



MERITUM BANK ICB S.A

**ANNUAL FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED ON 31 DECEMBER 2012**  
**in Polish zlotys**

**Gdańsk, 11 March 2013**

## **I. INTRODUCTION TO THE FINANCIAL STATEMENTS**

### **1. Essential information and subject of activities of Meritum Bank ICB S.A.**

As at 31 December 2012 and 31 December 2011 the registered office of Meritum Bank ICB S.A. ("Bank") was in Gdańsk at ul. Chłopska 53.

The Bank was entered into the Register of Entrepreneurs of the National Court Register kept by the District Court for Gdańsk-Północ in Gdańsk, 7<sup>th</sup> Commercial Division of the National Court Register under no. KRS 0000005245 on 20 January 2009.

The Bank pursues its activities through the Head Office in Gdańsk and Branches in Warsaw, Wrocław, Poznań, Katowice and Gdańsk, as well as financial service centres and a franchise network.

#### **1. Activities of the Bank encompass the following banking activities:**

- 1) accepting cash deposits payable on demand or on a specific date and holding deposit accounts;
- 2) holding other bank accounts;
- 3) extension of loans;
- 4) issuing and confirming bank guaranties and opening and confirming letters of credit;
- 5) issuing bank securities;
- 6) performing bank cash settlements;
- 7) extending cash loans as well as consumers loans and credit;
- 8) bill of exchange and cheque operations, as well as warrant operations;
- 9) issuing of payment cards and operations involving payment cards;
- 10) term financial operations;
- 11) purchase and sale of cash receivables;
- 12) safekeeping of items and securities, provision of safe boxes;
- 13) purchase and sale of foreign currencies;
- 14) agency in cash transfers and FX settlements;
- 15) granting and confirming suretyships;
- 16) execution of commissioned activities related to the issue of securities.

#### **2. The Bank may also perform the following activities:**

- 1) incur liabilities related to the issue of securities, issue guaranties for liabilities arising out of issued securities;
- 2) take up or purchase shares and rights in shares of another legal person and investment fund units;
- 3) trade in securities, including bank securities;
- 4) convert receivables to debtor's assets, under conditions agreed with the debtor, as provided for by the Act on the Banking Law;
- 5) purchase and sell real property;
- 6) provide consultation and advice on financial matters;
- 7) hold securities deposit accounts;
- 8) provide factoring services;
- 9) provide canvassing activities to pension funds;
- 10) provide agency services in the sale of units or investment certificates as defined by the Act on investment funds;
- 11) perform insurance agency services;
- 12) provide financial lease services;
- 13) provide financial agency services in connection with execution of lease contracts.

### **2. Reported periods**

The financial statements of the Bank cover the financial year ending on 31 December 2012 and comparative data as at 31 December 2011.

### **3. Internal organisational units of Meritum Bank ICB S.A., and organisation of the financial reporting of the Bank**

There are no internal organisational units which prepare their own financial statements in the structure of Meritum Bank ICB S.A.

#### **4. Consolidated financial statements**

The Bank does not prepare consolidated financial statements.

The decision to waive consolidation of the statements was based on article 58.1.1 of the Accounting Act. In the opinion of the Management Board of the Bank, the financial data of subsidiaries are irrelevant for information about the financial and material status of the Company.

#### **5. Going concern**

The financial statements of the Bank for the year ended on 31 December 2012 was prepared with the going concern without restricting current scope of activities, for the period of at least 12 months of the balance sheet date, i.e. from 31 December 2012, which means that the valuation of assets and liabilities reported in the accounting books as at their closing date was based on the going concern principle.

In the balance sheet prepared as at 31 December 2012, the Bank reported a loss which exceeded the sum of share premium and reserves and one third of the share capital. On 21 January 2013, the General Meeting of Shareholders, acting in accordance with art. 397 of the Code of Commercial Companies passed a resolution on continued existence of the Company.

The Management Board of the Bank is currently implementing a recovery plan approved by the Polish Financial Supervision Authority on 28 December 2010 and entitled "Recovery Plan for Meritum Bank ICB SA from 2010 to 2015". As regards supervisory measurements such as capital requirements or liquidity measurements it should be stressed that all indicators in 2012 were at high and safe levels and exceeded values assumed in the Recovery Plan (hereinafter RP). In 2012 the financial result was lower than budgeted, given the incurred financial costs higher than budgeted, average annual lower portfolio and lower revenues from fees and commissions. In accordance with RP assumptions, in the first half of 2013 the Bank plans to place another, second tranche of subordinated bonds worth from PLN 30m to 50m.

#### **6. Merger of organisational units during the reporting period**

In 2012 Meritum Bank ICB S.A. did not merge with any other company.

#### **7. Accounting principles**

During the financial year which ended on 31 December 2012, accounts of the Bank were kept in accordance with supreme accounting principles prescribed by the Accounting Act of 29 September 1994, Regulation of the Minister of Finance of 1 October 2010 on detailed principles of bank accounting, Resolution 480/2012 of the Management Board of Meritum Bank ICB S.A. which approved accounting principles in Meritum Bank ICB SA of 3 August 2012, as well as internal instructions of the Accounting Department.

The accounts are kept in accordance with the Chart of Accounts of Meritum Bank S.A. and the following accounting principles: the principle of completeness and chronology of accounting entries, the matching principle of costs and revenues, the principle of relevance and the accrual principle.

The financial statements of the Bank are prepared on the basis of:

- the Accounting Act of 29 September 1994 (Journal of Laws of 2009 no. 152, item 1223, as amended)
- the Act of 29 August 1997 on the Banking Law (Journal of Laws of 1997 no. 140, item 939, as amended)
- the Act of 27 July 2002 on the foreign exchange law (Journal of Laws of 2002, no. 141, item 1178, as amended)
- Regulation of the Minister of Finance of 1 October 2010 on detailed principles of bank accounting (Journal of Laws of 2010, no. 191 item 1279)

- Regulation of the Minister of Finance of 16 December 2008 on the principles of establishing provisions for the risk related to activities of banks (Journal of Laws of 2008, no. 235 item 1589)
- The Act on the corporate income tax of 15 February 1992 as regards depreciation of fixed assets and amortization of intangible assets (Journal of Laws of 1993, no. 106, item 482, as amended)
- the Act of 14 December 1994 on the Bank Guarantee Fund (Journal of Laws of 1995, no. 4, item 18, as amended)
- Regulation of the Minister of Finance of 12 December 2001 on the detailed principles of recognition, methods of valuation, scope of disclosure and method of presentation of financial instruments (Journal of Laws of 2001, no. 149 item 1674 as amended)
- Resolutions of the Polish Financial Supervision Authority

**In addition, the accounts are kept in accordance with the following principles:**

- **Principles of determining fair value of financial assets and liabilities**  
The fair value of a specific financial asset or liability is the amount for which the asset could be exchanged or the liability repaid in an arm's length transaction between interested and well-informed, unrelated parties. For financial instruments traded in the active market, the fair value is the market price decreased by the transaction related costs if such costs are considerable. If the market price cannot be determined for a financial instrument, the fair value is determined by means of estimation techniques.
- **Principles of writing off the receivables**  
Credit exposures are written off to specific provisions, while other receivables are written off to allowances. For credit exposures where no specific provisions have been created or the value of provisions is lower than the credit exposure, the receivable in the part not covered by the provision is written down to other operating costs. Likewise for other receivables, if the allowances do not cover the written-off receivable in 100%, the remaining amount is directly posted under costs. The receivable is written off when it is confirmed that enforcement has been ineffective and a discontinuation decision has been issued by the competent enforcement body.

The Bank values financial instruments with the method of amortized cost based on the effective interest rate (EIR), in accordance with the Accounting Act of 24 September 1994 as amended and the Regulation of the Minister of Finance of 24 October 1994 on detailed principles of bank accounting. Valuation with the method of amortized cost based on the effective interest rate is applied to loans and credit with fixed dates and amounts of future cash flows, namely where the schedule of loan repayments is set. The effective interest rate is calculated with the commissions for generation of a specific asset taken into account. In the income statement, the commissions settled in time with the use of the effective interest rate are posted under interest revenue, while commissions from loans without specified cash flows and settled with the linear method are posted as commission revenues. Term deposits are also subject to valuation with the method of amortized cost based on the effective interest rate.

Loans are reported at the amount decreased by provision adequate to the risk, established in accordance with the Regulation of the Minister of Finance of 16 December 2008 on the principles of establishing provisions for the risk related to activities of banks (Journal of Laws of 2008, no. 235 item 1589). In accordance with this Regulation, the provision is at least 1.5%, 20%, 50% and 100% respectively for normal (consumer loans), under observation, substandard, doubtful and lost receivables.

a) securities / financial assets

- marketable financial assets are priced at market value and financial assets without an active market are priced at the fair value determined otherwise. The difference in the market value or fair value is applied to revenues or costs of financial operations accordingly,

- financial assets held until maturity are priced at the purchase price adjusted for accrued interest, discount and bonuses, taking into account write-offs related to specific provisions and impairment write-offs,
- financial assets available for sale are priced at fair value, and the effects of change of the fair value are posted to the revaluation fund.

Financial assets are entered into the accounting books as at the contract date, at the purchase price, namely the fair value of expenses made or other assets provided in exchange. Upon determination of the fair value as at that date, the transaction costs incurred by the unit are taken into account.

a) shares and interest in subsidiaries and minority entities

Shares and interest in subsidiaries and minority entities are priced with the equity method, taking into account principles of valuation specified in article 63 of the Act:

- the method consists in valuation of the Bank's interest in net assets of the subsidiary, subject to goodwill or negative goodwill, determined as at: assuming the control, co-control or considerable influence,
- shares and interest in subsidiaries are priced at the end of the reporting period at the purchase price adjusted for changes in net assets of the entity attributable to the Bank's shares from the date of obtaining a considerable influence/ assuming the control or co-control and the date of preparing the financial statements, adjusted for allowances for goodwill or negative goodwill,
- results of pricing shares and interest in subsidiaries with the equity method are posted to financial costs or revenues related to revaluation of financial assets, position "Dissolution of provisions and revaluation" and "Write-offs for provisions and revaluation".

Minority interest and shares are priced at the purchase price, taking into account impairment losses.

b) fixed assets and intangible assets

Fixed assets and intangible assets are recognized at the purchase price of revaluation price less depreciation and amortization write-offs.

Detailed principles of depreciation and amortization for various groups are laid down in the depreciation and amortization plan approved by the Chief Accountant.

Depreciation and amortization write-offs are based on the linear method, in accordance with the economic lifetime.

Rates for basic groups are as follows:

- machinery 7-30%
- means of transport 20%
- other 10% - 20%
- investments in third party fixed assets - 10%-20%
- buildings 2.5%

Amortization of intangible assets takes from 5 to 10 years.

c) Assets, liabilities and off-balance sheet positions in foreign currencies

Assets, liabilities and off-balance sheet positions in foreign currencies are recognized at the PLN equivalent, converted at the average exchange rate published by the President of the National Bank of Poland as at the balance sheet date. Gains/losses on exchange are posted to the result on exchange in the income statement.

d) Off-balance sheet liabilities extended

Off-balance sheet liabilities extended are reported at the nominal value. Provisions for off-balance sheet liabilities are created in accordance with Regulation of the Minister of Finance of 16 December 2008 on the principles of establishing provisions for the risk related to activities of banks and are recognized under the provisions for off-balance sheet liabilities.

#### e) Costs and revenues

Interest costs and revenues include interest accrued and not paid as at the date the financial statements are prepared. Interest accrued to be received and to be paid are presented under positions of the balance sheet which they relate to.

Due interest payable and accrued interest not due on receivables categorised as substandard, doubtful and lost receivables are reported under the assets in the balance sheet, as interest receivables, and under the liabilities as reserved interest under the position of "Accruals and deferred income".

Interest on receivables from discount of bills of exchanged and purchased receivables are reported as income collected in advance and are posted under interest revenues of the Bank, using the accrual method.

Costs and revenues from fees and commissions are posted with the accruals principle, at the time the service is supplied. Fees and costs related directly to credit receivables extended are settled over time and included in valuation of credit receivables.

Commission costs and revenues from the sale of insurance products are settled in accordance with economic background of the transaction – costs and revenues resulting from service supply are posted on a one-time basis to the income statement; while the remaining costs and revenues related to the sale of insurance products are settled over time and included in valuation of loan receivables.

Elements which determine categorisation of a service:

- voluntary purchase of insurance (no economic obligation),
- profitability of product groups,
- alternative form of security,
- independence of loan and insurance contracts.

The Bank also creates a provision for resignation from insurance, which reduces commission revenues related to the sales of insurance products. Once a year, the Bank analyses the level of earlier repayments and refunds for customers, which is used to create this provision.

The achieved result on the F/X SWAP and F/X FORWARD transaction, as well as the result on valuation of such transactions is shown in the income statement under the "Result on financial operations" position.

#### f) Financial liabilities

Financial liabilities, including derivatives which constitute liabilities, are priced at the fair value. The results of a change in the fair value of marketable financial liabilities are posted to costs or revenues from financial operations respectively.

#### g) Taxation of the gross financial result

The gross financial result constitutes profit before tax that is a result of the income statement less compulsory charge that is the corporate income tax. For tax purposes, the gross financial result is calculated in accordance with provisions of the Act on corporate income tax. The Bank also creates, in accordance with provisions of the Accounting Act and tax provisions, a provision for deferred tax resulting from the difference in time the revenue is recognized as earned or cost as incurred. A positive difference is posted under compulsory charge on the gross financial result, while the negative difference reduces the charge: deferred tax assets (Ordinance no. 18/2007 by the President of the Management Board of Bank Współpracy Europejskiej S.A. of 30 April 2007).

### **8. Changes relating to the method of preparing the financial statements, accounting principles and methods of pricing assets and liabilities since 1 January 2012.**

As at 31 December 2012, the Bank presented the same method of accounting presentation of all assets and liabilities in the balance sheet as in 2011.

In 2012, the Bank applied the same accounting principles and the same methods of pricing assets and liabilities as in 2011.

## **9. Changes to the method of preparing the financial statements compared to the previous statements with justification and effects to presentation of the financial situation of the Bank**

As at 31 December 2012 the Bank did not perform a presentation change compared to the previously published financial statements.

## **10. Information about correction of a fundamental error**

There were no corrections of fundamental errors relating to past years in the financial statements of Meritum Bank ICB S.A. for 2012.

## **11. Events after the balance sheet date**

There were no events relating to 2012 which were not included in the financial statements.

## **12. Information about major past year events presented in the financial statements for the financial year**

There were no events relating to past years which were included in the financial statements for the 2012 financial year.

## **13. Information about major events relating to the financial year resulting in a considerable change in the structure of balance sheet positions and the financial result**

In 2012 there were no events resulting in a considerable change in the structure of balance sheet positions and the financial result

## **14. The financial statements ensure comparability of figures for the preceding period with the statements for this financial year.**

Figures presented for 2012 were prepared in accordance with current accounting principles based on the rules currently in effect. Comparability of figures for the preceding period with the statements for this financial year is ensured.

## **15. Information about remuneration of the entity authorised to audit the financial statements**

Remuneration of the entity authorised to audit the unit financial statements for 2012 is PLN 230,000 net. This remuneration does not include administration costs related to employee travel and accommodation outside Warsaw, which shall not exceed 10% of the remuneration. The value of other services provided by the entity authorised to audit the financial statements in that period totalled PLN 10,000 net.

Piotr Urbańczyk

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President of the Management Board

## II. BALANCE SHEET

ASSETS	Note no.	in PLN	in PLN
		31 December 2012	31 December 2011
<b>I. Cash at hand, operations with the Central Bank</b>		<b>64,978,217.37</b>	<b>15,814,898.22</b>
1. In current account		64,978,217.37	15,814,898.22
2. Other funds		0.00	0.00
<b>II. Receivables from the financial sector</b>	<b>5.1</b>	<b>75,833,781.09</b>	<b>64,178,260.86</b>
1. In current account		16,738,313.41	8,784,331.34
2. Term		59,095,467.68	55,393,929.52
<b>III. Receivables from the non-financial sector</b>	<b>5.1</b>	<b>1,766,598,610.43</b>	<b>1,064,801,001.65</b>
1. In current account		6,068,157.68	2,630,355.52
2. Term		1,760,530,452.75	1,062,170,646.13
<b>IV. Debt securities</b>	<b>8</b>	<b>238,419,197.08</b>	<b>167,579,779.97</b>
1. of banks		149,929,200.00	74,943,792.00
2. of the State Budget and budgetary units		88,489,997.08	92,635,987.97
<b>V. Shares or interest in subsidiaries</b>	<b>10</b>	<b>569,000.00</b>	<b>569,000.00</b>
1. In financial institutions		569,000.00	569,000.00
<b>VI. Shares or interest in associates</b>	<b>10</b>	<b>0.00</b>	<b>0.00</b>
1. In other entities		0.00	0.00
<b>VII. Shares or interest in other entities</b>	<b>10</b>	<b>0.00</b>	<b>0.00</b>
1. In financial institutions		0.00	0.00
<b>VIII. Intangible assets</b>	<b>25</b>	<b>21,125,046.19</b>	<b>17,479,511.08</b>
<b>IX. Fixed assets</b>	<b>26</b>	<b>9,447,926.19</b>	<b>14,494,033.62</b>
1. Real property		1,681,639.65	7,428,906.27
2. Work in progress	<b>41.9</b>	17,220.00	6,270.00
3. Other fixed assets		7,749,066.54	7,058,857.35
<b>X. Other assets</b>	<b>5.3</b>	<b>17,399,284.01</b>	<b>10,488,233.09</b>
1. Assets acquired for sale	<b>28</b>	0.00	0.00
2. Other		17,399,284.01	10,488,233.09
2.1. Other assets		16,246,025.77	10,488,233.09
2.2. Interbank settlements		1,153,258.24	0.00
<b>XI. Prepayments</b>		<b>38,442,893.57</b>	<b>38,798,602.17</b>
1. Deferred tax assets	<b>42</b>	28,555,249.30	28,007,785.70
2. Other prepayments	<b>29</b>	9,887,644.27	10,790,816.47
<b>Total assets</b>		<b>2,232,813,955.94</b>	<b>1,394,203,320.67</b>

Gdańsk, 11 March 2013

LIABILITIES	Note no.	in PLN	in PLN
		31 December 2012	31 December 2011
<b>I. Liabilities to the financial sector</b>	<b>5.5</b>	<b>19,639,996.20</b>	<b>33,776,346.30</b>
1. In current account		654,717.73	403,569.23
2. Term		18,985,278.47	33,372,777.07
<b>II. Liabilities to the non-financial sector</b>	<b>5.5</b>	<b>1,823,449,030.98</b>	<b>1,096,829,816.85</b>
1. Other, including:		1,823,449,030.98	1,096,829,816.85
a) current		159,911,962.46	116,730,466.90
b) term		1,663,537,068.52	980,099,349.96
<b>III. Liabilities to the budget sector</b>	<b>5.5</b>	<b>39,798,041.23</b>	<b>16,661,673.05</b>
a) current		259,549.09	581,521.03
b) term		39,538,492.14	16,080,152.02
<b>IV. Liabilities related to the sale of securities with redemption promise</b>		<b>0.00</b>	<b>0.00</b>
<b>V. Liabilities related to debt securities issued</b>		<b>755,647.19</b>	<b>0.00</b>
<b>VI. Special funds and other liabilities</b>		<b>22,622,339.33</b>	<b>39,451,871.53</b>
1. Special funds		39,089.66	50,854.39
2. Other liabilities		22,583,249.67	39,401,017.14
2.1. interbank		1,547,031.03	11,215,489.13
2.2. other liabilities		21,036,218.64	28,185,528.00
<b>VII. Costs and revenues settled over time and reserved</b>	<b>29</b>	<b>60,743,122.19</b>	<b>33,907,639.47</b>
1. Accruals	<b>29</b>	7,209,528.10	3,136,714.23
2. Other deferred and reserved income	<b>29</b>	53,533,594.09	30,770,925.24
<b>VIII. Provisions</b>		<b>8,909,656.60</b>	<b>7,019,150.37</b>
1. Deferred tax asset provision	<b>42</b>	7,950,563.73	5,613,285.38
2. Other provisions	<b>36.43.4</b>	959,092.87	1,405,864.99
<b>IX. Subordinated liabilities</b>	<b>34</b>	<b>26,300,000.00</b>	<b>0.00</b>
<b>X. Share capital</b>	<b>30</b>	<b>359,341,560.00</b>	<b>301,569,570.00</b>
<b>XI. Revaluation reserve</b>		<b>80,904.47</b>	<b>65,306.85</b>
1. Revaluation reserve		80,904.47	65,306.85
<b>XII. Retained loss</b>		<b>-135,078,053.75</b>	<b>-123,111,148.07</b>
1. Loss (negative)		-135,078,053.75	-123,111,148.07
<b>XIII. Profit after tax</b>		<b>6,251,711.50</b>	<b>-11,966,905.68</b>
1. Profit (positive)		6,251,711.50	0.00
2. Loss (negative)		0.00	-11,966,905.68
<b>Total liabilities</b>		<b>2,232,813,955.94</b>	<b>1,394,203,320.67</b>
<b>Solvency ratio</b>		<b>14.92%</b>	<b>14.74%</b>

Gdańsk, 11 March 2013

Piotr Urbańczyk

Joanna Krzyżanowska

Piotr Gawron

Urszula Nowik-Krawczyk

\_\_\_\_\_  
President of the  
Management Board

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Vice-President of the  
Management Board

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Member of the  
Management Board

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Chief Accountant

### III. CONDITIONAL LIABILITIES EXTENDED AND RECEIVED

Item	Note no.	in PLN	in PLN
		31 December 2012	31 December 2011
<b>I. LIABILITIES EXTENDED</b>	<b>38.7</b>	<b>39,644,596.72</b>	<b>20,452,687.97</b>
<b>1. Liabilities extended to non-financial entities</b>		<b>39,644,596.72</b>	<b>20,452,687.97</b>
a) financing liabilities		39,559,596.72	20,452,687.97
b) guarantee liabilities		85,000.00	0.00
<b>II. LIABILITIES RECEIVED</b>	<b>38.7</b>		<b>1,052,487.42</b>
<b>1. Liabilities received from financial entities</b>		<b>255,172.44</b>	<b>1,052,487.42</b>
b) guarantee liabilities		255,172.44	1,052,487.42
<b>2. Liabilities received from non-financial entities</b>		<b>28,281,286.54</b>	<b>28,493,349.47</b>
a) financing liabilities		0.00	0.00
b) guarantee liabilities	<b>38.7</b>	28,281,286.54	28,493,349.47
<b>III. FX OPERATIONS</b>	<b>38.8</b>	<b>47,696,123.75</b>	<b>58,782,929.93</b>
<b>V. LIABILITIES RELATED TO OPERATING LEASE</b>		<b>2,606,475.22</b>	<b>3,605,479.54</b>
<b>Total off-balance sheet positions ( I+II+III+IV+V)</b>		<b>118,483,654.67</b>	<b>112,386,934.33</b>

Gdańsk, 11 March 2013

Piotr Urbańczyk

Joanna Krzyżanowska

Piotr Gawron

Urszula Nowik-Krawczyk

\_\_\_\_\_  
President of the  
Management Board

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Vice-President of the  
Management Board

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Member of the  
Management Board

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Chief Accountant

#### IV. INCOME STATEMENT

Item	Note no.	in PLN	
		Financial year 2012	Financial year 2011
<b>I. Profit on interest</b>	<b>41.13</b>	<b>248,672,220.66</b>	<b>135,974,658.44</b>
1. From the financial sector		3,576,568.77	1,814,889.73
2. From the non-financial sector		233,859,005.63	127,610,352.81
4. From fixed income securities		11,236,646.26	6,549,415.90
<b>II. Costs of interest</b>	<b>41.13</b>	<b>-91,822,351.24</b>	<b>-43,551,667.53</b>
1. From the financial sector		-1,340,114.17	-2,189,502.21
2. From the non-financial sector		-86,731,849.55	-39,780,056.18
3. From the budget sector		-3,750,387.52	-1,582,109.14
<b>III. Result on interest</b>		<b>156,849,869.42</b>	<b>92,422,990.91</b>
<b>IV. Profit on commissions</b>	<b>41.14</b>	<b>61,486,819.48</b>	<b>36,026,181.98</b>
<b>V. Costs of commissions</b>	<b>41.14</b>	<b>-17,345,334.21</b>	<b>-7,352,930.32</b>
<b>VI. Result on commissions</b>		<b>44,141,485.27</b>	<b>28,673,251.66</b>
<b>VII. Revenues from shares, other securities and other financial instruments</b>		<b>0.00</b>	<b>0.00</b>
1. From other entities		0.00	0.00
<b>VIII. Result on financial operations</b>		<b>-3,162,491.07</b>	<b>397,638.88</b>
1. With securities and other instruments		-3,000,736.12	78,197.14
2. Other		-161,754.95	319,441.74
<b>IX. Result on exchange</b>		<b>842,275.96</b>	<b>101,046.13</b>
<b>X. Result on banking activities</b>		<b>198,671,139.58</b>	<b>121,594,927.58</b>
<b>XI. Other operating revenues</b>	<b>41.15</b>	<b>22,923 822.19</b>	<b>8,560,170.32</b>
<b>XII. Other operating costs</b>	<b>41.15</b>	<b>-11,589,326.52</b>	<b>-2,587,841.98</b>
<b>XIII. Operating costs of the Bank</b>		<b>-95,148,068.26</b>	<b>-74,993,181.55</b>
1. Remuneration		-41,481,925.53	-30,093,583.67
2. Insurance and other benefits		-7,706,038.28	-4,961,490.53
3. Other	41.11	-45,960,104.45	-39,938,107.35
<b>XIV. Depreciation of fixed assets and amortization of intangible assets</b>	<b>25.26</b>	<b>-8,720,506.39</b>	<b>-6,696,338.36</b>
<b>XV. Allowances for provisions and revaluation</b>		<b>-134,555,345.02</b>	<b>-85,385,555.86</b>
1. Allowances for specific provisions and general banking risk	35.36	-134,555,345.02	-85,385,555.86
2. Revaluation of financial assets	37	0.00	0.00
<b>XVI. Dissolution of provisions and revaluation</b>		<b>36,459,810.67</b>	<b>26,844,354.56</b>
1. Dissolution of specific provisions and provisions for the general banking risk	35.36	36,459,810.67	26,844,354.56
2. Revaluation of financial assets	37	0.00	0.00
<b>XVII. Difference in the value of provisions and revaluation</b>		<b>-98,095,534.35</b>	<b>-58,541,201.30</b>
<b>XVIII. Result on operating activity</b>		<b>8,041,526.25</b>	<b>-12,663,465.29</b>
<b>XIX. Profit (loss) before tax</b>		<b>8,041,526.25</b>	<b>-12,663,465.29</b>
1. Profit before tax		8,541,526.25	0.00
2. Loss before tax		0.00	-12,663,465.29
<b>XX. Income tax</b>	<b>42</b>	<b>-1,789,814.75</b>	<b>696,559.61</b>
<b>XXI. Profit / loss after tax</b>		<b>6,251,711.50</b>	<b>-11,966,905.68</b>
1. Profit after tax		6,251,711.50	
2. Loss after tax		0.00	-11,966,905.68

Gdańsk, 11 March 2013

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Chief Accountant

## V. STATEMENT OF CASH FLOWS - (indirect method)

No	Item	in PLN	in PLN
		2012	2011
a	<b>Cash flows from operating activity</b>	<b>62,651,547.92</b>	<b>65,758,370.39</b>
I	<b>Net financial result</b>	<b>6,251,711.50</b>	<b>-11,966,905.68</b>
II	<b>Adjustments</b>	<b>56,399,836.43</b>	<b>77,725,276.06</b>
1	Amortisation and depreciation	8,720,506.39	6,696,338.36
2	Profit/loss on exchange	-680,523.28	-420,487.87
3	Interest and shares in profits (dividends)	0.00	0.00
4	Profit/loss from investment activity	-187,026.27	0.00
5	Change in provisions and allowances	103,227.88	867,368.11
6	Change in debt securities	-128,663.02	25,824,481.45
7	Change in gross receivables from the financial sector	9,507.75	3,323,155.08
8	Change in gross receivables from the non-financial sector	-701,797,608.78	-556,007,411.87
9	Change in liabilities to the financial sector	-5,886,350.09	1,204,032.33
10	Change in liabilities to the non-financial sector and budget sector	749,755,582.30	551,340,620.51
11	Change in liabilities related to securities sold with the redemption promise	0.00	0.00
12	Change in liabilities related to securities	755,647.19	0.00
13	Change in other receivables and liabilities	-23,740,583.11	31,681,349.84
14	Change in prepayments and deferred tax assets and provisions	6,749,340.84	-1,074,533.29
15	Change in deferred and reserved income	22,762,668.85	14,233,073.42
16	Other adjustments	-35,890.22	67,290.01
III	<b>Net cash from operating activity (I+II)</b>	<b>62,651,547.92</b>	<b>65,758,370.39</b>
b	<b>Cash flows from investment activity</b>	<b>-6,934,436.20</b>	<b>-8,855,625.36</b>
I	<b>Inflows</b>	<b>5,120,750.00</b>	<b>0.00</b>
1	Sale of shares in other entities, other securities and other financial assets (investments)	0.00	0.00
2	Sale of fixed and intangible assets	5,120,750.00	0.00
3	Other investment inflows	0.00	
II	<b>Expenses</b>	<b>-12,055,186.20</b>	<b>-8,855,625.36</b>
1	Purchase of fixed and intangible assets	-12,055,186.20	-8,855,625.36
III	<b>Net cash from investment activity (I+II)</b>	<b>-6,934,436.20</b>	<b>-8,855,625.36</b>
C.	<b>Cash flows from financial activity</b>	<b>75,821,990.00</b>	<b>85,989,770.00</b>
I.	<b>Inflows</b>	<b>84,071,990.00</b>	<b>91,489,770.00</b>
1	Increase in subordinated liabilities	26,300,000.00	0.00
2	Net proceeds from the issue of shares and surcharges to capital	57,771,990.00	91,489,770.00
3	Other financial inflows	0.00	0.00
II.	<b>Expenses</b>	<b>-8,250,000.00</b>	<b>-5,500,000.00</b>
1	Repayment of long-term loans to other banks	-8,250,000.00	-5,500,000.00
III.	<b>Net cash flows on financial activities (I+II)</b>	<b>75,821,990.00</b>	<b>85,989,770.00</b>
D.	<b>Net cash flows total (A.III+/-B.III+/-C.III)</b>	<b>131,539,101.73</b>	<b>142,892,515.03</b>
E.	<b>Balance sheet change in cash</b>	<b>131,539,101.73</b>	<b>142,892,515.03</b>
F.	<b>Cash at the beginning of the period</b>	<b>218,932,340.16</b>	<b>76,039,825.13</b>
G.	<b>Cash at the end of the period (F+/-D), including</b>	<b>350,471,441.88</b>	<b>218,932,340.16</b>

Gdańsk, 11 March 2013

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Chief Accountant

## VI. Statement of changes in equity

Item	in PLN	
	2012	2011
<b>I. Equity at the beginning of the period</b>	<b>166,556,823.10</b>	<b>87,036,757.83</b>
<b>1. Share capital at the beginning of the period</b>	<b>301,569,570.00</b>	<b>210,079,800.00</b>
1.1. Changes in the share capital:	<b>57,771,990.00</b>	<b>91,489,770.00</b>
a) increases (resulting from):	57,771,990.00	91,489,770.00
- issue of Z series shares	0.00	23,000,010.00
- issue of Bb series shares	0.00	24,841,500.00
- issue of Cc shares	0.00	43,648,260.00
- issue of Dd series shares	13,651,620.00	0.00
- issue of Ee series shares	2,648,370.00	0.00
- issue of Ff series shares	41,472,000.00	0.00
<b>1.2. Share capital at the end of the period</b>	<b>359,341,560.00</b>	<b>301,569,570.00</b>
<b>3. Own shares at the beginning of the period</b>	<b>0.00</b>	<b>0.00</b>
a) decrease		
<b>3.1. Own shares at the end of the period</b>	<b>0.00</b>	<b>0.00</b>
<b>4. Share capital at the end of the period</b>	<b>0.00</b>	<b>0.00</b>
4.1. Changes in the share premium:		
a) decreases (resulting from):		
- coverage of loss		
<b>4.2. Share premium at the end of the period</b>	<b>0.00</b>	<b>0.00</b>
<b>5. Revaluation reserve at the beginning of the period</b>	<b>65,306.85</b>	<b>68,105.90</b>
5.1. Change in the revaluation reserve:	15,597.62	-2,799.05
a) decreases (related to)	-7,648,582.09	-3,026,330.27
- valuation of financial assets held for sale	-7,648,582.09	-3,026,330.27
a) increases (resulting from):	7,664,179.71	3,023,531.22
- valuation of financial assets held for sale	7,664,179.71	3,023,531.22
<b>5.2. Revaluation reserve at the end of the period</b>	<b>80,904.47</b>	<b>65,306.85</b>
<b>6. Retained earnings at the beginning of the period</b>	<b>-123,111,148.07</b>	<b>-89,586,636.32</b>
6.1. Retained losses at the beginning of the period	-123,111,148.07	-89,586,636.32
6.2. Retained losses at the beginning of the period, reconciled to comparable data	-123,111,148.07	-89,586,636.32
6.3. Change in retained loss		
a) increases (resulting from):	-11,966,905.68	-33,524,511.75
- loss on sale of own shares		
- Retained loss	-11,966,905.68	-33,524,511.75
a) decreases (resulting from):		
- coverage of loss with share premium		
- Retained profit		
<b>6.4. Retained loss at the end of the period</b>	<b>-135,078,053.75</b>	<b>-123,111,148.07</b>
<b>7. Net profit</b>	<b>6,251,711.50</b>	<b>-11,966,905.68</b>
a) profit after tax	6,251,711.50	
b) loss after tax		-11,966,905.68
<b>II. Equity at the end of the period (closing balance)</b>	<b>230,596,122.22</b>	<b>166,556,823.10</b>
<b>III. Equity, with proposed distribution of profit (coverage of loss) accounted for</b>	<b>230,596,122.22</b>	<b>166,556,823.10</b>

Gdańsk, 11 March 2013

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Chief Accountant

## VII. ADDITIONAL DETAILS ABOUT ASSETS, LIABILITIES AND POSITIONS IN THE INCOME STATEMENT AS AT 31 DECEMBER 2012

### 1. Capital requirements as at 31 December 2012

As at 31 December 2012 and 31 December 2011 the Bank fulfilled requirements under article 128 of the Act on the Banking Law.

#### 1.1. Equities

Equities of the Bank as at 31 December 2012 were not lower than the equivalent of €5m converted at the average exchange rate of the National Bank of Poland published and valid in the reporting date and totalled PLN 229,516,000, as at 31 December 2011 the equities totalled PLN 149,077,000.

#### 1.2. Capital requirements

Item	31 December 2012	31 December 2011
Capital requirement relating to credit risk	112,772,727.00	70,613,713.16
Capital requirement relating to operating risk	10,309,931.37	10,309,931.37
Capital requirement relating to excess in the limit of concentration of exposures and large exposure limit	0.00	0.00

#### 1.3. Internal capital

The amount of the internal capital is determined by means of a decision of the Management Board based on the Policy and Instruction of Evaluating Adequacy of the Internal Capital. Essential risks and the amount of the internal capital is determined at least once a year and each time the Management Board decides that calculation of the internal capital needs to be verified. For a risk to be declared essential, the risk is evaluated as to whether it can affect implementation of the Bank's strategies, retention of safe liquidity, expected quality of credit and deposit portfolio, expected equities and financial result.

The internal capital is calculated by measuring essential risks, in particular their potential, negative impact on the financial result or equities and the likelihood of that risk being crystallised.

Pursuant to a decision of the Management Board, the internal capital at the end of 2012 was set at PLN 173,543,000, at the end of 2011 it was PLN 95,005,000.

#### 1.4. Solvency ratio

Item	31 December 2012	31 December 2011
Total capital requirement	123,082,658.37	80,923,644.53
Equities, including:	229,515,987.44	149,077,054.45
Share capital (with increases/decreases accounted for)	203,138,460.06	149,012,005.17
Supplementary funds	26,377,527.38	65,049.28
<b>Solvency ratio</b>	<b>14.92%</b>	<b>14.74%</b>

On 18 June 2012 the Polish Financial Supervision Authority granted its consent for including in the supplementary funds of Meritum Bank ICB S.A the amount of PLN 26,300,000, which constitutes subordinated liabilities related to the issue of ordinary bearer's bonds on 9 May 2012, with the face value of PLN 10,000.

## 2. FX structure of assets and liabilities as at 31 December 2012:

in PLN

Currency type	Currency symbol	Amounts in balance sheet accounts		Amounts in off-balance sheet accounts		FX position	
		Assets	Liabilities	Assets	Liabilities	Long	Short
USD	787	4,390,222.67	11,213,419.98	8,515,301.37	1,704,780.00	0.00	12,675.94
GBP	789	18,405.55	4,288.28	0.00	0.00	14,117.27	0.00
DKK	792	36,744.15	0.00	0.00	0.00	36,744.15	0.00
NOK	796	27,176.48	27.90	0.00	0.00	27,148.58	0.00
CHF	797	183,026.30	196,734.61	0.00	0.00	0.00	13,708.31
SEK	798	21,118.57	110.97	0.00	0.00	21,007.60	0.00
CZK	213	5,761.79	3,206.85	0.00	0.00	2,554.94	0.00
EUR	978	22,130,897.37	13,280,900.85	2,248,510.00	11,160,786.00	0.00	62,279.48
<b>Total</b>		<b>26,813,352.88</b>	<b>24,698,689.44</b>	<b>10,763,811.37</b>	<b>12,865,566.00</b>	<b>101,572.54</b>	<b>88,663.73</b>

The structure of assets and liabilities is shown in accordance with Resolution no. 2/2010 of the Management Board of the National Bank of Poland of 18 February 2010 (Official Journal of NBP no. 1/2010).

Figures expressed in foreign currencies account for 1.67% of the balance sheet sum, in assets and liabilities of the Bank.

The total FX position for individual currencies was PLN 12,908.81, which accounted for 0.006% of equities.

Balance sheet positions and results were priced with exchange rates published in table 252/A/NBP/2012 of 31 December 2012:

- US dollar	1 USD = PLN 3.0996
- euro	1 EUR = PLN 4.0882
- Swiss franc	1 CHF = PLN 3.3868
- pound sterling	1 GBP = PLN 5.0119
- Danish krone	1 DKK = PLN 0.5480
- Norwegian krone	1 NOK = PLN 0.5552
- Swedish krone	1 SEK = PLN 0.4757

## FX structure of assets and liabilities as at 31 December 2011:

in PLN

Currency type	Currency symbol	Amounts in balance sheet accounts		Amounts in off-balance sheet accounts		FX position	
		Assets	Liabilities	Assets	Liabilities	Long	Short
USD	787	2,099,711.39	18,286,070.55	16,152,728.74	0.00	0.00	33,630.42
GBP	789	7,559.68	0.00	0.00	0.00	7,559.68	0.00
DKK	792	32,493.24	0.00	0.00	0.00	32,493.24	0.00
NOK	796	6,476.39	0.00	0.00	0.00	6,476.39	0.00
CHF	797	151,183.83	0.00	0.00	181,665.00	0.00	30,481.17
SEK	798	239.60	0.00	0.00	0.00	239.60	0.00
EUR	978	20,930,707.27	6,480,672.01	2,296,736.00	16,739,672.00	7,099.26	0.00
<b>Total</b>		<b>23,228,371.40</b>	<b>24,766,742.56</b>	<b>18,449,464.74</b>	<b>16,921,337.00</b>	<b>53,868.17</b>	<b>64,111.59</b>

The structure of assets and liabilities is shown in accordance with Resolution no. 2/2010 of the Management Board of the National Bank of Poland of 18 February 2010 (Official Journal of NBP no. 1/2010).

Figures expressed in foreign currencies account for 2.99% of the balance sheet sum, in assets and liabilities of the Bank.

The total FX position for individual currencies was PLN 10,243.42, which accounted for 0.006% of equities.

Balance sheet positions and results were priced with exchange rates published in table 252/A/NBP/2011 of 31 December 2011:

- US dollar	1 USD = PLN 3.4174
- euro	1 EUR = PLN 4.4168
- Swiss franc	1 CHF = PLN 3.6333
- pound sterling	1 GBP = PLN 5.2691
- Danish krone	1 DKK = PLN 0.5941
- Norwegian krone	1 NOK = PLN 0.5676
- Swedish krone	1 SEK = PLN 0.4950

### 3. Sources of deposits, broken down to industry and geographic market segments as at 31 December 2012:

PKD code	PKD name	Corporate deposits	including: Current	including: Locked	Share in total
751	Public administration, social and economic policy	24,246,897.77	233,925,15		1.29%
660	Funds and insurance	15,735,449.98	479,942.38		0.84%
741	Legal, accounting, consulting, holding management	740,587.01	199,487.01	100.00	0.04%
452	Erection of complete civil engineering structures	715,387.86	715,387.86		0.04%
748	Other commercial activities	14,167,801.78	11,001.78		0.75%
851	Health care	232,248.83	232,248.83		0.01%
672	Auxiliary activity related to insurance and pension funds	0.99	0.99		0.00%
913	Activities of other member organisations	1,283,994.40	53,994.40		0.07%
742	Architecture, engineering	1,108,227.24	708,227.24		0.06%
453	Fitting of installations in buildings	627,608.32	627,608.32		0.03%
701	Real property service on own account	5,113,834.47	13,834.47		0.27%
602	Other land transport	174,247.38	174,247.38		0.01%
	Other industries	1,789,603,984.53	157,364,855.17.	119,931.58	95.05%
	ESP	-259,233.56			-0.01%
	Interest	29,396,031.41	11,468.30.		1.56%
	<b>TOTAL</b>	<b>1,882,887,068.41</b>	<b>160,826,229.28</b>	<b>120,031.58</b>	<b>100%</b>

Branch / Centre of Financial Services of the Bank	Amount of deposits	% share
Head Office	1,699,114,012.22	90.24%
Warsaw Branch	32,237,775.95	1.71%
Poznań Branch	26,340,504.24	1.40%
Wrocław Branch	29,011,184.35	1.54%
Katowice Branch	43,053,487.59	2.29%
Gdańsk Branch	19,788,409.70	1.05%
Centre of Financial Services in Poznań	3,400,142.89	0.18%
Centre of Financial Services in Gdynia	4,611,289.14	0.24%
Centre of Financial Services in Zabrze	1,642,041.33	0.09%
Centre of Financial Services in Warsaw	13,871,905.52	0.74%

Centre of Financial Services in Wrocław	4,094,266.26	0.22%
Centre of Financial Services in Lublin	2,896,961.73	0.15%
Centre of Financial Services in Tychy	2,825,087.49	0.15%
<b>Total</b>	<b>1,882,887,068.41</b>	<b>100.00%</b>

**Sources of deposits, broken down to industry and geographic market segments as at 31 December 2011:**

PKD code	PKD name	Corporate deposits	including: Current	including: Locked	Share in total
751	Public administration, social and economic policy	11,474,769.47	471,343.94		1.01%
101	Hard coal mining and enrichment	68,500,000.00			6.01%
660	Funds and insurance	21,059,091.07	291,277.78		1.85%
741	Legal, accounting, consulting, holding management	1,058,244.31	1,031,837.15		0.09%
452	Erection of complete civil engineering structures	1,128,583.61	1,108,583.61		0.10%
748	Other commercial activities	4,850,987.79	9,405.34		0.43%
851	Health care	1,280,666.16	280,666.16		0.11%
672	Auxiliary activity related to insurance and pension funds	1,938,771.13	12,012.78		0.17%
913	Activities of other member organisations	2,714,640.91	424,640.91		0.24%
742	Architecture, engineering	2,294,822.34	768,822.34		0.20%
453	Fitting of installations in buildings	989,342.53	989,342.53		0.09%
701	Real property service on own account	1,027,902.58	60,532.06		0.09%
311	Manufacture of engines and transformers				
602	Other land transport	2,148,315.72	348,913.71		0.19%
611	Water and coastal transport				
	Other industries	1,014,756,183.18	111,895,191.17	2,432.14	89.09%
	ESP	-66,329.40			-0.01%
	Interest	3,804,051.85	22,987.67	3.21	0.33%
	<b>TOTAL</b>	<b>1,138,960,043.25</b>	<b>117,715,557.15</b>	<b>2,435.35</b>	<b>100.00%</b>

Branch / Centre of Financial Services of the Bank	Amount of deposits	% share
Head Office	942,060,852.77	82.71%
Warsaw Branch	34,775,314.21	3.05%
Poznań Branch	21,766,875.96	1.91%
Wrocław Branch	25,909,122.71	2.27%
Katowice Branch	88,655,652.69	7.78%
Gdańsk Branch	12,375,033.07	1.09%
Centre of Financial Services in Poznań	3,367,916.64	0.30%
Centre of Financial Services in Gdynia	1,259,033.49	0.11%
Centre of Financial Services in Zabrze	202,683.15	0.02%
Centre of Financial Services in Lublin	2,362,865.81	0.21%
Centre of Financial Services in Tychy	1,563,837.28	0.14%
Centre of Financial Services in Warsaw	3,126,849.89	0.27%
Centre of Financial Services in Wrocław	1,534,005.58	0.13%
<b>Total</b>	<b>1,138,960,043.25</b>	<b>100.00%</b>

**4. Information about concentration structure of credit exposure of Meritum Bank S.A. in individual entities, capital groups, industry and geographic market segments, with exposure risk assessment.**

Information about concentration structure of credit exposure of the Bank in individual entities, capital groups, industry and geographic market segments, with exposure risk assessment. Information about customers who were granted financing under terms and conditions considerably different from the general terms and conditions.

**As at 31 December 2012, the Bank did not have any exposure in individual entities and capital groups in excess of 10% of the Bank's equities.**

**The structure of exposure in industry segments of the market as at 31 December 2012**

No.	Industry	Balance sheet exposure in PLN	Share in the loan portfolio of the Bank
1	Building industry: construction of roads, bridges, tasks related to road/ communication infrastructure	12,309,482.23	0.67%
2	Housing development: developers, subcontractors, except entities established to carry out a specific investment job	20,627,273.51	1.12%
3	Building industry: industry, commercial, public utility buildings	8,527,680.58	0.46%
4	Building industry: water, heating, gas, power and telecommunication networks	1,614,955.39	0.09%
5	Retail (except cars, trailers, semitrailers and motorcycles)	56,432,187.80	3.06%
6	Wholesale (except cars, trailers, semitrailers and motorcycles)	51,712,883.08	2.81%
7	Trading in cars, trailers, semitrailers and motorcycles	10,969,412.11	0.60%
8	Chemical/ pharmaceutical industry	2,608,359.26	0.14%
9	Heavy/ mining/ iron and steel/ shipyard industry	5,463,690.85	0.30%
10	Furniture industry	5,151,987.34	0.28%
11	Automotive industry	2,504,612.39	0.14%
12	Foods industry	6,934,545.65	0.38%
13	Textile/ clothing/ leather industry	6,330,569.21	0.34%
14	Agriculture	12,706.05	0.00%
15	Electrical/ hydraulic/ repair services	16,854,353.76	0.91%
16	Catering/ tourist/ hotel/ motel/ boarding house/ travel agent services	18,968,752.70	1.03%
17	Real property agency/ insurance/ educational services	14,057,423.57	0.76%
18	Legal, financial and accounting services	58,187,224.39	3.16%
19	Transport/ forwarding services	11,214,733.61	0.61%
20	Lease, car rent, real property rent services	11,542,728.53	0.63%
21	Health care services – private health care	183,925,555.77	9.98%
	Other industries financed with commercial loans	148,958,161.04	8.08%
	Retail loans	1,206,764,253.85	65.50%
	Deposits in other banks	75,833,781.09	4.12%
	Interest	67,467,359.40	3.66%
	ESP	-14,623,563.85	-0.79%

	Provisions	-147,918,717.78	-8.03%
	<b>TOTAL</b>	<b>1,842,432,391.53</b>	<b>100.00%</b>

The current industry structure of the loan portfolio of the Bank as at 31 December 2012 demonstrates a proper level of diversification of this type of concentration risk.

### The structure of exposure in industry segments of the market as at 31 December 2011

No.	Industry	Balance sheet exposure in PLN	Share in the loan portfolio of the Bank
1	Building industry: construction of roads, bridges, tasks related to road/ communication infrastructure	3,690,450.29	0.33%
2	Housing development: developers, subcontractors, except entities established to carry out a specific investment job	14,420,016.77	1.28%
4	Building industry: industry, commercial, public utility buildings	8,569,726.90	0.76%
5	Building industry: water, heating, gas, power and telecommunication networks	1,062,490.32	0.09%
6	Retail (except cars, trailers, semitrailers and motorcycles)	29,836,425.03	2.64%
7	Wholesale (except cars, trailers, semitrailers and motorcycles)	32,980,818.05	2.92%
8	Trading in cars, trailers, semitrailers and motorcycles	9,835,613.10	0.87%
9	Chemical/ pharmaceutical industry	1,785,402.98	0.16%
10	Heavy/ mining/ iron and steel/ shipyard industry	3,480,919.64	0.31%
11	Furniture industry	2,163,232.72	0.19%
12	Automotive industry	1,058,833.14	0.09%
13	Foods industry	3,595,664.56	0.32%
14	Textile/ clothing/ leather industry	5,476,829.14	0.49%
15	Agriculture	401,342.29	0.04%
16	Electrical/ hydraulic/ repair services	9,918,775.33	0.88%
17	Catering/ tourist/ hotel/ motel/ boarding house/ travel agent services	11,448,651.94	1.01%
18	Real property agency/ insurance/ educational services	5,639,506.92	0.50%
19	Legal, financial and accounting services	27,409,242.74	2.43%
20	Transport/ forwarding services	15,188,799.35	1.35%
21	Lease, car rent, real property rent services	12,264,867.71	1.09%
22	Health care services – private health care	70,046,261.04	6.20%
	Other industries financed with commercial loans	81,284,193.34	7.20%
	Retail loans	782,576,489.56	69.31%
	Deposits in other banks	64,178,260.85	5.68%
	Interest	37,923,679.83	3.36%
	Provisions	-93,625,555.90	-8.29%
	ESP	-13,631,675.13	-1.21%
	<b>TOTAL</b>	<b>1,128,979,262.51</b>	<b>100.00%</b>

## Exposure structure broken down to geographic areas as at 31 December 2012

No.	Geographic area	Exposure in PLN	Share in the Bank's portfolio
1	Gdańsk	267,797,066.06	14.53%
2	Katowice	317,058,224.38	17.21%
3	Kraków	140,856,110.99	7.65%
4	Lublin	126,270,255.92	6.85%
5	Łódź	104,189,988.14	5.66%
6	Olsztyn	124,503,017.07	6.76%
7	Poznań	251,809,018.41	13.67%
8	Szczecin	91,190,486.46	4.95%
9	Warsaw	217,141,021.12	11.79%
10	Wrocław	220,858,344.12	11.99%
	Deposits in other banks	75,833,781.09	4.12%
	Interest	67,467,359.40	3.66%
	ESP	-14,623,563.85	-0.79%
	Provisions	-147,918,717.78	-8.03%
	<b>TOTAL</b>	<b>1,842,432,391.53</b>	<b>100.00%</b>

The structure of loan exposure as at 31 December 2012 demonstrates the lack of major risk of geographic concentration.

## Exposure structure in individual branches of the Bank as at 31 December 2011

No.	Geographic area	Exposure in PLN	Share in the Bank's portfolio
1	Gdańsk	164,501,701.46	14.57%
2	Katowice	205,756,128.72	18.22%
3	Kraków	76,263,260.32	6.76%
4	Lublin	77,415,790.94	6.86%
5	Łódź	65,901,350.59	5.84%
6	Olsztyn	68,348,487.64	6.05%
7	Poznań	159,117,236.70	14.09%
8	Szczecin	56,943,400.69	5.04%
9	Warsaw	127,065,440.05	11.25%
10	Wrocław	132,821,755.75	11.78%
	Deposits in other banks	64,178,260.85	5.68%
	Interest	37,923,679.83	3.36%
	Provisions	-93,625,555.90	-8.29%
	ESP	-13,631,675.13	-1.21%
	<b>TOTAL</b>	<b>1,128,979,262.51</b>	<b>100.00%</b>

### Additional information

The Bank did not grant financing under terms and conditions considerably different from the general terms and conditions to any customers either as at 31 December 2012 or as at 31 December 2011.

## 5. The structure of receivables and liabilities of the Bank

### 5.1. The structure of receivables as at 31 December 2012

The structure of receivables of the Bank from the financial sector

No.	Item	31 December 2012	31 December 2011
		amount in PLN	amount in PLN
1	Standard receivables, including:	75,824,155.34	64,161,566.46
	- deposits in other banks	59,085,841.93	55,377,235.12
	- loans	0.00	0.00
	- in current account	16,738,313.41	8,784,331.34
2	Threatened receivables	0.00	0.00
a	lost, including:	0.00	0.00
	- other receivables	0.00	0.00
3	Interest	9,625.75	16,694.40
4	ESP	0.00	0.00
	<b>TOTAL</b>	<b>75,833,781.09</b>	<b>64,178,260.86</b>

The structure of receivables of the Bank from the non-financial sector

No.	Item	31 December 2012	31 December 2011
		amount in PLN	amount in PLN
1	Standard receivables	1,628,250,611.62	991,986,657.22
2	Receivables under observation	40,975,811.11	21,144,315.90
3	Threatened receivables, including:	44,528,392.16	27,378,023.83
a	substandard	14,983,648.22	6,891,378.78
b	doubtful	8,672,290.77	2,011,667.74
c	lost	20,872,453.17	18,474,977.31
4	Interest not due	10,004,812.35	7,230,924.99
5	Interest due not paid	57,462,547.04	30,692,754.84
6	ESP	-14,623,563.85	-13,631,675.13
	<b>TOTAL</b>	<b>1,766,598,610.43</b>	<b>1,064,801,001.65</b>

The structure of receivables by due dates.  
Receivables from the financial sector

No.	Item	31 December 2012	31 December 2011
		amount in PLN	amount in PLN
1	Receivables up to one month	74,014,588.21	62,901,358.58
2	Receivables above 1 month, up to 3 months	1,722,519.24	1,184,515.95
3	Receivables above 3 months, up to 1 year	96,673.64	92,386.33
4	Receivables above 1 year, up to 5 years	0.00	0.00
5	Receivables past due	0.00	0.00
6	ESP	0.00	0.00
	<b>TOTAL</b>	<b>75,833,781.09</b>	<b>64,178,260.86</b>

Receivables from the non-financial sector

No.	Item	31 December 2012	31 December 2011
		amount in PLN	amount in PLN
1	Receivables up to one month	74,706,466.71	20,664,278.82
2	Receivables above 1 month, up to 3 months	46,583,965.78	31,350,252.97
3	Receivables above 3 months, up to 1 year	196,123,403.93	135,873,659.19
4	Receivables above 1 year, up to 5 years	792,978,694.40	549,670,384.52
5	Receivables above 5 years	495,936,930.90	204,161,295.47
6	Receivables past due	174,892,712.56	136,712,805.81

7	ESP	-14,623,563.85	-13,631,675.13
	<b>TOTAL</b>	<b>1,766,598,610.43</b>	<b>1,064,801,001.65</b>

#### Realised and unrealised interest revenues

No.	Item	Financial year 2012	Financial year 2011
		amount in PLN	amount in PLN
1	Unrealised interest revenues	24,496,972.32	18,662,995.58
	including: due within 3 months	24,496,972.32	18,662,995.58
2	Realised interest revenues	224,175,248.34	117,311,662.86
	<b>TOTAL</b>	<b>248,672,220.66</b>	<b>135,974,658.44</b>

The approximate effective rate of loan receivables in 2012 totalled 13.36%.

The value of receivables with postponed payment date in 2012 totalled PLN 0.00.

As at 31 December 2012 the accounting books of the Bank did not include any past due or disputed receivables for which no specific provisions or an allowance had been created.

The approximate effective rate of loan receivables in 2011 totalled 11.25%.

The value of receivables with postponed payment date in 2011 totalled PLN 0.00.

As at 31 December 2011 the accounting books of the Bank did not include any past due or disputed receivables for which no specific provisions or an allowance had been created.

#### 5.2. Information about loans and credit on which the Bank does not accrue interest

Balance of loan receivables on which the Bank does not accrue interest

No.	Item	31 December 2012	31 December 2011
1	in the balance sheet register	15,005,229.44	2,792,877.54
2	in the off-balance sheet register	27,768,170.52	27,773,213.24

#### 5.3. Financial assets and other assets as at 31 December 2012

No.	Item	As at 31 December 2012	As at 31 December 2011
1	Cash	1,785,966.49	1,241,728.57
2	Receivables from the NBP	63,192,250.88	14,573,169.65
3	Receivables from other banks	75,833,781.09	64,178,260.86
4	Financial assets priced at the fair value by the financial result	0.00	0.00
5	Marketable financial assets - derivatives	1,125,807.55	1,784,606.41
6	Own loans extended by the Bank and non-marketable own receivables	1,766,598,610.43	1,064,801,001.65
7	Financial assets held until maturity	58,575,197.08	58,326,247.60
8	Financial assets available for sale - receivables related to purchased securities with received promise of redemption	0.00	0.00
9	Financial assets available for sale - debt securities	179,844,000.00	109,253,532.37
10	Shares in minority interest	0.00	0.00
	<b>TOTAL</b>	<b>2,146,955,613.52</b>	<b>1,314,158,547.11</b>

Consequences of revaluation of financial instrument available for sale priced to fair value are posted in the income statement under the result on financial operations and the revaluation reserve.

In 2012 the result on operations in financial instruments totalled PLN 180,005.77 (revenues of PLN 2,844,986.58; costs of PLN 3,024,992.35); including:

- a) operations on NDF derivatives -

revenues of PLN 2,844,986.58, costs of PLN 3,007,297.81

b) costs of pricing securities to the fair value at PLN 17,712.54

In 2011 increases at PLN 16,885.47 were posted to revaluation reserve.

As at the reporting date of 31 December 2012, the Bank had in its portfolio securities held until maturity, which constituted debt securities purchased for investment purposes.

The assets are priced at the adjusted purchase price, with the effective interest rate taken into account. Consequences of valuation are posted to the income statement (as at 31 December 2012 revenue from pricing was posted at PLN 28,061.85). Estimated market value of securities held until maturity as at 31 December 2012 is PLN 58,956,000.00.

In 2011 the result on operations in financial instruments totalled PLN 296,953.37 (revenues of PLN 2,295,086.28; costs of PLN 1,998,132.91); including:

a) operations on NDF derivatives –

revenues of PLN 2,295,086.28, costs of PLN 1,978,481.65

b) costs of pricing securities to the fair value at PLN 19,651.26

In 2011 increases at €291.58 were posted to revaluation reserve, which translates to PLN 1,287.85. As at the reporting date of 31 December 2011, the Bank had in its portfolio securities held until maturity, which constituted debt securities purchased for investment purposes. The assets are priced at the adjusted purchase price, with the effective interest rate taken into account. Consequences of valuation are posted to the income statement (as at 31 December 2011 revenue from pricing was posted at PLN 32,181.14). Estimated market value of securities held until maturity as at 31 December 2011 is PLN 58,445,935.50.

As at 31 December 2010 the Bank did not have securities categorised as held until maturity.

No.	Item	As at 31 December 2012	As at 31 December 2011
1	Interbank settlements	1,153,258.24	0.00
2	Valuation of derivatives	1,125,807.55	1,784,606.41
3	Miscellaneous debtors	14,198,359.58	8,114,587.45
4	Settlements with employees	7,201.00	687.06
5	Settlements with agents	835,235.24	276,585.51
6	Settlements related to insurance	35,067.42	0.00
7	Legal and public settlements	43,226.00	307,076.00
8	Settlements related to payment cards	1,128.98	4,690.66
	<b>Total</b>	<b>17,399,284.01</b>	<b>10,488,233.09</b>

## VALUATION OF FINANCIAL ASSETS AND LIABILITIES TO THE FAIR VALUE

Financial assets which are not priced at fair value in accordance with provisions of Chapter 3 of Regulation of the Minister of Finance of 12 December 2001 on the detailed principles of recognition, methods of valuation, scope of disclosure and method of presentation of financial instruments:

- own receivables of the Bank, receivables from financial, non-financial and budget institutions: priced at depreciated cost,
- receivables from own operations of the bank: priced at the amount due.

Financial liabilities which are not priced at fair value in accordance with provisions of Chapter 3 of Regulation of the Minister of Finance of 12 December 2001 on the detailed principles of recognition, methods of valuation, scope of disclosure and method of presentation of financial instruments:

- liabilities to the Central Bank, financial institutions, non-financial sector and budget sector,
- other liabilities - priced at depreciated cost.

The Bank did not determine the fair value of the aforementioned financial assets and liabilities as at the balance sheet date. The valuation would have consisted in determination of the current value of future cash flows resulting from the aforementioned financial instruments with the use of the discount rate

based on market interest rates increased by the market margin for the credit risk based on its value as at the balance sheet date.

Considering the fact that the Bank applies market margins for credit risk, the fact that the change in interest rate for nearly 100% of the aforementioned assets and nearly 100% of the financial liabilities takes place within 6 months, and the fact that nearly 50.00% of receivables are short-term receivables (with nearly 100.00% of liabilities being short-term liabilities), as well as the fact that specific provisions for the credit portfolio are reconciled to figures of the actual portfolio loss ratio, the Bank estimates that the fair of the financial assets and liabilities presented above would not have considerably differed from their balance sheet value. The only major element presented in the balance sheet value, the value of which differs from the fair value are reserved interest on receivables from the financial and non-financial sector at PLN 54,103,260.01 for which the fair value is 0.00.

As at 31 December 2011 qualified interest totalled 29,659,965.48 with the fair value of 0.00.

#### **5.4. Financial assets available for sale, financial assets and liabilities priced by the Bank at depreciated cost if the fair value of such assets cannot be reliably priced, stating the estimated and approximate fair value**

The Bank does not have any assets priced at depreciated cost in the portfolio of financial assets available for sale.

#### **5.5 The structure of liabilities by due dates as at 31 December 2012**

##### Liabilities to monetary financial institutions

No.	Item	31 December 2012	31 December 2011
		amount in PLN	amount in PLN
<b>DEPOSITS OF BANKS</b>			
1	Liabilities up to one month	118,888.86	50,854.39
2	Interest	83.06	11.87
	<b>Total</b>	<b>118,971.92</b>	<b>50,866.26</b>

##### Liabilities to other financial institutions

No.	Item	31 December 2012	31 December 2011
		amount in PLN	amount in PLN
1	Liabilities up to one month	5,790,031.33	1,851,450.22
2	Liabilities above 1 month, up to 3 months	0.00	9,078,153.48
3	Liabilities above 3 months, up to 1 year	10,000,000.00	12,091,273.29
4	Liabilities above 1 year, up to 5 years	3,632,335.39	0.00
5	Interest	100,853.05	2,455,560.63
6	ESP	-2,195.49	-58,750.54
	<b>Total</b>	<b>19,521,024.28</b>	<b>25,417,687.08</b>

As at 31 December 2011 the Bank had a credit liability to the European Bank for Reconstruction and Development at PLN 8,307,792.95.

On 6 June 2012 the Bank repaid the credit liability to the EBRD at PLN 8,250,000.00. The interest totalled PLN 393,848.22.

##### Liabilities to the non-financial sector

No.	Item	31 December 2012	31 December 2011
		amount in PLN	amount in PLN
1	Liabilities up to one month	460,667,680.66	193,287,549.30
2	Liabilities above 1 month, up to 3 months	595,266,360.43	290,133,886.52

3	Liabilities above 3 months, up to 1 year	720,870,267.00	573,305,177.35
4	Liabilities above 1 year, up to 5 years	17,976,063.76	38,997,920.49
5	Liabilities above 5 years, up to 10 years	0.00	0.00
6	Interest	28,921,272.87	1,110,482.32
7	ESP	-252,613.74	-5,199.13
	<b>Total</b>	<b>1,823,449,030.98</b>	<b>1,096,829,816.85</b>

#### Liabilities to the governmental and local government sector

No.	Item	31 December 2012	31 December 2011
		amount in PLN	amount in PLN
1	Liabilities up to one month	271,843.13	5,426,055.75
2	Liabilities above 1 month, up to 3 months	19,656,800.00	6,000,000.00
3	Liabilities above 3 months, up to 1 year	19,500,000.00	5,000,000.00
4	Interest	373,822.43	237,997.03
5	ESP	-4,424.33	-2,379.73
	<b>Total</b>	<b>39,798,041.23</b>	<b>16,661,673.05</b>
	<b>TOTAL LIABILITIES</b>	<b>1,896,052,907.12</b>	<b>1,138,960,043.25</b>

#### Realised and unrealised interest costs

No.	Item	Financial year 2012	Financial year 2011
		amount in PLN	amount in PLN
1	Unrealised interest costs	29,269,532.17	2,165,206.18
	including: due within 3 months	29,269,532.17	2,165,206.18
2	Realised interest costs	62,552,819.07	41,386,461.35
	<b>Total</b>	<b>91,822,351.24</b>	<b>43,551,667.53</b>

#### 6. Information about loans and credit and other receivables of the Bank, as well as credit risk hedging instruments priced at fair value, stating the estimated value

Not applicable.

#### 7. Information about financial liabilities priced at the fair value by the financial result

Not applicable.

#### 8. Details regarding the value of financial instruments held as at 31 December 2012

##### Securities of unrestricted marketability, not listed at the Warsaw Stock Exchange

##### Securities of unrestricted marketability, not listed at the Warsaw Stock Exchange

No.	Item as at 31 December 2012	Nominal	Book value in PLN
1	<b>Debt securities</b>	<b>105,980,000.00</b>	<b>105,610,041.39</b>
a	treasury bills	30,000,000.00	29,914,800.00
b	bonds	49,600,000.00	48,638,662.67
b	Other debt securities – issued by banks	26,380,000.00	27,056,578.72
2	<b>Securities which cover the Guaranteed Deposit Protection Fund (bonds)</b>	<b>10,400,000.00</b>	<b>9,936,534.41</b>
	<b>Total</b>	<b>116,380,000.00</b>	<b>115,546,575.80</b>

**Securities of restricted marketability, not listed at the Warsaw Stock Exchange**

No.	Item as at 31 December 2012	Nominal	Book value in PLN
<b>1</b>	<b>Debt securities</b>	<b>150,000,000.00</b>	<b>149,929,200.00</b>
a	Cash bills	150,000,000.00	149,929,200.00
	<b>Total</b>	<b>150,000,000.00</b>	<b>149,929,200.00</b>

The policy of the Bank regarding investments of excessive funds has not changed; the range of purchased instruments is restricted to bills and bonds issued by the State Treasury and NBP cash bills. This approach ensures balance between the rate of return and liquidity, and allows immediate access to cash at times of growing demand of funds. Based on such instruments, the Bank may acquire cash by means of repo transactions, sell/buy-back or ordinary sales in the market, depending on the needs.

The portfolio held at the end of 2012 included instruments with maximum maturity in January 2014. In connection with very restricted supply of such instruments in the primary market and high prices in the secondary market, no new instruments have been purchased recently, and a substantial part of securities in the portfolio will be redeemed in January 2013. In this situation, other available funds were invested in NBP cash bills.

**Securities of unrestricted marketability, not listed at the Warsaw Stock Exchange**

No.	Item as at 31 December 2011	Nominal	Book value in PLN
<b>1</b>	<b>Debt securities</b>	<b>88,766,800.00</b>	<b>87,006,214.52</b>
a	treasury bills	58,766,800.00	58,471,797.52
b	Bonds	30,000,000.00	28,534,417.00
b	Other debt securities – issued by banks	0.00	0.00
<b>2</b>	<b>Securities which cover the Guaranteed Deposit Protection Fund (treasury bills)</b>	<b>5,650,000.00</b>	<b>5,629,773.45</b>
	<b>Total</b>	<b>94,416,800.00</b>	<b>92,635,987.97</b>

**Securities of restricted marketability, not listed at the Warsaw Stock Exchange**

No.	Item as at 31 December 2011	Nominal	Book value in PLN
<b>1</b>	<b>Debt securities</b>	<b>75,000,000.00</b>	<b>74,943,792.00</b>
a	Cash bills	75,000,000.00	74,943,792.00
	<b>Total</b>	<b>75,000,000.00</b>	<b>74,943,792.00</b>

**9. Information about agreement signed by the Bank, which resulted in creation of a financial instrument**

Not applicable.

**10. Information about shares in other entities are shown in the following tables:**

- In subsidiaries – as at 31 December 2012

No.	Name of the entity, registered office	Share capital	Share value based on the gross purchase price	Balance sheet value of shares	% of the share capital	% participation in votes at the	Net financial result for the financial year
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						General Meeting of Shareholders	
1	Meritum Services ICB S.A. ul. Chłopska 53 80 – 350 Gdańsk	569,000.00	569,000.00	569,000.00	100.00	100.00	129,059.90
<b>Total</b>		<b>569,000.00</b>	<b>569,000.00</b>	<b>569,000.00</b>			

• **In subsidiaries – as at 31 December 2011**

No.	Name of the entity, registered office	Share capital	Share value based on the gross purchase price	Balance sheet value of shares	% of the share capital	% participation in votes at the General Meeting of Shareholders	Net financial result for the financial year
1	Meritum Services ICB S.A. ul. Chłopska 53 80 – 350 Gdańsk	569,000.00	569,000.00	569,000.00	100.00	100.00	178,815.98
<b>Total</b>		<b>569,000.00</b>	<b>569,000.00</b>	<b>569,000.00</b>			

Meritum Services ICB S.A. (formerly Polski Inwestor S.A.)

Subject of activities: in 2005 the company resumed its operations and mainly focused on services provided to economic entities in the following scope:

- preparation of business plans and applications for subsidies from the European Union's funds,
- preparation of business plans and gathering of documentation from companies which are applying for bank loans.

In January 2009 the registered office of the Company was transferred from Wrocław to Gdańsk. The Company supplies information technology services to the Bank.

• **In associates – as at 31 December 2012**

No.	Name of the entity, registered office	Share capital	Share value based on the gross purchase price	Balance sheet value of shares	% of the share capital	% participation in votes at the General Meeting of Shareholders	Net financial result for the financial year
1	Zakład Przemysłu Bawełnianego "Frotex" S.A. ul. Nyska 10 48-200 PRUDNIK	4,119,180.80	5,710,876.79	0.00	21.24	21.24	n.a.
2.	MAZOWIECKIE KONSORCJUM AUTOSTRADOWE S.A. Al. Szucha 9 00-580 WARSAW	500,000.00	180,300.00	0.00	36.06	31.46	n.a.
3	TOWARZYSTWO AKWIZYCJI FINANSOWEJ S.A ul. Kordeckiego 56/58	100,000.00	50,000.00	0.00	50.00	50.00	n.a.

	04-344 WARSAW						
4	TOWARZYSTWO AKWIZYCJI PRODUKTÓW FINANSOWYCH S.A. ul. Kordeckiego 56/58 04-344 WARSAW	100,000.00	50,000.00	0.00	50.00	50.00	n.a.
	<b>Total</b>	<b>4,819,180.80</b>	<b>5,991,176.79</b>	<b>0.00</b>			<b>Total</b>

• **In associates - as at 31 December 2011**

No.	Name of the entity, registered office	Share capital	Share value based on the gross purchase price	Balance sheet value of shares	% of the share capital	% participa tion in votes at the General Meeting of Sharehol ders	Net financial result for the financial year
1	Zakład Przemysłu Bawełnianego "Frotex" S.A. ul. Nyska 10 48-200 PRUDNIK	19,656,401.47	5,710,876.79	0.00	21.24	21.24	n.a.
2	MAZOWIECKIE KONSORCJUM AUTOSTRADOWE S.A. Al. Szucha 9 00-580 WARSAW	500,000.00	180,300.00	0.00	36.06	31.46	n.a.
3	TOWARZYSTWO AKWIZYCJI FINANSOWEJ S.A. ul. Kordeckiego 56/58 04-344 WARSAW	100,000.00	50,000.00	0.00	50.00	50.00	n.a.
4	TOWARZYSTWO AKWIZYCJI PRODUKTÓW FINANSOWYCH S.A. ul. Kordeckiego 56/58 04-344 WARSAW	100,000.00	50,000.00	0.00	50.00	50.00	n.a.
	<b>Total</b>	<b>20,356,401.47</b>	<b>5,991,176.79</b>	<b>0.00</b>			<b>Total</b>

Mazowieckie Konsorcjum Autostradowe S.A.

Subject of activities: dealing with project related issues, design, construction and maintenance of roads/ motorways and communication infrastructure, management and operation of roads/ motorways owned by the company, trading in real properties, etc.

Towarzystwo Akwizycji Finansowej S.A.

Subject of activities: sale of financial and property products, trade in debts, agency activities related to insurance agency, canvassing activities for Open-End Pension Funds. The Company does not pursue economic activities.

Towarzystwo Akwizycji Produktów Finansowych S.A.

Subject of activities: sale of financial products, agency activities related to insurance agency, canvassing activities for open-end pension funds.

The Company does not pursue economic activities.

Zakład Przemysłu Bawełnianego „FROTEX” S.A.

Subject of activities: retail and wholesale of textile goods, finishing of textile materials, manufacture of other textile goods, not classified elsewhere.

• **In minority entities – as at 31 December 2012**

No.	Name of the entity, registered office	Share value based on the gross purchase price	Balance sheet value of shares	% of the share capital	% participation in votes at the General Meeting of Shareholders
1.	POLSKIE HOTELE I KURORTY S.A. Plac Powstańców Warszawy 2 00-030 WARSAW	125,000.00	0.00	4.55	4.55
2.	BIURO TURYSTYKI ZAGRANICZNEJ "Fregata- PTTK" Sp. Z o.o. ul. Bytowska 1 80-328 GDAŃSK	7,500.00	0.00	3.06	3.06
	<b>Total</b>	<b>132,500.00</b>	<b>0.00</b>		

• **In minority entities – as at 31 December 2011**

No.	Name of the entity, registered office	Share value based on the gross purchase price	Balance sheet value of shares	% of the share capital	% participation in votes at the General Meeting of Shareholders
1.	POLSKIE HOTELE I KURORTY S.A. Plac Powstańców Warszawy 2 00-030 WARSAW	125,000.00	0.00	4.55	4.55
2.	BIURO TURYSTYKI ZAGRANICZNEJ "Fregata- PTTK" Sp. Z o.o. ul. Bytowska 1 80-328 GDAŃSK	7,500.00	0.00	3.06	3.06
	<b>Total</b>	<b>132,500.00</b>	<b>0.00</b>		

Polskie Hotele i Kurorty S.A.

Subject of activities: Services in the field of tourism, tourist information, accommodation, means of transport, ticket purchase, property rental, keeping a database of hotels and resorts.

The Company does not pursue economic activities.

Biuro Turystyki Zagranicznej „Fregata PTTK” Sp. z o.o.

Subject of activities: programming of organisation and sale of foreign trips and tourism, organisation of tourism and sightseeing, transport services, comprehensive hotel and catering services, services for travellers, etc.

The Company does not pursue economic activities.

As at 31 December 2012 there were no shares not paid for by the Bank, nor dividends due.

**11. Information about the value of shares in subsidiaries designated by the Bank for sale**

Not applicable.

**12. Information about reclassification of a financial asset, its value and category of reclassified assets and reasons for reclassification**

Not applicable

**13. Information about reclassification of a financial asset from the category of financial assets and liabilities priced at fair value by the financial result, assets available for sale or from the category of assets held-to-maturity**

Not applicable

**14. Information about transfer of property rights classified under financial assets (transfer of assets), not excluded from the balance sheet, with respect to each category of financial assets**

Not applicable

**15. Information about pledge on the property of the Bank, with decisions and conditions of establishing the pledge, and the balance sheet value of financial assets pledged by the Bank as a security of liabilities or off-balance sheet liabilities**

Not applicable

**16. Information about financial instruments with embedded derivatives**

Not applicable

**17. Information about the brokerage office of the Bank separated in organisational terms**

Not applicable

**18. Information about receivables from banks engaged in brokerage activities, brokerage houses and commodity brokerage houses**

Not applicable

**19. Information about receivables of the brokerage office of the Bank separated in organisational terms from the National Depository and stock exchange clearing houses**

Not applicable

**20. Information about liabilities of the brokerage office of the Bank separated in organisational terms to the National Depository and stock exchange clearing houses**

Not applicable

**21. Information about receivables from entities which manage regulated stock exchange markets and commodity markets, broken down to receivables from individual stock exchanges and companies which run the OTC market with regard to the brokerage office of the Bank separated in organisational terms**

Not applicable

**22. Information about liabilities to entities which manage regulated stock exchange markets and commodity markets, broken down to liabilities to individual stock exchanges and companies which run the OTC market with regard to the brokerage office of the Bank separated in organisational terms**

Not applicable

**23. Information about liabilities to banks engaged in brokerage activities, brokerage houses and commodity brokerage houses**

Not applicable

**24. Information about changes in the value of funds separated for foreign branches**

Not applicable

**25. Changes in intangible assets in 2012**

Item	Licences and software	Expenses on intangible assets	Total
Gross value as at 1 January 2012	36,158,980.48	141,817.86	36,300,798.34
<b>Increases</b>	<b>8,760,280.52</b>	<b>36,211.27</b>	<b>8,796,491.79</b>
Purchases	8,582,251.39	36,211.27	8,618,462.66
Settlement of investments	178,029.13	0.00	178,029.13
<b>Decreases</b>	<b>0.00</b>	<b>178,029.13</b>	<b>178,029.13</b>
Liquidation of investments	0.00	0.00	0.00
Settlement of investments	0.00	178,029.13	178,029.13
Change of presentation	0.00	0.00	0.00
<b>Gross value as at 31 December 2012</b>	<b>44,919,261.00</b>	<b>0.00</b>	<b>44,919,261.00</b>
Item	Licences and software	Expenses on intangible assets	Total
<b>Depreciation as at 1 January 2012</b>	<b>17,849,239.26</b>	<b>0.00</b>	<b>17,849,239.26</b>
<b>Increases</b>	<b>5,105,479.55</b>	<b>0.00</b>	<b>5,105,479.55</b>
Amortization write-offs until 31 December 2012	5,105,479.55	0.00	5,105,479.55
<b>Decreases</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Liquidation	0.00	0.00	0.00
<b>Depreciation as at 31 December 2012</b>	<b>22,954,718.81</b>	<b>0.00</b>	<b>22,954,718.81</b>
<b>Net value as at 31 December 2012</b>	<b>21,964,542.19</b>	<b>0.00</b>	<b>21,964,542.19</b>
<b>Subsidy received to purchase the software</b>	<b>839,496.00</b>	<b>0.00</b>	<b>839,496.00</b>
<b>Net carrying value as at 31 December 2011</b>	<b>21,125,046.19</b>	<b>0.00</b>	<b>21,125,046.19</b>

**Changes in intangible assets in 2011**

Item	Licences and software	Expenses on intangible assets	Total
Gross value as at 1 January 2011	31,445,443.36	138,035.61	31,583,478.97
<b>Increases</b>	<b>4,713,537.12</b>	<b>3,782.25</b>	<b>4,717,319.37</b>
Purchases	4,713,537.12	3,782.25	4,717,319.37
Settlement of investments	0.00	0.00	0.00

<b>Decreases</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Liquidation of investments	0.00	0.00	0.00
Settlement of investments	0.00	0.00	0.00
Change of presentation	0.00	0.00	0.00
<b>Gross value as at 31 December 2011</b>	<b>36,158,980.48</b>	<b>141,817.86</b>	<b>36,300,798.34</b>
<b>Item</b>	<b>Licences and software</b>	<b>Expenses on intangible assets</b>	<b>Total</b>
<b>Depreciation as at 1 January 2011</b>	<b>14,136,853.01</b>	<b>0.00</b>	<b>14,136,853.01</b>
<b>Increases</b>	<b>3,712,386.25</b>	<b>0.00</b>	<b>3,712,386.25</b>
Amortization write-offs until 31 December 2011	3,712,386.25	0.00	3,712,386.25
<b>Decreases</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Liquidation	0.00	0.00	0.00
<b>Depreciation as at 31 December 2011</b>	<b>17,849,239.26</b>	<b>0.00</b>	<b>17,849,239.26</b>
<b>Net value as at 31 December 2011</b>	<b>18,309,741.22</b>	<b>141,817.86</b>	<b>18,451,559.08</b>
<b>Subsidy received to purchase the software</b>	<b>972,048.00</b>	<b>0.00</b>	<b>972,048.00</b>
<b>Net carrying value as at 31 December 2011</b>	<b>17,337,693.22</b>	<b>141,817.86</b>	<b>17,479,511.08</b>

## 26. Figures relating to fixed assets used in 2012

Item	Buildings, structures, cooperative right of ownership to flats, land (group I, II)	Investments in third party structures (group I, VI)	Means of transport (group VII)	Other fixed assets				Investments underway	Total
				group III	group IV	group VI	group VIII		
<b>Gross value as at 1 January 2012</b>	<b>6,972,051.77</b>	<b>4,232,450.65</b>	<b>3,033,427.98</b>	<b>0.00</b>	<b>8,482,806.89</b>	<b>1,674,729.85</b>	<b>3,790,977.58</b>	<b>6,270.00</b>	<b>28,192,714.72</b>
<b>Increases</b>	<b>0.00</b>	<b>41,486.47</b>	<b>913,357.70</b>	<b>0.00</b>	<b>1,913,674.70</b>	<b>97,035.67</b>	<b>476,489.36</b>	<b>17,220.00</b>	<b>3,459,263.90</b>
Purchases	0.00	35,582.47	913,357.70	0.00	1,913,674.70	97,035.67	476,489.36	17,220.00	3,453,359.90
Taken over from the investment	0.00	5,904.00	0.00	0.00	0.00	0.00	0.00	0.00	5,904.00
<b>Decreases</b>	<b>6,972,051.77</b>	<b>0.00</b>	<b>116,840.00</b>	<b>0.00</b>	<b>13,740.21</b>	<b>306,497.98</b>	<b>208,783.23</b>	<b>6,270.00</b>	<b>7,624,183.19</b>
Sale	6,972,051.77	0.00	0.00	0.00	0.00	0.00	0.00	0.00	6,972,051.77
Liquidation	0.00	0.00	116,840.00	0.00	13,740.21	306,497.98	208,783.23	366.00	646,227.42
Settlement of investment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5,904.00	5,904.00

Gross value as at 31 December 2012	0.00	4,273,937.12	3,829,945.68	0.00	10,382,741.38	1,465,267.54	4,058,683.71	17,220.00	24,027,795.43
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Item	Buildings, structures, cooperative right of ownership to flats, land (group I, II)	Investments in third party structures (group I,VI)	Means of transport (group VII)	Other fixed assets				Investments underway	Total
				group III	group IV	group VI	group VIII		
Depreciation as at 1 January 2012	2,033,515.30	1,742,080.85	523,895.89	0.00	5,481,575.08	1,112,640.21	2,804,973.77	0.00	13,698,681.10
Increases	87,150.66	850,216.32	681,130.27	0.00	1,437,366.91	233,091.44	326,070.94	0.00	3,615,026.84
Depreciation write-offs	87,150.66	850,216.32	681,130.27	0.00	1,437,366.91	233,091.44	326,070.94	0.00	3,615,026.84
Decreases	2,120,665.96	0.00	84,151.32	0.00	13,740.21	306,497.98	208,783.23	0.00	2,733,838.70
Sale	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Liquidation	2,120,665.96	0.00	84,151.32	0.00	13,740.21	306,497.98	208,783.23	0.00	2,733,838.70
Depreciation as at 31 December 2012	0.00	2,592,297.47	1,120,874.84	0.00	6,905,201.78	1,039,233.67	2,922,261.48	0.00	14,579,869.24
Net value as at 31 December 2012	0.00	1,681,639.95	2,709,070.84	0.00	3,477,539.60	426,033.87	1,136,422.23	17,220.00	9,447,926.19

## 27. Information about assets taken over for debts, broken down to real property and other assets

As at 31 December 2012 and 31 December 2011 Meritum Bank ICB S.A. did not have any assets taken over in exchange for debts.

## 28. Information about fixed assets held for sale

As at 31 December 2012 and 31 December 2011 Meritum Bank ICB S.A. did not have any assets held for sale.

## 29. List of prepayments and accruals, deferred income and reserved income

## Prepayments

No.	Item	31 December 2012	31 December 2011
1	Future year costs	2,303,790.77	2,718,613.00
2	Other costs to be settled	0.00	74,250.00
3	Costs settled over time	7,574,885.33	7,992,337.28
	- including costs of development works	7,574,885.33	7,495,480.11
4	Commissions charged in advance	8,968.17	5,616.19
	<b>Total</b>	<b>9,887,644.27</b>	<b>10,790,816.47</b>

## Accruals

No.	Item	31 December 2012	31 December 2011
1	Other costs to be paid, including:	1,587,276.89	1,580,500.99
a	Provision for material costs	1,059,434.89	1,208,432.96
b	Provision for auditing services	226,730.00	206,639.98
c	Provision for bonuses	301,112.00	165,428.05
2.	Provision for reimbursement of insurance premiums	5,622,251.21	1,556,213.24
	<b>Total</b>	<b>7,209,528.10</b>	<b>3,136,714.23</b>

## Deferred and reserved income

No.	Item	31 December 2012	31 December 2011
1	Interest reserved	51,629,195.54	27,726,479.95
2	Interest capitalised	0.00	0.00
3	Commissions charged in advance – settled on the linear basis	-1,343,405.09	- 69,551.26
4	Interest reserved – ESP valuation	2,474,064.47	1,933,485.53
5	Commissions charged in advance	699.98	763.54
6	Other revenues received in advance	773,039.19	1,179,747.48
	<b>Total</b>	<b>53,533,594.09</b>	<b>30,770,925.24</b>

### 30. The ownership structure of the share capital as at 31 December 2012, stating shareholders with more than 5% of votes at the General Meeting of Shareholders

Series	Share type	Type of right	Number of shares	Issue value based on nominal value in PLN	Current nominal value in PLN
A series	inscribed	one share gives 5 votes at the GMS	8,050	805,000.00	241,500.00
Aa series	inscribed	one share gives 5 votes at the GMS	3,000	300,000.00	90,000.00
C series	inscribed	one share gives 5 votes at the GMS	2,160	216,000.00	64,800.00
D series	inscribed	one share gives 5 votes at the GMS	120,000	12,000,000.00	3,600,000.00
E series	inscribed	one share gives 5 votes at the GMS	31,000	3,100,000.00	930,000.00
F series	inscribed	one share gives 5 votes at the GMS	58,000	5,800,000.00	1,740,000.00

G series	inscribed	one share gives 5 votes at the GMS	54,411	5,441,100.00	1,632,330.00
H series	inscribed	one share gives 5 votes at the GMS	50,000	5,000,000.00	1,500,000.00
I series	inscribed	one share gives 5 votes at the GMS	201,000	20,100,000.00	6,030,000.00
J series	inscribed	one share gives 5 votes at the GMS	200,000	20,000,000.00	6,000,000.00
K series	inscribed	one share gives 5 votes at the GMS	250,000	25,000,000.00	7,500,000.00
L series	inscribed	one share gives 5 votes at the GMS	146,729	14,672,900.00	4,401,870.00
Ł series	inscribed	one share gives 5 votes at the GMS	48,565	4,856,500.00	1,456,950.00
M series	inscribed	one share gives 2 votes at the GMS	366,667	11,000,010.00	11,000,010.00
N series	inscribed	one share gives 2 votes at the GMS	300,000	9,000,000.00	9,000,000.00
O series	inscribed	one share gives 2 votes at the GMS	1,666,700	50,001,000.00	50,001,000.00
P series	inscribed	one share gives 2 votes at the GMS	366,667	11,000,010.00	11,000,010.00
R series	inscribed	none	433,334	13,000,020.00	13,000,020.00
S series	inscribed	none	533,334	16,000,020.00	16,000,020.00
T series	inscribed	none	233,334	7,000,020.00	7,000,020.00
U series	inscribed	none	266,667	8,000,010.00	8,000,010.00
W series	inscribed	none	600,000	18,000,000.00	18,000,000.00
X series	inscribed	none	563,042	16,891,260.00	16,891,260.00
Y series	inscribed	none	500,000	15,000,000.00	15,000,000.00
Z series	inscribed	none	766,667	23,000,010.00	23,000,010.00
Bb series	inscribed	none	828,050	24,841,500.00	24,841,500.00
Cc series	inscribed	none	1,454,942	43,648,260.00	43,648,260.00
Dd series	inscribed	none	455,054	13,651,620.00	13,651,620.00
Ee series	inscribed	none	88,279	2,648,370.00	2,648,370.00
Ff series	inscribed	none	1,382,400	41,472,000.00	41,472,000.00
<b>Total</b>	-	-	<b>11,978,052</b>		<b>359,341,560.00</b>

The shares carry no rights other than specified in the table above. In accordance with §29 of the By-Laws of the Bank, the Management Board of the Bank was authorised to increase the share capital by no more than PLN 120,141,390 (target capital) by 31 March 2013.

#### **List of shareholders with 5% or more at the General Meeting of Shareholders as at 31 December 2012.**

Shareholders	Number of shares	Value of shares in PLN	% participation at the General Meeting of Shareholders
INNOVA FINANCIAL HOLDING S.a.r.l	5,967,809	179,034,270	46.85
European Bank for Reconstruction and Development	2,863,923	85,917,690	23.88
WCP Cooperatief U.A.	2,884,346	86,530,380	24,05

### Share capital 2012

Balance as at 1 January 2012 in PLN	Increases	Decreases	Balance as at 31 December 2012 in PLN
301,569,570.00	57,771,990.00	0.00	359,341,560.00

### List of shareholders with 5% or more at the General Meeting of Shareholders as at 31 December 2011.

Shareholders	Number of shares	Value of shares in PLN	% participation at the General Meeting of Shareholders
INNOVA FINANCIAL HOLDING S.a.r.l	5,357,271	160,718,130	50.11
European Bank for Reconstruction and Development	2,216,537	66,496,110	22.05
WCP Cooperatief U.A.	2,216,537	66,496,110	22.05

### Share capital 2011

Balance as at 1 January 2011 in PLN	Increases	Decreases	Balance as at 31 December 2011 in PLN
210,079,800.00	91,489,770.00	0.00	301,569,570.00

### 31. Information about privileges and restriction in rights related to a specific group of shares, including division of dividends and equity refund

In accordance with § 29.3 of the By-Laws of Meritum Bank ICB SA series A to Ł of the Bank's shares are privileged in terms of voting. Each share gives the right to five votes at the General Meeting of Shareholders. Each share of the Bank, from M to P series, gives the right to two votes at the General Meeting of Shareholders. The By-Laws of the Bank provide no privileges in terms of dividend distribution or capital refund.

### 32. Information about own shares held by the bank or held by subsidiaries, co-subsidiaries and associates

As at 31 December 2012 and 31 December 2011 Meritum Bank ICB S.A. did not hold any own shares. No entities where the Bank holds a capital stake own any shares of the Bank.

### 33. Information about liabilities related to dividend or balance sheet surplus approved for payment

As at 31 December 2012 and 31 December 2011 the Bank did not have any liabilities related to dividends approved for payment.

### 34. Information about subordinated liabilities

On 9 May 2012 within the Subordinated Bonds Issue Programme the Bank issued bonds worth PLN 26,380,000. The first series of 8-year bonds was a non-public issue, addressed to financial institutions. The redemption date of the bonds was fixed as at 9 May 2020. On 18 June 2012 the Bank obtained the consent of the Office of the Polish Financial Supervision Authority to apply PLN 26,300,000 from the issue to the supplementary funds.

Subordinated liability	Face value	Currency	Interest rate (%)	Due / redemption date
Bonds	26,300,000.00	PLN	10.70	09.05.2020

In the previous reporting periods, the Bank did not have any subordinated liabilities.

### 35. Information about amount and changes in specific provisions, broken down to categories of receivables

No.	Item	2012	2011
<b>1.</b>	<b>As at the beginning of the year, including:</b>	<b>93,668,017.85</b>	<b>55,339,292.43</b>
	provisions for receivables from customers	93,625,555.90	55,295,388.84
	provisions for off-balance sheet liabilities	0.00	0.00
	provisions for receivables from debtors	39,623.34	39,623.34
	provisions for liabilities (deposits)	2,838.61	4,280.25
<b>2.</b>	<b>Increases (related to):</b>	<b>134,702,662.23</b>	<b>84,518,187.75</b>
	setting up provisions for receivables from customers	134,690,287.08	84,494,851.73
	setting up provisions for off-balance sheet liabilities	0.00	1,638.75
	setting up provisions for receivables from debtors	0.00	0.00
	setting up provisions for liabilities	12,375.15	21,697.27
<b>3.</b>	<b>Decreases (related to):</b>	<b>80,399,796.85</b>	<b>46,189,462.33</b>
	dissolution of provisions for receivables from customers	36,267,684.11	26,819,576.90
	decreases resulting from writing down the receivables to provisions	44,129,441.09	19,345,029.70
	increase adjustment – mark to market	0.00	78.07
	dissolution of provisions for off-balance sheet liabilities	0.00	1,638.75
	dissolution of provisions for receivables from debtors	0.00	0.00
	dissolution of provisions for liabilities	2,671.65	23,138.91
<b>4.</b>	<b>As at the end of the year including:</b>	<b>147,970,883.23</b>	<b>93,668,017.85</b>
	provisions for receivables from customers	147,918,717.78	93,625,555.90
	provisions for off-balance sheet liabilities	0.00	0.00
	provisions for receivables from debtors	39,623.34	39,623.34
	provisions for liabilities (deposits)	12,542.11	2,838.61

The Bank keeps a proper level of specific provisions according to applicable provisions, including in particular in accordance with Regulation of the Minister of Finance of 16 December 2008 on the principles of establishing provisions for the risk related to activities of banks (Journal of Laws of 2008, no. 235 item 1589)

### 36. Provisions for future liabilities, by type of liabilities

No.	Item	2012	2011
<b>1</b>	<b>As at the beginning of the year, including:</b>	<b>1,405,864.99</b>	<b>538,496.88</b>
<b>2</b>	<b>Increases (related to):</b>	<b>292,682.79</b>	<b>869,006.86</b>

	setting up provisions for litigations	220,000.00	550,000.00
	setting up a provision for future employee liabilities	70,977.32	317,368.11
	provision for off-balance sheet liabilities	1,705.47	1,638.75
<b>3</b>	<b>Decreases (related to):</b>	<b>739,454.91</b>	<b>1,638.75</b>
	dissolution of provisions for litigations	80,000.00	0.00
	using/ dissolution of a provision for future employee liabilities	107,749.44	0.00
	use of the provision for cases in court	550,000.00	0.00
	provision for off-balance sheet liabilities	1,705.47	1,638.75
<b>4</b>	<b>As at the end of the year, total</b>	<b>959,092.87</b>	<b>1,405,864.99</b>

A provision at 550,000 secured interest and costs of court representation in the case where the Bank allowed a default judgment and filed an appeal against it. The opposing party exercised the order of immediate enforceability and enforced the disputed amount, which the Bank paid on 9 March 2012. The case is pending.

### 37. Allowances, except specific provisions, by type of assets

No.	Item	2012	2011
<b>1</b>	<b>As at the beginning of the year, including:</b>	<b>6,123,676.79</b>	<b>6,232,676.79</b>
	allowances for the value of shares	6,123,676.79	6,232,676.79
	allowances for the value of securities	0.00	0.00
<b>2</b>	<b>Increases (related to):</b>	<b>0.00</b>	<b>0.00</b>
	revaluation of shares	0.00	0.00
	drop in the value of securities	0.00	0.00
<b>3</b>	<b>Decreases (related to):</b>	<b>0.00</b>	<b>109,000.00</b>
	revaluation of shares	0.00	109,000.00
	application of write-offs (shares)	0.00	0.00
	increase in the value of securities	0.00	0.00
<b>4</b>	<b>As at the end of the year including:</b>	<b>6,123,676.79</b>	<b>6,123,676.79</b>
	allowances for the value of shares	6,123,676.79	6,123,676.79
	allowances for the value of securities	0.00	0.00

### 38. Off-balance sheet liabilities, including conditional liabilities related to securities granted

#### 38.1. Information about guaranties and suretyship granted.

Customer number	Contract number	Guarantee granted on	Guarantee expires on	Amount of guarantee in PLN
400253	GB\12076651	2012.11.06	2018.02.28	85,000.00
<b>Total</b>				<b>85,000.00</b>

As at 31 December 2011 the Bank did not have any guaranties and suretyship granted.

#### 38.2. As at 31 December 2012 and as at 31 December 2011 the Bank did not have any guaranties and suretyship granted to issuers of securities.

#### 38.3. During the reporting period, there were no contracts for the subscription option or sale of ordinary shares of the Bank

#### 38.4. Information about dividend proposed for payment

The Bank did not pay a dividend for the 2012 financial year.

### 38.5. Security over own liabilities of the Bank and third party liabilities

No.	Item	Amount / rate
1	Total cash in bank account, used as the basis to calculate the compulsory reserve, subject to article 14 of the Act on the Bank Guarantee Fund, for October 2012	1,798,150,000
2	Rate - in accordance with a resolution of the Board of the Bank Guarantee Fund (in %)	0.55%
3	Guaranteed deposit protection fund for 2012 (line 1 x line 2)	9,889,825
4	Current value of assets 1, used to cover the guaranteed deposit protection fund (in accordance with article 26.1 of the Act on the Bank Guarantee Fund), including:	9,898,632.80
	- securities	9,898,632.80

### 38.6. Transactions with a promise of redemption

During the reporting period, the Bank was a party to a Repo transaction. As at 31 December 2012 and 31 December 2011, there were no active transactions.

### 38.7. Conditional liabilities extended and received

No.	Item	31 December 2012	31 December 2011
I	<b>LIABILITIES EXTENDED</b>	<b>39,644,596.72</b>	<b>20,452,687.97</b>
1	<b>Liabilities extended to non-financial entities</b>	<b>39,644,596.72</b>	<b>20,452,687.97</b>
a	financing liabilities	39,559,596.72	20,452,687.97
b	guarantee liabilities	85,000.00	0.00
II	<b>LIABILITIES RECEIVED</b>	<b>255,172.44</b>	<b>1,052,487.42</b>
1	<b>Liabilities received from financial entities</b>	<b>255,172.44</b>	<b>1,052,487.42</b>
a	guarantee liabilities	255,172.44	1,052,487.42
2	<b>Liabilities received from non-financial entities</b>	<b>0.00</b>	<b>0.00</b>
a	financing liabilities	0.00	0.00
b	guarantee liabilities	0.00	0.00
III	<b>IV. Other collateral received</b>	<b>28,281,286.54</b>	<b>28,493,349.47</b>
a	Mortgages	27,978,909.08	27,246,671.78
b	Transfer of title	97,345.58	128,221.45
c	Registry pledge	205,031.88	161,831.88
D	guarantee	0.00	462,284.95
E	Transfer of liabilities	0.00	494,339.41

### 38.8. Liabilities related to sale/purchase operations

No.	Item	31 December 2012	Transaction type	31 December 2011	Transaction type
I	<b>I. CURRENT FX OPERATIONS</b>	<b>1,026,590.00</b>		<b>882,780.00</b>	
1	Zlotys purchased, to be received	203,385.00	SPOT		
2	Foreign currencies purchased, to be received	309,960.00	SPOT	441,680.00	SPOT
3	Zlotys sold, to be released	308,835.00	SPOT	441,100.00	SPOT
4	Foreign currencies sold, to be released	204,410.00	SPOT		

1	<b>II. Forward FX operations</b>	<b>46,669,533.75</b>		<b>57,900,149.93</b>	
1	Zlotys purchased, to be received	13,447,048.34	Non-delivery Forward	11,831,287.84	Non-delivery Forward
2	Foreign currencies purchased, to be received	10,453,851.37	Non-delivery Forward	18,007,784.74	Non-delivery Forward
3	Zlotys sold, to be released	10,107,478.04	Non-delivery Forward	11,139,740.35	Non-delivery Forward
4	Foreign currencies sold, to be released	12,661,156.00	Non-delivery Forward	16,921,337.00	Non-delivery Forward
	Total purchased	<b>24,414,244.71</b>		<b>30,280,752.58</b>	
	Total sold	<b>23,281,879.04</b>		<b>28,502,177.35</b>	

### 39. The Bank does not apply hedge accounting

### 40. Major conditions of contracts relating to financial instruments, which may affect the value, date and degree of certainty of future cash flows

As at 31 December 2012 Meritum Bank ICB S.A. did not have any contracts the conditions of which might have affected the value, date and degree of certainty of future liabilities.

### 41. Information related to the income statement:

#### 41.1. The Bank is not involved in brokering activities

#### 41.2. Details relating to amortization write-offs for intangible assets are shown in tables 25 and 26.

#### 41.3. Details of valuation of financial assets held for sale, to fair value

Following periodical revaluation of the portfolio of securities available for sale as at 31 December 2012:

- a) an income of 16,885.47 was entered into the General Ledger of the Bank following valuation as at the balance sheet date to the fair value (valuation of treasury bills). This amount was posted to the revaluation reserve for securities and
- b) the costs of pricing as at the balance sheet date to the fair value at PLN 17,712.54

Following periodical revaluation of the portfolio of securities available for sale as at 31 December 2011:

- a) an income of €291.58 was entered into the General Ledger of the Bank following valuation as at the balance sheet date to the fair value, which translates to PLN 1,287.85. This amount was posted to the revaluation reserve for securities and
- b) the costs of pricing as at the balance sheet date to the fair value at PLN 19,651.26

#### 41.4. Information about costs and revenues on financial assets available for sale and removed from the balance sheet (sold)

No.	Item	2012	2011
		amount in PLN	amount in PLN
1	Revenue on interest	7,311,154.24	4,792,495.79
2	Sales revenues	1,176,000.00	0.00
3	Cost of sales	-636,000.00	-20.00
	<b>Total</b>	<b>7,851,154.24</b>	<b>4,792,475.79</b>

#### **41.5. Revenues and costs of financial assets sold, the fair value of which could not have been reliably priced before, stating the balance sheet value of the assets determined as at the date of sale**

The Bank did not sell any financial assets, the fair value of which could not have been reliably priced.

#### **41.6. Information about extraordinary profits and losses**

In 2012 and 2011 the Bank did not record any extraordinary profits and losses.

#### **41.7. Information about bad receivables written down to provisions**

In the financial year ended on 31 December 2012 the Bank:

- 1) wrote down receivables to provisions without depreciation (transfer to the off-balance sheet register) at PLN 0.00
  - 2) wrote down receivables to provisions with depreciation (deletion from the off-balance sheet register) at PLN 44,129,441.09
- the write-downs were performed in accordance with § 9.3 of the Regulation of the Minister of Finance on principles of establishing provisions for the risk related to activities of banks, in connection with article 16.1.25.b and subparagraph 2.1 of the Act on corporate income tax. Loan receivables were declared as bad receivables when enforcement authorities issued decisions to discontinue enforcement proceedings as a result of their ineffectiveness and given the fact that the Bank, being the creditor, accepted such a state of affairs. The receivables were sold for PLN 6,799,088,830.

Revenues from the sale of the banking portfolio were posted to other operating revenue and are presented in supplementary data to the income statement positions referred to in note 41.15.

#### **41.8. Information about proceeds from dividends, broken down to entities from which dividends were received in 2012.**

In 2012 and 2011 the Bank did not receive any proceeds from dividends.

#### **41.9. Outlays on investments underway**

Fixed assets

No.	Name of the project	amount in PLN	Expense type	Scheduled settlement date
1	Poznań Hetmańska	6,150.00	Interior design	
2	Gdańsk Piastowska	1,230.00	Technical maintenance	
3	Gdańsk Piastowska	9,840.00	Visualisation	
	<b>Total</b>	<b>17,220.00</b>		

Intangible assets

As at 31 December 2012 there were no ongoing investments in intangible assets.

#### 41.10. Proposal regarding distribution of profit or coverage of loss for the financial year of 2012

The balance sheet loss will be covered with the future profit to be earned by the Bank.

#### 41.11 Description of other operating costs of the Bank

No.	Item	Financial year 2012	Financial year 2011
1	Materials and energy	1,920,416.86	1,602,847.79
2	Third party services	24,312,914.97	20,938,764.71
3	Property rental costs	8,177,355.62	6,687,716.79
4	Advertising and representation	6,709,358.61	7,586,362.49
5	Repairs	255,123.51	295,561.14
6	Business travel	529,165.48	444,920.82
7	Advisory services	1,513,260.51	896,929.05
8	Taxes and fees	2,102,508.89	1,485,004.56
	<b>Total</b>	<b>45,960,104.45</b>	<b>39,938,107.35</b>

#### 41.12. Costs of and revenues from discontinued activity

In the financial years of 2012 and 2011, the Bank did not discontinue any type of activities.

#### 41.13 Information about interest costs and revenues

##### Revenues from interest by business lines

No.	Item	Financial year 2012	Financial year 2011
1	Retail	228,377,093.76	121,950,058.37
2	Commercial	5,482,137.00	5,866,700.86
3	Payments and settlements	3,576,343.64	1,608,483.31
4	Dealer	11,236,646.26	6,549,415.90
	<b>Total</b>	<b>248,672,220.66</b>	<b>135,974,658.44</b>

##### Costs of interest by business lines

No.	Item	Financial year 2012	Financial year 2011
1	Retail	-83,491,905.89	-36,571,089.52
2	Commercial	-7,988,749.18	-5,914,571.80
3	Payments and settlements	-341,696.17	-1,066,006.21
	<b>Total</b>	<b>-91,822,351.24</b>	<b>-43,551,667.53</b>

#### 41.14 Information about commission costs and revenues

##### Revenues from fees and commissions

No.	Item	Financial year 2012	Financial year 2011
1	Loans and insurance	56,514,984.59	34,824,816.23
2	Deposits	259,120.27	248,982.63
3	Current accounts	588,186.40	487,428.78
4	Cards	3,849,187.26	436,730.08
5	Other	251,008.06	8,604.44
6	Settlements with other banks and the NBP	24,332.90	19,619.82
		<b>61,486,819.48</b>	<b>36,026,181.98</b>

##### Costs of fees and commissions

No.	Item	Financial year 2012	Financial year 2011
1	Loans and insurance	-16,290,706.34	-6,593,905.02
2	Deposits	-289,480.23	-193,186.92

3	Current accounts	-135,797.58	-240,939.96
4	Cards	-397,676.47	-132,990.98
5	Other	-35,797.96	-34,827.49
6	Settlements with other banks and the NBP	-195,875.63	-157,079.95
		<b>-17,345,334.21</b>	<b>-7,352,930.32</b>

#### 41.15 Information about other operating costs and revenues

##### Other operating revenues

No.	Item	Financial year 2012	Financial year 2011
1	Bad debts	2,516.06	6,699.58
2	Time-limited debts	11,318.08	42,330.00
3	Incidental expenses	2,615,935.97	2,394,055.33
4	From sale of fixed assets	5,120,750.00	0.00
5	Damages, penalties and fines	72,996.59	129.49
6	Sale of the banking portfolio	6,799,088.83	2,615,749.41
7	Other	8,301,216.66	3,501,206.21
		<b>22,923,822.19</b>	<b>8,560,170.32</b>

##### Other operating costs

No.	Item	Financial year 2012	Financial year 2011
1	Donations	-14,012.84	-34,260.91
2	Court fees	-14,825.98	
3	From sale of fixed assets	-4,884,074.49	0.00
4	Other	-6,676,413.21	-2,553,581.07
		<b>-11,589,326.52</b>	<b>-2,587,841.98</b>

#### 42. Information about the value of assets and provision created for the deferred income tax

##### 42.1 Income tax settlements are shown in the following table:

<b>Income tax – current and deferred</b>		
Item	Financial year 2012	Financial year 2011
<b>Gross financial result</b>	<b>8,041,526.25</b>	<b>-12,663,465.29</b>
Tax posted to the financial result including:	1,789,814.75	696,559.61
- current	0.00	0.00
- deferred	1,789,814.75	696,559.61
<b>Net financial result</b>	<b>6,251,711.50</b>	<b>-11,966,905.68</b>
<b>Profit after tax</b>	<b>8,041,526.25</b>	<b>-12,663,465.29</b>
<b>Increase in profit before tax for tax purposes</b>	<b>163,803,421.24</b>	<b>77,808,303.16</b>
creation of specific provisions which are non-deductible expense, pricing of securities	87,552,815.81	45,085,987.62
interest received in previous periods	10,287,958.63	4,899,134.44
NDF and Forward pricing / unrealised gains/losses on exchange	2,845,621.16	1,614,335.19
interest to be paid	29,324,719.35	2,136,928.06

revenues received in advance	25,464,840.37	16,689,493.15
depreciation posted as non-deductible expense	4,126,349.00	1,732,288.10
other increases	4,201,116.92	5,650,166.90
<b>Decrease in profit before tax for tax purposes</b>	<b>- 127,590,072.90</b>	<b>- 71,812,154.89</b>
NDF and Forward pricing / unrealised gains/losses on exchange	-2,186,822.30	-1,874,453.42
interest to be received	-15,680,399.84	- 10,305,271.63
interest paid in previous periods	-3,753,503.39	- 879,838.33
pricing of securities (for past periods)	-5,402,978.63	- 4,070,756.77
dissolution of specific provisions which are non-deductible expense	-63,417,448.99	- 35,676,973.31
other decrease	-11,261,132.48	- 3,654,900.52
revenues collected in advance – past years	-25,887,787.27	- 15,349,960.91
<b>Base for taxation with current income tax</b>	<b>44,754,871.59</b>	<b>- 6,667,317.02</b>
<b>Donations – deductions from income</b>	<b>12,000.00</b>	
<b>Base for taxation with current income tax after deductions from income</b>	<b>44,742,871.59</b>	
<b>Settlement of retained losses</b>	<b>43,354,187.38</b>	<b>0.00</b>
<b>Taxation base after settlement of retained losses</b>	<b>1,388,684.21</b>	
<b>Current tax</b>	<b>263,850.00</b>	<b>0.00</b>
<b>Settlement of tax paid on dividends</b>	<b>263,850.00</b>	<b>0.00</b>
<b>Liability payable to the Tax Office</b>	<b>0.00</b>	<b>0.00</b>

<b>Changes in deferred income tax</b>		
<b>Item</b>	<b>31 December 2012</b>	<b>31 December 2011</b>
<u>Deferred income tax provision – as at the beginning of the year</u>	<b>5,613,285.38</b>	<b>3,362,946.80</b>
1. Increases	2,759,871.96	2,261,352.32
2. Decreases	-422,593.61	-11,013.74
Total change	2,337,278.35	2,250,338.58
<b>Deferred income tax provision – as at the end of the year</b>	<b>7,950,563.73</b>	<b>5,613,285.38</b>
<u>Deferred income tax assets – as at the beginning of the year</u>	<b>28,007,785.70</b>	<b>25,060,887.51</b>
1. Increases	9,626,621.58	4,536,454.35
2. Decreases	-9,079,157.98	-1,589,556.16
Total change	547,463.60	2,946,898.19

<b>Deferred income tax assets – as at the end of the year</b>	<b>28,555,249.30</b>	<b>28,007,785.70</b>
<b>Item</b>	<b>Financial year 2012</b>	<b>Financial year 2011</b>
<b>Deferred tax – as at the beginning of the year</b>	<b>23,463,250.50</b>	<b>22,766,690.89</b>
Income tax posted to annual result	-1,789,814.75	696,559.61
Income tax posted to equity	0.00	
<b>Deferred tax – as at the end of the year</b>	<b>21,673,435.75</b>	<b>23,463,250.50</b>
<b>Deferred tax posted to the income statement</b>	<b>Financial year 2012</b>	<b>Financial year 2011</b>
Provisions which are non-deductible expense for loans and provisions for shares	3,544,094.46	1,506,822.12
Accruals	770,852.05	412,065.33
Interest	3,833,972.30	-62,102.72
Valuation of securities	-260,427.48	-355,035.64
Differences between tax and balance sheet amortisation (settlement of the investment relief)	108,497.52	91,074.71
Unrealised gains/losses on exchange	-164,480.97	-954,755.77
Creation of allowance for recognized tax losses	0.00	694,302.93
Settlement of an asset created for tax losses	-8,136,401.57	0.00
Other transitional differences	-1,485,921.06	-635,811.35
<b>Total deferred tax posted to the income statement</b>	<b>- 1,789,814.75</b>	<b>696,559.61</b>

### **Main assets and provisions for deferred income tax**

Item	31 December 2012		31 December 2011	
	Value of transitional differences	Tax (19%)	Value of transitional differences	Tax (19%)
<b>Income tax asset</b>				
Negative difference between the purchase price and the carrying value of shares in subordinated and other entities	6,123,676.79	1,163,498.59	6,123,676.79	1,163,498.59
Provisions for future liabilities	7,896,556.97	1,500,345.82	3,839,440.92	729,493.77
Unsettled commissions on financial assets priced at amortized cost, with ESP accounted for	14,364,330.28	2,729,222.75	13,565,345.72	2,577,415.69
Interest accrued to be paid	29,348,545.24	5,576,223.60	3,777,329.28	717,692.56
Specific provisions, non-deductible	37,068,747.72	7,043,062.07	18,415,618.98	3,498,967.61
Differences between accounting and tax amortization write-offs – investments in third party fixed assets	1,294,285.80	245,914.30	849,087.96	161,326.72
Valuation of forwards and NDFs	1,002,978.94	190,566.00	1,614,335.19	306,723.69
Other	625,664.22	118,876.20	2,446,713.33	728,725.53

Unsettled tax loss for 2011	6,578,949.02	1,250,000.31	6,667,317.02	1,266,790.23
Unsettled tax loss for 2010	13,495,324.96	2,564,111.75	24,446,154.46	4,644,769.35
Unsettled tax loss for 2009	17,881,053.88	3,397,400.24	33,280,863.69	6,323,364.10
Unsettled tax loss for 2008	14,610,672.01	2,776,027.67	30,994,830.83	5,889,017.86
<b>Total income tax asset</b>	<b>150,290,785.82</b>	<b>28,555,249.30</b>	<b>147,361,901.68</b>	<b>28,007,785.70</b>

Item	31 December 2012		31 December 2011	
	Value of transitional differences	Tax (19%)	Value of transitional differences	Tax (19%)
<b>Income tax provision</b>				
Net investment reliefs to be settled	0.00	0.00	-1,642,396.94	-312,055.42
Interest to be received	-15,726,140.60	-2,987,966.71	-10,333,726.18	-1,963,407.97
Unrealised discount – treasury bills	-3,695,031.27	-702,055.94	-2,720,236.43	-516,844.92
Settled 2011 discount –HTM bonds	-1,093,026.49	-207,675.03	0.00	0.00
Difference between book and tax intangible assets	-12,991,223.92	-2,468,332.54	-11,474,668.76	-2,180,187.06
Valuation of forwards and NDFs	-2,128,786.49	-404,469.43	-1,874,453.42	-356,146.15
Other	-6,210,863.60	-1,180,064.08	-1,498,125, 60	-284,643.86
<b>Total deferred income tax provision</b>	<b>-41,845,072.37</b>	<b>-7,950,563.73</b>	<b>-29,543,607.33</b>	<b>-5,613,285.38</b>

#### 43. Aggregated figures relating to:

##### 43.1. Use of loans, advances, guaranties and suretyship by the employees, members of the Management Board and supervisory bodies.

In 2012 and 2011 the Bank did not extend any loans, advances, guaranties and suretyship to members of the Management Board and supervisory bodies.

##### 43.2. Remuneration paid out to members of the Management Board and supervisory bodies in 2012:

No.	Item	amount in PLN
1	Remuneration of the Supervisory Board of the Bank in 2012	165,633.93

No.	Item	amount in PLN
1	Remuneration of the Management Board in 2012	3,447,637.17

##### Remuneration paid out to members of the Management Board and supervisory bodies in 2011:

No.	Item	amount in PLN
1	Remuneration of the Supervisory Board of the Bank in 2011	94,593.29

No.	Item	amount in PLN
1	Remuneration of the Management Board in 2011	2,621,682.73,

#### 43.3. Information about average employment in 2012, in FTEs.

Average employment in 2012 was 752 FTEs, average employment in 2011 was 568 FTEs respectively.

#### 43.4. Information about costs related to creating provisions for future liabilities to employees

No.	Item	As at 31 December 2011	Provisions dissolved in 2012	Provisions created in 2012	As at 31 December 2012
1	Provision for pension leaves	64,287.74	10,456.48	0.00	53,831.26
2	Provision for unused holidays	711,577.25	26,315.64	0.00	685,261.61
	<b>Total</b>	<b>775,864.99</b>	<b>36,772.12</b>	<b>0.00</b>	<b>739,092.87</b>

#### 43.5. Information about costs incurred to finance employee pension plans.

In 2012 and 2011 the Bank did not incur any costs to finance employee pension plans.

#### 44. Information about transactions with entities connected with the bank in terms of capital or organisation

##### 44.1. Receivables and liabilities

The data was presented in the balance sheet layout

No.	in PLN 000s ASSETS	31 December 2012
I	<b>Receivables from the non-financial sector</b>	<b>1,251.35</b>
1	Loans	1,255.24
2	Interest accrued	8.92
3	ESP	- 12.81
II	<b>Non-current assets</b>	<b>569.00</b>
1	Shares	569.00
	Shares or interest in subsidiaries	569.00
III	<b>Intangible assets</b>	<b>1,410.06</b>
IV	<b>Other assets</b>	<b>0.00</b>
	<b>Total assets</b>	<b>3,230.41</b>

No.	in PLN 000s LIABILITIES	31 December 2012
I	<b>Liabilities to the financial sector</b>	<b>15,827.53</b>
1	Deposits	15,732.89
2	Interest accrued	94.64
II	<b>Liabilities to the non-financial sector</b>	<b>2,681.68</b>
1	Deposits	2,674.54
2	Interest accrued	7.14
III	<b>Other liabilities</b>	<b>0.41</b>
	<b>Total liabilities</b>	<b>18,509.62</b>

#### 44.2. Main positions of revenues and costs, including interest and commissions, costs of provisions for loans and advances

The figures are presented in the income statement layout, narrowed down to related entities only, i.e. Meritum Services ICB SA, Interrisk Towarzystwo Ubezpieczeń SA, Oxana Amelina and Tatiana Dedikova.

No.	in PLN 000s		Financial year 2012
	Item		
I	<b>Profit on interest</b>		<b>137.69</b>
1	from loans		137.69
II	<b>Costs of interest</b>		<b>-232.76</b>
1	from current accounts		-28.53
2	Deposits		-204.23
III	<b>Result on interest</b>		<b>-95.07</b>
IV	<b>Profit on commissions</b>		<b>19.30</b>
V	<b>Costs of commissions</b>		<b>0.00</b>
VI	<b>Result on commissions</b>		<b>19.30</b>
VII	<b>Result on financial operations</b>		<b>0.54</b>
VIII	<b>Result on the banking activity</b>		<b>-75.23</b>
IX	<b>Other operating costs/revenues</b>		<b>0.00</b>
x	<b>Result before provisions</b>		<b>-75.23</b>
XI	<b>Allowances for specific provisions and revaluation</b>		<b>0.00</b>
XII	<b>Operating costs of the Bank</b>		<b>-540.73</b>
1	Information technology services		-540.73
XIII	<b>Profit (loss) before tax</b>		<b>-615.96</b>

#### 44.3. Financial liabilities granted, including irrevocable liabilities

Relating to administration  
Revenues

No.	Type of agreement	Parties to the agreement		Remuneration of the Parties (fees to the Bank)	Value for 2012	Duration
		Meritum Bank ICB S.A.	Meritum Services ICB S.A.			
1	Office space tenancy agreement	Meritum Bank ICB S.A.	Meritum Services ICB S.A.	Monthly rent for 12 sq.m. at PLN 82/sq.m.	11,808.00	indefinite duration, can be terminated with a two weeks' notice

Relating to banking services  
Revenues

No.	Type of agreement	Parties to the agreement		Remuneration of the Parties (fees to the Bank)	Value for 2012	Duration
		Meritum Bank ICB S.A.	Meritum Services ICB S.A.			
1	investment loan agreement	Meritum Bank ICB S.A.	Meritum Services ICB S.A.	Interest at WIBOR 6M + 5%	153,883.55	108 months

Relating to other services  
Costs

No.	Type of agreement	Parties to the agreement		Remuneration of the Parties (fees incurred by the Bank)	Value for 2012	Duration
1	agreement granting access to the online banking system	Meritum Bank ICB S.A.	Meritum Services ICB S.A.	Monthly remuneration	997,045.26	indefinite duration, can be terminated with a three months' notice
2	agreement of information technology service provision and supply of specific services	Meritum Bank ICB S.A.	Meritum Services ICB S.A.	Monthly fees	953,744.65	indefinite duration, can be terminated with a three months' notice
	<b>Total</b>				<b>1,950,789.91</b>	

#### **45. Information about major transactions (with transaction amounts) concluded by the bank under non-arm's length conditions with related parties**

In the reporting period, the Bank did not enter into transactions with related entities under non-arm's length conditions.

#### **46. Information about goals and rules of risk management**

##### **46.1. Market risks**

###### **FX risk**

The purpose of FX risk management in 2012 was to control potential losses of the Bank resulting from changes in exchange rates. The Bank does not offer FX loans or loans denominated in foreign currencies, but merely keeps active loans already extended in its portfolio. Other FX products offered to customers (NDF, Forward, currency buy/sale) were maintained in such a manner to avoid an open currency position.

The basic tool to achieve this goal was continuous monitoring of the FX position, analysis of the value at risk as a result of anticipated FX fluctuations and the scenario analysis. The accuracy of the VaR method was checked by means of back-testing. The governing system of limits applicable to FX transactions and FX exposure was used as a supporting tool. Monitoring was performed every day, based on figures at the end of the day.

The main limit, the complete position limit, was retained below 2% of equities. In addition, the maximum overnight loss limit was based on the estimated value at risk, broken down to dealer, Treasury manager, and the supervising Member of the Management Board of the Bank.

###### **Interest rate risk**

The purpose of managing the interest rate risk is to control potential, adverse effects of changes in market interest rates on the financial result of the Bank.

The basic tool is monitoring and managing the interest rate gap in the base gap version and re-pricing date gap. The reports are generated at least once a month. In addition, the Bank calculates forecast of impact of changes in interest rates on result on interest over 12 months. Simulated changes in market interest rates involved both the most expected changes, as well as the extreme and non-parallel changes, when the interest rate of liabilities and assets was different or the interest rate of various base rates developed differently.

The risk level was also monitored with the system of limits which determined the maximum permitted deviation in the result on interest as a result of changes in interest rates and base rate gap limits and re-pricing date gaps.

## **Price risk**

In 2012 Meritum Bank did not engage in any activities related to trading in commodities listed on organised markets, nor derivatives related to that market. Therefore, the Bank did not face any price risk.

## **46.2. Credit risk**

### **Policy rules of credit risk management – commercial products**

The goal of the Bank in connection with credit risk management is to minimise losses related to the core activities of the Bank, namely lending, as well as to minimise the sum of capital requirements related to credit risk with simultaneous development of the credit portfolio.

The credit risk management strategy in the Bank is divided to areas which describe the basic layers of lending activity of the Bank. These were:

- verification and approval of transactions,
- credit risk monitoring,
- restructurisation and debt collection of receivables.

Actions performed during verification and approval of transactions are aimed at screening the applicants in order to limit and properly diversify credit risk. The main factors considered in the lending decision-making process are: the customer's creditworthiness as defined by the Act on the Banking Law, assessed on the basis of the customer's economic and financial situation, the quality and value of proposed legal security of the loan, the scale and development prospects of the existing co-operation with the Bank, and profitability of transactions from the Bank's viewpoint.

The purpose of monitoring transactions susceptible to credit risk is to immediately identify threats and undertake recovery actions to mitigate the risk and minimise losses of the Bank in connection with the loss of customer's creditworthiness. The Bank monitors individual credit exposures, total credit exposure of customers and groups of customers related in terms of capital or organisation, and the entire credit portfolio, in particular in terms of punctual repayments under existing agreements, current creditworthiness of the customers, quality and validity of collateral, adequacy of specific provisions and exposure concentration.

Restructurisation and debt collection encompasses all the activities aimed at maximum collection of receivables of the Bank, in particular by amending terms and conditions of the agreement to facilitate voluntary debt repayment or by undertaking specific enforcement activities.

In 2012 the Bank continued activities to improve the quality of credit risk management by developing tools used to verify the applications and creditworthiness of the potential customers and by implementing risk management process for impairment of properties which constitute legal collateral of the Bank.

### **Policy rules of credit risk management – retail products**

The goal of the Bank in connection with credit risk management is to minimise losses related to the core activities of the Bank, namely lending, as well as to minimise the sum of capital requirements related to credit risk with simultaneous growth of the credit portfolio.

The credit risk management strategy in the Bank is divided to areas which describe the basic layers of lending activity of the Bank. These were:

- verification and approval,
- monitoring,

In each area, the Bank undertakes proper steps to minimise credit risk exposure and at the same time, maintain development of the credit portfolio.

Actions performed during verification and approval are aimed at screening the applicants in order to reduce and properly diversify credit risk.

#### A. Verification of application rejection criteria

The application rejection criteria encompass formal and legal requirements, as well as other conditions which must be fulfilled before the Bank extends the loan. The application rejection criteria are verified separately for each customer. Reasons why the decision to refuse the loan is made:

- the customer is not fully capable of performing legal activities and the statutory representative of the customer has not agreed to the loan of agreement;
- the type of income source submitted by the customer is not accepted by the Bank;
- the amount of requested loan or the borrowing period goes beyond limits of the Bank;
- there are writs of execution on customer's accounts with the Bank or in other banks, the accounts are subject to debt collection or there is a default in repayments;
- the customer does not have creditworthiness;
- the customer has been made redundant;
- the customer's employer has gone bankrupt or is being liquidated;
- the customer has furnished documents which might have been falsified;
- a negative opinion was received from other banks on repayment of debts or co-operation with the customer;
- the customer failed to successfully complete verification in the internal databases of the Bank;

#### B. Assessment of the customer's creditworthiness

Creditworthiness describes ability to repay the loan with interest and other costs by dates specified in the agreement and is calculated on the basis of information relating to the financial situation of the customer (guarantor). Assessment of the customer's creditworthiness is performed separately for the customer and the guarantor. All the persons whose income is used to assess the creditworthiness, must be co-borrowers. The creditworthiness is assessed on the basis of regular income of the customer. Customer's income is defined as the average annual net income earned from the source accepted by the Bank. If the customer (guarantor) declares various sources of income, creditworthiness is calculated for selected sources. The creditworthiness is calculated on the basis of the average monthly net income. Documents required to assess customer's creditworthiness differ depending on the customer's source of income, result of the customer's assessment by the Bank and the customer's credit history.

#### C. Scoring

Scoring is a statistical tool used for score evaluation of customers applying for loans. A scorecard is an algorithm based representation of a set of features which describe the customer and his behaviour as a string of digits, which allow the Bank to calculate the statistical likelihood of debt repayment and present it as a total score of points earned. Assessment of creditworthiness and scoring are independent assessment, which complement each other.

The credit risk for the application is assessed on the basis of information from:

- the credit application form;
- documents supplied by the customer with the application;
- internal databases used by the Bank;
- reports from Biuro Informacji Kredytowej S.A. and other external databases used by the Bank;
- other information in the possession of the Bank, obtained during analysis of the credit application form or as specified in separate internal rules.

For the top fraud risk application forms, the authenticity of application data is verified manually (also by telephone). The manual verification consists in:

- data cohesion analysis (evaluation whether details entered in the application form are probable and logical, e.g. income adequate to the position, position adequate to the company profile)
- comparison of details from the application with internal databases (historical application database, analysis of changes in income figures of the applicant)
- verification of details about the borrower/employer in independent sources of information (databases of telephone operators, registers of economic activities, National Court Register,

websites, etc.) and for selected applications, additional verification at the employer's (field verification).

- telephone verification of employment and income.
- telephone verification of the applicant's reliability (assessment whether the customer is aware of having filed a loan application with the Bank and whether the customer knows the product conditions)

The documents submitted by the customer and guarantors also undergo formal and substantive checks. The formal check involves verification whether the application was properly filled in and whether the attached documents are complete. The substantive check involves verification whether information supplied by the customer is true. If the identity documents of the customer (guarantor) are found in the CBD – DZ database or there are reasons to believe that the documents presented by the customer were falsified (e.g. forged, altered), a decision to refuse the loan is made.

The purpose of monitoring loans is to immediately identify threats and undertake recovery actions to minimise losses of the Bank in connection with the loss of customer's creditworthiness. Monitoring in the Bank covers individual loans and borrowers, groups of borrowers and the entire portfolio.

### **46.3 Liquidity risk**

The purpose of liquidity risk management in 2012 was to maintain the optimum structure of the balance sheet that ensured safe level of liquidity on one hand and adequate profitability on the other.

The basic tool was ongoing monitoring of supervisory measures of liquidity, liquidity ratios, liquidity gap and stability of deposits, which are the fundamental source of financing.

Supervisory Liquidity Measures were calculated every day, in accordance with resolution 386/2008 of the Polish Financial Supervision Authority. In addition, development of future liquidity measures was forecast, deposit maturity and its impact on measures was analysed, and the minimum required level of the deposit base was calculated. In 2012 the liquidity measures were not exceeded.

The Liquidity Gap Report was generated weekly and monthly in the realigned form (adjusted for the estimated stability of the deposit base) and non-realigned form. Every quarter, deposit rolling analyses, used as the basis for realignment of the Liquidity Gap, were conducted.

### **46.4 Operating risk**

The Bank defines operating risk as the risk of loss resulting from failure to adjust internal processes or unreliability of such processes, technical systems, people or external events. The operating risk includes legal risk.

The main goals of operating risk management in the Bank are to:

- minimise the operating risk exposure
- protect the resources and business processes,
- improve safety and security of the personnel, customers and business environment of the Bank,
- minimise the adverse consequences of operational events and incidents,
- control the current threats and undertake actions aimed at reduction in the number and scale of threats,
- enrich the knowledge about exposure of the Bank to operating risk threats.

The operating risk management area covers all fields of operations of the Bank and its subsidiaries, including the area of outsourcing tasks related to banking activity to businesses and international businesses. As part of measuring the Bank's exposure to operating risk, the Bank accumulates data on operating risk events, taking into consideration causes of such events and effects of materialisation of risk which the Bank is exposed to. Events are recorded in the internal database of operating events. The database is the main source of information on losses caused by the operating risk, and is also a tool which allows improvement of process and procedural safeguards, without limiting risk occurrence and the mechanism of preventive measures.

The Bank operates a unit separated in the Risk Division, which coordinates and supports the operating risk management process in the organisational units of the Bank and supervises the operating risk management system on the scale of the entire Bank.

To facilitate effective management of the operating risk, particular focus is paid to identification of the operating risk by recognising risk sources and factors, and to the analysis of relations between the operating risk and other types of risk, in particular credit and market risk. For identified risks, the Bank defines probability of occurrence and estimates the potential size of financial losses as well as impact on processes, products, systems and resources.

In the course of ongoing management over the operating risk, the Bank, among others:

- prevents operating events within products, internal processes, and systems
- undertakes actions aimed at reduction in the number and scale of risks (incidents and operating events)
- records and analyses data on incidents and operating events in the database
- monitors key risk indicators over time and in relation to thresholds
- minimises the adverse consequences of operational events and incidents;

In addition, as part of risk management in the Bank, the Bank continuously undertakes actions to improve organisational effectiveness and implements new mechanisms designed to eliminate or reduce materialisation of the operating risk.

In order to calculate the capital requirement relevant to this type of risk, the Bank applies the basic indicator approach (BIA), the rules of which are defined in Appendix 14 to resolution 76/2010 of the PFSA.

## 47. Risk load

### 47.1 Information about FX risk load

FX position as at 31 December 2012

Currency	Position (currency)	Exchange rate	Position (PLN)
CHF	-4,048	3.3868	-13,708
EUR	-15,234	4.0882	-62,279
USD	-4,090	3.0996	-12,676
GBP	2,817	5.0119	14,117
DKK	67,051	0.5480	36,744
NOK	48,899	0.5552	27,149
SEK	44,161	0.4757	21,008
CZK	15,674	0.1630	2,555
<b>Total</b>	155,230		12,910

VaR calculated by using different methods:

Method	VaR (in PLN)
Variance/ covariance	2,347
Historical simulation	2,636
Monte Carlo	2,334

Potential loss resulting from exchange rate fluctuations:

	Change %	by value (in PLN)	Change %	by value (in PLN)	Change %	by value (in PLN)
CHF	5%	-685	10%	-1,371	15%	-2,056
EUR	5%	-3,114	10%	-6,228	15%	-9,342
USD	5%	-634	10%	-1,268	15%	-1,901
GBP	5%	706	10%	1,412	15%	2,118
DKK	5%	1,837	10%	3,674	15%	5,512
NOK	5%	1,357	10%	2,715	15%	4,072
SEK	5%	1,050	10%	2,101	15%	3,151

<b>CZK</b>	5%	128	10%	255	15%	383
<b>Potential loss</b>		645		1,290		1,937

#### 47.2 Information about interest rate risk load, including contractual dates of changing the interest rate or dates of payment

The majority of the credit portfolio was subject to an interest rate based on the internal variable interest rate, by means of a decision of the Management Board – retail products and cash loans for enterprises, and on WIBOR and LIBOR market rates – other enterprise products. The interest rate of the latter loan category is re-estimated each month or once every three months. In the internal analyses, the Bank treats the part of the portfolio yielding an internal rate of the Bank (extended before June 2012) as a fixed rate portfolio. This is the result of entering the clause of the Cooperative Bank in Barlinek into the list of prohibited clauses. The Bank believes there is risk of questioning changes of interest rates for that portfolio.

The liquidity reserve was invested in fixed-interest securities or in the interbank market.

The deposit base mainly consists of fixed-interest term deposits. The majority of deposits come from natural persons. At the end of 2012 such deposits accounted for 95 % of the term deposit base.

Assets/liabilities susceptible to interest rate changes by the contractual maturity date (in PLN 000s)

Interest rate change date	ASSETS					LIABILITIES				
	PLN	USD	EUR	Other currencies	Total	PLN	USD	EUR	Other currencies	Total
up to 1 month	970,903	859	9,032	0	<b>980,794</b>	316,654	5,627	10,708	198	<b>333,187</b>
up to 2 months	10,692	0	0	0	<b>10,692</b>	314,301	86	537	0	<b>314,924</b>
up to 3 months	400,573	0	0	0	<b>400,573</b>	299,026	0	40	0	<b>299,066</b>
up to 1 year	88,245	0	0	0	<b>88,245</b>	746,190	2,059	74	0	<b>748,323</b>
up to 2 years	132,723	0	0	0	<b>132,723</b>	16,413	0	0	0	<b>16,413</b>
above	399,269	0	0	0	<b>399,269</b>	137,499	2,790	1,532	6	<b>141,827</b>
<b>Total</b>	<b>2,002,405</b>	<b>859</b>	<b>9,032</b>	<b>0</b>	<b>2,012,296</b>	<b>1,830,083</b>	<b>10,562</b>	<b>12,891</b>	<b>204</b>	<b>1,853,740</b>

Accumulated interest rate gap:

Duration	Value PLN 000s
up to 1 month	647,605
up to 2 months	343,374
up to 3 months	444,881
up to 4 months	230,342
up to 5 months	59,769
up to 6 months	-18,894
up to 7 months	-55,320
up to 8 months	-56,019
up to 9 months	-76,439
up to 10 months	-140,787
up to 11 months	-180,834
up to 12 months	-215,198
Above 12 months	158,552

The potential change of the result on interest following changes in the interest rates:

a. For an increase in the interest rates

Scale of change in the interest rates	Impact on the result on interest (PLN 000s)
25bps	227
50bps	454
100bps	908
200bps	1,817

b. For a decrease in the interest rates

Scale of change in the interest rates	Impact on the result on interest (PLN 000s)
25bps	-273
50bps	-546
100bps	-1,091
200bps	-2,024

### 47.3. Information about credit risk load

In order to present credit risk load, below are data necessary to calculate the solvency ratio.

#### The structure of balance sheet assets by risk weights

Standard credit risk method

Exposures by the Standard Method	Risk weight	Conversion factor	Net balance sheet exposure with value adjustments and provisions accounted for	Off-balance sheet position exposures	Total exposure value	Risk weighted exposure value	Capital requirement
Governments and central banks	0%		301,611,448		301,611,448	0	0
	20%		0		0	0	0
Institutions – banks	20%		75,382,805		75,382,805	15,076,561	1,206,125
		100%		478,020	478,020	95,604	7,648
	50%		450,976		450,976	225,488	18,039
Enterprises	100%		5,645,833		5,688,333	5,645,833	451,667
		0%		1,894,540			
	-	20%					
Retail	-	50%		85,000			
	75%		1,555,591,915		1,555,591,915	1,166,693,936	93,335,516
		0%		32,737,102			
		20%					
Collateral on real property		50%					
	75%		14,507,324		14,507,324	10,880,493	870,439
	100%		55,365,462		55,365,462	55,365,462	4,429,237
		0%		4,809,758			
Overdue		50%					
	100%		29,633,290		29,633,290	29,633,290	2,370,663
	150%		41,298,153		41,298,153	61,947,230	4,955,778
		0%		118,197			

	0%		24,036,820		24,036,820	0	0
	20%		1,153,258		1,153,258	230,652	18,452
	100%		63,011,038		63,011,038	63,011,038	5,040,883
Other	150%		569,000		569,000	853,500	68,280
<b>Total</b>	<b>x</b>	<b>x</b>	<b>2,168,257,322</b>	<b>40,122,617</b>	<b>2,168,777,842</b>	<b>1,409,659,087</b>	<b>112,772,727</b>

#### 47.4 Information about credit risk load

The only method of limiting the credit risk in the Bank, as defined by resolution 76/2010 of the PFSA, which affects the capital requirements, is the deposit.

#### 47.5 Information about payment risk load

Assets/liabilities susceptible to liquidity changes by the contractual maturity date (in PLN 000s)

Period	ASSETS					LIABILITIES				
	PLN	USD	EUR	Other currencies	Total	PLN	USD	EUR	Other currencies	Total
Current	109,826	3,079	12,758	274	<b>125,937</b>	156,858	3,067	3,593	204	<b>163,722</b>
up to 7 days	213,430	0	0	0	<b>213,430</b>	63,900	4,672	3,739	0	<b>72,311</b>
up to 14 days	9,285	0	102	0	<b>9,387</b>	53,840	14	0	0	<b>53,854</b>
up to 21 days	13,511	0	0	0	<b>13,511</b>	85,126	46	4,881	0	<b>90,053</b>
up to 1 month	76,502	0	90	0	<b>76,592</b>	95,515	656	51	0	<b>96,222</b>
1-3 months	83,325	-2	191	0	<b>83,514</b>	631,447	86	591	0	<b>632,124</b>
3-6 months	125,679	-2	293	0	<b>125,970</b>	514,790	59	35	0	<b>514,884</b>
6-12 months	244,907	-5	576	0	<b>245,478</b>	268,537	2,031	40	0	<b>270,608</b>
1-3 years	828,460	-17	2,192	0	<b>830,635</b>	24,141	0	0	0	<b>24,141</b>
3-5 years	538,364	-12	2,009	0	<b>540,361</b>	0	0	0	0	<b>0</b>
more than 5 years	773,291	-14	4,782	18	<b>778,077</b>	318,852	2,038	59	0	<b>320,949</b>
Due	174,423	374	1,458	0	<b>176,255</b>	0	0	0	0	<b>0</b>
<b>Total</b>	<b>3,191,003</b>	<b>3,401</b>	<b>24,451</b>	<b>292</b>	<b>3,219,147</b>	<b>2,213,006</b>	<b>12,669</b>	<b>12,989</b>	<b>204</b>	<b>2,238,868</b>

Accumulated liquidity gap:

	Non-realigned	Realigned
Current	-37,785	68,456
up to 7 days	103,334	229,491
up to 14 days	58,867	186,669
up to 21 days	-17,676	161,909
up to 1 month	-37,305	198,873
1-3 months	-585,914	-22,092
3-6 months	-974,828	-186,587

6-12 months	-999,958	-249,880
1-3 years	-193,465	269,820
3-5 years	346,895	312,545
more than 5 years	804,023	765,778
Due	980,277	943,100

Tables with maturity dates, prepared to analyse the liquidity risk, present future cash flows. Therefore, such tables also include future instalments of interest on loans, future payments of interest on deposits and cash flows from securities at their future value (nominal amount for securities purchased at a discount). For this reason, amounts stated in reports do not match amounts reported in the balance sheet of the Bank.

in PLN 000s Item	Financial year 2009	Financial year 2010	Financial year 2011
Profit on interest	37,742,282	63,418,238	135,974,658
Costs of interest	-25,765,260	-24,470,013	-43,551,667
Profit on commissions	12,134,981	21,273,847	36,026,182
Costs of commissions	-800,369	-2,275,802	-7,352,930
Revenues from shares, other securities and other variable-income instruments	0	0	0
Result on financial operations	5,185,556	199,363	397,639
Result on exchange	-3,954,403	-427,543	101,046
Other operating revenues	4,399,786	13,887,848	8,560,170
<b>Total</b>	<b>28,942,573</b>	<b>71,605,938</b>	<b>130,155,098</b>
Exclusions	<b>8,130,450</b>	<b>11,175,969</b>	<b>5,198,562</b>
<b>Total (Sum – exclusions)</b>	<b>20,812,123</b>	<b>60,429,969</b>	<b>124,956,536</b>
Average result for the past 3 years	<b>14,307,747</b>	<b>31,262,695</b>	<b>68,732,876</b>
Ratio	15%	15%	15%
Capital requirement relating to operating risk	<b>2,146,162</b>	<b>4,689,404</b>	<b>10,309,931</b>

#### 48. Age analysis of financial assets overdue as at the balance sheet date, broken down to financial assets

Punctual repayment of the credit portfolio as at 31 December 2012 is as follows:

Overdue	Loans					
	Total	Operational	Credit cards	Consumer	Investment	Other
Not overdue	1,323,199,532.12	454,159,195.98	21,451,448.47	778,242,000.62	6,727,246.24	62,619,640.81
>1 day <=30 days	269,299,366.58	95,813,036.79	3,193,542.02	156,903,728.09	1,598,007.16	11,791,052.52
>30 days <=90 days	72,965,216.67	22,401,037.83	843,781.41	40,027,874.93	7,749,604.31	1,942,918.19
>90 days <=180 days	49,115,843.81	12,969,467.01	829,646.69	34,297,854.96	0.00	1,018,875.15
>180 days <=1 year	79,271,054.32	23,398,994.44	832,936.23	52,265,690.50	0.00	2,773,433.15
>1 year	120,666,314.72	13,128,800.57	304,702.29	91,540,150.83	11,732,747.59	3,959,913.44
<b>Total</b>	<b>1,914,517,328.22</b>	<b>621,870,532.63</b>	<b>27,456,057.11</b>	<b>1,153,277,299.93</b>	<b>27,807,605.29</b>	<b>84,105,833.26</b>
Provisions	<b>147,918,717.78</b>					

Punctual repayment of the credit portfolio as at 31 December 2011 is as follows:

Overdue	Loans					
	Total	Operational	Credit cards	Consumer	Investment	Other
Not overdue	819,938,644.22	254,931,475.56	7,098,773.39	514,555,554.10	7,962,862.45	35,389,978.71
>1 day ≤30 days	146,001,159.90	28,001,661.49	857,258.60	102,944,326.05	10,846,593.39	3,351,320.37
>30 days ≤90 days	44,148,229.15	11,691,426.78	147,358.00	27,759,506.58	3,410,158.84	1,139,778.95
>90 days ≤180 days	29,025,449.98	5,211,555.23	82,952.84	22,718,519.46	0.00	1,012,422.45
>180 days ≤1 year	49,659,206.19	6,560,391.50	147,429.98	35,425,703.63	6,043,781.74	1,481,899.34
>1 year	69,653,868.11	6,642,064.25	173,005.63	60,404,420.05	430,420.33	2,003,957.85
<b>Total</b>	<b>1,158,426,557.55</b>	<b>313,038,574.81</b>	<b>8,506,778.44</b>	<b>763,808,029.87</b>	<b>28,693,816.75</b>	<b>44,379,357.67</b>
<b>Provisions</b>	<b>93,625,555.90</b>					

**49. Information about the nature and economic purpose of contracts concluded by the Bank which are not presented in the balance sheet within the scope necessary to evaluate their impact on the financial and material situation of the Bank and the financial result of the Bank**

During the reporting period, the Bank did not enter into any contracts not presented in the balance sheet.

**50. The Bank is not involved in trust activities.**

**51. The Bank does not have assets subject to securitisation.**

**52. Information covered by the statement of cash flows**

**52.1. Identification of cash included in the statement of cash flows**

For the purposes of the statement of cash flows, the definition of cash or cash equivalents includes, in addition to cash at cash desks of the Bank, nostro current account and nostro accounts with other banks, all other cash assets payable or due within 3 months of receipt, purchase or opening (the deposit). In addition, the cash assets include other financial assets, in particular short-term investments (up to three months, counting of the purchase date), high liquidity, readily convertible to specific amounts of funds and susceptible to minor risk of change in value.

Structure of cash	31 December 2012	31 December 2011	Statement of cash flows
<b>Item</b>			
Cash at hand, operations with the Central Bank	81,716,530.79	24,599,377.58	57,117,153.21
Treasury bills and bonds with original maturity up to 3 months	59,826,917.06	64,101,570.97	- 4,274,653.91
NBP cash bills with original maturity up to 3 months	149,929,200.00	74,943,792.00	74,985,408.00
Deposits with other banks with original maturity up to 3 months	58,998,794.04	55,287,599.60	3,711,194.44
<b>Total</b>	<b>350,471,441.88</b>	<b>218,932,340.16</b>	<b>131,539,101.72</b>

**52.2. Division of activities to operating, investment and financial activities**

Operating activity – the basic type of activity of the Bank as well as other types of activities, not included in investment or financial activities

Investment activity – activity which involves purchase or sale of fixed assets (fixed assets, work in progress), intangible assets, long-term investments, including investments in real property and rights, as well as other related costs and benefits, except those relating to the income tax

Financial activity – activity which involves acquisition of sources of financing other than the operating activity, including sources which add to the share capital, repayment of such sources of financing and related costs, including commissions, interest, dividends, and benefits except those relating to the income tax.

### **52.3. Adjustments, inflows and expenses for “Other adjustments”, “Other inflows” and “Other expenses” positions, which exceed 5% of the total sum from a given activity**

Not applicable. The amount under the “Other adjustments” position accounts for 0.1% of the sum on operating activity. There are no such positions for other types of activities.

### **52.4. Reasons for differences between changes in positions in the balance sheet and changes in the same positions reported on the statement of cash flows**

<b>Position in the statement of cash flows</b>	<b>Value in the statement</b>	<b>Change in the balance sheet value</b>	<b>Comment</b>
Change in debt securities	-128,663.02	70,839,417.11	The difference are securities maturing up to 3 months
Change in gross receivables from the financial sector	9,507.75	11,655,520.23	Part of such assets is categorised as cash
Change in liabilities to the financial sector	- 5,886,350.09	- 14,136,350.09	The difference is repayment of a loan instalment reported in the financial activity
Change in prepayments and deferred tax assets and provisions	6,749,340.84	6,054,383.62	The difference is the value of unfinished costs of development work, presented under investment expenses

### **53. Information relating to the financial statements prepared for the reporting period in which the entities merged.**

Not applicable.

### **54. Information about joint ventures which are not subject to consolidation**

In 2012 the Bank continued cooperation with the Tesco chain. Under the agreement signed in 2011, the Bank offers to Tesco customers additional benefits in connection with financial services offered by the Bank. Such services are offered in 66 outlets, as at 31 December 2011 in 64 outlets located in Tesco hypermarkets. The Bank settles the results with the counterparty. The settled amount resulted in a refund payable to the Bank of PLN 4,712,000 for 2012, and PLN 1,498,000 for 2011.

### **55. Value of financial instruments of customers, entered to securities accounts, priced in accordance with the Regulation as at the last day of the reporting period**

Not applicable.

## **56. Information about stock commodities of customers by quantity and value**

Not applicable.

## **57. Information which might considerably affect assessment of the material and financial situation, as well as the financial result.**

Not applicable.

## **58. Major events**

From 27 August to 21 September 2012 a comprehensive inspection took place at the Bank. The inspection was carried out by employees of the Office of the Polish Financial Supervision Authority (UKNF).

During the inspection, implementation of recommendations issued after the comprehensive inspection of June 2011 and recommendations of BION (Audit and Supervisory Assessment) provided to the Bank in December 2011 was evaluated.

Detailed findings from the inspection are presented in the inspection report provided to the Management Board of the Bank on 23 October 2012. The Bank sent explanations to the contents of the report to the PFSA, in the letter of 29 October 2012.

Following the inspection, the Polish Financial Supervision Authority issued recommendations which the Bank committed to implement immediately. The Bank sent a detailed schedule of implementing the recommendations to the Polish Financial Supervision Authority on 9 January 2013.

One of the areas which the PFSA recommendations refer to is recognition of insurance revenues. In addition, on 7 March 2013 the Bank received a letter from the Polish Financial Supervision Authority, addressed to the entire banking sector on the subject of recognising such revenues. The Bank currently is analysing effects of this letter, which are scheduled to be addressed in 2013. In addition, the Bank appointed a working team to prepare for the Management Board proposals of changes in the product offer and also in agreements with insurance companies. In new business mode, the Bank is planning full complete implementation of the principles of recognising revenues from the sale of insurance products in the income statement in accordance with above mentioned letter from the PFSA.

The Bank presents the Polish Financial Supervision Authority with quarterly reports on implementation of such actions, by the end of the month following the end of the quarter. The Management Board of the Bank believes that findings from the inspection have no major impact on the financial statements of the Bank for the year ended on 31 December 2012.

Piotr Urbańczyk

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President of the Management Board