

**REPORT OF THE BOARD OF
EXECUTIVES OF FORTIS BANK POLSKA
SA
JUSTIFYING THE MERGER OF
FORTIS BANK POLSKA SA
AND
DOMINET BANK SA**

The document has **5** (five) numbered pages

INTRODUCTION

This Report of the Board of Executives has been prepared under Article 501 of the Act dated 15 September 2000 on the Code of Commercial Companies and Partnerships ("**the Code**"), in connection with the planned merger ("**the Merger**") of Fortis Bank Polska SA and Dominet Bank SA ("**the Companies**").

1 THE LEGAL BASIS AND MANNER OF THE MERGER

1.1 PARTIES TO THE MERGER

The acquirer:

Fortis Bank Polska SA (joint stock company) with its registered office in Warsaw at ul. Suwak 3, entered in the Business Register maintained by the District Court for the capital city of Warsaw, XIII Commercial Division of the National Court Register under No. KRS 0000006421, of NIP (tax identification number): 676-007-83-01, holding paid-up share capital of PLN 503,135,400.00 ("**Fortis**," "**the Acquirer**").

The acquiree:

Dominet Bank SA (joint stock company) with its registered office in Lubin at ul. Księcia Ludwika I nr 3, entered in the Business Register maintained by the District Court for Wrocław-Fabryczna, IX Commercial Division of the National Court Register under No. KRS 0000033013, of NIP (tax identification number): 692-000-40-86, holding paid-up share capital of PLN 73,647,000.00 ("**Dominet**").

1.2 THE LEGAL BASIS AND MANNER OF THE MERGER

The Merger will be executed pursuant to Article 492 § 1 item 1 of KSH by transferring all Dominet's assets over to Fortis in exchange for 5,243,532 Series L ordinary bearer shares of PLN 30 nominal value each, which Fortis will give to Dominet's shareholder ("**Merger Issue Shares**").

As a result of the Merger, Fortis will acquire all rights and obligations of Dominet while Dominet will be dissolved without conducting any liquidation proceedings, on the day the share capital increase of Fortis is registered as a result of the issuance of the Merger Issue Shares.

The transfer of Dominet's assets will take place on the date of entering the Merger into the Business Register maintained by the Registration Court competent for Fortis registered office. On the same day, the Fortis share capital increase resulting from the issuance of Merger Issue Shares will be registered.

Fortis will undertake actions aimed at admission and introduction of the Merger Issue Shares into trading on the Warsaw Stock Exchange ("**GPW**"). In particular, Fortis will file an appropriate application to the Polish Financial Supervision Authority ("**KNF**") along with an information document prepared pursuant to relevant law provisions. Furthermore, Fortis will enter into an agreement on the registration of the Merger Issue Shares in the National

Depository of Securities ("KDPW") and will file the application to the GPW Management Board for admission and introduction of the Merger Issue Shares into trading on the regulated market.

In connection with the above, a resolution of the General Meeting of Fortis regarding the Merger of the Companies will include also granting a power of attorney to Fortis Board of Executives to enter into an agreement on registration of the Merger Issue Shares in the KDPW and on the share dematerialisation, likewise to apply for admission and introduction of the Merger Issue Shares into trading on the GPW.

2 ECONOMIC JUSTIFICATION OF THE MERGER

2.1 PRIMARY JUSTIFICATION OF THE MERGER

The basic reason why the Merger of Fortis and Dominet is effected is the creation of a universal bank which is active in all the market segments and has a dense nationwide sales network.

The Board of Executives expects that the Merger process realisation should bring significant value for shareholders thanks to synergy effects of anticipated income and costs resulting from the merger of operating activity of both banks.

The Merger of Fortis and Dominet fulfils the commitment towards Banking Supervisory Authority made at the time of purchase of Dominet shares by the Fortis Group.

2.2 ADVANTAGES OF THE MERGER

It is expected that the merger will bring the following advantages:

a) Improvement of competitive position

The Merger of both banks will improve the competitive position thanks to product synergy of Fortis and Dominet offering. The strategic aim of the Merger is to optimize the services rendered by both banks and to make them complementary after the Merger in each market segment (through cross-selling). Moreover, the Bank will further develop Retail Banking and will strengthen its position in Commercial Banking.

Synergy of product portfolios together with implementation of coherent client segmentation policy will enable the Bank to strengthen its market position and increase its market share in the Retail Banking segment. The merged Bank will combine modern product offer of Fortis with product availability typical of Dominet brand.

b) Expansion of distribution channels, increase in assets and scale of activity

The Merger of the existing branch networks of two separate entities as well as their further development, supported by electronic banking and call-center services, will lead to distribution network development and increased availability of product offer for clients of the merged Bank.

Furthermore, the Merger of branch networks will ensure the universality of services provided by branches and sub-branches of the merged Bank, yet it will also enable the Bank to offer an adequate portfolio of services tailored to specific segment of customers: small and medium enterprises or individuals.

Market strategy of the combined bank will allow for increasing the market share both in terms of the number of clients and value of assets.

c) integration of IT systems

As a result of the merger of Fortis and Dominet, operational IT systems to service customers of the combined bank will be unified to reduce management and maintenance costs.

d) optimisation of administrative costs by the following:

- Reduction of management costs by the unification of the management and administration organisation,
- Unification of the human resources management – development of a shared management system of human resources in the combined entity.
- Reduction of advertising and marketing costs by the coordination of marketing actions and running joint advertisement campaigns likewise the management of brand (brands) of the combined bank,

e) increased attractiveness for investors

As a result of the Merger, the Acquirer's capitalisation will grow which, considering the planned increase of Fortis share freefloat at the GPW, should translate into a higher attractiveness of the combined bank for investors.

3 SHARE EXCHANGE PARITY

3.1 SHARE EXCHANGE PARITY

Management Boards of the merging Companies have decided that the exchange parity of Dominet's shares into Fortis shares is as follows: for 73,647 (in words: seventy three thousand six hundred forty seven) shares of Dominet, the Dominet's shareholder will be given 5,243,532 (in words: five million two hundred forty three thousand five hundred and thirty two) Merger Issue Shares ("**Exchange Parity**").

As a consequence, the share capital of Fortis will be increased by PLN 157,305,960 up to PLN 660,441,360 through the issuance of the Merger Issue Shares.

3.2 THE METHODOLOGY APPLIED TO DETERMINE THE EXCHANGE PARITY

Market values of Fortis and Dominet were estimated using the following valuation methods:

- adjusted net asset value method;
- market multiples method (market approach);
- transaction multiples methods (market approach).

3.3 OPINION REGARDING THE EXCHANGE PARITY

In the appraisal of values of the Companies that merge and the determination of the Exchange Parity, management boards of the Companies relied on the recommendation regarding the Exchange Parity prepared by an independent expert - PricewaterhouseCoopers Sp. z o.o. based in Warsaw.

4 RECOMMENDATION OF THE BOARD OF EXECUTIVES

Considering the above, Fortis Board of Executives hereby recommends the Merger of Fortis and Dominet as presented in this Report, likewise the adoption of a resolution on the Companies' Merger, to Fortis Shareholders.

This Report was approved by Resolution no. 9/2009 of the Fortis Bank Polska SA Board of Executives dated 05 March 2009.