – 30.09.2007
Number of shares as at 30 September	16 771 180	16 771 180
Weighted average number of ordinary shares	16 771 180	16 771 180
Net profit of the period (annualised) in PLN thousand	183 345	132 269
EPS ratio in PLN	**10,93**	**7,89**
Weighted average diluted number of potential ordinary shares	16 771 180	16 771 180
Diluted consolidated EPS ratio (in PLN)	**10,93**	**7,89**

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)	3rd Quarter 2008	Qtr. I-III of 2008 (YTD)	3rd Quarter 2007	Qtr. I-III of 2007 (YTD)
Cash and cash equivalents	11 816	51 311	9 486	20 777
Due from banks	4 233	13 430	3 213	9 008
Investments	20 856	49 078	4 198	16 810
Loans to customers	224 436	612 750	144 115	364 137
Securities	2 662	4 620	1 914	4 688
Total interest income	**264 003**	**731 189**	**162 926**	**415 420**

Note 9.2 Interest expense

(in PLN thousand)	3rd Quarter 2008	Qtr. I-III of 2008 (YTD)	3rd Quarter 2007	Qtr. I-III of 2007 (YTD)
Due to banks	-62 771	-183 150	-46 028	-107 355
Due to customers	-89 852	-243 094	-40 750	-100 376
Subordinated loans	-4 663	-14 015	-	-
Derivative hedging instruments	14	-545	-723	-2 326
Others	-471	-990	-385	-719
Total interest expense	**-157 743**	**-441 794**	**-87 886**	**-210 776**

Note 9.3 Fee and commission income

(in PLN thousand)	3rd Quarter 2008	Qtr. I-III of 2008 (YTD)	3rd Quarter 2007	Qtr. I-III of 2007 (YTD)
Custody services and securities trading	575	1 906	791	2 164
Cash settlements services	13 975	41 319	13 152	38 885
Guarantees and contingent liabilities	3 530	11 055	3 913	11 241
Loan origination fees and commissions (amortised using the straight-line method)	6 481	17 995	5 256	14 460
Loan origination fees and commissions (incurred one time)	2 033	8 811	2 030	4 281
Fees and commissions related to derivative instrument buy/sell transactions	11 380	42 265	5 925	11 596
Income on account of agency in customer acquisition	802	2 922	2 751	8 388
Card related income	2 890	8 761	2 979	8 575
Income on asset management	1 606	6 496	358	1 445
Others	2 964	9 006	2 307	8 801
Total fee and commission income	**46 236**	**150 536**	**39 462**	**109 836**

Note 9.4 Fee and commission expense

(in PLN thousand)	3rd Quarter 2008	Qtr. I-III of 2008 (YTD)	3rd Quarter 2007	Qtr. I-III of 2007 (YTD)
Custody services and securities trading	-218	-714	-200	-444
Card related expenses	-1 084	-3 249	-1 174	- 3 097
Cash transactions expenses	-757	-2 235	-1 061	-2 229
Settlements	-254	-847	-354	-1 071
Others	-550	-1 856	-243	-716
Total fee and commission expenses	**-2 863**	**-8 901**	**-3 032**	**-7 557**

Note 9.5 Net trading income

(in PLN thousand)	3rd Quarter 2008	Qtr. I-III of 2008 (YTD)	3rd Quarter 2007	Qtr. I-III of 2007 (YTD)
Securities	-295	-1 553	271	- 1 127
Derivative instruments	-272	987	2 443	6 921
Foreign exchange transactions	34 324	100 596	35 305	94 531
Total net trading income	**33 757**	**100 030**	**38 019**	**100 325**

Note 9.6 Net impairment losses

(in PLN thousand)	3rd Quarter 2008	Qtr. I-III of 2008 (YTD)	3rd Quarter 2007	Qtr. I-III of 2007 (YTD)
Cash and cash equivalents, net	425	-1 230	-37	-80
Due from banks, net	1	-120	-10	-18
Loans to customers, net	-13 629	-36 346	-11 038	-22 186
Off-balance sheet commitments, net	-1 152	-194	-403	-1 585
Other assets, net	225	215	-153	216
Other provisions, net	29	-339	-1 171	-1 556
Total impairment losses, net	**-14 101**	**-38 014**	**-12 812**	**-25 209**

10. Additional Notes to Consolidated Balance Sheet

Note 10.1 Cash and cash equivalents

(in PLN thousand)	30 September 2008	31 December 2007	30 September 2007
Cash at hand	194 616	543 343	164 039
Due from the central bank	517 963	17 153	76 546
Short-term due from banks, including:	2 973 640	1 006 442	1 084 144
- nostro accounts	1 825	97	22 541
- short-term deposits from banks	568 692	150 516	565 517
- receivables on account of unsettled FX spot and FX swap transactions	2 403 123	855 829	496 086
Short-term loans to customers	63 221	23 841	59 271
Total cash and cash equivalents, gross	**3 749 440**	**1 590 779**	**1 384 000**
Write-offs for impairment	**-1 545**	**-316**	**-246**
- for Incurred But Not Reported losses (IBNR)	-1 545	-316	-246
Total cash and cash equivalents, net	**3 747 895**	**1 590 463**	**1 383 754**

Receivables

Note 10.2.1. Due from Banks

(in PLN thousand)	30 September 2008	31 December 2007	30 September 2007
Loans	75 000	74 999	25 000
Debt securities not traded on an active market	149 916	150 639	152 012
Deposits	-	-	75 550
Other receivables	10 462	2 964	4 319
Total due from banks, gross	**235 378**	**228 602**	**256 881**
Write-offs for impairment	**-197**	**-77**	**-75**
- for Incurred But Not Reported losses (IBNR)	-197	-77	-75
Total net due from banks	**235 181**	**228 525**	**256 806**

Note 10.2.2 Loans to Customers

(in PLN thousand)	30 September 2008	31 December 2007	30 September 2007
Loans to budgetary entities	437	454	704
Mortgage loans	3 511 857	2 660 307	2 493 863
Consumer loans and credit facilities	529 699	489 765	355 431
Commercial loans	9 583 225	8 215 694	7 617 056
Other receivables	3 020	215	1 867
Total loans to customers, gross	**13 628 238**	**11 366 435**	**10 468 921**
Write-offs for impairment	**-230 100**	**-194 409**	**-182 338**
- for incurred, reported losses	-165 419	-145 351	-138 143
- for Incurred But Not Reported losses (IBNR)	-64 681	-49 058	-44 195
Total net loans to customers	**13 398 138**	**11 172 026**	**10 286 583**

Financial Assets and Liabilities Held for Trading

Note 10.3.1 Financial assets held for trading

(in PLN thousand)	**30 September 2008**	**31 December 2007**	**30 September 2007**
Securities held for trading	**132 923**	**48 241**	**182 903**
- treasury bonds	75 194	33 309	182 903
- treasury bills	57 729	14 932	-
Derivative financial instruments	**301 766**	**205 060**	**143 511**
- foreign currency contracts	260 933	160 130	67 640
- interest rate contracts	40 833	44 930	75 871
Total financial assets held for trading	**434 689**	**253 301**	**326 414**

Note 10.3.2 Financial liabilities held for trading

(in PLN thousand)	**30 September 2008**	**31 December 2007**	**30 September 2007**
Derivative Financial Instruments	**271 180**	**201 381**	**159 826**
- foreign currency contracts	237 679	157 620	62 782
- interest rate contracts	33 501	43 761	97 044
Total financial liabilities held for trading	**271 180**	**201 381**	**159 826**

Note 10.4 Investments available for sale

(in PLN thousand)	**30 September 2008**	**31 December 2007**	**30 September 2007**
Investments available for sale at fair value			
Treasury bonds	652 844	464 186	305 447
Treasury bills	169 294	95 835	-
NBP Bonds	24 979	24 979	24 979
Shares and stock	79	18 235	18 238
Total investments available for sale	**847 196**	**603 235**	**348 664**

Performing payables

Note 10.5.1 Due to banks

(in PLN thousand)	30 September 2008	31 December 2007	30 September 2007
Due to the central bank	**-**	**-**	**-**
Deposits	**2 054 264**	**1 373 528**	**1 438 877**
- Current	143 874	103 769	113 286
- Term	1 559 030	953 700	1 074 943
- Cash collateral	351 360	316 059	250 648
Loans and credit facilities received	**4 626 066**	**3 666 796**	**3 799 260**
Sale of securities with the repurchase option	**290 990**	**-**	**-**
Others	**2 400 817**	**855 221**	**495 843**
Total due to banks	**9 372 137**	**5 895 545**	**5 733 980**

Note 10.5.2 Due to customers

(in PLN thousand)	30 September 2008	31 December 2007	30 September 2007
Current deposits	1 256 258	1 425 475	1 254 147
Term deposits	5 107 009	4 597 824	3 919 555
Loans and credit facilities received	681 660	-	-
Cash collateral	224 381	260 334	233 310
Others	63 384	23 795	59 309
Total due to customers	**7 332 692**	**6 307 428**	**5 466 321**

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 the Group in the analysed period is to maintain the equity funds at the level that guarantees the solvency ratio of at least 9.5%.

Should there arise any risk of going below that threshold (i.e. below 9.5%), 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)	**30.09.2008**	**31.12.2007**	**30.09.2007**
Risk-weighted off-balance sheet assets and liabilities	**12 976 571**	**11 726 693**	**11 262 325**
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*	340 830	358 200	-
Other elements of the equity capital included in the capital adequacy ratio calculation	113 761	67 300	66 940
Gross equity capital, total	**1 611 365**	**1 421 001**	**1 062 599**
Deductions			
Capital shares in financial entities	-	18 196	18 196
Net intangible assets	23 417	22 287	21 265
Total deductions	**23 417**	**40 483**	**39 461**
Net equity capital	**1 587 948**	**1 380 518**	**1 023 138**
Short-term capital	**34 117**	**14 286**	**11 099**
including current profit on the Trading Portfolio	34 117	14 286	11 099
Total equity capital plus short-term capital	**1 622 065**	**1 394 804**	**1 034 237**
Credit risk	1 069 158	946 714	905 440
Market risk	3 085	5 707	6 645
Operational risk	66 947	-	-
Total capital requirement	**1 139 190**	**952 421**	**912 085**
Capital adequacy ratio	**11,39%**	**11,72%**	**9,07%**

*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 September 2008 the capital adequacy ratio was 11.39% in comparison to 9.07% as at the end of September 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 57% versus the end of September 2007, while risk-weighted assets and off-balance sheet items increased by 15% 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 capital requirements for credit risk, new capital requirements for operational risk have been determined while capital requirements for 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 determination of capital requirements on account of specific risk types (…).

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 (...).

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 have not materially changed in comparison to calculations according to Basel II rules. In connection with the above, the Group has not recalculated comparative period data. The comparative data presented below as at 31 December 2007 and 30 September 2007 are computed according to Basel I rules.

Minimal capital requirements (in PLN thousand)	**30.09.2008**	**31.12.2007**	**30.09.2007**
Credit risk	1 069 153	946 714	905 440
Market risk, including:	3 085	5 707	6 645

- general interest rate risk	3 085	5 707	6 645
- currency risk	-	-	-
Operational risk	66 947	-	-
Total capital requirement	**1 139 190**	**952 421**	**912 085**

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 third quarter of 2007 as at 30 September 2007 to ensure data comparability.

Balance sheet as at 30 September 2007

Item	Report for 3rd Quarter 2007	Report for 3rd Quarter 2008	Difference	Change description
Cash and cash equivalents	1 384 445	1 383 754	33	Short-term due from banks
			-724	Measurement of FX Spot transactions
Financial assets held for trading	296 289	326 414	30 125	Change in presentation of measurement of interest rate derivative instruments
Due from banks	256 839	256 806	-33	Short-term due from banks
Property, Plant and Equipment	96 151	101 156	5 005	Operating software
Intangible Assets	26 270	21 265	-5 005	Operating software
Deferred tax assets	36 884	38 883	1 999	Adjustment to the opening balance regarding change in the value of deferred tax on account of IBNR
Total changes			**31 400**	
Financial liabilities held for trading	129 701	159 826	30 125	Change in presentation of measurement of interest rate derivative instruments
Due to banks	5 735 360	5 733 980	-326	Measurement of FX Spot transactions
			-1 054	Social benefit funds
Due to customers	5 466 548	5 466 321	-227	Measurement of FX Spot transactions
Other liabilities	207 723	208 606	1 054	Social benefit funds
			-171	Recognition of financial instruments at the trade date
Retained earnings	-17 810	- 15 811	1 999	Adjustment to the opening balance regarding change in the value of deferred tax on account of IBNR
Total changes			**31 400**	

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

Item	Report for 3rd Quarter 2007	Report for 3rd Quarter 2008	Difference	Change description
Fee and commission income	98 240	109 836	11 596	Fees and commissions related to derivative instrument buy/sell transactions
Net trading income	111 921	100 325	-11 596	Fees and commissions related to derivative instrument buy/sell transactions
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 September 2008	31 December 2007	Change (%)
Financial liabilities received	841 054	584 232	44
Guarantee liabilities received	296 231	259 712	14
Total contingent sheet commitments received	**1 137 285**	**843 944**	**35**

Contingent liabilities granted (in PLN thousand)	30 September 2008	31 December 2007	Change (%)
Financial liabilities granted	4 147 654	3 730 140	11
Guarantee liabilities granted	928 151	876 428	6
Total contingent sheet commitments granted	**5 075 805**	**4 606 568**	**10**

Description of Unusual Factors and Events

In the third 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 third 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 third quarter 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 third 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 third 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 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 30.09.2008 (in PLN thousand)	Parent entity	Subsidiary	Entities affiliated by management	Total
Assets				
Cash and cash equivalents	2 632 055	-	60 073	2 692 128
Financial assets held for trading	78 718	-	-	78 718
Due from Banks and Loans to Customers	-	1	134 171	134 172
Other assets	13 904	163	484	14 551
Total	**2 724 677**	**164**	**194 728**	**2 919 569**
Liabilities				
Financial liabilities held for trading	174 569	-	-	174 569
Due to banks and customers	2 996 649	19 122	5 724 971	8 740 742
Subordinated liabilities	-	-	340 830	340 830
Other liabilities	6 421	63	13 195	19 679
Total	**3 177 639**	**19 185**	**6 078 996**	**9 275 820**

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 30.09.2007 (in PLN thousand)	Parent entity	Subsidiary	Entities affiliated by management	Total
Assets				
Cash and cash equivalents	693 682	-	25 824	719 506
Financial assets held for trading	89 944	-	-	89 944
Due from Banks and Loans to Customers	1 002	1	78 091	79 094
Other assets	1 219	487	297	2 003
Total	**785 847**	**488**	**104 212**	**890 547**
Liabilities				
Financial liabilities held for trading	115 971	-	-	115 971
Due to banks and customers	355 045	9 547	4 065 455	4 430 047
Subordinated liabilities	-	-	377 750	377 750
Other liabilities	13 657	8	35 214	48 879
Total	**484 673**	**9 555**	**4 478 419**	**4 972 647**

Income Statement 1.01.2008- 30.09.2008 (in PLN thousand)	Parent entity	Subsidiary	Entities affiliated by management	Total
Interest income	33 921	-	6 471	40 392
Interest expense	-18 314	-761	-174 796	-193 871
Fee and commission income	44 825	2 077	3 076	49 978
Fee and commission expense	-1 041	-	-1	-1 042
Net trading income	-109 227	-	15	-109 212
Net profit (loss) on hedging transactions	636	-	-	636
Other revenues	5 930	32	287	6 249

Income Statement 1.01.2007 - 30.09.2007 (in PLN thousand)	Parent entity	Subsidiary	Entities affiliated by management	Total
Interest income	12 369	-	2 061	14 430
Interest expense	-2 911	-181	-82 179	-85 271
Fee and commission income	18 375	115	1 531	20 021
Fee and commission expense	-1 392	-49	-2	-1 443
Net trading income	16 331	21	11	16 363
Net profit (loss) on hedging transactions	3 001	-	-	3 001
Other revenues	4 685	-	-	4 685

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

The shareholder structure as at the date of publication of the quarterly report for three quarters of 2008, i.e. as at 4 November 2008, was as follows:

	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	16 644 982	99,25%	16 644 982	99,25%
Others	126 198	0,75%	126 198	0,75%
Total	16 771 180	100%	16 771 180	100%

The shareholder structure as at the date of publication of the quarterly report for two quarters of 2008, i.e. as at 6 August 2008, was as follows:

	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 the date of submitting this report for the third quarter of 2008, i.e. 4 November 2008, none of the Members of the Board of Executives or Members of the Supervisory Board held any shares issued by Fortis Bank Polska S.A. or any other related financial instruments, which means that no change occurred from the date of submitting the previous quarterly report for the second quarter of 2008, i.e. 6 August 2008.

Other Important Events

On 25 September 2008, Mr. Werner Claes and Mr. Marc Luet resigned from their membership in the Supervisory Board of Fortis Bank Polska SA. Mr. Werner Claes was a member of FBP Supervisory Board since 16 December 1999, while Mr. Marc Luet – since 21 February 2008. The Extraordinary General Meeting held on 25 September 2008 appointed Mr. Christopher Norris to the Supervisory Board. He took up the position on 26 September 2008.

On 12 September 2008, Fortis SA/N.V., Fortis N.V., Fortis Brussels SA/N.V. and Fortis Bank SA/N.V. ("the Applicants") filed an application to the Polish Financial Supervision Authority for extending the implementation date of their commitment to increase liquidity of shares of Fortis Bank Polska SA ("the Bank") quoted at the Warsaw Stock Exchange. The commitment to increase the Bank's share liquidity to at least 10-15% was determined by the Banking Supervision Commission in its Resolution no. 14/KNB/2007 under which Fortis Brussels SA/N.V. was permitted to exercise, through Fortis Bank SA/N.V., more than 75% of voting rights at the General Meeting of Fortis Bank Polska S.A. The implementation date of the aforesaid commitment was set for two (2) years of the Resolution's adoption date. It becomes due in March 2009. The Applicants requested the postponement of the above-mentioned date till the end of June 2010.

In the third quarter of 2008, the Bank signed an annex to a significant loan agreement with a customer not affiliated with the Capital Group of Fortis Bank Polska SA. As at the date of signing the annex, the limit granted amounted to PLN 198 million. The financing term was extended until 31 March 2009. Terms of such transactions correspond to market conditions.

Post-balance Sheet Events

Fortis Bank Polska SA is controlled by Belgian Fortis Bank SA/NV based in Brussels which holds 99.25% of the Bank's shares.

Effective 6 October 2008, Fortis Bank SA/NV has been controlled in 99.93% by the Government of the Kingdom of Belgium, i.e. the Belgian Federal Participation and Investment Authority (registered in Brussels at 54 Avenue Louise, B1 100), while 0.07% shares are held by dispersed shareholders. First, i.e. on 29 September 2008, the Belgian State Treasury bought a 49.93% share in the common equity of Fortis Bank SA/NV and then increased its stake after the Dutch government had taken over Fortis Bank Nederland (Holding) NV (including Fortis interest in ABN AMRO Holding NV) and insurance assets of Fortis Group in the Netherlands.

At the same time, the Belgian government reached an agreement with BNP Paribas, a financial and banking group registered in France, that subject to BNP Paribas' obtaining necessary permits, it would acquire a

75% interest in Fortis Bank SA/NV and 100% of Fortis Insurance Belgium from the Belgian State Treasury and would buy a 16% share of Fortis Banque Luxembourg from the Luxembourgian State Treasury.

BNP Paribas announced taking control over Fortis Bank SA/NV along with its international subsidiaries, including Fortis Bank Polska SA).

The agreement on the purchase of businesses acquired by BNP Paribas will be finalised subject to antitrust and regulatory approvals. 88 million of shares will be issued on the basis of a standing authorisation granted to BNP Paribas' Board, while the issuance of further 44 million of shares will be submitted to the Extraordinary General Meeting of BNP Paribas shareholders for approval. Closing of the transaction is expected to take place by year end or in the first quarter of 2009.

The target parent entity of the majority shareholder of Fortis Bank Polska SA will be BNP Paribas. The remaining shares of Fortis Bank SA/NV will be held by the Belgian State Treasury.

Statements of the Bank's Board of Executives

Correctness and reliability of reports presented

According to the best knowledge of the Bank's Board of Executives, quarterly financial data and the comparative data presented in these Interim Consolidated Financial Statements of Fortis Bank Polska SA Capital Group for the period ending 30 September 2008 were prepared pursuant to the binding accounting policies and they accurately, reliably and clearly reflect the property and financial situation of the Group and its net profit.