This document is a free translation of the Polish original. Terminology current in Anglo-Saxon countries has been used where practicable for the purposes of this translation in order to aid understanding. The binding Polish original should be referred to in matters of interpretation.

Interim condensed consolidated financial statements for the periods from 1 January 2015 to 30 June 2015 and from 1 January 2014 to 30 June 2014

RAIFFEISEN BANK POLSKA S.A. GROUP

The Management Board presents the interim condensed consolidated financial statements of Raiffeisen Bank Polska S.A. Group for the periods from 1 January 2015 to 30 June 2015 and from 1 January 2014 to 30 June 2014

Piotr Czarnecki	President of the Management Board	signed on the Polish original ....
name and surname	*position/function*	*signature*
Maciej Bardan	First Vice-President of the Management Board	signed on the Polish original ....
name and surname	*position/function*	*signature*
Jan Czeremcha	Vice-President of the Management Board	signed on Polish original ....
name and surname	*position/function*	*signature*
Ryszard Drużyński	Vice-President of the Management Board	signed on Polish original ....
name and surname	*position/function*	*signature*
Łukasz Januszewski	Member of the Management Board	signed on the Polish original ....
name and surname	*position/function*	*signature*
Marek Patuła	Member of the Management Board	signed on the Polish original ....
name and surname	*position/function*	*signature*
Piotr Konieczny	Member of the Management Board	signed on Polish original ....
name and surname	*position/function*	*signature*
Patrycja Zenik-Rychlik	Director of Finance Accounting and Tax Department	signed on the Polish original ....
name and surname	*position/function*	*signature*

Warsaw, 17 August 2015

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Consolidated statement of profit or loss

	Note	For the period from 1 January 2015 to 30 June 2015	For the period from 1 January 2014 to 30 June 2014
Interest income		962 061	1 068 726
Interest expense		-418 267	-447 094
Net interest income	*6*	**543 794**	**621 632**
Net provisioning for impairment losses on financial assets and provisions for off-balance sheet items	*7*	-120 205	-160 654
including Proceeds from sale of receivables		3 247	0
Fee and commission income		333 808	348 298
Fee and commission expense		-46 733	-44 330
Net fee and commission income	*8*	**287 075**	**303 968**
Net income from financial instruments measured at fair value and net foreign exchange result		22 595	45 578
General administrative expenses	*10*	-628 287	-699 833
Other operating income		46 040	31 844
Other operating expenses		-10 600	-18 120
Profit before tax		**140 412**	**124 416**
Income tax expense	*11*	-40 615	-37 896
Net profit		**99 797**	**86 520**
Profit attributable to non-controlling interest		**0**	**12 903**
Profit attributable to the equity holders of the Parent Entity		**99 797**	**73 617**
Weighted average number of ordinary shares (in units)		248 260	242 845
Profit attributable to the Parent Entity equity holders per one ordinary share (in PLN)		402	303
Weighted average number of diluted shares (in units)		248 260	242 845
Profit attributable to the Parent Entity equity holders per one diluted share (in PLN)		402	303

Notes presented on pages 12- 78 are an integral part of the interim condensed consolidated financial statements.

Consolidated statement of comprehensive income

	For the period from 1 January 2015 to 30 June 2015	For the period from 1 January 2014 to 30 June 2014
Net profit	**99 797**	**86 520**
Other taxable income that may be reclassified to profit or loss, including:	**6 306**	**-7 588**
Valuation of cash-flow hedge derivatives, gross	7 002	-9 257
Income tax on cash-flow hedge derivatives	-1 330	1 759
Valuation of available for sale financial assets, gross	783	-111
Income tax on available for sale financial assets	-149	21
Total comprehensive income for the period	**106 103**	**78 932**
Total income attributable to non-controlling interest	**0**	**12 903**
Total income attributable to the Parent Entity shareholders	**106 103**	**66 029**

Notes presented on pages 12- 78 are an integral part of the interim condensed consolidated financial statements.

Consolidated statement of financial position

Assets	Note	As at 30 June 2015	As at 31 December 2014	As at 30 June 2014
Cash and balances with Central Bank	12	1 997 434	2 683 875	1 968 279
Amounts due from banks	13	1 866 466	654 891	554 772
Financial assets held for trading	16	8 845 666	361 623	8 986 726
Derivative financial instruments	14	564 447	900 712	416 899
Investment securities	17	2 985 234	12 529 109	2 251 762
Loans and advances to customers	18	40 825 882	39 819 298	39 329 435
Intangible assets	19	566 228	589 399	613 678
Tangible fixed assets	20	282 808	302 996	296 730
Deferred income tax assets		481 053	487 800	563 295
Current income tax receivables		1 859	27 937	0
Other assets		462 677	290 725	371 572
Total assets		**58 879 754**	**58 648 365**	**55 353 148**

Liabilities and equity	Nota	As at 30 June 2015	As at 31 December 2014	As at 30 June 2014
Amounts due to banks and other monetary institutions	21	13 496 903	16 389 675	16 916 499
Derivative financial instruments	14	1 783 290	1 124 302	371 305
Amounts due to customers	22	35 155 411	32 878 290	30 799 620
Subordinated liabilities	23	314 862	320 006	312 388
Liabilities from debt securities issued	24	1 139 625	1 136 394	0
Other liabilities		522 396	380 974	529 358
Current tax liabilities		8 860	47 053	56 924
Provisions	25	200 757	220 096	179 270
Total liabilities		**52 622 104**	**52 496 791**	**49 165 363**
Equity		**6 257 650**	**6 151 515**	**5 895 854**
Share capital	26	2 256 683	2 256 683	2 207 461
Supplementary capital		2 370 745	2 357 406	2 382 481
Other capital and reserves	26	973 643	947 287	976 962
Retained earnings		656 580	590 139	328 950
Non-controlling interest's equity		**0**	**59**	**291 931**
Total equity		**6 257 650**	**6 151 574**	**6 187 785**
Total liabilities and equity		**58 879 754**	**58 648 365**	**55 353 148**

Notes presented on pages 12- 78 are an integral part of the interim condensed consolidated financial statements.

Consolidated statement of changes in equity

					Retained earnings				
	Note	Share capital	Supplementary capital	Other capital and reserves	Prior years result	Net profit/(loss) for the period	Total equity attributable to equity holders of the Bank	Non-controlling interest	Total
As at 1 January 2015		**2 256 683**	**2 357 406**	**947 287**	**252 458**	**337 680**	**6 151 514**	**59**	**6 151 573**
Valuation of available for sale financial assets, net		0	0	634	0	0	634	0	634
Valuation of cash-flow hedge derivatives, net		0	0	5 672	0	0	5 672	0	5 672
Net profit for the current period		0	0	0	0	99 797	99 797	0	99 797
Total comprehensive income		**0**	**0**	**6 306**	**0**	**99 797**	**106 103**	**0**	106 103
Transfer of net result to retained earnings		0	0	0	337 680	-337 680	0	0	0
Other connected with consolidation		0	0	50	-16	0	33	-59	-26
Transactions with owners		**0**	**13 339**	**20 000**	**-33 339**	**0**	**0**	**0**	**0**
Transfer of net result to general banking risk reserve		0	0	20 000	-20 000	0	0	0	0
Transfer of net result to supplementary capital		0	13 339	0	-13 339	0	0	0	0
At 30 June 2015	*26*	**2 256 683**	**2 370 745**	**973 643**	**556 783**	**99 797**	**6 257 650**	**0**	**6 257 650**

Notes presented on pages 12- 78 are an integral part of the interim condensed consolidated financial statements.

Consolidated statement of changes in equity (cont.)

	Note	Share capital	Supplementary capital	Other capital and reserves	Retained earnings: Prior years result	Retained earnings: Net profit/(loss) for the period	Total equity attributable to equity holders of the Bank	Non-controlling interest	Total
As at 1 January 2014		**2 207 461**	**2 366 229**	**944 550**	**155 443**	**147 412**	**5 821 095**	**297 557**	**6 118 652**
Valuation of available for sale financial assets, net		0	0	-90	0	0	-90	0	-90
Valuation of cash-flow hedge derivatives, net		0	0	-7 498	0	0	-7 498	0	-7 498
Net profit for the current period		0	0	0	0	73 617	73 617	12 903	86 520
Total comprehensive income		**0**	**0**	**-7 588**	**0**	**73 617**	**66 029**	**12 903**	**78 932**
Transfer of net result to retained earnings		0	0	0	147 412	-147 412	0	0	0
Dividends paid		0	0	0	0	0	0	-20 000	-20 000
Other connected with consolidation		0	671	0	8 059	0	8 730	1 470	10 201
Transactions with owners		**0**	**15 581**	**40 000**	**-55 581**	**0**	**0**	**0**	**0**
Transfer of net result to general banking risk reserve		0	0	40 000	-40 000	0	0	0	0
Transfer of net result to statutory supplementary capital		0	15 581	0	-15 581	0	0	0	0
At 30 June 2014	*26*	**2 207 461**	**2 382 481**	**976 962**	**255 333**	**73 617**	**5 895 854**	**291 931**	**6 187 785**

Notes presented on pages 12- 78 are an integral part of the interim condensed consolidated financial statements.

Consolidated statement of cash flows

Operating activities	Note	For the period from 1 January 2015 to 30 June 2015	For the period from 1 January 2014 to 30 June 2014
Profit before tax		**140 412**	**124 416**
Adjustments:		**368 543**	**262 383**
Depreciation and amortization	*10*	72 960	82 075
Unrealized foreign exchange differences		211 427	-25 335
Gains on sale of investments and fixed assets		-7 504	-268
Transfer of interest and dividend from investing and financing activities		108 023	191 001
Remaining adjustments		-16 364	14 910
Changes in operating assets and liabilities		**-8 517 147**	**121 544**
Interbank placements, loans and advances to other banks		-1 126 170	-103 256
Financial assets held for trading		-8 568 246	-344 483
Investment securities		0	-35 673
Derivative financial instruments		909 860	12 736
Loans and advances to customers		-1 007 458	-2 557 692
Other assets		-107 151	-81 685
Amounts due to banks and other monetary institutions		-958 332	1 097 737
Amounts due to customers		2 015 023	1 266 134
Other liabilities		153 025	75 055
Provisions		-19 302	5 197
Income tax paid/received		-73 708	54 349
Interest received		891 522	1 062 262
Interests paid		-626 211	-329 137
Net cash flow from operating activities		**-8 008 193**	**508 343**

Consolidated statement of cash flows (cont.)

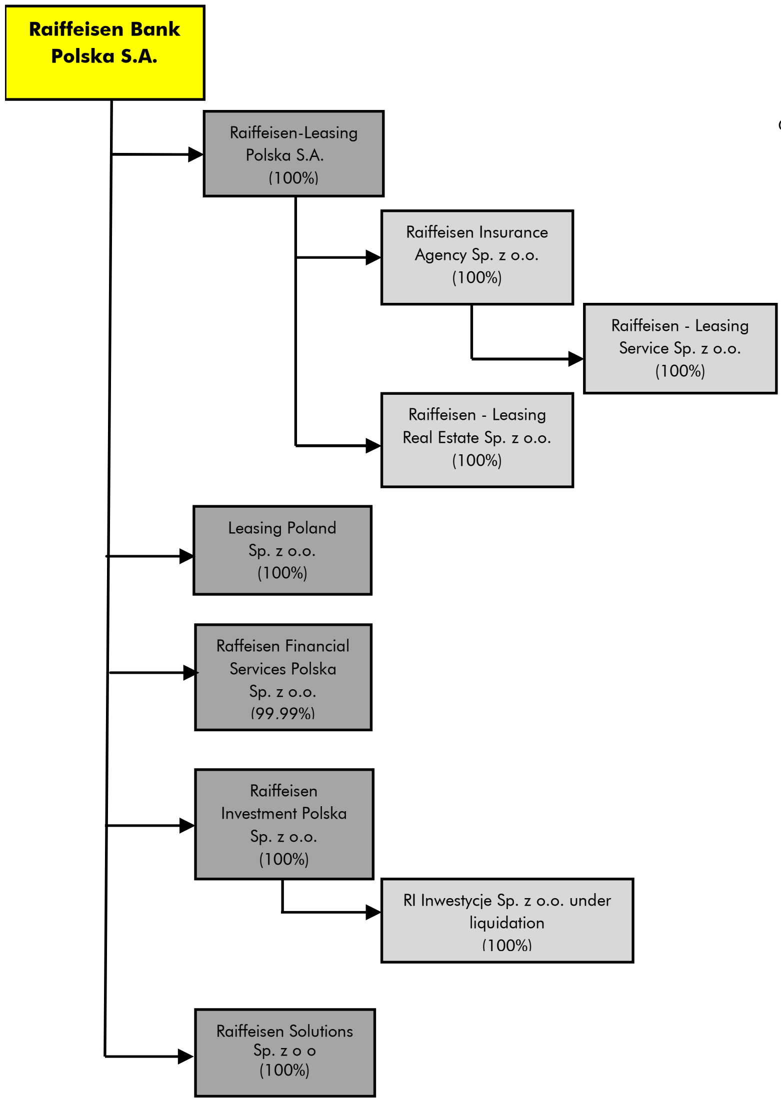
Investing activities	Note	For the period from 1 January 2015 to 30 June 2015	For the period from 1 January 2014 to 30 June 2014
Proceeds from sale of investment securities		11 306 858	1 372 000
Proceeds from sale of fixed assets		10 971	1 654
Purchase of investment securities		-1 728 380	-1 853 097
Purchase of fixed assets		-19 855	-40 006
Net cash flow from investing activities		**9 569 593**	**-519 449**
Financing activities			
Inflows from subordinated liabilities and long-term bank loans		776 492	1 247 304
Outflows from repayment of subordinated liabilities and long-term bank loans		-2 906 089	-1 569 661
Outflows from payment of interest on debt securities issued		-13 635	0
Dividends paid		0	-20 000
Net cash flow from financing activities		**-2 143 233**	**-342 357**
Net increase / (decrease) in cash and cash equivalents		**-581 833**	**-353 463**
Cash and cash equivalents at beginning of the period		2 813 558	2 571 124
Cash and cash equivalents at the end of the period	*28*	**2 231 724**	**2 217 661**

Notes to the interim condensed consolidated financial statements

1. General information

The financial statements have been prepared by **Raiffeisen Bank Polska S.A.** with its registered office in Warsaw, 00-549, Piękna 20 Street, registered in the National Court Register as a joint-stock company under the reference number KRS 0000014540.

The Raiffeisen Bank Polska S.A. Group is composed of the following entities:



SUBJECT OF ACTIVITY

Company is operating in financial industry, leasing and borrowings

Creating insurance products and programs for financial institutions' clients

Maintaining, preparing and active selling of assets acquired for debt and assets after termination of contracts from Raiffeisen Leasing Polska S.A. (this mainly relates to vehicles) and trading in other goods

Service of chosen transactions in real estate leasing

Leases of fixed assets, providing financial services to customers, including loans

Financial agency in sales of banking products of Raiffeisen Bank Polska S.A.

Financial advisory services

Managing capital markets, brokerage activity in capital market and commodity market

Brokerage activity connected with securities market and stock exchange of commodities – currency exchange activity

Notes to the interim condensed consolidated financial statements (cont.)

Subsidiaries consolidated on the full consolidation basis:

- **Raiffeisen Bank Polska S.A. („Parent Entity")**
- **Raiffeisen-Leasing Polska S.A.**
- **Raiffeisen Insurance Agency Sp. z o.o.**
- **Raiffeisen-Leasing Service Sp. z o.o.**
- **Raiffeisen-Leasing Real Estate Sp. z o.o.**
- **Raiffeisen Financial Services Polska Sp. z o.o.**
- **Raiffeisen Investment Polska Sp. z o.o.**
- **Raiffeisen Solutions Sp. z o.o.**

In addition the Group consolidates special purpose entities Compass Variety Funding LTD and ROOF Poland 2014 LTD, both located in Ireland, using which the Group concluded securitization of leasing debts. These entities were consolidated because according to IFRS 10 the Parent Entity controls them, despite Parent Entity does not hold any capital exposure in those entities (that is why these entities were not included in the above diagram of capital Group).

Securitized leasing debts are presented in the Group's assets due to lack of fulfillment of balance sheet exemption conditions relating to assets described in IAS 39 point 19, particularly the condition of immediate obligation to transfer cash flow from an asset.

The following companies: RI Inwestycje Sp. z o.o. under liquidation, Leasing Poland Sp. z o.o. were not consolidated due to their insignificance.

The Group operates in retail banking, corporate banking and investment banking as well as in leasing and factoring area in Poland and employed 6 277 people as at 30 June 2015 (6 267 people as at the end of 2014 and 6 557 people as at 30 June 2014).

The terms used in these interim condensed consolidated financial statements shall mean, respectively:

Bank or Parent Entity – Raiffeisen Bank Polska S.A.,

Subsidiaries – Raiffeisen-Leasing Polska S.A., Raiffeisen Insurance Agency Sp. z o.o., Raiffeisen Financial Service Polska Sp. z o.o., Raiffeisen-Leasing Service Sp. z o.o., Raiffeisen-Leasing Real Estate Sp. z o.o., Leasing Poland Sp. z o.o., Raiffeisen Investment Polska Sp. z o.o., RI Inwestycje Sp. z o.o. under liquidation, Raiffeisen Solutions Sp. z o.o.,

RZB – Raiffeisen Zentralbank Österreich AG, the ultimate parent of the Group,

RBI – Raiffeisen Bank International AG, the Parent Entity for the Bank,

Group or Capital Group – Raiffeisen Bank Polska S.A. Group,

Notes to the interim condensed consolidated financial statements (cont.)

RZB Group – the Raiffeisen Zentralbank Oesterreich AG (RZB) Group, which includes, among others, banks from Central and Eastern Europe controlled by RBI and RZB, foreign branches of RZB, Austrian financial institutions and other supporting institutions.

Approval of these interim condensed consolidated financial statements

The Parent Entity's Management Board approved these interim condensed consolidated financial statements on 17 August 2015.

Shareholders of the Parent Entity

Majority shareholder of Raiffeisen Bank Polska S.A. is Raiffeisen Bank International, which was created from separated areas of Raiffeisen Zentralbank Österreich AG (RZB) and Raiffeisen International Bank-Holding AG (RI). RBI is a fully consolidated subsidiary of RZB. RZB holds 60,7% stake in RBI. The rest of the capital is in free float on the Vienna Stock Exchange, where Raiffeisen is listed since 2005. RBI is a Parent Entity of Raiffeisen Bank Polska SA and holds 100% of share.

Changes within the Group structure in the current reporting period

In the period covered by these interim condensed consolidated financial statements there were two changes within the Group structure.

The liquidation process of TELPOL3 in liquidation was finalized. On 30 June 2015 the company was removed from National Court Register.

In addition the Parent Company bought 50,01% shares in Raiffeisen Investment Polska Sp. z o.o. and in consequence owns 100% shares in this company. Notarial deed concerning purchase of shares was signed on 24 June 2015.

As at 30 June 2015 the Parent Entity's Management Board consisted of:

Piotr Czarnecki	– President of the Management Board
Maciej Bardan	– First Vice-President of the Management Board
Jan Czeremcha	– Vice-President of the Management Board
Ryszard Drużyński	– Vice-President of the Management Board
Łukasz Januszewski	– Member of the Management Board
Piotr Konieczny	– Member of the Management Board
Marek Patuła	– Member of the Management Board

Notes to the interim condensed consolidated financial statements (cont.)

As at 30 June 2015 the Parent Entity's Supervisory Board consisted of:

Karl Sevelda	– Chairman of the Supervisory Board
Martin Grüll	– Deputy Chairman of the Supervisory Board
Herbert Stepic	– Member of the Supervisory Board
Johann Strobl	– Member of the Supervisory Board
Klemens Breuer	– Member of the Supervisory Board
Peter Lennkh	– Member of the Supervisory Board
Władysław Gołębiewski	– Member of the Supervisory Board
Selcuk Sari	– Member of the Supervisory Board

Changes in the Management and Supervisory Boards in the period from 1 January 2014 till 30 June 2014:

- on 20 May 2014 the Supervisory Board accepted Mr Kazimierz Stańczak decision to resign from the position of the First Deputy Chairman of the Management Board. Simultaneously on 1 June 2014 the Supervisory Board appointed Mr Maciej Bardan in his place,
- on 25 April 2014 Mr Karl Sevelda was appointed on the position of Supervisory Board Chairman, after Mr Herbert Stepic had resigned from the position,
- Mr Klemens Haller and Kurt Bruckner's mandates expired and they were not appointed on the following 5-year's term of office in the Supervisory Board,
- on 4 April 2014 Mr Johann Strobl and Peter Lennkh were appointed on the following term of office in the Supervisory Board.

2. Significant accounting policies

2.1. Basis of preparation of the interim condensed consolidated financial statements

The interim condensed consolidated financial statements have been prepared for the periods from 1 January 2015 to 30 June 2015 and from 1 January 2014 to 30 June 2014. Comparative figures have been presented as of 31 December 2014 for consolidated statement of financial position.

The interim condensed consolidated financial statements have been prepared in Polish zloty (PLN), and all amounts are presented in PLN thousand, unless indicated otherwise.

The interim condensed consolidated financial statements have been prepared on a going concern basis using the assumption that the Group will continue its business operations substantially unchanged in scope for a period of at least one year from the reporting date.

Financial data presented in the interim condensed consolidated financial statements of the Group were prepared assuring its comparability.

Notes to the interim condensed consolidated financial statements (cont.)

During the periods covered by the interim condensed consolidated financial statements the Group did not introduce significant changes in the accounting policy concerning valuation of assets and liabilities and profit measurement in comparison with previous period, and accounting policies used for the preparation of this report are consistent with policies used for the preparation of Raiffeisen Bank Polska S.A. Group Consolidated Financial Statements for the period ended 31 December 2014.

2.2. Statement of compliance

The interim condensed consolidated financial statements of the Group have been prepared in accordance with International Accounting Standard 34 “Interim financial reporting” (IAS 34) as adopted by the European Union and respective regulations.

These statements do not include all disclosures required for annual consolidated financial statements, that is why it should be analysed together with Raiffeisen Bank Polska S.A. Group Consolidated Financial Statements for the year ended 31 December 2014.

Raiffeisen Bank Polska S.A. Group Consolidated Financial Statements for the year ended 31 December 2014 is available at District Court for Capital City Warsaw, XII Commercial Department of the National Court Register, Warsaw, 100 Czerniakowska Street or Bank’s web site www.raiffeisenpolbank.com.

Notes to the interim condensed consolidated financial statements (cont.)

2.3. New standards, interpretations and revisions to published standards.

Standards and Interpretations which have been published but are not binding and have not been adopted early by the Group.

Standard/Interpretation	Issue or publication date	Date of coming into force	Endorsed by the European Union	Description of changes
Improvements to IFRS (2010-2012)	December 2013	Financial year starting on or after 1 February 2015 (the IASB effective date is 1 July 2014)	Yes	The Improvements to IFRSs (2010-2012) contain 8 amendments to 7 standards, with consequential amendments to other standards and interpretations Most of these changes are not expected to have a significant impact on the consolidated financial statements of the Group.
Amendments to IAS 19 Employee Benefits entitled Defined Benefit Plans: Employee Contributions	December 2013	Financial year starting on or after 1 February 2015	Yes	The amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. It is expected that the Amendments, when initially applied, will not have a material impact on the Group's consolidated financial statements.
IFRS 9 Financial Instruments (2014)	July 2014	Financial year starting on or after 1 February 2018	No	The new standard replaces the guidance included in IAS 39 Financial Instruments: Recognition and Measurement on the classification and measurement of financial assets, including a model for calculating impairment. IFRS 9 eliminates the existing IAS 39 categories of held to maturity, available for sale and loans and receivables used to classify financial assets. As at the date of preparation of the interim condensed consolidated financial statements outcome of the first time application of the standard was not estimated by Group.

Notes to the interim condensed consolidated financial statements (cont.)

Standard/Interpretation	Issue or publication date	Date of coming into force	Endorsed by the European Union	Description of changes
IFRS 14 Regulatory Deferral Accounts	January 2014	1 January 2016	No	It is expected that the interim Standard will not have a material impact on the Group's consolidated financial statements of the Group as only first time adopters of IFRS are within the scope of the standard.
Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11 Joint Arrangements)	May 2014	Financial year starting on or after 1 January 2016	No	The Amendments provide guidance on the accounting for the acquisition of an interest in a joint operation that constitutes a business. The Group does not expect the Amendments to have material impact on the financial statements since it is not a party to joint arrangements
Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets)	May 2014	Financial year starting on or after 1 January 2016	No	The Amendments clarify that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances. The Group does not expect the Amendments to have material impact on the consolidated financial statements
IFRS 15 Revenue from Contracts with Customers	May 2014	Financial year starting on or after 1 January 2017	No	The Standard provides a framework that replaces existing revenue recognition guidance in IFRS. Specifically, it replaces IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. As at the date of the interim condensed consolidated financial statements reliable estimation of the standard impact was not prepared by the Group.

Notes to the interim condensed consolidated financial statements (cont.)

Standard/Interpretation	Issue or publication date	Date of coming into force	Endorsed by the European Union	Description of changes
Agriculture: Bearer Plants (Amendments to IAS 16 Property, Plant and Equipment and IAS 41 Agriculture)	June 2014	Financial year starting on or after 1 January 2016	No	The Amendments change the financial reporting for bearer plants, such as grape vines, rubber trees and oil palms. The Group does not expect the Amendments to have a material impact on its consolidated financial statements once applied as it does not conduct business activities involving bearer plants.
Equity Method in Separate Financial Statements (Amendments to IAS 27 Separate Financial Statements)	August 2014	Financial year starting on or after 1 January 2016	No	The Amendments introduce an option for the entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements, in addition to the existing cost and fair value options. The Group does not expect that the above mentioned Amendments will have a significant impact on the consolidated financial statements.
Sale or transfer of assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates)	September 2014	Financial year starting on or after 1 January 2016	No	The Amendments remove the inconsistencies between requirements from IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. The Group does not expect that the above mentioned Amendments will have a significant impact on the consolidated financial statements.
Improvements to IFRS (2012-2014)	September 2014	Financial year starting on or after 1 January 2016	No	The Improvements to IFRSs (2012-2014) contains 4 amendments to standards, with consequential amendments to other standards and interpretations. The Group does not expect that the above mentioned Amendments will have a significant impact on the consolidated financial statements.

Notes to the interim condensed consolidated financial statements (cont.)

Standard/Interpretation	Issue or publication date	Date of coming into force	Endorsed by the European Union	Description of changes
Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investments in Associates and Joint Ventures)	December 2014	Financial year starting on or after 1 January 2016	No	The Amendments, related to financial reporting of investment entities, address the following matters: • Consolidation of intermediate investment entities • Consolidated financial statements exemption for intermediate parents owned by investment entities • Policy choice to equity account for interests in investment entities The Group does not expect that the above mentioned Amendments will have a significant impact on the consolidated financial statements.
Disclosure initiative (Amendments to IAS 1 Presentation of Financial Statements)	December 2014	Financial year starting on or after 1 January 2016	No	The main guidelines from the Amendments underline the materiality issue during preparation and presentation financial statement (including appropriate disaggregation of lines if it provides useful information to the readers or aggregation of immaterial lines), no requirement to present notes to the financial statements in defined order, addition of the criteria for presentation of subtotals in financial statements with additional guidelines to reconcile chosen lines. The Group does not expect that the above mentioned Amendments will have a significant impact on the financial statements.

In conclusion, the Management Board of the Parent Entity does not expect that the introduction of these standards and interpretations to have a material impact on the Group's use of accounting standards, with the exception of IFRS 9 and IFRS 15 (impact of IFRS 9 and IFRS 15 on the applied accounting policies of the Group has not yet been evaluated). The Group intends to use the dates set out in the relevant standards and interpretations (without early application), provided that they will be approved by the EU.

Notes to the interim condensed consolidated financial statements (cont.)

2.4. Consolidation

Subsidiaries are entities in respect of which the Bank exercises control over its core business operations, control exists when at the same time the Bank:

- has power over the investee,
- from its involvement with the investee it is exposed to variable returns or has rights to these returns,
- has the ability to use its power over investee to affect its returns.

Subsidiaries are consolidated using the fully consolidation method from the moment the Group takes full control over them. Subsidiaries cease to be consolidated when the Group loses control over them. The subsidiaries' accounting policies comply with the Group accounting policies.

3. Changes in financial statements presentation

In these interim condensed consolidated financial statements for the period from 1 January 2014 to 30 June 2014 the following presentation change was included in the statement of financial position, compared to information presented in the Group's consolidated financial statements for the period from 1 January 2014 to 30 June 2014:

- provisions for the employee benefits, including unused holiday and bonuses were presented in Provisions, before the change they were presented in Other liabilities, as of 30 June 2014 this amounted to PLN 87 892 thousand.
- presentation of advances to clients for insurance premium – were presented in Loans and advances to customer, before the presentation change were presented in Other assets, as at 30 June 2014 amounted to PLN 81 625 thousand.
- liabilities to special purpose entities, which were consolidated, were eliminated form consolidated financial statement - from line Amounts due to customer, on the other hand liabilities of these entities to banks were presented in Amounts due to banks and other monetary institutions, as at 30 June 2014 amounted to PLN 162 465 thousand.

The presentation changes were included in order to align presentation of data as of 30 June 2014 to presentation rules adopted for the preparation of Raiffeisen Bank Polska S.A. Group Consolidated financial statements for the year ended 31 December 2014.

Notes to the interim condensed consolidated financial statements (cont.)

4. Significant estimates

The preparation of financial statements in accordance with the IFRS EU requires the Management Board of the Parent Entity to make judgments, estimates and assumptions which affect the adopted accounting policies and the amounts presented in the consolidated financial statements and in the additional notes and explanations, in particular the amounts which cannot be clearly established based on other sources. The estimates and assumptions are made as at the reporting date based on the historical data available, information on the situation at the moment of making the estimates and other factors considered appropriate in a given circumstances, including the expectations as to future events, which seem justified in a given situation. In spite of the fact that the estimates are based on the best knowledge concerning the circumstances and actions undertaken by the Group, the actual results may differ from the estimates. The estimates and assumptions are subject to a regular review. Adjustments in estimates are recognized in the period in which the change of estimate was made, provided that the adjustment only relates to that period, or in the period in which the change was made and in future periods if the adjustment affects both the current and the future periods.

For preparation of these interim condensed consolidated financial statements the Group adopted the same estimates, which were used for preparation of consolidated financial statements for the year ended 31 December 2014, considering reasons and sources of uncertainties at the reporting date.

The main judgements, estimates and assumptions adopted by the Group are described below.

4.1. Impairment of the loan portfolio

The Group performs monitoring of its loan portfolio to assess impairment as a minimum on a quarterly basis.

The monitoring of customers in the corporate portfolio is performed based on periodic individual analysis of exposures this portfolio. An individual counterparty/borrower is treated as one exposure. Impairment allowances are estimated on a one-by-one basis. In calculating impairment allowances, the Parent Entity use the assessments under which indicators of impairment have been identified, and estimates future cash flows discounted using the effective interest rate, taking into account the estimated value of collateral. When estimating the impairment allowances, the Parent Entity uses internal and external sources of information. The Parent Entity applies the following, depending on the customer segment (corporate customers, SME, project financing, financial institutions, local and regional authorities, public sector entities, governments and central banks): the internal rating system of the Parent Entity or the subsidiaries, or values estimated based on the Parent Entity or subsidiaries' employees professional judgment.

The information on the sensitivity analysis in respect of impairment allowances for amounts due from customers with recognized impairment losses is presented in the table below. The estimate has been performed for the portfolio of loans and advances in which impairment allowance is recognized based on an individual analysis of future cash flows related to repayment and recovery from collaterals. The base value of the allowances calculated under the individual assessment model for balance and off balance sheet

Notes to the interim condensed consolidated financial statements (cont.)

exposures is PLN 804 672 thousand, and the base value of discounted recoveries from collaterals and cash repayments is PLN 1 906 763 thousand.

Estimated movement in the allowance for the portfolio of loans and advances analysed case by case based on future cash flows expected from repayment and recovery from collateral	No change in repayment	Repayment by customers up by 10%	Repayment by customers down by 10%
As at 30 June 2015			
No change in inflows from collateral	804 672	785 188	828 847
Inflows from collateral up by 10%	762 956	745 487	
Inflows from collateral down by 10%	852 545		879 227
As at 31 December 2014			
No change in inflows from collateral	832 204	815 699	854 797
Inflows from collateral up by 10%	794 368	778 180	
Inflows from collateral down by 10%	880 386		906 369
As at 30 June 2014			
No change in inflows from collateral	801 798	795 172	811 138
Inflows from collateral up by 10%	761 843	755 225	
Inflows from collateral down by 10%	848 563		848 563

For receivables valued with group method, the Group assesses the impact of changes in the parameters adopted for the calculation of impairment allowances on Loans and advances to customers on the net result, where PD is the probability of debtor's default calculated for the six-month period, LIP - loss identification period, LGD – loss ratio due to default.

The LIP parameter for retail exposures, which amounts from 1 to 9 months, was defined based on analysis aiming at defining moment of event, which result in recognition of impairment of the customer.

The LIP parameter for non-retail exposures amounts to 9 months and includes period from the event causing loss to the moment of recognition of impairment status. In defining this parameter processes related to monitoring of non-retail exposures (verification and reporting frequency) were taken into account, as well as individual analysis performed on the sample relating to identification of actual moment of event resulting in loss.

Notes to the interim condensed consolidated financial statements (cont.)

Information about sensitivity analysis in relation to receivables from loans and advances without impairment triggers in Parent Entity is presented in the following table:

Estimated change in value of the impairment of exposure portfolio without impairment triggers in relation to changes in PD and LGD.	Increase in PDLIP by 10%		Increase in LGD by 10%		Increase in LGD by 20%	
	Estimated change of impairment allowance		Estimated change of impairment allowance		Estimated change of impairment allowance	
	quantitative	percentage	quantitative	percentage	quantitative	percentage
As at 30 June 2015						
retail exposure	9 175	10%	9 252	10%	18 504	20%
non retail exposure	6 181	10%	6 151	10%	12 302	20%
As at 31 December 2014						
retail exposure	11 922	10%	12 037	10%	24 074	20%
non retail exposure	4 582	10%	4 579	10%	9 158	20%
As at 30 June 2014						
retail exposure	8 187	10%	8 333	10%	16 666	20%
non retail exposure	4 370	10%	4 369	10%	8 738	20%

Information on the sensitivity analysis with respect to the lease receivables is presented in the table below:

Estimated change in value of the impairment allowance on lease receivables portfolio resulting from changes in PD and LGD, assuming the current value of the portfolio as at a date.	Increase in PDLIP by 10%		Increase in LGD by 10%		Increase in LGD by 20%	
	Estimated change of impairment allowance		Estimated change of impairment allowance		Estimated change of impairment allowance	
	quantitative	percentage	quantitative	percentage	quantitative	percentage
As at 30 June 2015						
Model RIBNI (IBNI for Micro customers)	1 448	10%	1 448	10%	2 896	20%
Model MIBNI and MIBNI_RE (IBNI for corporate, SME and project finance customers)	984	10%	807	8%	1 614	16%
As at 31 December 2014						
Model RIBNI (IBNI for Micro customers)	1 195	10%	1 195	10%	2 390	20%
Model MIBNI and MIBNI_RE (IBNI for corporate, SME and project finance customers)	868	10%	723	8%	1 446	17%
As at 30 June 2014						
Model RIBNI (IBNI for Micro customers)	2 246	10%	2 175	10%	4 349	19%
Model MIBNI and MIBNI_RE (IBNI for corporate, SME and project finance customers)	831	10%	709	9%	1 418	17%

Notes to the consolidated statement of profit or loss

5. Segment information

Group divided its operations and identified income and expenses, assets and liabilities in the following operating segments: “Retail Banking”, “Corporate Banking”, “Financial Institutions and Capital Markets”, “Assets and Liabilities Management and Other Activities”. This division reflects the internal regulations described in the rules for the classification of customers to specific segments in accordance with the Group's existing business model.

Retail Banking - segment includes products and services dedicated to individual clients and micro-companies. The segment comprises of sub-segments: mass and affluent customers, private banking and micro-companies.

Corporate Banking - segment, which includes sub-segments of large, medium and small corporates. It comprises the sale of products and services to businesses and other entities including companies and cooperatives, non-profit institutions, public sector entities and individual entrepreneurs who, due to the criteria for the distribution segments do not belong to the sub-segment of micro-companies.

Financial Institutions and Capital Markets - transactions, products and services dedicated to banking and non-banking financial entities, business services and currency exchange offices, own activity conducted on its own account is classified as the Issuer’s trading book.

Assets and Liabilities Management and Other Activities, which include assets, liabilities, and the result not attributable to the above segments, in particular:

- the assets, liabilities and result related to Assets and Liabilities Management activities, i.e. the management of liquidity, interest rate risk and currency risk of the Group and its investment portfolio,
- the result on refinancing of assets and liabilities which are not assigned to any of the above mentioned segments,
- the result on consolidated subsidiaries which are not assigned to other segments,
- intercompany eliminations on the Group's consolidated subsidiaries.

The segmentation reflects the principles of classification of customers to specific segments in accordance with the Group's business model, which is based on subjective and financial criteria (such as turnover or net assets). Customer classification used in the segment reporting is different with respect to the classification of customers, which was used in the preparation of the other notes to the financial consolidated statements (in particular, note 18. Loans and advances to customers and 22. Amounts due to customers) and is based on risk classes assigned to the particular clients according to the internal rules in the Group.

Notes to the consolidated statement of profit or loss (cont.)

The activities of the fully consolidated subsidiaries have been assigned to the above-mentioned segments:

• **Raiffeisen-Leasing Poland S.A.** and **Raiffeisen Insurance Agency Sp. z o.o.** - Retail Banking, Corporate Banking and Asset and Liability Management and Other Activities in accordance with the classification of clients serviced by the subsidiaries,

• **Raiffeisen Financial Services Poland Sp. z o.o.** - Retail Banking,

• **Raiffeisen Investment Poland Sp. z o.o.** and **Raiffeisen Solutions Sp. z o.o.** – Financial Institutions and Capital Markets,

• **Raiffeisen-Leasing Service Sp. z o.o.** and **Raiffeisen-Leasing Real Estate Sp. z o.o.** and special purpose entities **Compass Variety Funding LTD** and **ROOF Poland 2014 LTD.** - Assets and Liabilities Management and Other Activities.

Principles of management information in the Group assume reporting results on segments to the level of gross profit. The individual segments are assigned both the income earned in the course of their activity and the operational costs associated with these activities as well as other components of the income statement.

Allocation of operating expenses to segments of the Group is performed in accordance with a methodology approved by the Board. It is a multi-step process which end result is to assign all general operating expenses to segments.

Transactions between segments are conducted on usual, commercial terms. Transfer pricing of money in settlements between segments are valued based on market rates or the rates approved by the Assets and Liabilities Committee (ALCO) and is based on currency, tenor or due date of the transaction and liquidity margins.
The allocation of assets and liabilities and related revenues and expenses to segments is based on segmentation of the Group's customers.

According to the MIS principles within the Group to the result of each segment are allocated also: interest income from the refinancing of equity and subordinated debt, the cost of depreciation of property, plant and equipment and intangible assets. Balance sheet items, with the exception of equity, based on which the above components of P&L were calculated, are recognized in full in the Assets and Liabilities Management and Other Activities segment.

Corporate Banking assets consist of allocated to this segment loans and advances to customers and corporate securities. The Corporate Banking liabilities consists of balance of allocated to this segment deposits to customers.

Assets and liabilities of the Retail Banking consist of balance allocated to this segment, respectively loans and advances to customers and deposits to customers.

Notes to the consolidated statement of profit or loss (cont.)

The assets of Financial Institutions and Capital Markets segment consist of the balance of allocated to this segment loans and advances to customers, a part of financial assets held for trading which does not belong to liquidity portfolio, the balance of the reserve requirement, part of the balance of cash held in branches providing foreign exchange services, loans and advances to banks and a positive valuation of derivative financial instruments.

Segment Financial Institutions and Capital Markets consists of allocated to this segment balance of deposits to customers, deposits to banks excluding long-term financing classified to Assets and Liabilities Management and Other Activities segment and negative valuation of derivative financial instruments.

Assets and Liabilities allocated to the Asset and Liabilities Management and Other Activities segment consist of items in the statement of financial position which are not assigned to other segments in particular:

- financial assets held for trading and investment securities portfolios which are classified as investment portfolios and liquidity of the Group,
- classified as related to the activities of ALM: liabilities to banks and other entities in respect of long-term funding, including subordinated debt,
- the remaining balance of cash including cash in the central bank.

Assets and liabilities unallocated consist of:

- tangible or intangible assets,
- assets and liabilities in respect of income tax,
- other assets and liabilities.

Notes to the consolidated statement of profit or loss (cont.)

For the period from 1 January 2015 to 30 June 2015	Corporate Banking	Retail Banking	Financial Institutions & Capital Markets	Asasets & Liabilities Management & Other Activities	Total
Interest Income	343 305	387 948	26 119	204 689	962 061
Interest Expense	-76 714	-169 176	-52 011	-120 366	-418 267
Interest Income (external)	**266 591**	**218 772**	**-25 892**	**84 323**	**543 794**
Interest Income (internal)	-28 094	37 079	44 370	-53 355	0
Net Interest Income	**238 497**	**255 851**	**18 478**	**30 968**	**543 794**
Revenues non-interest	167 859	104 625	52 828	-15 642	309 670
Operating Income	**406 356**	**360 476**	**71 306**	**15 326**	**853 464**
General administrative expenses	-185 654	-401 212	-29 979	-11 442	-628 287
there of: Depreciation	-26 293	-40 760	-2 942	-2 965	-72 960
Provisioning for impairment losses	-74 568	-42 643	-1 003	-1 991	-120 205
Other operating result	18 744	15 758	1 896	-958	35 440
Profit/(loss) before tax	**164 878**	**-67 621**	**42 220**	**935**	**140 412**
Taxes	0	0	0	0	-40 615
Net profit	**0**	**0**	**0**	**0**	**99 797**
Loss attributable to non-controlling interest	0	0	0	0	0
Profit attributable to the equity holders of the Bank	**0**	**0**	**0**	**0**	**99 797**
Allocated assets	16 929 595	23 790 542	4 820 157	11 544 835	57 085 129
Unallocated assets	0	0	0	0	1 794 625
Total assets	**16 929 595**	**23 790 542**	**4 820 157**	**11 544 835**	**58 879 754**
Allocated liabilities	13 685 272	18 211 864	5 291 669	14 701 286	51 890 091
Unallocated liabilities	0	0	0	0	732 013
Total liabilities	**13 685 272**	**18 211 864**	**5 291 669**	**14 701 286**	**52 622 104**

For the period from 1 January 2014 to 30 June 2014	Corporate Banking	Retail Banking	Financial Institutions & Capital Markets	Asasets & Liabilities Management & Other Activities	Total
Interest Income	370 141	490 639	32 296	175 650	1 068 726
Interest Expense	-100 527	-145 947	-66 586	-134 034	-447 094
Interest Income (external)	**269 614**	**344 692**	**-34 290**	**41 616**	**621 632**
Interest Income (internal)	-17 988	-17 894	51 783	-15 901	0
Net Interest Income	**251 626**	**326 798**	**17 493**	**25 715**	**621 632**
Revenues non-interest	146 957	141 480	48 469	12 640	349 546
Operating Income	**398 583**	**468 278**	**65 962**	**38 355**	**971 178**
General administrative expenses	-179 836	-461 624	-26 689	-31 684	-699 833
there of: Depreciation	-24 969	-51 075	-2 408	-3 623	-82 075
Provisioning for impairment losses	-59 627	-99 514	-153	-1 360	-160 654
Other operating result	15 908	13 933	33	-16 150	13 724
Profit/(loss) before tax	**175 028**	**-78 927**	**39 153**	**-10 839**	**124 416**
Taxes	0	0	0	0	-37 896
Net profit	**0**	**0**	**0**	**0**	**86 520**
Profit attributable to non-controlling interest	0	0	0	0	12 903
Profit attributable to the equity holders of the Bank	**0**	**0**	**0**	**0**	**73 617**
Allocated assets	15 626 696	22 334 946	4 699 660	10 846 570	53 507 872
Unallocated assets	0	0	0	0	1 845 276
Total assets	**15 626 696**	**22 334 946**	**4 699 660**	**10 846 570**	**55 353 148**
Allocated liabilities	12 879 933	14 774 295	5 168 836	15 576 748	48 399 812
Unallocated liabilities	0	0	0	0	765 551
Total liabilities	**12 879 933**	**14 774 295**	**5 168 836**	**15 576 748**	**49 165 363**

Notes to the consolidated statement of profit or loss (cont.)

"Non-interest income" from the segments report agree to the sum of "Net fee and commission income" and "Net income from financial instruments measured at fair value" in the consolidated profit and loss account.

The Group operates only on the domestic market.

Revenues from transactions with any single external customer does not represent 10 percent or more of total revenue.

The Group offers a wide range of banking and financial services.

Basic products for Retail customers:

- mortgage loans,
- consumer credit including credit cards and overdraft limits in current accounts,
- financing for micro-companies,
- leasing services,
- deposit products including term deposits and savings accounts,
- brokerage services, investment and insurance products,
- personal accounts and transaction services including cash deposits and withdrawals, transfers, payment terminals service, foreign exchange transactions.

Basic products for Corporate clients include:

- credit products, including corporate loans, credit cards, project finance, trade finance and factoring,
- leasing services
- deposit products,
- accounts and transaction services, including cash deposits and withdrawals, transfers, account management, cash management,
- treasury products, including foreign exchange transactions, derivatives, debt securities and issuance services.

Basic products for Financial Institutions are:

- credit products,
- deposit products, accounts, transactional and custody services,
- treasury products including foreign exchange transactions, derivatives, debt securities and issuance services.

Notes to the consolidated statement of profit or loss (cont.)

6. Interest income and expense

Interest income	For the period from 1 January 2015 to 30 June 2015	For the period from 1 January 2014 to 30 June 2014
Loans and advances to banks	10 542	15 635
Loans and advances to customers	724 310	847 713
Financial assets designated at fair value	85 059	130 038
Derivative hedging instruments	99 610	45 262
Reverse repo	8 749	9 872
Investment securities	33 791	20 206
Total	**962 061**	**1 068 726**

Interest expense		
Banking deposits	-9 744	-11 826
Customer deposits	-274 846	-287 290
Derivative hedging instruments	-2 416	-3 235
Repo intruments	-5 108	-3 335
Loans and advances received (including subordinated loans)	-109 530	-141 408
Issue of the own bonds	-16 623	0
Total	**-418 267**	**-447 094**

Net interest income (including):	**543 794**	**621 632**
Total interest income from financial assets other than designated at fair value through profit or loss	777 392	893 426
Total interest expense related to financial assets other than designated at fair value through profit or loss	-415 851	-443 859

Notes to the consolidated statement of profit or loss (cont.)

7. Net provisioning for impairment losses on financial assets and provisions for off-balance sheet items

For the period from 1 January 2015 to 30 June 2015	Impairment allowances and provisions at the beginning of the period	Increases		Decreases				Impairment allowances and provisions at the end of the period	Proceeds from sale of loan receivables	Impact on the result for the period
		Impairment allowance recorded during the	Foreign exchange differences	Impairment allowance reversal	Write-off of assets	Reclassification	Foreign exchange differences			
Net provisioning for impairment losses on financial assets and provisions for off-balance sheet items valued with individual method										
Amounts due from individuals	17 810	32 266	3 452	-18 947	0	-48	0	34 533	953	**-12 366**
Amounts due from micro customers	128 824	61 388	3 799	-48 925	-8 021	-14 889	0	122 176	0	**-12 463**
Amounts due from large enterprises	844 236	174 290	5 157	-124 785	-27 756	-18 036	0	853 106	1 976	**-47 529**
Amounts due from SME	82 623	22 512	0	-10 941	-5 201	0	-36	88 957	318	**-11 253**
Off-balance sheet items	26 631	22 038	0	-15 348	0	0	-8	33 313	0	**-6 690**
Total	**1 100 124**	**312 494**	**12 408**	**-218 946**	**-40 978**	**-32 973**	**-44**	**1 132 085**	**3 247**	**-90 301**
Net provisioning for impairment losses on financial assets and provisions for off-balance sheet items valued with group method (including IBNR)										
Amounts due from banks	302	298	0	-113	0	0	-1	485	0	**-184**
Amounts due from individuals	607 997	237 010	37 115	-227 439	0	63	0	654 746	0	**-9 571**
Amounts due from micro customers	338 800	100 396	4 717	-97 876	-155	14 874	0	360 756	0	**-2 520**
Amounts due from large enterprises	66 409	53 738	0	-38 066	0	18 036	-70	100 047	0	**-15 672**
Amounts due from SME	9 187	7 516	5	-5 013	0	0	0	11 695	0	**-2 503**
Amounts due from the public sector	135	35	0	-36	0	0	0	134	0	**1**
Off-balance sheet items	8 319	3 348	0	-3 893	0	0	-11	7 763	0	**545**
Total	**1 031 149**	**402 340**	**41 837**	**-372 436**	**-155**	**32 973**	**-82**	**1 135 626**	**0**	**-29 904**
Total allowances and provisions	**2 131 273**	**714 834**	**54 245**	**-591 382**	**-41 133**	**0**	**-126**	**2 267 711**	**3 247**	**-120 205**

Notes to the consolidated statement of profit or loss (cont.)

For the period from 1 January 2014 to 30 June 2014	Impairment allowances and provisions at the beginning of the period	Increases		Decreases				Impairment allowances and provisions at the end of the period	Proceeds from sale of loans receivables	Impact on the result for the period
		Impairment allowance recorded during the period	Foreign exchange differences	Impairment allowance reversal	Write-off of assets	Reclassification	Foreign exchange differences			
Net provisioning for impairment losses on financial assets and provisions for off-balance sheet items valued with individual method										
Amounts due from individuals	10 489	3 408	74	-3 201	0	0	0	10 771	0	**-208**
Amounts due from micro customers	102 342	39 421	0	-23 287	-2 746	0	0	115 730	0	**-16 134**
Amounts due from large enterprises	770 211	152 395	2 923	-100 065	-15 675	0	0	809 789	0	**-52 330**
Amounts due from SME	83 506	16 957	33	-10 233	-3 510	0	0	86 754	0	**-6 725**
Off-balance sheet items	14 306	14 935	63	-14 767	0	0	0	14 537	0	**-167**
Total	**980 854**	**227 116**	**3 093**	**-151 553**	**-21 931**	**0**	**0**	**1 037 581**	**0**	**-75 563**
Net provisioning for impairment losses on financial assets and provisions for off-balance sheet items valued with group method (including IBNR)										
Amounts due from banks	205	126	0	-142	0	0	0	190	0	**16**
Amounts due from individuals	1 299 779	286 347	558	-224 795	-38 964	465	0	1 323 390	0	**-61 552**
Amounts due from micro customers	603 485	112 209	8	-82 329	-494	-439	0	632 439	0	**-29 880**
Amounts due from large enterprises	55 013	13 268	87	-14 593	0	0	0	53 775	0	**1 325**
Amounts due from SME	7 516	3 136	1	-4 392	0	-26	0	6 235	0	**1 256**
Amounts due from the public sector	133	1	0	-28	0	0	0	106	0	**27**
Off-balance sheet items	9 447	2 256	10	-5 973	0	0	0	5 739	0	**3 717**
Total	**1 975 578**	**417 343**	**663**	**-332 253**	**-39 458**	**0**	**0**	**2 021 874**	**0**	**-85 091**
Total allowances and provisions	**2 956 432**	**644 460**	**3 756**	**-483 806**	**-61 389**	**0**	**0**	**3 059 455**	**0**	**-160 654**

Notes to the consolidated statement of profit or loss (cont.)

8. Fee and commission income and expense

Fee and commission income	For the period from 1 January 2015 to 30 June 2015	For the period from 1 January 2014 to 30 June 2014
From margin transaction on client's foreign exchange dealings	135 723	130 732
Proceeds from card transactions	33 111	48 126
Handling and maintaining of bank accounts	22 172	25 603
Transfers and other payment transactions	25 355	26 042
Insurance intermediary	26 416	30 000
Custody activities	14 786	12 834
Lending activities	17 182	11 644
Handling of cash	9 827	10 235
Guarantee-related commitments	11 342	9 751
For preparing documents on clients' behalf	6 901	15 751
Cash receipts	7 263	8 872
From distribution of Open Investment Funds	10 724	4 592
Handling of letters of credit and documentary collection	3 899	4 425
Other	9 108	9 692
Total	**333 808**	**348 298**

Fee and commission expense	For the period from 1 January 2015 to 30 June 2015	For the period from 1 January 2014 to 30 June 2014
Expenses on payment cards	-7 919	-14 178
Handling of banknote transactions	-10 252	-9 849
Paid to clearing institutions	-7 744	-7 377
Expenses on printing and mailing account statements	-2 978	-3 776
Expenses on brokerage fees (including custody)	-2 332	-1 662
Expenses on service and POS maintenance	-1 579	-2 292
Expenses on BIK services and systems	-1 836	-1 761
Other	-12 093	-3 434
Total	**-46 733**	**-44 330**
Net fee and commission income (including):	**287 075**	**303 968**
Total commission income related to financial assets other than designated at fair value through profit or loss	183 299	335 464
Total commission expense related to financial assets other than designated at fair value through profit or loss	-44 401	-42 667

Notes to the consolidated statement of profit or loss (cont.)

9. Net income from instruments measured at fair value and net foreign exchange result

Net income from financial instruments measured at fair value	**For the period from 1 January 2015 to 30 June 2015**	**For the period from 1 January 2014 to 30 June 2014**
Net income realized and unrealized (without the currency component) on currency derivatives	-31 157	-21 953
Net income realized and unrealized (without the currency component) on interest rate based derivatives	22 042	7 269
Net income realized and unrealized on debt instruments	1 045	1 946
Total net income from financial instruments measured at fair value	**-8 070**	**-12 738**

Net income from financial instruments in hedge accounting	**For the period from 1 January 2015 to 30 June 2015**	**For the period from 1 January 2014 to 30 June 2014**
Fair value hedge	**348**	**113**
Changes in fair value of the hedged instrument	-3 699	5 176
Changes in fair value of the hedging instrument	4 048	-5 063
Cash flow hedge	**-3 478**	**865**
Ineffective part of changes in fair value of hedging insturments included in profit or loss	-3 478	865
Total net income from financial instruments in hedge accounting	**-3 129**	**978**

Net foreign exchange result	**For the period from 1 January 2015 to 30 June 2015**	**For the period from 1 January 2014 to 30 June 2014**
Realized and unrealized foreign exchange differences arising from the currency component of the valuation of derivatives	-998 177	-36 992
Realized and unrealized foreign exchange gains/losses on the valuation of other assets and liabilities	1 031 971	94 331
Total net foreign exchange result	**33 794**	**57 338**

Total net income from financial instruments measured at fair value	**22 595**	**45 578**

Additional information on hedged and hedging financial instruments is presented in Note 14.

Notes to the consolidated statement of profit or loss (cont.)

10. General administrative expenses

10.1. Salaries, wages and other employee benefits

Salaries, wages and other employee benefits	For the period from 1 January 2015 to 30 June 2015	For the period from 1 January 2014 to 30 June 2014
Salaries and wages	-238 370	-269 674
Social insurance costs, including:	-42 210	-47 314
pension insurance	-40 947	-46 696
Costs of jubilee programs	-512	0
Other employee benefits	-9 144	-7 407
Total	**-290 235**	**-324 395**

10.2. Other administrative expenses

Other administrative expenses	For the period from 1 January 2015 to 30 June 2015	For the period from 1 January 2014 to 30 June 2014
Maintenance and rental of buildings	-72 358	-78 863
including lease installments	-55 770	-59 599
IT and telecommunication costs	-59 452	-75 744
Contribution and payments to Bank Guarantee Fund	-46 529	-26 382
Consulting services	-4 644	-22 969
Marketing costs	-26 478	-24 790
Training costs	-4 458	-7 621
Costs of other lease installments	-5 524	-2 931
Other sundry costs	-45 650	-54 063
Depreciation cost including:	-72 960	-82 075
depreciation cost on tangible fixed assets	-38 146	-37 896
depreciation cost on intangible fixed assets	-34 815	-44 179
Total	**-338 052**	**-375 438**

Expenses from annual contribution to Bank Guarantee Fund for the year 2015 would amount to PLN 93 048 thousand, and for the year 2014 amounted to PLN 56 230 thousand. These expenses are recognized on linear basis in Group's profit or loss during 12 month period. This recognition scheme is consistent with market approach.

Notes to the consolidated statement of profit or loss (cont.)

11. Income tax

Calculation of effective tax rate	**For the period from 1 January 2015 to 30 June 2015**	**For the period from 1 January 2014 to 30 June 2014**
Profit before tax	140 412	124 416
Current income tax at the local tax rate on profit before tax (19%)	-26 678	-23 639
Tax effect of non-deductible expenses	-14 055	-14 261
Tax effect of non-taxable income including:	119	4
Total income tax charge	**-40 614**	**-37 896**

Reconciliation of tax refererd to income statement	**For the period from 1 January 2015 to 30 June 2015**	**For the period from 1 January 2014 to 30 June 2014**
Current income tax	-33 954	-93 957
Correction of current income tax regarding previous years	-1 393	-3 525
Deferred tax	**-5 267**	**59 586**
Total income tax charge	**-40 614**	**-37 896**

Notes to the consolidated statement of financial position

12. Cash and balances with the Central Bank

	30 June 2015	31 December 2014	30 June 2014
Cash at hand	651 699	1 757 367	809 215
Balances with the Central Bank, including:	1 345 735	926 508	1 159 064
Mandatory reserves with the Central Bank	1 263 573	926 508	1 082 029
Total	**1 997 434**	**2 683 875**	**1 968 279**

13. Amounts due from banks

	30 June 2015	31 December 2014	30 June 2014
Collateral deposits	1 342 436	496 249	79 089
Cash on current accounts	186 714	40 889	40 350
Loans and advances to banks	260 247	28 832	221 491
Deposits with other banks	77 554	89 223	214 032
Gross amounts due from banks	**1 866 951**	**655 193**	**554 962**
Impairment allowance	-485	-302	-190
Net amounts due from banks	**1 866 466**	**654 891**	**554 772**

14. Derivative financial instruments and embedded instruments

The Bank enters into following derivative instruments, including those used as hedging instruments:

- currency forwards,
- currency options,
- interest rate instruments.

Currency forwards represent commitments to purchase foreign and domestic currencies, including unrealized spot transactions.

Notes to the consolidated statement of financial position (cont.)

Fair values of derivative financial instruments are presented below:

	30 June 2015			31 December 2014			30 June 2014		
	Nominal value of instruments	Fair values		Nominal value of instruments	Fair values		Nominal value of instruments	Fair values	
		Assets	Liabilities		Assets	Liabilities		Assets	Liabilities
Derivative financial instruments in the trading portfolio									
Currency swaps and forwards (fx swap and fx forward)	35 403 080	378 793	399 664	34 958 540	668 717	591 600	30 008 805	173 050	129 449
Options acquired or sold OTC	1 113 153	20 256	21 543	2 430 436	23 848	21 226	2 405 872	12 633	11 328
Currency interest rate swaps (CIRS)	0	0	0	1 167 268	0	53 575	839 027	2 490	25 329
Total foreign exchange derivatives	**36 516 233**	**399 048**	**421 207**	**38 556 244**	**692 565**	**666 400**	**33 253 703**	**188 173**	**166 107**
Interest rate swaps (IRS)	11 089 140	150 184	115 553	8 902 128	193 723	136 464	9 325 732	169 955	124 779
Forward Rate Agreement (FRA)	2 550 000	6 866	9 921	13 300 000	13 104	20 857	15 550 000	5 381	10 017
Total interest rate derivatives	**13 639 140**	**157 050**	**125 473**	**22 202 128**	**206 827**	**157 321**	**24 875 732**	**175 336**	**134 796**
Total	**50 155 373**	**556 098**	**546 680**	**60 758 372**	**899 392**	**823 721**	**58 129 435**	**363 510**	**300 903**
Derivative financial instruments in cash flow hedges									
FX swaps	2 601 174	8 349	107 409	4 278 758	1 320	50 325	1 475 579	34 270	15 806
Currency interest rate swaps (CIRS)	6 771 103	0	1 108 646	5 642 898	0	225 680	2 791 049	19 120	32 556
Total	**9 372 276**	**8 349**	**1 216 055**	**9 921 656**	**1 320**	**276 005**	**4 266 628**	**53 389**	**48 362**
Derivative financial instruments in fair value hedges									
Interest rate swaps (IRS)	125 189	0	20 555	130 585	0	24 576	130 768	0	22 040
Total	**125 189**	**0**	**20 555**	**130 585**	**0**	**24 576**	**130 768**	**0**	**22 040**
Total derivatives financial instruments	**59 652 839**	**564 447**	**1 783 290**	**70 810 613**	**900 712**	**1 124 302**	**62 526 832**	**416 899**	**371 305**

Notes to the consolidated statement of financial postion (cont.)

15. Hedge accounting

The Group applies hedge accounting in fair value hedges of granted fixed rate loans. The Group uses interest rate swaps as hedging instruments to pay a fixed interest rate coupon in exchange for floating interest rate coupon.

At the end of December 2005, the Parent Entity granted a fixed interest rate loan for a period of 15 years with a nominal value of EUR 45 million and hedged it with an interest rate swap with a nominal value of EUR 44,9 million. The change in the valuation of the loan and of the hedging transaction as at 31 December 2014 and 2013 is presented in the tables below. The information on the ineffective portion of the hedge transferred to the income statement is presented in Note 9.

	For the period from 1 January 2015 to 30 June 2015	For the period from 1 January 2014 to 30 June 2014
Result on change in fair value of hedging instrument	4 048	-5 063
Result on change in fair value of hedged instrument	-3 699	5 176
Result on fair value hedge accounting	**348**	**113**
Interest result on derivative hedge instrument	-2 416	-2 393
	For the period from 1 January 2015 to 30 June 2015	**For the period from 1 January 2014 to 30 June 2014**
Nominal value of hedging instrument	125 189	130 768
Nominal value of hedged instrument	125 189	130 786

The Group applies hedge accounting in cash flow hedges to hedge both interest rate risk and currency risk arising from floating rate mortgage loans granted in CHF and floating interest rate deposits taken in PLN. The Group uses cross-currency interest rate swaps to pay CHF LIBOR 3M coupon and receive WIBOR 3M coupon, based on the nominal amount defined respectively in CHF and in PLN, and a forward transaction to sell CHF. Nominal and fair values of hedging derivatives are presented in Note 14.

Amounts recognized in the consolidated statement of profit or loss and in revaluation reserve for cash flow hedge are presented in the table below:

	For the period from 1 January 2015 to 30 June 2015	For the period from 1 January 2014 to 30 June 2014
Revaluation reserves (deferred changes in fair value of hedging instruments recognized as an effective hedge - gross)	7 002	-9 257
Net interest income on hedging derivatives	99 610	44 420
Ineffective change in fair value of hedging transactions presented in the profit or loss statement	-3 478	865

Notes to the consolidated statement of financial position (cont.)

Periods in which the hedge relation will generate cash flows are presented below:

30 June 2015	Maturity					Total
	within 1 month	from 1 to 3 months	from 3 to 12 months	from 1 to 5 years	more than 5 years	
Derivative financial instruments in cash flow hedges						
FX swaps	218 225	1 167 708	1 215 241	0	0	2 601 174
Currency interest rate swaps (CIRS)	0	0	727 275	3 812 335	2 231 493	6 771 103
Total	**218 225**	**1 167 708**	**1 942 516**	**3 812 335**	**2 231 493**	**9 372 276**
Derivative financial instruments in fair value hedges						
Interest rate swaps (IRS)	0	0	0	0	125 189	125 189
Total	**0**	**0**	**0**	**0**	**125 189**	**125 189**

31 December 2014	Maturity					Total
	within 1 month	from 1 to 3 months	from 3 to 12 months	from 1 to 5 years	more than 5 years	
Derivative financial instruments in cash flow hedges						
FX swaps	2 731 151	1 547 607	0	0	0	4 278 758
Currency interest rate swaps (CIRS)	0	0	0	3 605 330	2 037 568	5 642 898
Total	**2 731 151**	**1 547 607**	**0**	**3 605 330**	**2 037 568**	**9 921 656**
Derivative financial instruments in fair value hedges						
Interest rate swaps (IRS)	0	0	0	0	130 585	130 585
Total	**0**	**0**	**0**	**0**	**130 585**	**130 585**

Notes to the consolidated statement of financial position (cont.)

30 June 2014	Maturity					Total
	within 1 month	from 1 to 3 months	from 3 to 12 months	from 1 to 5 years	more than 5 years	
Derivative financial instruments in cash flow hedges						
FX swaps	322 527	853 053	300 000	0	0	1 475 579
Currency interest rate swaps (CIRS)	0	0	0	2 054 760	736 289	2 791 049
Total	**322 527**	**853 053**	**300 000**	**2 054 760**	**736 289**	**4 266 628**
Derivative financial instruments in fair value hedges						
Interest rate swaps (IRS)	0	0	0	0	130 768	130 768
Total	**0**	**0**	**0**	**0**	**130 768**	**130 768**

Notes to the consolidated statement of financial position (cont.)

Changes in revaluation reserve for cash flow hedge are presented in the table below:

	For the period from 1 January 2015 to 30 June 2015	For the period from 1 January 2014 to 30 June 2014
Revaluation reserves (deferred changes in fair value of hedging instruments recognized as an effective hedge - gross) at the beginning of the period	**-57 443**	**-5 025**
Revaluation reserves (revaluation with interests realized within the period)	-947 565	-47 850
Interest result on derivative financial instruments in cash flow hedges	-99 610	-44 420
Result on revaluation of derivative financial instruments in cash flow hedges	1 050 700	83 878
Revaluation reserves (deferred changes in fair value of hedging instruments recognized as an ineffective hedge - gross)	3 478	-865
Revaluation reserves (deferred changes in fair value of hedging instruments recognized as an effective hedge - gross) at the end of the period	**-50 441**	**-14 282**

16. Financial assets held for trading

Financial assets held for trading	30 June 2015	31 December 2014	30 June 2014
Bonds and bills issued by the State Treasury	496 517	196 511	229 929
Bonds convertible to shares	62 791	63 808	67 733
Money bills NBP	8 197 316	0	8 648 198
Corporate bonds	62 928	78 962	40 866
Mortgage bonds	26 114	22 343	0
Total	**8 845 666**	**361 623**	**8 986 726**

17. Investment securities

	30 June 2015	31 December 2014	30 June 2014
Investment securities held to maturity			
Treasury bonds	1 964 983	1 751 553	1 249 199
Money bills NBP	0	9 699 462	0
Total held to maturity	**1 964 983**	**11 451 014**	**1 249 199**
Investment securities available for sale			
Equity investments	42 129	42 104	45 129
Financial instruments blocked for BFG	201 983	180 766	175 980
Corporate bonds	314 064	351 353	278 654
Treasury bonds	462 075	503 872	502 800
Total available for sale	**1 020 251**	**1 078 095**	**1 002 563**
Total	**2 985 234**	**12 529 109**	**2 251 762**

Notes to the consolidated statement of financial position (cont.)

18. Loans and advances to customers

Clients' segmentation used in the notes below is based on risk classes attributed to the particular clients according to the Group's internal principles and is different to the classification of clients presented in Note 5 "Segment information", which is based on business model of the Group.

Loans and advances to customers by borrower segment	30 June 2015			31 December 2014			30 June 2014		
	Gross amount	Impairment allowance	Net amount	Gross amount	Impairment allowance	Net amount	Gross amount	Impairment allowance	Net amount
Individual customers	20 149 954	689 279	19 460 675	18 758 999	625 807	18 133 192	19 477 557	1 334 161	18 143 396
Micro customers	5 753 537	482 932	5 270 605	5 428 491	467 624	4 960 867	5 692 539	748 169	4 944 370
Large enterprises	15 052 335	953 153	14 099 182	15 919 169	910 645	15 008 524	15 592 455	863 564	14 728 891
including BSB	*547 717*	*0*	*547 717*	*1 651 297*	*0*	*1 651 297*	*0*	*0*	*0*
SME	2 072 579	100 652	1 971 927	1 778 881	91 810	1 687 071	1 573 459	92 989	1 480 470
Public sector	23 627	134	23 493	29 779	135	29 644	32 414	106	32 308
Total	**43 052 032**	**2 226 150**	**40 825 882**	**41 915 319**	**2 096 021**	**39 819 298**	**42 368 424**	**3 038 989**	**39 329 435**

Notes to the consolidated statement of financial position (cont.)

Loans and advances to customers by quality

30 June 2015	Loans and advances to customers -without impairment trigger and not impaired	Group impairment allowance IBNR	Loans and advances to customers -with impairment trigger but not impaired	Group impairment allowance IBNR	Loans and advances valued with individual method	Individual impairment allowance	Loans and advances to customers valued with group method	Group impairment allowance	Net amount
Individual customers	19 131 020	65 947	0	0	62 186	34 529	956 748	588 803	**19 460 675**
Micro customers	4 883 669	41 892	0	0	172 261	122 180	697 607	318 860	**5 270 605**
Large enterprises	12 555 365	61 988	786 329	18 733	1 592 681	853 124	117 960	19 308	**14 099 182**
including BSB transaction	547 717	0	0	0	0	0	0	0	**547 717**
SME	1 933 136	10 011	26 089	1 701	113 354	88 940	0	0	**1 971 927**
Public sector	23 627	134	0	0	0	0	0	0	**23 493**
Total	**38 526 817**	**179 972**	**812 418**	**20 434**	**1 940 482**	**1 098 773**	**1 772 315**	**926 971**	**40 825 882**

Loans and advances to customers by quality

31 December 2014	Loans and advances to customers -without impairment trigger and not impaired	Group impairment allowance IBNR	Loans and advances to customers -with impairment trigger but not impaired	Group impairment allowance IBNR	Loans and advances valued with individual method	Individual impairment allowance	Loans and advances to customers valued with group method	Group impairment allowance	Net amount
Individual customers	17 866 825	84 570	0	0	36 398	17 806	855 776	523 431	**18 133 192**
Micro customers	4 602 437	52 847	0	0	197 413	128 825	628 641	285 952	**4 960 867**
Large enterprises	13 880 739	45 730	496 215	20 679	1 542 215	844 236	0	0	**15 008 524**
including BSB transaction	1 651 297	0	0	0	0	0	0	0	**1 651 297**
SME	1 647 328	7 887	19 890	1 297	111 663	82 626	0	0	**1 687 071**
Public sector	29 779	135	0	0	0	0	0	0	**29 644**
Total	**38 027 108**	**191 169**	**516 105**	**21 976**	**1 887 689**	**1 073 493**	**1 484 417**	**809 383**	**39 819 298**

Notes to the consolidated statement of financial position (cont.)

Loans and advances to customers by quality

30 June 2014	Loans and advances to customers -without impairment trigger and not impaired	Group impairment allowance IBNR	Loans and advances to customers -with impairment trigger but not impaired	Group impairment allowance IBNR	Loans and advances valued with individual method	Individual impairment allowance	Loans and advances to customers valued with group method	Group impairment allowance	Net amount
Individual customers	17 876 126	64 180	1 849	0	14 610	10 771	1 584 972	1 259 210	**18 143 396**
Micro customers	4 580 705	47 767	0	0	172 441	115 730	939 393	584 672	**4 944 370**
Large enterprises	13 538 880	44 909	467 915	8 866	1 585 660	809 789	0	0	**14 728 891**
SME	1 423 889	5 506	38 487	729	111 083	86 754	0	0	**1 480 470**
Public sector	32 414	106	0	0	0	0	0	0	**32 308**
Total	**37 452 014**	**162 468**	**508 251**	**9 595**	**1 883 794**	**1 023 044**	**2 524 365**	**1 843 882**	**39 329 435**

Notes to the consolidated statement of financial position (cont.)

In Loans and advances to customers are included finance lease receivables.

Finance lease receivables

	30 June 2015	31 December 2014	30 June 2014
Gross finance lease receivables maturing within:	**5 287 078**	**5 049 692**	**4 756 306**
Up to one 1 year	2 069 645	1 928 916	1 848 313
1 to 5 years	2 991 232	2 800 879	2 615 149
More than 5 years	226 201	319 897	292 844
Unrealized future finance income from finance leases:	**480 332**	**443 306**	**441 047**
Up to one 1 year	210 271	184 810	185 846
1 to 5 years	243 867	221 474	213 660
More than 5 years	26 195	37 022	41 541
Present value of future finance lease instalments	**4 806 746**	**4 606 386**	**4 315 259**
Present value of future finance lease instalments maturing within:	**4 806 746**	**4 606 386**	**4 315 259**
Up to one 1 year	1 859 374	1 744 106	1 662 467
1 to 5 years	2 747 366	2 579 405	2 401 489
More than 5 years	200 006	282 875	251 303

Portfolio characteristics

The structure of the leasing portfolio (net value), broken down by types of leased assets:

	30 June 2015	%	31 December 2014	%	30 June 2014	%
Lease of vehicles	3 395 222	75%	3 482 559	80%	3 056 574	75%
Lease of property	424 733	9%	410 002	9%	490 464	12%
Lease of machinery and equipment	744 836	16%	474 668	11%	551 156	13%
Total	**4 564 791**	**100%**	**4 367 229**	**100%**	**4 098 194**	**100%**

19. Intangible assets

	30 June 2015	31 December 2014	30 June 2014
Intangible assets, including:			
Goodwill	32 966	32 966	32 966
“Polbank” brand	200 000	200 000	200 000
Relations with customers	33 541	40 516	53 321
Rights used by the Group	0	0	819
Computer software	266 621	269 704	234 695
Computer software under development	32 444	35 236	90 802
Advances for intangible assets	656	10 977	1 075
Total	**566 228**	**589 399**	**613 678**

The amount of contractual commitments for the acquisition of intangible assets as of 30 June 2015 equaled to PLN 4 044 thousand. The agreements will be executed within one year.

Notes to the consolidated statement of financial position (cont.)

20. Property, plant and equipment

	30 June 2015	31 December 2014	30 June 2014
Tangible fixed assets, including:			
Buildings, apartments and leasehold improvements	58 348	68 346	83 129
Technical equipment and machinery	76 413	83 208	95 787
Vehicles	133 612	133 021	108 253
Other tangible assets	11 776	8 316	7 153
Assets under construction	2 491	7 738	1 775
Advances for property, plant and equipment	168	2 368	633
Total	**282 808**	**302 996**	**296 730**

The amount of contractual commitments for the acquisition of property, plant and equipment as of 30 June 2015 equaled to PLN 1 810 thousand. The agreements will be executed within one year.

21. Amounts due to banks and other monetary institutions

	30 June 2015	31 December 2014	30 June 2014
Current accounts	375 527	958 183	524 714
Term deposits	1 023 657	858 558	905 759
Loans received	11 295 865	13 158 967	14 997 109
Repo transactions	801 854	1 413 968	488 917
Total	**13 496 903**	**16 389 675**	**16 916 499**

22. Amounts due to customers

	30 June 2015	31 December 2014	30 June 2014
Amounts due to individuals	16 622 921	14 011 513	13 594 585
Amounts due to micro customers	1 609 591	1 751 903	2 115 060
Amounts due to large enterprises	14 084 691	14 284 659	11 464 747
Amounts due to SME	2 838 208	2 830 216	2 861 375
Amounts due to the public sector	0	0	763 853
Total	**35 155 411**	**32 878 290**	**30 799 620**

23. Subordinated liabilities

	30 June 2015	31 December 2014	30 June 2014
A loan of EUR 25 million due in 2017	105 129	106 870	104 330
A loan of EUR 50 million due in 2024	209 733	213 136	208 058
Total	**314 862**	**320 006**	**312 388**

Notes to the consolidated statement of financial position (cont.)

24. Liabilities from debt securities issued

For the period from 1 January 2015 to 30 June 2015	The beginning of the period	Increases from issue	Decreases from payment of interest	Change of accrued interests, discount and valuation	The end of the period
Liabilities from debt securities issued by Parent Entity	501 960	0	-8 255	8 080	501 785
Liabilities from debt securities issued by securitization entity	634 434	0	-5 380	8 786	637 840
Total	**1 136 394**	**0**	**-13 635**	**16 866**	**1 139 625**

25. Provisions

Changes during the period from 1 January 2015 to 30 June 2015	At the beginning of the period	Provisions or impairment allowance recorded	Provisions or impairment allowance reversed	Provisions or impairment allowance utilized	Reclassification	Foreign exchange differences	At the end of the period
Impairment provisions for off-balance sheet liabilities assessed individually	26 631	22 038	-15 348	0	0	-8	33 313
Impairment provisions for off-balance sheet liabilities assessed collectively IBNR	8 320	3 348	-3 893	0	0	-11	7 763
Total impairment provisions	**34 951**	**25 386**	**-19 241**	**0**	**0**	**-19**	**41 077**
Provisions for disputes and claims	21 514	14	-1 860	2	0	0	19 671
Provision for jubilee bonuses	38 742	7	0	-16	0	0	38 733
Provision for employee benefits	56 851	47 844	-26 954	-25 214	0	-46	52 481
Provision for unused holidays	26 613	2 952	-2 222	-2 092	0	0	25 251
Provision for pension benefits	3 565	0	0	-3	0	0	3 562
Restructuring provision	37 822	0	-45	-17 795	0	0	19 982
Other provisions	37	0	0	-37	0	0	0
Total provisions	**185 145**	**50 817**	**-31 081**	**-45 155**	**0**	**-46**	**159 680**
Total	**220 096**	**76 203**	**-50 322**	**-45 155**	**0**	**-65**	**200 757**

Changes during the period from 1 January 2014 to 30 June 2014	At the beginning of the period	Provisions or impairment allowance recorded	Provisions or impairment allowance reversed	Provisions or impairment allowance utilized	Reclassification	Foreign exchange differences	At the end of the period
Impairment provisions for off-balance sheet liabilities assessed individually	14 305	14 935	-14 767	0	0	63	14 536
Impairment provisions for off-balance sheet liabilities assessed collectively IBNR	9 448	2 256	-5 973	0	0	10	5 739
Total impairment provisions	**23 753**	**17 191**	**-20 740**	**0**	**0**	**73**	**20 274**
Provisions for disputes and claims	15 162	422	-1 108	-513	0	0	13 963
Provision for jubilee bonuses	31 664	851	0	0	-11	0	32 504
Provision for employee benefits	93 507	41 333	-4 668	-60 270	0	0	69 903
Provision for unused holidays	19 088	2 920	0	-4 018	0	0	17 991
Provision for pension benefits	2 004	4	0	0	11	0	2 019
Restructuring provision	34 004	0	0	-11 653	0	0	22 351
Other provisions	525	262	-523	0	0	0	264
Total provisions	**195 954**	**45 792**	**-6 299**	**-76 454**	**0**	**0**	**158 995**
Total	**219 707**	**62 983**	**-27 039**	**-76 454**	**0**	**73**	**179 270**

Notes to the consolidated statement of financial position (cont.)

Provisions for legal disputes comprised mainly:

- provision resulting from a penalty imposed on the Parent Entity by the Office of Competition and Consumer Protection (OCCP) in October 2014 concerning the practices connected with concluding with customers of agreements relating to joining the group insurance for life and endowment agreement called ”Program Pomnażania Oszczędności Kumulatus”. Penalty amounted to PLN 21 122 thousand. Decision is not final. The Parent Entity appealed and created provision for this penalty in amount of PLN 10 561 thousand, because in it's opinion possible outflow would not exceed the amount of provision;

- provision in the amount of PLN 6 849 thousand for potential claims resulting from disputes with former Polbank's franchise partners.

26. Equity

All shares have been paid in full. All shares have exactly the same voting and dividend rights. Raiffeisen Bank International AG (RBI) is the only shareholder, currently in possession of 100% of the Parent Entity's share capital.

	Par value of shares held		Number of shares (in units)	
Registered share capital	30 June 2015	30 June 2014	30 June 2015	30 June 2014
At the end of the period	**2 256 683**	**2 207 461**	**248 260**	**242 845**

Other capital and reserves	30 June 2015	31 December 2014	30 June 2014
General banking risk reserve	970 019	950 019	950 019
Settlement of the purchase of the organized part of entity	-3 883	-3 883	-3 882
Valuation of avaiable for sale financial assets	793	159	-5 129
Valuation of derivatives hedging the net cash flow	-40 857	-46 529	-11 568
Brokerage activities reserve	1 000	1 000	1 000
Other reserves	46 522	46 522	46 522
Other conected with consolidation	49	0	0
At the end of the period	**973 643**	**947 287**	**976 962**

Other explanatory notes

27. Contingent liabilities

The table below presents contingent liabilities arising from the concluded contracts:

	30 June 2015	31 December 2014	30 June 2014
Guarantees issued			
Bank guarantees	1 659 236	1 768 148	1 538 448
Letters of credit and bank acceptances	225 595	253 759	285 186
Total guarantees issued	**1 884 830**	**2 021 907**	**1 823 634**
Financial liabilities granted			
Granted loan commitments:	7 717 202	4 478 751	4 073 905
With initial maturity up to 1 year	3 768 855	1 994 061	2 069 981
With initial maturity above 1 year	3 948 347	2 484 690	2 003 924
Total financial liabilities granted	**7 717 202**	**4 478 751**	**4 073 905**
Total	**9 602 032**	**6 500 658**	**5 897 539**

	30 June 2015	31 December 2014	30 June 2014
Guarantees received	6 688 064	6 953 110	5 120 477
Total	**6 688 064**	**6 953 110**	**5 120 477**

28. Supplementary information to statement of cash flows

Cash and cash equivalents	**30 June 2015**	**31 December 2014**	**30 June 2014**
Cash in hand at the Bank	651 699	1 757 367	809 215
Cash on the current account with the Central Bank	1 345 735	926 508	1 159 064
Cash on Nostro accounts with other banks	186 714	40 889	40 350
Deposits with other banks (due within 3 months)	47 576	88 794	209 032
Cash and cash equivalents presented in the cash flow statement	**2 231 724**	**2 813 558**	**2 217 661**

29. Fair value of assets and liabilities

The main assumptions and methods used by the Group to measure the fair value of financial instruments are presented below:

- fair value of loans and advances to banks, granted on the interbank market to manage Group's liquidity, was estimated as the present value of future cash flows discounted with current interbank interest rate for currency in which the loan had been granted,

Other explanatory notes (cont.)

- fair value of loans to customers was estimated with a model based on present value of future cash flows discounted with current interest rate including risk margin and adjusted repayment dates resulting from loan agreements. The margins were selected depending on both currency and major product groups, i.e. fixed term loans, consumer loans and mortgage loans,
- securities held to maturity – fair value of securities, for which there is an active market, was determined based on public quotations from the active market (market quotations as at the reporting date),
- fair value of amounts due to customers was estimated based on current market interest rates without any margins, which reflected an average interest rate of deposits offered by the Group,
- fair value of amounts due to banks and other monetary institutions, taken on the interbank market to manage Group's liquidity, was estimated based on the present value of future cash flows discounted with current interbank interest rate for currency in which the loan or deposit had been taken.

The methods for determining the fair value of the individual financial assets and liabilities measured at the fair value, together with the valuation models assigned to them, can be classified into three main levels in the fair value hierarchy:

- *Level I* – financial assets and liabilities measured directly on the basis of prices quoted on an active market or with the use of valuation techniques based solely on market information. The mark-to-market valuation is used mainly with respect to listed securities.
- *Level II* – financial assets and liabilities measured with the use of valuation techniques based on assumptions developed on the basis of market observations or information from an active market. The mark-to-model valuation uses parameterization of models solely on the basis of quotations from an active market for a given type of instrument. Most derivative instruments, including forward transactions in securities, non-liquid treasury securities or securities issued by a central bank, as well as unlisted corporate debt securities and municipal securities, for the valuation of which data is collected from an active market are valued using this type of models.
- *Level III* – financial assets and liabilities measured on the basis of valuation techniques commonly used by market participants, whose assumptions are not based on information obtained from an active market. The mark-to-model valuation uses partial model parameterization based on estimated risk factors. This method is applicable to non-linear derivatives concluded on an inactive market, unlisted corporate debt securities, which do not meet the criteria for being classified as Level II, as well as derivatives whose fair value was adjusted for write-downs in respect of credit risk.

A transfer between categories occurs, when a change in valuation model of an asset or a liability requires a reclassification to a different category. The Group assesses the valuation models at the end of the reporting period.

Other explanatory notes (cont.)

Financial assets categorized within Level III of fair value hierarchy were characterized by the following estimated parameters:

- credit spread estimated for the day of issue of a security. Credit spread for financial instruments categorized within Level III measured between 24 and 502 base points;
- probability of default indicator (PD) measured between 1.28% and 100%;
- loss given default indicator (LGD) measured between 37% and 62%;
- parameter of recovery rate (RR) measured between 38% and 63%.

The effect of estimated parameters on fair value calculation of financial instruments within Level III as at 30 June 2015 was negligible. For debt securities being exposed to credit spread risk the estimated exposure vulnerability to credit spread fluctuation of +/- 100 bps amounted to + 314/ - 324 PLN thousand impact on financial result of the Group and + 1 354/ -1 329 PLN thousand impact on equity. For derivative financial instruments being subject to credit risk the estimated exposure vulnerability to probability of default fluctuation of +/- 100 bps amounted to +/- PLN 8 thousand change in profit or loss. No impact on equity.

The table below presents fair values and book values of assets and liabilities split between levels of fair value hierarchy.

Other explanatory notes (cont.)

Postition description	30 June 2015					31 December 2014				
	Book value	Fair value	Level I	Level II	Level III	Book value	Fair value	Level I	Level II	Level III
Assets										
Cash and balances with Central Bank	1 997 434	1 997 434	0	0	1 997 434	2 683 875	2 683 875	0	0	2 683 875
Amounts due from banks	1 866 466	1 854 370	0	0	1 854 370	654 891	654 659	0	0	654 659
Financial assets held for trading	8 845 666	8 845 666	496 605	8 197 279	151 783	361 623	361 623	196 366	0	165 257
Derivative financial instruments, including:	564 447	564 447	0	547 080	17 367	900 712	900 815	0	900 001	814
Derivative financial instruments held for trading	556 098	556 098	0	538 731	17 367	899 392	899 494	0	898 680	814
Derivative financial instruments in cash flow hedges	8 349	8 349	0	8 349	0	1 320	1 320	0	1 320	0
Investment securities, including:	2 985 234	2 976 581	2 416 810	201 982	357 790	12 529 109	12 528 627	2 435 627	9 699 462	393 539
Investment securities held to maturity	1 964 983	1 956 330	1 956 330	0	0	11 451 014	11 450 532	1 751 071	9 699 462	0
Investment securities available for sale, including:	1 020 251	1 020 251	460 479	201 982	357 790	1 078 095	1 078 095	684 556	0	393 539
Equity interests	42 129	42 129	0	0	42 129	42 104	42 104	0	0	42 104
Debt securities	978 122	978 122	460 479	201 982	315 661	1 035 991	1 035 991	684 556	0	351 435
Loans and advances to customers, including:	40 825 882	38 605 980	0	0	38 605 980	39 819 298	37 081 146	0	0	37 081 146
Loans and advances granted to individuals	19 460 675	17 102 496	0	0	17 102 496	18 133 192	15 670 452	0	0	15 670 452
Loans and advances granted to micro customers	5 270 605	5 148 305	0	0	5 148 305	4 960 867	4 658 324	0	0	4 658 324
Loans and advances granted to large enterprises	14 099 182	14 350 034	0	0	14 350 034	15 008 524	15 067 960	0	0	15 067 960
Loans and advances granted to small and medium enterprises	1 971 927	1 981 427	0	0	1 981 427	1 687 071	1 654 872	0	0	1 654 872
Loans and advances granted to public sector entities	23 493	23 719	0	0	23 719	29 644	29 538	0	0	29 538
Other financial assets	224 417	224 417	0	0	224 417	134 464	134 464	0	0	134 464
Total financial assets	**57 309 546**	**55 068 895**	**2 913 414**	**8 946 341**	**43 209 141**	**57 083 972**	**54 345 209**	**2 631 993**	**10 599 462**	**41 113 755**

Other explanatory notes (cont.)

Position description	30 June 2015					31 December 2014				
	Book value	Fair value	Level I	Level II	Level III	Book value	Fair value	Level I	Level II	Level III
Liabilities										
Amounts due to banks and other monetary institutions	13 496 903	13 353 045	0	0	13 353 045	16 389 675	16 164 323	0	0	16 164 323
Derivative financial instruments, including:	1 783 290	1 783 290	0	1 783 043	248	1 124 302	1 124 405	0	1 124 292	113
Derivative financial instruments held for trading	546 680	546 680	0	546 433	248	823 721	823 824	0	823 711	113
Derivative financial instruments in cash flow hedges	1 216 055	1 216 055	0	1 216 055	0	276 005	276 005	0	276 005	0
Derivative financial instruments in fair value hedges	20 555	20 555	0	20 555	0	24 576	24 576	0	24 576	0
Amounts due to customers, including:	35 155 411	35 452 862	0	0	35 452 862	32 878 290	33 608 303	0	0	33 608 303
Amounts due to individuals	16 622 921	16 759 674	0	0	16 759 674	14 011 513	13 942 773	0	0	13 942 773
Amounts due to micro customers	1 609 591	1 613 186	0	0	1 613 186	1 751 903	1 748 248	0	0	1 748 248
Amounts due to large enterprises	14 084 691	14 226 626	0	0	14 226 626	14 284 659	15 096 530	0	0	15 096 530
Amounts due to small and medium enterprises	2 838 208	2 853 376	0	0	2 853 376	2 830 216	2 820 752	0	0	2 820 752
Subordinated liabilities	314 862	305 019	0	0	305 019	320 006	308 651	0	0	308 651
Liabilities from debt securities issued	1 139 625	1 139 625	0	0	1 139 625	1 136 394	1 136 394	0	0	1 136 394
Other financial liabilities	386 685	386 685	0	0	386 685	260 656	260 656	0	0	260 656
Total financial liabilities	**52 276 775**	**52 420 526**	**0**	**1 783 043**	**50 637 484**	**52 109 324**	**52 602 732**	**0**	**1 124 292**	**51 478 440**

Other explanatory notes (cont.)

Postition description	30 June 2014				
	Book value	Fair value	Level I	Level II	Level III
Assets					
Cash and balances with central bank	1 968 279	1 968 279	1 968 279	0	0
Amounts due from banks	554 772	554 772	0	0	554 772
Financial assets held for trading	8 986 726	8 986 726	229 940	8 648 227	108 559
Derivative financial instruments, including:	416 899	416 899	0	401 919	14 980
Derivative financial instruments held for trading	363 510	363 510	0	348 529	14 980
Derivative financial instruments in cash flow hedges	53 389	53 389	0	53 389	0
Investment securities, including:	2 251 762	2 254 563	2 161 914	0	92 649
Investment securities held to maturity	1 249 199	1 252 000	1 252 000	0	0
Investment securities available for sale, including:	1 002 563	1 002 563	909 914	0	92 649
Equity interests	45 129	45 129	0	0	45 129
Debt securities	957 434	957 434	909 914	0	47 520
Loans and advances to customers, including:	39 329 435	37 582 206	0	0	37 582 206
Loans and advances granted to individuals, including:	18 143 396	15 852 422	0	0	15 852 422
Loans and advances granted to micro customers	4 944 370	5 289 961	0	0	5 289 961
Loans and advances granted to large enterprises	14 728 891	14 919 967	0	0	14 919 967
Loans and advances granted to small and medium enterprises	1 480 470	1 487 040	0	0	1 487 040
Loans and advances granted to public sector entities	32 308	32 815	0	0	32 815
Other financial assets	154 969	154 969	0	0	154 969
Total financial assets	**53 662 841**	**51 918 413**	**4 360 133**	**9 050 145**	**38 508 135**

Position description	30 June 2014				
	Book value	Fair value	Level I	Level II	Level III
Liabilities					
Amounts due to banks and other monetary institutions	16 916 499	16 916 499	0	0	16 916 499
Derivative financial instruments, including:	371 305	371 305	0	370 667	638
Derivative financial instruments held for trading	300 903	300 903	0	300 265	638
Derivative financial instruments in cash flow hedges	48 362	48 362	0	48 362	0
Derivative financial instruments in fair value hedges	22 040	22 040	0	22 040	0
Amounts due to customers, including:	30 799 620	30 855 855	0	0	30 855 855
Amounts due to individuals	13 594 585	13 622 647	0	0	13 622 647
Amounts due to micro customers	2 115 060	2 116 127	0	0	2 116 127
Amounts due to large enterprises	11 464 747	11 485 568	0	0	11 485 568
Amounts due to small and medium enterprises	2 861 375	2 865 133	0	0	2 865 133
Amounts due to the public sector	763 853	766 381	0	0	766 381
Subordinated liabilities	312 388	287 640	0	0	287 640
Other financial liabilities	400 563	400 563	0	0	400 563
Total financial liabilities	**48 800 375**	**48 831 862**	**0**	**370 667**	**48 461 195**

Other explanatory notes (cont.)

The below table presents changes in fair value for financial instruments measured by the Group according to Level III principles.

Changes during the period from 1 January 2015 to 30 June 2015	Financial assets held for trading	Derivative financial instruments - assets	Investment securities available for sale - debt securities	Derivative financial instruments - liabilities
Balance at the begining of the period	**165 257**	**814**	**351 436**	**113**
Increases, including:	77 913	17 190	68 220	150
Purchase	77 655	0	43 092	0
Derivatives opened during period	0	7 878	0	151
Income from financial instruments, included in:	257	4	25 128	0
Net interest income	0	0	362	0
Net income from financial instruments measured at fair value	257	4	0	0
Revaluation reserves	0	0	24 766	0
Reclassification	0	9 308	0	0
Decreases, including:	-91 386	-637	-103 995	-15
Settlement/ redemption	0	-4	0	-79
Sale	-73 628	0	-47 434	0
Loss from financial instruments, included in:	-17 758	-31	-56 561	2
Net interest income	-80	0	-606	0
Net income from financial instruments measured at fair value	-17 678	-30	0	2
Revaluation reserves	0	0	-55 955	0
Reclassification	0	-602	0	61
Balance at the period end	**151 783**	**17 367**	**315 661**	**248**
Unrealized result on financial instruments held in the portfolio at the end of the period, included in statement of comprehensive income in:	**-16 893**	**17 155**	**-28 553**	**74**
Net interest income	528	0	2 637	0
Net income from financial instruments measured at fair value	-17 421	17 155	0	74
Revaluation reserves	0	0	-31 189	0

Other explanatory notes (cont.)

Changes during the period from 1 January 2014 to 30 June 2014	Financial assets held for trading	Derivative financial instruments - assets	Investment securities available for sale - debt securities	Derivative financial instruments - liabilities
Balance at the begining of the period	**67 995**	**13 713**	**48 300**	**37**
Increases, including:	40 826	6 285	1	619
Purchase	40 826	0	0	0
Derivatives opened during period	0	751	0	313
Income from financial instruments, included in:	0	276	1	0
Net income from financial instruments measured at fair value	0	276	0	0
Revaluation reserves	0	0	1	0
Reclassification	0	5 258	0	306
Decreases, including:	-262	-5 017	-781	-18
Loss from financial instruments, included in:	-262	-1 018	-781	-2
Net interest income	0	-1	-18	0
Net income from financial instruments measured at fair value	-262	-1 017	0	-2
Revaluation reserves	0	0	-764	0
Reclassification	0	-3 999	0	-15
Balance at the period end	**108 559**	**14 980**	**47 520**	**638**
Unrealized result on financial instruments held in the portfolio at the end of the period, included in statement of comprehensive income in:	**-262**	**1 214**	**44**	**445**
Net interest income	0	259	806	65
Net income from financial instruments measured at fair value	-262	955	0	380
Revaluation reserves	0	0	-762	0

Other explanatory notes (cont.)

30. Transactions with related parties

The Parent Entity identifies the following related entities:

- Parent entities:
  - ultimate parent entity – Raiffeisen Zentralbank Österreich AG (RZB).
  - parent entity – Raiffeisen Bank International AG (RBI).
- The Parent Entity's consolidated subsidiaries – Raiffeisen-Leasing Polska S.A., Raiffeisen Insurance Agency Sp. z o.o., Raiffeisen-Leasing Service Sp. z o.o., Raiffeisen Financial Services Polska Sp. z o.o., Raiffeisen Solutions Sp z o.o, Raiffeisen-Leasing Real Estate Sp z o.o, Raiffeisen Investment Polska Sp. z o.o.;
- the Parent Entity's subsidiaries not consolidated - RI Inwestycje Sp. z o.o. under liquidation, Leasing Poland Sp. z o.o.
- Members of the Parent Entity's key personnel and the key personnel of the parent entities,
- Other entities - other related entities – entities controlled by the parent companies and subsidiaries, as well as entities having significant influence on Raiffeisen Zentralbank Österreich AG,
- Special purpose entities Compass Variety Funding Ltd. And ROOF Poland 2014 Ltd.

As a part of ordinary operations, a number of transactions was concluded with members of the Parent Entity's key personnel. The Parent Entity's key personnel include members of Bank's Management Board and members of the Parent Entity's Supervisory Board, listed in Note 1 to the interim condensed consolidated financial statements. Transactions with members of the Parent Entity's key personnel can comprise mainly loans, deposits and foreign currency transactions.

Other explanatory notes(cont.)

Statement of financial position items	Parent Companies		Members of the Group's and the Parent Entities' key personnel		Other related entities	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014	30 June 2015	31 December 2014
Amounts due from banks	1 306 828	476 997	0	0	11 326	59 203
Derivative financial instruments - assets	284 541	587 477	0	0	404	166
Loans and advances	0	0	2 353	3 253	0	0
Other assets	0	101	0	0	251	6
Amounts due to banks and other monetary institutions	7 973 073	9 820 422	0	0	772 696	805 812
Derivative financial instruments - liabilities	1 623 629	976 124	0	0	137	471
Amounts due to customers	0	0	6 358	7 312	417	6 019
Subordinated liabilities	314 862	320 006	0	0	0	0
Other liabilities	7 378	16 643	0	0	414	18

Statement of comprehensive profit and loss items	Parent Companies		Members of the Group's and the Parent Entities' key personnel		Other related entities	
	For the period from 1 January 2015 to 30 June 2015	For the period from 1 January 2014 to 30 June 2014	For the period from 1 January 2015 to 30 June 2015	For the period from 1 January 2014 to 30 June 2014	For the period from 1 January 2015 to 30 June 2015	For the period from 1 January 2014 to 30 June 2014
Interest income	96 363	54 110	26	57	0	560
Interest expenses	-8 380	-117 333	-56	-61	-8 397	-2 521
Commission income	796	939	1	1	1 305	517
Commission expenses	-703	-663	0	0	-511	-86
Net income from financial assets measured at fair value through profit or loss and net foreign exchange result	-19 370	27 269	2	4	-452	4
General administrative expenses	-7 754	-13 506	0	0	-3 983	-4 944
Other operating income	116	5 948	0	0	-90	129
Other operating expenses	-105	-106	0	0	0	0

Off-balance sheet commitments	Parent Companies		Members of the Group's and the Parent Entities' key personnel		Other related entities	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014	30 June 2015	31 December 2014
Guarantees and letters of credit	165 000	179 288	0	0	13 132	20 373
Financial liabilities granted	0	0	0	0	22 378	0
Guarantees received	174 696	1 261 296	0	0	67 537	54 461

Other explanatory notes(cont.)

Statement of financial position items	Parent Companies	Members of the Group's and the Parent Entities' key personnel	Other related entities
	30 June 2014	30 June 2014	30 June 2014
Amounts due from banks	193 751	0	8 753
Derivative financial instruments - assets	209 747	0	8
Loans and advances	0	1 894	0
Other assets	6	0	289
Amounts due to banks and other monetary institutions	12 713 504	0	176 329
Derivative financial instruments - liabilities	236 691	0	0
Amounts due to customers	0	3 539	5 393
Subordinated liabilities	312 406	0	0
Other liabilities	25 567	0	4 052

Off-balance sheet commitments	Parent Companies	Members of the Group's and the Parent Entities' key personnel	Other related entities
	30 June 2014	30 June 2014	30 June 2014
Guarantees and letters of credit	902 116	0	0

Other explanatory notes (cont.)

Transactions with the Bank's Parent Entity comprised transactions aimed at providing financing for the Bank's operations (mainly interbank deposits, loans received and subordinated loans) and closing of open positions resulting from derivative transactions.

As a result, interest expenses, net income from financial instruments and general administrative expenses were recognized in the consolidated statement of profit or loss.

31. Seasonality and business cycles

In the Group's activity there were no significant events which are cyclical or subject to seasonal changes.

32. Events after 30 June 2015

On 5 August 2015 Sejm of Poland adopted an act ('the Act') on detailed rules for foreign currency mortgage loans restructuring in relation to change of foreign currency exchange rates and on amendment of certain resolutions. The Act, designed to help borrowers with debts in foreign currency, assumes that by 30 June 2020, upon request of borrowers and after fulfilment by them of certain conditions defined in the Act, bank would be obliged to restructure loans. Restructuring of the loan would include conversion of the loan into Polish zloty and calculation of the difference between converted amount and debt amount, assuming loan was originally granted in Polish zloty, 90% of the calculated difference would be redeemed by the bank. Coming into force of the Act is dependent on its adoption by Senate and approval by President of Poland.

The assessment of the impact of the Act on the consolidated financial statements of the Group in future periods requires among others the knowledge regarding the final solutions defined in the Act, which cannot be done before legislation process is finalized. Assessment of the willingness of borrowers to take advantage of the proposed solutions is also required as well as the collection of the necessary data regarding borrowers, in particular the number of possessed real estate used for personal housing purposes and number of children reared by the borrower. Due to the lack of the above information as of the date of publication of the interim condensed consolidated financial statements it is not possible to complete the assessment of the impact of the Act on the consolidated financial statements of the Group.

No other events having significant influence on the Group Raiffeisen Bank Polska S.A. interim condensed consolidated financial statements have occurred after 30 June 2015.

Risk management

33. The nature and scope of risk associated with financial instruments

In its activity, the Group follows an active approach to the risk management, involving its identification, measurement, monitoring and mitigating. The Group follows the principle that an effective risk management and control system is based on three well-adjusted elements:

- the organizational structure, comprising a segregation of duties and competences, including a clear indication of functions performed by specific organizational units in the risk management and control process,
- the methods for monitoring, measurement and estimation of risk, which are necessary for the Bank to correctly identify the risks undertaken,
- actions focused on using modern techniques for hedging and transferring risks in order to adjust the type and profile of the risks undertaken by the Group to the risk appetite described in the adopted strategic plans.

Risk management procedures were consistent with procedures described in the consolidated financial statements for the year ended 31 December 2014.

Capital management process

The main objective of capital management process is to maintain stable capital adequacy in the long term by ensuring a proper process of identification, measurement, monitoring, mitigation and capital risk reporting.

The amounts of regulatory capital and capital requirement determined for the purposes of calculating the total capital ratio were as follows:

	Method of calculating the requirement	30 June 2015	31 December 2014	30 June 2014
Credit and counterparty risk	Standard	3 122 064	3 021 533	2 960 225
Market risk	Standard	49 513	65 128	46 958
Operational risk	Standard	315 915	329 532	328 310
Regulatory capital		**3 487 492**	**3 416 193**	**3 335 493**
Own funds		**5 817 637**	**5 494 652**	**5 539 801**
Total capital ratio (%)		**13,35**	**12,87**	**13,29**

In periods covered by these interim condensed consolidated financial statements the Group complied with the regulatory requirements in respect of the total capital ratio.

Risk management (cont.)

34. Credit risk

Credit risk is the possibility to incur a loss due to debtor not meeting the terms of the agreement with the Group.

The aim of credit risk management is to increase the safety of the Group's lending activity by ensuring the highest quality of credit risk assessments and effectiveness of the decision-making process, as well as an effective credit exposure monitoring with regard to the individual customers and the Group's loan portfolio.

The Group's exposure to credit risk arises mainly from its lending activity and, to a lesser extent, from the sales and operations on the trading portfolio, derivative instruments and participation in payment transactions and settlements of securities on Group's own account and its customers' accounts.

In the periods covered by these interim condensed consolidated financial statements there were no significant changes in the credit risk management.

Risk management (cont.)

30 June 2015	Financial assets presented in the statement of financial position							
Classes of exposure with instrument types assigned to them	amounts due form banks	cash and balances with the Central Bank	trading assets	derivatives	investment securities	loans and advances	other	**Total**
Cash and cash equivalents	**0**	**651 699**	**0**	**0**	**0**	**0**	**0**	**651 699**
Exposures to governments and central banks	**0**	**1 345 735**	**8 693 833**	**0**	**2 629 041**	**0**	**0**	**12 668 609**
Cash and balances with the Central Bank	0	1 345 735	0	0	0	0	0	1 345 735
Treasury bonds and bills	0	0	496 517	0	2 629 041	0	0	3 125 558
NBP bills	0	0	8 197 316	0	0	0	0	8 197 316
Exposures to banks	**1 866 466**	**0**	**74 245**	**380 750**	**0**	**0**	**0**	**2 321 462**
Cash on current and term accounts with other banks	1 606 704	0	0	0	0	0	0	1 606 704
Loans and advances granted to other banks	259 762	0	0	0	0	0	0	259 762
Derivative financial instruments	0	0	0	380 750	0	0	0	380 750
Corporate bonds	0	0	48 131	0	0	0	0	48 131
Mortgage bonds	0	0	26 114	0	0	0	0	26 114
Exposures to customers	**0**	**0**	**77 588**	**183 697**	**356 193**	**40 825 882**	**0**	**41 443 360**
Loans and advances granted to individuals	0	0	0	0	0	19 460 675	0	19 460 675
Loans and advances granted to micro customers	0	0	0	0	0	5 270 605	0	5 270 605
Loans and advances granted to large enterprises	0	0	0	0	0	14 099 182	0	14 099 182
Loans and advances granted to small and medium enterprises	0	0	0	0	0	1 971 927	0	1 971 927
Loans and advances granted to public sector entities	0	0	0	0	0	23 493	0	23 493
Investment securities available for sale	0	0	0	0	42 129	0	0	42 129
Derivative financial instruments	0	0	0	183 697	0	0	0	183 697
Corporate bonds	0	0	14 797	0	314 064	0	0	328 861
Bonds convertible to shares	0	0	62 791	0	0	0	0	62 791
Other financial assets	**0**	**0**	**0**	**0**	**0**	**0**	**224 417**	**224 417**
Total	**1 866 466**	**1 997 434**	**8 845 666**	**564 447**	**2 985 234**	**40 825 882**	**224 417**	**57 309 546**

Risk management (cont.)

31 December 2014	Financial assets presented in the statement of financial position							
Classes of exposure with instrument types assigned to them	amounts due form banks	cash and balances with the Central Bank	trading assets	derivatives	investment securities	loans and advances	other	**Total**
Cash and cash equivalents	**0**	**1 757 367**	**0**	**0**	**0**	**0**	**0**	**1 757 367**
Exposures to governments and central banks	**0**	**926 508**	**196 511**	**0**	**12 135 652**	**0**	**0**	**13 258 671**
Cash and balances with the Central Bank	0	926 508	0	0	0	0	0	926 508
Treasury bonds and bills	0	0	196 511	0	2 436 191	0	0	2 632 702
NBP bills	0	0	0	0	9 699 462	0	0	9 699 462
Exposures to banks	**654 891**	**0**	**69 411**	**708 833**	**0**	**0**	**0**	**1 433 135**
Cash on current and term accounts with other banks	626 361	0	0	0	0	0	0	626 361
Loans and advances granted to other banks	28 530	0	0	0	0	0	0	28 530
Derivative financial instruments	0	0	0	708 833	0	0	0	708 833
Corporate bonds	0	0	47 069	0	0	0	0	47 069
Mortgage bonds	0	0	22 343	0	0	0	0	22 343
Exposures to customers	**0**	**0**	**95 700**	**191 879**	**393 457**	**39 819 298**	**0**	**40 500 334**
Loans and advances granted to individuals	0	0	0	0	0	18 133 192	0	18 133 192
Loans and advances granted to micro customers	0	0	0	0	0	4 960 867	0	4 960 867
Loans and advances granted to large enterprises	0	0	0	0	0	15 008 524	0	15 008 524
Loans and advances granted to small and medium enterprises	0	0	0	0	0	1 687 071	0	1 687 071
Loans and advances granted to public sector entities	0	0	0	0	0	29 644	0	29 644
Investment securities available for sale	0	0	0	0	42 104	0	0	42 104
Derivative financial instruments	0	0	0	191 879	0	0	0	191 879
Corporate bonds	0	0	31 893	0	351 353	0	0	383 246
Bonds convertible to shares	0	0	63 808	0	0	0	0	63 808
Other financial assets	**0**	**0**	**0**	**0**	**0**	**0**	**134 464**	**134 464**
Total	**654 891**	**2 683 875**	**361 623**	**900 712**	**12 529 109**	**39 819 298**	**134 464**	**57 083 972**

Risk management (cont.)

30 June 2014	Financial assets presented in the statement of financial position							
Classes of exposure with instrument types assigned to them	amounts due form banks	cash and balances with the Central Bank	trading assets	derivatives	investment securities	loans and advances	other	Total
Cash and cash equivalents	**0**	**809 215**	**0**	**0**	**0**	**0**	**0**	**809 215**
Exposures to governments and central banks	**0**	**1 159 064**	**8 918 993**	**0**	**1 927 979**	**0**	**0**	**12 006 036**
Cash and balances with the Central Bank	0	1 159 064	0	0	0	0	0	1 159 064
Treasury bonds and bills	0	0	229 929	0	1 927 979	0	0	2 157 908
NBP bills	0	0	8 689 064	0	0	0	0	8 689 064
Exposures to banks	**554 772**	**0**	**0**	**275 797**	**0**	**0**	**0**	**830 569**
Cash on current and term accounts with other banks	333 470	0	0	0	0	0	0	333 470
Loans and advances granted to other banks	221 491	0	0	0	0	0	0	221 491
Derivative financial instruments	0	0	0	275 797	0	0	0	275 797
Exposures to customers	**0**	**0**	**67 733**	**141 102**	**323 783**	**39 329 435**	**0**	**39 862 053**
Loans and advances granted to individuals	0	0	0	0	0	18 143 396	0	18 143 396
Loans and advances granted to micro customers	0	0	0	0	0	4 944 370	0	4 944 370
Loans and advances granted to large enterprises	0	0	0	0	0	14 728 891	0	14 728 891
Loans and advances granted to small and medium enterprises	0	0	0	0	0	1 480 470	0	1 480 470
Loans and advances granted to public sector entities	0	0	0	0	0	32 308	0	32 308
Investment securities available for sale	0	0	0	0	45 129	0	0	45 129
Derivative financial instruments	0	0	0	141 102	0	0	0	141 102
Corporate bonds	0	0	0	0	278 654	0	0	278 654
Bonds convertible to shares	0	0	67 733	0	0	0	0	67 733
Other financial assets	**0**	**0**	**0**	**0**	**0**	**0**	**154 969**	**154 969**
Total	**554 772**	**1 968 279**	**8 986 726**	**416 899**	**2 251 762**	**39 329 435**	**154 969**	**53 662 842**

Maximum exposure to credit risk for off-balance sheet amounted to:	30 June 2015	31 December 2014	30 June 2014
Guarantees	1 884 830	2 021 907	1 823 634
Off balance liabilities of a financial nature	7 717 202	4 478 751	4 073 905
Total	**9 602 032**	**6 500 658**	**5 897 539**

Risk management (cont.)

All categories of financial assets presented in the consolidated statement of financial position are regularly tested for impairment (on an individual or group basis). For the purpose of disclosure they are classified to one of the three categories of receivables: unimpaired not-overdue, unimpaired overdue and impaired. The above mentioned assets are presented in the following table by the gross value and by the customer group:

	Exposure amount			
30 June 2015	**analysed on an individual basis**	**analysed on a group basis**	**Total**	**Value of collateral reducing the maximum exposure to credit risk**
Not overdue receivables without identified impairment	**223 276**	**40 138 339**	**40 361 615**	**18 991 363**
Amounts due from Central Bank and other banks	0	3 212 686	3 212 686	19 954
Individual customers	0	17 649 904	17 649 904	9 405 455
Micro customers	0	4 247 680	4 247 680	3 217 758
Large enterprises	0	13 137 374	13 137 374	5 437 826
Small and medium enterprises	0	1 867 068	1 867 068	910 370
Public sector	0	23 627	23 627	0
Other financial assets	223 276	0	223 276	0
Overdue receivables without identified impairment	**1 141**	**2 413 582**	**2 414 723**	**1 367 472**
Individual customers	0	1 481 116	1 481 116	690 235
Micro customers	0	635 989	635 989	454 705
Large enterprises	0	204 320	204 320	156 197
Small and medium enterprises	0	92 157	92 157	66 335
Other financial assets	1 141	0	1 141	0
Receivables with identified impairment	**1 944 691**	**1 772 315**	**3 717 006**	**1 593 673**
Individual customers	62 186	956 748	1 018 934	361 662
Micro customers	172 261	697 607	869 868	421 724
Large enterprises	1 592 681	117 960	1 710 641	784 331
Small and medium enterprises	113 354	0	113 354	25 956
Other financial assets	4 209	0	4 209	0
Total other financial assets, gross	**2 169 108**	**44 324 236**	**46 493 344**	**21 952 508**
Impairment allowances on amounts due from Central Bank and other banks	**0**	**485**	**485**	**0**
Impairment allowances on loans and advances	**1 098 772**	**1 127 378**	**2 226 150**	**0**
Impairment allowances on other financial assets	**4 209**	**0**	**4 209**	**0**
Total other financial assets, net	**1 066 127**	**43 196 373**	**44 262 500**	**21 952 508**

Risk management (cont.)

31 December 2014	Exposure amount			
	analysed on an individual basis	analysed on a group basis	Total	Value of collateral reducing the maximum exposure to credit risk
Not overdue receivables without identified impairment	**132 731**	**37 453 790**	**37 586 521**	**18 198 014**
Amounts due from Central Bank and other banks	0	1 581 701	1 581 701	16 123
Individual customers	0	16 202 556	16 202 556	9 033 075
Micro customers	0	3 901 741	3 901 741	3 110 128
Large enterprises	0	14 146 189	14 146 189	5 216 058
Small and medium enterprises	0	1 597 564	1 597 564	822 630
Public sector	0	24 039	24 039	0
Other financial assets	132 731	0	132 731	0
Overdue receivables without identified impairment	**1 683**	**2 671 124**	**2 672 807**	**1 546 999**
Individual customers	0	1 664 269	1 664 269	786 940
Micro customers	0	700 696	700 696	514 947
Large enterprises	0	230 765	230 765	199 888
Small and medium enterprises	0	69 654	69 654	45 224
Public sector	0	5 740	5 740	0
Other financial assets	1 683	0	1 683	0
Receivables with identified impairment	**1 891 376**	**1 484 417**	**3 375 793**	**1 445 774**
Individual customers	36 398	855 776	892 174	326 894
Micro customers	197 413	628 641	826 054	405 214
Large enterprises	1 542 215	0	1 542 215	683 796
Small and medium enterprises	111 663	0	111 663	29 870
Other financial assets	3 687	0	3 687	0
Total other financial assets, gross	**2 025 790**	**41 609 331**	**43 635 121**	**21 190 787**
Impairment allowances on amounts due from Central Bank and other banks	**0**	**302**	**302**	**0**
Impairment allowances on loans and advances	**1 073 494**	**1 022 527**	**2 096 021**	**0**
Impairment allowances on other financial assets	**3 637**	**0**	**3 637**	**0**
Total other financial assets, net	**948 659**	**40 586 502**	**41 535 161**	**21 190 787**

Risk management (cont.)

30 June 2014	Exposure amount: analysed on an individual basis	Exposure amount: analysed on a group basis	Exposure amount: Total	Value of collateral reducing the maximum exposure to credit risk
Not overdue receivables without identified impairment	**154 675**	**37 027 937**	**37 182 612**	**17 772 858**
Amounts due from Central Bank and other banks	0	1 714 026	1 714 026	18 806
Individual customers	0	16 277 382	16 277 382	9 084 235
Micro customers	0	3 872 871	3 872 871	3 028 590
Large enterprises	0	13 738 993	13 738 993	4 880 595
Small and medium enterprises	0	1 392 251	1 392 251	760 632
Public sector	0	32 414	32 414	0
Other financial assets	154 675	0	154 675	0
Overdue receivables without identified impairment	**262**	**2 646 354**	**2 646 616**	**1 561 372**
Individual customers	0	1 600 593	1 600 593	776 910
Micro customers	0	707 834	707 834	521 404
Large enterprises	0	267 802	267 802	214 405
Small and medium enterprises	0	70 125	70 125	48 653
Other financial assets	262	0	262	0
Receivables with identified impairment	**1 892 457**	**2 524 365**	**4 416 822**	**1 476 883**
Individual customers	14 610	1 584 972	1 599 582	310 414
Micro customers	172 441	939 393	1 111 834	388 121
Large enterprises	1 585 660	0	1 585 660	754 868
Small and medium enterprises	111 083	0	111 083	23 480
Other financial assets	8 663	0	8 663	0
Total other financial assets, gross	**2 047 394**	**42 198 656**	**44 246 050**	**20 811 113**
Impairment allowances on amounts due from Central Bank and other banks	**0**	**190**	**190**	**0**
Impairment allowances on loans and advances	**1 023 044**	**2 015 945**	**3 038 989**	**0**
Impairment allowances on other financial assets	**8 631**	**0**	**8 631**	**0**
Total other financial assets, net	**1 015 719**	**40 182 521**	**41 198 240**	**20 811 113**

Risk management (cont.)

The ageing analysis of overdue assets without identified impairment is presented in the following table:

30 June 2015 **Overdue receivables - not impaired**	**Past due for** Less than 30 days	Between 30 and 90 days	Between 90 and 180 days	Between 180 days and 1 year	More than 1 year	**Total**
Gross loans and advances - overdue but not impaired	**1 777 024**	**566 575**	**4 500**	**15 748**	**49 735**	**2 413 582**
Individual customers	1 152 088	321 636	3 774	3 038	580	1 481 116
Micro customers	471 378	164 452	38	98	23	635 989
Large enterprises	80 224	67 873	349	12 139	43 735	204 320
Small and medium enterprises	73 334	12 614	339	473	5 397	92 157
Other gross financial assets – past due but not impaired	**0**	**0**	**0**	**0**	**1 141**	1 141
Total	**1 777 024**	**566 575**	**4 500**	**15 748**	**50 876**	**2 414 723**

31 December 2014 **Overdue receivables - not impaired**	**Past due for** Less than 30 days	Between 30 and 90 days	Between 90 and 180 days	Between 180 days and 1 year	More than 1 year	**Total**
Gross loans and advances - overdue but not impaired	**2 059 216**	**493 577**	**18 957**	**21 687**	**77 687**	**2 671 124**
Individual customers	1 364 497	294 940	2 963	1 800	69	1 664 269
Micro customers	516 433	184 186	7	35	35	700 696
Large enterprises	121 944	2 488	14 507	19 091	72 735	230 765
Small and medium enterprises	56 342	6 223	1 480	761	4 848	69 654
Public sector	0	5 740	0	0	0	5 740
Other gross financial assets – past due but not impaired	**1 660**	**23**	**0**	**0**	**0**	**1 683**
Total	**2 060 876**	**493 600**	**18 957**	**21 687**	**77 687**	**2 672 807**

30 June 2014 **Overdue receivables - not impaired**	**Past due for** Less than 30 days	Between 30 and 90 days	Between 90 and 180 days	Between 180 days and 1 year	More than 1 year	**Total**
Gross loans and advances - overdue but not impaired	**1 864 198**	**642 357**	**16 111**	**6 752**	**116 936**	**2 646 354**
Individual customers	1 232 227	366 722	1 401	38	205	1 600 593
Micro customers	505 881	201 921	6	21	5	707 834
Large enterprises	78 409	60 823	12 685	5 318	110 567	267 802
Small and medium enterprises	47 681	12 891	2 019	1 375	6 159	70 125
Other gross financial assets – past due but not impaired	**109**	**153**	**0**	**0**	**0**	**262**
Total	**1 864 307**	**642 510**	**16 111**	**6 752**	**116 936**	**2 646 616**

Risk management (cont.)

Practices „forbearance”

In the first half of the year 2015 there were no significant changes in respect of identification and presentation of forborne exposures.

Forborne exposures				
30 June 2015	**Gross value**	**Impairment allowance**	**Net value**	**Value of received collateral**
Not impaired exposures	**1 262 694**	**25 908**	**1 236 787**	**791 584**
Non past due	**1 009 047**	**14 053**	**994 994**	**645 503**
Individual customers	226 787	2 291	224 496	107 199
Micro customers	147 631	880	146 750	120 378
Large enterprises	619 599	10 013	609 586	409 699
Small and medium enterprises	15 030	869	14 161	8 227
Past due	**253 648**	**11 854**	**241 793**	**146 081**
Individual customers	141 446	5 853	135 593	66 704
Micro customers	77 120	4 351	72 769	52 883
Large enterprises	29 716	1 332	28 384	22 304
Small and medium enterprises	5 366	319	5 047	4 191
Impaired exposuers	**1 305 664**	**555 530**	**750 134**	**753 529**
Group method	**291 450**	**141 496**	**149 954**	**157 264**
Individual customers	143 069	80 410	62 659	61 044
Micro customers	146 999	60 604	86 395	95 450
Large enterprises	1 382	482	900	771
Individual method	**1 014 214**	**414 034**	**600 180**	**596 265**
Individual customers	34 717	17 102	17 615	17 615
Micro customers	32 086	15 804	16 282	16 413
Large enterprises	918 278	359 128	559 150	557 180
Small and medium enterprises	29 132	21 999	7 133	5 057
Total	**2 568 358**	**581 437**	**1 986 921**	**1 545 113**

Risk management (cont.)

Forborne exposures				
31 December 2014	**Gross value**	**Impairment allowance**	**Net value**	**Value of received collateral**
Not impaired exposures	**1 398 400**	**40 569**	**1 357 831**	**849 590**
Non past due	**1 093 096**	**18 590**	**1 074 505**	**673 203**
Individual customers	144 189	2 653	141 536	57 477
Micro customers	142 462	2 335	140 126	79 047
Large enterprises	793 019	13 074	779 945	528 287
Small and medium enterprises	13 426	528	12 898	8 391
Past due	**305 304**	**21 978**	**283 326**	**176 387**
Individual customers	147 883	9 813	138 070	62 319
Micro customers	86 811	7 615	79 195	45 396
Large enterprises	66 041	4 304	61 737	65 366
Small and medium enterprises	4 569	246	4 323	3 307
Impaired exposuers	**1 110 493**	**518 452**	**592 042**	**428 438**
Group method	**257 814**	**119 382**	**138 432**	**132 176**
Individual customers	120 934	65 795	55 139	51 515
Micro customers	134 532	53 137	81 395	78 842
Large enterprises	2 348	451	1 897	1 820
Individual method	**852 679**	**399 069**	**453 610**	**296 261**
Individual customers	14 040	4 468	9 573	0
Micro customers	19 180	13 505	5 675	944
Large enterprises	794 074	363 533	430 541	290 666
Small and medium enterprises	25 385	17 563	7 821	4 652
Total	**2 508 893**	**559 020**	**1 949 873**	**1 278 028**

In order to control credit portfolio risk in terms of expected and unexpected loss (capital and impairment allowance), the Group sets for the purpose of internal control concentration limits as well as manages the exposure within those limits through regular monitoring.

In the periods covered by these interim condensed consolidated financial statements the Group had no exposures exceeding any of the relevant concentration limits.

Loans portfolio in CHF

Following decision of the Central Bank of Switzerland not to hold the Swiss frank (CHF) at a fixed exchange rate with euro (EUR), Polish zloty weakened roughly with relation to CHF (in the daytime of SNB decision by about 16-17%). The Parent's Entity Management Board assessed that the strong appreciation of CHF against the PLN did not result in the breach of any of the regulatory ratios (CAD, LCR, Polish liquidity regulatory ratios) which remained on safe level, well above the required regulatory minimum.

Risk management (cont.)

From credit risk perspective no significant one off risk charges were identified or are expected to arise. One of the factors which caused the current situation is depreciating exchange rate PLN/CHF from January. Additionally, in cooperation with The Polish Bank Association, Parent Entity introduced the action plan to strengthen monitoring of receivables quality, early warning and customer information processes. Parent Entity activated also additional tools for repayment facilities for clients who have mortgages in CHF.

In the table below loans and advances to customers of Parent Entity in CHF are presented by gross value, impairment loss and net value as at 30 June 2015:

	Gross amount	Impairment allowance	Net amount
Individuals customers	12 547 764	185 965	12 361 799
Micro customers	634 443	20 110	614 333
Large enterprises	266 644	52 704	213 940
Small and medium enterprises	2 287	1	2 286
Total	**13 451 138**	**258 780**	**13 192 358**

The systemic solutions for FX risk associated with portfolios denominated in foreign currencies proposed by various state and supervisory bodies may have negative impact on Group's financial results or capital.

35. Liquidity risk

The main purpose of the liquidity risk management process is to develop a structure of financial statement positions in Group that allows the Group to achieve profit targets defined in the financial plan and, at the same time, maintain Group's ability to timely settle its liabilities and comply with the both internal and external (regulatory) liquidity risk limits.

In the periods covered by these interim condensed consolidated financial statements there were no significant changes in the liquidity risk management.

Risk management (cont.)

The following table presents an ageing analysis of financial liabilities in the form of undiscounted cash flows:

30 June 2015 Type of liability	Nominal amount	Carrying amount	Contractual cash flows within 3 months	from 3 to 12 months	from 1 to 5 years	more than 5 years	Total
Liabilities in respect of derivative financial instruments		**1 783 290**	**263 194**	**316 052**	**945 200**	**214 271**	**1 738 717**
Inflows	26 405 673	0	13 235 592	6 989 123	5 049 651	1 329 332	**26 603 698**
Outflows	28 049 472	0	13 571 392	7 305 175	5 994 851	1 543 603	**28 415 021**
Financial liabilities	**50 421 111**	**50 493 485**	**33 039 192**	**8 307 755**	**7 163 756**	**3 351 715**	**51 862 418**
Amounts due to banks	13 494 197	13 496 903	2 647 897	2 641 304	6 210 691	3 098 206	**14 598 098**
including received loans	11 293 541	11 295 865	402 824	2 629 785	6 165 370	3 097 343	**12 295 322**
Amounts due to customers	35 091 602	35 155 411	30 115 416	5 151 096	14 475	613	**35 281 600**
Subordinated liabilities	314 580	314 862	3 695	11 086	153 356	252 184	**420 321**
Liabilities from issuance of debt securities	1 134 048	1 139 625	118 739	329 007	727 968	0	**1 175 715**
Other financial liabilities	386 684	386 684	153 444	175 263	57 265	712	**386 684**
Guarantee liabilities granted	**1 884 830**	**0**	**0**	**1 884 830**	**0**	**0**	**1 884 830**
Financial liabilities granted	**7 717 202**	**0**	**31 132**	**3 737 722**	**3 948 347**	**0**	**7 717 202**

31 December 2014 Type of liability	Nominal amount	Carrying amount	Contractual cash flows within 3 months	from 3 to 12 months	from 1 to 5 years	more than 5 years	Total
Liabilities in respect of derivative financial instruments		**1 124 302**	**509 515**	**340 428**	**202 052**	**114 435**	**1 166 430**
Inflows	27 313 337	0	17 541 511	4 093 644	3 699 251	2 039 408	**27 373 813**
Outflows	28 266 881	0	18 051 129	4 434 072	3 901 303	2 153 842	**28 540 346**
Financial liabilities	**50 900 092**	**50 985 022**	**33 153 009**	**11 298 699**	**6 164 582**	**1 219 869**	**51 836 159**
Amounts due to banks	16 381 761	16 389 675	3 583 730	7 000 407	5 301 016	848 998	**16 734 151**
including received loans	13 157 060	13 158 967	1 814 532	5 484 023	5 190 108	938 616	**13 427 279**
Amounts due to customers	32 803 567	32 878 290	29 221 770	3 905 883	81 261	1 186	**33 210 100**
Subordinated liabilities	319 673	320 006	3 755	11 265	68 169	351 487	**434 677**
Liabilities from issuance of debt securities	1 134 434	1 136 394	128 197	365 508	702 868	0	**1 196 574**
Other financial liabilities	260 657	260 657	215 558	15 636	11 266	18 197	**260 657**
Guarantee liabilities granted	**2 021 907**	**0**	**1 984**	**2 019 923**	**0**	**0**	**2 021 907**
Financial liabilities granted	**4 478 751**	**0**	**24 004**	**1 970 057**	**2 484 690**	**0**	**4 478 751**

Risk management (cont.)

30 June 2014			Contractual cash flows				
Type of liability	**Nominal amount**	**Carrying amount**	within 3 months	from 3 to 12 months	from 1 to 5 years	more than 5 years	**Total**
Liabilities in respect of derivative financial instruments		**371 305**	**118 344**	**108 687**	**135 926**	**21 408**	**384 365**
Inflows	15 962 851	0	9 350 407	4 752 093	1 572 062	408 890	**16 083 453**
Outflows	16 197 366	0	9 468 751	4 860 780	1 707 988	430 298	**16 467 818**
Financial liabilities	**48 330 275**	**48 423 832**	**30 356 800**	**8 895 160**	**9 010 734**	**765 107**	**49 027 802**
Amounts due to banks	16 901 381	16 916 499	2 956 657	5 176 976	8 566 566	460 545	**17 160 744**
including received loans	14 986 805	14 997 109	1 526 104	5 075 648	8 539 844	158 293	**15 299 889**
Amounts due to customers	30 721 502	30 799 620	27 377 386	3 486 771	170 836	1 364	**31 036 357**
Subordinated liabilities	312 068	312 388	3 775	11 324	117 079	303 199	**435 376**
Other financial liabilities	400 563	400 563	24 221	220 089	156 253	0	**400 563**
Guarantee liabilities granted	**1 823 634**	**0**	**0**	**1 143 088**	**680 546**	**0**	**1 823 634**
Financial liabilities granted	**4 073 905**	**0**	**22 605**	**2 047 376**	**2 003 924**	**0**	**4 073 905**

The following table presents the cumulative liquidity gap of the Parent Entity including off-balance transactions (without credit lines).

	within 1 month	**1 - 3 months**	**3 - 12 months**	**1 - 2 years**	**2 - 3 years**	**up to 5 years**	**up to 20 years**
30 June 2015	-5 010 850	-12 294 841	-17 204 095	-17 157 509	-17 033 236	-14 544 697	-1 335 940
31 December 2014	-2 705 121	-12 377 383	-14 218 396	-15 508 933	-14 778 638	-12 295 993	105 923
30 June 2014	-5 022 472	-11 038 297	-15 436 274	-15 282 068	-15 132 729	-12 810 592	-2 183 061

Amounts due to customers in current accounts are presented in liabilities „within 1 month”.

36. Other market risks

36.1. Market risk

Market risk is related to open positions on interest rate, foreign exchange and equity products exposed to changes in market values. For the purposes of determining risk limits, the Group uses simulation methods relying on the base point value and methods based on the net position value.

The market risk management process is subject to continuous assessment and evolution in order to adjust it to the changing market conditions.

The management process comprises:

- identification of risk factors;
- risk measurement;
- risk monitoring;
- risk reporting.

Risk management (cont.)

36.2. Currency risk

Currency risk is a risk of changes in value of individual financial instruments due to fluctuations in foreign exchange rates. In connection with its activity, the Group is exposed to the effect of fluctuations in foreign exchange rates on its financial position and cash flows.

The main purpose of currency risk management is to identify areas prone to currency risk and take actions aimed at reducing the risk an acceptable level.

In periods covered by these interim condensed consolidated financial statements there were no significant changes in currency risk management.

Assets, liabilities and off-balance items in foreign currencies and the Group's foreign exchange position					
30 June 2015	**EUR**	**USD**	**CHF**	**Other**	**Total**
Balance sheet components of foreign exchange position – assets	11 372 470	572 511	13 080 913	169 799	25 195 693
Balance sheet components of foreign exchange position – liabilities	9 750 110	2 128 003	3 239 906	298 484	15 416 503
Off-balance components of foreign exchange position – amounts receivable	11 567 673	15 032 379	466 649	651 603	27 718 304
Off-balance components of foreign exchange position – amounts payable	13 171 417	13 486 375	10 324 805	521 875	37 504 472
Net long foreign exchange position (+)	**18 617**	**0**	**0**	**1 042**	**19 659**
Net short foreign exchange position (-)	**0**	**9 488**	**17 149**	**0**	**26 637**

Assets, liabilities and off-balance items in foreign currencies and the Group's foreign exchange position					
31 December 2014	**EUR**	**USD**	**CHF**	**Other**	**Total**
Balance sheet components of foreign exchange position – assets	11 670 543	841 111	11 782 222	364 344	24 658 221
Balance sheet components of foreign exchange position – liabilities	10 835 238	1 899 302	3 885 127	337 390	16 957 057
Off-balance components of foreign exchange position – amounts receivable	11 662 245	14 274 956	2 029 349	423 686	28 390 237
Off-balance components of foreign exchange position – amounts payable	12 490 130	13 230 091	9 921 069	448 731	36 090 020
Net long foreign exchange position (+)	**7 421**	**0**	**5 375**	**1 909**	**14 706**
Net short foreign exchange position (-)	**0**	**13 325**	**0**	**0**	**13 325**

Assets, liabilities and off-balance items in foreign currencies and the Group's foreign exchange position					
30 June 2014	**EUR**	**USD**	**CHF**	**Other**	**Total**
Balance sheet components of foreign exchange position – assets	9 982 603	666 617	11 721 348	171 290	22 541 857
Balance sheet components of foreign exchange position – liabilities	12 038 641	1 641 791	4 543 159	262 325	18 485 916
Off-balance components of foreign exchange position – amounts receivable	13 746 252	11 492 438	1 269 896	436 157	26 944 744
Off-balance components of foreign exchange position – amounts payable	11 681 810	10 521 354	8 448 197	344 094	30 995 456
Net long foreign exchange position (+)	**8 403**	**0**	**0**	**1 027**	**9 431**
Net short foreign exchange position (-)	**0**	**4 090**	**112**	**0**	**4 202**

Risk management (cont.)

36.3. Interest rate risk for cash flows and fair value

Interest rate risk results from the fact that the possible changes in market interest rates can affect future cash flows or the fair value of financial instruments held by the Group.

The main objectives of interest rate risk management include identification of the areas in which the Group is exposed to interest rate risk and shaping the balance sheet and off balance commitments structure, so that maximum value of net assets and net interest income can be achieved.

The Group's policy on interest rate risk management assumes the existence of a system of internal transfer prices within the Group, as part of which the business units do not incur interest rate risk on their own behalf, but transfer the risk to the units responsible for its central management.

In periods covered by these interim condensed consolidated financial statements there were no significant changes in the interest rate risk management.

The following table presents the level of Parent Entity exposure to interest rate risk, for the bank book and the trading book separately, measured in terms of the amount of the change in the fair value resulting from a 1 base point increase in market interest rates. The values in different maturity brackets are presented as absolute values in order to present the general level of exposure to interest rate risk, irrespective of the direction of a given position.

	2015				2014				2014			
	Min.	Max.	Average	As at 30 June	Min.	Max.	Average	As at 31 December	Min.	Max.	Average	As at 30 June
Bank book												
<1Y	108	2 243	1 393	1 581	1	2 355	544	2 355	1	1 440	458	1 127
1 – 3Y	5	381	67	6	2	617	94	71	74	617	99	92
>3Y	7	478	56	9	28	153	100	142	32	140	60	134
Trading book												
<1Y	0	184	63	92	0	132	38	0	1	132	53	46
1 – 3Y	14	131	54	23	0	180	67	35	0	180	74	68
>3Y	1	118	39	4	0	149	40	69	0	93	36	5

The following table presents the level of Parent Entity exposure to interest rate risk, for the bank book and the trading book separately, measured using the value at risk, in accordance with the model parameters defined in the system of limits.

	2015				2014	2014
	Min.	Max.	Average	As at 30 June	As at 31 December	As at 30 June
Banking book	1 762	6 530	4 502	2 711	3 140	4 518
Trading book	219	1 702	768	459	1 638	1 212

Risk management (cont.)

36.4. Operational risk

Operational risk is defined as a risk of incurring a loss due to ill-adjusted or unreliable processes, people or systems, or due to external events. This definition includes legal risk, but it does not include strategic risk or reputation risk.

For the purposes of calculating the capital requirement for operational risk, the Group uses the Standardized Approach method, which determines both the method for calculating the capital requirement and the operational risk management requirements.

The aim of the operational risk management is to increase safety of the Group's operations by implementing effective mechanisms for the identification, assessment and quantification, mitigation, monitoring and reporting operational risk.

In the first half of 2015 the Group was continuing preparation of the Group for using the advanced method for calculating the capital requirement in relation to operational risk (AMA – Advanced Measurement Approach).