

Quarterly report for the 1st quarter of 2004

SAB - Q I/2004 Form (for banks)

Pursuant to § 57, section 1, item 1 of the Council of Ministers Ordinance dated October 16, 2001 (Journal of Laws No. 139/2001, item 1569 and No. 31/2002, item 280)

The Board of Executives of Fortis Bank Polska SA
hereby releases the quarterly report for the 1st quarter of 2004May 5th, 2004
(date of submission)

SELECTED FINANCIAL DATA (current year)	PLN '000		EUR '000	
	1st quarter YTD	1st quarter YTD	1st quarter YTD	1st quarter YTD
	from Jan. 1, 2004 to March 31, 2004	from Jan. 1, 2003 to March 31, 2003	from Jan. 1, 2004 to March 31, 2004	from Jan. 1, 2003 to March 31, 2003
I. Interest income	60 058	55 678	12 528	13 109
II. Fee and commission income	17 784	17 577	3 710	4 138
III. Result on banking activity	63 288	54 237	13 202	12 770
IV. Net operating result	17 341	10 424	3 617	2 454
V. Gross profit (loss)	17 341	10 424	3 617	2 454
VI. Net profit (loss)	15 131	7 020	3 156	1 653
VII. Net cash flow from operating activity	(528 798)	(36 550)	(110 308)	(8 605)
VIII. Net cash flow from investing activity	(65 114)	171 903	(13 583)	40 473
IX. Net cash flow from financial activity	663 054	10 360	138 314	2 439
X. Net cash flow	69 142	145 713	14 423	34 307
XI. Total assets	4 913 254	4 011 594	1 035 350	910 650
XII. Due to the Central Bank				
XIII. Due to other financial institutions	1 707 409	1 138 671	359 795	258 483
XIV. Due to customers and budget sector	2 431 322	2 135 305	512 343	484 724
XV. Own equity	527 822	526 358	111 226	119 486
XVI. Share capital	30 155	30 155	6 354	6 845
XVII. Number of shares	15 077 700	15 077 700	15 077 700	15 077 700
XVIII. Book value per share (in PLN/EUR)	35.01	34.91	7.38	7.92
XIX. Diluted book value per share (in PLN/EUR)				
XX. Capital adequacy ratio	12.20	19.64	12.20	19.64
XXI. Profit (loss) per ordinary share (in PLN/EUR)	2.93	2.14	0.61	0.50
XXII. Diluted profit (loss) per ordinary share (in PLN/EUR)				
XXIII. Declared or paid-out dividend per ordinary share (in PLN/EUR)		2.00		0.47

BALANCE-SHEET (PLN'000)	31.03.2004 end of the quarter (current year)	31.12.2003 end of the previous quarter (current year)	31.03.2003 end of the quarter (previous year)	31.12.2002 end of the previous quarter (previous year)
ASSETS				
I. Cash and due from the Central Bank	109 457	185 908	175 503	248 987
II. Treasury bills and other bills eligible for refinancing with the Central Bank				
III. Due from other financial institutions	585 120	372 932	881 516	496 359
1. Current	292 843	147 250	461 516	242 319
2. Term	292 277	225 682	420 000	254 040
IV. Due from customers	3 383 459	3 243 325	2 388 022	2 172 175
1. Current	664 047	608 686	543 352	473 905
2. Term	2 719 412	2 634 639	1 844 670	1 698 270
V. Due from budget sector	82	89	1 181	1 308
1. Current				
2. Term	82	89	1 181	1 308
VI. Securities purchased under resale agreements				
VII. Debt securities	620 131	572 342	415 262	679 744
VIII. Shares and investments in subsidiaries	58 973	58 084	6 653	6 572
IX. Shares and investments in sister companies				
X. Shares and investments in associated entities				
XI. Minority investments	53	52	49	45
XII. Other securities and other financial assets	4 988	1 579		3 416
XIII. Intangible fixed assets, incl. - goodwill	10 471	12 587	13 107	14 459
XIV. Tangible fixed assets	48 330	51 086	58 478	64 411
XV. Other assets	64 667	63 256	28 754	15 022
1. Seized assets for sale				
2. Others	64 667	63 256	28 754	15 022

XVI. Prepayments and accrued income	27 523	24 734	43 069	42 665
1. Deferred income tax	21 033	18 621	36 813	37 050
2. Other prepayments and accrued income	6 490	6 113	6 256	5 615
Total assets	4 913 254	4 585 974	4 011 594	3 745 163
LIABILITIES				
I. Due to the Central Bank				
II. Due to other financial institutions	1 707 409	1 398 993	1 138 671	759 946
1. Current	410 030	523 833	281 926	13 981
2. Term	1 297 379	875 160	856 745	745 965
III. Due to customers	2 400 898	2 473 541	2 100 380	2 280 289
1. Savings:				
a) Demand				
b) Term				
2. Others:	2 400 898	2 473 541	2 100 380	2 280 289
a) Current	1 090 325	1 158 846	842 380	923 946
b) Term	1 310 573	1 314 695	1 258 000	1 356 343
IV. Due to budget sector	30 424	21 242	34 925	26 913
a) Current	8 545	9 577	5 589	10 850
b) Term	21 879	11 665	29 336	16 063
V. Securities sold under repurchase agreements				
VI. Debt securities issued				
1. Short-term				
2. Long-term				
VII. Other liabilities in respect of financial instruments	3 669	1 093	1 401	
VIII. Special funds and other liabilities	121 562	65 223	105 547	62 072
IX. Accruals and deferred income	113 314	105 652	95 346	84 943
1. Settlement of accrued expenses	10 910	10 524	9 694	7 648
2. Negative goodwill				
3. Other accruals and deferred income	102 404	95 128	85 652	77 295
X. Provisions	8 156	6 875	8 966	11 348
1. Provision for corporate income tax	6 551	5 083	7 438	8 505
2. Other provisions	1 605	1 792	1 528	2 843
a. Short-term				
b. Long-term	1 605	1 792	1 528	2 843
XI. Subordinated debt				
XII. Share capital	30 155	30 155	30 155	30 155
XIII. Unpaid contribution to share capital (negative value)				
XIV. Own shares (negative value)				
XV. Reserve capital	349 534	349 534	352 244	352 244
XVI. Revaluation reserve	(8 000)	(7 336)	1 697	2 011
XVII. Other reserve capital	97 281	97 281	96 062	96 062
XVIII. Retained earnings (uncovered loss) from prior years	43 721	7 700	39 180	7 805
XIX. Net profit (loss)	15 131	36 021	7 020	31 375
Total liabilities	4 913 254	4 585 974	4 011 594	3 745 163
Capital Adequacy Ratio	12.20	12.09	19.64	20.70
Net book value	527 822	513 355	526 358	519 652
Number of shares	15 077 700	15 077 700	15 077 700	15 077 700
Net book value per share (in PLN)	35.01	34.05	34.91	34.46
Diluted number of shares				
Diluted book value per share (in PLN)				

OFF - BALANCE SHEET ITEMS	31.03.2004 end of the quarter (current year)	31.12.2003 end of the previous quarter (current year)	31.03.2003 end of the quarter (previous year)	31.12.2002 end of the previous quarter (previous year)
I. Contingent liabilities and assets:	2 568 239	1 924 276	1 368 998	1 350 573
1. Contingent liabilities granted:	1 158 121	1 190 715	1 003 900	891 105
a) lending commitments	960 196	1 025 886	846 351	769 491
b) guarantees	197 925	164 829	157 549	121 614
2. Contingent assets received:	1 410 118	733 561	365 098	459 468
a) lending commitments	1 212 740	538 324	241 075	335 889
b) guarantees	197 378	195 237	124 023	123 579
II. Commitments resulting from sale/purchase transactions	2 754 325	4 628 496	2 580 645	2 101 956
III. Others, including:	588 632	462 954		
- liabilities due to FX deposit transactions	11 644	11 222		
- speculative derivatives	276 988	151 732		
- hedging derivatives	300 000	300 000		
TOTAL	5 911 196	7 015 726	3 949 643	3 452 529

PROFIT AND LOSS STATEMENT	1st quarter YTD (current year) from Jan. 1, 2004 to March 31, 2004	1st quarter YTD (previous year) from Jan. 1, 2003 to March 31, 2003
I. Interest income	60 058	55 678
II. Interest expense	25 669	27 099
III. Net interest income(I-II)	34 389	28 579
IV. Fee and commission income	17 784	17 577
V. Fee and commission expense	2 763	2 566
VI. Net fee and commission income (IV-V)	15 021	15 011
VII. Income on shares, securities and other financial instruments with variable yield		
1. From subsidiaries		
2. From sister companies		
3. From associated entities		
4. From other entities		
VIII. Net result on financial transactions	1 874	228
IX. Net result on FX differences	12 004	10 419
X. Result on banking activity	63 288	54 237
XI. Other operating income	1 084	1 469
XII. Other operating expenses	614	1 908
XIII. General expenses	34 909	33 552
XIV. Depreciation of tangible&intangible fixed assets	6 333	7 164
XV. Charges to provisions and revaluation	9 479	10 607
1. Specific provisions and general risk reserve	9 479	10 607
2. Revaluation of financial assets		
XVI. Release of provisions and other decreases in respect of revaluation	4 304	7 949
1. Release of specific provisions and general risk reserve	4 304	7 949
2. Revaluation of financial assets		
XVII. Net charges to/release of provisions and revaluation (XV- XVI)	(5 175)	(2 658)
XVIII. Operating profit	17 341	10 424
XIX. Extraordinary gains/losses, net		
1. Extraordinary gains		
2. Extraordinary losses		
XX. Profit (loss) before taxation	17 341	10 424
XXI. Corporate income tax	3 196	3 463
1. current	4 007	4 198
2. deferred	(811)	(735)
XXII. Other mandatory charges to profit (loss)		
XXIII. Share in net profit (loss) of subsidiaries estimated by ownership rights	986	59
XXIV. Net profit (loss)	15 131	7 020
Net profit (loss) (for 12 months)	44 132	32 219
Weighted average number of ordinary shares	15 077 700	15 077 700
Net profit (loss) per ordinary share (in PLN)	2.93	2.14
Weighted average of estimated number of ordinary shares		
Diluted net profit (loss) per ordinary share (in PLN)		

MOVEMENTS IN OWN EQUITY	1st quarter YTD	1st quarter YTD
	(current year)	(previous year)
	from Jan. 1, 2004 to March 31, 2004	from Jan. 1, 2003 to March 31, 2003
I. Opening balance of own equity	516 176	519 652
a) Changes in adopted accounting principles (policy)	(2 821)	
b) Correction of material errors		
I.a. Opening balance of own equity after reclassification to confirm with current year presentation	513 355	519 652
1. Opening balance of share capital	30 155	30 155
1.1. Movements in share capital		
a) increases (in respect of)		
- issue of shares		
b) decreases (in respect of)		
- redemption of shares		
1.2. Closing balance of share capital	30 155	30 155
2. Opening balance of unpaid contribution to share capital		
2.1. Movements in unpaid contributions to share capital		
a) increases		
b) decreases		
2.2. Closing balance of unpaid contribution to share capital		
3. Opening balance of own shares		
a) increases		
b) decreases		
3. Closing balance of own shares		
4. Opening balance of reserve capital	349 534	352 244
4.1. Movements in reserve capital		
a) increases (in respect of)		
- issuance of shares above their par value		
- profit distribution (mandatory)		
- distribution of profit (voluntary)		
- sale and liquidation of fixed assets		
b) decreases (in respect of)		
- sale and liquidation of fixed assets		
4.2. Closing balance of reserve capital	349 534	352 244
5. Opening balance of revaluation reserve	(7 336)	2 011
5.1. Movements in revaluation reserve	(664)	(314)
a) increases (in respect of)	2 037	207
- valuation of securities available for sale	1 566	84
- valuation of shares in subsidiaries	80	
- deferred tax	391	123
b) decreases (in respect of)	(2 701)	(521)
- sale of fixed assets		
- liquidation of fixed assets		
- valuation of securities available for sale	(2 267)	(514)
- valuation of shares in subsidiaries	(176)	
- deferred tax	(258)	(7)
5.2. Closing balance of revaluation reserve	(8 000)	1 697
6. Opening balance of General Risk Fund	80 263	79 044
6.1. Movements in General Risk Fund		
a) increases (in respect of)		
- profit distribution		
b) decreases (in respect of)		
6.2. Closing balance of General Risk Fund	80 263	79 044
7. Opening balance of other reserve capital	17 018	17 018
7.1. Movements in other reserve capital		
a) increases (in respect of)		
b) decreases (in respect of)		
7.2. Closing balance of other reserve capital	17 018	17 018
8. Opening balance of undistributed profit (uncovered loss) from prior year		
	43 721	39 180
8.1. Opening balance of undistributed profit from prior years	46 542	41 896
a) changes in adopted accounting principles (policy)		
b) corrections of material errors		
8.2. Opening balance of undistributed profit from prior year after reclassification to confirm with current year presentation	46 542	41 896
8.3. Movements in undistributed profit from prior years		
a) increases (in respect of)		

- profit distribution		
b) decreases (in respect of)		
- profit distribution		
8.4. Closing balance of undistributed profit from prior years	46 542	41 896
8.5. Opening balance of uncovered loss from prior years	(2 821)	(2 716)
a) changes in adopted accounting principles (policy)		
b) corrections of material errors		
8.6. Opening balance of uncovered loss from prior years, after reclassification to confirm with current year presentation	(2 821)	(2 716)
8.7. Movements in uncovered loss from prior years		
a) increases (in respect of)		
- loss for covering		
b) decreases (in respect of)		
- loss covering from the reserve capital		
8.8. Closing balance of uncovered loss from prior years	(2 821)	(2 716)
8.9. Closing balance of undistributed profit or uncovered loss from prior years		
	43 721	39 180
9. Net income	15 131	7 020
a) net profit	15 131	7 020
b) net loss		
II. Closing balance of own equity	527 822	526 358
III. Closing balance of own equity, including the proposed profit distribution (loss covering)	527 822	496 203

CASH FLOW STATEMENT	1st quarter YTD (current year)	1st quarter YTD (previous year)
	from Jan. 1, 2004 to March 31, 2004	from Jan. 1, 2003 to March 31, 2003
A. CASH FLOW FROM OPERATING ACTIVITY (I +/- II) - indirect method		
I. Net profit (loss)	(528 798)	(36 550)
II. Adjustments for:	(543 929)	(43 570)
1. Share in net profit (loss) of subsidiaries estimated by ownership rights	(986)	(59)
2. Depreciation	6 333	7 164
3. Foreign exchange gains/(losses)	(66 314)	56 474
4. Interest and dividends received and paid	2 251	(1 616)
5. Profit (loss) on investments	(177)	(4 154)
6. Change in other reserves	6 624	(9 280)
7. Change in debt securities held	9 013	100 301
8. Change in amounts due from financial sector	(66 614)	(166 006)
9. Change in amounts due from customers and budget sector	(145 451)	(208 776)
10. Change in securities purchased under resale agreements		
11. Change in shares, securities and other financial instruments with variable yield	(3 410)	3 416
12. Change in amounts due to financial sector	(290 717)	311 878
13. Change in amounts due to customers and budget sector	(63 461)	(171 897)
14. Change in securities sold under repurchase agreements		
15. Change in securities issued		
16. Change in other liabilities	56 494	42 943
17. Change in interperiod settlements	(2 403)	1 620
18. Change in deferred income	7 276	8 357
19. Other items	7 613	(13 935)
III. Net cash flow from operating activity (I +/- II)	(528 798)	(36 550)
B. CASH FLOW FROM INVESTING ACTIVITY (I-II)		
I. Cash inflows from investing activity	410 215	811 476
1. Sale of shares in subsidiaries		
2. Sale of shares in sister companies		
3. Sale of shares in associated entities		
4. Sale of other shares, securities and financial assets	409 252	797 555
5. Sale of tangible and intangible fixed assets	6	83
6. Sale of investments in real estates and intangible assets		
7. Other inflows	957	13 838
II. Cash outflows from investing activity	(475 329)	(639 573)
1. Purchase of shares in subsidiaries		
2. Purchase of shares in sister companies		
3. Purchase of shares in associates		
4. Purchase of other shares, securities and financial assets	(473 821)	(639 043)
5. Purchase of tangible and intangible fixed assets	(1 508)	(516)
6. Investments in real estates and intangible assets		

7. Other outflows		(14)
III. Net cash flow from investing activity (I +/- II)	(65 114)	171 903
C. CASH FLOW FROM FINANCIAL ACTIVITY (I-II)		
I. Cash inflows from financial activity	1 180 198	10 373
1. Long-term loans from other banks	1 180 198	
2. Long-term loans from other financial institution		10 373
3. Issue of debt securities		
4. Increase in subordinated debt		
5. Net inflows from issuance of own shares and additional payments to share capital		
6. Other inflows		
II. Cash outflows from financial activity	(517 144)	(13)
1. Repayment of long-term loans contracted from other banks	(502 954)	
2. Repayment of long-term loans contracted from non-bank financial institutions	(11 751)	
3. Redemption of debt securities		
4. Other financial liabilities		
5. Payment of liabilities under financial lease agreements		
6. Decrease in subordinated debt		
7. Payment of dividends and other payments to owners		
8. Other payments (not to owners) related to profit distribution		
9. Purchase of own shares		
10. Other outflows	(2 439)	(13)
III. Net cash flow from financial activity (I +/- II)	663 054	10 360
D. NET CASH FLOW (AIII+/-BIII+/-CIII)	69 142	145 713
E. CHANGE IN CASH IN BALANCE-SHEET	69 142	145 713
- including changes in cash arising from exchange rate differences	6 177	6 334
F. CASH AT THE BEGINNING OF THE REPORTING PERIOD	333 158	491 306
G. CASH AT THE END OF THE REPORTING PERIOD (F+/- D)	402 300	637 019
- including cash with restricted option of use		

Descriptive information specified in § 61 sections 3 and 4 of the Council of Ministers Ordinance dated October 16, 2001 (Journal of Laws No. 139/2001, item 1569 as amended) and the Ordinance dated March 19, 2002 regarding reports (Journal of Laws No. 31/2002, item 280) is presented in an enclosure hereto.

**Signature of the company's
representative(s)**

Ronald Richardson, President of the Board of Executives

**Signature of the person responsible
for the company's accounting**

Jan Bujak, Vice-President of the Board of Executives
Chief Financial Officer