

Quarterly report for the 2nd quarter of 2004

SAB - Q II/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 2nd quarter of 2004August 3, 2004
(date of submission)

SELECTED FINANCIAL DATA (current year)	PLN '000		EUR '000	
	2nd quarter YTD	2nd quarter YTD	2nd quarter YTD	2nd quarter YTD
	from Jan. 1, 2004 to June 30, 2004	from Jan. 1, 2003 to June 30, 2003	from Jan. 1, 2004 to June 30, 2004	from Jan. 1, 2003 to June 30, 2003
I. Interest income	128 419	108 315	27 143	25 125
II. Fee and commission income	38 932	36 888	8 229	8 557
III. Result on banking activity	138 799	109 884	29 337	25 489
IV. Net operating result	43 703	21 307	9 237	4 942
V. Gross profit (loss)	43 703	21 307	9 237	4 942
VI. Net profit (loss)	38 050	17 250	8 042	4 001
VII. Net cash flow from operating activity	(242 711)	(212 544)	(51 301)	(49 303)
VIII. Net cash flow from investing activity	(159 388)	229 309	(33 689)	53 191
IX. Net cash flow from financial activity	767 025	10 273	162 123	2 383
X. Net cash flow	364 926	27 038	77 133	6 272
XI. Total assets	5 161 836	4 161 014	1 136 418	933 591
XII. Due to the Central Bank				
XIII. Due to other financial institutions	1 813 187	1 242 870	399 187	278 858
XIV. Due to customers and budget sector	2 604 315	2 132 104	573 360	478 372
XV. Own equity	546 736	506 299	120 368	113 596
XVI. Share capital	30 155	30 155	6 639	6 766
XVII. Number of shares	15 077 700	15 077 700	15 077 700	15 077 700
XVIII. Book value per share (in PLN/EUR)	36.26	33.58	7.98	7.53
XIX. Diluted book value per share (in PLN/EUR)				
XX. Capital adequacy ratio	13.02	14.99	13.02	14.99
XXI. Profit (loss) per ordinary share (in PLN/EUR)	3.77	1.96	0.80	0.46
XXII. Diluted profit (loss) per ordinary share (in PLN/EUR)				
XXIII. Declared or paid-out dividend per ordinary share (in PLN/EUR)		2.00		0.46

BALANCE-SHEET (PLN'000)	30.06.2004 end of the quarter (current year)	31.03.2004 end of the previous quarter (current year)	30.06.2003 end of the quarter (previous year)	31.03.2003 end of the previous quarter (previous year)
ASSETS				
I. Cash and due from the Central Bank	70 185	109 457	166 463	175 503
II. Treasury bills and other bills eligible for refinancing with the Central Bank				
III. Due from other financial institutions	898 998	585 120	743 271	881 516
1. Current	627 899	292 843	351 881	461 516
2. Term	271 099	292 277	391 390	420 000
IV. Due from customers	3 396 465	3 383 459	2 614 312	2 388 022
1. Current	742 442	664 047	537 821	543 352
2. Term	2 654 023	2 719 412	2 076 491	1 844 670
V. Due from budget sector	77	82	4	1 181
1. Current				
2. Term	77	82	4	1 181
VI. Securities purchased under resale agreements				
VII. Debt securities	617 671	620 131	397 683	415 262
VIII. Shares and investments in subsidiaries	59 272	58 973	57 061	6 653
IX. Shares and investments in sister companies				
X. Shares and investments in associated entities				
XI. Minority investments	50	53	50	49
XII. Other securities and other financial assets	11 215	4 988		
XIII. Intangible fixed assets, incl. - goodwill	9 621	10 471	14 556	13 107
XIV. Tangible fixed assets	46 260	48 330	55 128	58 478
XV. Other assets	19 597	64 667	71 003	28 754
1. Seized assets for sale				
2. Others	19 597	64 667	71 003	28 754
XVI. Prepayments and accrued income	32 425	27 523	41 483	43 069

1. Deferred income tax	26 815	21 033	35 360	36 813
2. Other prepayments and accrued income	5 610	6 490	6 123	6 256
Total assets	5 161 836	4 913 254	4 161 014	4 011 594
LIABILITIES				
I. Due to the Central Bank				
II. Due to other financial institutions	1 813 187	1 707 409	1 242 870	1 138 671
1. Current	491 924	410 030	435 470	281 926
2. Term	1 321 263	1 297 379	807 400	856 745
III. Due to customers	2 566 570	2 400 898	2 105 766	2 100 380
1. Savings:				
a) Demand				
b) Term				
2. Others:	2 566 570	2 400 898	2 105 766	2 100 380
a) Current	1 337 969	1 090 325	916 914	842 380
b) Term	1 228 601	1 310 573	1 188 852	1 258 000
IV. Due to budget sector	37 745	30 424	26 338	34 925
a) Current	8 827	8 545	6 389	5 589
b) Term	28 918	21 879	19 949	29 336
V. Securities sold under repurchase agreements				
VI. Debt securities issued				
1. Short-term				
2. Long-term				
VII. Other liabilities in respect of financial instruments	13 414	3 669	5 593	1 401
VIII. Special funds and other liabilities	58 110	121 562	162 750	105 547
IX. Accruals and deferred income	115 013	113 314	103 451	95 346
1. Settlement of accrued expenses	12 400	10 910	10 491	9 694
2. Negative goodwill				
3. Other accruals and deferred income	102 613	102 404	92 960	85 652
X. Provisions	11 061	8 156	7 947	8 966
1. Provision for corporate income tax	7 441	6 551	7 462	7 438
2. Other provisions	3 620	1 605	485	1 528
a. Short-term				
b. Long-term	3 620	1 605	485	1 528
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	349 539	349 534	349 528	352 244
XVI. Revaluation reserve	(12 100)	(8 000)	1 564	1 697
XVII. Other reserve capital	129 281	97 281	97 281	96 062
XVIII. Retained earnings (uncovered loss) from prior years	11 811	43 721	10 521	39 180
XIX. Net profit (loss)	38 050	15 131	17 250	7 020
Total liabilities	5 161 836	4 913 254	4 161 014	4 011 594
Capital Adequacy Ratio	13.02	12.20	14.99	19.64
Net book value				
Number of shares	546 736	527 822	506 299	526 358
Net book value per share (in PLN)	15 077 700	15 077 700	15 077 700	15 077 700
Diluted number of shares	36.26	35.01	33.58	34.91
Diluted book value per share (in PLN)				

OFF - BALANCE SHEET ITEMS	30.06.2004 end of the quarter (current year)	31.03.2004 end of the previous quarter (current year)	30.06.2003 end of the quarter (previous year)	31.03.2003 end of the previous quarter (previous year)
I. Contingent liabilities and assets:	2 818 383	2 568 239	1 416 780	1 368 998
1. Contingent liabilities granted:	1 218 766	1 158 121	996 750	1 003 900
a) lending commitments	997 778	960 196	865 768	846 351
b) guarantees	220 988	197 925	130 982	157 549
2. Contingent assets received:	1 599 617	1 410 118	420 030	365 098
a) lending commitments	1 067 552	1 212 740	298 222	241 075
b) guarantees	532 065	197 378	121 808	124 023
II. Commitments resulting from sale/purchase transactions	2 289 612	2 754 325	2 866 009	2 580 645
III. Others, including:	1 371 653	588 632	55 261	
- liabilities due to FX deposit transactions	45 422	11 644	55 261	
- speculative derivatives	1 026 231	276 988		
- hedging derivatives	300 000	300 000		
TOTAL	6 479 648	5 911 196	4 338 050	3 949 643

PROFIT AND LOSS STATEMENT	2nd quarter (current year) from April 1, 2004 to June 30, 2004	2nd quarter YTD from Jan. 1, 2004 to June 30, 2004	2nd quarter (previous year) from April 1, 2003 to June 30, 2003	2nd quarter YTD from Jan. 1, 2003 to June 30, 2003
I. Interest income	68 361	128 419	52 637	108 315
II. Interest expense	26 507	52 176	24 419	51 518
III. Net interest income(I-II)	41 854	76 243	28 218	56 797
IV. Fee and commission income	21 148	38 932	19 311	36 888
V. Fee and commission expense	3 006	5 769	3 236	5 802
VI. Net fee and commission income (IV-V)	18 142	33 163	16 075	31 086
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	(2 114)	(240)	360	588
IX. Net result on FX differences	17 629	29 633	10 994	21 413
X. Result on banking activity	75 511	138 799	55 647	109 884
XI. Other operating income	2 057	3 141	1 691	3 160
XII. Other operating expenses	1 277	1 891	760	2 668
XIII. General expenses	38 203	73 112	35 831	69 383
XIV. Depreciation of tangible&intangible fixed assets	5 581	11 914	6 592	13 756
XV. Charges to provisions and revaluation	10 561	20 040	23 391	33 998
1. Specific provisions and general risk reserve	10 561	20 040	23 391	33 998
2. Revaluation of financial assets				
XVI. Release of provisions and other decreases in respect of revaluation	4 416	8 720	20 119	28 068
1. Release of specific provisions and general risk reserve	4 416	8 720	20 119	28 068
2. Revaluation of financial assets				
XVII. Net charges to/release of provisions and revaluation (XV- XVI)	(6 145)	(11 320)	(3 272)	(5 930)
XVIII. Operating profit	26 362	43 703	10 883	21 307
XIX. Extraordinary gains/losses, net				
1. Extraordinary gains				
2. Extraordinary losses				
XX. Profit (loss) before taxation	26 362	43 703	10 883	21 307
XXI. Corporate income tax	4 509	7 705	951	4 414
1. current	7 547	11 554	(465)	3 733
2. deferred	(3 038)	(3 849)	1 416	681
XXII. Other mandatory charges to profit (loss)				
XXIII. Share in net profit (loss) of subsidiaries estimated by ownership rights	1 066	2 052	298	357
XXIV. Net profit (loss)	22 919	38 050	10 230	17 250
Net profit (loss) (for 12 months)	56 821		29 617	
Weighted average number of ordinary shares	15 077 700		15 077 700	
Net profit (loss) per ordinary share (in PLN)	3.77		1.96	
Weighted average of estimated number of ordinary shares				
Diluted net profit (loss) per ordinary share (in PLN)				

MOVEMENTS IN OWN EQUITY	2nd quarter (current year) from April 1, 2004 to June 30, 2004	2nd quarter YTD from Jan. 1, 2004 to June 30, 2004	2nd quarter (previous year) from April 1, 2003 to June 30, 2003	2nd quarter YTD from Jan. 1, 2003 to June 30, 2003
I. Opening balance of own equity	527 822	516 086	526 358	519 652
a) Changes in adopted accounting principles (policy)	90	(2 731)		
b) Correction of material errors				
I.a. Opening balance of own equity after reclassification to confirm with current year presentation	527 912	513 355	526 358	519 652
I. Opening balance of share capital	30 155	30 155	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	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	349 534	352 244	352 244
4.1. Movements in reserve capital	5	5	(2 716)	(2 716)
a) increases (in respect of)	5	5		
- issuance of shares above their par value				
- profit distribution (mandatory)				
- distribution of profit (voluntary)				
- sale and liquidation of fixed assets	5	5		
b) decreases (in respect of)			(2 716)	(2 716)
- sale and liquidation of fixed assets				
- covering financial effects of the amendments to the Accounting Act			(2 716)	(2 716)
4.2. Closing balance of reserve capital	349 539	349 539	349 528	349 528
5. Opening balance of revaluation reserve	(8 000)	(7 336)	1 697	2 011
5.1. Movements in revaluation reserve	(4 100)	(4 764)	(133)	(447)
a) increases (in respect of)	2 612	4 649	782	989
- valuation of securities available for sale	1 080	2 646	578	662
- valuation of shares in subsidiaries	114	194		
- deferred tax	1 418	1 809	204	327
b) decreases (in respect of)	(6 712)	(9 413)	(915)	(1 436)
- sale of fixed assets				
- liquidation of fixed assets	(5)	(5)		
- valuation of securities available for sale	(5 621)	(7 888)	(759)	(1 273)
- valuation of shares in subsidiaries	(881)	(1 057)		
- deferred tax	(205)	(463)	(156)	(163)
5.2. Closing balance of revaluation reserve	(12 100)	(12 100)	1 564	1 564
6. Opening balance of General Risk Fund	80 263	80 263	79 044	79 044
6.1. Movements in General Risk Fund	32 000	32 000	1 219	1 219
a) increases (in respect of)	32 000	32 000	1 219	1 219
- profit distribution	32 000	32 000	1 219	1 219
b) decreases (in respect of)				
6.2. Closing balance of General Risk Fund	112 263	112 263	80 263	80 263
7. Opening balance of other reserve capital	17 018	17 018	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	17 018	17 018
8. Opening balance of undistributed profit (uncovered loss) from prior year	58 942	43 811	46 200	39 180
8.1. Opening balance of undistributed profit from prior years	61 673	46 542	48 916	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	61 673	46 542	48 916	41 896
8.3. Movements in undistributed profit from prior years	(32 000)	(32 000)	(31 375)	(31 375)
a) increases (in respect of)				

- profit distribution				
b) decreases (in respect of)	(32 000)	(32 000)	(31 375)	(31 375)
- profit distribution	(32 000)	(32 000)	(31 375)	(31 375)
8.4. Closing balance of undistributed profit from prior years	29 673	14 542	17 541	10 521
8.5. Opening balance of uncovered loss from prior years	(2 731)	(2 731)	(2 716)	(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	(2 731)	(2 731)	(2 716)	(2 716)
8.7. Movements in uncovered loss from prior years			2 716	2 716
a) increases (in respect of)				
- loss for covering				
b) decreases (in respect of)			2 716	2 716
- loss covering from the reserve capital			2 716	2 716
8.8. Closing balance of uncovered loss from prior years	(2 731)	(2 731)		
8.9. Closing balance of undistributed profit or uncovered loss from prior years	26 942	11 811	17 541	10 521
9. Net income	22 919	38 050	10 230	17 250
a) net profit	22 919	38 050	10 230	17 250
b) net loss				
II. Closing balance of own equity	546 736	546 736	506 299	506 299
III. Closing balance of own equity, including the proposed profit distribution (loss covering)	546 736	546 736	506 299	506 299

CASH FLOW STATEMENT	2nd quarter	2nd quarter	2nd quarter	2nd quarter
	(current year) from April 1, 2004 to June 30, 2004	YTD from Jan. 1, 2004 to June 30, 2004	(previous year) from April 1, 2003 to June 30, 2003	YTD from Jan. 1, 2003 to June 30, 2003
A. CASH FLOW FROM OPERATING ACTIVITY (I +/- II) - indirect method	286 087	(242 711)	(156 815)	(212 544)
I. Net profit (loss)	22 919	38 050	10 230	17 250
II. Adjustments for:	263 168	(280 761)	(167 045)	(229 794)
1. Share in net profit (loss) of subsidiaries estimated by ownership rights	(1 066)	(2 052)	(298)	(357)
2. Depreciation	5 581	11 914	6 592	13 756
3. Foreign exchange gains/(losses)	7 693	(58 621)	(118 631)	(62 157)
4. Interest and dividends received and paid	4 875	7 126	4 247	2 631
5. Profit (loss) on investments	125	(52)	(6 147)	(10 301)
6. Change in other reserves	4 560	11 184	(4 392)	(13 672)
7. Change in debt securities held	83 647	92 660	(89 202)	11 099
8. Change in amounts due from financial sector	21 199	(45 415)	28 637	(137 369)
9. Change in amounts due from customers and budget sector	(14 677)	(160 128)	(221 899)	(430 675)
10. Change in securities purchased under resale agreements				
11. Change in shares, securities and other financial instruments with variable yield	(6 224)	(9 634)	(5)	3 411
12. Change in amounts due to financial sector	(10 848)	(301 565)	234 473	527 172
13. Change in amounts due to customers and budget sector	172 993	109 532	(3 201)	(175 098)
14. Change in securities sold under repurchase agreements				
15. Change in securities issued				
16. Change in other liabilities	(53 707)	2 787	27 932	70 875
17. Change in interperiod settlements	(2 972)	(5 375)	2 405	4 025
18. Change in deferred income	209	7 485	7 308	15 665
19. Other items	51 780	59 393	(34 864)	(48 799)
III. Net cash flow from operating activity (I +/- II)	286 087	(242 711)	(156 815)	(212 544)
B. CASH FLOW FROM INVESTING ACTIVITY (I-II)				
I. Cash inflows from investing activity	139 550	549 765	1 249 133	2 060 609
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	139 322	548 574	1 245 291	2 042 846
5. Sale of tangible and intangible fixed assets	27	33	494	577
6. Sale of investments in real estates and intangible assets				
7. Other inflows	201	1 158	3 348	17 186
II. Cash outflows from investing activity	(233 824)	(709 153)	(1 191 727)	(1 831 300)
1. Purchase of shares in subsidiaries			(50 000)	(50 000)
2. Purchase of shares in sister companies				
3. Purchase of shares in associates				
4. Purchase of other shares, securities and financial assets	(231 076)	(704 897)	(1 136 752)	(1 775 795)
5. Purchase of tangible and intangible fixed assets	(1 201)	(2 709)	(4 989)	(5 505)
6. Investments in real estates and intangible assets	(1 547)	(1 547)		
7. Other outflows			14	

III. Net cash flow from investing activity (I +/- II)	(94 274)	(159 388)	57 406	229 309
C.CASH FLOW FROM FINANCIAL ACTIVITY (I-II)				
I. Cash inflows from financial activity	108 932	1 289 130	7 540	17 913
1. Long-term loans from other banks	108 932	1 289 130		
2. Long-term loans from other financial institution			7 540	17 913
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	(4 961)	(522 105)	(26 806)	(7 640)
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	(4 961)	(7 400)	(7 627)	(7 640)
III. Net cash flow from financial activity (I +/- II)	103 971	767 025	(19 266)	10 273
D. NET CASH FLOW (AIII+/-BIII+/-CIII)	295 784	364 926	(118 675)	27 038
E. CHANGE IN CASH IN BALANCE-SHEET	295 784	364 926	(118 675)	27 038
- including changes in cash arising from exchange rate differences	(12 920)	(6 743)	(1 835)	4 499
F. CASH AT THE BEGINNING OF THE REPORTING PERIOD	402 300	333 158	637 019	491 306
G. CASH AT THE END OF THE REPORTING PERIOD (F+/- D)	698 084	698 084	518 344	518 344
- 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