

Fortis Bank Polska SA

**The Board of Executives'
Report on the Activity of
Fortis Bank Polska SA Group
for the First Half of 2009**

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I. SUMMARY OF THE GROUP'S ACTIVITY IN THE FIRST HALF OF 2009

A. Introduction

As at the first half of 2009 the net loss of the Fortis Bank Polska SA Group (Group) stood at PLN 232 million. Compared to the end of the previous year the Group's assets increased by 1%, amounting to PLN 20 billion.

Continuing unfavourable macroeconomic situation in Poland and worldwide have impacted the operational activity of the Group, executed in the condition of decreasing market interest rates and strong competitiveness in banking sector, which results in high deposit prices.

After the first half of 2009, the interest result amounted to PLN 179 million and was lower by 2.2% in comparison to the first half of 2008. At the same time, the commission and fee income decreased by 39% to PLN 60 million. This result was materially affected by decrease in commissions for the purchase and sale of derivative instruments due to significantly smaller number of transactions concluded. Result on FX transactions was PLN 59.3 million and was by 10% lower than in the previous year.

The net loss in the first half of 2009 is the result of net write-offs for impairment of loans to customer and losses incurred in financial instruments held for trading. Due to deteriorating situation on financial markets and depreciating zloty, some customers that the Group entered into foreign currency hedging contracts with, will not be able to meet the obligations resulting from transactions in derivative instruments. A portion of customers will not be able to repay their loan debts. Other, relatively less significant reasons for the negative capital include decrease in income from the sale of derivative instruments after the Bank decided to reduce this activity, decrease in value of options hedging against credit loss risk in mortgage portfolio and the trading book (derivative instruments) due to PLN depreciation and expenses related to the integration with Dominet Bank SA.

The loss on derivative instruments held for trading decreased the Group's net income to PLN 165.1 million compared to PLN 355.2 million earned in the first half of 2008.

To mitigate own credit risk - in the context of PLN rate high variability - the Bank entered into hedging transactions. Costs of concluded transactions hedging against further depreciation of PLN and fair value adjustment of derivative instruments entered into with customers significantly influenced the results of Fortis Bank Polska in the first half of 2009.

Costs of Group's operation are under control and after the first half of the year are lower than estimated. As at the end of June 2009, the Group's personnel expenses reached PLN 86.6 million and were lower by 9% if compared to the expenses incurred in the first half-year of 2008. Due to poorer results, the Bank's management undertook actions aimed at limiting further expenses.

Growth of loan balance brought by the depreciation of PLN, but also net loss in the first half of 2009 reduced the capital adequacy ratio down to 9.50% (at the end of December it was 9.88%). Despite the fact that the capital adequacy ratio was reduced due to e.g. higher loan balance resulting from the depreciation of PLN and the aforementioned net loss, the Bank's capital position is stable. In this respect the Bank was supported by the main shareholder who in April 2009 granted a subordinated

loan of EUR 20 million which upon a consent of the Polish Financial Supervision Authority was included as subordinated debt to Tier 2 capital of the Bank. At the same time the Bank issued bonds subscribed for by the Bank's main shareholder, and is in a course of increasing Bank's share capital by a new share issue addressed to Fortis Bank SA/NV. These actions will let the capital adequacy ratio be maintained at a satisfactory level in the future.

The General Meeting of Fortis Bank Polska SA held on 26 June 2009 adopted numerous important resolutions. Bank's profit distribution for the year 2008 in the sum of PLN 78.2 million was approved. The net profit has been distributed in the following manner: part of the profit in the amount of PLN 33.2 million was allocated to the supplementary capital and the remaining part, i.e. PLN 45 million – to the general risk fund. The General Meeting resolved also to increase the Bank's share capital through raising the nominal value of all Bank's shares from PLN 30 to PLN 50. At the same time, taking into consideration the need to reinforce the Bank's capital position, the shareholders decided on the share capital increase through issuance of the Series M shares with the exclusion of pre-emptive rights, i.e. available to the majority shareholder, that is Fortis Bank SA/NV. As a result of adopted resolutions regarding changes to share capital, it will eventually amount to PLN 1 billion 206 million. Due to the above decisions, the General Meeting adopted appropriate amendments to the Bank's Statute.

Irrespective of the market situation, the Bank was consistently pursuing integration tasks. Due to an integration of Fortis Bank Polska SA and Dominet Bank SA, both banks have substantially adjusted their activities to create one strong institution. Exchange of experience between employees of both banks contributes to improvement and optimisation of processes in all fields of the Bank's activity. Dominet Bank SA has introduced additional labelling of its outlets, documents and letters to indicate its Fortis Bank group membership. Legal and operational merger of both banks took place on 31 July 2009.

In May 2009 the takeover of Fortis Bank SA/NV majority stake by BNP Paribas SA was finalised. Thus, the Fortis Bank Polska SA Group has become a part of the BNP Paribas international financial institution.

B. Key factors and events that affected the Group's financial performance in the first half-year 2009

The Group's total assets as at 30 June 2009 were PLN 20,062,512 thousand and were higher than total assets as at the end of December 2008 by PLN 193,508 thousand, i.e. 1%.

The Bank's total income in the first half of 2009 stood at PLN 165,050 thousand, which represents a fall by 54 % in comparison to the first half of 2008.

The net interest income decreased by 2%, the net fee and commission income dropped by 39% in comparison to the previous half-year, while the net trading income went down by 234%.

Interest income on loans to customers in the first-half of 2009 stood at PLN 359,093 thousand and was lower by 7.5% if compared to PLN 388,314 recorded in the first-half of 2008.

Interest expense decreased by 17% from PLN 284,051 thousand as at the end of June 2008 down to PLN 236,110 thousand as at the end of June 2009.

The return on equity ratio (ROE) fell to -39.8% (as compared to 20.9% as at 30.06.08), while the return on assets (ROA) was -2.4% (as compared to 1.6% as at 30.06.08). Loss per share amounted to PLN (-13.83).

Dues from customers decreased by 7% in comparison to the previous year; at the end of June 2009 they totalled PLN 13.8 billion. Their share in the asset structure was 69%. Commercial loans were the major item in the structure of net loans to customers. Their share in the total net loans to customers made up 66% as at the end of June 2009 and decreased from 67% as compared to the end of 2008. However, the value of commercial loans decreased by 9% as compared to the end of 2008, i.e. by PLN 852,029 thousand.

The decrease in volume of loans granted referred mainly to institutional customers: investment loans (including loans for the purchase or construction of commercial real estate) decreased by 1% as compared to 31 December 2008, working capital loans decreased by 6% as compared to the end of 2008, and overdraft credit facilities dropped by 23%.

As at the end of June, the value of mortgage loans stood at PLN 4,668,938 thousand. Their volume growth (by 4% in comparison to the end of 2008) was attributable to higher FX rates.

As at the end of June 2009, liabilities due to customers increased up to PLN 8,169,303 thousand in comparison to PLN 6,368,464 thousand noted at the end of 2008 (growth by 28%). Liabilities due to banks decreased by 56%. Terms deposits absolutely prevail in the structure of liabilities due to customers: PLN 6,706,265 thousand, representing 82% of all due to customers. Sight deposits reached PLN 1,204,232 thousand as at the end of June 2009.

As at the end of June 2009, the Group's personnel expenses reached PLN 86,560 thousand and were lower by 9% compared to the expenses incurred as at the end of June 2008, when they amounted to PLN 95,575 thousand.

The lower expenses were mainly due to employment decline (average number of FTEs in the first half of 2009 was 1% lower compared to the average number of FTEs in the first half of 2008), lower expenses related to provisions for employee bonuses in 2009 and lower expenses related to bonuses and awards paid in 2008.

The Group's other expenses reached PLN 77,191 thousand and were higher by 17% compared to the first half of 2008, when they stood at PLN 66,076 thousand. The main items of other expenses are rent (PLN 18,418 thousand), information systems and technologies (PLN 10,720 thousand) and marketing and advertising (PLN 6,628 thousand).

In the first half of 2009, net impairment losses significantly increased, i.e. up to PLN (-) 255,695 thousand, which represented a rise by PLN 231,782 thousand compared to the corresponding period of the previous year. Increase in net write-offs for impairment of receivables results from deterioration of credit portfolio. Deteriorating situation on financial markets made a portion of the Group's customers unable to repay their loan debts. 83% of net write-offs for impairment of loans had to be made for corporate customers

The net income for the first half of 2009, lower than expected, is the result of losses incurred in financial instruments held for trading and net write-offs for impairment of loans to customer. In consequence of deteriorating situation on financial markets and depreciating zloty, some customers

that the Group entered into foreign currency hedging contracts with, will not be able to meet the obligations resulting from transactions in derivative instruments. A portion of customers will not be able to repay their loan debts.

In the first half of 2009, the Group recorded a gross loss of PLN 275,828 thousand, which was less by 281% than in the first half of 2008 (gross profit of PLN 152,361 thousand).

The Group's net loss amounted to PLN 231,938 thousand and was lower by PLN 354,823 thousand i.e. by 289% compared to the net profit generated in the first half of 2008.

C. Other factors – a description of the integration with Dominet Bank SA

In 2007 the main shareholder of Fortis Bank Polska SA - Fortis Bank SA/NV home based in Brussels – bought 100% of shares of Dominet SA – the owner of Dominet Bank SA – the Polish retail bank specialising in consumer loans. In March 2007, the Belgian shareholder committed to merge Fortis Bank Polska SA and Dominet Bank SA as one of the conditions set forth by the Polish Financial Supervision Authority under which it would give a permit to exercise voting rights attached to shares.

In January 2008 Fortis Bank Polska SA signed a cooperation agreement with Dominet Bank SA under which both parties committed to undertake all necessary initiatives leading to the merger of both banks. Then in November 2008, the Boards of Executives of both banks adopted the Merger Plan stipulating that the merger will be implemented by transferring all Dominet Bank's SA assets (the acquiree) over to Fortis Bank Polska SA (the acquirer) in exchange for newly-issued FBP shares which will be allocated to the existing Dominet Bank shareholders, pursuant to Art. 492 §1 of the Code of Commercial Companies and Partnerships.

At the General Meeting of Fortis Bank Polska SA held on 26 June 2009, the shareholders approved the merger plan and adopted resolutions to increase the share capital of Fortis Bank Polska SA from PLN 503.1 million to PLN 660.4 million by the issuance of 5,243,532 Series L ordinary bearer shares with the nominal value of PLN 30.00 each for the shareholder Dominet Bank SA (i.e. Dominet SA).

On 8 July 2009, the Polish Financial Supervision Authority issued permit for the merger of both banks.

On 31 July 2009 the legal merger of Fortis Bank Polska SA and Dominet Bank SA was completed. As a result of the merger, Fortis Bank Polska SA has assumed all the rights and obligations of Dominet Bank SA, while Dominet Bank SA has been dissolved without conducting any liquidation proceedings. The transfer of Dominet Bank's SA assets over to Fortis Bank Polska SA in exchange for 5,243,532 Series L ordinary bearer shares for the shareholder Dominet Bank SA (i.e. Dominet SA) took place on the date of entering the merger into the Business Register maintained by the Registration Court in Warsaw. On the same day, the share capital increase resulting from the issuance of Merger Issue Shares was registered.

In the result of the merger Dominet SA acquired 23.82% of shares giving right to exercise 23.82% of the voting rights at the Fortis Bank Polska SA General Shareholders Meeting.

After the merger date, Fortis Bank Polska SA and Dominet SA remain under joint control of Fortis Bank SA/NV whose principal shareholder is BNP Paribas.

D. Outside Factors which Influence the Operation and Development of the Group

Economy in the first half of 2009

GDP – growth rate and components

In the first half of 2009 deceleration of GDP growth rate continued. Based on estimates of the Central Statistical Office, in the first quarter of 2009 the Polish GDP increased by only 0.8% YOY and was therefore much lower than 2.9% recorded in the previous quarter and 5.6% the year before. The second quarter of 2009 should bring even worse results of the Polish economy. As estimated by the Ministry of Finance in this period the Polish GDP increased only by 0.1-0.3% YOY, which – if confirmed – will indicate the poorest quarterly result of the Polish GDP since the beginning of the available time interval, i.e. since 1996.

In the first quarter of 2009, industry recorded the worst financial result where the gross value added went down by -5.9% YOY. The growth of gross value added still continued in the construction sector (+3.4% YOY) and market services (+3.1% YOY). However, it should be noted that in both, the construction sector and services, the added value growth rate was significantly lower than in 2008.

Labour market

In the first half of 2009, the situation on the labour market significantly deteriorated. As at the end of June, the number of the registered unemployed was 1.66 million people which means growth by 14% if compared to June 2008.

In the first half of 2009 employment in the enterprises sector decreased by -0.5% YOY (if compared to the growth by 5.6% YOY in the corresponding period in 2008). At the same time, high rate of remuneration growth slowed down. In the first six months of 2009, remuneration in the enterprises sector rose nominally by 5.1% YOY, i.e. more than two times slower than in the first half of 2008.

Exchange rate and inflation

In the first six months of 2009, the average inflation level stood at 3.5% YOY. Therefore it was significantly lower than 4.2% YOY reached a year before. The main inflation factors were rising prices of food and of house-related services and goods (which increased the inflation index by 1.13 and 1.01 percentage points, accordingly).

After a material depreciation recorded in the first three months of 2009, in the second quarter of 2009 PLN has started to appreciate. At the end of June the EUR/PLN rate was 4.4696 (as compared to PLN 4.7013 at the end of March 2009) and the USD/PLN rate was 3.1733 (to PLN 3.5416 at the end of March 2009). Nonetheless, at the end of the first half of 2009, the PLN exchange rate still was considerably weaker than a year before (when PLN/EUR rate was 3.3542 and PLN/USD rate stood at 2.1194).

Foreign trade and balance of payments

In May 2009, the cumulated twelve-month current account deficit stood at EUR (-10.9) billion, signifying a major improvement in comparison to the May 2008 result, when the index was EUR (-17.5) billion. The above-mentioned improvement resulted mainly from the lower trade deficit (EUR (-11.3) billion in May 2009; EUR (-13.9) billion in May 2008) and lower deficit in income balance (EUR

(- 9.27) billion in May 2009; EUR (- 12.3) billion in May 2008).

Public finances

At the end of June 2009, the budget deficit stood at PLN (-16.6) billion or 91.6% of the annual plan. The budget execution was therefore more advanced than a year before when the execution of the plan for the entire year was 12.8%. A considerable deterioration of fiscal standing (the Ministry of Finance estimates the loss of tax revenue resulting from the lower GDP dynamics at almost PLN 47 billion) forced the revision of fiscal assumptions. According to the amendment proposed by the government, the budget deficit for this year will increase from PLN (-18.2) billion included in the Budget Act for 2009 to PLN (-27.2) billion.

Financial performance of enterprises

In the first quarter of 2009 financial results of non-financial enterprises deteriorated if compared to the corresponding period in the year before. The net profit of the sector stood at PLN 9.8 billion and was lower by 52.1% than in the year before. The net turnover profitability ratio dropped to 2.2% from 4.6% a year before. The net profit was reported by 62.3% of enterprises, i.e. fewer than in the first quarter of 2008 (66.9%).

The banking sector in the first half of 2009

Monetary policy of the NBP and interest rates of commercial banks

Due to considerable slow down of Polish economy the Monetary Policy Council continued interest rates cuts regardless of the inflation level exceeding the ceiling of permitted fluctuation band (1.5-3.5%) In effect, at the end of June 2009, the NBP reference interest rate fell to 3.50% and was by 2.5 percentage point lower than at the beginning of the cuts process

In the first half of 2009 the household deposit growth rate accelerated. In this period this category grew by 25% YOY if compared to 18.3% YOY a year before. Enterprises deposit growth decelerated (to 4.1% YOY from 7.8% YOY in the first half of 2008). Depreciated PLN improved the dynamics of loans for households – in the first half of 2009 this category increased by 41% YOY. Much worse performance was recorded as regards loans for enterprises. In this case the annual rate was 22.4% YOY and was a bit lower than the year before (25.2%).

Financial performance of banks

In the first quarter of 2009, the banking sector recorded considerable deterioration of its performance. Significant increase of costs (including among others provisions created for at-risk loans) caused that the financial net result was lower by almost 50% than a year before.

II. SHAREHOLDERS AND STOCK PERFORMANCE ON THE WARSAW STOCK EXCHANGE

The shareholder structure

As at 30 June 2009, the share capital of the Bank was PLN 503,135,400 and was divided into 16,771,180 shares with a nominal value of PLN 30 each.

All the shares of Fortis Bank Polska SA are bearer ones and entail no limits with respect to any

ownership transfer or exercise of voting rights. All the shares entitle their holders to the same rights. Any limitations can only be based on specific provisions, e.g. of the Banking Law Act or Public Offering Act.

As at 30 June 2009, shareholders' structure specifying the major shareholders with at least 5% of the total number of votes at the General Meeting of Shareholders was as follows:

Shareholder	Number of shares held	% of shares held	Number of votes at the AGM	% of votes at the AGM
Fortis Bank SA/NV	16,738,712	99.81%	16,738,712	99.81%
Others	32,468	0.19%	32,468	0.19%
Total	16,771,180	100%	16,771,180	100%

Changes in the ownership structure of the Fortis Group

At the turn of the second and third quarters of 2008, the Fortis Group has been taken over by the Belgian, Dutch and Luxembourgian governments. In the result of this takeover, the government of the Kingdom of Belgium holds 99.93% of Fortis Bank SA/NV through the Belgian Federal Participation and Investment Company (Société Fédérale de Participations et d'Investissement). At the same time, in October 2008, the Belgian government reached an agreement with BNP Paribas, a financial and banking group registered in France, that subject to BNP Paribas' obtaining necessary permits, it would acquire a 75% interest in Fortis Bank SA/NV and 100% of Fortis Insurance Belgium from the Belgian State Treasury and would buy a 16% share of Fortis Banque Luxembourg (thus increasing its controlling interest up to 67%) from the Luxembourgian State Treasury. The aforementioned agreement was approved by the General Meeting of Fortis Shareholders in April 2009. In May 2009, the Belgian government transferred 74.93% of shares in Fortis Bank SA/NV (Fortis Bank Belgium) to BNP Paribas. As a result of the transaction the BNP Paribas group has become the parent entity of the Bank's majority shareholder.

On 20 May 2009, the Financial Supervision Authority granted permits to BNP Paribas based in Paris to exercise via Fortis Bank SA/NV based in Brussels i) more than 75% of the voting rights at the General Meeting of Shareholders of Fortis Bank Polska SA and ii) more than 75% of the voting rights at the General Meeting of Shareholders of Dominet Bank SA based in Lubin.

One of conditions of granting the aforesaid permit is the majority shareholder's commitment to refrain from undertaking any actions leading to withdrawal of the shares of Fortis Bank Polska SA from the public trading on the Warsaw Stock Exchange (WSE, Giełda Papierów Wartościowych w Warszawie) until 2017, and to increase the liquidity of the Bank's shares quoted on the WSE up to at least 15% within 2 years of issuance of the aforesaid permit and maintain it at this level.

On 4 June 2009, BNP Paribas announced a tender offer to subscribe for shares of Fortis Bank Polska SA. The transaction of acquisition of 1,087 shares by Fortis Bank SA/NV was concluded on 29 July 2009. As a result of this transaction Fortis Bank SA/NV acquired 16,739,799 shares, which accounts for 99.81 % of all shares of Fortis Bank Polska SA.

Having obtained the permit of the Polish Financial Supervision Authority and after announcing a tender offer, Fortis Bank SA/NV is entitled to exercise voting rights attached to all shares held, i.e.

16,739,799 shares representing 99.81% of the share capital and 16,739,799 voting rights at the Annual General Meeting of the Bank, which constitute 99.81% of total votes.

Changes in the shareholder structure of the Fortis Bank Polska SA Capital Group

On 31 July 2009 the legal merger of Fortis Bank Polska SA and Dominet Bank SA was entered into KRS. As a result of the merger the share capital of Fortis Bank Polska SA increased from PLN 503,135,400.00 up to PLN 660,441,360.00 through the issue of 5,243,532 ordinary bearer Series L shares of PLN 30 nominal value each to be delivered to Dominet's shareholder.

Since June 31 2009, the Bank's share capital amounts to PLN 660,441,360 and divides into 22,014,712 ordinary bearer shares of PLN 30 nominal value each.

Due to the above, as at the day of the report, the shareholders' structure specifying the major shareholders with at least 5% of the total number of votes at the General Meeting of Shareholders was as follows:

Shareholder	Number of shares held	% of shares held	Number of votes at the AGM	% of votes at the AGM
Fortis Bank SA/NV	16,739,799	76.04%	16,739,799	76.04%
Dominet SA	5,243,532	23.82%	5,243,532	23.82%
Others	31,381	0.14%	31,381	0.14%
Total	22,014,712	100%	22,014,712	100%

Having registered the increase resulting from the issue of Series L shares to Dominet's shareholder, Fortis Bank SA/NV holds 16,739,799 shares of Fortis Bank Polska SA that entitle to 16,739,799 votes, constituting 76.04% of the total number of votes at the General Meeting of Fortis Bank Polska SA. Moreover, via Dominet SA, whose 100% of shares is held by Fortis Bank SA/NV, this bank holds 5,243,532 shares of Fortis Bank Polska SA (23.82% of share capital).

As at 31 July, BNP Paribas held, via Fortis Bank SA/NV, 21,983,331 shares constituting 99.86% of share capital of Fortis Bank Polska SA that entitle to 21,983,331 votes, constituting 99.86% of the total number of votes at the General Meeting of Fortis Bank Polska SA.

The Annual General Meeting held on 26 June 2009 distributed PLN 78.2 million net profit for 2008. Part of the profit in the amount of PLN 33.2 million was allocated to the supplementary capital and the remaining part, i.e. PLN 45 million – to the general risk fund. Moreover, the AGM passed a resolution to transfer PLN 194 million from the general risk fund to the reserve capital which in particular will be allocated to increase the bank's share capital.

The General Meeting resolved also to increase the Bank's share capital through raising the nominal value of all Bank's shares, including the merger issue shares, from PLN 30 to PLN 50. At the same time, taking into consideration the need to reinforce the Bank's capital position, the shareholders decided on the share capital increase through issuance of the Series M shares with the exclusion of pre-emptive rights, i.e. available to the majority shareholder, that is Fortis Bank SA/NV.

On 3 August 2009, the Board of Executives of Fortis Bank Polska set the issuing price of the Series M shares at PLN 209.00 per share. The series M share issue was offered in a private placement. Under

the Share Subscription Agreement signed on 6 August 2009, Fortis Bank SA/NV took up 2,108,794 ordinary bearer series M shares at the issue price of PLN 209.00 each. The issue value was PLN 440,737,946.00. The shares were covered in full by pecuniary contribution. Therefore, the placement was closed on August 12, 2009 and shares were allocated to their purchaser by the Board of Executives of the Bank.

As a result of adopted resolutions regarding changes to share capital, it will eventually amount to PLN 1 billion 206 million. Due to the above decisions, the General Meeting adopted appropriate amendments to the Bank's Statute.

The Bank has not been informed of any agreements that may result in changes in the proportions of shares held by the present shareholders in the future.

Stock performance on the Warsaw Stock Exchange

The Bank's shares have been quoted on the primary market of the Warsaw Stock Exchange since November 7, 1994. Since 19 January 2004, Bank's shares have been quoted in the continuous trading system.

Since 1999, i.e. after Brussels-based Fortis Bank took over 98% of the Bank's shares, the liquidity of shares stood at a low level. As at 30 June 2009, in trading there were 32,468 shares owned by other shareholders, i.e. 0.19% of all the Bank's shares, and after the announced tender offer there were 31,381 shares, i.e. 0.14%.

At the first session in January 2009, the Bank's shares were traded at PLN 141.70. As at June 30, 2009, the Bank's share price increased to PLN 208.00, i.e. by 46.79%. In the corresponding period of 2008, the share price went down from PLN 221.70 to PLN 149.00 (decrease by 32.79%).

In the first half of 2009, an average turnover in the Bank's shares was 57 shares per session and was lower in comparison to the corresponding period of 2008 (214 shares per session).

The highest Bank's share price in the first half of 2009 was recorded on 6 May, when it stood at PLN 230.00. The lowest Bank's share price was recorded on 6 January 2009, when it was PLN 140.00. In the first half of 2009 it was PLN 249.50 and PLN 149.00, accordingly. An average price of the Bank's shares in the first half of 2009 was PLN 209.42.

Quotations of the Bank shares and the WIG index from 5 January 2009 until 30 June 2009



Source: <http://www.money.pl>

WIG, a stock exchange index, rose from 28,331.88 points noted on 5 January 2009 to 30,419.03 points recorded on 30 June 2009 (change by 7.37%). As at 29 June 2009, WIG stood at 30,525.72 points. WIG-banks, a sector sub-index, also recorded a decline in the period in question and decreased from 4,594.52 points as at 5 January 2009 down to 3,716.62 points as at 30 June 2009 (by 19.11%).

Due to the slight liquidity the Bank's shares are not classified to any of the indices.

Below there are market indices for the Bank's shares.

Indices	30.06.2009	30.06.2008	31.12.2008
Return on assets (ROA)*	-2.4	1.6	0.4
Return on equity (ROE)*	-39.8	20.9	6.2
Profit (loss) per share	-13.83	7.33	4.68
Book value per share	58.83	75.81	72.62

The book value per share is PLN 58.83. For proper calculation, the share capital, additional capital, revaluation reserve, other reserve capital, retained earnings from the previous years and the net profit (loss) for the fiscal year were included in equity capital.

*These ratios were calculated per annum as follows:

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

III. THE BANK'S PRODUCTS AND SERVICES AND DEVELOPMENT OF BANKING BUSINESS IN THE FIRST HALF OF 2009

A. Retail Banking

Products and services offered to Retail Banking Customers

Retail Banking - Retail Banking Business Line offers comprehensive services to the three main customer groups: individuals, small companies with the annual turnover not exceeding PLN 25 million and professionals, namely members of liberal professions. In particular the Bank addresses its offering to the following segments:

- Mass Retail segment – customers with the monthly net income below PLN 7,500.
- Affluent Banking (HNWI) segment – customers who invest assets through Fortis Bank Polska SA in the minimum amount of PLN 1 million, including the Ultra-HNWI group of customers holding assets above PLN 5 million.
- Small and Medium Enterprises – business entities with annual revenues ranging from PLN 500,000 to PLN 25 million.

At the end of the first half of 2009, two more customer segments were separated:

- Micro-companies – business entities generating annual revenues below PLN 500 thousand, including Professionals, i.e. people who pursue liberal professions.
- Mass Affluent segment – customers earning the minimum net monthly income of PLN 7,500 and/or investing assets through Fortis Bank Polska SA in the amount ranging from PLN 100,000 to PLN 1 million.

Small and Medium Enterprises

The Bank offers Customers four sets of banking services: Fortis Class, Fortis Premium, Fortis Premium FX and Fortis Professional (addressed to Professionals, or liberal professions). Within the packages the Bank offers accounts, deposit products, payment cards, settlement services, loan products and e-banking services. Firms can also use products that facilitate settlements with their international business partners and hedge risks arising out of such cooperation.

For the small enterprises segment Customers, the Bank offers accounts and deposit products, including the following:

- current accounts and auxiliary accounts in PLN and foreign currencies,
- securities deposit account,
- term deposits in PLN with fixed and variable interest rates,
- foreign currency deposits in USD and EUR with fixed interest rate,
- overnight deposits.

The Bank offers its customers payment cards in VISA, the international payment organisation, including: Visa Business Classic cards, Visa Business Gold cards, and Visa Business Electron debit cards. Cards are accompanied by an insurance package, including (depending on the card type) e.g.: insurance against an unauthorised credit card use, insurance of cash withdrawn from an ATM, insurance of costs of warranty repairs of equipment purchased with a card, medical treatment and medical transport costs, and plenty of other insurance services. The Bank offers the following credit products for business entities:

- overdraft facility,
- revolving / non-revolving working capital loan in a loan account,
- debit limit,
- investment loan,
- investment loan granted to finance projects subsidised by the European Union,
- mortgage loan,
- mortgage facility,
- multipurpose credit line,
- general financing agreement,
- guarantee credit line.

Savings and investment products for SMEs:

- Open Investment Fund Fortis FIO. It is an umbrella fund comprising two sub-funds: Fortis Stock Subfund and Fortis Stable Growth Subfund. The Open Investment Fund Fortis FIO is managed by Fortis Private Investments Polska SA The fund is offered to natural persons, legal persons and organisational units without legal status.
- TFI DWS Polska, TFI BPH, TFI Skarbiec, Superfund TFI and TFI SEB investment funds,
- Negotiated deposits
- e-deposits (opened using the PI@net Internet banking system and the Contact Center),
- standard deposits
- Foreign currency deposits
- Overnight deposits

Furthermore, the Bank offers its Customers FX transactions related to FX risk and interest rate risk. Such transactions are serviced by the Global Markets (GMK) BL. For exporters and importers, the Bank offers also global trade finance products, such as e.g. letters of credit.

The Bank provides two remote access channels for the small enterprises segment customers:

- BiznesPI@net - Internet banking system,
- Call Centre

The above solutions enable comprehensive management of enterprise's bank accounts and products.

The BiznesPI@net system functionality is tailored to corporate customer needs and enables integration with finance and accounting systems, differentiation of user authorisations or definition of transfer approval schemes. BiznesPI@net is a comprehensive platform. In addition to making transfers and generating account statements, it provides for the management of other products used by the enterprise (e.g. payment cards, loans, deposits), filing applications, correspondence with the Bank, etc.

The Call Centre provides information on the current scope of the Bank's offering and specific nature of its products, executes payment orders and provides technical service as regards Internet banking and home banking systems.

Within the cooperation with Fortis Lease Polska Sp. z o.o., the Bank offers lease services: financial lease, operating lease and sale-and-leaseback. The lease can include means of transport, machines and equipment as well as real estate.

In cooperation with Fortis Commercial Finance Sp. z o.o., the Bank offers export factoring, recourse factoring and non-recourse factoring.

Mass Affluent segment

The Bank offers packages of banking services to its individual customers: Gold and Platinum. These packages enable an effective and safe management of funds deposited on savings and checking

accounts.

Within the packages the Bank offers savings and investment products, loan products, credit and debit cards and e-banking services through a modern PI@net system.

Accounts and deposit products

Accounts and deposit products offered by the Bank to individual customers include in particular:

- Gold or Platinum Account in PLN, which combines deposit and credit offering; it is earmarked for depositing funds and making pecuniary settlements. The following products and services are available within the account:

credit facility in an account – Fast Loan,

Settlement services: standing orders, direct debits, domestic and international transfers,

Debit cards: Visa Electron

PI@net internet banking system,

Call Centre

- Foreign currency accounts: in EUR and USD
- Stock Investor's Accounts, earmarked for the service of investment portfolios (asset management service). The Bank maintains such accounts for customers using the services of Fortis Private Investment Polska SA.
- standard and negotiated deposits in PLN, USD and EUR,
- overnight deposits (a surplus of funds is automatically deposited on an overnight deposit),
- inflation-proof deposit (of variable interest rate pegged to the base rate /1M – WIBID/);
- e-deposits (opened using the PI@net Internet banking system and the Contact Center),
- promotional deposits; Extra Profit "Lokata Po Prostu" – our simple deposit
- "Pure Profit". An insurance policy and savings instrument which aims at financial security of a policyholder – in the event of living until the end of the insurance period, or a beneficiary – in the event of death of the policyholder.

Investment products

The Bank offers both Polish and international investment funds, including:

- Open Investment Fund Fortis FIO. It is an umbrella fund comprising two sub-funds: Fortis Stock Subfund and Fortis Stable Growth Subfund. The Open Investment Fund Fortis FIO is managed by Fortis Private Investments Polska SA. The fund is offered to natural persons, legal persons and organisational units without legal status. The Fortis FIO is also offered in a 50/50 combination with a bank deposit as the Fortis

FIO Deposit, and as an Individual Pension Account (IKE Fortis FIO).

- TFI DWS Polska, TFI BPH, TFI Skarbiec, Superfund TFI and TFI SEB investment funds,
- foreign funds of HSBC, one of the biggest asset management firms in the world. Under HSBC Global Investment Funds (HGIF) umbrella fund, 40 sub-funds were offered.

In addition to Fortis L foreign funds offered on an on-going basis and new HSBC funds, the Bank has periodical subscriptions for Fortis L Fix – foreign investment funds. They are term funds, mainly with the principal amount protection, and their profits are related to stock markets or other instrument markets. These funds are disbursed in various currencies.

Asset Management

In cooperation with Fortis Private Investments Polska SA (FPIP SA), the Bank offers asset management services for its Customers. Within the FPIP SA's offering, there are the following model portfolios:

- Long-term debt securities portfolio,
- Treasury debt securities portfolio,
- Money market portfolio,
- Balanced portfolio 3x3,
- 6x3 Stock portfolio,
- Dividend portfolio (share portfolio),
- Debt securities portfolio in foreign currencies,
- Active allocation portfolio with a defined proportion of shares – of the minimum value PLN 500,000 with an option, upon a prior consultation with a FPIP investment advisor, to construct an individual portfolio of a minimum initial value of at least PLN 1 million.

The FPIP's offering includes also investment fund portfolios:

- Polish funds portfolios of minimum PLN 500,000, including a debt securities portfolio, balanced portfolio and stock portfolio.
- International funds portfolios of minimum PLN 500,000, or the equivalent in USD or EUR, including a debt portfolio of international funds, balanced portfolio of international funds and stock portfolio of international funds.

Treasury bills transactions

The Bank provides an option to make Treasury bills transactions for minimum PLN 100,000. T-bills are financial instruments issued for a period of up to 52 weeks.

Insurance products

The Bank offers the following insurance products:

- Fortis DuoProfit., This product combines a 6M bank deposit with a life insurance with a single premium, and it is offered by Aegon TU.
- Fortis DuoProfit Regular. It is a life insurance offered by Aegon TU with a regular premium.

Under the insurance policy, the customer can invest funds in 70 Insurance Capital Funds, including: Union Investment, Legg Mason, Arka BZ WBK, ING, PKO/Credit Suisse, Pioneer.

Card products

The Bank offers its Customers payment cards in VISA, the international payment organisation. The Bank offers the following card products to Retail Banking BL individual Customers:

- Credit cards:
 - VISA Foto credit card,
 - Visa Classic credit card,
 - Visa Gold credit card,
 - Visa Platinum credit card;
- Debit cards:
 - Visa Electron,
 - VISA Electron Youth Card.

These cards are accompanied by an insurance package, including (depending on the card type) e.g.: insurance against an unauthorised credit card use, insurance of cash withdrawn from an ATM, insurance of goods purchased with a card, lower price guarantee insurance, medical treatment and medical transport costs, corpse repatriation costs, immediate assistance costs, and many others.

Credit products

The Bank offers the following credit products to individual customers:

- Mortgage loans. The loans are earmarked for housing purposes, including: purchase of an apartment/house on the secondary or primary market, construction, redecoration, refinancing housing loans in other banks and refinancing costs incurred on account of the purchase/construction/redecoration of real estate.
- Savings and mortgage loan that combines a mortgage loan with a life insurance policy, offered in cooperation with Aegon TU insurance company.
- "Any Purpose" cash loan - the cash loan funds can be earmarked for debt consolidation or consumer purposes. Loan currency: EUR, PLN or USD.
- Overdraft facility. Holders of savings and checking accounts may use a "Fast Loan".

The loan is granted and its amount established on the basis of an analysis of payments crediting the account, by transferring a limit from another bank.

Electronic Banking

The Bank offers two remote access channels for individual customers: PI@net Internet banking system and the Call Centre. PI@net is a comprehensive platform to manage accounts and other banking products such as payment cards, loans, savings and investment products.

The Call Centre provides information on the current scope of the Bank's offering and specific nature of its products, executes payment orders and provides technical service as regards Internet banking.

Affluent Banking (Private Banking)

Private Banking provides integrated services and solutions in terms of asset management for the affluent Private Individuals. They include:

- Savings and investment products,
- credit products,
- Daily Banking and cooperation with the international Fortis Bank SA/NV network,
- special legal and tax structures.

Investment products

The Bank offers the following savings and investment products:

- deposits (in PLN and in foreign currencies, for various terms, with negotiated interest rates), including structured deposits,
- a selection of domestic and international investment funds,
- asset management offering of Fortis Private Investments Polska SA, including model portfolios and individual investment strategies,
- structured products.

In addition to investment products, the Bank offers also insurance and investment products (actively managed portfolios of selected investment funds sold on the Polish market, combined with insurance).

Credit products

Credit products offered by the Bank include mortgage loans, lombard loans and other credit facilities tailored to individual customer needs.

Daily Banking products

Private Banking Customers have access to, among others, the following:

- accounts in PLN and main convertible currencies,
- payment and credit cards (VISA, American Express),

- PI@net internet banking system,
- foreign exchange transactions.

Special legal and tax structures

Such structures, offered in cooperation with Fortis Intertrust, serve to protect assets, optimise taxes and regulate succession issues.

Development of banking services for the Retail Banking Customers

In the first half of 2009, the Retail Banking developed their offering of savings and investment products. Since the beginning of 2008, the Bank has organised a subscription of structured products and introduced new TFI (investment fund companies) into the investment fund offering available through PI@net. In this period, Fortis Bank also added new sub-funds to the offering of international Fortis L Funds. Deposits were promoted.

As regards offering from enterprises, the Retail Banking BL considerably simplified credit processes for credit products. In the first half of 2009, the Bank extended the functionality of the Internet banking system. Corporate customers received two new services: Trade on PI@net and Automatic Payment Identification (API). The Trade on PI@net enables servicing letters of credit, whereas the Automatic Payment Identification let the companies with many – not necessarily regular – customers fully control payment of receivables.

The Bank also modified the mortgages product offering. In June 2009, the existing offering was replaced by four new products: Housing Loan, Re-mortgage, MULTI-mortgage and Mortgage Credit. Therefore, the current range of financing purposes has been extended by, e.g. consolidation of consumer credits and financing of any needs.

B. Commercial Banking

Products and services offered to Commercial Banking Customers

Commercial Banking (CB) business line provides services through the network of its Business Centres. CB BL targets at medium corporate customers with an annual turnover over PLN 25 million. It focuses also on companies that are part of international capital groups, irrespective of their annual turnover.

The Bank offers a wide variety of financial solutions for this market segment. They include:

- financing working capital,
- financing investment projects,
- FX risk and interest rate risk management,
- liquidity management,
- international trade,
- European Union funds,
- energy markets.

Financing working capital

The business of the Bank is characterised by readiness to provide services tailored to individual Customer needs based on a thorough analysis of his expectations using an international network of partners.

The Bank offers working capital loans and, in cooperation with Fortis Commercial Finance, factoring to firms that are considering financing forms for their current operations.

In addition to financing Customer turnover, Fortis Commercial Finance offers also a number of additional services in the standard package:

- administration of customer receivables (e.g. monitoring of punctuality of repayments made by counterparties),
- invoice settlement (maintaining factoring accounts of the Customer and his counterparties, periodical reporting on the current receivables balance to the Customer),
- recovery of past-due receivables (e.g. by telephone reminders, legal actions, supervision over bailiff enforcement).

Financing investment projects

Enterprises that look for investment project financing the Bank offers:

- investment loans,
- lease, including lease of real estate and a wide range of fixed assets, including means of transport, construction equipment, typesetting machines and other equipment;
- performance bonds,
- advance return guarantees,
- bid bonds.

FX risk and interest rate risk management

Solutions in FX risk and interest rate risk management are offered to commercial banking companies by Traders Group of the Treasury Department.

Commercial Banking companies have direct phone connection to Treasury Department traders in order to effect transactions, obtain information on situation on the FX market or preliminary valuation of a hedging strategy.

Within the FX risk management, the Bank offers:

- FX Forward transactions,
- FX Swap,

- foreign currency options.

In addition to FX risk management services, the Bank offers also interest rate risk management, including:

- Forward Rate Agreement (FRA),
- Interest Rate Swap (IRS) – a swap transaction of variable interest rate of liabilities or assets into a fixed interest rate or vice versa,
- interest rate options (CAP, FLOOR),
- Cross Currency Swap (CCS) – a swap of currency of liabilities or assets along with a change from a variable interest rate into a fixed interest rate or vice versa.

The following products are available for the Bank's Customers under investing surplus of funds:

- term deposits in PLN and foreign currencies (e.g. USD, EUR); free funds can be invested on overnight deposits or long-term deposits (up to one year);
- treasury bills on the primary and secondary markets; "buy sell back" and "sell buy back" transactions,
- State Treasury bonds.

Liquidity management

Liquidity management, or cash management, include products that enable enhancement of company's funds on its bank accounts.

With the use of the full range of cash management products, the Bank's Customers can effectively accelerate the cash flow process and reduce their administrative and financial costs by:

- current control over receivables collection,
- current control over payables balance,
- efficient management of information and liquidity.

Thanks to solutions that are used in the Bank, Customers can control, effectively and on an ongoing basis, the collection of their receivables from a big number of their counterparties in a given period. Under the Automated Identification of Payments (AIP), a settlement between the counterparty and the Customer takes place through an individual account number assigned. The counterparty can make the payment at any place (post office, branches of the Bank or branches of other banks).

The Bank offers also necessary tools to enable easy, fast and safe method of an effective management of company's payables.

MultiCash, an electronic banking system is one of the basic tools of access to accounts. A corporate customer does not need to visit a branch to get information on turnover on the company's accounts, he can initiate transfers taking into consideration various levels of authorisations to administer the accounts. Furthermore, there is an option of cooperation between the Bank's software applications with Customer's financial and accounting systems.

Within the efficient information and liquidity management, the Bank offers products that enable not only forwarding information to the Customer but also remote management of accounts in other banks, as well as management of liquidity on specific accounts in the Customer's capital group.

- Multi Bank Reporting (MBR),
- Remote Payment Initiation (RPI),
- Notional Cash Pooling,
- Cash Collection.

Within the liquidity management, the Bank offers also a non-resident collecting account which is maintained for a business entity (legal person having its registered office abroad). The account can be opened in the following currencies: PLN, USD, EUR, CHF, GBP or JPY. The account is earmarked for making settlements in the form of transfers and cheques. Instructions are performed on the basis of SWIFT orders sent by the Customer's foreign bank, and also within standing payment orders and cheque settlements. Funds deposits on the collective account in foreign currencies bear no interest.

International trade

Trade transaction risk mitigation

The Bank offers a comprehensive range of international trade instruments that minimise risk inherent in trade cooperation with suppliers and customers and also facilitate settlements in international trade. The product portfolio includes: documentary collection, letters of credit (import and export), stand-by letters of credit and foreign guarantees.

Accounts receivable financing

Acquisition of financial resources through the sale of trade receivables provides a flexible source of financial liquidity. In case of forfaiting solutions the Bank also offers financing without recourse to the seller. The Bank finances both short-term and long-term receivables (invoices, bills of exchange, receivables resulting from export documentary letters of credit). Financing of long-term export contracts can serve as an example. Attractiveness of the Bank's offering is further improved by cooperation with insurance companies (including primarily Export Credit Insurance Corporation, KUKE SA) and also Bank Gospodarstwa Krajowego (BGK).

Foreign bank guarantees

The Bank offers foreign guarantees – it issues both own guarantees by the order of its Customers and re-guarantees of other foreign banks, and also the Bank services guarantees received in favour of its Customers. The Bank serves various guarantee types: bid bonds, advance return guarantees, performance bonds, payment guarantees.

Export pre-finance

The service is convenient in a situation when an exporter looks for funds to buy raw materials needed to produce the goods exported or to finance its inventory stock, prior to finishing the production or delivery of supplies.

The collateral for and source of repayment of such loans can be future export receivables arising under a contract signed, while the contractual payments can be secured by a documentary letter of credit, bank payment guarantee, insurance policy or receivables due to the exporter under the export contract signed.

Export finance: Buyer Credit

Thanks to the Bank's cooperation with specialised institutions dedicated to support Polish exports such as KUKE SA and BGK, the Bank can offer its Customers comprehensive solutions in the area of medium- and long-term financing for export contracts related to the sale of goods and investment services.

They include buyer credit granted to a foreign importer or its bank.

Export finance under DOKE program (Interest-Rate Support for Fixed-Rate Export Credits)

Thanks to cooperation with BGK, the Bank carries out a government project of supporting Polish export of goods and investment services under the DOKE program. Financing under the DOKE program consists in granting a medium- or long-term credit facility to a foreign buyer (or its bank) of investment goods or services originating in Poland.

European Union funds

Since 2004, the Bank conducts an information project for Customers called "In the European Union with Fortis Bank," aimed at providing advice to Polish entrepreneurs on how to acquire EU funds. Money for enterprises is available primarily under operating programmes co-financed with structural funds and the Cohesion Fund. Under the project, the Bank finances investment projects subsidised with the European Union funds and conducts training and advice actions for entrepreneurs.

In the first half of 2008, in cooperation with the "Gazeta Prawna" daily, the Bank prepared an educational project "The European Union Funds in the years 2007-2013." The project is to provide practical knowledge about options, requirements and obstacles related to using the EU funds. The project was divided into 19 regional seminars to enable interested entrepreneurs from all parts of Poland to participate.

Energy markets

Solutions offered by the Bank for energy markets include an optimum management of price fluctuation risk with respect to energy raw materials markets. Price fluctuation risk concerns all energy types: crude oil and oil products (diesel oil, fuel oil, jet fuel), natural gas, coal, power and CO₂ emission allowances.

The Bank uses in this area financial instruments serviced by the Treasury Department such as Fixed-for-floating contracts, Caps/ Floors/ Collars/ Three-ways/ Extendable Swaps, index-based formulas (including the FX market) and weather derivatives - hedging against weather changes.

Development of banking services for the Commercial Banking Customers

In the first half of 2009, the Bank developed its services in transaction banking offering. Notional Pooling facility was extended. The new improved service enables more effective management of funds

accumulated on bank accounts. The main point of Notional Pooling is that interest received (or paid) by the customer using the service is always more favourable than when accrued in a standard way.

In the first half of 2009, within the development of the Internet banking system, the Bank implemented the Trade on PI@net service. Using the L/C Module in BiznesPI@net considerably shortens the time needed to deliver orders to the bank, but also supports the application process on the part of customer and eliminates possible errors in documentation. The module services import, export and domestic letters of credit.

C. Global Markets

Products and services offered by the Global Markets segment

Global Markets (GMK) business line offers financial markets products to Commercial Banking, Retail Banking and Private Banking Customers. The GMK BL is also responsible for relations with other banks and financial institutions likewise the management of the Bank's liquidity.

Furthermore, the Bank's GMK BL offers its Customers FX transactions and transactions designed to hedge FX risk and interest rate risk.

FX transactions include, in particular:

- spot transactions,
- forward transaction,
- foreign currency options,
- zero-cost structures.

Interest rate risk currency transactions include:

- Forward Rate Agreement (FRA),
- Interest Rate Swap (IRS) – a swap of variable interest rate of liabilities or assets into a fixed interest rate or vice versa,
- Interest rate options (CAP, FLOOR),
- Currency Interest Rate Swap (CIRS) – a swap of currency of liabilities or assets along with a change from a variable interest rate into a fixed interest rate or vice versa.

The following products are available for the Bank's Customers under investing surplus of funds:

- treasury bills on the primary and secondary markets; "buy sell back" and "sell buy back" transactions,
- State Treasury bonds.

GMK BL has started offering agency in trading in CO₂ emission allowances. The transactions are carried out in cooperation with the Belgian Fortis Bank Brussels. The offer of trading in allowances is addressed to firms that have a surplus or shortage of CO₂ emission allowances and wish to balance the actual emission size with the current production output. The Bank offers also a comprehensive

service with respect to trading in emissions, by providing assistance in finding a counterparty and advice on how to perform the transaction, supplemented with market analyses related to such instruments.

Due to the loss on transactions in financial instruments, resulting mainly from the adjustment of fair value on account of credit risk of derivative instruments (FX options), in the first half of 2009, the Global Markets BL implemented restriction on the sale of financial instruments that generate counterparty or market risk until more efficient risk management procedures are introduced. Considering the significant write-offs made in the past on credit risk related to financial market instruments, changes have been introduced or are planned to be introduced in order to ensure much higher security of such transactions in the future.

The Bank takes actions with a view to decrease the risk related to derivative transactions by, among others:

- introducing necessary modifications to the credit methodology;
- modification of legal aspects of the master agreements on financial instruments so as to enhance the applied security measures;
- introduction of rules compliant with the Markets in Financial Instruments Directive (MiFID) within the Global Market products offering that would differentiate between professional and non-professional customers and adoption of an appropriate approach towards each group. Additionally, model offers for customers including simulations of effects of the purchase of given transactions will be implemented,
- modification of the product offering and the new product acceptance process at the Bank;
- training of new employees;
- changes in the IT systems that support the sales and customer service processes.

D. Average interest rate of deposits and loans

Basic variable interest rates applied to loans by the Bank are based on LIBOR/EURIBOR rates for foreign currency loans, and WIBOR rate for PLN loans. Fixed interest rates, which are not subject to change before expiry of the loan agreement, are also applied.

In the first half of 2009, the Monetary Policy Council decreased the level of official NBP interest rates by 150 base points. The NBP reference interest rate fell to 3.50%.

In response to the situation on the money market, the Bank modified interest rates on deposits and loans in EUR and USD accordingly.

In the first half of 2009, the average nominal interest rate of current and term deposits assumed the following values:

- PLN deposits – 4.91%;
- foreign currency deposits – 1.90%.

Average nominal interest rates for total loans, both performing and non-performing ones, broken by currency, were the following:

- PLN loans – 6.36%;
- EUR loans – 3.79%;
- USD loans – 2.55%;
- CHF loans – 2.42%.

To compare, in the first half of 2008, the average nominal interest rate of current and term deposits assumed the following values:

- PLN deposits – 4.41%;
- foreign currency deposits – 2.46%.

Average nominal interest rates for total loans, both performing and non-performing ones, broken by currency, were the following:

- PLN loans – 7.24%;
- EUR loans – 5.71%;
- USD loans – 5.00%;
- CHF loans – 4.00%.

E. Custody services

The Bank offers services related to custody and transaction settlement with respect to securities traded on the Polish regulated and non-regulated markets and acts as an agent in transactions concluded on international markets. Under the Decision issued by the Securities and Exchange Commission of July 14, 2000 (KPWiG-4042-2/2000), custody services are provided by the Custody Services Group separated from the Bank's structure.

Since 2005, the Bank has been acting as a Depositary for two sub-funds under open investment fund, FORTIS FIO, founded by Towarzystwo Funduszy Inwestycyjnych Skarbiec SA. The function of a Depositary is performed in the Bank by the Custody Services Group. The main tasks of the Depositary include: maintaining a register of Fortis FIO assets, controlling the estimation of sub-funds net asset value and the value of a participation unit and controlling real and legal activities undertaken by Fortis FIO with respect to their compliance with Fortis FIO Statute and legal regulations.

In connection with the Bank's obligations of a Service Agent and Paying Agent in favour of foreign investment funds - Fortis L Fix and Fortis L Fund, managed by Fortis Investment Management in Luxembourg, the Custody Services Group coordinates the distribution of participation units in Poland. At the end of June 2009, there were 35 sub-funds offered under Fortis L Fund.

F. Money market and debt securities operations

The Bank's activity on the money market and the market of debt securities may be differentiated into the following categories:

- activity related to liquidity management,
- activity related to the management of interest rate risk,

- activity related to the Bank's investment policy concerning equity funds.

The Treasury Department (Global Markets BL) is responsible for the Bank's liquidity and interest rate risk on the operational level. This involves ensuring funding sources for the Bank's assets and investment of financial surpluses. To this end, the Treasury Department makes placements and deposits on the interbank market, FX swap transactions and investments in State Treasury bills and bonds and NBP bills.

The Bank's investment policy is established by the Risk and Asset and Liability Committee. Capital is first of all invested in debt securities issued by the State Treasury or NBP.

The Bank offers derivative transactions to secure against interest rate risk and FX risk such as: Forward Rate Agreement (FRA), Interest Rate Swap (IRS), Overnight Interest Swap (OIS) as well as foreign exchange options and European interest rate options. The Bank's offering has been supplemented by American FX options, barrier options, and Asian options such as Average Rate Options. The above transactions are offered to customers running business activity.

G. Clearing activity

With regard to domestic and foreign settlements, the Bank's business customers are offered the following services:

- cross-border transfers: handling incoming and outgoing payment orders in convertible currencies and PLN,
- domestic transfers,
- direct debit,
- day-to-day foreign exchange transactions,
- forward transactions,
- securities accounts,
- documentary import and export letters of credit,
- discount of export letters of credit,
- collection of checks of other banks,
- collection of checks drawn on foreign banks,
- documentary collection.

Outgoing PLN payments to domestic banks are now settled electronically only through the ELIXIR and SORBNET systems.

From the beginning i.e. since March 2005, the Bank has participated in EuroELIXIR system for handling domestic transfer orders. The Bank handles incoming orders via SORBNET-Euro system, while to clear cross-border transactions the Bank participates in the STEP2 system since August 2004.

Effective February 2008, Fortis Bank Polska SA provides its customers with SEPA credit transfers (both incoming and outgoing ones).

Since July 2005, there is a shared service centre (The Payment Shared Service Group) which has been operating as a back-office for foreign outlets of Fortis Bank SA/NV in the Central and Eastern Europe. The Center carries out the following services:

- clearing of incoming and outgoing domestic transfers ("domestic" from the viewpoint of a serviced Business Centre – BC) in local currencies using local clearing systems,
- clearing of incoming and outgoing foreign transfers using the SWIFT system,
- clearing of transactions of any type concluded by local treasury departments, including customers' and interbank transactions;
- disbursing loans granted by local credit departments,
- supporting BC in operational work with customers, e.g. handling customer complaints, posting fees and commissions, reporting and support in processes of ensuring liquidity on nostro accounts of particular branches.

At present, the shared service centre clears payments of customers of Business Centers - branches in the Czech Republic (Prague), Austria (Vienna), Hungary (Budapest), Denmark (Copenhagen), Sweden (Stockholm), France (Paris), Romania (Bucharest) and Switzerland (Zurich).

For these services the Bank is paid remuneration to cover operating costs of the Payment Shared Service Group, increased by a margin determined in the agreements. The total remuneration paid to the Bank in the first half of 2009 stood at PLN 1,140,407.42 as compared to PLN 1,097,229.59 in the first half of 2008.

H. Cooperation with international financial institutions

The Bank cooperates with foreign banks in the area of foreign exchange, placement/deposit transactions, securities and banknote transactions. The Bank holds accounts in first-rate banks operating in the major world financial centres, and maintains PLN *Loro* accounts for foreign banks. Cooperation with Fortis group and other leading banks enables the Bank to effectively handle payments made by its customers and to carry out instructions received from abroad.

The Bank is a member of the SWIFT international interbank network, which enables faster payment processing, facilitates contact with foreign banks and enables the implementation of new products related to international transactions. Furthermore, the Bank established cooperation with the EBA (European Banking Association) and joined the European clearing system (STEP 2) on August 9, 2004.

In May 2008, the Bank joined the TARGET2 system – Trans European Automated Real Time Gross Settlement Express Transfer for large amounts. The Bank became an indirect member using the agency of the National Bank of Poland.

IV. CHARITY

Fortis Bank Polska (Bank) applies the principle of social responsibility to its undertakings which demonstrates in a support provided to local communities through philanthropy and promotion of the idea of employee voluntary service.

In November 2006, with the community within which it operates in mind, the Bank set up Fortis Foundation Poland (the Foundation), to carry out its charitable projects. Additionally, in 2008, the Bank became a strategic partner of "The Third Sector Academy", a long-term project of the Foundation for the Jagiellonian University realized from October 2008 to May 2009. The aim of the project is to professionalise a specific sector of the economy – non-governmental organizations.

As regards the promotion of employee voluntary service, the Bank has also continued the cooperation with the United Way Poland foundation. It enables Bank employees to voluntarily deduct a declared portion of their salaries.

In the first months of 2009, the Bank got involved in a communication to customers regarding support given to Public Benefit Organisations by means of deducting 1% of income tax on account of tax settlement for 2009.

Fortis Foundation Poland

1. General information

On 20 December 2006, the Foundation was entered into the National Court Register of Associations, Other Social and Professional Organisations, Foundations and Public Health Care Institutions, maintained by the District Court for the capital city of Warsaw, XIII Commercial Division of the National Court Register under No. 0000270411. The Foundation was provided by the Founder – Fortis Bank Polska SA - with an establishment fund of PLN 40,000. Moreover, in December 2006, the Bank's Board of Executives donated PLN 1 million, while in December 2007 – PLN 500 thousand to the Foundation.

2. Objectives of Fortis Foundation Polska

The Foundation's aim is to prevent social exclusion especially among children, the youth and the elderly. The objectives are accomplished through initiation, support and performance of social programs, providing financial and non-cash support for institutions of similar goals, support for social activity of Fortis employees and involving them in the Foundation actions on a volunteer basis, likewise promoting charity ideas.

It is just with Fortis employees in mind that the **Pomagaj² (Help²)** program has been developed. Thanks to this program, employees are sensitised to social problems and encouraged to undertake steps to provide support and assistance to people at risk of social exclusion. Employees are engaged as volunteers to provide assistance in day-room redecoration projects and they are invited to participate in educational and integration projects. Moreover, the Foundation offers grant contests for the best social projects whose winners carry out their projects by themselves using the Foundation's funds. Furthermore, the Foundation's daily activity was supported by employees who recommended applications for additional financing submitted by institutions operating in their local environments.

Other program performed by the Foundation is the **opportunity²** program undertaken in cooperation with the Society of Friends of Children.

3. Strategic cooperation

Having regard to options and benefits related to cooperation with other institutions of similar statutory objectives, on 20 March, 2008 a "Master Cooperation Agreement" was signed with the Management Board of the Society of the Friends of Children.

Under the agreement, both institutions have undertaken to cooperate to prevent social exclusion of children and the youth. Moreover, the Foundation declared extending its support to SFC local childcare centres and SFC day rooms - *Środowiskowe Ogniska Wychowacze* and *Świetlice TPD* as regards infrastructure improvement of these centres and carrying out educational actions for the benefit of SFC charges. **Opportunity²** is such an education program addressed to charges of TPD local centres and day rooms; under this program, the Foundation tends to create proper environment allowing youths to pursue and develop their passions and interests.

4. Projects accomplished

Under the **Opportunity²** program, the following projects and actions were carried out in the first half of 2009:

- a gift gathering action was organized among the Bank's employees. The donated items were provided to the most neglected children in the Suwałki region (local project – June 2009);
- organization of the "Football TorPeDoes 2008/2009" event – on 3-5 April 2009, the semi-finals and finals of the football tournament announced in September 2008 were held in the Spała Olympic Centre. Twelve winning regional teams from the whole country, selected from among 120 teams that called for the competition, contested the finals. The winning team – KS Potulicka from the SFC community day room in Szczecin – was awarded a trip to Holland in July 2009 (nationwide project, September 2008—July 2009).
- "Release the power of your passion" project – this contest was finalised in May 2009 but started yet in 2008 when the best 10 ideas on how to develop interests and acquire new skills were selected. These ideas were awarded a grant of PLN 5 thousand each to facilitate realization of passions chosen by the youth. The winners took part in the grand final gala in the "Groteska" theatre in Krakow where they presented their skills gained thanks to the grants (nationwide project, September 2008 - May 2009). Almost PLN 35 thousand was allocated to complete the project in 2009.
- "Holiday on the Isle of Grant" project consisted in the organization of a grant contest for SFC day rooms, local centers and clubs for the most interesting ideas for the upcoming holidays. Out of over 50 contesting centers from all over Poland 10 the most interesting projects were selected. They were awarded PLN 5 thousand grants each for the organization of activities. The task was to think of and present a project with a proposition how to spend time during summer. The projects were assessed according to the rules determined in the regulations – interesting and involving form, recreational and cognitive values, cost-effectiveness, the opportunity to acquire skills and the form of presentation – a map of the Isle of Grant. The Foundation allocated PLN 50 thousand for the project (nationwide project, May-August 2009);

- Furthermore, the Foundation provides support to locations of caring and educational institutions by direct subsidies with a view to increase their operating standard or by additional financing allocated for the purchase of equipment. In the first half of 2009, the Fortis Foundation helped to remodel and equip 12 SFC locations for the total amount of nearly PLN 46,000.

Altogether, the Foundation spent over PLN 170,000 for all SFC support activities.

In the first half of 2009 under the **Help²** program, the following actions were carried out:

- informative action addressed to the Bank's employees, regarding the possibility to donate 1% of income tax to Public Benefit Organizations;
- a gift gathering action supporting the SFC's charges from the Suwałki region;
- voluntary involvement of Bank's employees in the organisation of the final grand gala of the "Release the power of your passion" contest.

5. Subsidies awarded in favour of other institutions

Within its scope of activity, the Foundation provides funds earmarked for carrying out social projects prepared by other institutions. In the first half of 2009, at meetings of the Foundation's Management Board, held in January, March and May, the Foundation donated almost PLN 76,000.

6. Summary of expenses in the first half of 2009.

In the first half of 2009, the Foundation allocated nearly PLN 240,000 in total for its statutory tasks. Funds spent for operating and current activity equalled almost PLN 50,000.

Third Sector Academy

The Bank assumed patronage over the "Third Sector Academy" (TSA), the project of the Foundation for the Jagiellonian University aimed at improvement of qualifications of people who either work or wish to act in support of the third sector.

The Project was inaugurated in October 2008 and continued until May 2009. It was a project targeted at improving and complimenting the competences of employees and volunteers of non-governmental organizations. The Third Sector Academy trained over 470 persons – the project was very popular among the representatives of non-governmental organisations all over the country.

The TSA attendees had the opportunity to participate in training sessions in 6 thematic modules: project management, procurement of funds for the activities of NGOs, law and finance in NGOs, interpersonal skills, PR in NGOs and partnership building. Thanks to the participation in training sessions, the attendees not only acquired new skills but also networked and had a chance to share experiences from working in the non-governmental sector.

Wspólna Droga (United Way Poland) Foundation

The Bank employees can voluntarily deduct a declared portion of their salaries and donate it to a social goal. To each zloty contributed by an employee, the Bank adds one zloty so as to double the amount of funds donated to the United Way Foundation.

1% tax deduction – information to Bank's customers

Communication regarding the possibility to deduct 1% of income tax by the Bank's customers was sent to all branches and business centers in Poland. In the period from January to March 2009, the Bank's customers had the possibility to familiarize with the offer of Public Benefit Organizations - the Society of the Friends of Children, the United Way Poland Foundation and Itaka Foundation – by reading their promotional materials (flyers, posters and newsletters). It was also the opportunity to learn about the procedure of donating 1% of tax. This way the Bank distributed about 15,000 leaflets among its customers.

V. ANALYSIS OF PERFORMANCE OF FORTIS BANK POLSKA CAPITAL GROUP IN THE FIRST HALF OF 2009

A. Consolidated Income Statement

Dynamics of selected Consolidated Income Statement items (in PLN thousand)

Consolidated Income Statement in PLN thousand	01.01.2009 - 30.06.2009	01.01.2008 - 30.06.2008	Dynamics of items (%) 30.06.2009-30.06.2008
	Net interest income	179 133	183 135
Net fee and commission income	60 409	98 262	-39%
Net trading income	-88 850	66 273	-234%
Net gain/loss on available-for-sale financial assets	6 300	-	
Net profit (loss) on hedging transactions	-	56	-
Other revenues	8 058	7 455	8%
Total income, net	165 050	355 181	-54%
Personnel expenses	-86 560	-95 575	-9%
Depreciation of fixed assets and intangible fixed assets	-21 432	-17 256	24%
Other expenses	-77 191	-66 076	17%
Net impairment losses	-255 695	-23 913	969%
Gross profit/loss	-275 828	152 361	-281%
Income tax expense	43 890	-29 476	-249%
Net profit/loss	-231 938	122 885	-289%

The main item of the income statement is the net interest income, which as at 30 June 2009 reached PLN 179,133 thousand and was lower by 2% or PLN 4,002 thousand than in the first half of 2008. Average credit volumes grew by 25% in the analysed period, which is mainly attributable to rise in foreign exchange rates. Average deposit volumes decreased in that period by 1%. After a fall recorded in the last quarter of 2008, average monthly balances have maintained an upward trend since December. The net commission and fee income fell, despite a significant rise in average credit volumes, as a result of high costs of deposits.

A major income item was the fee and commission income. As at the end of June 2009, the Group generated the net commission and fee income of PLN 60,409 thousand, which represents a fall by 39% compared to the previous year. The income took a downturn due to a smaller number of derivative instrument buy/sell transactions, and lower income earned on one-time settled fees and commissions related to granting loans.

The number of active customer of business lines recorded an increase from 57,352 at the end of 2008 to 61,966 at the end of June 2009.

At the end of June 2009, the Group suffered a PLN 88,850 thousand loss on held-for-trading financial instruments (in comparison to the result recorded as at the end of June 2008 it represents a decrease by PLN 155,123 thousand or 234%). The decline resulted mainly from an adjustment of fair value on account of credit risk related to option transactions made with the Group's customers (net trading income was adjusted by PLN 60,766 thousand in the first half of 2009) and negative measurement to fair value of the options purchased to mitigate the risk of increase of EUR and CHF exchange rates.

The total result on derivative instruments stood at PLN (-) 149,792 thousand as at the end of June 2009 and decreased in comparison to the previous year by PLN 151,051 thousand. The net FX income of PLN 59,336 thousand fell by 10% (i.e. PLN 6,936 thousand) compared to the corresponding period of the previous year. Result on valuation of securities held for trading grew by PLN 2,864 thousand and reached PLN 1,606 thousand at the end of June 2009.

Net income

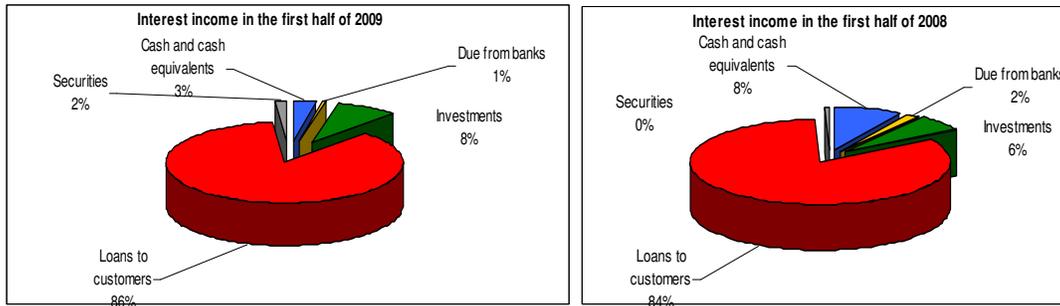
The loss on transactions in financial instruments held for trading, decrease in the net interest income by 2% and fall in the net fee and commission income by 39% were the factors that mainly contributed to a slump in the Group's net income from PLN 355,181 thousand as at the end of June 2008 down to PLN 165,050 thousand as at the end of June 2009 (slump by 54%).

The Group's net interest income declined by 11%. This item stood at PLN 415,243 thousand as at the end of June 2009 as compared to PLN 467,186 thousand in 2008.

The main source of interest income included loans and credit facilities, investments and cash.

The interest income consists mainly of interest on account of:

- Loans to Customers: PLN 359,093 thousand versus PLN 388,314 thousand in 2008,
- Investments: PLN 34,682 thousand versus PLN 28,222 thousand in 2008
- Cash and cash equivalents: PLN 12,336 thousand versus PLN 39,495 thousand in 2008.



Interest expenses decreased by 17% from PLN 284,051 thousand as at the end of June 2008 down to PLN 236,110 thousand as at the end of June 2009. The interest expenses mainly include interest on account of:

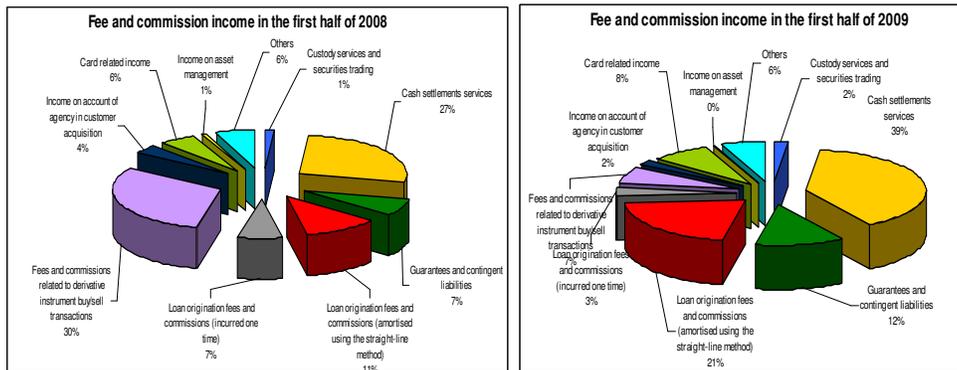
- Due to Customers: PLN (-) 141,726 thousand versus PLN (-) 138,193 thousand in 2008,
- Loans and credit facilities received: PLN (-) 67,569 thousand versus PLN (-) 99,183 thousand in 2008,
- Due to banks: PLN (-) 16,929 thousand versus PLN (-) 36,245 thousand in 2008.

Fee and commission income slumped by 36%. This item stood at PLN 66,398 thousand in the first half of 2009 as compared to PLN 104,300 thousand in the first half of 2008.

The main source of the commission and fee income were fees and commissions for cash settlements services, fees and commissions on derivative instrument buy/sell transactions, and fees and commissions related to granting loans and guarantees, likewise card fees and commissions.

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

- fees and commissions for cash settlements services: PLN 25,510 thousand versus PLN 27,344 thousand in the first half of 2008 (decrease by 7%),
- commissions related to granting loans: PLN 15,732 thousand versus PLN 18,292 thousand in the first half of 2008 (decrease by 14%),
- card transactions income: PLN 5,219 thousand versus PLN 5,871 thousand in the first half of 2008 (decrease by 11%),
- Fees and commissions related to derivative instrument buy/sell transactions: PLN 4,243 thousand versus PLN 30,885 thousand in the first half of 2008 (decrease by 86% since the number of transactions fell significantly),



In the first half of 2009, commission and fee expenses amounted to PLN 5,989 thousand and fell by 1% compared to the first half of the previous year when they equalled PLN 6,038 thousand.

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

- card-related expenses: PLN (-) 2,731 thousand versus PLN (-) 2,165 thousand in the first half of 2008 (increase by 26%),
- cash transaction commission expenses: PLN (-) 939 thousand versus PLN (-) 1,478 thousand in the first half of 2008 (decrease by 36%),
- settlement commission expenses: PLN (-) 754 thousand versus PLN (-) 593 thousand in the first half of 2008 (increase by 27%).

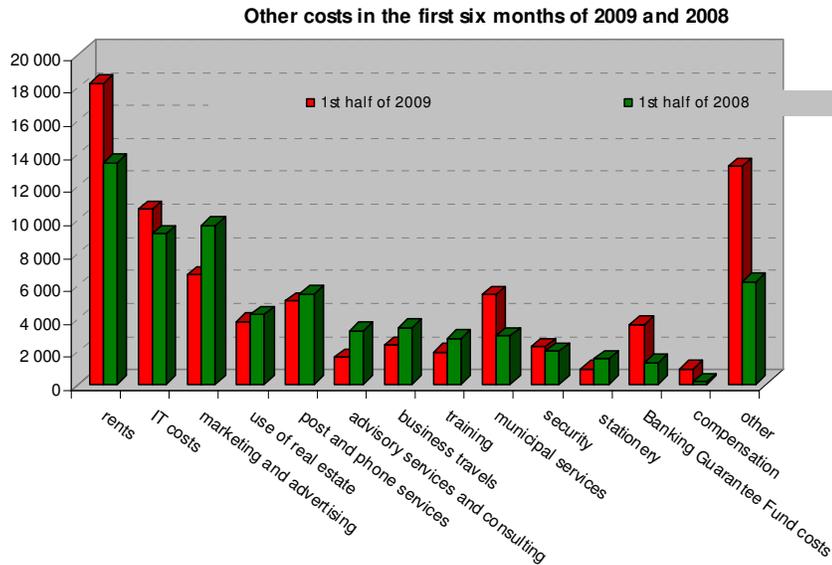
Personnel costs and other administration expenses

As at the end of June 2009, the Groups' personnel expenses reached PLN 86,560 thousand and were lower by 9% compared to the expenses incurred as at the end of June 2008, when they amounted to PLN 95,575 thousand. The expenses fell mainly due to employment reduction (average number of FTE in the first half of 2009 was 1% lower compared to the average number of FTE in the first half of 2008), lower expenses incurred for provisions for employee bonuses in 2009 and lower expenses, in

relation to the income generated by release of provisions, incurred for bonuses and awards paid in 2008.

The depreciation of fixed and intangible assets amounted to PLN 21,432 thousand and was higher by 24% than in June 2008.

The Group's other expenses reached PLN 77,191 thousand and were higher by 17% compared to the first half of 2008, when they stood at PLN 66,076 thousand. The main items of other expenses are rents (PLN 18,418 thousand), information systems and technologies (PLN 10,720 thousand) and marketing and advertising (PLN 6,628 thousand).



Net impairment losses

In the first half of 2009, net impairment losses significantly increased, i.e. up to PLN (-) 255,695 thousand, which represented a rise by PLN 231,782 thousand compared to the corresponding period of the previous year. Increase in net impairment losses related to loans is attributable to deterioration of the credit portfolio. Deteriorating situation on financial markets made a portion of the Group's customers unable to repay their loan debts. 83% of net write-offs for impairment of loans had to be made for corporate customers of Merchant Banking Business Line. The remaining 17% refer to Retail Banking Business Line customers.

Result

The net income for the first half of 2009, lower than expected, is the result of net write-offs for impairment of loans to customers and losses incurred in financial instruments held for trading. Due to deteriorating situation on financial markets and depreciating zloty, some customers that the Group entered into foreign currency hedging contracts with, will not be able to meet the obligations resulting from transactions in derivative instruments. A portion of customers, due to deteriorating economic and financial situation, will not be able to repay their loan debts.

In the first half of 2009, the Group recorded a gross loss of PLN 275,828 thousand, which was less by 281% than in the first half of 2008 (gross profit of PLN 152,361 thousand).

The Group's net loss amounted to PLN 231,938 thousand and was lower by PLN 354,823 thousand i.e. by 289% compared to the net profit generated in the first half of 2008.

B. Balance Sheet

Consolidated balance sheet statement

The Group's total assets as at 30 June 2009 were PLN 20,062,512 thousand and were higher than total assets as at the end of December 2008 by PLN 193,508 thousand, i.e. 1%.

Structure and dynamics of selected balance-sheet items (in PLN thousand)

Balance sheet items	30.06.2009	Structure	31.12.2008	Structure	Dynamics
					30.06.2009-31.12.2008 (w %)
ASSETS					
Cash and cash equivalents	2 031 736	10%	1 494 888	8%	36%
Financial assets held for trading	1 171 221	6%	1 372 145	7%	-15%
Due from banks	339 294	2%	606 373	3%	-44%
Loans to customers	13 846 427	69%	14 823 117	75%	-7%
Investments - Available for Sale	2 231 619	11%	1 200 836	6%	86%
Property, Plant and Equipment	129 415	1%	113 258	1%	14%
Intangible Assets	39 497	0%	26 000	0%	52%
Deferred tax assets	192 280	1%	96 717	0%	99%
Other assets	98 577	0%	135 670	1%	-27%
	20 080 066	100%	19 869 004	100%	1%
LIABILITIES					
Financial liabilities held for trading	637 426	3%	961 601	5%	-34%
Due to banks	994 690	5%	2 276 963	11%	-56%
Due to customers	8 187 783	41%	6 368 464	32%	29%
Loans and credit facilities received	8 294 839	41%	8 198 200	41%	1%
Subordinated liabilities	670 440	3%	417 240	2%	61%
Current tax liabilities	24 987	0%	57 061	0%	-56%
Other obligations	269 728	1%	354 679	2%	-24%
Provisions	13 710	0%	16 874	0%	-19%
Total equity	986 463	5%	1 217 922	6%	-19%
	20 080 066		19 869 004		

Loans to customers which were the major item in the asset structure, noted the decrease by PLN 976,690 thousand, or 7% in comparison to the end of 2008. The share of loans to customers in the structure of total assets represented 69% as at the end of June 2009 and 75% at the end of 2008 respectively.

Customer deposits and received loans and credit facilities continue to constitute the main source of asset financing. In comparison to the end of 2008, they increased by 28% and 1% respectively.

Due from banks decreased as at the end of June 2009 by 44% in comparison to the end of 2008 (i.e. from PLN 606,373 thousand to PLN 339,294 thousand). The share of due from banks in the structure of total assets diminished from 3% recorded as at the end of December 2008 down to 2% noted at the end of June 2009.

Financial assets held-for-trading decreased by 15%, i.e. PLN 200,924 thousand in comparison to the balance as at the end of December 2008.

Cash and cash equivalents increased in comparison to December 2008 by 36% and their share in total assets increased from 8% in December 2008 to 10% in June 2009.

Other assets dropped compared to the end of December 2008 by PLN 37,078 thousand (27%).

In comparison to the end of December 2008, the value of property, plant and equipment rose by 15% (by PLN 16,543 thousand).

Investments available for sale recorded a growth by 84% (PLN 1,012,629 thousand) in comparison to the end of 2008. Their share in total assets likewise increased from 6% to 11% as at the end of June 2009.

At the end of June 2009, the Group's portfolio of debt securities consisted of the securities issued by the Polish State Treasury and the National Bank of Poland.

Investments available for sale comprised:

- Treasury bonds: PLN 718,310 thousand;
- Treasury bills: PLN 494,484 thousand;
- NBP cash bills PLN 999,806 thousand;
- Shares and stock PLN 865 thousand

As at the end of June 2009, intangible fixed assets stood at PLN 39,569 thousand and were higher by 52% than at the end of 2008.

Customer credit portfolio profile

Net loans to customers decreased by PLN 976,690 thousand, i.e. 7%, in comparison to the end of 2008.

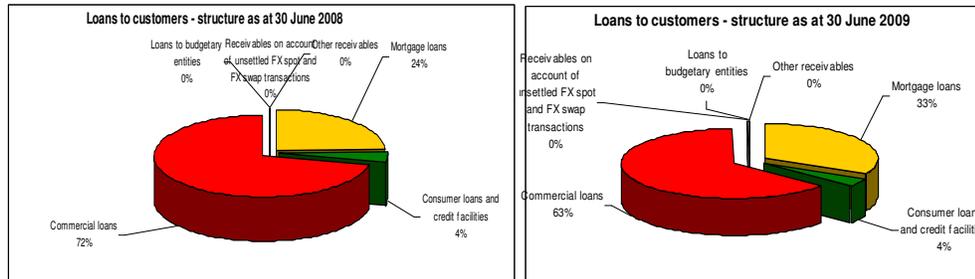
Commercial loans were the major item in the structure of net loans to customers. Their share in the total net loans to customers made up 66% as at the end of June 2009 and decreased in comparison to 67% recorded at the end of 2008. However, the value of commercial loans decreased by 9% as compared to the end of 2008, i.e. by PLN 852,029.

The decrease in volume of loans granted referred mainly to institutional customers: investment loans (including loans for the purchase or construction of commercial real estate) decreased by 1% as compared to 31 December 2008, working capital loans decreased by 6% as compared to the end of 2008, and overdraft credit facilities dropped by 23%. The balance of mortgage loans granted to individual customers increased by 4% in comparison to the level noted as at 31 December 2008.

As at the end of June, the value of mortgage loans stood at PLN 4,668,938 thousand. Their volume growth (by 4% in comparison to the end of 2008) was attributable to higher FX rates. Excluding the

impact of FX rate changes (due to zloty depreciation, the value of mortgage loans grew by PLN 186,351 thousand), mortgage loans remain at the level comparable to the end of 2008. Their share in the structure of gross loans to customers increased from 30% at the end of 2008 up to 33% at the end of June 2009.

Value of impairment losses and IBNR totalled PLN 519,090 thousand as at the end of June 2009, as compared to PLN 259,673 thousand recorded at the end of June 2008. A 100%-increase in impairment losses and IBNR is mainly triggered by the deteriorating situation on financial markets which made a portion of the Group's customers unable to repay their debts. Impairment losses and IBNR mainly refer to for corporate customers of Merchant Banking Business Line.



Structure and dynamics of loans to customers (in PLN thousand)

Loans to customers	30.06.2009	Structure	31.12.2008	Structure	Dynamics
					30.06.2009-31.12.2008 (w %)
Loans to budgetary entities	400	0%	420	0%	-5%
Mortgage loans	4 668 938	33%	4 501 796	30%	4%
Consumer loans and credit facilities	533 998	4%	562 868	4%	-5%
Commercial loans	9 117 887	63%	9 969 916	66%	-9%
Receivables on account of recognition of financial instruments (FX spot and FX swap transactions) on the transaction date	41 825	0%	44 534	0%	-6%
Other receivables	2 469	0%	3 256	-	-
Total loans to customers, gross	14 365 517	100%	15 082 790	100%	-5%
Write-offs for impairment and IBNR	-519 090		-259 673		100%
Total net loans to customers	13 846 427		14 823 117		-7%

As at 30 June 2009, gross loans stood at PLN 14,365,517 thousand, which means a slump by PLN 717,273 thousand as compared to the end of 2008.

PLN loans hold the biggest share in the loan volume and constitute 49% of the total volume. As at the end of June 2009, their value stood at PLN 6,971,102 thousand, which represents a decline by PLN 1,194,553 thousand as compared to 31 December 2008.

The loans granted in CHF (in PLN equivalent) as at the end of December 2008 reached PLN 4,207,467 thousand and grew by 3% up to PLN 4,334,713 thousand at the end of June 2009. The share of such loans in gross loan balances was 30% as at the end of June 2009.

The portfolio of loans in EUR (in PLN equivalent) recorded a growth from PLN 2,661,081 thousand at the end of December 2008 up to PLN 2,937,562 thousand.

At the end of the first half of 2009, the Group's exposure focused mainly on the following sectors: individuals, wholesale trade, education – medical care, commercial construction and engineering, machines.

As at the end of June 2009, the exposure in individuals sector stood at PLN 30%, which means an increase by 1% as compared to December 2008.

As at 31 December 2008, the exposure in wholesale trade was 14% and decreased to 12% as at June 30, 2009.

Credit portfolio by sectors	30.06.2009		30.06.2008	
	in PLN thousand	in %	in PLN thousand	in %
Natural persons	5 382 448	29,88	5 331 892	26,76
Wholesale	2 183 671	12,12	2 700 460	13,55
Education, medical care	1 590 211	8,83	1 747 423	8,77
Commercial construction and engineering	1 329 717	7,38	1 572 791	7,89
Machines	1 092 258	6,06	1 173 341	5,89
Retail trade	805 933	4,47	918 984	4,61
Food, tobacco, beverages	611 347	3,39	721 967	3,62
Chemicals and plastics	597 699	3,32	698 473	3,51
Wood, woodwork	404 297	2,24	411 340	2,06
Vessels	529 627	2,94	423 956	2,13
Financial institutions	194 931	1,08	430 460	2,16
Sports, tourism, culture and arts	373 556	2,07	384 174	1,93
Motor vehicles	312 036	1,73	333 997	1,68
Administration services	154 356	0,86	236 298	1,19
Ceramics and glass	221 567	1,23	245 759	1,23
Furniture and electrical industry	210 541	1,17	244 798	1,23
Textiles, leather articles	143 925	0,80	155 536	0,78
Transport	176 137	0,98	179 288	0,90
Other means of transport:	180 213	1,00	151 898	0,76
Production of metals and non-metals	109 473	0,61	115 653	0,58
Paper and stationery	95 729	0,53	131 818	0,66
Print shops and publishers	70 261	0,39	122 866	0,62
Other services	21 537	0,12	31 798	0,16
Communications	14 309	0,08	25 901	0,13
residential construction	35 081	0,19	43 706	0,22
Other production	972 685	5,40	1 118 227	5,61
Others	199 182	1,11	272 157	1,37
Total credit portfolio by sectors	18 012 727	100,00	19 924 961	100,00

In the first half of 2009, the Bank issued 144 enforcement titles for the total amount of PLN 83,899 thousand, as compared to 64 titles for nearly PLN 19 million issued in the first half of 2008.

Liabilities

Liabilities towards customers on account of funds deposited on current accounts and term deposits make up the main item in the structure of liabilities. As at the end of June 2009, liabilities due to customers stood at PLN 8,169,303 thousand and were higher than as at the end of December 2008 by PLN 1,800,839 thousand (by 28%). The share of liabilities due to customers represented 41% of total

liabilities and increased by 9 p.p. as compared to the end of 2008.

Terms deposits absolutely prevail in the structure of liabilities due to customers: PLN 6,706,265 thousand, representing 82% of all due to customers. Sight deposits reached PLN 1,204,232 thousand as at the end of June 2009 (which accounted for 15% in total liabilities due to customers).

As at the end of June 2009, received loans and credit facilities stood at PLN 8,294,839 thousand and accounted for 41% of total liabilities, compared to PLN 8,198,200 thousand at the end of December 2008 (41% of total liabilities).

Loans and credit facilities granted by banks from Fortis Bank SA/NV group, which grew by 6% (PLN 335,559 thousand) compared to the balance as at the end of 2008, represent 68% of received loans and facilities. As at the end of June 2009, the outstanding balance of such loans was PLN 5,613,079 thousand.

A loan received from Fortis Finance Belgium SCRL constitutes a major item in the structure of received loans and credit facilities (32%). As at the end of June 2009, its value stood at PLN 2,681,760 thousand (the equivalent of EUR 600,000 thousand).

The share of due to banks in total liabilities decreased from 11% in 2008 to 5% in 2009.

As at June 30, 2009, other liabilities made up 1% of total assets.

The share of financial liabilities held-for-trading in total liabilities recoded a slump from 5% at the end of December 2008 to 3% as at the end of June 2009. Their value decreased by 34% compared to the end of 2008. All the financial liabilities held for trading consisted of financial derivative instruments.

The balance sheet value of derivatives held for trading decreased from PLN 961,601 thousand as at end of 2008 to PLN 637,426 thousand as at June 30, 2009.

Provisions

Provisions item that dropped from PLN 16,874 thousand as at the end of December 2008 to PLN 13,710 thousand as at the end of June 2009 included provisions for off-balance sheet liabilities in the amount of PLN 4,979 thousand, PLN 4,800 thousand of reserves for incurred but not reported losses (IBNR) on account of off-balance sheet liabilities, legal risk reserve of PLN 2,900 thousand and office sub-lease reserve of PLN 1,031 thousand. The total provisions declined by 19% as compared to the balance recorded as at December 31, 2008.

Equity

As at June 30, 2009, the equity capital of the Bank amounted to PLN 986,685 thousand, i.e. by 19% less compared to PLN 1,217,922 thousand as at December 31, 2008. Its share in total liabilities decreased from 6% at the end of 2008 to 5% at the end of June 2009. This fall is the result of the net loss for the first half of 2009.

On 26 June 2009, the Annual General Meeting decided to earmark the Bank's after-tax profit (net profit) of PLN 78.2 million earned in 2008 fiscal year as follows: a portion of the profit in the amount of PLN 33.2 million was allocated to the supplementary capital and the remaining part, i.e. PLN 45 million – to the general risk fund.

Capital Adequacy Ratio

As at 30 June 2009, the Group's capital adequacy ratio was 9.50% in comparison to 9.88% as at the end of 2008.

In order to increase the equity capital, included in the calculation of capital adequacy ratio and solvency ratio, the Bank took out a credit facility of EUR 20 million from Fortis Finance Belgium SCRL in the first half of 2009. The Polish Financial Supervision Authority granted its consent on June 30, 2009 to include the subordinated loan in Tier 2 capital of the Bank. Therefore, the total value of loans contracted by the Bank as at the balance sheet date of 30 June 2009 equalled EUR 120 million (including EUR 100 million granted in 2007).

Furthermore, on 29 June 2009 an Underwriting Agreement was signed between Fortis Finance Belgium SCRL/CBVA and Fortis Bank Polska SA that defined the terms and conditions of issue and subscription of perpetual bonds by the bondholder. The issue of bonds provided the Bank with funds of EUR 30 million. The Board of Executives of Fortis Bank Polska SA applied to the Polish Financial Supervision Authority (KNF) for approval of including the loan as subordinated debt into Tier 2 capital of the Bank, pursuant to Article 127 of the Banking Law.

C. Contingent Liabilities - Off-balance Sheet Commitments

Lending commitments

As at the end of June 2009, the value of contingent liabilities granted reached PLN 3,720,372 thousand, which means a decrease by 24% as compared to 31 December 2008.

This item includes, among others: credit lines granted, credit card limits and general financing agreements.

As at the end of June 2009, the contingent liabilities received stood at PLN 2,321,578 thousand and were higher by PLN 431,732 thousand (23%) than the balance recorded as at 31 December 2008.

Contingent liabilities granted and received (in PLN thousand)	30.06.2009	31.12.2008	30.06.2008
Total contingent liabilities received			
- items related to financing	2 062 107	1 606 913	4 004 898
- guarantees	259 471	282 933	882 740
Total contingent liabilities received	2 321 578	1 889 846	4 887 638
Contingent liabilities granted			
- items related to financing	2 998 177	4 017 997	1 272 032
- guarantees	722 195	908 430	283 211
Total contingent liabilities granted	3 720 372	4 926 427	1 555 243
Total contingent liabilities	6 041 950	6 816 273	6 442 881

D. Management of funds

The Bank's lending activity is financed mainly with long-term credit facilities from financial institutions, including credit lines and subordinated loans granted by entities in Fortis Bank SA/NV Group, likewise customer deposits, both from business entities and individuals.

Structure of financing sources

	30-06-2009	31-12-2008	change %
Long-term debt and subordinated debt	8,965,279	8,615,440	4%
Customer deposits	8,169,303	6,368,464	28%
Own funds	986,685	1,217,922	-19%

In connection with signing in December 2008 the agreements regarding credit lines taken by Fortis Bank Polska SA with Fortis Finance Belgium SCRL SA, the financing with credit lines granted by affiliated entities increased. In addition to the above, in December 2008, a credit agreement was signed between Fortis Bank Polska SA and Fortis Finance Belgium SCRL on taking a EUR 100 million credit line by the Bank which remains open for utilisation until 1 December 2009.

To strengthen its capital base, in the first half of 2009, Fortis Bank Polska SA obtained a subordinated loan of EUR 20 million from Fortis Finance Belgium SCRL, issued bonds with unspecified redemption date and nominal value of EUR 30 million, acquired by Fortis Finance Belgium SCRL and received an additional capital injection of PLN 440 million. Dominet Bank was also granted a subordinated loan of PLN 60 million, whereas its capital base was increased by PLN 100 million.

In the first half of 2009, the deposit base grew dynamically (growth by PLN 1.8 billion, i.e. by 28% compared to the balance as at the end of 2008). The Bank intends to achieve such a high deposit growth rate by maintaining an attractive price and product offering and through effective marketing actions. The Bank will strive to ensure that the dynamic increase of deposit base should not threaten its stability. Acquisition of small amount term deposits of longer maturity is preferred rather than short-term and high amount deposits. The Bank's objective is to maintain the current relation between stable and unstable deposits, expressed a percentage of (stable deposits)/(total deposits).

The stability of funding sources is assessed as satisfactory by the Bank. In the Bank's opinion, its deposit base is stable (according to statistical measures used in the Bank) and well diversified, both in terms of economy sectors and at the level of specific customers. As regards loans taken with Fortis Bank SA/NV group, which so far were always rolled over after termination, next year the Bank plans to significantly decrease the scale of its liabilities.

The Bank's strategy is to limit gradually the financing from long-term facilities granted by financial institutions and to finance, to a larger extent, its activities with customer deposits opened with the Bank.

VI. DEVELOPMENT PROSPECTS FOR BANK BUSINESS ACTIVITY

The prospects of the Bank's activity development are materially affected by the current macroeconomic situation, condition of the financial sector at the period of deepening crisis on international financial markets and changes that took place in Fortis in the first half of 2009, namely the takeover of Fortis Bank SA/NV and its subsidiaries (including Fortis Bank Polska SA) by BNP Paribas. Fortis Bank SA/NV based in Brussels has remained the direct parent entity of Fortis Bank Polska SA and the indirect parent entity of Dominet Bank SA.

Fortis Bank SA/NV deals with banking activity of the Fortis Bank Belgium group and specialises in Retail Banking, Private Banking, Commercial Banking and Merchant Banking that includes Global Markets. Specific types of banking activity have been integrated, and the resulting synergy effect has a positive impact on cost cutting. The business strategy is based on Business Lines.

The Bank's strategy is interwoven with the overall strategy of Fortis Bank Belgium group and development strategy for BNP Paribas group on the Polish market.

The strategy of BNP Paribas in Poland is based on the following assumptions:

- BNP Paribas will develop an integrated "Universal Banking Activity Model" to reach all types of customers (individual customers, small and medium enterprises and corporate customers) while extending its product offering based on the combined expertise of BNP Paribas and Fortis.
- BNP Paribas will use the current customer base of Fortis Bank Polska and Dominet Bank and develop the promotion of products offered within the group (cross-selling).
- BNP Paribas will execute earlier plans of Fortis regarding an increase of market share and development of the branch network, supporting the strategy by its expertise in particular in the following areas:
 - Consumer Finance (e.g. as regards bancassurance),
 - Corporate and Investment Banking

The above strategy will be implemented in two main stages:

Stage 1 development of the target structure of activity in Poland assuming the merger of Fortis Bank and Dominet Bank.

Stage 2: determination of a new integrated strategic plan, based on joint competitive advantages after a thorough analysis of profitability and risk

Pursuant to the intention of the majority shareholder and its commitment towards the Banking Supervision Commission (currently, the Polish Financial Supervision Authority), since the beginning of 2008, work on the integration of Fortis Bank Polska SA and Dominet Bank SA has been carried out. The integration was completed successfully on 31 July 2009 by the legal and operational mergers carried out in parallel.

Integration of the banks will ensure operating synergies for the entities of Fortis Bank Belgium group in Poland. Product offers of Fortis Bank Polska SA and Dominet Bank SA are complementary to each

other. Thanks to joined efforts it will be possible to reach a greater number of customers with the offering and to boost financial figures.

As a result of the merger, the position of the Bank on the Polish market will change – Fortis Bank Polska SA, from a bank servicing mainly corporate customers and affluent individuals so far, will become a universal bank. The Mass Retail and Micro-companies segments, serviced to date by Dominet Bank SA, will become one of the key business lines of the merged Bank. The merged Bank's vision assumes that Fortis Bank Polska SA:

- will be a leading universal bank that, having competitive financial services for target customer groups in the portfolio, will provide its customers with top quality financial services adjusted to their needs. Offering professional advisory services and individual solutions, the Bank wants to build long-term partnerships and thus, to enable Customers to develop and strengthen their market position.
- will be the most desired employer in the financial sector in Poland; the Bank intends to create a motivating working environment, caring for the staff and development of their competences.
- will be a distinctive entity in the international BNP Paribas group;
- will actively participate in solving social problems in the area of social exclusion of children and the youth.

Upon the merger with Dominet Bank SA, Fortis Bank Polska SA will expand its existing activity profile and focus on the following market segments:

- affluent individual customers (so-called Personal Banking – Mass Affluent Customers and Private Banking)
- Small and medium enterprises (SME),
- Corporations

served by branches located in the largest Polish cities. After the merger, the bank will become a universal bank expanding the existing offer of Fortis Bank Polska SA by the mass market of individual customers and microenterprises.

Despite the transformation into a universal bank, Fortis Bank Polska SA does not intend to expand in all (existing and new) market segments in the years 2009-2010. A portion of segments, including corporate segment, will be developed by provision of a wider range of products and improvement of the sector effectiveness and not the increase of assets. Due to the macroeconomic situation and internal situation of the bank, Fortis Bank Polska SA has adopted the strategy of selective approach toward the business development over the years 2009-2010.

As a result of the merger with Dominet Bank SA and change of the Bank's activity profile into a universal profile, two Customer groups were selected as the strategic retail banking segments:

- Small and Medium Enterprises segment and (primarily because of the segment income potential and Fortis Bank experience in the service of this segment)

- Mass Retail segment – mass market of individual customers (primarily because of the segment potential on the Polish market and Dominet Bank experience in the service of this segment)

The Bank will take into account unfavourable market conditions related to the global economy downturn. Measures to adapt to the economy slowdown in Poland will consist in cutting down operational expenses, strict approach toward risk assessment by the Bank and increase in deposits obtained from retail and corporate customers. In 2010, market conditions and the banking sector situation will be assessed. If information is optimistic, the Bank will return to the growth path through all segments.

The Bank's strategy for the years 2009-2010 assumes an accomplishment of the following main targets:

- Building of a universal bank with use of competitive edges offered by Fortis Bank (affluent and corporate customer) and Dominet Bank (mass customer and microenterprises) thanks to the merger of the banks.
- Achievement of stable growth on the Polish market by focusing on the most prospective market segments: mass retail, small enterprises, including people who pursue liberal professions and are called "professionals" at the Bank.
- Cutting down on operating costs of the merged Bank over two-year period by about PLN 100 million annually by 2010 owing to synergies that include elimination of overlapping jobs in the Bank and integration of the product offering and IT systems
- Improvement of the risk management quality at the Bank, in particular in the area of credit risk and market risk, by reviewing and modifying the existing risk assessment methodologies, with the emphasis put on the credit risk related to off-balance sheet liabilities. Consequently, the Bank adopted a more conservative approach to risk assessment and a selective approach to customer financing. The Bank will also take regular actions with a view to improve the efficiency of monitoring of the existing exposures as well as debt recovery processes.
- Emphasis put on effectiveness of the business development and widely-understood marketing, including first of all a selective approach to the bank offering modification. Focusing on a full business use of the products already available in the offering will be a priority. In the years 2009-2010 any product development cost increase is contemplated only in strategic areas such as:
 - deposit offering, in order to increase the balance of term deposits (in particular: increase of deposit balance in relation to credit balance)
 - transaction banking offering (daily banking, including internet banking and cash management) as a support for the existing customer relationship development, risk management (thorough knowledge of the Client owing to extended transaction banking relations) and deposit base building (increase of current account balances).

To build a strong deposit base, the Bank will acquire deposits both from retail (mass retail in particular) and corporate customers. Since the Bank does not plan to pursue an aggressive pricing policy, the key drive for the deposit rise will be a rise in marketing expenses. Increase in the number of deposits will be used to improve the Bank's liquidity and change its financing sources. In the years 2009-2010, the Bank intends to limit the amount of funds acquired from the Group.

- Moreover, internet banking will be considered a priority (as regards internet banking system; the Bank will use the existing advanced solutions)
- Efficient management of historical, low-margin credit balance with respect to Business Customers and Individuals, in order to:
 - decrease the global credit balance with low margin, first with respect to customers with higher-than-average risk
 - change the types of financing granted from low-margin products to credit products enabling to obtain higher margins.
- Enhancement of the efficiency of business processes functioning in the Bank after the merger, in particular ensuring the efficiency of sales activities.
- Development of the network of the bank's own branches to implement the strategy of staying close to the bank's customers, whereas the dynamics of opening of new branches will depend on market conditions and the Bank's financial results. The Bank's strategy assumes a regular monitoring of branch profitability and an elimination of branches which will fail to achieve the required results. Considering the current financial performance, the Bank intends to limit opening new branches in the short-term perspective.

The Bank's management assumes that in the area of corporate banking and private banking the Bank's strategy and positioning will not change in consequence of the merger as compared to the existing strategy. After the merger, also the relationships with the remaining subordinated entities and other entities within the Fortis Bank Belgium Group will retain the present form; it concerns the entities that offer banking, leasing and asset management services in Poland, addressed to individual customers, commercial entities and the public sector.

The Bank will continue cooperation as regards providing settlement and other financial services in favour of foreign branches of Fortis Bank SA/NV.

The Bank will continue cooperation with Fortis Investments with regard to sales of services offered by foreign investment funds.

However, substantial changes are planned in the retail banking area. The Bank will reinforce its position on the retail banking market through a significant increase of the serviced customer volume. The expansion of the activity scope and availability of the merged Bank offering (increase in the number of units) enables the Bank to adopt also ambitious plans for further development on the Polish retail banking market. The Bank will position itself on the retail banking market as a friendly and universal bank, which supports customers in building their future, offers them services and financial consulting in a friendly and modern environment.

The Bank plans to differentiate its business strategy in relation to particular customer segments, focusing on an active acquisition of new customers from the Mass Retail segment and also Professionals and SE. The Bank's strategy assumes a significant increase in the number of customers within the next 5 years. In the case of Affluent customers, the merged Bank will adopt a strategy of increasing the number of products held by the present customers and building their loyalty.

The Bank updated SA and unified the product offering in order to, on the one hand, take into account the specificity of requirements of particular customer segments, and on the other hand, ensure that starting from the merger date, Fortis Bank Polska SA will be "one Bank" in the eyes of customers.

The first main type of actions planned in the Bank as regards cross-selling will be utilisation of the potential of Mass Retail customers now chiefly serviced by Dominet Bank. Active sales to mass customers will be largely supported by the higher marketing budget. Effective use of funds allocated to promotion and marketing will enable, in the Bank's opinion, to considerably increase the product penetration among customers of this segment. The other main area of concentrated actions will be cross-selling between various customer segments in the Bank, e.g. development of cooperation with businesses in terms of parallel service of company and personal finance.

The availability of the Fortis Bank Polska SA offering will significantly grow after the merger. The basic assumption for the new, multi-channel sales and service platform of the Bank will be to take advantage of the strengths of the present distribution network of both banks. The key strategy direction as far as distribution channels are concerned consists in the development and implementation of a multi-channel and integrated distribution network for the product offering based on the nationwide branch network supported by electronic channels, Call Centre and partner branches, including:

- The basic sales channel will be a network of bank outlets – thanks to the merger, Fortis Bank Polska SA will have a network of almost 262 locations. The Bank's distribution network is additionally supported by 140 partner outlets which service the Bank's customers under bilateral agreements signed with the Bank.
- As a result of the present unfavourable market conditions, earlier investment plans have to be revised and further development of own branch network needs to be suspended until negative trends in the economy are reversed.
- According to the strategy, two different types of branches will be set up, i.e. universal branches servicing all retail customer segments and branches dedicated to service of selected segments. The target number of dedicated branches doubles the number of universal branches.

An efficiently operating, integrated Call Centre will take over the transaction traffic of customers - "traditionalists" from the units, while playing an active role of the sales acquisition centre.

- A uniform internet platform with functionalities determined by Affluent and SE customers will also allow the Bank to more definitely respond to growing expectations of the Mass Retail customers and Micro-companies as regards the electronic banking area. Another essential element of the sales development will be Mobile Banking and text messages (SMS).

In view of the uncertain situation at the market, which is characterised by a high changeability of macroeconomic conditions (including e.g. FX rates), the minimisation of risk and further development of risk management and compliance function become a priority. The Bank implements the recommendations of the Polish Financial Supervision Authority in this regard. The Bank has undertaken measures to mitigate credit risk related to derivatives held by the Bank, in particular FX options and FX forward transactions. The Bank forecasts that the identified credit risk will materially affect the Bank's financial performance, at least in the subsequent half of the year.

The Supervisory Board and the Board of Executives follow the policy of publishing no financial result forecasts for 2009.

VII. BASIC RISK TYPES AND RISK MANAGEMENT

Taking into consideration the Group's top priority objectives, that is, protection of Customer deposits and securing liquidity, the Group of Fortis Bank Polska SA pays utmost attention to monitoring and mitigation of risks inherent in the business of the Bank and its subsidiary.

The Risk and Asset and Liability Management Committee (Risk and ALM Committee) plays a vital role in liquidity risk management, market risk and assets and liabilities management risk, and also in strategic aspects of credit risk management and operational risk. The Risk and ALM Committee is chaired by the Vice-President of the Board of Executives who is in charge of risk issues.

The Risk & ALM Committee is entitled to set up supportive committees and delegate powers to these committees. The following committees have been established to date: the Liquidity, Market and ALM Risk Management Committee, Operational Risk Management Committee, Business Continuity Management Committee and the Credit Risk Management Committee.

The key role in the risk monitoring and management system is also played by the Risk Line, Audit Department and Compliance Department. At the Supervisory Board's level, there is also the Audit Committee, whose key tasks include monitoring of the internal control system quality and the assessment of the financial information integrity. Specifically, the Audit Committee assesses the Bank's business risk processes and control environment, supervises financial reporting process and assesses internal and external control processes.

The Bank's management pays particular attention to ensuring an adequate capital and develops long-term solutions in this regard.

A. Liquidity, interest rate and FX risks

The Bank defines liquidity risk as the risk of losing its ability to: attend its payment commitments when due, acquire funds which are alternative to funds currently held, generate a positive cash flow balance within a specified time interval. In order to mitigate such risks, the Bank undertakes actions to differentiate the maturity ladder of assets and liabilities and ensure independent sources of financing in case of a liquidity crisis.

The Bank defines interest rate risk as a transaction-related interest rate risk and a market interest rate risk.

Transaction-related interest rate risk is a risk of entering by the Bank into IR transactions on unfavourable conditions differing from market conditions (transaction risk).

Market interest rate risk is related to unfavourable changes in the Bank's financial result or the Bank's equity amount, which arises from one of the following reasons:

- i. a different way of making interest rate of the Bank's assets and of liabilities financing such assets dependent on market rates (mismatch risk); This difference manifests itself by:
 - re-pricing date mismatch (re-pricing date mismatch risk);
 - mismatch of base rates (**base risk**);
 - mismatch of contractual re-pricing dates (**yield curve risk**);

The above mismatch, with the occurrence of market conditions unfavourable for the Bank, may lead to disadvantageous relation of interest expenses to income and decrease in the total updated economic value of the said assets and liabilities.

- ii. Changes in market interest rates that affect fair value of the Bank's open positions (**interest rate volatility risk**).
- iii. Exercise by customers of options built in the bank products which may be exercised as a result of changes to market interest rates (customer option risk).

FX risk comprises market FX risk and foreign currency transaction risk. Market FX risk is linked to adverse changes to the Bank's financial result caused by changes in market Forex SPOT rates. Foreign currency transaction risk is linked to adverse changes to the Bank's financial result arising from concluding by the Bank a foreign currency transaction on conditions, which are not convenient for the Bank and differ from market conditions.

The Bank monitors the liquidity risk, FX risk and interest rate risk by means of the multidimensional system of limits and reports. In particular, the Risk and ALM Committee determines risk management strategies and controls, on a regular basis, how such strategies are pursued, with the support of the Liquidity, Market and ALM Risk Management Committee.

B. Operational and Business Risk

Operational risk

The operational risk management consists in continuous operational risk identification, analysis, monitoring, control and mitigation processes, including determination of relevant scopes of responsibility for the above processes on different organisational levels of the Bank. Operational risk is a basic risk inherent in the Bank's business activity which grows along with the complexity of organisation, systems applied and products and services offered.

For the needs of the operational risk management, the Bank has adopted a definition, according to which operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Operational risk includes legal risk and compliance risk.

Considering the preparation to the New Capital Accord requirement implementation status, the Bank started using a Standardised Approach (STA) in 2008 with respect to credit risk and the Basic Indicator Approach (BIA) with respect to operational risk. In the medium-term horizon (3-5 years), the Bank will strive to implement the most advanced risk management methods – the AIRBA with respect to credit risk and AMA with respect to operational risk.

The Bank's strategy and policy regarding the operational risk management are described in the document adopted by the Bank: "Strategy and Policy regarding Operational Risk and Business Risk Management of Fortis Bank Polska SA."

The Bank's strategy consists in implementing and maintaining high quality standards for the operational risk management to guarantee that customer deposits and the equity are secure and the Bank's financial performance is stable.

The Bank's Board of Executives makes a periodic assessment of how the Bank operational risk management strategy assumptions are executed. To this end, the Bank's Board of Executives is kept informed on a regular basis on the scale and types of operational risk the Bank is exposed to, and also its consequences and operational risk management methods.

On the basis of recommendations issued by the Operational Risk Committee regarding the areas of the Bank's activity of increased operational risk level, the Risk and ALM Committee takes decisions on further actions of the Bank leading to operational risk mitigation, transfer, acceptance, or discontinuation of operations accompanied by that risk.

Ongoing examination of operational risk along with development and improvement of adequate risk control techniques are the tasks of the dedicated organisational unit, Operational Risk Management Department of the Risk Line. In addition to the above, co-ordination of the operational risk management process in the units belonging to TOPS is the responsibility of the Risk Transfer and Information Security Department, whose scope of competence includes also definition and implementation of the Bank's strategy in terms of Bank insurance, as a risk mitigation method. The Bank precisely distributes duties related to operational risk management.

Registration of operational losses enables effective analysis and monitoring of operational risk. The loss recording process is supervised by the Operational Risk Management Department which also keeps content-related documentation of the data registered and is responsible for data quality and completeness. Therefore, all operational losses are classified taking into account operational incident type, reasons why operational risk has arisen, existence of an affiliated risk, accounting consequences and a claim lodged, if any, by third parties. Operational losses are allocated to business lines.

Risk areas that are vital for products offered by the Bank are subject to ongoing monitoring of exposure to operational risk. To this end, the Bank checks operational risk level using predefined Key Risk Indicators, i.e. measurable values that enable ongoing monitoring of changes in operational risk profile.

The operational risk management system is supervised and regularly reviewed by the internal audit. The Bank's Supervisory Board oversees the control of the operational risk management system and assesses its adequacy and efficiency.

The Bank performs measures leading to the creation of an integrated business continuity management system. The system will enable to identify potential threats for the organisation and to estimate a probable impact that such treats, if they occur, might have on processes existing in the Bank.

Rules of the Bank's business continuity management are described in internal regulations: "The Crisis Management at Fortis Bank Polska SA" and "The Business Continuity Management Policy of Fortis Bank Polska SA."

There is a specialised Business Continuity Committee in the Bank, established as an approving body to support the Risk and ALM Committee in an effective management of the Bank's business continuity. The Bank makes analyses regarding business continuity and indicating the need to secure a given area, develops business continuity plans that precisely describe actions that should be taken to restore business functions before, during and after an incident.

Compliance risk

The Bank's Supervisory Board considers the Bank's image and trust that is systematically built in relationship with its customers, business partners, shareholders and employees, one of key factors that conditions efficient operation and implementation of the Bank's mission and business strategy. The Bank's and its employees' failure to comply with governing law provisions or internal regulations is considered one of the greatest threats to the Bank's good reputation and image.

In order to ensure security and stability of the Bank's business, especially through elimination or mitigation of compliance risk and the related risk of legal sanctions, financial losses or reputation loss, essential for the current or future position of the Bank in relation to its competitors and the public, the "Compliance Risk Management Policy at Fortis Bank Polska SA" was developed. At the same time, processes of monitoring, identification and analysis whether the Bank's internal regulations, banking practice and the conduct of Bank's employees are compliant with the binding law, were implemented. The said processes are the responsibility of the Compliance Department.

The Bank developed an internal Customer Acceptance Policy, thus implementing necessary IT software used to verify whether customers serviced were recorded on sanctioned entities lists, and adjusting the Bank to the requirements of the *Act on Countering Introduction into Financial Circulation of Property Values Derived from Illegal or Undisclosed Sources, and on Counteracting the Financing of Terrorism* being amended, which is part of compliance risk management.

Security policy

The Bank focuses on risk minimisation and therefore takes into consideration the need to ensure an adequate level of security of assets and information in legal and business aspects.

Considering that financial services require specialist knowledge and permanent access to data, while reliable information determines the financial entity's position, the Bank pays particular attention to system solutions that provide continuous and appropriate protection of information against threats.

The Information Security Management System, that is fully compliant with the international standard ISO/IEC 27001, was implemented by Fortis Bank Polska SA. The certification covers all services and products offered to customers in all branches and units of the Bank.

Measures to ensure information security are applied on a permanent basis on each management level. The implemented system is based on a process approach in the aspect of implementation and betterment of the effectiveness of the security measures applied. The designed and implemented system approach to information security is driven by the need of a continued improvement of products and services offered to customers.

System actions, consisting in a risk analysis, information classification, incident management, centralised management and control of access to IT systems, likewise change management, systematised business continuity process, information exchange and access standards, property security standard, altogether lead to a comprehensive approach to the information security issue.

Fortis Bank Polska SA implements the aforesaid scheme through its Information Security Policy and area policies that comprise the Information Security Management System, i.e. Data Communication Security Policy, Physical Security Policy, Compliance Risk Management Policy, Personal Data Security Policy, Business Continuity Management Policy, and the Crisis Management Policy.

In order to plan and implement corrective and preventive actions, a system of gathering incident data has been developed in the Bank. The system enables the Bank to develop a database of threats and susceptibilities that affect confidentiality, availability and reliability of information and data processed in the Bank.

It is assumed that such actions will contribute to mitigating the risk of losing availability, reliability or confidentiality of information, through anticipating and preventing negative factors that are reflected in the quality of products and services offered.

The information security process in the Bank is coordinated by the Risk Transfer and Information Security Department, Information Security Committee and specialised units that perform their tasks in specific areas: the Information Systems and Technology Line, Facility Management & Administration Department, Compliance Department, Risk Line and Human Capital Management Line.

Taking into account a growing number of external and internal threats that bore the hallmarks of abuse or offence against assets of the Bank or its customers, likewise continuously improved *modus operandi* of such events, the Bank extended and enhanced the process of counteraction, detection and examination of such cases. To accomplish the above objectives, a separate Investigations Department was created. The above measures are carried out under rules applied in Fortis and in close cooperation with financial market institutions in Poland.

Business risk

Business Risk is the risk of financial or non-financial losses resulting from changes in the Bank's competitive environment, current business activity or wrong business decisions. Although business risk usually results from external factors, it can be mitigated by efficient management actions.

The risk comprises two key sub-categories: strategic risk and reputation risk. Additional business risk sub-categories are identified by the Board of Executives of the Bank at least once a year.

The Bank makes business risk assessment as part of regular (annual) Control and Risk Self Assessment (CRSA) sessions attended by the members of the Board of Executives and invited representatives of senior management of the Bank. The Bank manages business risk by continuous monitoring and analysis of business decisions taken with respect to effects of their realisation and changes in market environment.

C. Credit risk

Credit risk is assessed on the basis of the Bank's internal standards, taking into account national credit regulations in force as well as standards binding in Fortis, pursuant to the "Credit Risk Management Policy at Fortis Bank Polska SA" approved by the Bank's Supervisory Board.

In the credit process applied by the Bank, functions related to customer acquisition and sale of credit products as well as credit risk assessment are separated.

A philosophy of credit risk management at the Bank is based on an idea of an integrated management system. The integrated approach means that the risk identification, measurement, monitoring and control in all areas of the Bank's activity are performed under the common credit policy, uniform strategy and coherent rules, procedures, structures and tools. Such an approach ensures an

appropriate estimation and maintenance of the Bank's capital adequacy in relation to its risk profile both in terms of its internal and regulatory capital.

The integrated approach covers operational and strategic dimensions of the credit risk management.

The strategic credit risk management concerns the management on the aggregated level and is related with such aspects of the Bank's activity as the management of the Bank's capital and goodwill, pricing policy, planning or budgeting.

The strategic dimension focuses on the portfolio risk and covers the following activities:

- implementation of the Bank's credit policy and strategy,
- creation and development of credit systems and tools (credit engineering),
- monitoring and management of the portfolio credit risk,
- credit reporting, credit control.

An operational dimension of credit risk management focuses on the management from the point of view of a single exposure or borrower, with an emphasis on such components as identification, measurement, monitoring and control of specific credit risks.

The operational dimension consists of the following activities:

- credit analysis and credit decisions,
- credit administration,
- monitoring of risk related to individual credit exposures,
- restructuring,
- debt recovery.

Credit risk analysis is carried out based on a standard credit assessment methodology applied by the Bank. Subject to analysis are both a specific credit product related risk and the Bank's total exposure risk towards an entity, including all credit facilities granted and financial products that convey such risks.

In order to limit credit risk, the Bank applies internal procedures for loan granting and monitoring. The Bank's system applied to analyze credit applications and make credit decisions has several levels. This is to ensure a maximum objectivity in the assessment of a credit request and reduce the Bank's credit exposure risk. Credit decision-making model includes the following criteria: the Bank's total exposure towards a customer, assignment of a customer to a business line, internal rating, and credit risk category. The Bank introduced principles of setting up and monitoring exposure concentration limits. They constitute the basis of the management of risks arising out of e.g. sector, regional or foreign currency concentrations generated by exposures assigned to the same business line.

Fortis Masterscale Rating, the system of internal rating, is used in the Bank to assess credit quality of commercial customers. A Rating Tool is also used in the Bank, which ensures the control of correctness and completeness of the portfolio credit rating, archives historical ratings in the database and generates rating reports. Furthermore, loss parameters (LGD) are internally validated for the

Bank's commercial portfolio.

In order to monitor the mortgage loan portfolio, stress scenarios are carried out depending on predefined changes of market parameters such as interest rate, FX rates or average residential real estate prices.

Furthermore, the portfolio is analysed in terms of its quality. The analysis is supplemented by periodical examination of LTV and DTI, the key ratios from the point of view of the Bank's policy of granting mortgage loans. The Bank also periodically updates the value of residential real estate that constitute collateral for loans granted.

As part of work on integration with Dominet Bank, risk assessment procedures and methodologies in credit risk area continue to be standardised.

The Bank uses internal IT tools to standardise the process of credit portfolio risk monitoring and classification process and to archive data for the needs of risk assessment models. The Bank uses the WIND system to monitor and recover past due receivables, while for the purpose of credit portfolio monitoring, review, and estimated impairment of credit exposures, the Monitoring Card is applied.

The Bank participates in the Banking Register system whose data administrator is the Polish Bankers Association (ZBP) and the Credit Information Bureau system. The participation in these information exchange systems as regards credit customers allows the banks to more thoroughly assess credit risk and accelerates the process of analysing credit applications and making credit decisions.

Risk management quality improvement and implementation of a more conservative approach to the sales policy as far as loans and financial instruments are concerned.

Under the Bank's strategy further actions will be taken with a view to improve the risk management quality, in particular in the area of credit risk (including counterparty risk) and market risk, by reviewing and modifying the existing risk assessment methodologies (e.g. Derivatives Hedging program). A particular emphasis will be put on the analysis of risks occurring in the in terms of off-balance sheet commitments. The Bank will also take regular actions with a view to improve the efficiency of monitoring of the existing exposures as well as improving the quality of restructuring and debt recovery processes.

Sales limitations at the Bank will apply not only to loans and commitments but also to financial instruments. The Bank will keep the already implemented restriction on the sale of financial instruments that generate counterparty or market risk until more efficient risk management procedures are introduced. We should remember, however, that the return to any wide sale of such products will depend on the macroeconomic ratios stabilisation in Poland and worldwide. Currently, due to the important volatility and unpredictability of the financial market situation, any sale of a derivative instrument at the Bank requires a prior approval by the Credit Committee, in addition to the master agreements signed with customers. Moreover, transaction limits were decreased with respect to all customers.

Considering the significant write-offs made in the past on credit risk related to financial market instruments, changes have been introduced or are planned to be introduced in order to ensure much higher security of such transactions in the future.

The above initiatives carried out under the Derivatives Hedging project include:

- credit process modification;
- modification of legal aspects of the master agreements on financial instruments;
- sales model modification;
- modification of the product offering and the new product acceptance process at the Bank;
- training of new employees;
- changes in the IT systems that support the sales and customer service processes.

Furthermore, the Bank declared to be ready to take part in a project regarding data exchange on customer exposures related to trading in financial instruments, organised by the Credit Information Bureau (BIK). As far as transactions already sold are concerned, the Bank hedged against the risk of further EUR/PLN rate increase by purchasing options.

D. Agreements significant for the Bank's activity

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

Fortis Bank Polska SA and with Fortis Finance Belgium SCRL/CBVA based in Brussels concluded the following agreements:

- on April 21, 2009, the agreement was signed regarding a credit facility of PLN 50 million taken by the Bank. The Agreement was concluded for 10 years, i.e., until 21 April 2019. The interest period was determined at 3 months, interest rate at EURIBOR 3M for EUR plus 633 basis points per annum, and after 5 years of the funds disbursement date, the interest rate will be EURIBOR 3M for EUR plus 633 basis points per annum increased by 1%. Funds were disbursed on April 22, 2009.
- An annex to the credit agreement of April 21, 2009 was signed on June 10, 2009. Under the annex, the subordinated loan amount has been reduced down to EUR 20 million and can be repaid after 5 years since the loan agreement signing date. The remaining portion of the debt totalling EUR 30 million was repaid on June 23, 2009. Furthermore, the provisions regarding the loan status and the subordination were adjusted to the contents of the law provision. The Board of Executives of Fortis Bank Polska SA applied to the Polish Financial Supervision Authority (KNF) for approval of including the loan as subordinated debt into Tier 2 capital of the Bank, pursuant to Article 127 of the Banking Law. The Polish Financial Supervision Authority granted its consent on June 30, 2009 to include the subordinated loan in Tier 2 capital of the Bank.
- In relation to the decrease down to EUR 20 million of the subordinated loan taken from Fortis Finance Belgium and the repayment of the remaining portion of the debt (i.e. EUR 30 million), on 23 June 2009 the Supervisory Board decided about issuing subordinated inscribed bonds. The offer regarding the bonds subscription was accepted by Fortis Finance Belgium SCRL/CBVA based in Brussels. On 29 June 2009, the parties signed an Underwriting Agreement that defined in detail the terms and conditions of the bond issue and subscription by the bondholder. The issue was entirely subscribed by Fortis Finance Belgium SCRL/CBVA. The issue was organised as a private placement of 300 subordinated inscribed bonds of EUR

100,000 each. Bonds will bear interest at EURIBOR 3M rate plus 10.55 p.p., and after the lapse of 10 years of the issue date, the interest rate will be EURIBOR 3M plus 11.55 p.p. The redemption of bonds will require the consent of the Polish Financial Supervision Authority.

Agreements signed with Dominet Bank SA

Cooperation agreement of January 2, 2007 was signed between Fortis Bank Polska SA and Dominet Bank SA based in Lubin. The agreement governs the rules of cooperation between the banks with respect to agency in offering products of Fortis Bank Polska SA to private individual customers of Dominet Bank SA. For performing the duties under the contractual provisions, Dominet Bank SA will receive remuneration in the form of commissions on loan amounts granted to customers. The agreement was concluded for an unlimited period of time.

On 9 January 2008, Fortis Bank Polska SA signed a Cooperation Agreement with Dominet Bank SA, under which both parties thereto have committed to undertake all necessary initiatives leading to the merger of Fortis Bank Polska SA and Dominet Bank SA. The merger is to be effected by transferring the assets of Dominet Bank SA (the acquiree) to Fortis Bank Polska SA (the acquirer) in exchange for newly-issued FBP shares which will be allocated to the existing Dominet Bank shareholders, pursuant to Art. 492 § 1 of the Code of Commercial Companies and Partnerships.

On 25 November 2008, Fortis Bank Polska SA and Dominet Bank SA signed an Annex to cooperation agreement dated 9 January 2008. The planned date of a legal merger between Fortis Bank Polska SA and Dominet SA was postponed from 30 June 2009 to 31 July 2009.

Agreements regarding transactions with parent entities and subsidiaries are presented in Section 14 of the Additional Notes to the consolidated financial statements.

Significant loan agreements and their amendments

On 31 March 2009, Fortis Bank Polska SA and Fortis Bank SA/NV signed an agreement with a Customer and its subsidiary, not affiliated with the Capital Group of Fortis Bank Polska SA. Pursuant to the aforementioned agreement, the Parties agreed to suspend for a period of two months the repayment of the debt due under the loan agreements concluded with the Customer. Fortis Bank Polska SA and Fortis Bank SA/NV agreed not to undertake any debt enforcement actions or actions to secure its claims against the Company and its subsidiary during this period. The purpose of the concluded agreement was to enable the completion of the negotiations between the Parties and to obtain long-term financing for the Company which would refinance the bridge financing. During this period, the Parties agreed to pursue negotiations in good faith to conclude a restructuring agreement outlining the terms and conditions for refinancing the debt of the Company and its subsidiary, arising under the agreements concluded previously with Fortis Bank Polska SA and Fortis SA/NV.

On May 28, 2009 and June 30, 2009 subsequent annexes were signed to the said agreement, under which the agreement validity term was extended from 31 March 2009 to 30 June 2009 and 31 July 2009 respectively. As at June 30, 2009, total debt of the company due to Fortis Bank SA/NV (acting through its Austrian branch) equalled PLN 50 million. Total outstanding debt of the company toward Fortis Bank Polska SA equalled PLN 236 million, including the debt on account of surety for the subsidiary in the amount of EUR 4.2 million.

Finally, on 28 July 2008, an agreement was signed ("amending agreement") under which credit agreements and surety agreement were modified. New repayment deadlines were determined under amendments, according to the repayment schedule adopted for the following agreements:

- loan agreement concluded by Fortis Bank SA/NV and the company on June 27, 2008, as amended; the loan principal of PLN 50,000,000 to be repaid until January 2012, at the latest;
- loan agreement concluded by Fortis Bank SA/NV and the company on May 8, 2008, as amended; the loan principal of PLN 198,430,286 to be repaid until January 5, 2018, at the latest;
- surety agreement concluded by Fortis Bank SA/NV and the company on January 18, 2007, as amended; in the amount of EUR 4,197,813.67 until January 5, 2018, at the latest. The surety agreement applies to the loan agreement concluded by Fortis Bank Polska SA and the subsidiary of the customer on May 18, 2007, as amended;

The amending agreement also includes the commitment of the Bank to subscribe for new series I shares in the increased share capital of the customer's company. The Bank will take up 8,247,423 shares at issue price of PLN 4.85 each. The total issue price of the subscribed shares shall be PLN 40,000,001.55. The Bank shall pay the issue price by setting off the receivables due to the customer from the Bank as payment of the issue price against the receivables due to the Bank from the customer on account of the granted financing. The set-off shall reduce the debt due from the customer to Fortis Bank Polska SA by PLN 40,000,001.55.

On 17 July 2009, Fortis Bank Polska SA signed an agreement with a Customer not affiliated with the Capital Group of Fortis Bank Polska SA., which amended the terms and conditions of the credit agreement dated April 25, 2008. The amendments regard the credit limit increase from PLN 200 million up to PLN 205.8 million and also the change of the credit limit nature from a multi-option credit line into a guarantee line agreement.

Neither in the first half of 2009 nor in 2008 did the Bank exceed the maximum exposure limit towards any customer or capital group as stipulated under the Banking Law Act.

In the first half of 2009, the Bank entered into no other agreements that are subject to information duty under the Ministry of Finance Ordinance dated 19 February 2009, regarding current and periodical information submitted by issuers of securities (Journal of Laws of 2009 No. 33, item 259).

VIII. AFFILIATED ENTITIES

A. Profile of the Shareholder with over 5% of votes at the General Shareholders Meeting

The majority shareholder of Fortis Bank Polska SA is **Fortis Bank SA/NV based in Brussels**, which

as at June 30, 2009 held directly 99.81% of the shares of the Polish Bank with the right to exercise 99.81% of total votes at the general meeting.

Until 10 October 2008, Fortis Bank SA/NV was part of Fortis, an international banking and insurance group. Upon the takeover of Fortis assets by the government of the Kingdom of Belgium, Dutch government and government of Luxembourg, and as a result of further agreements concluded by the government of the Kingdom of Belgium and Fortis, the Belgian government became the holder of 99.93% of Fortis Bank SA/NV through the Belgian Federal Participation and Investment Company (Société Fédérale de Participations et d'Investissement). Since October 2008, Fortis Bank Polska SA is not affiliated by capital with Fortis holding.

At the same time, in October 2008, the Belgian government reached an agreement with **BNP Paribas**, a financial and banking group **registered in France**, under which it would acquire a 75% interest in Fortis Bank SA/NV and 100% of Fortis Insurance Belgium from the Belgian State and would buy a 16% stake in Fortis Banque Luxembourg (thus increasing its controlling interest up to 67%) from the Luxembourgian State Treasury. BNP Paribas announced taking control over Fortis Bank SA/NV along with its international subsidiaries, including Fortis Bank Polska SA). The aforementioned agreement was approved by the General Meeting of Fortis Shareholders in April 2009.

Upon the transaction completion, BNP Paribas SA has held 74.93% of shares in Fortis Bank SA/NV since May 13, 2009. The Belgian State has remained the holder of 25% shares through Société Fédérale de Participations et d'Investissement, whereas 0.07% shares are held by individual investors. Owing to the acquisition of the majority stake in Fortis Bank SA/NV, on May 12, 2009, BNP Paribas indirectly took up 16,738,712 shares in Fortis Bank Polska SA, constituting 99.81% of the share capital. On May 20, 2009, the Polish Financial Supervision Authority issued a permit to BNP Paribas SA to exercise more than 75% of the voting rights at the Bank's Annual General Meeting, through the agency of Fortis Bank SA/NV.

As a result of the tender offer to acquire shares in Fortis Bank Polska SA made by BNP Paribas and the issue of ordinary L series shares for the shareholders of Dominet Bank SA, since 31 July 2009, Fortis Bank SA/NV has held 99.86% of shares in Fortis Bank Polska SA - 76.04% directly and 23.82% through Dominet SA.

BNP Paribas is the leading European financial institution providing services at the international level. BNP Paribas is the largest bank in the eurozone in terms of deposits and one of the six most reliable banks worldwide (according to the rating agency Standard & Poor's), which employs over 200,000 people in 85 countries. BNP Paribas focuses primarily on retail banking, commercial banking, investment banking, asset and property management. The largest share, i.e. 60% of the revenues of the Bank is generated by retail banking. Retail banking is most intensively developed in France, Italy, US and Ukraine, and after takeover of the shares in the Belgian Fortis Bank, also in Belgium and Luxembourg.

BNP Paribas is listed on the Paris Euronext Stock Exchange and its shares are included in the CAC- 40 index (40 largest companies among 100 companies with the highest capitalisation).

In light of further slowdown of the economy and markets gradually regaining their stability, BNP Paribas presented excellent results for the second quarter of 2009, generating the net profit (group's share) of EUR 1,604 million, which exceeds by 6.6% the result recorded in the second quarter of 2008 and by 3% the result noted in the first quarter of 2009.

This profitability potential is attributable to very good operating results recorded in all areas of the activity, despite high costs of risk reaching the level comparable to the first quarter of this year.

The BNP Paribas Group's consolidated revenues totalled EUR 9,993 million, exceeding by 32.9% the

result recorded in the second quarter of 2008. Downsizing of the operating costs to 19.9% resulted in the gross operating revenues of EUR 4,175 million, which represents the growth by 56.7% compared to the second quarter of 2008. Despite of the significant rise in the risk cost, operating revenues fell only by 8.6%, whereas pre-tax revenues of EUR 2,170 million were 4.6% higher than the results generated in the second quarter of 2008.

In the first half of 2009, the BNP Paribas Group's revenues stood at EUR 19,470 million (growth by 30.6% compared to the first half of 2008) and the net result (group's shares) totalled EUR 3,162 million (fall by 9.3% compared to the first half of 2008), i.e. half-year EPS ratio equalled EUR 2.9. ROE stood at 11,8% compared to 15.8% in the first half of 2008. Despite the unfavourable economic situation, all activity areas of the Group continued to develop, contributing to the growth of the Group's result. Therefore, the BNP Paribas model of the integrated banking activity performed well in the changing environment.

Since May 2009, intensive works targeted at Fortis Bank SA/NV and BNP Paribas integration under BNP Paribas Fortis brand have been carried out. The first stage consisting in the top down assessment of a new entity has been completed. Currently, the second stage is being implemented. Over 200 workgroups in all business units and countries are involved in this process with the aim to define detailed plans of the target organisation and precisely assess the synergy effects and restructuring costs. The business plan will be disclosed to the public on 1 December 2009 during the "Investor's Day".

B. Fortis Private Investments Polska SA

Fortis Private Investments Polska SA (FPIP SA), 100% owned by Fortis Bank Polska SA, is an investment company operating in the brokerage business that includes:

- providing third party's brokerage financial instrument portfolio services, in particular managing investment portfolios of private individuals as well as portfolios of investment funds;
- accepting orders to subscribe or redeem participation titles in UCITS.

The share capital of Fortis Private Investments Polska SA (FPIP SA) amounts to PLN 9,048,000 and is divided into 377,000 shares with a nominal value of PLN 24 each. The equity level of FPIP SA is sufficient for secure current business as well as future development of the company.

FPIP SA has managed customer assets since 1996. The offering of Fortis Private Investments Polska SA includes comprehensive solutions with respect to investments in the capital market, both domestic and international. FPIP SA offers asset management services (portfolio management) and investment fund investments. FPIP SA offers equity, balanced and debt securities portfolios, including also Polish and foreign funds portfolios as well as active allocation portfolios with a defined share of equity. FPIP SA provides management of assets of Fortis FIO (open-end investment fund) launched on the Polish market in 2005 in cooperation with SKARBIEC TFI SA Fortis FIO is the first umbrella fund on the Polish market with separated subfunds. The Fund comprises two subfunds: Fortis share subfund and Fortis stable growth subfund. Within Fortis FIO, Individual Pension Accounts, IKE Fortis FIO is also available.

In connection with the Bank's cooperation with FPIP SA to provide agency services of sale of financial instrument portfolio management, Fortis Bank Polska SA was registered by the Polish Financial Supervision Authority as the investment company's agent in February 2006.

Together with the Bank's Private Banking business line, FPIP offers investment services to high net worth individuals.

Since mid-2008, a process of transformation of FPIP SA into the Investment Fund Company has been carried out. In the issue in question, an application to the Polish Financial Supervision Authority has been filed and is now considered. Following the change into an IFC, FPIP SA will continue to manage individual portfolios of financial instruments and it will develop activity related to investment funds. It is planned to expand the distribution network of investment fund units managed by FPIP SA by entities outside Fortis, e.g. by other Polish banks, independent financial advisors and electronic distribution channels. The Bank will continue to support further development of FPIP SA consistent with the above strategy.

In connection with the application filed by BNP Paribas, the Polish Financial Supervision Authority raised no objections against an indirect purchase by BNP Paribas of shares of Fortis Private Investments Polska SA in the number that would result in exceeding 50% of votes.

IX. CORPORATE GOVERNANCE

Being a listed Company, Fortis Bank Polska SA observes corporate governance rules and therefore internally promotes and monitors their functioning.

On 1 January 2008, new corporate governance rules became effective, in the wording adopted on 4 July 2007 under Resolution of the Supervisory Board of the Warsaw Stock Exchange (Giełda Papierów Wartościowych SA). The new rules under the name of "The Best Practices in Companies Listed on WSE" replaced the "The Best Practices in Public Companies 2005" binding so far.

On 21 February 2008, pursuant to the intention of the Supervisory Board and Shareholders of Fortis Bank Polska SA assembled at the Extraordinary General Meeting, new corporate governance rules were adopted in the scope recommended by the Board of Executives and Supervisory Board.

Companies are not required to publish a statement on the Best Practices observance. However, should a permanent or incidental breach of rules arise, entities are bound to publish such declarations in the form of a current report. An issuer prepares a report on corporate governance observance in line with the scope and structure defined by the WSE Management Board, which is attached to the company's annual report.

On 31 March 2009, the Bank published the "Report on corporate governance observance by Fortis Bank Polska in 2008" which was attached to the annual report and made available at the Bank's website.

Compared to the Best Practices in Public Companies 2005, new corporate governance rules reduced the required minimum number of independent members of a Supervisory Board from one-half of the Board composition to two members. Moreover, as regards supervisory board members' independence criteria and operation of the supervisory board committees, the document refers to the European Commission Recommendation of 15 February 2005 on the role of non-executive or supervisory directors of listed companies and on the committees of the (supervisory) board. Independent members of the Supervisory Board of Fortis Bank Polska SA fulfil the independence criteria set out in the Supervisory Board Regulations approved by the General Meeting. They however do not satisfy one of the independence criteria recommended by the EC, i.e. the limitation of the tenure to maximum 12 years.

Following the changes in the Supervisory Board composition that took place in relation to the ownership changes, from September 2008 onwards the Board consisted of less than 7 members required by the Bank's Statute. The General Meeting held on June 26, 2009, adopted further changes

in the Supervisory Board composition and the amendment to the Bank's Statute, reducing the required minimum composition of the Supervisory Board of Fortis Bank Polska SA to 5 members. After this amendment to the Statute has been registered, the Bank's Supervisory Board that is at present composed of 6 members meets the Statute's requirements.

Except for the above issues, in the first half of 2009, Fortis Bank Polska SA observed all the corporate governance rules defined in the "The Best Practices in Companies Listed on WSE."

The Bank runs an investors relations section which provides shareholders and potential investors with access to any essential information concerning its organisation and business. The website service dedicated to investor relations is permanently developed and updated. A dedicated email box, to serve as the information exchange platform between shareholders and the Bank, has been launched. Corporate documents and the Bank's reports are also available on the Bank's website.

Based on the Investor Relations news service presented by the WSE, the Bank on a daily basis adjusts its website to set standards and makes all efforts to update the website service by all information that an investor can need.

Under Resolution no. 502/2008 of the WSE Management Board dated 23 June 2008 (as amended), the Warsaw Stock Exchange introduced a Liquidity Support Program to increase the free float of shares listed on the WSE. On 14 October 2008, the Bank joined that Program. The Bank's participation in the Program will help to increase the activity related to the presence on the regulated market and a permanent improvement of standards for market communication.

The Bank publishes information about its General Meetings in compliance with legal requirements likewise corporate governance rules. Information regarding the General Meeting agenda and draft resolutions are available at the Bank's registered office and the website.

Since 2006, there has been the Audit Committee in the Bank which assists the Supervisory Board in its tasks related to the ensuring effectiveness of internal control systems at Fortis Bank Polska SA and monitoring of financial information reliability.

There is also the Compliance Department in the organisational structure of the Bank. One of the aims of its operating is to monitor compliance with corporate governance standards.

X. ORGANIZATIONAL STRUCTURE

A. Bank authorities

According to the Statute, the Bank's authorities consist of:

- General Meeting,
- Supervisory Board
- Board of the Executives

Permanent and temporary committees acting as advisory and decision-making bodies are appointed at the Bank.

Permanent committees include:

- Risk and Asset & Liability Management Committee (Risk&ALM Committee)
- RB BL Credit Committee,

- CB BL Credit Committee,
- Credit Risk Committee.

Risk & ALM Committee composition, scope of competence and activity are specified in a resolution of the Bank's Board of Executives. Risk & ALM Committee is entitled to set up supportive committees, defining their composition, regulations, scope of activity and delegating powers to these committees. The following committees have been established to date:

- ALM, Liquidity and Market Risk Committee,
- Operational Risk Committee,
- Credit Risk Management Committee,
- Business Continuity Committee.
- Information Security Committee.

Credit Committee composition, scope of competence and activity are determined in the Credit Decision Making Regulations accepted by the Board of Executives and approved by the Supervisory Board.

Credit Risk Management Committee scope of competence and activity is determined in regulations adopted by the Risk & ALM Committee and approved by the Supervisory Board.

B. Business lines and sales outlets

The Bank's organization is structured along business lines providing comprehensive service to specific customer and/or service market segments, in particular: Retail Banking, Commercial Banking and Global Markets.

In May 2009, Private Banking Business Line was incorporated into Retail Banking.

As at June 30, 2009, the Bank had the following:

- 1). 36 full-service branches (six branches in Warsaw, four branches in Kraków, three branches in Poznań, two branches in Łódź, Szczecin, Wrocław, Lublin and Gdańsk each, and one branch in Bielsko-Biała, Bydgoszcz, Częstochowa, Gdynia, Gliwice, Katowice, Kielce, Olsztyn, Opole, Rzeszów, Toruń, Zakopane and Pruszków each),
- 2). one Sub-Branch of the Zakopane Branch I in Nowy Targ,
- 3). five Personal Banking sub-branches – in Warsaw, Wrocław, Poznań, Katowice and Łódź, likewise one sub-branch of the Poznań Branch for Mass Transaction Processing, and
- 4). nine CB Business Centers: in Warsaw, Krakow, Gdańsk, Bydgoszcz, Katowice, Poznań, Wrocław, Rzeszów and Łódź.

The Bank's organization chart as at 30 June 2009 has been attached to this Board of Executives' Report.

XI. SUPERVISORY BOARD, BOARD OF EXECUTIVES AND EMPLOYEES

Changes in the composition of the Board of Executives and the Supervisory Board

Board of Executives:

As at June 30, 2009, the Board of Executives composition was as follows:

Alexander Paklons	President of the Board of Executives
Jan Bujak	Senior Vice President of the Board of Executives
Jean-Luc Deguel	Vice-President
Jacek Obłąkowski	Vice-President
Jaromir Pelczarski	Vice-President
Philippe Van Hellemont	Vice-President

In the first half of 2009, the Board of Executives was subject to the following changes:

1) Mr. Jacek Obłąkowski, the President of Dominet Bank SA Management Board, was appointed a Vice-President of the Board of Executives, effective 1 April 2009 until the end of the current five-year tenure, ending on the date of the Bank's Annual General Shareholders Meeting approving financial statements for fiscal year 2009.

2) At the same time, to ensure an efficient merger of Fortis Bank Polska SA and Dominet Bank SA, on 1 April 2009:

- Mr Jan Bujak took up a position of a Vice-President of the Management Board of Dominet Bank SA based in Lubin,
- Mr Jaromir Pelczarski was delegated by the Supervisory Board of Dominet Bank SA to temporarily perform duties of a Vice-President of the Management Board of Dominet Bank SA based in Lubin.

3) at the meeting on 16 June 2009, the Supervisory Board took the following decisions regarding changes in the composition of the Board of Executives of Fortis Bank Polska SA:

- a) Mr Thierry Lechien was recalled from his function of Vice-President and member of the Board of Executives effective June 15, 2009,
- b) Mr. Philippe Van Hellemont was appointed as Vice-President of the Board of Executives, effective 16 June 2009 until the end of the current five-year tenure, ending on the date of the Bank's Annual General Shareholders Meeting approving financial statements for fiscal year 2009.

Supervisory Board:

As at June 30, 2009, the Supervisory Board composition was as follows:

Camille Fohl	Chairman
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Jos Clijsters	Deputy Chairman
Antoni Potocki	Deputy Chairman
Zbigniew Dresler	
Reginald De Gols	
Lucas Willemyns	

On 31 January 2009, Mr Christopher Norris resigned from his function in the Supervisory Board of Fortis Bank Polska SA. Mr Christopher Norris was a member of the Supervisory Board of Fortis Bank Polska SA since 26 September 2008.

On 26 June 2009, Mr Peter Ullmann resigned from his function in the Supervisory Board of Fortis Bank Polska SA. Mr Peter Ullmann was a member of the Supervisory Board of Fortis Bank Polska SA since 24 May 2005.

The Annual General Meeting held on 26 June 2009 appointed Mr Camille Fohl and Mr Reginald de Gols to the Supervisory Board, effective 26 June 2009.

Rules of appointment and recalling members of the Board of Executives and the scope of their authority

Members of the Board of Executives of Fortis Bank Polska SA are appointed and recalled pursuant to the provisions of the Code of Commercial Companies and Partnerships, the Banking Law Act and the Statute of Fortis Bank Polska SA. The Board of Executives is composed of three to eight members, including President of the Board of Executives, one or a number of Vice Presidents of the Board of Executives, and members of the Board of Executives in the number that is defined by the Supervisory Board. Members of the BoE are appointed for the period of joint five-year tenure by the Supervisory Board. Appointment of two Members of the Board of Executives, including the President of the Board, is made with consent of the Banking Supervision Commission, given upon a request of the Supervisory Board.

The BoE manages the Bank's operational activity and represents the Bank before external parties. The scope of tasks of the Board includes primarily all the issues that are not reserved for the competence of other bodies of the Bank. The BoE takes decisions by way of resolutions regarding the assumption of liabilities or disposal of assets, the total amount of which in relation to one entity exceeds 5% of the Bank's equity. The BoE can delegate specific issues that belong to the scope of the BoE competence to specific BoE Members or the Bank employees. Decisions on the assumption of liabilities or disposal of assets whose total value in relation to one entity exceeds 5% of the Bank's equity, can be taken by committees of the Bank or designated people acting under the BoE resolution that defines the scope of such an authorization and the decision-taking manner.

Individual Members of the BoE have no specific authority to take decisions on share issue or redemption.

The Bank and the managing persons entered into no agreements providing for any compensation in the event such people resign or are dismissed from their job position without an important reason, or when they are recalled or dismissed due to the Bank's merger by acquisition.

The total remuneration and the value of benefits obtained by the members of the Board of Executives, Supervisory Board and by Managing Directors of Fortis Bank Polska SA are specified in the table below:

in PLN thousand	01.01.2009 - 30.06.2009	01.01.2008 - 30.06.2008
Board of Executives, including:	2 178	3 540
- remuneration	1 459	1 706
- benefits*	281	285
- other**	438	1 549
Supervisory Board	283	195
Managing Directors***	5 176	6 762

* The "Benefits" item includes expenses related to medical care, company car (lump sum), accommodation and participation in the "Fortis Executives and Professionals Stock Option Plan" for shares of Fortis Bank NV.

** The "Other" item includes equivalent for holiday leave and remuneration for the Board of Executives' meetings.

***Gross remuneration paid out of the salary fund, including ZUS (Social Security) contributions for Directors directly reporting to the Board of Executives.

Information on shares of the Bank held by members of the Board of Executives and the Supervisory Board

As at June 30, 2009, none of the Board of Executives' Members held any shares issued by Fortis Bank Polska SA or other financial instruments related to them or any holdings in affiliated entities of Fortis Bank Polska SA.

Employees

The number of people employed was 1,728 FTE (full time equivalents) as at June 30, 2008 and grew up to 1,768 FTE as at the end of December 2008. In the first half of 2009, the headcount decreased by 102 FTE down to 1,666 FTE as at the end of June 2009. The majority of the employees, i.e. 66%, were university graduates.

To ensure high level of the Bank's employee qualifications, the Bank implements a coherent human resources management strategy developed by the Board of Executives, including in particular training programs, adaptation support for new employees and personnel management improvement.

To increase the personal development opportunities and respect employee needs better, a number of actions were undertaken to improve training availability and effectiveness, e.g., internal training programs were updated to ensure their adjustment to the needs, new e-learning programs were implemented and the subsequent edition of the Graduate Program were run. Further measures were implemented in the area of development of leadership and managerial skills, including the participation of the Bank's management staff in the Harvard Manager's Academy.

Statements of the Bank's Board of Executives

Correctness and reliability of reports presented

Fortis Bank Polska SA represents that, to the best of their knowledge:

The financial statements of the Bank for the first half of 2009 and the comparative data were prepared pursuant to the binding accounting policies and they accurately, reliably and clearly reflect the property and financial situation of the Bank and its net profit in all material aspects.

The Board of Executives' report on the Bank's activity in the first half of 2009 contains the true picture of the Bank's development and achievements, including a description of basic risks and threats.

Selection of an entity authorised to audit the financial statements

The Board of Executives of Fortis Bank Polska SA hereby represents that KPMG Audyt sp. z o.o. based in Warsaw, an entity authorised to audit financial statements, was chosen, under Article 15 Section 3 item 8) of the Statute of Fortis Bank Polska SA by the Supervisory Board based on a recommendation given by the Board of Executives and the Audit Committee (Supervisory Board Resolution no. 1/2009 of 13 January 2009), pursuant to the provisions of law, as the entity to review the Bank's financial statements for the first half of 2009, and that the above entity and statutory auditors employed to perform the audit meet the conditions to issue an impartial and independent review report, in accordance with the respective provisions of the Polish law.

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

26.08.2009	Alexander Paklons President of the Board of Executives signature
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26.08.2009	Jan Bujak Senior Vice-President of the Board of Executives Chief Financial Officer signature
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26.08.2009	Jan-Luc Deguel Vice-President of the Board of Executives signature
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26.08.2009	Jaromir Pelczarski Vice-President of the Board of Executives signature
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26.08.2009	Philippe Van Hellemont Vice-President of the Board of Executives signature
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26.08.2009	Jacek Obłąkowski Vice-President of the Board of Executives signature
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