Fortis Bank Polska S.A.

Interim Financial Statements of Fortis Bank Polska SA
prepared pursuant to
International Financial Reporting Standards
for Quarter I of 2007

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1 Financial Highlights

Financial Highlights	in PLN thousand		in EUR thousand	
	Quarter I 2007 (YTD)	Quarter I 2006 (YTD)	Quarter I 2007 (YTD)	Quarter I 2006 (YTD)
Interest income	228 088	90 785	58 390	23 607
Commission and fee income	23 087	17 434	5 910	4 533
Total income net	124 871	93 944	31 967	24 429
Gross profit (loss)	40 770	33 172	10 437	8 626
Net profit (loss)	35 768	26 472	9 156	6 884
Net cash provided by operating activities	-1 824 924	-1 446 780	-467 171	-376 217
Net cash provided by investing activities	146 285	-40 712	37 448	-10 587
Net cash provided by (used in) financing activities	-896	-9 958	-229	-2 589
Total net cash flow	-1 679 535	-1 497 450	-429 952	-389 393
Total assets	10 850 903	6 777 573	2 804 213	1 722 076
Due to banks	4 263 475	2 035 239	1 101 815	517 122
Due to Customers	4 564 459	3 522 749	1 179 599	895 076
Equity	1 024 120	718 463	264 665	182 550
Number of shares	16 771 180	15 077 700	16 771 180	15 077 700
Book value per share (in PLN / EUR)	61,06	47,65	15,78	12,11
Diluted book value per share (in PLN / EUR)	61,06	47,65	15,78	12,11
Capital adequacy ratio	10,16%	10,83%		
EPS ratio (PLN)				
Basic	7,05	5,96	1,80	1,55
Diluted	7,05	5,96	1,80	1,55

Key items in the balance sheet, profit and loss account and cash flow statement in the financial statements for the first quarter of 2007 and the corresponding financial figures for the first quarter of 2006 have been converted into EUR according to the following rules:

- particular assets and liabilities items in the balance sheet and book value per share as at the end of the first quarter of 2007 have been converted into EUR at the mid-rate applied on 31 March 2007 published by the National Bank of Poland, i.e PLN 3.8695; comparative financial data as at the end of the first quarter of 2006 have been converted into EUR at the mid-rate published on 31 March 2006, i.e., PLN 3.9357, published by the National Bank of Poland;
- Particular items in the profit and loss account and cash flows, and earnings per share as at the

end of the first 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 at the last days of the months from January through March 2007, which amounted to PLN 3.9063, whereas comparative data as at the end of the first quarter of 2006 were converted into EUR at the rate based on the arithmetic mean of mid rates determined by the National Bank of Poland as of the last days of the months from January through March 2006, which amounted to PLN 3.8456;

2 The Key Factors Affecting Performance of Fortis Bank Polska SA in Quarter I of 2007

Financial Results

Income statement (in PLN thousand)	**31 March, 2007**	**31 March, 2006**	**Change**
Net interest income	64 879	49 250	32%
Net fee and commission income	21 293	15 488	37%
Net profit on transactions in trading financial instruments	32 336	26 985	20%
Personnel costs	-36 660	-26 527	38%
Depreciation of tangible and intangible assets	-5 482	-6 053	-9%
Other costs	-30 893	-22 255	39%
Gross profit (loss)	40 770	33 172	23%
Net profit (loss)	35 768	26 472	35%
Total assets (in PLN thousand)	**10 850 903**	**6 777 573**	**60%**
Loans to Customers	7 952 981	5 115 034	55%
Due to Customers	4 564 459	3 522 749	30%
Total equity	1 024 120	718 463	43%
Financial ratios (%)			
Return on assets (ROA)	1,0	1,5	- 0.5 pp
Return on equity (ROE)	12,5	15,8	- 3.3 pp
Net interest margin	2,31	2,65	- 0.3 pp

Pursuing the development strategy adopted in 2006, in the first quarter of 2007 Fortis Bank Polska S.A. generated net profit of PLN 35.8 million, i.e. by nearly 35% more than in the similar period of the previous year, while the gross profit increased by PLN 7.6 million, i.e. up to PLN 40.7 million.
Total assets of Fortis Bank SA went up from PLN 6,778 million to PLN 10,851, i.e. by 60%. Loans to customers increased by 55% as at the end of the first quarter of 2007 up to PLN 7,953 million. Liabilities due to customers likewise significantly increased from PLN 3,523 million noted at the end of the first quarter of 2006 up to PLN 4,564 million.

Good financial results are the effect of the continuing good economic situation, increased customer demand for financial services and a high rate of growth of key banking product sales, both in RB BL and CB BL.

The net interest income increased by 32% while the net commission and fee income grew by 37% in comparison to Quarter I of 2006.

High net interest income and commission and fee income were achieved thanks to considerable growth of loan volume, especially as regards mortgage loans.

In comparison to the first quarter of 2006, personnel costs were much higher due to employment growth in line with the Bank's strategy assuming development of distribution network in the next years.

Loans constitute the principal item of the asset structure. Mortgage loans for individual customers grew the fastest, by as much as 100% over the previous year. Commercial and consumer loan growth rate was slightly less dynamic.

Considering such a significant increase of loan receivables, write-offs for impairment remained on an unchanged level.

Liabilities due to customers and banks continue to constitute the main source of asset financing.

3 The Bank's Financial Statements Pursuant to the IFRS

3.1 Income Statement

Income Statement (in PLN thousand)		Quarter I 2007 (YTD)	Quarter I 2006 (YTD)
Interest income	**Note 8.1**	228 088	90 785
Interest expense	**Note 8.2**	-163 209	-41 535
Net interest income		**64 879**	**49 250**
Commission and fee income	**Note 8.3**	23 087	17 434
Commission and fee expense	**Note 8.4**	-1 794	-1 946
Net commission and fee income		**21 293**	**15 488**
Dividend and other investment income		913	-
Net profit on transactions in trading financial instruments	**Note 8.5**	32 336	26 985
Net profit (loss) on transactions in available-for-sale financial instruments		789	88
Net profit (loss) on hedging transactions		-22	-8
Other realised and unrealised gains (losses)			1
Other income		4 683	2 140
Total income net		**124 871**	**93 944**
Personnel costs		-36 660	-26 527
Depreciation of tangible and intangible assets		-5 482	-6 053
Other costs		-30 893	-22 255
Write-offs for impairment	**Note 8.6**	-11 066	- 5 937
Gross profit (loss)		**40 770**	**33 172**
Income tax		-5 002	-6 700
Net profit (loss)		**35 768**	**26 472**
EPS ratio (PLN)	**Note 7.1**		
Basic		**7,05**	**5,96**
Diluted		**7,05**	**5,96**

3.2 The Bank's Balance Sheet

Balance sheet (in PLN thousand)		31 March, 2007	31 March, 2006	31 March, 2006
Assets				
Cash and cash equivalents	**Note 9.1**	1 128 727	2 808 262	593 748
Trading Assets	**Note 11.1**	204 019	143 107	66 919
Due from banks	**Note 10.1**	179 436	176 425	188 220
Loans to Customers	**Note 10.2**	7 952 981	7 020 073	5 115 034
Investments	**Note 12.1**	495 517	654 710	352 692
- held to maturity		-	-	-
- available for sale	**Note 12.2**	495 517	654 710	352 692
Property, Plant and Equipment		71 000	60 275	46 463
Goodwill and other intangible assets		20 205	23 664	15 445
Current tax receivables		900	-	-4 196
Deferred tax assets		29 258	21 289	19 407
Deferred acquisition cost, accrued interest and other assets		768 860	702 270	383 841
Total Assets		**10 850 903**	**11 610 075**	**6 777 573**
Liabilities				
Trading Liabilities	**Note 11.2**	61 911	56 942	42 037
Due to banks	**Note 13.1**	4 263 475	4 956 072	2 035 239
Due to Customers	**Note 13.2**	4 564 459	4 627 497	3 522 749
Current tax payables		8 375	3 963	2 922
Deferred tax liabilities		3 145	-	-
Subordinated liabilities		-	-	-
Other borrowings		-	-	-
Accrued interest and expenses and other liabilities		914 301	964 960	445 925
Provisions		11 117	10 822	10 238
Total liabilities		**9 826 783**	**10 620 256**	**6 059 110**
Equity				
Share capital		503 135	503 135	30 155

Share premium	308 814	308 814	349 528
Other reserve capital	75 444	75 444	154 355
Unsettled gains (losses) on available-for-sale financial instruments	700	2 167	2 364
Retained earnings	100 259	-253	155 589
Net profit (loss) for the year	35 768	100 512	26 472
Total equity	1 024 120	989 819	718 463
Total liabilities and equity	**10 850 903**	**11 610 075**	**6 777 573**

3.3 Statement of Changes in Shareholders' Equity

Statement of Changes in Shareholders' Equity in Quarter I 2007 (in PLN thousand)	Share capital	Share premium	Retained earnings	Net profit (loss) for the year	Other capital	Total capital	Unrealised gains and losses
Balance as at 1 January 2007	**503 135**	**308 814**	**- 253**	**100 512**	**75 444**	**987 652**	**2 167**
Changes in valuation rules	-	-	-	-	-	-	-
Net profit (loss) for the year	-	-	-	35 768	-	35 768	-
Share issue	-	-	-	-	-	-	-
Unrealised gains / losses, net	-	-	-	-	-	-	-1 467
Dividends paid	-	-	-	-	-	-	-
Others	-	-	100 512	- 100 512	-	-	-
Balance as at 31 March 2007	**503 135**	**308 814**	**100 259**	**35 768**	**75 444**	**1 023 420**	**700**

Statement of Changes in Shareholders' Equity in Quarter I 2006 (in PLN thousand)	Share capital	Share premium	Retained earnings	Net profit (loss) for the year	Other capital	Total capital	Unrealised gains and losses
Balance as at 1 January 2006	**30 155**	**349 528**	**44 170**	**91 603**	**154 355**	**669 811**	**1 698**
Changes in valuation rules	-	-	19 816	-19 816	-	-	-
Net profit (loss) for the year	-	-	-	120 328	-	120 328	-
Share issue	50 804	148 819	-	-	-	199 623	-
Unrealised gains / losses, net	-	-	-	-	-	-	469
Dividends paid	-	-	-	-	-	-	-
Share Issue Costs	- 2 110	-	-	-	-	- 2 110	-
Others	424 286	- 189 533	- 64 239	- 91 603	-78 811	-	-

Balance as at 31 December 2006	**503 135**	**308 814**	**- 253**	**100 512**	**75 444**	**987 652**	**2 167**

Statement of Changes in Shareholders' Equity in Quarter I 2006 (in PLN thousand)	Share capital	Share premium	Retained earnings	Net profit (loss) for the year	Other capital	Total capital	Unrealised gains and losses
Balance as at 1 January 2006	**30 155**	**349 528**	**44 170**	**91 603**	**154 355**	**669 811**	**1 698**
Changes in valuation rules	-	-	19 816	-	-	19 816	-
Net profit (loss) for the year	-	-	-	26 472	-	26 472	-
Share issue	-	-	-	-	-	-	-
Unrealised gains / losses, net	-	-	-	-	-	-	666
Dividends paid	-	-	-	-	-	-	-
Others	-	-	91 603	- 91 603	-	-	-
Balance as at 31 March 2006	**30 155**	**349 528**	**155 589**	**26 472**	**154 355**	**716 099**	**2 364**

3.4 Cash Flow Statement

Cash Flow Statement (in PLN thousand)	Quarter I 2007	2006	Quarter I 2006
Cash and cash equivalents, opening balance	**2 808 262**	**2 091 198**	**2 091 198**
Gross profit	40 770	145 148	33 172
Adjustments for:	-1 865 694	863 686	-1 479 952
- Realised gains (losses) on sales	-789	1 086	-88
- Unrealised gains (losses)	-	-	-
- Depreciation	4 182	22 242	3 705
- Write-offs for impairment	11 459	13 973	6 016
Changes in operational assets and liabilities	-1 874 575	-857 371	-1 464 432
- Trading assets and liabilities	-55 943	-67 833	-6 550
- Due from banks	-3 048	-8 745	-20 444

-Loans to customers	-943 640	-2 824 468	-890 438
- Other receivables	-12 067	-1 393	3 150
- Due to banks	-839 860	528 132	-757 355
- Due to customers	-59 174	1 285 689	180 940
- Other assets and liabilities	39 157	231 247	26 265
Income tax paid	-5 971	-43 616	-25 153
Net cash provided by operating activities	**-1 824 924**	**-718 538**	**-1 446 780**
Purchase of available-for-sale investments		-694 759	-34 782
Purchase of property, plant and equipment	-10 507	-32 932	-4 142
Purchase of intangible assets	-2 703	-15 404	-1 969
Acquisition of subsidiaries, net of cash acquired	-	-	-
Proceeds from sales of available-for-sale investments	159 433	354 163	-
Proceeds from sales of property, plant and equipment	62	1 633	181
Proceeds from sales of intangible assets	-	-	-
Disposal of shares and investments in subsidiaries	-	-	-
Net cash provided by investing activities	**146 285**	**-387 299**	**-40 712**
Proceeds from the issuance of subordinated liabilities	-	-	-
Proceeds from the issuance of other borrowings	28 873	2 427 695	735 161
Proceeds from sales of treasury shares	-	-	-
Proceeds from the issuance of shares	-	197 513	-
Payment of subordinated liabilities	-	-	-
Payment of other borrowings	-29 769	-802 307	-745 119
Purchase of treasury shares	-	-	-
Dividends paid to shareholders	-	-	-
Net cash provided by (used in) financing activities	**-896**	**1 802 901**	**-9 958**
Effects of exchange rate changes on cash and cash equivalents	-	-	-
Cash and cash equivalents, ending balance	**1 128 727**	**2 808 262**	**593 748**
Change in cash and cash equivalents	**-1 679 535**	**717 064**	**-1 497 450**

4 Effects of Adopting IFRS

4.1 Income Statement

As at end of the prior year (31 December 2006) in PLN thousand	Pursuant to Polish Accounting Principles	Difference	Pursuant to IFRS
Net interest income	225 811	-	225 811
Net commission and fee income	74 877	-	74 877
Dividend and other investment income	1 104	-1 104	-
Net profit on transactions in trading financial instruments	109 988	-	109 988
Net profit (loss) on transactions in available-for-sale financial instruments	-872	-	-872
Net profit (loss) on hedging transactions	7	-	7
Other realised and unrealised gains (losses)	-333	123	-210
Other income	12 054	434	12 488
Total income net	**422 635**	**(547)**	**422 089**
Personnel costs	-119 495	-	-119 495
Depreciation of fixed assets and intangible fixed assets	-22 278	211	-22 068
Other costs	-122 245	-	-122 245
Write-offs for impairment	-25 321	-12 276	-37 597
Gross profit (loss)	**133 297**	**-12 612**	**120 685**
Income tax	-25 031	4 858	-20 173
Net profit (loss)	**108 266**	**-7 754**	**100 512**

As at the quarter end (Quarter I of 2006) in PLN thousand	Pursuant to Polish Accounting Principles	Difference	Pursuant to IFRS
Net interest income	49 250	-	49 250
Net commission and fee income	15 488	-	15 488
Dividend and other investment income	314	-314	-
Net profit on transactions in trading financial instruments	26 985	-	26 985
Net profit (loss) on transactions in available-for-sale financial instruments	88	-	88
Net profit (loss) on hedging transactions	-8	-	-8
Other realised and unrealised gains (losses)	168	-167	1
Other income	1 706	434	2 140
Total income net	**93 991**	**-47**	**93 944**

Personnel costs	-26 527	-	-26 527
Depreciation of fixed assets and intangible fixed assets	-6 143	90	-6 053
Other costs	-22 255	-	-22 255
Write-offs for impairment	-1 274	-4 663	-5 937
Gross profit (loss)	**37 792**	**-4 620**	**33 172**
Income tax	-7 212	512	-6 700
Net profit (loss)	**30 580**	**-4 108**	**26 472**

Changes to write-offs for loan impairment

The adjustment results from a difference between the rules of valuation of provisions for loan receivables under the Polish Accounting Principles (PAP) and the rules of measurement of write-offs for impairment pursuant to IAS 39.

Changes to the reserve for Incurred But Not Reported loss (IBNR)

In the financial statements pursuant to the IFRS, the Bank creates a reserve for loan losses incurred but not reported as at the balance sheet date. Such a reserve was not built in the financial statements under the PAP.

Changes to the general risk reserve

In the report under PAP, FBP created a general risk reserve according to the Polish accounting rules. In the report under the IFRS, all the effects of that reserve were removed.

Net result on FX differences

Adjustments related to the transformation of the financial statements had an impact on the FX position and hence, on its measurement result.

Depreciation of capital raise costs

Pursuant to the PAP, capital raise costs are booked as intangible assets and then depreciated as the income statement item for five (5) years. Pursuant to the IFRS, such costs decrease the equity at the moment they are incurred.

Result of a subsidiary valuation

According to the PAP, such shares were measured by equity method, whereas pursuant to the IFRS, shares in immaterial subsidiaries were measured to the acquisition cost.

4.2 Reconciliation of Equity

	Balance as at 31 December 2006	Balance as at 31 March 2006	Balance as at 1 January 2006

Equity according to PAP (in PLN thousand)	798 542	723 126	691 374
Unregistered share issue	199 623	-	-
Write-offs for loan impairment	-15 904	10 133	15 103
Provisions for off-balance sheet lending commitments	6 486	-468	-607
General risk reserve	30 743	21 405	20 910
- for Incurred But Not Reported loss (IBNR)	-30 941	-33 364	-32 622
Valuation of subsidiaries	1 566	2 404	2 808
Tax effect (deferred tax)	-298	-4 724	-5 181
Capital raise costs booked in assets	-	-120	-211
Other differences	2	71	-632
Equity consistent with the IFRS	**989 819**	**718 463**	**691 326**

Unregistered share issue

Under the PAP, the share issue increases the equity at registration, while according to the IFRS it was taken into account at payment.

Write-offs for loan impairment and provisions for off-balance sheet lending commitments

The adjustment results from a difference between the rules of valuation of provisions for loan receivables under the Polish Accounting Principles (PAP) and the rules of measurement of write-offs for impairment pursuant to IAS 39 and provisions under IAS 37.

General risk reserve

In the report under PAP, FBP created a general risk reserve according to the Polish accounting rules. In the report under the IFRS, all the effects of that reserve were removed.

Reserve for Incurred But Not Reported loss (IBNR)

In the financial statements pursuant to the IFRS, the Bank creates a reserve for loan losses incurred but not reported as at the balance sheet date. Such a reserve was not built in the financial statements under the PAP.

Capital raise costs booked in assets

Pursuant to the PAP, capital raise costs are booked as intangible assets and then depreciated as the income statement item for five (5) years. Pursuant to the IFRS, such costs decrease the equity at the moment they are incurred.

Valuation of subsidiaries

According to the PAP, such shares were measured by equity method, whereas pursuant to the IFRS, shares in immaterial subsidiaries were measured to the acquisition cost.

4.3 Balance Sheet

As at 1 January 2006 (in PLN thousand)	Pursuant to Polish Accounting Principles	Difference	Pursuant to IFRS
Assets			
Cash and cash equivalents	1 304 341	786 857	2 091 198
Trading Assets	54 927	-	54 927
Due from banks	167 782	-6	167 776
Loans to Customers	4 224 805	6 680	4 231 485
Investments	311 903	2 836	314 739
- held to maturity	-	-	-
- available for sale	311 903	2 836	314 739
Property, Plant and Equipment	47 454	-707	46 747
Goodwill and other intangible assets	14 521	-176	14 345
Current tax receivables	-	-	-
Deferred tax assets	29 899	-1 5 589	14 311
Deferred acquisition cost, accrued interest and other assets	214 271	692 612	906 883
Total Assets	**6 369 903**	**1 472 508**	**7 842 411**
Liabilities			
Trading Liabilities	36 594	-	36 594
Due to banks	2 016 114	786 438	2 802 552
Due to Customers	3 320 453	17 368	3 337 822
Current tax payables	20 318	-	20 318
Deferred tax liabilities	10 853	-10 853	-
Subordinated liabilities	-	-	-
Other borrowings	69 986	-	69 986
Accrued interest and expenses and other liabilities	181 194	692 181	10 439
Provisions	22 633	-12194	10 439
Total liabilities	**5 678 529**	**1 472 556**	**7 151 085**
Total equity	**691 758**	**-432**	**691 326**
Total liabilities and equity	**6 369 903**	**1 472 508**	**7 842 411**

As at 31 December 2006 (in PLN thousand)	Pursuant to Polish Accounting Principles	Difference	Pursuant to IFRS
Assets			

Cash and cash equivalents	2 126 694	681 568	2 808 262
Trading Assets	153 281	-10 174	143 107
Due from banks	176 425	-	176 425
Loans to Customers	7 043 275	-23 202	7 020 073
Investments	653 145	1 565	654 710
- held to maturity	-	-	-
- available for sale	653 145	1 565	654 710
Property, Plant and Equipment	60 275	-	60 275
Goodwill and other intangible assets	23 664	-	23 664
Current tax receivables	-	-	-
Deferred tax assets	37 380	-16 092	21 288
Deferred acquisition cost, accrued interest and other assets	180 572	521 699	702 271
Total Assets	**10 454 711**	**1 155 364**	**11 610 075**
Liabilities			
Trading Liabilities	56 942	-	56 942
Due to banks	4 389 374	566 698	4 956 072
Due to Customers	4 605 977	17 656	4 623 633
Current tax payables	3 963	-	3 963
Deferred tax liabilities	15 794	-15 794	-
Subordinated liabilities	-	-	-
Other borrowings	148 159	-	148 159
Accrued interest and expenses and other liabilities	396 132	424 533	820 665
Provisions	39 828	-29 006	10 822
Total liabilities	**9 656 169**	**964 087**	**10 620 256**
Total equity	**798 542**	**191 277**	**989 819**
Total liabilities and equity	**10 454 711**	**1 155 364**	**11 610 075**

Differences in the balance sheet total refer chiefly to the following factors:

- Recognition at the trade date of the following: assets and liabilities, settlements on account of standardized FX spot transactions, securities purchase and sale transactions, likewise deposit and placement transactions in securities. Under the PAP, such assets and liabilities were recognised at the settlement date. The impact of such transactions on the balance sheet total was, respectively, PLN 1,293,085 thousand as at 31 December 2006 and PLN 1,585,807 thousand as at 1 January 2006.
- Measurement of shares in immaterial subsidiaries to the acquisition cost. Under the PAP, such shares were measured by the equity method. The impact of such transactions on the balance sheet total was, respectively, PLN 1,565 thousand as at 31 December 2006 and PLN 2,808 thousand as at 1 January 2006.
- Measurement of write-offs for loan receivables pursuant to IAS 39. The impact of such

transactions on the balance sheet total was, respectively, PLN (40,202) thousand as at 31 December 2006 and PLN (10,814) thousand as at 1 January 2006.

- Removal of contractual interest accrued after determination of the receivable impairment. Under the PAP, such interest is accrued in correspondence to a relevant item of liabilities, whereas under the IFRS, the interest is not recognised. The balance sheet total was adjusted by, respectively, PLN (84,201) thousand as at 31 December 2006 and PLN (107,963) thousand as at 1 January 2006.
- The impact of effects of the above adjustments on deferred tax assets which adjusted the balance sheet total by, respectively, PLN (378) thousand as at 31 December 2006 and PLN (5,422) thousand as at 1 January 2006.
- Recognition of deferred tax assets and liabilities in net amounts. The adjustment of the balance sheet total on that account was, respectively, PLN (15,714) thousand as at 31 December 2006 and PLN (10,807) thousand as at 1 January 2006.

5 Accounting Policies

5.1 Basis of presentation

5.1.1 General

These interim financial statements have been prepared pursuant to International Financial Reporting Standards as adopted by the European Commission on January 1, 2005 as amended, and in the scope not regulated by the above standards, pursuant to the Accounting Act of September 29, 1994 (Journal of Laws of 2002 no. 76, item 694, as amended) and administrative acts based thereon, likewise in accordance with requirements set out in the Ministry of Finance Ordinance dated October 19, 2005, regarding current and periodical information submitted by issuers of securities (Journal of Laws of 2005 No. 209, item 1744).

These interim financial statements comply with the requirements of the International Accounting Standard (IAS) 34, *Interim Financial Reporting*.

The annual financial statements of Fortis Bank Polska SA (FBP) for the year ended on 31 December 2006 was prepared pursuant to the relevant Polish accounting principles. The said principles (Polish Accounting Principles, PAP) were described in FBP's financial statements for 2006. The Bank transformed the data contained in the 2006 report to obtain relevant comparative data consistent with IFRS. The effects of adopting the IFRS are presented in Section 4 hereof.

5.1.2 First-Time Adoption of IFRS

In the first-time adoption of the International Financial Reporting Standards a retrospective method was used pursuant to IFRS 1.

5.1.3 Accounting Estimates

The financial statements consistent with IFRS are sometimes based on certain accounting estimates and the Bank's interpretation of financial reporting standards. The estimates and interpretations adopted may affect the financial result.

Fortis Bank Polska S.A. applies accounting estimates in the following areas:

- measurement of impaired recoverable assets
- determination of fair value of financial instruments not quoted on active markets
- determination of the useful life and residual value of tangible and intangible assets
- estimated reserves for long-term employee benefits
- estimations of present obligations that result from past events with respect to provision identification

5.1.4 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. The segment is subject to risks and rewards that are different from those of other segments.

As the risk that the Bank 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.

Fortis Bank Polska SA operates through the following segments:

- Retail Banking Business Line (RB BL)
- Merchant, Corporate & Private Banking Business Line (MB and CPB BL)
- ALM[1] and support units[2](horizontal functions)

Geographical segments
A geographical segment is a geographically distinguishable area of a business entity's operations where products or services are provided. Such a geographical segment is subject to risks and rewards that are different from those of other segments that operate in a different economic environment.

Fortis Bank Polska SA runs its business in one geographical segment, i.e. in Poland, therefore the geographical segment was defined as a secondary segment in the understanding of IAS 14.

5.1.5 Non-Current Assets Held for Sale and Discontinued Operations

Non-current assets held for sale are such assets or a group of assets for which FBP 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.

5.2 Foreign Currency

The financial statements are stated in Polish zlotys (PLN).

Foreign currency transactions are accounted for using the exchange rate at the date of the transaction. 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 for monetary items. Translation of non-monetary items depends on whether the non-monetary items are carried at historical cost or at fair value. 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.

5.3 Trade Date and Settlement Date Accounting of Financial Assets

All standardised purchases and sales of financial assets and liabilities requiring delivery within the time frame established by regulation or market convention are recognised in the balance sheet on the trade date, which is the date when FBP commits to purchase or sell the asset. It applies in particular to FX

[1] Asset & Liability Management

[2] Support units (horizontal functions) are the Bank's Head Office units, except the Treasury Department, which belongs to in the Merchant, Corporate & Private Banking Business Line.

spot currency transactions, interbank 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.

Other forward currency purchase and sale transactions are recognised as derivative forward transactions until settlement.

5.4 Offsetting

Financial assets and liabilities are offset and the net amount reported 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. Assets are recorded net of any accumulated provision for impairment loss.

5.5 Classification and Measurement of Financial Assets and Liabilities

Fortis Bank Polska SA classifies financial assets and liabilities based on the business purpose of entering into these transactions.

5.5.1 Financial assets

Based on the business purpose criterion, financial assets are classified as trading assets (held for trading), investments, due from banks and loans to customers.

Subsequent valuation and income recognition depends on the further subclassification of the financial assets being: (a) loans and receivables; (b) held-to-maturity investments; (c) financial assets at fair value through profit or loss and (d) available-for-sale financial assets.

This second classification determines the measurement and recognition as follows:

- Loans and receivables are initially measured at fair value (including transaction costs), and subsequently measured at amortised cost using the effective interest method.
- Held-to-maturity investments consist of instruments with fixed or determinable payments and fixed maturity for which the positive intent and ability to hold to maturity is demonstrated. They are initially measured at fair value (including transaction costs), and subsequently measured at amortised cost using the effective interest method.
- Financial assets at fair value through profit or loss include (i) financial assets held for trading, including derivative instruments that do not qualify for hedge accounting, and (ii) financial assets that have been designated at acquisition or first-time adoption of IFRS as held at fair value through profit or loss.
- Available-for-sale financial assets are those that are otherwise not classified as loans and receivables, held-to-maturity investments, or financial assets designated at fair value through profit or loss. Available-for-sale financial assets are initially (i.e. at acquisition) measured at fair value, and are subsequently measured at fair value with unrealised gains or losses from fair value changes reported in shareholders' equity.

Fortis Bank Polska SA does not classify any financial assets into the category of held-to-maturity assets.

5.5.2 Financial Liabilities

Financial liabilities are classified, based on the transaction business purpose, as trading liabilities, due

to banks, due to customers, debt securities issued, subordinated liabilities and other borrowings.
Financial liabilities are initially recognised at fair value. Trading financial liabilities are subsequently measured at fair value through profit or loss and all other liabilities are measured at amortised cost using the effective interest method.

5.6 Fair Value of Financial Instruments

The fair value of a financial instrument 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 used, including discount rates and estimates of future cash flows.

Such techniques include:

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

In the rare case where it is not possible to determine the fair value of a financial instrument, the cost of the financial instrument is deemed to be an approximation of the fair value.

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

- Fair values for trading and investment 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 for loans are determined using discounted cash flow models based upon current lending rates for similar type loans. For variable-rate loans that reprice frequently, fair values are approximated by the carrying amount.
- Off-balance sheet commitments or guarantees are fair valued based on fees currently charged to enter into similar agreements, taking into account the remaining terms of the agreements and the counterparties' credit standings.
- The carrying amounts are considered to approximate fair values for other financial assets and liabilities, such as short-term payables and receivables.

5.7 Measurement of Impaired Assets

Fortis Bank Polska SA reviews all of its assets regularly for indicators of impairment. An asset is impaired when its carrying amount exceeds its recoverable amount. The carrying amount of an asset is in such a situation reduced to its estimated recoverable amount through a write-off included in the income statement. If in a subsequent period, the amount of the impairment on assets other than goodwill or available-for-sale equity instruments decreases, the amount is reversed to the amount written off and is recognised in the income statement.

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.

Depending on the type of financial asset, the recoverable amount can be estimated as follows:

- the fair value using an observable market price,
- present value of expected future cash flows discounted at the instrument's original effective interest rate, or
- based on the fair value of the collateral.

Write-offs for impairment of available-for-sale capital investments are reversed through equity.

Other assets

For non-financial assets, the recoverable amount is measured as the higher of:

- 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.

5.8 Cash and Cash Equivalents

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

Cash Flow Statement

The statement of cash flow provided by operating activities, presented by Fortis Bank Polska SA, has been prepared using an indirect method, according to which the net profit is adjusted by non-cash transactions, accruals and settlements of the future and past cash flows likewise by cash flows items related to investing activity or financing.

5.9 Due from Banks and Loans to Customers

5.9.1 Recognition and Classification

Due from banks and loans to customers include loans originated by FBP by providing money directly to the borrower and loans purchased from third parties that are carried at amortised cost. Debt securities acquired on the primary market directly from the issuer are recorded as loans, provided there is no active market for those securities. Loans that are originated or purchased with the intent to be sold or securitised in the short-term are classified as trading assets.

5.9.2 Valuation

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.

5.9.3 Impairment

A credit risk for specific loan impairment is established if there is objective evidence that it will not be possible to collect all amounts due in accordance with contractual terms. The amount of the provision is the difference between the carrying amount and the loan recoverable amount. The recoverable amount is the present value of expected cash flows, including the collateral value less costs to sell if the loan is secured.

A provision for incurred but not reported loan losses is created when there is objective evidence that probable losses are present in components of the loan portfolio, without having specifically identified impaired loans. This impairment is estimated based upon historical patterns of losses in each component, reflecting the current economic climate in which the borrowers operate and difficulties in servicing external debt in some countries.

The impairment is recorded as a decrease in the carrying value of due from banks and loans to customers.

When a specific loan is identified as uncollectible and all legal and procedural actions have been exhausted, the loan is written off against the related charge for impairment; subsequent recoveries are credited to change in provisions for impairment in the income statement.

5.10 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 proceeds from the sale and a liability for the obligation to return the collateral (liability for the short sale of securities) are recorded. he obligation to return the collateral is measured at fair value through profit or loss and is classified as a trading liability.

5.11 Financial assets and liabilities held for trading (trading assets and liabilities)

A financial asset or financial liability is classified as held for trading if it is:

- acquired or incurred principally for the purpose of selling or repurchasing it in the near term,
- part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking, or
- a derivative (except for a derivative that is a designated and effective hedging instrument).

Trading assets and liabilities are initially recognised and subsequently remeasured at fair value through profit or loss. The (realised and unrealised) results are included in "Realised and unrealised gains (losses)". Interest earned on trading assets is reported as interest income or expense. Dividends received are included in investment income.

5.12 Investment securities

The appropriate classification of investment securities is determined at the time of the purchase. Investment securities to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices, are classified as available for sale. Investment securities that are acquired for the purpose of generating short-term profits are considered to be held for trading.

Held-to-maturity investments are carried at amortised cost less any impairment changes. Any difference between the initial recognition amount resulting from transaction costs, initial premiums or discounts is amortised over the life of the investment using the effective interest method. If a held-to-maturity investment is determined to be impaired, the impairment is recognised in the income statement.

Available-for-sale investment securities are held at fair value. Changes in the fair value are recognised directly in shareholders' equity until the asset is sold. If an investment is determined to be impaired, the impairment is recognised in the income statement. For impaired available-for-sale investments, unrealised losses previously recognised in shareholders' equity are transferred to the income statement when the impairment occurs.

If the fair value of a debt security classified as available for sale increases in the subsequent period, and the increase can be related to an event that occurred following the impairment recognition, the provision made is reversed through the income statement. Write-offs for impairment of available-for-sale capital instruments are reversed through equity.

5.13 Trade and Other Receivables

Trade and other receivables arising from the normal course of business and originated by FBP are recorded at their initial fair value less any provision for impairment.

5.14 Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Cost 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 or construction. Depreciation is calculated on the straight-line method to write down the cost of such assets to their residual values over their estimated useful lives. Repairs and maintenance expenses are charged to the income statement when the expenditure is incurred. Expenditures that enhance or extend the benefits of real estate or fixed assets beyond their original use are capitalised and subsequently depreciated.

Borrowing costs to finance the construction of property, plant and equipment: (see: Chapter: “Borrowing costs.”

5.15 Intangible Assets

An intangible asset is an identifiable non-monetary asset which is recognised at acquisition cost. An intangible asset is recognised in the balance sheet if it will generate financial benefits in the future and can be reliable measured. FBP assesses regularly if an intangible asset may be impaired.

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.

Other intangible assets include intangible assets with definite lives, such as trademarks and licenses that are generally amortised over their useful lives using the straight-line method. Indefinite lived intangibles, which are not amortised, are instead tested for impairment at least annually. Any impairment loss identified is recognised in the income statement. Intangibles are recorded on the balance sheet at cost less any amortisation and any impairment losses. The residual value and useful life of intangible assets are subject to annual reviews.

5.16 Incremental Costs

Costs incurred in favour of external entities in relation to the granting of financial instrument (costs of commissions charged by intermediaries) are deferred and amortised by adjusting the effective loan interest rates.

5.17 Derivative Financial Instruments and Hedging

5.17.1 Recognition in the Balance Sheet and Classification

Derivatives are financial instruments, such as swaps, forward contracts and options (purchased or issued), that require minimum or no net initial investment; they are settled at a future date and their value change with different underlying variables.

All derivatives are recognised in the balance sheet at fair value on the trade date:

- trading derivatives in “Trading Assets” and “Trading Liabilities”
- derivatives that qualify for hedge accounting in “Other Assets” and “Other Liabilities”.

Subsequent changes in the clean fair value (i.e. excluding the interest accruals) of derivatives that are not designated hedging instruments are reported in the income statement under realised and unrealised gains (losses).

Financial assets or liabilities can include embedded derivatives. If the underlying contract for such instrument is not measured at fair value through financial result, and the embedded intrument’s economic features and risk are not strictly related to the underlying instrument’s economic features and risk, the embedded instrument shall be singled out and presented separately, to be measured at fair value. Changes in fair value of a separated derivative instrument are recognised in the income statement. Underlying contracts are measured under the rules applicable to their respective category of financial assets or liabilities.

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

5.17.2 Hedging

On the date a derivative contract is entered into, this contract may be designated as either (1) a fair value hedge of a recognised asset or liability (fair value hedge); (2) a hedge of a net investment in a foreign entity or; (3) a hedge of a future cash flow attributable to a recognised asset or liability or a forecast transaction (cash flow hedge).

The Bank applies fair value hedging only. Any change in the fair value of a hedged asset or liablility related to the hedged risk and the change in the fair value of the hedging instrument within a fair value hedge are recognised in the income statement. The change in the fair value of interest bearing derivative instruments is presented separately from interest accruals.

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 discontinuance date.

5.18 Due to Customers

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

5.19 Debt Securities, Subordinated Liabilities and Other Borrowings

Debt securities, subordinated liabilities and other borrowings are initially recognised at fair value net of direct transaction costs incurred. Subsequently, they are measured at amortised cost and any difference between net proceeds and the redemption value is recognised in the income statement using the effective interest metod.

5.20 Employee Benefits

5.20.1 Long-Term Employee Obligations

Fortis Bank Polska S.A. measures the provision for retirement severance pay, disability benefit and post-death benefit due to eligible employees under the Labour Code provisions and for liabilities on account of customary jubilee awards. Reserve amounts are estimated on the basis of annual actuarial calculations.

The value of provision 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 provision for retirement severance pay, disability benefit, post-death benefit and jubilee awards is calculated at the present value of the estimated future cash outflows using interest rates determined by reference to market yields.

5.20.2 Short-term Employee Obligations

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

5.21 Provisions, Contingencies and Commitments

5.21.1 Rezerwy

Provisions are liabilities with uncertainties as to the amount or date of payment. Provisions are recognised if there is a present obligation to transfer economic benefits, such as cash flows, as a result of past events and a reliable estimate can be made at the balance sheet date. Provisions are established for certain guarantee contracts for which Fortis is responsible to pay upon default of payment by the borrowers. Provisions are estimated based on all relevant factors and information existing at the balance sheet date, and typically are discounted at the risk free rate.

5.21.2 Contingencies

Contingencies are those uncertainties where an amount cannot be reasonably estimated or when it is not probable that payment will be required to settle the obligation. However, details of any such uncertainty along with an estimate of the potential impact are disclosed in the annual financial statements.

5.21.3 Credit Lines / Off-balance-sheet financial commitments

Credit lines that allow for draw down of a loan within a specified period of time are not recognised as derivative financial instruments.

5.22 Equity Capital

5.22.1 Share Issue Costs

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

5.22.2 Dividends on Ordinary Shares

Dividends on ordinary shares are recognised in equity in the period in which they are approved by the shareholders. Dividends paid are classified as a financing activity on the statement of cash flows. Dividends received are classified in operating cash flow.

5.22.3 Other Components of Equity Capital

Other components that are recognized in equity refer to:

- First-time adoption of IFRS (See item 4.2)
- Measurement of available-for-sale financial assets (See note 12.2)

5.23 Interest Income and Expense

Interest income and interest expense are recognised in the income statement for all interest bearing instruments (whether classified as held to maturity, available for sale, held at fair value through profit or loss) on an accrual basis using the effective interest method based on the actual purchase price or the lending price including direct transaction costs. Interest income includes coupons earned on debt securities, on floating rate instruments and amortisation of the discount or premium. Once a financial asset has been written down to its estimated recoverable amount, interest income is thereafter recognised based on the effective interest rate that was used to discount the future cash flows for the purpose of measuring the recoverable amount.

5.24 Realised and Unrealised Gains (Losses)

For financial instruments classified as available for sale, realised gains or losses on sales and disposals represent the difference between the proceeds received and the amortised cost of the asset or liability sold, minus any impairment losses recognised in the income statement after adjusting for the impact of any fair value hedge accounting. Realised gains and losses on sales are included in the income statement in "Realised and unrealised gains (losses)".

For financial instruments carried at fair value through profit or loss, the difference between the carrying value at the end of the current reporting period and the previous reporting period is included in "Realised and unrealised gains (losses)"

For derivatives, the difference between the carrying clean fair value (i.e. excluding the unrealised portion of the interest accruals) at the end of the current reporting period and the previous reporting period is included in “Realised and unrealised gains (losses)”

5.25 Fees and Transaction Costs

Fees that are an integral part of the effective interest rate of a financial instrument are generally treated as an adjustment to the effective interest rate. This is the case for origination fees, received as compensation for activities such as evaluating the borrower’s financial situation, evaluating and recording guarantees, etc., and also for origination fees received on issuing financial liabilities measured at amortised cost. Both types of fees are deferred and recognised as an adjustment to the effective interest rate. However, when the financial instrument is measured at fair value through profit or loss, the fees are recognised as revenue when the instrument is initially recognised.

Fees earned as services provided are generally recognised as revenue at that moment. If it is unlikely that a specific lending arrangement will be entered into and the loan commitment is not considered as a derivative, the commitment fee is recognised as revenue on a time proportion basis over the commitment period.

Fees arising from negotiating, or participating in the negotiation of a transaction for a third party, are recognised upon completion of the underlying transaction. Commission revenue is recognised when the performance obligation is complete.

Loan syndication fees are recognised as revenue when the syndication 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 refer to costs directly attributable to the acquisition or disposal of a financial asset or liability. They include fees and commissions paid to agents, advisers, brokers, and dealers levied by regulatory agencies and securities exchanges, and transfer taxes and duties.

5.26 Borrowing Costs

Borrowing costs are recognised in the income statement when incurred.

5.27 Income Taxes nad Deferred Income Taxes

Income tax payable on profits is recognised as an expense based on the applicable tax laws in each jurisdiction in the period in which profits arise. The tax effects of income tax losses available for carry-forward are recognised as a deferred tax asset if it is probable that those losses can be utilized.

Deferred tax is provided in full, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

The rates enacted or substantively enacted at the balance sheet date are used to determine deferred taxes.

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 re-measurement of available-for-sale investments which are charged or credited directly to shareholders' equity are subsequently recognised in the income statement together with the deferred gain or loss.

5.28 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 issue.

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

6 Segment Reporting

6.1 Information on Segments

A segment is a distinguishable component of the Bank that is engaged either in providing products or services (business segment) or in providing products, which are subject to risks and rewards that are different from those of other segments. Segments with a majority of revenue earned from sales to external customers and whose revenue, result or assets are 10% or more of all the segments are reported separately.

The Bank's reportable segments are defined using the "management approach" which are those reviewed by management to strategically manage the Bank 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 Fortis Bank Polska S.A. includes financial services rendered within the following segments:

- Retail Banking
- Merchant, Corporate & Private Banking
- ALM and support units (horizontal functions).

Accounting principles for specific segments are the same as principles described in the accounting principles. Transactions between specific business segments are subject to customary commercial and market conditions.

In the income statement costs are at first presented as direct costs in all business lines and support units (horizontal functions). In the rebilling process units' costs flow to business lines as well as between the business lines and between the support units (horizontal functions). 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). This process results in absorbing all costs of support units (horizontal functions) by business lines i.e. the financial result of these support units equals zero when the process ends.

Banking 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.

- **Merchant, Corporate & Private Banking**

Within this segment the following lines exist:

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

Commercial Banking specializes in the service of medium 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.

Private Banking provides integrated services and solutions in terms of asset and liability management for the most affluent Private Individuals.

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

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

6.2 Income Statement by Business Segments

Income statement by business segments for Quarter I 2007 (YTD in PLN thousand)	Retail Banking	Merchant, Commercial & Private Banking	ALM and support units (horizontal functions)	Total
Interest income	56 190	162 606	9 292	228 088
Transfer prices expense	-34 015	-75 675	-7 151	-116 841
Interest expense	-17 941	-142 867	-2 401	-163 209
Transfer prices income	28 247	75 371	13 223	116 841
Net interest profit (loss)	**32 481**	**19 435**	**12 963**	**64 879**
Other transfer prices	40	2 467	-2 507	
Commission and fee income	14 345	7 984	758	23 087
Commission and fee expense	-1 200	-127	-467	-1 794
Net commission and fee profit (loss)	**13 185**	**10 324**	**-2 216**	**21 293**
Dividend and other investment income	237	676	-	913
Net profit on transactions in trading financial instruments	11 479	20 857	-	32 336
Net profit (loss) on transactions in available-for-sale financial instruments	32	7	750	789
Net profit (loss) on hedging transactions	-	-	-22	-22
Other realised and unrealised gains (losses)	-	-	-	-
Other income	4 034	647	2	4 683
Total income net	**61 448**	**51 946**	**11 477**	**124 871**
Personnel costs	-15 132	-6 921	-14 607	-36 660
Depreciation of fixed assets and intangible fixed assets	-	-	-5 482	-5 482
Other costs	-6 104	-1 804	-22 985	-30 893

Net write-offs for impairment	-2 782	-8 262	-22	-11 066
Costs allocation (rebilling)	-34 182	-8 753	42 935	-
Gross profit (loss)	**3 248**	**26 206**	**11 316**	**40 770**
Income tax	-399	-3 215	-1 388	-5 002
Net profit (loss)	**2 849**	**22 991**	**9 928**	**35 768**

Income statement by business segments for Quarter I 2006 (YTD in PLN thousand)	Retail Banking	Merchant, Commercial & Private Banking	ALM and support units (horizontal functions)	Total
Interest income	36 366	46 136	8 283	90 785
Transfer prices income	-19 966	-48 704	-5 317	-73 987
Interest expense	-15 129	-24 005	-2 401	-41 535
Transfer prices expense	23 508	40 932	9 547	73 987
Net interest profit (loss)	**24 779**	**14 359**	**10 112**	**49 250**
Other transfer prices	288	1 857	-2 145	-
Commission and fee income	11 421	5 369	644	17 434
Commission and fee expense	-1 229	-232	-485	-1 946
Net commission and fee profit (loss)	**10 480**	**6 994**	**-1 986**	**15 488**
Dividend and other investment income	-	-	-	-
Net profit on transactions in trading financial instruments	11 371	15 614	-	26 985
Net profit (loss) on transactions in available-for-sale financial instruments	42	46	-	88
Net profit (loss) on hedging transactions	-	-	-8	-8
Other realised and unrealised gains (losses)	1	-	-	1
Other income	884	367	889	2 140
Total income net	**47 557**	**37 380**	**9 007**	**93 944**
Personnel costs	-11 860	-3 514	-11 153	-26 527
Depreciation of fixed assets and intangible fixed assets	-3 563	-341	-2 149	-6 053
Other costs	-12 267	-2 645	-7 343	-22 255
Net write-offs for impairment	-4 913	-1 024	-	-5 937
Costs allocation (rebilling)	-14 706	-5 817	20 523	-
Gross profit (loss)	**248**	**24 039**	**8 885**	**33 172**
Income tax	-416	-2 278	-2 006	-6 700
Net profit (loss)	**-168**	**19 761**	**6 879**	**26 472**

Retail Banking

Customers

Retail Banking is a dynamically developing business line. As at the end of the first quarter of 2007, the number of active customers of this line together with customers of Consumer Finance reached over 50 thousand, what means an increase by 17% as compared to the end of the first quarter of 2006. Private Individuals (69%) and enterprises (19%) constitute the biggest share in the RB customers number, the remaining 12% are the customers within a Retail Banking dedicated line - Consumer Finance.

Distribution channels

RB customers have at their disposal both a network of branches (29) as well as alternative channels: Pl@net, Multicash systems and Call Centre. As statistics show, these channels are more and more willingly used by the customers. The number of customers using Pl@net system increased by 21%, and those using Multicash system by 10% (first quarter of 2007 versus first quarter of 2006).

Products

RB customers use a wide range of credit, deposit, investment and card products. Among Private Individuals, still the most popular are mortgage loans (the balance of these loans as at the end of the first quarter of 2007 exceeded PLN 1.8 billion, what means an increase by 100% as compared to the balance at the end of the first quarter of 2006). Small Enterprises also appreciate investment loans offered by FBP, including credit facilities for purchase / construction of a real property for commercial purposes (the balance of all investment loans of RB customers at the end of the first quarter of 2007 exceeded PLN 1.3 billion, what means an increase by 59% as compared to the balance at the end of the first quarter of 2006). Customers' deposits balance also increased (by approx. 28%) despite the growing interest in investing financial surpluses in products of "assets gathering" type 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. (former Fortis Securities Polska S.A). As regards Visa cards (Electron, Charge, Credit cards) offered to Private Individuals, Enterprises and Consumer Finance Customers, the number of all active cards increased by 25% (the end of the first quarter of 2007 versus the end of the first quarter of 2006).

Results

The growing interest of Retail Banking Customers in FBP products is reflected in the Bank's income statement as this line's net revenues increased by 29% in the first quarter of 2007 as compared to the first quarter of 2006. This increase was generated thanks to:

- net interest profit higher by 31% (this category constitutes the main part of this line revenues),
- net commission and fee profit higher by 26%,
- stable net profit on transactions in trading financial instruments (mainly including FX result) what, to a great extent, resulted from an extraordinary FX result recorded in the first quarter of 2006.

The Retail Banking intensive development also resulted in costs increase. Personnel costs increased by 27%. However, the increase mainly resulted from the increased employment both in the Retail Banking itself and Consumer Finance (by 43%). Costs allocation (rebilling) position is the net value of business line costs allocated and transferred from Retail Banking to other units. The increase of the costs by

132% in the first quarter of 2007 versus the first quarter of 2006 was affected by the change of a methodology of defining the bank's units direct costs (details are specified below in the part regarding ALM and support units). The other factor affecting the increase of costs transferred was the growth of Customers' activity and the increase in products and services sold – support units engaged in the process of servicing these products and services transferred to business lines costs proportional to the increasing production.

Merchant, Commercial & Private Banking

Customers

As at the end of the first quarter of 2007, the number of active customers of this line reached over 2 thousand, what means an increase by 24% as compared to the end of the first quarter of 2006. Large and medium enterprises constitute the biggest share (96%) in the number of Merchant, Corporate & Private Banking customers. The Private Banking line was separated in 2006.

Distribution channels

MC&PB customers have at their disposal both a network of Business Centres (8), which are part of the international Fortis Bank network including about 120 centres in 18 countries, as well as alternative channels: Multicash, Pl@net systems and Call Centre. As statistics show, these channels are more and more willingly used by the customers. The number of customers actively using Multicash system (the main transaction system of home-banking type for companies) increased by 29%, and those using Pl@net system by 44% (the first quarter of 2007 versus the first quarter of 2006).

Products

MC&PB customers use a wide range of credit and deposit products, financing international commercial transactions or performing transactions on international financial markets. An investment loan remains the most popular credit facility; the balance of these loans as at the end of the first quarter of 2007 exceeded PLN 1.7 billion, what means an increase by 56% as compared to the balance at the end of the first quarter of 2006). Working capital loans with the volume of PLN 1.1 billion recorded an increase of 14%. The volume of standard deposits of Large and Medium Enterprises in the reported period increased by 90%, and current deposits by 31%. Private Banking customers gathered approx. PLN 150 million in the first quarter of 2007. Companies' activity as regards execution of payments via electronic channels increased significantly – the number of outgoing domestic and cross-border transfers in the Multicash system increased by 25% (including cross-border transfers increase by 35%). Large companies more and more often use instruments that enable them to effectively manage FX risk and interest rate risk. The novelty is the FBP agency in trading in CO2 emission rights.

Results

The constantly developing base of Merchant, Corporate & Private Banking customers and growing interest in FBP products is reflected in the Bank's income statement as this line's net revenues increased by 39% in the first quarter of 2007 as compared to the first quarter of 2006. This increase was generated thanks to:

- net interest profit higher by 35%,
- net profit on transactions in trading financial instruments higher by 34%,
- net commission and fee profit higher by 46%,

The Merchant, Corporate & Private Banking intensive development also resulted in costs increase. Personnel costs increased by 96%. It mainly resulted from the increased employment (by 45%) and adjustment of the remuneration policy to the present situation on the labour market. Moreover, within the presented segment, a new specialised business line (Private Banking) was developed. Costs allocation (rebilling) position is the net value of business line costs allocated and transferred from CB to other units. The increase of the costs by 50% in the first quarter of 2007 versus the first quarter of 2006 was affected by the change of a methodology of defining the bank's units direct costs (details are specified below in the part regarding ALM and support units). The other factor affecting the increase of costs transferred was the growth of customers' activity and the increase in products and services sold – support units engaged in the process of servicing these products and services transferred to business lines costs proportional to the increasing production.

ALM and support units (horizontal functions)

Results

This is a particular segment – on one hand, it presents the results of management over an interest rate and liquidity risk (net profit on the activity increased by 27%), and on the other hand, costs of support units reflecting the Bank's development. In 2007, FBP implemented a new methodology of costs allocation, in accordance with the methodology applied in the Fortis Group.

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 rebilled to business units, in a proportion appropriate to the support rendered to a given business line, increasing the unit's allocation costs. According to the methodology applied in 2006, costs of this type were other (direct) costs of business lines.

7 Earnings per share

7.1 Earnings per share

Earnings per share (in PLN thousand)	**Quarter I 2007**	**Quarter I 2006**
Net profit of the period (annualised)	109 808	89 796
Average weighted number of ordinary shares in terms of basic earnings per share	15 574 147	15 077 700
Basic earnings per share (PLN per share)	**7,05**	**5,96**
Diluted earnings per share (PLN per share)	**7,05**	**5,96**

8 Details of income and expenses

8.1 Interest income

Interest income (in PLN thousand)	Quarter I 2007 (YTD)	Quarter I 2006 (YTD)
Cash equivalents	4 740	4 550
Due from banks	4 146	3 220
Investments	6 543	4 370
Loans to Customers	105 765	69 278
Other	106 894	9 367
Total interest income	**228 088**	**90 785**

8.2 Interest expense

Interest expense (in PLN thousand)	Quarter I 2007 (YTD)	Quarter I 2006 (YTD)
Due to banks	-27 754	-12 930
Due to Customers	-28 397	-19 113
Other	-107 058	-9 492
Total interest expense	**-163 209**	**-41 535**

8.3 Commission and fee income

Commission and fee income (in PLN thousand)	Quarter I 2007 (YTD)	Quarter I 2006 (YTD)
On transactions in securities	607	574
On settlements	14 665	11 568
On guarantees and contingent liabilities	3 509	2 121
Other income	4 306	3 171
Total commission and fee income	**23 087**	**17 434**

8.4 Commission and fee expense

Commission and fee expense (in PLN thousand)	Quarter I 2007 (YTD)	Quarter I 2006 (YTD)
On transactions in securities	- 53	- 15
Brokerage commissions and fees	-	- 185
On settlements	- 352	- 293
On guarantees and contingent liabilities	-	-
Other costs	- 1 389	- 1 453
Total commission and fee expense	**- 1 794**	**- 1 946**

8.5 Net profit on transactions in trading financial instruments

Net profit on transactions in trading financial instruments (in PLN thousand)	Quarter I 2007 (YTD)	Quarter I 2006 (YTD)
Securities	264	177
Derivative instruments	-275	10 755
Foreign exchange transactions	32 347	16 053
Others	-	-
Total net profit on transactions in trading financial instruments (in PLN thousand)	**32 336**	**26 985**

8.6 Write-offs for impairment

Write-offs for impairment (in PLN thousand)	Quarter I 2007	Quarter I 2006
Cash and cash equivalents	-336	-
Due from banks	-37	-
Loans to Customers	-10 306	- 6 121
Other receivables	-82	-20
Off-balance sheet assets	-384	81
Investments	-	-

Investments in affiliated units and joint enterprises	-	-
Tangible fixed assets	-	-
Goodwill and other intangible assets	-	-
Other assets	-11	-
Other	90	123
Total write-offs for impairment	**-11 066**	**- 5 937**

9 Cash and Cash Equivalents

9.1 Cash and cash equivalents

Cash and cash equivalents (in PLN thousand)	March 31, 2007	December 31, 2006	March 31, 2006
Cash at hand	132 477	299 142	103 351
Due from central banks	26 500	76 620	81 764
Short-term due from banks	934 237	2 432 777	408 962
-nostro accounts	538 403	568 190	304 096
-other short-term receivables	395 834	1 864 587	104 866
Write-offs for impairment	-614	-277	-329
- for credit risk	-	-	-
- for Incurred But Not Reported loss (IBNR)	-614	-277	-329
Total short-term net due from banks	933 623	2 432 500	408 633
Short-term loans to customers	36 127	-	-
Total cash and cash equivalents	**1 128 727**	**2 808 262**	**593 748**

10 Receivables

10.1 Due from banks

Due from banks (in PLN thousand)	March 31, 2007	December 31, 2006	March 31, 2006
Interest bearing deposits	-	-	-
Loans and advance payments	25 000	20 000	30 000
Repurchase agreements	-	-	-
Others	154 569	156 521	158 220
Total due from banks	**179 569**	**176 521**	**188 220**
Write-offs for impairment	**-133**	**-96**	**-**
- for credit risk	-	-	-
- for Incurred But Not Reported loss (IBNR)	-133	-96	-
Total net due from banks	**179 436**	**176 425**	**188 220**

10.2 Loans to Customers

Loans to Customers (in PLN thousand)	March 31, 2007	December 31, 2006	March 31, 2006
Loans to budgetary entities	1 194	489	516
Mortgage loans	1 834 981	1 573 712	917 510
Consumer loans and credit facilities	251 965	218 953	161 075
Commercial loans	6 009 199	5 346 778	4 171 318
Repurchase agreements	-	-	-
Other receivables	28 165	42 927	35 089
Total loans to customers	**8 125 504**	**7 182 859**	**5 285 508**
Write-offs for impairment:	**-172 523**	**-162 786**	**-170 474**
- for credit risk	-144 973	-138 862	-145 700
- for Incurred But Not Reported loss (IBNR)	-27 550	-23 924	-24 774
Total net loans to customers	**7 952 981**	**7 020 073**	**5 115 034**

11 Trading Assets and Liabilities:

11.1 Trading Assets

Trading Assets (in PLN thousand)	March 31, 2007	December 31, 2006	March 31, 2006
Trading securities	146 689	87 507	18 274
- treasury bills	-	-	3 149
- treasury bonds	146 689	87 507	15 125
- other securities	-	-	-
Derivative financial instruments	57 330	55 600	48 645
- quoted on regulated markets	-	-	-
- quoted on off- stock exchange markets	57 330	55 600	48 645
Other trading assets	-	-	-
Total trading assets	**204 019**	**143 107**	**66 919**

11.2 Trading Liabilities

Trading Liabilities (in PLN thousand)	March 31, 2007	December 31, 2006	March 31, 2006
Short sale of securities	10 334	-	-
Derivative financial instruments	51 577	56 942	42 037
Other trading liabilities	-	-	-
Total trading liabilities	**61 911**	**56 942**	**42 037**

12 Investments

12.1 Investments

Investments (in PLN thousand)	March 31, 2007	December 31, 2006	March 31, 2006
Held to maturity	-	-	-
Available for sale	495 517	654 710	352 692
Total investments	**495 517**	**654 710**	**352 692**
Write-offs for impairment	-	-	-
Total investments net	**495 517**	**654 710**	**352 692**

12.2 Investments Available for Sale

Investments Available for Sale as of March 31, 2007 (in PLN thousand)	Balance sheet value	Positive valuation	Negative valuation	Write-off for impairment	Fair value
Treasury bills	-	-	-	-	-
Treasury bonds	451 435	1 017	-153	-	452 299
Shares	18 239	-	-	-	18 239
Others	24 979	-	-	-	24 979
Total investments available for sale	**494 653**	**1 017**	**-153**	**-**	**495 517**

Investments Available for Sale as of March 31, 2006 (in PLN thousand)	Balance sheet value	Positive valuation	Negative valuation	Write-off for impairment	Fair value
Treasury bills	4 999	-	-2	-	4 997
Treasury bonds	603 818	2 853	-176	-	606 497
Shares	18 239	-	-	-	18 239
Others	24 979	-	-	-	24 979

Total investments available for sale	**652 035**	**2 853**	**-178**	**-**	**654 710**

Investments Available for Sale as of March 31, 2006 (in PLN thousand)	Balance sheet value	Positive valuation	Negative valuation	Write-off for impairment	Fair value
Treasury bills	8 748	19	-	-	8 767
Treasury bonds	297 807	3 065	-166	-	300 706
Shares	18 239	-	-	-	18 239
Others	24 979	-	-	-	24 979
Total investments available for sale	**349 774**	**3 084**	**-166**	**-**	**352 692**

13 Liabilities

13.1 Due to banks

Due to banks (in PLN thousand)	**March 31, 2007**	**December 31, 2006**	**March 31, 2006**
Banks' deposits	1 599 352	2 279 905	1 992 252
-Current	543 115	568 941	306 474
- Term	878 695	1 209 771	1 685 778
- Other	177 542	501 193	-
Repurchase agreements	-	-	-
Due to banks measured at fair value	-	-	-
Others	2 664 123	2 676 167	42 987
Total due to banks	**4 263 475**	**4 956 072**	**2 035 239**

13.2 Due to Customers

Due to Customers (in PLN thousand)	**March 31, 2007**	**December 31, 2006**	**March 31, 2006**
Current deposits	1 130 795	1 094 282	902 233
Savings deposits	2 440	2 197	1 802
Term deposits	3 431 224	3 531 018	2 618 714
Repurchase agreements	-	-	-
Other borrowings	-	-	-
Due to customers measured at fair value	-	-	-
Other deposits	-	-	-
Total due to customers	**4 564 459**	**4 627 497**	**3 522 749**

14 Equity

14.1 Capital adequacy and financial liquidity

Capital adequacy and financial liquidity (in PLN thousand)	**March 31, 2007**	**December 31, 2006**	**March 31, 2006**
Share capital	503 135	503 135	30 155
Share premium	308 814	308 814	349 528
Other reserve capital	75 444	75 444	154 355
Retained earnings	-	-	63 986
Earnings from previous years under approval	58 423	58 423	54 343
Loss carried forward	- 8 012	- 253	-
Unrealised gains and losses on available-for-sale financial	700	2 167	2 364
Other elements of the equity capital adopted to calculate a capital	51 111	60 337	120 693
Gross equity capital, total	**938 504**	**927 730**	**654 731**
Deductions			
Loss at the end of a reporting month (YTD)	-	-	-
Capital shares in financial entities	18 196	18 196	18 196
Net intangible assets	20 205	23 664	15 445
Total deductions	**38 401**	**41 860**	**33 641**
Net equity capital	**900 103**	**905 870**	**621 090**
Short-term capital	8 699	-	4 405
Total equity capital plus short-term capital	908 802	905 870	625 495
Credit risk	705 217	659 385	457 575
Risk of exceeding a receivables concentration limit	-	-	-
Market risk	10 582	9 533	4 405
Total capital requirement	**715 799**	**668 918**	**461 980**
Capital adequacy ratio	**10,16%**	**10,83%**	**10,83%**

15 Additional information

15.1 Information on Previously Published Financial Forecast

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

15.2 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.

15.3 Information on Dividends Paid

The Board of Executives intends to recommend that the Annual General Shareholders' Meeting should pay no dividend and allocate the entire 2006 net profit to increase the Bank's equity funds.

15.4 Information on Changes to Contingent Liabilities or Assets Occurred in the Period from the Close of the Last Fiscal Year

The Tables below present changes to contingent liabilities and assets broken by financing type:

Contingent liabilities (in PLN thousand)	Quarter I 2007	December 31, 2006	Change
Related to financing	**248 403**	**234 328**	**6%**
Guarantees	**4 476**	**6 761**	**-34%**

Contingent assets (in PLN thousand)	Quarter I 2007	December 31, 2006	Change
Guarantees	**184 190**	**192 463**	**-4%**

15.5 Description of Unusual Factors and Events

In the first quarter of 2007 in Fortis Bank Polska S.A., there were no unusual events which affected the financial result and changed the structure of the balance sheet items.

15.6 Corrections of Prior Period Errors

In the first quarter of 2007 in Fortis Bank Polska S.A., there was no need to correct any errors related to prior periods.

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

In the first quarter of 2007, Fortis Bank Polska S.A. granted no sureties for loan or credit facility nor guarantees to one entity or its subsidiary, the total amount of which would exceed 10% of the Issuer's equity.

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

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

15.9 Issue, Redemption and Reimbursement of Debt and Capital Securities.

In the first quarter of 2007, no issue, redemption nor reimbursement of debt and capital securities occurred.

15.10 Information on Transactions with Affiliated Entities

Fortis Bank Polska S.A. holds 100% shares in its subsidiary - Fortis Private Investments Polska S.A. Considering no material importance, the aforesaid subsidiary was not consolidated in this financial report.

Information on transactions of Fortis Bank Polska S.A. with its parent company, its subsidiary and entities affiliated by management is presented below. Transactions refer to banking operations performed within a standard business activity, the terms and conditions of transactions presented correspond to market conditions.

Balance sheet items as of March 31, 2007 (in PLN thousand)	Parent entity	Subsidiary	Entities affiliated by management	Total
Assets				
Cash and cash equivalents	374 103	-	3	374 106
Trading Assets	28 707	-	-	28 707
Receivables	-	-	70 959	70 959
Deferred acquisition cost, accrued interest and other assets	259 153	419	173	259 745
Total	**661 963**	**419**	**71 135**	**733 517**
Liabilities				
Trading Liabilities	18 921	-	-	18 921
Other liabilities	266 223	4 395	2 775 495	3 046 113
Accrued interest and expenses and other liabilities	295 508	36	17 777	313 321
Total	**580 652**	**4 431**	**2 793 272**	**3 378 355**

Balance sheet items as of December 31, 2006 (in PLN thousand)	Parent entity	Subsidiary	Entities affiliated by management	Total
Assets				

Cash and cash equivalents	1 645 564	-	38	1 645 602
Trading Assets	15 717	-	-	15 717
Receivables	1 226	-	45 404	46 630
Deferred acquisition cost, accrued interest and other assets	160 432	89	2 267	162 788
Total	**1 822 939**	**89**	**47 709**	**1 870 737**
Liabilities				
Trading Liabilities	16 068	-	-	16 068
Other liabilities	227 207	3 009	2 776 880	3 007 096
Other borrowings	-	-	2 317	2 317
Accrued interest and expenses and other liabilities	165 745	12	15 108	180 865
Total	**409 020**	**3 021**	**2 794 305**	**3 206 346**

Balance sheet items as of March 31, 2006 (in PLN thousand)	Parent entity	Subsidiary	Entities affiliated by management	Total
Assets				
Cash and cash equivalents	319 965	-	2	319 967
Trading Assets	17 488	-	-	17 488
Receivables	-	-	68 521	68 521
Deferred acquisition cost, accrued interest and other assets	216 206	23	1 429	217 658
Total	**553 659**	**23**	**69 952**	**623 634**
Liabilities				
Trading Liabilities	20 371	-	-	20 371
Other liabilities	252 039	463	1 061 603	1 314 105
Other borrowings	-	-	1 274	1 274
Accrued interest and expenses and other liabilities	224 025	11	3 719	227 755
Total	**496 435**	**474**	**1 066 596**	**1 563 505**

Quarter I 2007 (YTD in PLN thousand)	Parent entity	Subsidiary	Entities affiliated by management	Total

Income				
Interest income	97 265	-	665	97 930
Commission and fee income	769	5	295	1 069
Net profit on transactions in trading financial instruments	44 312	-	-	44 312
Net profit on hedging transactions	4 765	-	-	4 765
Other income	1 417	984	-	2 401
Total	**148 528**	**989**	**960**	**150 477**
Expenses				
Interest expense	95 483	31	21 825	117 339
Commission and fee expense	387	-	1	388
Net loss on transactions in trading financial instruments	26 996	-	-	26 996
Net loss on hedging transactions	4 070	-	-	4 070
Total	**126 936**	**31**	**21 826**	**148 793**

Quarter I 2007 (YTD in PLN thousand)	**Parent entity**	**Subsidiary**	**Entities affiliated by management**	**Total**
Income				
Interest income	53 717	-	1 926	55 643
Commission and fee income	2 933	17	1 478	4 428
Net profit on transactions in trading financial instruments	60 778	-	9	60 787
Net profit on hedging transactions	6 903	-	-	6 903
Other income	1 760	1 379	-	3 139
Total	**126 091**	**1 396**	**3 413**	**130 900**
Expenses				
Interest expense	37 372	397	45 845	83 616
Commission and fee expense	1 130	-	-	1 130
Net loss on transactions in trading financial instruments	37 561	-	-	37 561
Net loss on hedging transactions	4 765	-	-	4 765
Total	**80 828**	**397**	**45 847**	**127 072**

Quarter I 2006 (YTD in PLN thousand)	Parent entity	Subsidiary	Entities affiliated by management	Total
Income				
Interest income	10 372	-	403	10 775
Commission and fee income	659	4	144	807
Net profit on transactions in trading financial instruments	21 263	-	407	21 670
Net profit on hedging transactions	6 903	-	-	6 903
Other income	-	9	-	9
Total	**39 197**	**13**	**954**	**40 164**
Expenses				
Interest expense	6 754	359	5 052	12 165
Commission and fee expense	280	-	-	280
Net loss on transactions in trading financial instruments	27 707	-	184	27 891
Net loss on hedging transactions	7 441	-	-	7 441
Other costs	-	-	158	158
Total	**42 182**	**3 598**	**5 394**	**47 935**

15.11 Post-balance Sheet Events

The National Depository for Securities' Board, pursuant to decision no. 258/07 dated April 4, 2007, decided to accept 1,693,480 series K shares of Fortis Bank Polska S.A. to the depository.

On April 18, 2007, pursuant to the decision of the Board of the Warsaw Stock Exchange (Giełda Papierów Wartościowych w Warszawie S.A. GPW – Resolution No. 239/2007 of April 16, 2007), 1,693,480 Series K shares to a bearer of Fortis Bank Polska S.A. were admitted to trading and listed on the GPW main market.

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

Shareholders' data as of the date of publishing this report i.e. May 4, 2007.

	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 S.A./NV	16.635.287	99,19%	16 635 287	99,19%
Others	135.893	0,81%	135.893	0,81%
Total:	16.771.180	100%	16.771.180	100%

Upon registration of the increase of the Bank's share capital on January 2, 2007, the share capital is divided into 16,771,180 shares of PLN 30 nominal value each, which entitle to 16,771,180 votes at the Bank's General Meeting.

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

As of March 31, 2007 like in the comparable period of the previous year, none of the Board of Executives Members owned any shares issued by Fortis Bank Polska S.A.

Mr. Antoni Potocki, Deputy Chairman of the Supervisory Board, as of December 31, 2006, held five (5) shares of the Bank. On March 8, 2007 as a result of a transaction concluded at the Warsaw Stock Exchange (Giełda Papierów Wartościowych w Warszawie S.A.) the above mentioned shares were sold.

Other members of the Supervisory Board, as of March 31, 2007, held neither shares of the Bank nor rights to them.

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

In the first quarter of 2007, 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.

15.15 Agreements Significant for the Bank's Activity

On January 2, 2007 a cooperation agreement was concluded between Fortis Bank Polska S.A. and Dominet Bank S.A. based in Lubin. The agreement concerns rules of cooperation between the two banks with respect to agency services in offering Fortis Bank Polska S.A. products to individual customers of Dominet Bank S.A. For the performance of obligations under the agreement, Dominet Bank SA will be paid commission on amounts of the loans acquired. The agreement was concluded for an unlimited period of time.

On February 5, 2007, Fortis Bank Polska S.A. signed another credit agreement with Fortis Bank SA/NV based in Brussels and Fortis Bank (Nederland) N.V. based in Rotterdam, regarding the Bank's credit line with the limit of PLN 1,300 million in order to finance the Bank's current operating activity. Under this credit line, the Bank can draw down advance payments in EUR, USD, CHF, JPY and PLN within 60 months of June 1, 2007.

15.16 Other Important Events

On March 7, 2007 the Banking Supervision Commission issued a permit to Fortis S.A./NV based in Brussels and Fortis N.V. based in Utrecht, through the agency of Fortis Bank S.A./NV based in Brussels to exercise more than 75% of the voting rights at the Bank's Annual General Meeting. As a result of the permit and upon acquisition of new issue shares, Fortis Bank S.A./NV is entitled to exercise voting rights attached to all shares owned.

With current report no. 7/ 2007 dated March 7, 2007, the Board of Executives of Fortis Bank Polska S.A. announced that Fortis Bank Polska S.A. ("the Bank") acquired information that on March 7 this year the Banking Supervision Commission issued the permits to Fortis S.A./NV based in Brussels and Fortis N.V. based in Utrecht, through the agency of Fortis Bank S.A./NV based in Brussels to exercise i) more than 75% of the voting rights at the Annual General Meeting of Fortis Bank Polska S.A. and ii) more than 75% of the voting rights at the Annual General Meeting of Dominet Bank S.A. based in Lubin, and conditioned them by the following commitments:

- performing a merger of Dominet Bank S.A. and Fortis Bank Polska S.A. within 4 years of issuance of the aforesaid permits;
- Until the moment of formal merger, two separate banks within Fortis group in Poland will operate: Fortis Bank Polska S.A. and Dominet Bank S.A. The former will offer services for high-net-worth individuals (Personal and Private Banking) and products for Polish and international enterprises. The latter will focus on mass retail banking (Consumer Finance). When the profiles of both banks are clearly defined, they can develop faster and more effectively.
- not undertaking any actions leading to withdrawal of the shares of Fortis Bank Polska S.A. from the public trading on the Warsaw Stock Exchange (Giełda Papierów Wartościowych w Warszawie) until 2017 and increasing the liquidity of the Bank's shares quoted on the Warsaw Stock Exchange to the level of at least 10-15% within 2 years of issuance of the aforesaid permits.

Upon finalising the transaction of purchase of Dominet S.A. group by Fortis Bank S.A./NV on March 21, 2007, under decisions of the Supervisory Board of Dominet S.A. and Extraordinary General Meeting of Shareholders of Dominet Bank S.A., the following members of the Board of Executives of Fortis Bank Polska S.A. were appointed to the management of companies from Dominet S.A. group, i.e.:

- Mr. Alexander Paklons took up a position of the President of the Board of Executives of Dominet S.A. effective March 22, 2007 and was appointed to the Supervisory Board of Dominet Bank S.A. effective March 29, 2007, and then was appointed the Chairman of the Supervisory Board of Dominet Bank S.A. (effective April 20, 2007).

- Mr. Jaromir Pelczarski was appointed to the Supervisory Board of Dominet Bank S.A. effective April 21, 2007.

On March 16, 2007, the Bank received the decision of the Head of the Financial Supervision Commission regarding approval of the issue prospectus of Fortis Bank Polska S.A., drawn up in connection with the application for admittance to trading on the regulated market of 1,693,480 series K ordinary shares to a bearer issued under Resolution no. 4 of the Extraordinary General Meeting of the Bank dated October 26, 2006. The issue prospectus was published on March 23, 2007 on the website of the Issuer's and the Offering Entity – DI BRE Bank S.A.