

**BH SAB-Q 1<sup>st</sup> quarter****Selected balance sheet items**

(PLN'000, rounded to the nearest decimal)

<b>Selected balance sheet items</b>		
<b>Item</b>	<b>1<sup>st</sup> qr 1997</b>	<b>1<sup>st</sup> qr 1998</b>
Cash and due from the Central Bank	301 587.5	447 663.2
Due from other financial institutions, of which:	3 058 273.3	3 146 567.4
current receivables	275 297.5	233 946.5
term receivables	2 782 975.8	2 912 620.9
Due from customers, State and local budgets	6 565 914.5	8 747 273.9
Due to other financial institutions, of which:	8 118 025.1	6 472 712.1
current payables	633 243.5	835 571.9
term payables	7 484 781.6	5 637 140.2
Due to customers, State and local budgets	3 964 854.9	5 491 122.8
current payables	1 377 581.1	1 356 739.3
term payables	2 587 273.8	4 134 383.5
Equity and retained earnings, of which:	2 298 361.2	2 602 877.8
share capital	260 000.0	260 000.0
Capital adequacy ratio (%)	15.7	15.2
...		

## Selected items of the profit & loss account

(PLN' 000, rounded to the nearest decimal)

Selected items of the profit & loss account		
Item	1 <sup>st</sup> qr 1997	1 <sup>st</sup> qr 1998
Interest income	429 366.2	535 825.7
Interest expense	245 675.0	321 360.8
Fee and commission income	47 353.3	68 194.8
Fee and commission expense	6 551.2	7 606.1
Income from equity investment	85.0	0.0
Net profit on financial operations	15 851.6	15 331.1
Net profit on foreign exchange	71 897.4	59 431.6
Profit on banking activity	312 327.2	349 816.3
General expenses	89 136.9	114 423.7
Movement in provisions	12 465.9	5 118.4
Operating profit	227 009.1	228 112.9
Extraordinary (loses)/gains	(35.6)	( 3.0)
Profit (loss) before taxation	226 973.5	228 109.9
Corporate income tax	81 409.0	71 066.6
Other obligatory charges to profit (additions to loss)		
Net profit (loss)	145 564.5	157 043.3

## Selected items of the cash flow statement

(PLN' 000, rounded to the nearest decimal)

Selected items of the cash flow statement		
Item	1 <sup>st</sup> qr 1997	1 <sup>st</sup> qr 1998
Depreciation	12 308.2	16 352.0
Net cash from operating activity	1 359 094.1	(421 018.1)
Net cash from investment activity	(1 401 832.4)	95 680.1
Net cash from financial activity	(286.1)	119 725.4
...		

## Additional items for the consolidated quarterly report

(PLN' 000, rounded to the nearest decimal)

Additional items for the consolidated quarterly report		
Item	1 <sup>st</sup> qr 1997	1 <sup>st</sup> qr 1998
Profit (loss) on associated undertakings		
Profit (loss) for minority shareholders		
...		

## Comments to the quarterly report SAB-Q I/98 for the 1st quarter of 1998

### 1. Investment tax relief

Basing on the Ordinance of the Council of Ministers of January 25, 1994 on the deduction of investment expenditures from the income and the income tax reductions (Dz. U. [Journal of Laws] No.18, item 62 with subsequent amendments), in the years 1994-1995 the Bank applied the capital allowance and deducted investment expenditures totalling PLN125.7 million from the taxable income. In addition, in the years 1995-1996 the Bank decreased the taxable income by the amount of PLN62.8 million, representing 50% of the previous years' allowances (i.e. the so-called investment premium).

The amount representing the investment tax relief is subject to allocation over time against expenses not constituting the tax-deductible expenses by the application of amortisation rates provided for in the amortisation plan. As of 31 March 1998, PLN95.9 million remains to be allocated and this is the basis for accruing the deferred income tax. No deferred tax is accrued on the additional 50% capital allowance as this is considered to be a permanent difference.

### 2. Deferred tax provision

At the end of the first quarter of 1998 the deferred income tax provision amounted to PLN17.2 million and this represents a decrease of PLN15.6 million over the end of 1997 annual figure.

This change was significantly influenced by unrealised foreign exchange rate differences not included in taxable income. Apart from that there was an increase in the amount of interest payable as well as in the costs of financial instruments valuation which decreased the basis for the calculation of deferred income tax.

In the same period of 1997 the deferred income tax provision amounted to PLN32.9 million.

### 3. Financial results

Net profit for the first quarter of 1998 was higher by PLN11.5 million as compared with the same period of the previous year.

The net releases of provisions in the first quarter of 1997 amounted to PLN12.5 million, and to PLN5.1 million for the same period of 1998.

### 4. The way of presenting balance sheet and cash flow data

In order to preserve the comparability with the data for 1998, the shifts of certain items of the presented data for the first quarter of 1997 have been made in comparison with the formerly issued financial reports. The changes are as follows:

- due from and due to the insurance companies are indicated respectively under items: „Due from other financial institutions” and „Due to other financial institutions”. In the reports issued earlier due from and due to the insurance companies were, respectively, classified as: „Due from customers” and „Due to customers”;

- 24 hour call deposits with financial institutions are shown as „Term payables”. In the former reports they were classified as „Current payables”;

- subordinated loans earlier classified as „Due from customers” have been excluded from that item and transferred to the entry: „Other assets”;

- due from and due to leasing companies are indicated as: „Due from other financial institutions” or „Due to other financial institutions”. In earlier reports due from and due to leasing companies were included in items: „Due from customers” and „Due to customers”;

- in the cash flow statement, the method of including an item of the London Branch cash flow has been changed. It consists in taking into consideration the foreign exchange rate differences which originate due to

the inclusion of the London Branch balance data at the beginning and at the end of the reporting period, calculated against the FX rate at the end of the former and the current reporting periods;

- shifts concerning selected securities between the tradable and the investment portfolios have brought about changes in the cash flow items: „Net cash from operating activity”, „Net cash from investment activity” and „Net cash from financial activity”;

- following the new scheme of cash flow statement pattern, defined by the State Securities and Exchange Commission, under the item: „Net cash from financial activity” additional entries have been taken into account of which the item „Net cash from operating activity” have been corrected.