



**Interim condensed financial statements for the  
period from 1 January 2016 to 30 June 2016  
RAIFFEISEN BANK POLSKA S.A.**

**The Management Board presents the interim condensed  
financial statements of Raiffeisen Bank Polska S.A.  
for the period from 1 January 2016 to 30 June 2016**

Piotr Czarnecki	President of the Management Board	signed on the Polish original .....
<i>name and surname</i>	<i>position/function</i>	<i>signature</i>
Maciej Bardan	First Vice-President of the Management Board	signed on the Polish original .....
<i>name and surname</i>	<i>position/function</i>	<i>signature</i>
Jan Czeremcha	Vice-President of the Management Board	signed on the Polish original .....
<i>name and surname</i>	<i>position/function</i>	<i>signature</i>
Ryszard Drużyński	Vice-President of the Management Board	signed on the Polish original .....
<i>name and surname</i>	<i>position/function</i>	<i>signature</i>
Łukasz Januszewski	Member of the Management Board	signed on the Polish original .....
<i>name and surname</i>	<i>position/function</i>	<i>signature</i>
Marek Patuła	Member of the Management Board	signed on the Polish original .....
<i>name and surname</i>	<i>position/function</i>	<i>signature</i>
Piotr Konieczny	Member of the Management Board	signed on the Polish original .....
<i>name and surname</i>	<i>position/function</i>	<i>signature</i>
Patrycja Zenik-Rychlik	Head of Financial Accounting and Taxes Department	signed on the Polish original .....
<i>name and surname</i>	<i>position/function</i>	<i>signature</i>



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## Statement of profit or loss

	Note	For the period from 1 January 2016 to 30 June 2016	For the period from 1 January 2015 to 30 June 2015
Interest income		782 249	820 517
Interest expense		-296 717	-352 135
<b>Net interest income</b>		<b>485 532</b>	<b>468 382</b>
Net provisioning for impairment losses on financial assets and provisions for off-balance sheet items	3	-54 917	-99 877
<i>including Proceeds from sale of receivables</i>		157	3 247
Fee and commission income		335 492	313 570
Fee and commission expense		-40 360	-46 646
<b>Net fee and commission income</b>		<b>295 132</b>	<b>266 924</b>
Net income from financial instruments measured at fair value and net foreign exchange result		109 497	22 658
Dividend income		0	40 928
Result on sale of shares in subsidiary	7	202 313	0
General administrative expenses		-603 040	-568 432
Other operating income		5 355	15 635
Other operating expenses		-33 460	-8 346
Tax on financial institutions		-68 509	0
<b>Profit before tax</b>		<b>337 903</b>	<b>137 872</b>
Income tax expense		-102 637	-30 788
<b>Net profit</b>		<b>235 266</b>	<b>107 084</b>
Weighted average number of ordinary shares (in units)		248 260	248 260
Profit attributable to the Bank's equity holders per one ordinary share (in PLN)		948	431
Weighted average number of diluted shares (in units)		248 260	248 260
Profit attributable to the Bank's equity holders per one diluted share (in PLN)		948	431

Notes presented on pages 11- 48 are an integral part of the interim condensed financial statements.

## Statement of comprehensive income

	For the period from 1 January 2016 to 30 June 2016	For the period from 1 January 2015 to 30 June 2015
<b>Net profit</b>	<b>235 266</b>	<b>107 084</b>
<b>Other taxable income that may be reclassified to profit or loss, including:</b>	<b>-26 346</b>	<b>6 306</b>
Valuation of cash-flow hedge derivatives, gross	19 536	7 002
Income tax on cash-flow hedge derivatives	-3 712	-1 330
Valuation of available for sale financial assets, gross	-52 062	783
Income tax on available for sale financial assets	9 892	-149
<b>Total comprehensive income for the period</b>	<b>208 920</b>	<b>113 390</b>

## Statement of financial position

<b>Assets</b>	<b>Note</b>	<b>As at 30 June 2016</b>	<b>As at 31 December 2015</b>	<b>As at 30 June 2015</b>
Cash and balances with Central Bank		1 379 764	2 703 510	1 997 433
Amounts due from banks	4	318 498	1 204 249	1 682 255
Financial assets held for trading		8 883 562	12 570 410	8 845 666
Derivative financial instruments		589 985	562 385	566 920
Investment securities	5	7 533 291	3 827 055	2 970 182
Loans and advances to customers	6	34 312 207	33 689 146	35 650 478
Investments in subsidiaries	7	38 495	527 582	526 708
Intangible assets		506 118	535 346	549 523
Tangible fixed assets		131 225	124 997	132 319
Deferred income tax assets		89 038	156 167	182 960
Current income tax receivables		0	2 173	1 851
Other assets	8	247 084	265 683	409 454
<b>Total assets</b>		<b>54 029 267</b>	<b>56 168 703</b>	<b>53 515 749</b>
<b>Liabilities and equity</b>	<b>Note</b>	<b>As at 30 June 2016</b>	<b>As at 31 December 2015</b>	<b>As at 30 June 2015</b>
Amounts due to banks and other monetary institutions	9	7 963 171	7 935 995	8 811 465
Derivative financial instruments		1 571 142	1 478 611	1 783 256
Amounts due to customers	10	36 538 599	38 754 180	35 300 060
Subordinated liabilities		332 187	724 789	314 862
Liabilities from debt securities issued		501 790	501 825	501 785
Other liabilities		475 414	376 372	468 663
Current tax liabilities		28 437	0	0
Provisions		161 845	149 170	186 172
<b>Total liabilities</b>		<b>47 572 585</b>	<b>49 920 942</b>	<b>47 366 263</b>
<b>Equity</b>				
Share capital		2 256 683	2 256 683	2 256 683
Supplementary capital		2 287 790	2 287 790	2 287 790
Other capital and reserves		1 017 531	1 018 877	973 592
Retained earnings		894 678	684 411	631 421
<b>Total equity</b>		<b>6 456 682</b>	<b>6 247 761</b>	<b>6 149 486</b>
<b>Total liabilities and equity</b>		<b>54 029 267</b>	<b>56 168 703</b>	<b>53 515 749</b>

Notes presented on pages 11- 48 are an integral part of the interim condensed financial statements.

## Statement of changes in equity

	Retained earnings					
	Share capital	Supplementary capital	Other capital and reserves	Prior years result	Net profit/(loss) for the period	Total
<b>As at 1 January 2016</b>	<b>2 256 683</b>	<b>2 287 790</b>	<b>1 018 877</b>	<b>524 336</b>	<b>160 075</b>	<b>6 247 761</b>
Valuation of available for sale financial assets, net	0	0	-42 170	0	0	-42 170
Valuation of cash-flow hedge derivatives, net	0	0	15 824	0	0	15 824
Net profit for the current period	0	0	0	0	235 266	235 266
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>-26 346</b>	<b>0</b>	<b>235 266</b>	<b>208 920</b>
Transfer of net result to retained earnings	0	0	0	160 075	-160 075	0
<b>Transactions with owners</b>	<b>0</b>	<b>0</b>	<b>25 000</b>	<b>-25 000</b>	<b>0</b>	<b>0</b>
Transfer of net result to general banking risk reserve	0	0	25 000	-25 000	0	0
<b>As at 30 June 2016</b>	<b>2 256 683</b>	<b>2 287 790</b>	<b>1 017 531</b>	<b>659 412</b>	<b>235 266</b>	<b>6 456 682</b>

Notes presented on pages 11- 48 are an integral part of the interim condensed financial statements.

## Statement of changes in equity (cont.)

	Retained earnings					
	Share capital	Supplementary capital	Other capital and reserves	Prior years result	Net profit/(loss) for the period	Total
<b>As at 1 January 2015</b>	<b>2 256 683</b>	<b>2 287 790</b>	<b>947 286</b>	<b>230 199</b>	<b>314 138</b>	<b>6 036 096</b>
Valuation of available for sale financial assets, net	0	0	634	0	0	634
Valuation of cash-flow hedge derivatives, net	0	0	5 672	0	0	5 672
Net profit for the current period	0	0	0	0	107 084	107 084
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>6 306</b>	<b>0</b>	<b>107 084</b>	<b>113 390</b>
Transfer of net result to retained earnings	0	0	0	314 138	-314 138	0
<b>Transactions with owners</b>	<b>0</b>	<b>0</b>	<b>20 000</b>	<b>-20 000</b>	<b>0</b>	<b>0</b>
Transfer of net result to general banking risk reserve	0	0	20 000	-20 000	0	0
<b>As at 30 June 2015</b>	<b>2 256 683</b>	<b>2 287 790</b>	<b>973 592</b>	<b>210 199</b>	<b>421 222</b>	<b>6 149 486</b>

Notes presented on pages 11- 48 are an integral part of the interim condensed financial statements.



## Statement of cash flows

	For the period from 1 January 2016 to 30 June 2016	For the period from 1 January 2015 to 30 June 2015
<b>Operating activities</b>		
<b>Profit before tax</b>	<b>337 903</b>	<b>137 872</b>
<b>Adjustments:</b>	<b>124 918</b>	<b>257 012</b>
Depreciation and amortization	53 142	56 011
Impairment of investments in subsidiaries	6 493	0
Unrealized foreign exchange differences	253 192	228 228
(Gains) on sale of shares in subsidiary	-202 313	0
Transfer of interest and dividend from investing and financing activities	5 808	-19 555
(Gains)/loss on sale, liquidation of tangible and intangible fixed assets	8 596	-7 672
<b>Changes in assets and liabilities</b>	<b>2 088 594</b>	<b>-8 852 627</b>
Interbank placements, loans and advances to other banks	849 705	-1 126 076
Financial assets held for trading	3 620 673	-8 568 246
Derivative financial instruments	-9 859	906 760
Loans and advances to customers	-1 150 660	-1 501 577
Other assets	-8 397	-155 872
Amounts due to banks and other monetary institutions	226 062	-534 499
Amounts due to customers	-1 962 329	1 823 504
Other liabilities	127 479	139 247
Provisions	12 675	-15 635
Dividends received	0	40 928
Income tax paid/received	-2	-1 535
Interest received	700 531	766 548
Interests paid	-317 284	-626 174
<b>Net cash flow from operating activities</b>	<b>2 551 415</b>	<b>-8 457 743</b>

## Statement of cash flows (cont.)

<b>Investing activities</b>	<b>Note</b>	<b>For the period from 1 January 2016 to 30 June 2016</b>	<b>For the period from 1 January 2015 to 30 June 2015</b>
Proceeds from sale of investment securities		666 451	11 306 858
Proceeds from sale of fixed assets and intangible assets		236	9 823
Proceeds from sale of shares in subsidiaries		695 000	0
Purchase of investment securities		-4 370 199	-1 728 380
Purchase of investments in subsidiaries		-3 600	-5 500
Purchase of fixed assets and intangible assets		-45 624	-14 469
<b>Net cash flow from investing activities</b>		<b>-3 057 736</b>	<b>9 568 332</b>
<b>Financing activities</b>			
Inflows from subordinated liabilities and long-term bank loans		1 843 458	4 089
Outflows from repayment of subordinated liabilities and long-term bank loans		-2 679 371	-1 845 719
Outflows from payment of interest on debt securities issued		-7 730	-8 255
<b>Net cash flow from financing activities</b>		<b>-843 643</b>	<b>-1 849 885</b>
<b>Net decrease in cash and cash equivalents</b>		<b>-1 349 964</b>	<b>-739 296</b>
Cash and cash equivalents at the beginning of the period		2 789 986	2 787 621
<b>Cash and cash equivalents at the end of the period</b>		<b>1 440 022</b>	<b>2 048 325</b>

## Notes to the interim condensed financial statements

### 1. General information

The financial statements have been prepared by **Raiffeisen Bank Polska S.A.** with its registered office in Warsaw, 00-844, Grzybowska 78 Street, registered in the National Court Register as a joint-stock company under the reference number KRS 0000014540. The Bank has been established for an indefinite period of time.

The Bank operates in retail banking, corporate banking and investment banking as well as in factoring area in Poland and employed 5 132 people as at 30 June 2016 (5 395 people as at 31 December 2015).

These interim condensed financial statements should be read in conjunction with the interim condensed consolidated financial statements of the Group for the period from 1 January 2016 to 30 June 2016 to obtain complete information on the financial standing, results and cash flows of the Group as a whole.

#### Approval of these interim condensed financial statements

The Bank's Management Board approved these interim condensed financial statements on 17 August 2016.

#### As at 30 June 2016 the Bank'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 financial statements (cont.)

### As at 30 June 2016, the Bank's Supervisory Board consisted of:

Karl Sevelda	– Chairman of the Supervisory Board
Martin Grill	– Deputy Chairman of the Supervisory Board
Klemens Breuer	– Member of the Supervisory Board
Władysław Gołębiowski	– Member of the Supervisory Board
Andreas Gschwenter	– Member of the Supervisory Board
Peter Lennkh	– Member of the Supervisory Board
Selcuk Sari	– Member of the Supervisory Board
Herbert Stepic	– Member of the Supervisory Board
Johann Strobl	– Member of the Supervisory Board

In the period from 1 January 2016 to 30 June 2016 no changes took place in the Management and Supervisory Boards.

## 2. Significant accounting policies

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

The interim condensed financial statements have been prepared as at 30 June 2016 and for the period from 1 January 2016 to 30 June 2016. The interim condensed financial statements have been prepared in Polish zloty (PLN), and all amounts are presented in PLN thousand, unless indicated otherwise.

The interim condensed financial statements have been prepared on a going concern basis using the assumption that the Bank 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 financial statements of the Bank were prepared assuring its comparability.

During the period covered by the interim condensed financial statements the Bank 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 these interim condensed financial statements are consistent with policies used for the preparation of Raiffeisen Bank Polska S.A. Financial Statements for the year ended 31 December 2015.

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

### 2.2. Statement of compliance

The interim condensed financial statements of the Bank have been prepared and presented in accordance with International Accounting Standard 34 "Interim financial reporting" (IAS 34) as adopted by the European Union.

These statements do not include all disclosures required for annual financial statements and it should be analyzed in conjunction with the Financial Statements of the Raiffeisen Bank Polska S.A. for the year ended 31 December 2015.

Raiffeisen Bank Polska S.A. Financial Statements for the year ended 31 December 2014 are 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](http://www.raiffeisenpolbank.com).

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

New standards, interpretations and revisions to published standards were presented in the interim condensed consolidated financial statements of Raiffeisen Bank Polska S.A. Capital Group included in this consolidated half year report for the period from 1 January 2016 to 30 June 2016 ("interim condensed consolidated financial statements") in note 2.3.

## Notes to the statement of profit or loss

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

For the period from 1 January 2016 to 30 June 2016	Increases				Decreases			Impairment allowances and provisions at the end of the period	Proceeds from sale of Bank's receivables	Impact on the result for the period
	Impairment allowances and provisions at the beginning of the period	Impairment allowance recorded during the period	Foreign exchange differences	Impairment allowance reversal	Write-off of assets	Reclassification	Foreign exchange differences			
<b>Net provisioning for impairment losses on financial assets and provisions for off-balance sheet items valued with individual method</b>										
Amounts due from individuals	17 862	15 502	921	-14 096	0	0	0	20 189	0	-1 406
Amounts due from micro customers	23 761	5 321	658	-6 089	0	0	0	23 651	0	768
Amounts due from large enterprises	705 251	230 884	14 496	-206 219	-857	0	0	743 554	0	-24 665
Amounts due from SME	43 394	8 479	46	-1 725	-4 198	0	0	45 996	157	-6 597
Off-balance sheet items	41 228	22 255	536	-40 910	0	0	0	23 109	0	18 656
Shares in subsidiaries	17 951	0	0	0	0	0	0	17 951	0	0
<b>Total</b>	<b>849 448</b>	<b>282 440</b>	<b>16 657</b>	<b>-269 040</b>	<b>-5 055</b>	<b>0</b>	<b>0</b>	<b>874 451</b>	<b>157</b>	<b>-13 244</b>
<b>Net provisioning for impairment losses on financial assets and provisions for off-balance sheet items valued with group method (including IBNR)</b>										
Amounts due from banks	165	45	5	-126	0	0	0	89	0	81
Amounts due from individuals	596 350	190 534	7 985	-164 256	0	-192	0	630 422	0	-26 278
Amounts due from micro customers	297 803	68 930	663	-37 692	0	194	0	329 897	0	-31 238
Amounts due from large enterprises	75 340	17 692	909	-28 649	0	0	0	65 292	0	10 957
Amounts due from SME	4 724	1 740	10	-2 569	0	-2	0	3 904	0	829
Amounts due from the public sector	96	6	0	-21	0	0	0	81	0	15
Off-balance sheet items	8 556	1 619	0	-5 580	0	0	61	4 655	0	3 961
<b>Total</b>	<b>983 034</b>	<b>280 566</b>	<b>9 572</b>	<b>-238 892</b>	<b>0</b>	<b>0</b>	<b>61</b>	<b>1 034 340</b>	<b>0</b>	<b>-41 673</b>
<b>Total allowances and provisions</b>	<b>1 832 482</b>	<b>563 006</b>	<b>26 229</b>	<b>-507 932</b>	<b>-5 055</b>	<b>0</b>	<b>61</b>	<b>1 908 791</b>	<b>157</b>	<b>-54 917</b>

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

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 Bank's 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			
<b>Net provisioning for impairment losses on financial assets and provisions for off-balance sheet items valued with individual method</b>										
Amounts due from individuals	14 408	31 922	3 452	-18 881	0	0	0	30 901	953	-12 088
Amounts due from micro customers	13 071	24 346	3 781	-17 587	0	0	0	23 611	0	-6 759
Amounts due from large enterprises	738 616	158 245	5 084	-101 885	-27 453	0	0	772 607	1 976	-54 384
Amounts due from SME	60 750	6 613	0	-2 811	-4 766	0	-44	59 742	318	-3 484
Off-balance sheet items	26 631	22 038	0	-15 348	0	0	-8	33 313	0	-6 690
Shares in subsidiaries	16 826	0	0	0	0	0	0	16 826	0	0
<b>Total</b>	<b>870 302</b>	<b>243 164</b>	<b>12 317</b>	<b>-156 512</b>	<b>-32 219</b>	<b>0</b>	<b>-52</b>	<b>937 000</b>	<b>3 247</b>	<b>-83 405</b>
<b>Net provisioning for impairment losses on financial assets and provisions for off-balance sheet items valued with group method (including IBNR)</b>										
Amounts due from banks	302	298	0	-113	0	0	-1	485	0	-184
Amounts due from individuals	607 093	236 587	37 115	-227 202	0	15	0	653 608	0	-9 385
Amounts due from micro customers	318 764	67 284	4 707	-75 063	0	-15	0	315 676	0	7 779
Amounts due from large enterprises	60 545	35 854	0	-22 216	0	0	-92	74 091	0	-13 638
Amounts due from SME	3 633	3 210	0	-1 620	0	0	0	5 223	0	-1 590
Amounts due from the public sector	135	35	0	-36	0	0	0	134	0	1
Off-balance sheet items	7 408	3 348	0	-3 893	0	0	-11	6 852	0	545
<b>Total</b>	<b>997 879</b>	<b>346 615</b>	<b>41 822</b>	<b>-330 143</b>	<b>0</b>	<b>0</b>	<b>-104</b>	<b>1 056 069</b>	<b>0</b>	<b>-16 472</b>
<b>Total allowances and provisions</b>	<b>1 868 181</b>	<b>589 779</b>	<b>54 139</b>	<b>-486 655</b>	<b>-32 219</b>	<b>0</b>	<b>-156</b>	<b>1 993 068</b>	<b>3 247</b>	<b>-99 877</b>

## Notes to the statement of financial position

### 4. Amounts due from banks

	30 June 2016	31 December 2015	30 June 2015
Collateral deposits	196 591	1 051 393	1 342 436
Cash on current accounts	20 258	48 076	27 905
Loans and advances to banks	61 737	56 545	259 412
Deposits with other banks	40 000	48 400	52 987
<b>Gross amounts due from banks:</b>	<b>318 586</b>	<b>1 204 414</b>	<b>1 682 740</b>
Impairment allowance	-89	-165	-485
<b>Net amounts due from banks:</b>	<b>318 498</b>	<b>1 204 249</b>	<b>1 682 255</b>

### 5. Investment securities

	30 June 2016	31 December 2015	30 June 2015
<b>Investment securities held to maturity</b>			
Treasury bonds	3 462 591	1 964 957	1 964 983
<b>Total held to maturity</b>	<b>3 462 591</b>	<b>1 964 957</b>	<b>1 964 983</b>
<b>Investment securities available for sale</b>			
Equity investments	44 169	80 895	27 077
Financial instruments blocked for BFG	229 482	228 816	201 983
Corporate bonds	348 291	319 970	314 064
Treasury bonds	3 448 758	1 232 417	462 075
<b>Total available for sale</b>	<b>4 070 700</b>	<b>1 862 098</b>	<b>1 005 199</b>
<b>Total</b>	<b>7 533 291</b>	<b>3 827 055</b>	<b>2 970 182</b>

\*including treasury bonds (30 June 2016;31 December 2015) and NBP bills (30 June 2015)

As a result of realization of takeover of Visa Europe Limited by Visa Inc. and connected with this transaction sale of the Bank's shares in Visa Europe to Visa Inc., the Bank received from Visa Inc. payment for the sale of the shares of EUR 13.44 million. Cash was recorded on the Bank's account on 21 June 2016.

The Bank will also receive 4 878 Series C Visa Inc. preferred shares. Series C Visa Inc. preferred shares will be converted into Series A ordinary Visa Inc. shares. Transaction conditions assume gradual conversion of preferred shares. The conversion of all preferred shares should be finalized in the year 2028. Currently preferred shares conversion factor to ordinary shares amounts to 13.952. According to Transaction conditions it can be lowered in the period till 2028.



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

The Transaction assumes also additional cash payout to the Bank, within “deferred payment”, which should be made after three years from transaction finalization, i.e. II quarter of 2019. The total amount of “deferred payment” for all banks selling of shares in Visa Europe Limited to Visa Inc. amounts to EUR 1.12 billion. The Bank share in this amount equals to 0.1035487037%.

Total result on the sale of the above described elements was included in Net income from financial instruments measured at fair value and net foreign exchange result and amounted to PLN 80 595 thousand, and related to:

- payment for the sale of shares received in cash of PLN 59 039 thousand,
- received preferred shares of PLN 16 523 thousand,
- additional cash payout within “deferred payment” of PLN 5 033 thousand.

## 6. Loans and advances to customers

Loans and advances to customers by borrower segment	30 June 2016			31 December 2015			30 June 2015		
	Gross amount	Impairment allowance	Net amount	Gross amount	Impairment allowance	Net amount	Gross amount	Impairment allowance	Net amount
Individual customers	20 333 736	650 611	19 683 125	19 816 714	614 212	19 202 502	20 054 885	684 508	19 370 377
Micro customers	2 821 578	353 548	2 468 030	2 738 324	321 564	2 416 760	2 760 981	339 288	2 421 693
Large enterprises	11 623 722	808 845	10 814 877	11 588 614	780 591	10 808 023	13 471 714	846 698	12 625 016
<i>including buy-sell-back transactions</i>	0	0	0	40 429	0	40 429	547 717	0	547 717
SME	1 378 584	49 900	1 328 684	1 288 397	48 119	1 240 278	1 274 864	64 965	1 209 899
Public sector	17 573	82	17 491	21 679	96	21 583	23 627	134	23 493
<b>Total</b>	<b>36 175 193</b>	<b>1 862 986</b>	<b>34 312 207</b>	<b>35 453 728</b>	<b>1 764 582</b>	<b>33 689 146</b>	<b>37 586 071</b>	<b>1 935 593</b>	<b>35 650 478</b>

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

### Loans and advances to customers by quality

30 June 2016

	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	Impaired loans and advances valued with individual method	Individual impairment allowance	Impaired loans and advances to customers valued with group method	Group impairment allowance	Net amount
Individual customers	19 340 973	50 806	10 407	0	41 479	20 835	940 877	578 970	<b>19 683 125</b>
Micro customers	2 097 167	12 894	3 797	0	46 808	23 623	673 806	317 031	<b>2 468 030</b>
Large enterprises	10 100 946	50 382	475 776	15 431	1 047 000	743 032	0	0	<b>10 814 877</b>
SME	1 306 864	2 771	17 909	1 229	53 811	45 900	0	0	<b>1 328 684</b>
Public sector	17 573	82	0	0	0	0	0	0	<b>17 491</b>
<b>Total</b>	<b>32 863 523</b>	<b>116 935</b>	<b>507 889</b>	<b>16 660</b>	<b>1 189 098</b>	<b>833 390</b>	<b>1 614 683</b>	<b>896 001</b>	<b>34 312 207</b>

### Loans and advances to customers by quality

31 December 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	Impaired loans and advances valued with individual method	Individual impairment allowance	Impaired loans and advances to customers valued with group method	Group impairment allowance	Net amount
Individual customers	18 880 450	63 026	2 122	0	41 881	17 863	892 261	533 323	<b>19 202 502</b>
Micro customers	2 045 758	11 006	4 397	0	47 503	23 764	640 666	286 794	<b>2 416 760</b>
Large enterprises	9 956 338	51 644	560 895	23 698	1 071 381	705 249	0	0	<b>10 808 023</b>
<i>including buy-sell-back transactions</i>	40 429	0	0	0	0	0	0	0	<b>40 429</b>
SME	1 212 119	2 982	25 430	1 744	50 848	43 393	0	0	<b>1 240 278</b>
Public sector	21 679	96	0	0	0	0	0	0	<b>21 583</b>
<b>Total</b>	<b>32 116 344</b>	<b>128 754</b>	<b>592 844</b>	<b>25 442</b>	<b>1 211 613</b>	<b>790 269</b>	<b>1 532 927</b>	<b>820 117</b>	<b>33 689 146</b>

## Notes to the 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	Impaired loans and advances valued with individual method	Individual impairment allowance	Impaired loans and advances to customers valued with group method	Group impairment allowance	Net amount
Individual customers	19 039 826	64 848	0	0	58 429	30 900	956 630	588 760	<b>19 370 377</b>
Micro customers	2 055 574	15 268	0	0	56 331	23 615	649 076	300 405	<b>2 421 693</b>
Large enterprises	11 268 371	55 340	786 329	18 733	1 417 014	772 625	0	0	<b>12 625 016</b>
<i>including buy-sell-back transactions</i>	547 717	0	0	0	0	0	0	0	<b>547 717</b>
SME	1 177 801	3 543	26 089	1 701	70 974	59 721	0	0	<b>1 209 899</b>
Public sector	23 627	134	0	0	0	0	0	0	<b>23 493</b>
<b>Total</b>	<b>33 565 199</b>	<b>139 133</b>	<b>812 418</b>	<b>20 434</b>	<b>1 602 748</b>	<b>886 861</b>	<b>1 605 706</b>	<b>889 165</b>	<b>35 650 478</b>

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

### 7. Investments in subsidiaries

	30 June 2016	31 December 2015	30 June 2015
Raiffeisen-Leasing Polska S.A.	0	492 687	492 687
Leasing Poland Sp. z o.o.	14 600	14 600	14 600
Raiffeisen Financial Services Polska Sp. z o.o.	12 245	12 245	12 621
Raiffeisen Investment Polska Sp. z o.o.	0	0	750
Raiffeisen Towarzystwo Funduszy Inwestycyjnych S.A.	2 000	2 000	0
Raiffeisen Solutions Sp. z o.o.	9 650	6 050	6 050
<b>Total</b>	<b>38 495</b>	<b>527 582</b>	<b>526 708</b>

On 31 March 2016 the Parent Entity sold its shares of Raiffeisen-Leasing Polska S.A. („RLPL”) to Raiffeisen Bank International AG. The purpose of the transaction was to improve the Group’s capital ratios according to the PFSA recommendation. Result on sale of shares of PLN 202 313 thousand (before tax) was presented in line Result on sale of shares in subsidiary.

Book value of sold shares	492 687
Sale price	695 000
Result on sale of RLPL (before tax)	202 313
Income tax on result on sale of RLPL	-38 439
Result on sale of RLPL (after tax)	163 874

As a result the Group lost control of the RLPL and all other companies comprising the RLPL Group, namely Raiffeisen Insurance Agency Sp. z o.o., Raiffeisen-Leasing Services Sp. z o.o., Raiffeisen-Leasing Real Estate Sp. z o.o. and the special purpose entity, ROOF Poland Leasing 2014 DAC.

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

### 8. Other assets

	30 June 2016	31 December 2015	30 June 2015
Financial assets gross, including:			
Collection of bills and cheques	183	368	137
Sundry debtors	98 248	93 469	170 724
Settlements with brokerage offices – receivables	5 025	5 225	5 173
Settlements of payment cards transactions - receivables	64 799	76 052	84 383
<b>Total financial assets, gross</b>	<b>168 255</b>	<b>175 114</b>	<b>260 417</b>
Impairment allowance	-9 304	-3 496	-2 805
<b>Total financial assets, net</b>	<b>158 951</b>	<b>171 618</b>	<b>257 612</b>
Non-financial assets gross, including:			
Accruals and prepayments	40 840	41 638	101 606
Income receivable	2 706	3 574	1 182
Assets acquired for debt	2 580	2 794	2 794
Social and legal settlements	42 007	46 059	46 260
<b>Total non-financial assets, gross</b>	<b>88 133</b>	<b>94 065</b>	<b>151 842</b>
Impairment allowance	0	0	0
<b>Total non-financial assets, net</b>	<b>88 133</b>	<b>94 065</b>	<b>151 842</b>
<b>Total</b>	<b>247 084</b>	<b>265 683</b>	<b>409 454</b>

#### Legal dispute of Raiffeisen Bank Polska S.A. with the Tax Authority regarding income tax liabilities.

Public (law) settlements in Other assets line include the amount of disputed claims for overpaid income tax. In 2009 the Bank was subject to two tax inspections concerning the correctness of corporate income tax settlements in 2004 and 2007. In 2012 there was another examination of corporate income tax settlement for 2006. As a result, the tax authorities expressed an opinion different to the one of the Management of the Bank as to the tax treatment of the result on investments made in 2004, 2006 and 2007. Having maintained its stance on the correctness of tax settlement the Bank has paid the tax liabilities with interest and recognized receivables from the Tax Authority. Tax inspections regarding income tax settlements were finalized with decisions of the Director of the Tax Chamber. The Bank raised on appeal against this decision to Voivodeship Administrative Court.

The Voivodeship Administrative Court overruled the decisions issued by the Director of the Tax Chamber for 2004, 2006 and 2007. The tax authority appealed against this ruling for 2004, 2006 and 2007 to the Supreme Administrative Court. On 24 November, 2015 the Supreme Administrative Court overruled the appealed judgments and referred the cases for renewed assessment by the Voivodeship Administrative Court. On 28 and 29 April 2016 the Voivodeship Administrative Court in Warsaw overruled the Bank's appeal and kept in force decisions made by the Director of Tax Chamber in Warsaw. To the date of approval of these interim condensed financial statements by the Management of the Raiffeisen Bank Polska

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

S.A. the ruling of the Voivodeship Administrative Court in Warsaw did not come into force. The Bank appealed to the Supreme Administrative Court in Warsaw on 23 June 2016 – year 2007, 29 June 2016 – year 2004, 12 July 2016- year 2006. The amount of the disputed claim amounts to PLN 75 868 thousand, including the main claim of PLN 57 188 thousand and paid penalty interest amounting to PLN 18 680 thousand as at 30 June 2016.

### Risk assessment of the above mentioned dispute made by the Management of the Raiffeisen Bank Polska S.A.

Polish tax regulations are subject to interpretations and changes, therefore as shown above, it is theoretically possible that interpretation of these regulations by tax authorities may differ from the one applied by the Raiffeisen Bank Polska S.A., which may result in tax authorities striving to assess a different amount of tax than that actually paid by the Bank.

Nevertheless, as at the date of approving the interim condensed financial statements, the Management of Raiffeisen Bank Polska S.A. maintains its stance regarding the correctness of income tax settlements of Raiffeisen Bank Polska S.A. In the Management Board's opinion the position of the Tax Authority resulting from the inspection is unfounded and a favorable outcome is expected and as a result the Tax Authority would be required to refund to the Bank tax paid with interest.

Legal dispute relating to Raiffeisen-Leasing Polska S.A. income tax liabilities was described in note 11.

## 9. Amounts due to banks and other monetary institutions

	30 June 2016	31 December 2015	30 June 2015
Current accounts	411 197	251 817	375 527
Term deposits	205 387	226 973	1 023 657
Loans received	7 346 587	7 457 205	6 610 427
Repo transactions	0	0	801 854
<b>Total</b>	<b>7 963 171</b>	<b>7 935 995</b>	<b>8 811 465</b>

## 10. Amounts due to customers

	30 June 2016	31 December 2015	30 June 2015
Amounts due to individuals	17 363 621	17 512 927	16 622 921
Amounts due to micro customers	2 137 738	1 957 634	1 594 618
Amounts due to large enterprises	13 418 380	15 629 555	14 247 449
Amounts due to SME	3 618 860	3 654 064	2 835 072
<b>Total</b>	<b>36 538 599</b>	<b>38 754 180</b>	<b>35 300 060</b>

## Other explanatory notes

### 11. Contingent liabilities

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

	30 June 2016	31 December 2015	30 June 2015
<b>Guarantees issued</b>			
Bank guarantees	2 025 681	1 668 787	1 660 671
Letters of credit and bank acceptances	206 969	215 575	225 595
<b>Total guarantees issued</b>	<b>2 232 651</b>	<b>1 884 362</b>	<b>1 886 265</b>
<b>Financial liabilities granted</b>			
Granted loan commitments:			
<i>With initial maturity up to 1 year</i>	3 390 916	3 659 332	3 738 545
<i>With initial maturity above 1 year</i>	4 391 914	4 462 980	4 006 692
<b>Total financial liabilities granted</b>	<b>7 782 830</b>	<b>8 122 312</b>	<b>7 745 237</b>
<b>Total</b>	<b>10 015 480</b>	<b>10 006 674</b>	<b>9 631 502</b>
	30 June 2016	31 December 2015	30 June 2015
<b>Guarantees received</b>			
	5 676 344	5 635 557	5 660 820
<b>Total</b>	<b>5 676 344</b>	<b>5 635 557</b>	<b>5 660 820</b>

#### Legal dispute of Raiffeisen-Leasing Polska S.A. with the Tax Authority regarding income tax liabilities.

In 2008 Raiffeisen Leasing Polska S.A. was subject to a tax inspection concerning the correctness of corporate income tax settlements in 2006. As a result the tax authorities expressed an opinion different than the Management of the Company as to the tax treatment of the result on investments made in 2006. Having maintained its stance on the correctness of tax settlement the Company has paid the tax liabilities and recognized receivables from the Tax Authority. As at 30 June 2016 the total balance of tax receivables amounted to PLN 12 900 thousand (PLN 14 176 thousand as at 31 December 2015).

On 17 November 2015 in reply to the appeal made by the Director of the Tax Chamber in Warsaw, The Supreme Administrative Court in Warsaw, overruled the decision of the court of the first instance and referred the case to be reassessed by the Voivodeship Administrative Court in Warsaw. On 12 February 2016 the Voivodeship Administrative Court in Warsaw overruled the appeal made by the Company and kept in force the decisions made by the Director of the Tax Chamber in Warsaw. To the date of approval of these interim condensed financial statements by the Management of the Raiffeisen Bank Polska S.A. the ruling of the Voivodeship Administrative Court in Warsaw did not come into force. The Company appealed to the Supreme Administrative Court in Warsaw on 3 June 2016.

## Other explanatory notes (cont.)

According to the sale contract by the Bank of its shares in Raiffeisen-Leasing Polska S.A. to the RBI, the Bank is required to reimburse to RBI potential losses related to ongoing tax proceedings against Raiffeisen-Leasing Polska S.A., if any, including due to the dispute as described above.

### **Risk assessment of the above mentioned dispute made by the Management of the Raiffeisen Bank Polska S.A.**

Polish tax regulations are subject to interpretations and changes, therefore as shown above, it is theoretically possible that interpretation of these regulations by tax authorities may differ from the one applied by Raiffeisen-Leasing Polska S.A., which may result in tax authorities striving to assess a different amount of tax than that actually paid by these companies.

Nevertheless, as at the date of approving the interim condensed financial statements, the Management of Raiffeisen Bank Polska S.A. maintains its stance regarding the correctness of income tax settlements of Raiffeisen-Leasing Polska S.A. In the Management Board's opinion the position of the Tax Authority resulting from the inspection is unfounded and a favorable outcome is expected and as a result the Tax Authority would be required to refund the receivables with interest.

## 12. Supplementary information to statement of cash flows

Cash and cash equivalents	30 June 2016	31 December 2015	30 June 2015
Cash in hand at the Bank	817 624	1 067 024	651 698
Cash on the current account with the Central Bank	562 140	1 636 486	1 345 735
Cash on Nostro accounts in other banks	20 258	48 076	27 905
Deposits in other banks (due within 3 months)	40 000	38 400	22 987
<b>Cash and cash equivalents presented in the cash flow statement</b>	<b>1 440 022</b>	<b>2 789 986</b>	<b>2 048 325</b>

## 13. Fair value of assets and liabilities

The main assumptions and methods used by the Bank to measure the fair value of financial instruments were described in the financial statements for the year ended 31 December 2015.

The effect of estimated parameters on fair value calculation of financial instruments within Level III, which are measured to fair value in the statement of financial position as at 30 June 2016, was negligible and did not differ significantly from values disclosed in the financial statements for the year ended 31 December 2015.

The tables below presents fair values and book values of assets and liabilities analyzed in three levels of the fair value hierarchy:



## Other explanatory notes (cont.)

Position description	30 June 2016					31 December 2015				
	Book value	Fair value	Level I	Level II	Level III	Book value	Fair value	Level I	Level II	Level III
<b>Financial Assets</b>										
Cash and balances with Central Bank	1 379 764	1 379 764	0	0	1 379 764	2 703 510	2 703 510	0	0	2 703 510
Amounts due from banks	318 498	318 337	0	0	318 337	1 204 249	1 204 337	0	0	1 204 337
Financial assets held for trading	8 883 562	8 883 562	591 119	8 000 000	292 443	12 570 410	12 570 410	332 391	12 146 112	91 907
Derivative financial instruments:	589 985	589 985	0	573 520	16 465	562 385	562 385	0	552 557	9 828
Derivative financial instruments held for trading	589 985	589 985	0	573 520	16 465	553 828	553 828	0	544 000	9 828
Derivative financial instruments in cash flow hedges	0	0	0	0	0	8 557	8 557	0	8 557	0
Investment securities:	7 533 291	7 502 066	7 109 605	0	392 461	3 827 055	3 796 154	3 395 290	0	400 864
Investment securities held to maturity	3 462 591	3 431 366	3 431 366	0	0	1 964 957	1 934 056	1 934 056	0	0
Investment securities available for sale, including:	4 070 700	4 070 700	3 678 239	0	392 461	1 862 098	1 862 098	1 461 233	0	400 864
Equity interests	44 169	44 169	0	0	44 169	80 895	80 895	0	0	80 895
Debt securities	4 026 531	4 026 531	3 678 239	0	348 292	1 781 203	1 781 203	1 461 233	0	319 970
Loans and advances to customers, including:	34 312 207	32 222 708	0	0	32 222 708	33 689 146	31 400 096	0	0	31 400 096
Loans and advances granted to individuals	19 683 125	17 525 846	0	0	17 525 846	19 202 502	16 878 760	0	0	16 878 760
Loans and advances granted to micro customers	2 468 030	2 331 894	0	0	2 331 894	2 416 760	2 265 087	0	0	2 265 087
Loans and advances granted to large enterprises	10 814 877	11 014 503	0	0	11 014 503	10 808 023	10 987 794	0	0	10 987 794
Loans and advances granted to small and medium enterprises	1 328 684	1 332 916	0	0	1 332 916	1 240 278	1 246 767	0	0	1 246 767
Loans and advances granted to public sector entities	17 491	17 550	0	0	17 550	21 583	21 689	0	0	21 689
Other financial assets	158 951	158 951	0	0	158 951	171 618	171 618	0	0	171 618
<b>Total financial assets</b>	<b>53 176 258</b>	<b>51 055 373</b>	<b>7 700 724</b>	<b>8 573 520</b>	<b>34 781 129</b>	<b>54 728 373</b>	<b>52 408 511</b>	<b>3 727 681</b>	<b>12 698 669</b>	<b>35 982 160</b>

## Other explanatory notes (cont.)

Position description	30 June 2016					31 December 2015				
	Book value	Fair value	Level I	Level II	Level III	Book value	Fair value	Level I	Level II	Level III
<b>Financial liabilities</b>										
Amounts due to banks and other monetary institutions	7 963 171	7 853 323	0	0	7 853 323	7 935 995	7 880 574	0	0	7 880 574
Derivative financial instruments:	1 571 142	1 571 142	0	1 571 040	102	1 478 611	1 478 611	0	1 478 604	7
Derivative financial instruments held for trading	458 321	458 321	0	458 219	102	503 864	503 864	0	503 857	7
Derivative financial instruments in cash flow hedges	1 091 225	1 091 225	0	1 091 225	0	954 211	954 211	0	954 211	0
Derivative financial instruments in fair value hedges	21 596	21 596	0	21 596	0	20 536	20 536	0	20 536	0
Amounts due to customers, including:	36 538 599	36 775 715	0	0	36 775 715	38 754 180	39 180 293	0	0	39 180 293
Amounts due to individuals	17 363 621	17 481 993	0	0	17 481 993	17 512 927	17 657 546	0	0	17 657 546
Amounts due to micro customers	2 137 738	2 142 389	0	0	2 142 389	1 957 634	1 962 201	0	0	1 962 201
Amounts due to large enterprises	13 418 380	13 514 527	0	0	13 514 527	15 629 555	15 888 034	0	0	15 888 034
Amounts due to small and medium enterprises	3 618 860	3 636 807	0	0	3 636 807	3 654 064	3 672 513	0	0	3 672 513
Subordinated liabilities	332 187	248 160	0	0	248 160	724 789	519 133	0	0	519 133
Liabilities from debt securities issued	501 790	503 250	0	0	503 250	501 825	501 892	0	0	501 892
Other financial liabilities	370 108	370 108	0	0	370 108	281 707	281 707	0	0	281 707
<b>Total financial liabilities</b>	<b>47 276 997</b>	<b>47 321 698</b>	<b>0</b>	<b>1 571 040</b>	<b>45 750 659</b>	<b>49 677 107</b>	<b>49 842 210</b>	<b>0</b>	<b>1 478 604</b>	<b>48 363 606</b>

## Other explanatory notes (cont.)

Position description	30 June 2015				
	Book value	Fair value	Level I	Level II	Level III
<b>Financial Assets</b>					
Cash and balances with Central Bank	1 997 433	1 997 433	0	0	1 997 433
Amounts due from banks	1 682 255	1 682 740	0	0	1 682 740
Financial assets held for trading	8 845 666	8 845 666	496 605	8 197 279	151 783
Derivative financial instruments:	566 920	566 920	0	549 553	17 367
Derivative financial instruments held for trading	558 571	558 571	0	541 204	17 367
Derivative financial instruments in cash flow hedges	8 349	8 349	0	8 349	0
Investment securities:	2 970 182	2 961 529	2 416 810	201 982	342 738
Investment securities held to maturity	1 964 983	1 956 330	1 956 330	0	0
Investment securities available for sale, including:	1 005 199	1 005 199	460 479	201 982	342 738
Equity interests	27 077	27 077	0	0	27 077
Debt securities	978 122	978 122	460 479	201 982	315 661
Loans and advances to customers, including:	35 650 478	33 392 469	0	0	33 392 469
Loans and advances granted to individuals	19 370 377	17 009 977	0	0	17 009 977
Loans and advances granted to micro customers	2 421 693	2 275 541	0	0	2 275 541
Loans and advances granted to large enterprises	12 625 016	12 867 416	0	0	12 867 416
Loans and advances granted to small and medium enterprises	1 209 899	1 215 817	0	0	1 215 817
Loans and advances granted to public sector entities	23 493	23 719	0	0	23 719
Other financial assets	257 612	257 612	0	0	257 612
<b>Total financial assets</b>	<b>51 970 546</b>	<b>49 704 370</b>	<b>2 913 414</b>	<b>8 948 814</b>	<b>37 842 142</b>

Position description	30 June 2015				
	Book value	Fair value	Level I	Level II	Level III
<b>Financial liabilities</b>					
Amounts due to banks and other monetary institutions	8 811 465	8 668 470	0	0	8 668 470
Derivative financial instruments:	1 783 256	1 783 256	0	1 783 086	170
Derivative financial instruments held for trading	546 646	546 646	0	546 477	170
Derivative financial instruments in cash flow hedges	1 216 055	1 216 055	0	1 216 055	0
Derivative financial instruments in fair value hedges	20 555	20 555	0	20 555	0
Amounts due to customers, including:	35 300 060	35 597 511	0	0	35 597 511
Amounts due to individuals	16 622 921	16 759 674	0	0	16 759 674
Amounts due to micro customers	1 594 618	1 598 213	0	0	1 598 213
Amounts due to large enterprises	14 247 449	14 389 384	0	0	14 389 384
Amounts due to small and medium enterprises	2 835 072	2 850 240	0	0	2 850 240
Subordinated liabilities	314 862	305 019	0	0	305 019
Liabilities from debt securities issued	501 785	501 785	0	0	501 785
Other financial liabilities	357 721	357 721	0	0	357 721
<b>Total financial liabilities</b>	<b>47 069 149</b>	<b>47 213 763</b>	<b>0</b>	<b>1 783 086</b>	<b>45 430 677</b>

## Other explanatory notes (cont.)

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

For the period from 1 January 2016 to 30 June 2016	Financial assets held for trading	Derivative financial instruments - assets	Investment securities available for sale - debt securities	Derivative financial instruments - liabilities
<b>Balance at the beginning of the period</b>	<b>91 907</b>	<b>9 828</b>	<b>319 970</b>	<b>7</b>
Increases, including:	273 097	7 065	59 222	97
Purchase	272 077	0	32 870	0
Derivatives opened during period	0	641	0	93
Income from financial instruments, included in:	1 020	2 122	26 352	-1
Net interest income	0	0	44	-1
Net income from financial instruments measured at fair value	1 020	2 122	0	0
Revaluation reserves	0	0	26 307	0
Reclassification	0	4 303	0	4
Decreases, including:	-72 560	-428	-30 900	-1
Settlement/redemption	0	-312	0	-7
Sale	-56 073	0	-21 007	0
Loss from financial instruments, included in:	-16 487	-116	-9 893	5
Net interest income	-203	0	-112	0
Net income from financial instruments measured at fair value	-16 284	-116	0	5
Revaluation reserves	0	0	-9 781	0
<b>Balance at period end</b>	<b>292 443</b>	<b>16 465</b>	<b>348 292</b>	<b>102</b>
<b>Unrealized result on financial instruments held in the portfolio at the end of the period, included in statement of comprehensive income in:</b>	<b>-14 462</b>	<b>6 637</b>	<b>19 215</b>	<b>96</b>
Net interest income	803	0	2 689	0
Net income from financial instruments measured at fair value	-15 264	6 637	0	96
Revaluation reserves	0	0	16 526	0

## Other explanatory notes (cont.)

For 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
<b>Balance at the beginning of the period</b>	<b>165 257</b>	<b>212</b>	<b>351 436</b>	<b>96</b>
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	-35	-103 995	-76
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
<b>Balance at period end</b>	<b>151 783</b>	<b>17 367</b>	<b>315 661</b>	<b>170</b>
<b>Unrealized result on financial instruments held in the portfolio at the end of the period, included in statement of comprehensive income in:</b>	<b>-16 893</b>	<b>17 155</b>	<b>-28 553</b>	<b>74</b>
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.)

### 14. Transactions with related parties

The Bank identifies the following related entities:

- Parent entities:
  - ultimate parent entity – Raiffeisen Zentralbank Österreich AG (RZB).
  - parent entity – Raiffeisen Bank International AG (RBI).
- The Bank’s subsidiaries consolidated:
  - 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. - till 31 March 2016
  - Raiffeisen Financial Services Polska Sp. z o.o., Raiffeisen Solutions Sp z o.o, Raiffeisen Investment Polska Sp. z o.o. , Raiffeisen Towarzystwo Funduszy Inwestycyjnych S.A.,
- the Bank’s subsidiaries not consolidated - Leasing Poland Sp. z o.o.,
- Members of the Bank’s key personnel,
- 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. (till 2 April 2015) and ROOF Poland Leasing 2014 DAC (till 31 March 2016).

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

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 income and expense, net income from financial instruments and general administrative expenses were recognized in the statement of profit or loss.

## Other explanatory notes (cont.)

Statement of financial position items	Parent Company		Consolidated Subsidiaries		Members of the Bank's and the Parent Entity key personnel		Other related entities	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015	30 June 2016	31 December 2015	30 June 2016	31 December 2015
Amounts due from banks	192 464	1 030 443	0	0	0	0	13 485	9 398
Financial assets held for trading	0	0	0	0	0	0	250 288	0
Derivative financial instruments (assets)	326 586	370 810	3	370	0	0	9 860	401
Loans and advances to customers	0	0	2 944	18 493	2 304	2 300	122 354	0
Other assets	38	97	0	137	0	0	10 222	522
Amounts due to banks and other monetary institutions	5 515 034	5 744 774	0	0	0	0	1 787 959	1 512 387
Derivative financial instruments (liabilities)	1 529 316	1 400 241	13	0	0	0	300	99
Amounts due to clients	0	0	16 713	1 026 487	4 590	4 574	209 671	15 482
Subordinated liabilities	332 187	724 789	0	0	0	0	0	0
Other liabilities	10 928	169	356	361	0	0	768	217
Provisions for liabilities	2 043	2 433	0	0	4 209	4 000	0	0

## Other explanatory notes (cont.)

Statement of profit and loss items	Parent Company		Consolidated Subsidiaries		Members of the Bank's and the Parent Entity key personnel		Other related entities	
	For the period from 1 January 2016 to 30 June 2016	For the period from 1 January 2015 to 30 June 2015	For the period from 1 January 2016 to 30 June 2016	For the period from 1 January 2015 to 30 June 2015	For the period from 1 January 2016 to 30 June 2016	For the period from 1 January 2015 to 30 June 2015	For the period from 1 January 2016 to 30 June 2016	For the period from 1 January 2015 to 30 June 2015
	Interest income	82 400	96 363	2 400	1 130	21	26	2 592
Interest expenses	-43 556	-42 731	-3 415	-4 870	-25	-56	-11 043	-8 636
Commission income	500	796	48	183	4	1	1 610	1 305
Commission expenses	-422	-703	-12	-224	-5	0	-76	-511
Net income from financial instruments measured at fair value and net foreign exchange result	-230 636	-19 370	10	2 455	2	2	0	-452
Result on sale of shares in subsidiary	202 313	0	0	0	0	0	0	0
Income from dividend	0	0	0	40 900	0	0	0	0
General administrative expenses	-5 574	-7 754	-3 210	-7 318	-8 752	-5 257	-3 220	-4 398
Other operating income	0	116	537	1 038	0	0	3 942	0
Other operating expenses	0	0	0	0	0	0	-2	0

Off-balance sheet commitments	Parent Company		Consolidated Subsidiaries		Members of the Bank's and the Parent Entity key personnel		Other related entities	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015	30 June 2016	31 December 2015	30 June 2016	31 December 2015
	Guarantees and letters of credit	111 980	154 779	0	1 435	0	0	565 332
Financial liabilities granted	0	0	4 056	81 822	0	0	84 464	0
Guarantees received	88 708	165 192	0	33 000	0	0	13 895	73 086



## Other explanatory notes (cont.)

Statement of financial position items	Parent Company	Consolidated Subsidiaries	Members of the Bank's and the Parent Entity key personnel	Other related entities
	30 June 2015	30 June 2015	30 June 2015	30 June 2015
	Amounts due from banks	1 306 461	0	0
Derivative financial instruments (assets)	284 541	2 473	0	404
Loans and advances to customers	0	306 116	2 353	0
Other assets	0	579	0	251
Amounts due to banks and other monetary institutions	5 699 103	0	0	764 446
Derivative financial instruments (liabilities)	1 623 551	44	0	137
Amounts due to clients	0	170 780	6 358	417
Subordinated liabilities	314 862	0	0	0
Other liabilities	7 273	476	0	439
Provisions for other liabilities	2 827	0	2 000	0

Off-balance sheet commitments	Parent Company	Consolidated Subsidiaries	Members of the Bank's and the Parent Entity key personnel	Other related entities
	30 June 2015	30 June 2015	30 June 2015	30 June 2015
	Guarantees and letters of credit	165 000	1 435	0
Financial liabilities granted	0	59 167	0	22 378
Guarantees received	174 696	33 000	0	67 537

## Other explanatory notes (cont.)

### 15. Seasonality or cyclicity of interim operations

No significant events of a seasonal or cyclical character were observed within operations of the Bank.

### 16. Other significant events having impact on Bank's activities

According to Polish Financial Supervision Authority announcement from 308 meeting on 24 May 2016, the process of introduction of Raiffeisen Bank Polska S.A. shares to trading on regulated market of Warsaw Stock Exchange in Warsaw, which was assumed to be conducted by 30 June 2016, was suspended.

Investor's obligation realization was changed in the following way, PFSA will find obligation fulfilled if not later than by 31 December 2016 the transaction would be concluded with Raiffeisen Bank Polska S.A., which would be split by demerger pursuant to Art. 124c of Banking law and Art. 529 §1 point 4 Commercial Companies Code into part of Raiffeisen Bank Polska S.A. connected with mortgage loans denominated in CHF or index-linked to CHF (CHF portfolio), which should remain in Raiffeisen Bank Polska S.A. as demerged company and remaining part constituting banking share of Raiffeisen Bank Polska S.A., which would be purchased, in a demerger procedure, by other bank conducting its activities in Poland, which shares are in trading on Warsaw Stock Exchange in Warsaw, accepted by PFSA (local bank listed on stock exchange). After the spinoff part of Raiffeisen Bank Polska S.A. including only CHF portfolio would be merged on cross-border merger basis with Raiffeisen Bank International AG and as a result of this cross-border merger CHF portfolio would be transferred to Polish branch of Raiffeisen Bank International AG as credit institution.

### 17. Events after reporting date

In August 2016 the Polish president put forward a draft bill relating to refund of selected considerations resulting from loans and advances agreements, called "Swiss franc bill". The draft bill relates to receivables resulting from denominated or index-linked mortgage loans or mortgage advances agreements. The proposal is undergoing consultations, and may be subject to major changes. Details on loans portfolio denominated in CHF is presented in note 19.

No other events having significant influence on the Raiffeisen Bank Polska S.A. interim condensed financial statements have occurred after the reporting date.

## Risk management

### 18. The nature and scope of risk associated with financial instruments

In its activity, the Bank follows an active approach to the risk management, involving its identification, measurement, monitoring and mitigating. The Bank 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 Bank to the risk appetite described in the adopted strategic plans.

Risk management procedures were consistent with procedures described in the financial statements for the year ended 31 December 2015.

#### 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.

Regulatory requirements in respect of capital adequacy is total capital ratio defined in article 92 par. 1 point c of Regulation (EU) 575/2013 of the European Parliament and of the Council of 26 June 2013. From October 2015 the Bank was obliged by Financial Supervision Authority to maintain an additional capital adequacy to cover risk resulting from portfolio of currency mortgage loans equal to 2.08 p.p. on

## Risk management (cont.)

standalone and consolidated basis. In March 2016 the Financial Supervision Authority informed that in the result of verification, the additional capital adequacy on consolidated basis equals to 1.90 p.p., instead of 2.08 required to date. Moreover from January 2016 a new capital conservation buffer amounting to 1.25 p.p. is required. Therefore the total capital ratio should be maintained at the level not lower than 15.33% on a standalone basis and 15.15% on consolidated basis.

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 2016	31 December 2015	30 June 2015
Credit and counterparty risk	Standard	2 657 613	2 733 462	2 855 925
Market risk	Standard	65 920	40 291	49 513
Operational risk	Standard	271 001	289 818	289 818
<b>Regulatory capital</b>		<b>2 994 534</b>	<b>3 063 571</b>	<b>3 195 255</b>
<b>Own funds</b>		<b>5 924 366</b>	<b>5 724 042</b>	<b>5 716 181</b>
<b>Total capital ratio (%)</b>		<b>15,83</b>	<b>14,95</b>	<b>14,31</b>

The main source of own funds to cover the capital requirements is Tier I capital (core capital), which is supplemented with subordinated liabilities (Tier II capital). Tier I capital amounted to PLN 5 676 977 thousand as at 30 June 2016, and Tier II capital amounted to PLN 247 389 thousand.

From 1 January 2016 to 30 March 2016 the Bank did not comply with the requirement of the minimal total capital ratio resulting from supervisory recommendation (taking into account additional capital requirement to cover risk resulting from currency mortgage loans). The Bank has undertaken actions to keep capital ratio at the required level. Starting from 31 March 2016 the Bank complies with the regulatory requirements.

## 19. Credit risk

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

The aim of credit risk management is to increase the safety of the Bank'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 Bank's loan portfolio.

The Bank'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 Bank's own account and its customers' accounts.

In the period covered by these interim condensed financial statements no significant changes in the credit risk management were introduced.

## Risk management (cont.)

As at 30 June 2016	Financial assets presented in the statement of financial position							
	amounts due from banks	cash and balances with the Central Bank	trading assets	derivatives	investment securities	loans and advances	other	Total
<b>Classes of exposure with instrument types assigned to them</b>								
<b>Cash and cash equivalents</b>	0	<b>817 624</b>	0	0	0	0	0	<b>817 624</b>
<b>Exposures to governments and central banks</b>	<b>0</b>	<b>562 140</b>	<b>8 591 119</b>	<b>4</b>	<b>7 140 831</b>	<b>0</b>	<b>0</b>	<b>16 294 094</b>
Balances with the Central Bank	0	562 140	0	0	0	0	0	562 140
Treasury bonds and bills	0	0	591 119	0	7 140 831	0	0	7 731 950
NBP bills	0	0	8 000 000	0	0	0	0	8 000 000
Derivative financial instruments	0	0	0	4	0	0	0	4
<b>Exposures to banks</b>	<b>318 498</b>	<b>0</b>	<b>14 635</b>	<b>357 204</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>690 337</b>
Cash on current and term accounts with other banks	256 849	0	0	0	0	0	0	256 849
Loans and advances granted to other banks	61 649	0	0	0	0	0	0	61 649
Derivative financial instruments	0	0	0	357 204	0	0	0	357 204
Corporate bonds	0	0	8 123	0	0	0	0	8 123
Mortgage backed securities	0	0	6 512	0	0	0	0	6 512
<b>Exposures to customers</b>	<b>0</b>	<b>0</b>	<b>277 808</b>	<b>232 777</b>	<b>392 460</b>	<b>34 312 207</b>	<b>0</b>	<b>35 215 252</b>
Loans and advances granted to individuals	0	0	0	0	0	19 683 125	0	19 683 125
Loans and advances granted to micro customers	0	0	0	0	0	2 468 030	0	2 468 030
Loans and advances granted to large enterprises	0	0	0	0	0	10 814 877	0	10 814 877
Loans and advances granted to small and medium enterprises	0	0	0	0	0	1 328 684	0	1 328 684
Loans and advances granted to public sector entities	0	0	0	0	0	17 491	0	17 491
Equity investments	0	0	0	0	44 169	0	0	44 169
Derivative financial instruments	0	0	0	232 777	0	0	0	232 777
Corporate bonds	0	0	277 808	0	348 291	0	0	626 099
<b>Other financial assets</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>158 951</b>	<b>158 951</b>
<b>Total</b>	<b>318 498</b>	<b>1 379 764</b>	<b>8 883 562</b>	<b>589 985</b>	<b>7 533 291</b>	<b>34 312 207</b>	<b>158 951</b>	<b>53 176 257</b>

## Risk management (cont.)

As at 31 December 2015	Financial assets presented in the statement of financial position							Total
	amounts due from banks	cash and balances with the Central Bank	trading assets	derivatives	investment securities	loans and advances	other	
<b>Classes of exposure with instrument types assigned to them</b>								
<b>Cash and cash equivalents</b>	0	<b>1 067 024</b>	0	0	0	0	0	<b>1 067 024</b>
<b>Exposures to governments and central banks</b>	<b>0</b>	<b>1 636 486</b>	<b>12 478 504</b>	<b>3 643</b>	<b>3 426 190</b>	<b>0</b>	<b>0</b>	<b>17 544 823</b>
Balances with the Central Bank	0	1 636 486	0	0	0	0	0	1 636 486
Treasury bonds and bills	0	0	332 392	0	3 426 190	0	0	3 758 582
NBP bills	0	0	12 146 112	0	0	0	0	12 146 112
Derivative financial instruments	0	0	0	3 643	0	0	0	3 643
<b>Exposures to banks</b>	<b>1 204 249</b>	<b>0</b>	<b>69 051</b>	<b>394 106</b>	<b>16 262</b>	<b>0</b>	<b>0</b>	<b>1 683 669</b>
Cash on current and term accounts with other banks	1 147 869	0	0	0	0	0	0	1 147 869
Loans and advances granted to other banks	56 380	0	0	0	0	0	0	56 380
Derivative financial instruments	0	0	0	394 106	0	0	0	394 106
Corporate bonds	0	0	51 461	0	16 262	0	0	67 724
Mortgage backed securities	0	0	17 590	0	0	0	0	17 590
<b>Exposures to customers</b>	<b>0</b>	<b>0</b>	<b>22 855</b>	<b>164 636</b>	<b>384 602</b>	<b>33 689 146</b>	<b>0</b>	<b>34 261 239</b>
Loans and advances granted to individuals	0	0	0	0	0	19 202 502	0	19 202 502
Loans and advances granted to micro customers	0	0	0	0	0	2 416 760	0	2 416 760
Loans and advances granted to large enterprises	0	0	0	0	0	10 808 023	0	10 808 023
Loans and advances granted to small and medium enterprises	0	0	0	0	0	1 240 278	0	1 240 278
Loans and advances granted to public sector entities	0	0	0	0	0	21 583	0	21 583
Equity investments	0	0	0	0	80 895	0	0	80 895
Derivative financial instruments	0	0	0	164 636	0	0	0	164 636
Corporate bonds	0	0	22 855	0	303 708	0	0	326 562
<b>Other financial assets</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>171 618</b>	<b>171 618</b>
<b>Total</b>	<b>1 204 249</b>	<b>2 703 510</b>	<b>12 570 410</b>	<b>562 385</b>	<b>3 827 055</b>	<b>33 689 146</b>	<b>171 618</b>	<b>54 728 372</b>

## Risk management (cont.)

As at 30 June 2015	Financial assets presented in the statement of financial position							Total
	amounts due from banks	cash and balances with the Central Bank	trading assets	derivatives	investment securities	loans and advances	other	
<b>Cash and cash equivalents</b>	0	<b>651 698</b>	0	0	0	0	0	<b>651 698</b>
<b>Exposures to governments and central banks</b>	<b>0</b>	<b>1 345 735</b>	<b>8 693 833</b>	<b>0</b>	<b>2 629 041</b>	<b>0</b>	<b>0</b>	<b>12 668 609</b>
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
<b>Exposures to banks</b>	<b>1 682 255</b>	<b>0</b>	<b>74 245</b>	<b>380 705</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2 137 205</b>
Cash on current and term accounts with other banks	1 423 328	0	0	0	0	0	0	1 423 328
Loans and advances granted to other banks	258 927	0	0	0	0	0	0	258 927
Derivative financial instruments	0	0	0	380 705	0	0	0	380 705
Corporate bonds	0	0	48 131	0	0	0	0	48 131
Mortgage backed securities	0	0	26 114	0	0	0	0	26 114
<b>Exposures to customers</b>	<b>0</b>	<b>0</b>	<b>77 588</b>	<b>186 215</b>	<b>341 141</b>	<b>35 650 478</b>	<b>0</b>	<b>36 255 422</b>
Loans and advances granted to individuals	0	0	0	0	0	19 370 377	0	19 370 377
Loans and advances granted to micro customers	0	0	0	0	0	2 421 693	0	2 421 693
Loans and advances granted to large enterprises	0	0	0	0	0	12 625 016	0	12 625 016
Loans and advances granted to small and medium enterprises	0	0	0	0	0	1 209 899	0	1 209 899
Loans and advances granted to public sector entities	0	0	0	0	0	23 493	0	23 493
Equity investments	0	0	0	0	27 077	0	0	27 077
Derivative financial instruments	0	0	0	186 215	0	0	0	186 215
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
<b>Other financial assets</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>257 612</b>	<b>257 612</b>
<b>Total</b>	<b>1 682 255</b>	<b>1 997 433</b>	<b>8 845 666</b>	<b>566 920</b>	<b>2 970 182</b>	<b>35 650 478</b>	<b>257 612</b>	<b>51 970 545</b>
<b>Maximum exposure to credit risk for off-balance sheet amounted to:</b>				<b>30 June 2016</b>		<b>31 December 2015</b>		<b>30 June 2015</b>
Guarantees				2 232 651		1 884 362		1 886 265
Off balance liabilities of a financial nature				7 782 830		8 122 312		7 745 237
<b>Total</b>				<b>10 015 480</b>		<b>10 006 673</b>		<b>9 631 502</b>

## Risk management (cont.)

Loan exposures to banks and customers as well as other financial assets presented in the 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 segments:

30 June 2016	Exposure amount			Value of collateral reducing the maximum exposure to credit risk
	analysed on an individual basis	analysed on a group basis	Total	
<b>Not overdue receivables without identified impairment</b>	<b>169 494</b>	<b>32 309 784</b>	<b>32 479 278</b>	<b>15 058 915</b>
Amounts due from Central Bank and other banks	0	880 707	880 707	0
Individual customers	8 473	17 702 318	17 710 791	9 261 081
Micro customers	2 070	1 920 339	1 922 409	1 134 777
Large enterprises	0	10 475 567	10 475 567	4 083 170
Small and medium enterprises	0	1 313 280	1 313 280	579 887
Public sector	0	17 573	17 573	0
Other financial assets	158 951	0	158 951	0
<b>Overdue receivables without identified impairment</b>	<b>3 661</b>	<b>1 928 150</b>	<b>1 931 811</b>	<b>972 644</b>
Amounts due from Central Bank and other banks	0	19	19	0
Individual customers	1 934	1 638 655	1 640 589	757 155
Micro customers	1 727	176 828	178 555	120 244
Large enterprises	0	101 155	101 155	87 326
Small and medium enterprises	0	11 493	11 493	7 919
<b>Receivables with identified impairment</b>	<b>1 198 402</b>	<b>1 614 683</b>	<b>2 813 085</b>	<b>962 537</b>
Individual customers	41 479	940 877	982 356	340 912
Micro customers	46 808	673 806	720 614	342 672
Large enterprises	1 047 000	0	1 047 000	271 162
Small and medium enterprises	53 811	0	53 811	7 791
Other financial assets	9 304	0	9 304	0
<b>Total other financial assets, gross</b>	<b>1 371 557</b>	<b>35 852 617</b>	<b>37 224 174</b>	<b>16 994 096</b>
<b>Impairment allowances on amounts due from Central Bank and other banks</b>	<b>0</b>	<b>89</b>	<b>89</b>	<b>0</b>
<b>Impairment allowances on loans and advances</b>	<b>833 391</b>	<b>1 029 595</b>	<b>1 862 986</b>	<b>0</b>
<b>Impairment allowances on other financial assets</b>	<b>9 304</b>	<b>0</b>	<b>9 304</b>	<b>0</b>
<b>Total other financial assets, net</b>	<b>528 862</b>	<b>34 822 933</b>	<b>35 351 795</b>	<b>16 994 096</b>



## Risk management (cont.)

31 December 2015	Exposure amount			Value of collateral reducing the maximum exposure to credit risk
	analysed on an individual basis	analysed on a group basis	Total	
<b>Not overdue receivables without identified impairment</b>	<b>175 518</b>	<b>33 703 413</b>	<b>33 878 931</b>	<b>14 070 204</b>
Amounts due from Central Bank and other banks	0	2 840 886	2 840 886	13 240
Individual customers	635	17 349 608	17 350 243	9 217 084
Micro customers	3 265	1 853 265	1 856 530	1 062 323
Large enterprises	0	10 410 748	10 410 748	3 406 406
Small and medium enterprises	0	1 227 227	1 227 227	371 151
Public sector	0	21 679	21 679	0
Other financial assets	171 618	0	171 618	0
<b>Overdue receivables without identified impairment</b>	<b>11 787</b>	<b>1 830 988</b>	<b>1 842 775</b>	<b>930 604</b>
Amounts due from Central Bank and other banks	0	14	14	0
Individual customers	1 487	1 530 842	1 532 329	726 189
Micro customers	1 132	192 493	193 625	112 931
Large enterprises	9 168	97 317	106 485	82 244
Small and medium enterprises	0	10 322	10 322	9 240
<b>Receivables with identified impairment</b>	<b>1 215 109</b>	<b>1 532 927</b>	<b>2 748 036</b>	<b>1 009 460</b>
Individual customers	41 881	892 261	934 142	365 313
Micro customers	47 503	640 666	688 169	367 654
Large enterprises	1 071 381	0	1 071 381	269 544
Small and medium enterprises	50 848	0	50 848	6 949
Other financial assets	3 496	0	3 496	0
<b>Total other financial assets, gross</b>	<b>1 402 414</b>	<b>37 067 328</b>	<b>38 469 742</b>	<b>16 010 268</b>
<b>Impairment allowances on amounts due from Central Bank and other banks</b>	<b>0</b>	<b>165</b>	<b>165</b>	<b>0</b>
<b>Impairment allowances on loans and advances</b>	<b>790 270</b>	<b>974 312</b>	<b>1 764 582</b>	<b>0</b>
<b>Impairment allowances on other financial assets</b>	<b>3 496</b>	<b>0</b>	<b>3 496</b>	<b>0</b>
<b>Total other financial assets, net</b>	<b>608 648</b>	<b>36 092 851</b>	<b>36 701 499</b>	<b>16 010 268</b>

## Risk management (cont.)

30 June 2015	Exposure amount			Value of collateral reducing the maximum exposure to credit risk
	analysed on an individual basis	analysed on a group basis	Total	
<b>Not overdue receivables without identified impairment</b>	<b>257 612</b>	<b>35 574 457</b>	<b>35 832 069</b>	<b>15 188 164</b>
Amounts due from Central Bank and other banks	0	3 028 475	3 028 475	19 954
Individual customers	0	17 563 293	17 563 293	9 321 735
Micro customers	0	1 859 870	1 859 870	1 047 199
Large enterprises	0	11 909 557	11 909 557	4 329 920
Small and medium enterprises	0	1 189 635	1 189 635	469 356
Public sector	0	23 627	23 627	0
Other financial assets	257 612	0	257 612	0
<b>Overdue receivables without identified impairment</b>	<b>0</b>	<b>1 831 635</b>	<b>1 831 635</b>	<b>918 500</b>
Individual customers	0	1 476 533	1 476 533	685 587
Micro customers	0	195 704	195 704	106 591
Large enterprises	0	145 143	145 143	116 665
Small and medium enterprises	0	14 255	14 255	9 657
<b>Receivables with identified impairment</b>	<b>1 605 553</b>	<b>1 605 706</b>	<b>3 211 259</b>	<b>1 348 879</b>
Individual customers	58 429	956 630	1 015 059	361 413
Micro customers	56 331	649 076	705 407	360 164
Large enterprises	1 417 014	0	1 417 014	616 049
Small and medium enterprises	70 974	0	70 974	11 253
Other financial assets	2 805	0	2 805	0
<b>Total other financial assets, gross</b>	<b>1 863 165</b>	<b>39 011 798</b>	<b>40 874 963</b>	<b>17 455 543</b>
<b>Impairment allowances on amounts due from Central Bank and other banks</b>	<b>0</b>	<b>485</b>	<b>485</b>	<b>0</b>
<b>Impairment allowances on loans and advances</b>	<b>886 860</b>	<b>1 048 733</b>	<b>1 935 593</b>	<b>0</b>
<b>Impairment allowances on other financial assets</b>	<b>2 805</b>	<b>0</b>	<b>2 805</b>	<b>0</b>
<b>Total other financial assets, net</b>	<b>973 500</b>	<b>37 962 580</b>	<b>38 936 080</b>	<b>17 455 543</b>

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

As at 30 June 2016	Past due for					Total
	Less than 30 days	Between 30 and 90 days	Between 90 and 180 days	Between 180 days and 1 year	More than 1 year	
<b>Gross loans and advances - overdue but not impaired</b>	<b>1 426 890</b>	<b>427 790</b>	<b>2 324</b>	<b>33 574</b>	<b>41 233</b>	<b>1 931 811</b>
Central Bank and other banks	0	0	4	0	15	19
Individual customers	1 304 736	329 784	256	1 249	4 564	1 640 589
Micro customers	97 346	79 505	1 468	44	192	178 555
Large enterprises	19 158	18 215	45	30 499	33 238	101 155
Small and medium enterprises	5 650	286	551	1 782	3 224	11 493
<b>Total</b>	<b>1 426 890</b>	<b>427 790</b>	<b>2 324</b>	<b>33 574</b>	<b>41 233</b>	<b>1 931 811</b>

## Risk management (cont.)

As at 31 December 2015	Past due for					Total
	Less than 30 days	Between 30 and 90 days	Between 90 and 180 days	Between 180 days and 1 year	More than 1 year	
<b>Gross loans and advances - overdue but not impaired</b>	<b>1 334 660</b>	<b>454 069</b>	<b>2 211</b>	<b>3 139</b>	<b>48 696</b>	<b>1 842 775</b>
Central Bank and other banks	0	2	0	0	12	14
Individual customers	1 187 236	339 436	1 403	1 731	2 523	1 532 329
Micro customers	128 896	64 555	9	55	110	193 625
Large enterprises	16 467	47 612	42	354	42 010	106 485
Small and medium enterprises	2 061	2 464	757	999	4 041	10 322
<b>Total</b>	<b>1 334 660</b>	<b>454 069</b>	<b>2 211</b>	<b>3 139</b>	<b>48 696</b>	<b>1 842 775</b>

As at 30 June 2015	Past due for					Total
	Less than 30 days	Between 30 and 90 days	Between 90 and 180 days	Between 180 days and 1 year	More than 1 year	
<b>Gross loans and advances - overdue but not impaired</b>	<b>1 294 969</b>	<b>466 683</b>	<b>4 500</b>	<b>15 748</b>	<b>49 735</b>	<b>1 831 635</b>
Individual customers	1 147 826	321 315	3 774	3 038	580	1 476 533
Micro customers	120 557	74 988	38	98	23	195 704
Large enterprises	23 344	65 576	349	12 139	43 735	145 143
Small and medium enterprises	3 242	4 804	339	473	5 397	14 255
<b>Total</b>	<b>1 294 969</b>	<b>466 683</b>	<b>4 500</b>	<b>15 748</b>	<b>49 735</b>	<b>1 831 635</b>

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

In the period covered by these interim condensed financial statements the Bank had no exposures exceeding any of the relevant concentration limit.

## Risk management (cont.)

### Portfolio of loans denominated in CHF

The CHF mortgage loans portfolio is a significant subject of credit risk management due to its value and share in the total loans portfolio of the Parent Entity. The share of loans denominated in CHF was equal to 35.20% of all loans of the Parent Entity as at the end of the second quarter of 2016, of which 33.01% concerned individual clients and 1.52% micro-enterprises. The below table presents the carrying value of the mortgage loans portfolio of the Parent Entity analyzed by denomination currencies and sub-portfolios as at 30 June 2016 and 2015 and 31 December 2015.

Loans for individuals and micro customers mortgage loans portfolio by denomination currencies	30 June 2016 (f/x rate PLN/CHF 4,0)		31 December 2015 (f/x rate PLN/CHF 3,9)		30 June 2015 (f/x rate PLN/CHF 4,0)	
	Gross amount	Share in portfolio	Gross amount	Share in portfolio	Gross amount	Share in portfolio
<b>Individual customers</b>						
PLN	1 873 108	10%	1 708 456	9%	1 421 662	8%
EUR	3 782 086	20%	3 754 023	20%	3 801 389	20%
CHF	11 707 804	63%	11 629 234	63%	12 256 966	65%
USD	5 604	0%	5 572	0%	4 296	0%
<b>Total</b>	<b>17 368 602</b>	<b>93%</b>	<b>17 097 285</b>	<b>93%</b>	<b>17 484 313</b>	<b>93%</b>
<b>Micro customers</b>						
PLN	802 337	4%	787 747	4%	741 091	4%
EUR	90 488	0%	95 002	1%	104 387	1%
CHF	433 039	2%	454 018	2%	505 049	3%
USD	0	0%	0	0%	0	0%
<b>Total</b>	<b>1 325 865</b>	<b>7%</b>	<b>1 336 767</b>	<b>7%</b>	<b>1 350 526</b>	<b>7%</b>
<b>Total</b>						
PLN	2 675 446	14%	2 496 204	14%	2 162 753	11%
EUR	3 872 574	21%	3 849 025	21%	3 905 776	21%
CHF	12 140 844	65%	12 083 252	66%	12 762 015	68%
USD	5 604	0%	5 572	0%	4 296	0%
<b>Total</b>	<b>18 694 467</b>	<b>100%</b>	<b>18 434 051</b>	<b>100%</b>	<b>18 834 840</b>	<b>100%</b>

The table presents only retail loans (individuals and micro ) and mortgages (loans arising from the restructuring and consolidation among others of mortgages have not been presented in the table above).

The average LTV weighted using exposure value on the portfolio of loans secured by mortgages denominated in foreign currencies at 30 June 2016 amounted to 127.42 % (as at 31 December 2015 125.69 %).

## Risk management (cont.)

The below table presents quality of mortgage loans portfolio analyzed by denomination currencies and sub-portfolios by past due days (DPD) as at 30 June 2016.

Currency	not overdue	Past due (DPD)			Total
		<1 - 90>	<91 - 180>	above 180	
<b>Individual customers</b>					
PLN	1 292 117	89 918	7 552	483 522	1 873 108
EUR	3 614 072	154 967	8 095	4 952	3 782 086
CHF	10 402 554	1 142 957	59 316	102 977	11 707 804
USD	5 604	0	0	0	5 604
<b>Total</b>	<b>15 314 347</b>	<b>1 387 842</b>	<b>74 962</b>	<b>591 451</b>	<b>17 368 602</b>
<b>Micro customers</b>					
PLN	531 428	26 463	6 137	238 309	802 337
EUR	84 342	5 764	76	306	90 488
CHF	376 820	47 172	5 691	3 357	433 039
USD	0	0	0	0	0
<b>Total</b>	<b>992 591</b>	<b>79 398</b>	<b>11 904</b>	<b>241 972</b>	<b>1 325 865</b>
<b>Total</b>					
PLN	1 823 545	116 380	13 689	721 831	2 675 446
EUR	3 698 414	160 731	8 171	5 258	3 872 574
CHF	10 779 375	1 190 129	65 006	106 334	12 140 844
USD	5 604	0	0	0	5 604
<b>Total</b>	<b>16 306 937</b>	<b>1 467 240</b>	<b>86 866</b>	<b>833 423</b>	<b>18 694 467</b>

Proposals for systemic solutions with respect to the currency risk relate to portfolios denominated in CHF, presented by different state and supervisory agencies, may have a negative influence on the financial results and equity of the Parent Entity.

In August 2016 the Polish president put forward a draft bill relating to refund of selected considerations resulting from loans and advances agreements, called "Swiss franc bill". The draft bill relates to receivables resulting from denominated or index-linked mortgage loans or mortgage advances agreements. The proposal is undergoing consultations, and may be subject to major changes.

The analysis of the draft impact on the financial statements of the Bank in following periods require, among others information on final solutions defined in the draft bill, which is not available before consultation phase on the draft is closed. Due to the fact presented above, an analysis of the impact of the draft bill on the Bank's financial statements could not be finalized at the moment of publication of these interim condensed financial statements.

If the draft bill comes into force in the proposed form, it could have a significant negative impact on Bank's financial results or capital standing, taking into account Bank's significant portfolio of mortgage CHF loans.

## Risk management (cont.)

### 20. Liquidity risk

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

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

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

<b>30 June 2016</b>		<b>Contractual cash flows</b>					<b>Total</b>
<b>Type of liability</b>	<b>Nominal amount</b>	<b>Carrying amount</b>	within 3 months	from 3 to 12 months	from 1 to 5 years	more than 5 years	
<b>Liabilities in respect of derivative financial instruments</b>	<b>1 433 433</b>	<b>1 571 142</b>	<b>340 291</b>	<b>131 730</b>	<b>1 093 377</b>	<b>10 965</b>	<b>1 576 362</b>
inflows	24 864 777	-	16 528 693	2 079 353	6 403 170	12 302	25 023 518
outflows	26 298 210	-	16 868 984	2 211 083	7 496 547	23 266	26 599 880
<b>Financial liabilities</b>	<b>45 619 061</b>	<b>45 705 855</b>	<b>33 932 043</b>	<b>5 472 192</b>	<b>6 318 345</b>	<b>491 771</b>	<b>46 214 350</b>
<i>Amounts due to banks and other monetary institutions</i>	7 955 563	7 963 171	1 234 972	987 742	5 554 752	237 011	8 014 476
<i>including received loans</i>	7 341 830	7 346 587	764 335	964 818	5 541 669	237 011	7 507 833
<i>Amounts due to customers</i>	36 461 494	36 538 599	32 505 215	4 276 794	97 301	782	36 880 092
<i>Subordinated liabilities</i>	331 896	332 187	3 476	10 428	150 792	253 978	418 674
<i>Liabilities from issuance of debt securities</i>	500 000	501 790	7 600	7 600	507 600	0	522 800
<i>Other financial liabilities</i>	370 108	370 108	328 746	4 622	8 150	28 591	370 108
<b>Guarantee liabilities granted</b>	<b>2 232 651</b>	<b>0</b>	<b>0</b>	<b>2 232 651</b>	<b>0</b>	<b>0</b>	<b>2 232 651</b>
<b>Financial liabilities granted</b>	<b>7 782 830</b>	<b>0</b>	<b>0</b>	<b>3 390 916</b>	<b>4 391 914</b>	<b>0</b>	<b>7 782 830</b>

## Risk management (cont.)

31 December 2015							
Type of liability	Nominal amount	Carrying amount	Contractual cash flows				Total
			within 3 months	from 3 to 12 months	from 1 to 5 years	more than 5 years	
<b>Liabilities in respect of derivative financial instruments</b>	<b>1 363 434</b>	<b>1 478 611</b>	<b>377 475</b>	<b>169 544</b>	<b>949 396</b>	<b>10 027</b>	<b>1 506 442</b>
inflows	30 908 623	0	22 095 567	2 701 376	6 227 346	11 747	31 036 036
outflows	32 272 057	0	22 473 042	2 870 920	7 176 742	21 774	32 542 477
<b>Financial liabilities</b>	<b>48 105 049</b>	<b>48 198 496</b>	<b>35 928 414</b>	<b>7 451 380</b>	<b>5 025 607</b>	<b>919 357</b>	<b>49 324 758</b>
<i>Amounts due to banks and other monetary institutions</i>	7 930 198	7 935 995	2 004 598	1 989 485	4 188 274	239 003	8 421 360
<i>including received loans</i>	7 455 501	7 457 205	1 511 004	1 956 381	4 175 127	239 003	7 881 516
<i>Amounts due to customers</i>	38 668 689	38 754 180	33 670 875	5 381 874	72 152	295	39 125 195
<i>Subordinated liabilities</i>	724 455	724 789	9 526	28 577	247 728	679 666	965 496
<i>Liabilities from issuance of debt securities</i>	500 000	501 825	7 750	7 750	515 500	0	531 000
<i>Other financial liabilities</i>	281 707	281 707	235 666	43 695	1 954	392	281 707
<b>Guarantee liabilities granted</b>	<b>1 884 362</b>	<b>0</b>	<b>0</b>	<b>1 884 362</b>	<b>0</b>	<b>0</b>	<b>1 884 362</b>
<b>Financial liabilities granted</b>	<b>8 122 312</b>	<b>0</b>	<b>0</b>	<b>3 659 332</b>	<b>4 462 980</b>	<b>0</b>	<b>8 122 312</b>

30 June 2015							
Type of liability	Nominal amount	Carrying amount	Contractual cash flows				Total
			within 3 months	from 3 to 12 months	from 1 to 5 years	more than 5 years	
<b>Liabilities in respect of derivative financial instruments</b>	<b>1 643 799</b>	<b>1 783 256</b>	<b>335 722</b>	<b>316 052</b>	<b>945 200</b>	<b>214 271</b>	<b>1 811 245</b>
inflows	26 453 798	0	13 208 718	6 989 123	5 049 651	1 329 332	26 576 824
outflows	28 097 597	0	13 544 440	7 305 175	5 994 851	1 543 603	28 388 069
<b>Financial liabilities</b>	<b>45 217 311</b>	<b>45 285 894</b>	<b>32 589 206</b>	<b>7 633 674</b>	<b>5 204 638</b>	<b>612 202</b>	<b>46 039 720</b>
<i>Amounts due to banks and other monetary institutions</i>	8 808 759	8 811 465	2 223 535	2 280 778	4 465 326	358 693	9 328 332
<i>including received loans</i>	6 608 114	6 610 427	0	2 270 122	4 420 868	358 693	7 049 683
<i>Amounts due to customers</i>	35 236 251	35 300 060	30 237 494	5 151 398	5 965	613	35 395 470
<i>Subordinated liabilities</i>	314 580	314 862	3 695	11 086	153 356	252 184	420 321
<i>Liabilities from issuance of debt securities</i>	500 000	501 785	0	15 150	522 725	0	537 875
<i>Other financial liabilities</i>	357 722	357 722	124 482	175 263	57 265	712	357 722
<b>Guarantee liabilities granted</b>	<b>1 886 265</b>	<b>0</b>	<b>0</b>	<b>1 886 265</b>	<b>0</b>	<b>0</b>	<b>1 886 265</b>
<b>Financial liabilities granted</b>	<b>7 745 237</b>	<b>0</b>	<b>0</b>	<b>3 738 545</b>	<b>4 006 692</b>	<b>0</b>	<b>7 745 237</b>

## **Risk management (cont.)**

### **21. Other market risks**

#### **21.1. Market risk**

Market risk is a risk of changes in market value of financial instruments related to changing market factors such as interest rate and exchange rates.

For the purpose of market risk management Bank identifies, measures and monitors this risk and determines level of maximum risk appetite. To ensure this limit would not be exceeded, the Bank implemented limits system including limit for maximum loss limit (stop-loss), limit of maximum open foreign exchange position, sensitivity limit for the change of interest rate curves and VaR limits.

The market risk management process is subject to continuous assessment and evolution in order to adjust it to the changing market conditions. In the period covered by these interim condensed financial statements there were no significant changes in the Bank's market risk management.

#### **21.2. 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 Bank 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 the period covered by these interim condensed financial statements there were no significant changes in currency risk management.