



**MERITUM BANK ICB S.A.**

**Financial Statements**

**for the financial year ended on 31 December 2014**

## Meritum Bank ICB S.A. Annual Financial Statements 2014

Annual Financial Statements for the financial year ended on 31 December 2014

(data in PLNk)

### SELECTED FINANCIAL DATA

| <i>SELECTED FINANCIAL DATA</i>                         | <i>31.12.2014<br/>in PLNk</i> | <i>31.12.2013<br/>(converted)<br/>in PLNk</i> | <i>31.12.2014<br/>in EURk</i> | <i>31.12.2013<br/>(converted)<br/>in EURk</i> |
|--|-------------------------------|---|-------------------------------|---|
| <i>Cash, operations with the Central Bank</i>          | 108,124                       | 33,203  | 25,368                        | 8,006   |
| <i>Receivables from the financial sector</i>           | 69,981                        | 84,248  | 16,419                        | 20,314  |
| <i>Receivables from the non-financial sector</i>       | 2,693,785                     | 2,261,865                                     | 632,003                       | 545,396                                       |
| <i>Receivables from the budget sector</i>              | 59                            | 67  | 14                            | 16  |
| <i>Assets in total</i>                                 | 3,428,906                     | 2,958,369                                     | 804,473                       | 713,341                                       |
| <i>Liabilities towards the financial sector</i>        | 32,847                        | 30,499  | 7,706                         | 7,354   |
| <i>Liabilities towards the non-financial sector</i>    | 2,847,628                     | 2,537,664                                     | 668,097                       | 611,898                                       |
| <i>Liabilities towards the budget sector</i>           | 31,497                        | 13,981  | 7,390                         | 3,371   |
| <i>Liabilities due to the issue of debt securities</i> | 533                           | 1,434   | 125                           | 346   |
| <i>Liabilities in total</i>                            | 3,151,061                     | 2,745,819                                     | 739,287                       | 662,090                                       |
| <i>Capitals</i>  | 277,845                       | 212,550                                       | 65,187                        | 51,251  |
| <i>Liquidity ratio</i>                                 | 15.47%                        | 13.59%  | 15.47%                        | 13.59%  |

| <i>SELECTED FINANCIAL DATA</i>        | <i>For the financial<br/>year of 2014<br/>in PLNk</i> | <i>For the financial<br/>year of 2013<br/>(converted)<br/>in PLNk</i> | <i>For the financial<br/>year of 2014<br/>in EURk</i> | <i>For the financial<br/>year of 2013<br/>(converted)<br/>in EURk</i> |
|---------------------------------------|---|---|---|---|
| <i>Profit on interest</i>             | 345,682   | 253,541   | 82,515  | 60,210  |
| <i>Profit on commissions</i>          | 9,942   | 20,863  | 2,373   | 4,954   |
| <i>Profit on financial operations</i> | -6,351  | -7,741  | -1,516  | -1,838  |
| <i>Profit on FX items</i>             | 825   | 947   | 197   | 225   |
| <i>Profit on operating activity</i>   | 57,891  | 13,874  | 13,819  | 3,295   |
| <i>Gross profit / loss</i>            | 57,891  | 13,874  | 13,819  | 3,295   |
| <i>Net profit</i>                     | 44,552  | 11,678  | 10,635  | 2,773   |
| <i>Net cash flows</i>                 | 12,790  | 204,698   | 3,053   | 48,610  |

The following FX exchange rates have been applied to calculate selected financial data in EUR:

- in assets, liabilities and capitals – NBP FX rate as of 31 December 2014 – 1 EUR= 4.2623 PLN, the exchange rate as of 31 December 2013 – 1 EUR=4.1472 PLN; and
- in items in the Profit and Loss Account and the Cash Flow Statement – the exchange rate calculated as the average NBP FX rates applicable as of the last day every month in 2014 and 2013 – 1 EUR=4.1893 PLN and 1 EUR=4.2110 PLN.

## I. INTRODUCTION TO THE FINANCIAL STATEMENTS

### 1. GENERAL

These Financial Statements cover the year ended on 31 December 2014 and include converted comparative data as of the year ended on 31 December 2013.

Meritum Bank ICB S.A., formerly Bank Współpracy Europejskiej S.A., has operated on the Polish market since mid-1990. In November 2007, the majority shareholder of the Bank became Innova/4 L.P. investment fund; Innova Capital is the consultant of the fund.

In 2008, the Management Board of the Bank was established. In January 2009, the name was changed to Meritum Bank and the registered office was moved from Wrocław to Gdańsk.

Meritum Bank ICB S.A., hereinafter referred to as 'Bank', is a bank operating as a joint stock company under applicable rules of law, in particular the Act on banking law, the Code of Commercial Companies, and other laws. The Bank operates under the name 'Meritum Bank ICB Spółka Akcyjna'. The Bank may use a short name, i.e. 'Meritum Bank S.A.' and 'Meritum Bank ICB S.A.'. The Bank may use a logo and a trademark. The registered office of Meritum Bank ICB S.A. as of 31 December 2014 was located in Gdańsk, 7 Piastowska street, and as of 31 December 2013 it was situated in Gdańsk, 53 Chłopska street.

The Bank was entered in the Register of Entrepreneurs of the National Court Register held by the District Court Gdańsk-Północ in Gdańsk, 7th Commercial Department of the National Court Register under KRS No. KRS 0000005245 on 20 January 2009. The Bank runs its business via the Head Office located in Gdańsk and Branches in Warsaw, Wrocław, Poznań and Gdańsk as well as financial service centres and the franchise network.

Pursuant to the Register of Shares of Meritum Bank ICB S.A. as of 31 December 2014, the shareholders with more than 5% shares in the share capital were as follows: Innova Financial Holdings S.a.r.l, its consultant being Innova Capital, the European Bank for Reconstruction and Development, and WCP COOPERATIEF U.A. (a branch of the private fund Wolfensohn Capital Partners).

| <i>Shareholder</i>                                      | <i>Number of shares</i> | <i>Value of shares in PLN</i> | <i>Share at AGM in %</i> |
|---|-------------------------|-------------------------------|--------------------------|
| <i>INNOVA FINANCIAL HOLDING S.a.r.l</i>                 | 6,307,389               | 189,222                       | 46.99%                   |
| <i>WCP Cooperatief U.A.</i>                             | 3,048,471               | 91,454                        | 24.07%                   |
| <i>European Bank for Reconstruction and Development</i> | 3,026,886               | 90,807                        | 23.90%                   |

#### **Innova Capital**

is among the first and most active private equity companies in the Central Europe. During 17 years of its operation, the Company has completed 40 investment projects, mostly in the manufacturing, telecommunication, business services, financial services, and media industries, of the total value of about 0.5 billion euros. Innova Capital manages five investment funds, with total capitals of almost 900 million euros. Investors in Innova include reputable institutions from the Western Europe and the United States. The team of the Company is made of managers with long international experience in consulting, management, and investment banking, which contributes to the growing goodwill of companies in which Innova Capital invests.

## Meritum Bank ICB S.A. Annual Financial Statements 2014

Annual Financial Statements for the financial year ended on 31 December 2014

(data in PLNk)

Examples of such businesses include Euronet, Polcard and Dom Finansowy QS. The portfolio of Innova Capital includes Expander, GTS, Marmite, Libet, La Fantana, and Donako.

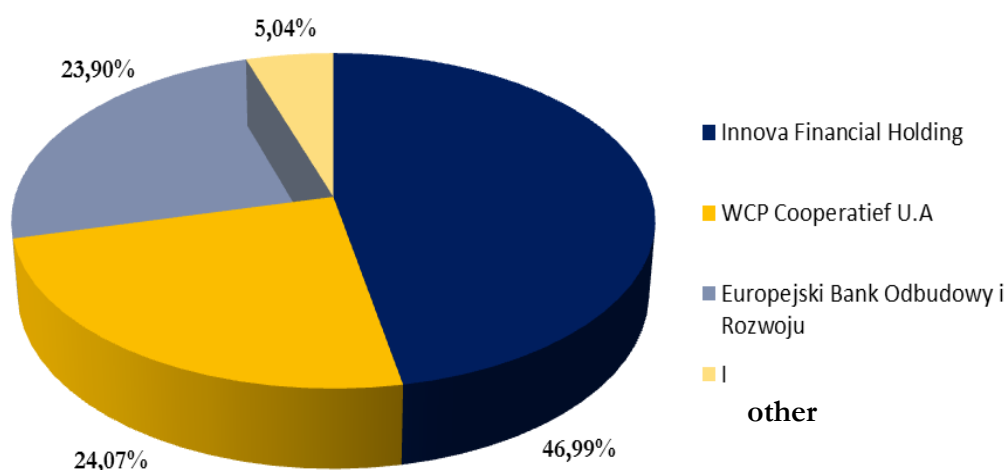
### European Bank for Reconstruction and Development

is one of the largest financial investors in the region. Members of this international institution include 61 states and two inter-governmental institutions. It supports the development of market economies and democracies in the Central and Eastern Europe as well as the banking sector in counteracting the effects of the financial crisis. The rule followed by EBRD is to promote the sustainable development of the private sector with respect for the natural environment and cultural heritage. The total liabilities of the Bank in Poland amount to almost 5 billion euros.

### Wolfensohn Capital Partners

is a private investment fund specialising in capital investments on emerging markets, especially in the financial service sector. The fund is managed by James D. Wolfensohn, the former long President of the World Bank and an experienced investment banker.

Shares at AGM



On 20 October 2014, the preliminary Share Purchase Agreement was made concerning the shares in the Bank. The transaction involved the purchase of 12,382,746 shares in Meritum Bank that constitute 97.9% initial capital in the Bank and represent 95% total number of votes at the AGM of the Bank by Alior Bank S.A. from Innova Financial Holding S.à.r.l., WCP Cooperatief U.A. and the European Bank for Reconstruction and Development. The implementation of the preliminary SPA depended on the fulfilment of conditions precedent, which included obtaining consent from the Office of Competition and Consumer Protection and a decision of the Financial Supervision Authority on no grounds to raise an objection to the purchase of shares in Meritum Bank by Alior Bank. Consent of the Office of Competition and Consumer Protection to the concentration involving the take-over of control over Meritum Bank ICB SA by Alior Bank was issued on 16 December 2014.

## Meritum Bank ICB S.A. Annual Financial Statements 2014

Annual Financial Statements for the financial year ended on 31 December 2014

(data in PLNk)

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The business activity of the Bank involves the following banking activities:

- accepting cash deposits on demand and term deposits and operating accounts of such deposits;
- operating other bank accounts;
- granting credits;
- granting and confirming bank guarantees and opening and confirming letters of credit;
- issuing bank securities;
- conducting bank cash clearing;
- granting loans in cash and consumer loans and credits;
- operations with bills of exchange and cheques and operations involving warranties;
- issuing payment cards and conducting operations with cards;
- term financial operations;
- purchasing and selling cash liabilities;
- safe-keeping of objects and securities and providing access to safe boxes;
- purchasing and selling foreign currencies;
- intermediary services in cash transfers and accounts in foreign trading;
- granting and confirming sureties; and
- performing commissioned activities related to the issue of securities;

and the following other activities within the limits allowed by law:

- incurring liabilities related to the issue of securities, granting guarantees for liabilities resulting from issued securities;
- acquiring or purchasing shares and rights to shares, participation of other incorporated entities and participation certificates in investment funds;
- trading in securities, including bank securities;
- exchanging liabilities on terms agreed with debtors into assets of a debtor on terms determined in the Act on banking law;
- purchasing and disposing of real estate;
- rendering consultation and advisory services in financial matters;
- keeping accounts and deposit accounts of securities;
- rendering factoring services;
- conducting acquisition activities for pension funds;
- accepting and transferring orders of disposal or purchase of investment fund participation units and investment certificates for the purpose of the Act on investment funds admitted in organised trading;
- conducting activities in insurance agency;
- rendering agency services in granting credits and loans;
- rendering financial leasing services;
- rendering financial agency services in concluding leasing agreements;
- issuing payment instruments; and
- rendering services of a clearing agent for the purpose of the Act on payment services.

Meritum Bank dedicates its offer to middle-income retail customers and micro and small enterprises as well as the self-employed. The strengths of the Bank's offer, which is dedicated to such segments of clients, include: a

## Meritum Bank ICB S.A. Annual Financial Statements 2014

Annual Financial Statements for the financial year ended on 31 December 2014

(data in PLNk)

modern and customer-friendly e-banking platform, a competitive deposit offer as well as a very attractive offer for micro businesses.

An important pillar in the business of Meritum Bank is the development of products in the area of consumer finance. The Bank offers a complete range of credit products, including popular cash loans, consolidation loans and credit cards. The range of products is supplemented with instalment credits. In 2011, the Bank started to collaborate with Tesco; it offers a broad range of credit products under the Tesco Finance brand. The distinctive feature of Meritum Bank is the diversification of the distribution channel networks: online banking, the network of own and franchise branches, financial agents as well as sale of instalment loans via shops.

### 1.1 MANAGEMENT BOARD AND SUPERVISORY BOARD

As of 31 December 2014, the Management Board consisted of:

| <i>Management Board of Meritum Bank ICB S.A.</i>    |                         |
|---|-------------------------|
| <i>Acting President of the Management Board</i>     | Bartosz Chyła           |
| <i>First Vice-President of the Management Board</i> | Joanna Krzyżanowska     |
| <i>Vice-President of the Management Board</i>       | Piotr Urbańczyk         |
| <i>Member of the Management Board</i>               | Agnieszka Porębska-Kość |

As of 31 December 2014, the composition of the Supervisory Board was as follows:

| <i>Supervisory Board of Meritum Bank ICB S.A.</i> |                      |
|---|----------------------|
| <i>Chairman of the Supervisory Board</i>          | Krzysztof Kulig      |
| <i>Member of the Supervisory Board</i>            | Steven J. Buckley    |
| <i>Member of the Supervisory Board</i>            | Marcin Drozdowski    |
| <i>Member of the Supervisory Board</i>            | Grzegorz Waluszewski |
| <i>Member of the Supervisory Board</i>            | Peter Franklin       |
| <i>Member of the Supervisory Board</i>            | Asad Naqvi           |
| <i>Member of the Supervisory Board</i>            | Witold Skrok         |

On 29 September 2014, Ms Magdalena Magnuszewska and Mr Łukasz Doktor ceased to be members of the Supervisory Board in Meritum Bank ICB S.A.

On 29 September 2014, the Extraordinary Shareholders' Meeting of Meritum Bank ICB S.A. appointed Mr Marcin Drozdowski and Mr Mirosław Gronicki to act as members of the Supervisory Board of Meritum Bank ICB S.A.

On 17 November 2014, Mr Mirosław Gronicki resigned from the Supervisory Board in Meritum Bank ICB S.A.

On 17 November 2014, the Extraordinary Shareholders' Meeting of Meritum Bank ICB S.A. carried a resolution to appoint Mr Witold Skrok the member of the Supervisory Board in Meritum Bank ICB S.A.

The resignation of Mr Mirosław Gronicki and the appointment of Mr Witold Skrok took place on the condition of and upon carrying resolution No. 3/2014 by the Extraordinary Shareholders' Meeting of Alior Bank S.A. convened on 2 December 2014 with the current report No. 63/2014 concerning the conditional increase of the initial capital in Alior Bank S.A. with the issue of ordinary bearer shares of H series with the simultaneous waiver of the acquisition right of the present shareholders of Alior Bank S.A. in whole, the issue of subscription

## Meritum Bank ICB S.A. Annual Financial Statements 2014

Annual Financial Statements for the financial year ended on 31 December 2014

(data in PLNk)

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warrants of D series with the simultaneous waiver of the acquisition right of the present shareholders of Alior Bank S.A., and the amendments to the statute of Alior Bank S.A.

The above-mentioned condition was fulfilled on 2 December 2014.

On 3 February 2015, the Extraordinary Shareholders' Meeting carried a resolution to appoint into the Supervisory Board Mr Wojciech Sobieraj, Mr Witold Skrok, Mr Krzysztof Czuba, Mr Sławomir Tomkiewicz, Mr Henryk Baniowski, Ms Małgorzata Iwanicz – Drozdowska, and Mr Marek Michalski and a resolution on electing Mr Wojciech Sobieraj the Chairman of the Supervisory Board.

The above-mentioned resolutions will come into effect on the condition of purchasing 12,382,746 shares of Meritum Bank ("Transaction Closing") by Alior Bank S.A. with its registered office in Warsaw, effective as of closing the transaction.

The members of the present Supervisory Board of Meritum Bank resigned from their positions on the following dates:

Krzysztof Kulig on 4 February 2015,  
Steven J. Buckley on 4 February 2015,  
Marcin Drozdowski on 4 February 2015,  
Grzegorz Waluszewski on 4 February 2015,  
Peter Franklin on 16 February 2015,  
Asad Naqvi on 4 February 2015.

All the resignations were submitted on the condition and upon the purchase of 12,382,746 shares in Meritum Bank ICB S.A. with its registered office in Gdańsk ("Meritum Bank") by Alior Bank S.A. with its registered office in Warsaw.

Owing to the resolutions of the Extraordinary Shareholders' Meeting of 3 February 2015, the condition for appointing Mr Wojciech Sobieraj, Mr Witold Skrok, Mr Krzysztof Czuba, Mr Sławomir Tomkiewicz, Mr Henryk Baniowski, Ms Małgorzata Iwanicz – Drozdowska and Mr Marek Michalski to act as members of the Supervisory Board and electing Mr Wojciech Sobieraj the Chairman of the Supervisory Board in Meritum Bank ICB S.A., determined in the resolutions, was fulfilled on 19 February 2015.

On 19 February 2015, the Supervisory Board dismissed the following persons from the Management Board of Meritum Bank ICB S.A.: Mr Piotr Urbańczyk – Vice-President of the Management Board, Mr Bartosz Chytle – Member of the Management Board, Ms Agnieszka Porębska-Kość – Member of the Management Board and appointed the following persons to be members of the Management Board in Meritum Bank ICB S.A.: Ms Hanna Wangler, Ms Grażyna Musiatowicz-Podbiał, and delegated the Members of the Supervisory Board to act temporarily as Members of the Management Board in Meritum Bank ICB S.A.: Mr Witold Skrok and Mr Krzysztof Czuba.

## 1.2 CONSOLIDATED FINANCIAL STATEMENTS

The Bank does not prepare consolidated financial statements.

The legal basis for waiving the consolidation of the Statements is Article 58(1) of the Act (the harmonised text in the Journal of Laws from 2013, Item 330 as amended, hereinafter referred to as 'Act'). According to the

Management Board, the financial data of subsidiaries are immaterial for the information on the financial and material standing of the Company.

### **1.3 MERGER OF ORGANIZATIONAL UNITS DURING THE REPORTING PERIOD**

In 2013, Meritum Bank ICB S.A. did not merge with any other companies.

### **1.4 GOING-CONCERN ASSUMPTION**

The Financial Statements of the Bank for the year ended on 31 December 2014 were prepared with the going-concern assumption for the minimum period of 12 months after the Balance Sheet closing date, i.e. from 31 December 2014; it means that the valuation of assets and liabilities included in the books of account as of the closing date was made according to the principle of continuation.

On 29 January 2015, the Management Board of the Bank adopted and submitted for approval by the Financial Supervision Authority the financial-economic projection for 2015 including elements that occur in standard conditions with regard to the Remedial Programme, in particular in the area of risk. As of the day of signing these Financial Statements, the updated Remedial Programme had not been approved by FSA.

### **1.5 ENDORSEMENT OF THE FINANCIAL STATEMENTS**

These Financial Statements were endorsed by the Management Board on 6 March 2015.

### **1.6 ACCOUNTING POLICY**

The most important rules followed in the preparation of these Financial Statements have been presented below.

In 2014, the Bank applied the same accounting policy as in 2013, with the following exceptions:

- the presentation in the Financial Statements of the costs distributed linearly in time, which in the Financial Statements for 2013 were presented in the liabilities of the Balance Sheet in item 'VII. Costs and accounts deferred in time and reserved – Incomes of future periods and reserved'; in the Financial Statements for the present financial year, they have been presented in the assets of the Balance Sheet in item 'X. Other assets – other assets';
- the presentation in the Financial Statements of the costs of reimbursing the reserve for the reimbursement of insurance premiums on granted credits, which in the Financial Statements for 2013 were presented in the Profit and Loss Account in item 'Costs due to commission'; in the Financial Statements for the present financial year, they have been presented in the Profit and Loss Account in item 'Interest income'.

The above-mentioned changes are for the presentation purpose only and do not affect the net profit of the Bank for the year ended on 31 December 2013.

Due to the above-mentioned changes, section 1.7 of the introduction to the Financial Statements shows the comparative financial data for 2013, which have been converted as if the accounting policy applied by the

## Meritum Bank ICB S.A. Annual Financial Statements 2014

Annual Financial Statements for the financial year ended on 31 December 2014

(data in PLNk)

Management Board in preparing the Financial Statements for the current financial year had been always used in the Company.

### 1.7 COMPARISON OF FINANCIAL DATA FOR THE PRECEDING YEAR WITH DATA OF THE FINANCIAL STATEMENTS FOR THE CURRENT FINANCIAL YEAR

The figures that provide the comparability of data from the Financial Statements for the preceding year with the Financial Statements for the current financial year resulting from the changes of the presentation rules described in note 1.6 of the Introduction to the Financial Statements have been presented below:

#### BALANCE SHEET

| Assets (section)<br>in PLNk   | 31.12.2013 approved<br>FS | Change of<br>presentation | 31.12.2013<br>converted |
|-------------------------------|---------------------------|---------------------------|-------------------------|
| <b><i>X. Other assets</i></b> | <b>20,450</b>             | <b>4,207</b>              | <b>24,658</b>           |
| <i>2. Other</i>               | 20,450                    | 4,207                     | 24,658                  |
| <i>2.1. Other assets</i>      | 19,319                    | 4,207                     | 23,526                  |
| <i>2.2. Deferred income</i>   | 1,131                     | 0                         | 1,131                   |
| <b>ASSETS IN TOTAL</b>        | <b>2 954 162</b>          | <b>4 207</b>              | <b>2 958 369</b>        |

| Liabilities (fragment)<br>in PLNk                                       | 31.12.2013 approved<br>FS | Change of<br>presentation | 31.12.2013<br>converted |
|---|---------------------------|---------------------------|-------------------------|
| <b><i>VII. Costs and incomes accounted for in time and reserved</i></b> | <b>15,959</b>             | <b>4,207</b>              | <b>20,166</b>           |
| <i>1. Deferred charges</i>  | 3,164                     | 0                         | 3,164                   |
| <i>2. Other incomes of future periods and reserved</i>                  | 12,795                    | 4,207                     | 17,002                  |
| <b>LIABILITIES IN TOTAL</b>   | <b>2,954,162</b>          | <b>4,207</b>              | <b>2,958,369</b>        |

## Meritum Bank ICB S.A. Annual Financial Statements 2014

Annual Financial Statements for the financial year ended on 31 December 2014

(data in PLNk)

### PROFIT AND LOSS ACCOUNT

| Profit and Loss Account (fragment)<br>in PLNk   | 31.12.2013 approved<br>FS | Change of<br>presentation | 31.12.2013<br>converted |
|---|---------------------------|---------------------------|-------------------------|
| <b><i>I. Income on interest</i></b>             | <b>366,990</b>            | <b>-16,842</b>            | <b>350,147</b>          |
| <i>1.From the financial sector</i>              | 2,577                     | 0                         | 2,577                   |
| <i>2.From the non-financial sector</i>          | 350,126                   | -16,842                   | 333,283                 |
| <i>3.From the budget sector</i>                 | 5                         | 0                         | 5                       |
| <i>4.From securities of fixed income amount</i> | 14,281                    | 0                         | 14,281                  |
| <b><i>II. Interest costs</i></b>                | <b>-96,606</b>            | <b>0</b>                  | <b>-96,606</b>          |
| <i>1.From the financial sector</i>              | -1,532                    | 0                         | -1,532                  |
| <i>2.From the non-financial sector</i>          | -92,997                   | 0                         | -92,997                 |
| <i>3.From the budget sector</i>                 | -2,078                    | 0                         | -2,078                  |
| <b><i>III. Profit (loss) on interest</i></b>    | <b>270,383</b>            | <b>-16,842</b>            | <b>253,541</b>          |
| <b><i>IV. Income on commissions</i></b>         | <b>26,402</b>             | <b>0</b>                  | <b>26,402</b>           |
| <b><i>V. Costs of commissions</i></b>           | <b>-22,381</b>            | <b>16,842</b>             | <b>-5,539</b>           |
| <b><i>VI. Profit (loss) on commissions</i></b>  | <b>4,021</b>              | <b>16,842</b>             | <b>20,863</b>           |
| <b><i>XIX. Gross profit (loss)</i></b>          | <b>13,875</b>             | <b>0</b>                  | <b>13,875</b>           |
| <b><i>XX. Income tax</i></b>                    | <b>-2,196</b>             | <b>0</b>                  | <b>-2,196</b>           |
| <b><i>XXI. Net profit (loss)</i></b>            | <b>11,678</b>             | <b>0</b>                  | <b>11,678</b>           |

## 1.8 UNDERLYING DOCUMENTS

These Financial Statements of the Bank cover the financial year ended on 31 December 2014 and the converted comparable data as of 31 December 2013. The Financial Statements have been prepared in thousand Polish zlotys (PLNk).

The books of account are held according to the Chart of Accounts of Meritum Bank S.A. subject to applicable principles of accounting: principle of completeness and chronology of accounting entries, the principle of commensurability of incomes and costs, the principle of relevance, and the accrual principle.

The underlying documents for preparing the Financial Statements of the Bank include:

- Act of 29 September 1994 on accounting (the harmonised text: Journal of Laws from 2013 Item 330 as amended),

- Act of 29 August 1997 on banking law (the harmonised text: Journal of Laws from 2015 Item 128),
- The Act of 27 July 2002 on foreign currency law (the harmonised text: Journal of Laws from 2012 Item 826),
- Regulation by the Minister of Finance of 1 October 2010 on special accounting rules for banks (the harmonised text: Journal of Laws from 2013 Item 329),
- Regulation by the Minister of Finance of 16 December 2008 on rules of establishing reserves due to risk related to banking operations (Journal of Laws from z 2008 No. 235 Item 1589 as amended),
- Act on corporate income tax of 15 February 1991 with regard to depreciation of fixed assets and intangible and legal assets (the harmonised text: Journal of Laws from 2014, Item 851 as amended),
- Act of 14 December 1994 on Bank Guarantee Fund (the harmonised text: Journal of Laws from 2014, Item 1866.),
- Regulation by the Minister of Finance of 12 December 2001 on special rules of recognising, methods of valuation, the scope of disclosure, and method of presenting financial statements (Journal of Laws from 2001, No. 149, Item 1674 as amended), and
- Resolutions of the Financial Supervision Authority (KNF).

## **1.9 REPORTING CURRENCY**

These Financial Statements have been prepared in thousand Polish zlotys. The approved Financial Statements for 2013 have been prepared in zlotys. The financial data for 2013 presented herein have been made comparable and presented in thousand zlotys.

## **2.0 RULES OF DETERMINING FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES**

A fair value of a selected financial asset or liability is the amount for which the assets could be exchanged or the liability could be repaid on terms and conditions of market transactions between interested and well-informed parties that are not interrelated.

With regard to financial instruments listed on an active market, the fair value is a market price minus costs related to the transaction, if their value is significant. If no market price can be determined for a financial instrument, a fair value is determined with estimation techniques.

### **2.1 RULES OF WRITING OFF RECEIVABLES**

Credit exposures are written off in the established special purpose provisions (reserves), while other receivables in revaluation write-offs. In case of credit exposures for which no special purpose provisions have been created or if their value is lower than the credit exposure, receivables are written off in the part not covered with the reserve in other operating costs. Likewise for other receivables, if revaluation write-offs do not cover 100% of the written-off receivable, the remaining part is entered directly in costs. Receivables are written off if information is received that confirms the ineffectiveness of collection proceedings and a decision is taken to depreciate the same by the relevant collection authority.

### **2.2 FINANCIAL ASSETS**

Financial assets are entered in the books of account as of the day of making a contract at a purchase price, i.e. a fair value of incurred expenditures or other assets transferred in return. When determining a fair value as of the day, the transaction costs incurred by the entity are taken into account.

After the initial recognition, financial assets are recognised in one of the four categories and valued in the following manner:

- financial assets maintained until a maturity date are valued at a purchase price revised with charged interest, discount and bonuses, taking into account write-offs due to target reserves and impairment write-offs,
- granted loans and own receivables are valued at a purchase price determined with an effective interest rate. Short-term receivables for which no interest rate has been determined are valued at due amounts,
- financial assets allocated for sale are valued at a fair value, and financial assets allocated for sale for which no active market exists at a fair value determined in another manner. A difference between a market value and a fair value is recognised in incomes or costs of financial operations respectively,
- financial assets available for sale are valued at a fair value and the effects of a change of a fair value are recognised in the revaluation capital (fund) respectively.

The Bank values financial instruments using the method of depreciated cost according to the effective interest rate in compliance with the Act and the Regulation on special accounting rules for banks.

Credits and loans are subject to valuation according to the depreciated cost taking into account the effective interest rate, for which other deadlines and amounts of future cash flows have been determined, i.e. the credit repayment time schedule has been established. The received commissions related to the establishment of the asset are taken into account in the calculation of an effective interest rate. In the Profit and Loss Account, the amounts of commissions accounted for in time using an effective interest rate are recognised in interest incomes, while commissions received due to credits without determined cash flows and accounted for with a linear method are recognised as income on commissions. The valuation according to depreciated cost taking account of an effective interest rate is used also to recognise term deposits and securities maintained until a maturity date.

## **2.3 LEASING**

The Bank is a party of leasing agreements under which it uses or benefits from external fixed assets or intangible and legal assets for an agreed term.

In case of leasing agreements under which the whole risk and benefits that result from holding the contractual assets are transferred, the subject of leasing is recognised in assets as a fixed asset and, at the same time, a liability is recognised in the amount equal to the current value of the minimum leasing fees determined as of the leasing starting date. Leasing fees are divided between financial costs and the reduction of the liability balance in the manner that makes it possible to obtain a fixed interest rate on the liability due to be repaid. Financial costs are recognised directly in the Profit and Loss Account.

Fixed assets that are the subject of a financial leasing agreement are depreciated in the manner determined for own fixed assets. However, if there is no control over the time or certainty as to the transfer of title to the subject of lease, the fixed assets used under financial leasing agreements are depreciated for a shorter of the following two periods: the anticipated period of use or the term of leasing.

Leasing fees due to agreements that do not fulfil the conditions of a financial leasing agreement are recognised as costs in the Profit and Loss Account with a linear method for the leasing term. Depending on the purpose of using the subject of leasing, leasing fees are recognised in the costs of operating activity (including overheads or sales) or in other operating activity.

## **2.4 SHARES AND PARTICIPATION IN SUBSIDIARIES AND MINORITY SHARES**

Shares and participation in subsidiaries are valued by the Bank according to the method of ownership titles taking into account the principles of valuation determined in Article 63 of the Act:

- the method involves the valuation of shares held by the Bank in net assets of a subsidiary taking into account the goodwill or negative goodwill determined as of the day of taking over the control, co-control or major influence,
- shares and participation in subsidiaries are valued as of the end of a reporting period at a purchase price revised by the change in net assets of the entity due to shares of the Bank between the day of obtaining the major influence / taking over the control or co-control and the day of preparing the Financial Statements, revised with revaluation write-offs of goodwill or negative goodwill, and
- the effects of the valuation of shares and participation in subsidiaries with the ownership title method are recognised in financial incomes and costs due to revaluation of financial asset value in the items 'Dissolution of reserves and revaluation' and 'Reserve and revaluation write-offs'.

Minority shares and participation are valued at a purchase price taking into account impairment write-offs.

## **2.5 FIXED ASSETS, INTANGIBLE AND LEGAL ASSETS**

Fixed assets and intangible and legal assets are recognised at a purchase price or value after the revaluation minus any revaluation write-offs (depreciation). The detailed rules of depreciation for specific groups are determined in the depreciation plan approved by the Chief Accountant of the Bank. Revaluation write-offs are made with the linear method according to the economic period of use.

Rates applied to basic groups of assets are as follows:

- machines and equipment 7-30%
- means of transport 20%
- other 10%-20%
- investment in external fixed assets 10%-20%
- buildings 2.5%

The period of depreciating intangible and legal assets is from 5 to 10 years.

## **2.6 CASH AND OTHER CASH ASSETS**

Cash assets in bank and in hand are valued at their face value.

The item 'cash assets' disclosed in the Cash Flow Statement consists of cash in hand and in bank and deposits with maturity not longer than 3 months, which have not been treated as the investment activity.

## **2.7 PREPAYMENTS**

The Bank recognises prepayments if they concern future reporting periods. Accruals are recognised in the value of probable liabilities due in the current reporting period.

## **2.8 ASSETS, LIABILITIES AND OFF-BALANCE ITEMS IN FOREIGN CURRENCIES**

Assets and liabilities as well as off-balance liabilities in foreign currencies are recognised in their equivalent in PLN after converting at an average rate determined by the President of NBP as of the Balance Sheet closing date. Any FX differences are recognised in the profit / loss of the FX item in the Profit and Loss Account.

## **2.9 DEFERRED INCOME TAX**

Deferred income tax is determined with the method of liabilities in the Balance Sheet compared to all transitory differences that occur as of the Balance Sheet closing date between the tax value of assets and liabilities and their value disclosed in the Financial Statements.

The reserve for deferred income tax is established for any positive transitory differences.

Assets due to deferred income tax are recognised for all negative transitory differences and unused tax losses incurred for the following years in the value in which the probable taxable income will be generated that will make it possible to use the above-mentioned differences and losses.

The Balance Sheet value of assets due to deferred income tax is verified for every Balance Sheet closing date and is subject to the relevant reduction by the amount by which it is no longer probable that the taxable income will be generated sufficient for the partial or complete realization of the asset due to deferred income tax.

Assets due to deferred income tax and reserves for the deferred income tax are valued using tax rates that will apply according to regulations adopted until the Balance Sheet closing date in the period when an asset will be obtained or the reserve dissolved.

## **2.10 GRANTED OFF-BALANCE LIABILITIES**

Any off-balance liabilities are recognised in face values. Reserves for off-balance liabilities are established according to the Regulation by the Minister of Finance of 16 December 2008 on the rules of establishing reserves for the risk involved in banking operations and disclosed in the item 'reserve for off-balance liabilities'.

## **2.11 INTEREST INCOMES AND COSTS**

Incomes and costs due to contractual interest are recognised taking into account interest charged but not due as of the date of preparing the Financial Statements. Any charged contractual interest to be received or paid is presented in the Balance Sheet items it concerns respectively.

Contractual interest due and mature and interest that is charged but undue on receivables qualified as sub-standard, non-performing or lost receivables is disclosed in the assets of the Balance Sheet as interest receivables and in liabilities as reserved interest in the item 'Other incomes of future periods and reserved'.

Income on any default interest is recognised in the financial profit (loss) at the time of receipt / payment. Default interest on receivables qualified in the non-performing category is recognised in assets of the Balance Sheet as receivables from interest and in liabilities as reserved interest in the item 'Other income of future periods and reserved'.

Interest on receivables due to discounts of bills of exchange and purchased receivables is recognised as incomes collected in advance and is subject to settlements in interest incomes of the Bank on the accrual basis.

## **2.12 INCOMES AND COSTS DUE TO COMMISSIONS**

Incomes and costs due to commissions are recognised in the financial profit (loss) in the following manner:

- recognised once at the time of payment / receipt,
- accounted for in time and recognised in the valuation of credit receivables.

The division of incomes and costs due to the sale of insurance products is based on the accounting model applied in the Bank, which is entirely compliant with the rules of commensurability of incomes and costs and reflects the economic content of the transaction. The value of remuneration received by or due to the Bank concerning a multi-element transaction of a credit and insurance, in case of related products, is allocated between the part that is an element of the depreciated cost of the financial instrument and the part that constitutes the remuneration for the conducted agency activities.

The division of remuneration has been made on the pro-rata base of the fair value of a financial instrument and the fair value of the agency service to the sum of these two values.

A fair value of the agency service – the income recognised once on the day of selling the product was estimated in 2014 in the following values:

- for retail credits – 18.49%,

- for commercial credits – 17.64%

The Bank estimates the part of the remuneration that will be reimbursed (e.g. due to the termination of the insurance agreement by the client, prepayment or for other reasons) in the periods after the sale of the insurance product. The correctness of estimates is verified from time to time taking into account information on any major changes in this regard, minimum every Balance Sheet closing date.

## **2.13 FINANCIAL LIABILITIES**

Financial liabilities, including derivatives that are liabilities, are valued at a fair value. Effects of changes of a fair value of financial liabilities allocated for sale are recognised in incomes or costs of financial operations respectively.

## **2.14 ENCUMBRANCES OF THE GROSS FINANCIAL PROFIT (LOSS)**

The net financial profit (loss) is the gross profit due to the Profit and Loss Account minus obligatory decreases due to corporate income tax. For fiscal purposes, the gross financial profit (loss) is calculated according to the regulations of the Act on corporate income tax. The Bank establishes, also according to the regulations of the Act on accounting and fiscal regulations, reserves for deferred tax due to the changed fiscal value of assets and

liabilities of the Bank compared to their value in the Balance Sheet. A positive difference is recognised in the obligatory encumbrances of the gross financial profit (loss), while the negative difference reduces the value of the encumbrance – assets due to deferred tax (Regulation No. 18/2007 by the President of the Management Board of Bank Współpracy Europejskiej S.A. of 30 April 2007).

## **2.15 PROVISIONS (RESERVES)**

Provisions are established when the Bank has an existing (legal or customary) obligation resulting from past events and when it is certain or highly probable that the fulfilment of the obligation will result in the necessity to spend funds and when it is possible to estimate reliably the cost of the liability. The Bank establishes the following provisions (reserves):

- unused leaves,
- effects of pending court proceedings, and
- other liabilities

## **2.16 CAPITALS**

Equity consists of capitals and funds established according to applicable law and the Statute. Equity consists of initial capital and other capitals.

Initial capital is recognised at a face value according to the statute and the entry in the commercial register. Other capitals include spare capital, revaluation capital, and reserve capital.

## Meritum Bank ICB S.A. Annual Financial Statements 2014

Annual Financial Statements for the financial year ended on 31 December 2014

(data in PLNk)

## II. FINANCIAL STATEMENTS

### I. BALANCE SHEET

| <i>Assets</i>  | <i>Notes</i> | <i>31.12.2014</i> | <i>31.12.2013<br/>(converted data)</i> |
|--|--------------|-------------------|--|
| <b><i>I. Cash, operations with the Central Bank</i></b>        |              | <b>108,124</b>    | <b>33,203</b>                          |
| <i>1. On the current account</i>                               |              | 108,124           | 33,203                                 |
| <b><i>II. Receivables from the financial sector</i></b>        | <b>5</b>     | <b>69,981</b>     | <b>84,248</b>                          |
| <i>1. On the current account</i>                               |              | 23,790            | 19,037                                 |
| <i>2. Term</i>   |              | 46,191            | 65,211                                 |
| <b><i>III. Receivables from the non-financial sector</i></b>   | <b>5</b>     | <b>2,693,785</b>  | <b>2,261,865</b>                       |
| <i>1. On the current account</i>                               |              | 633               | 1,000                                  |
| <i>2. Term</i>   |              | 2,693,152         | 2,260,865                              |
| <b><i>III. Receivables from the budget sector</i></b>          | <b>5</b>     | <b>59</b>         | <b>67</b>                              |
| <i>2. Term</i>   |              | 59                | 67                                     |
| <b><i>IV. Debt securities</i></b>                              | <b>9</b>     | <b>432,406</b>    | <b>481,178</b>                         |
| <i>1. Banks</i>  |              | 389,957           | 409,915                                |
| <i>2. State budget and budget entities</i>                     |              | 42,449            | 71,263                                 |
| <b><i>V. Shares and participation in subsidiaries</i></b>      | <b>10</b>    | <b>1,254</b>      | <b>569</b>                             |
| <i>1. In other entities</i>                                    |              | 1,254             | 569                                    |
| <b><i>VIII. Intangible and legal assets</i></b>                | <b>11</b>    | <b>30,063</b>     | <b>26,375</b>                          |
| <b><i>IX. Tangible fixed assets</i></b>                        | <b>12</b>    | <b>8,642</b>      | <b>9,089</b>                           |
| <i>1. Real estate and investments in external fixed assets</i> |              | 1,107             | 1,251                                  |
| <i>2. Fixed assets under construction</i>                      |              | 0                 | 0                                      |
| <i>3. Other fixed assets</i>                                   |              | 7,535             | 7,838                                  |
| <b><i>X. Other assets</i></b>                                  | <b>7</b>     | <b>36,064</b>     | <b>24,657</b>                          |
| <i>2. Other</i>  |              | 36,064            | 24,657                                 |
| <i>2.1. Other assets</i>                                       |              | 35,659            | 23,526                                 |
| <i>2.2. Deferred income</i>                                    |              | 405               | 1,131                                  |
| <b><i>XI. Deferred income</i></b>                              |              | <b>48,528</b>     | <b>37,118</b>                          |
| <i>1. Assets due to deferred income tax</i>                    | <b>32</b>    | 41,226            | 32,919                                 |
| <i>2. Other deferred income</i>                                | <b>13</b>    | 7,302             | 4,199                                  |
| <b>ASSETS IN TOTAL</b>   |              | <b>3,428,906</b>  | <b>2,958,369</b>                       |

Gdańsk, this 12th March 2015

## Meritum Bank ICB S.A. Annual Financial Statements 2014

Annual Financial Statements for the financial year ended on 31 December 2014

(data in PLNk)

| <i>Liabilities</i>  | <i>Notes</i> | <i>31.12.2014</i> | <i>31.12.2013<br/>(converted data)</i> |
|---|--------------|-------------------|--|
| <b><i>I. Liabilities towards the financial sector</i></b>               | <b>8</b>     | <b>32,847</b>     | <b>30,499</b>                          |
| <i>1. On the current account</i>  |              | 455               | 1,062                                  |
| <i>2. Term</i>  |              | 32,392            | 29,437                                 |
| <b><i>II. Liabilities towards the non-financial sector</i></b>          | <b>8</b>     | <b>2,847,628</b>  | <b>2,537,664</b>                       |
| <i>1. Other, including:</i>   |              | 2,847,628         | 2,537,664                              |
| <i>a) current</i>   |              | 904,136           | 1,504,019                              |
| <i>b) term</i>  |              | 1,943,492         | 1,033,645                              |
| <b><i>III. Liabilities towards the budget sector</i></b>                | <b>8</b>     | <b>31,497</b>     | <b>13,981</b>                          |
| <i>a) current</i>   |              | 261               | 514                                    |
| <i>b) term</i>  |              | 31,236            | 13,467                                 |
| <b><i>V. Liabilities due to the issuance of debt securities</i></b>     |              | <b>533</b>        | <b>1,434</b>                           |
| <b><i>VI. Special funds and other liabilities</i></b>                   |              | <b>44,309</b>     | <b>40,354</b>                          |
| <i>1. Special funds</i>   |              | 23                | 78                                     |
| <i>2. Other liabilities</i>   |              | 44,286            | 40,276                                 |
| <i>2.1. inter-bank</i>  |              | 2,177             | 1,276                                  |
| <i>2.2. other liabilities</i>   |              | 42,109            | 39,000                                 |
| <b><i>VII. Costs and incomes accounted for in time and reserved</i></b> |              | <b>38,558</b>     | <b>20,166</b>                          |
| <i>1. Deferred charges</i>  | <b>13</b>    | 8,563             | 3,164                                  |
| <i>2. Other incomes of future periods and reserved</i>                  | <b>14</b>    | 29,995            | 17,002                                 |
| <b><i>VIII. Provisions (reserves)</i></b>                               |              | <b>8,489</b>      | <b>8,221</b>                           |
| <i>1. Provision due to deferred income tax</i>                          | <b>32</b>    | 7,218             | 7,218                                  |
| <i>2. Other provisions</i>  | <b>19</b>    | 1,271             | 1,004                                  |
| <b><i>IX. Subordinated liabilities</i></b>                              | <b>17</b>    | <b>147,200</b>    | <b>93,500</b>                          |
| <b><i>X. Initial capital (fund)</i></b>                                 | <b>15</b>    | <b>379,342</b>    | <b>359,342</b>                         |
| <b><i>XI. Revaluation capital (fund)</i></b>                            | <b>16</b>    | <b>-296</b>       | <b>-1,039</b>                          |
| <i>1. From revaluation</i>  | <b>16</b>    | -296              | -1,039                                 |
| <b><i>XII. Loss of previous years</i></b>                               | <b>16</b>    | <b>-145,753</b>   | <b>-157,431</b>                        |
| <i>1. Loss (negative value)</i>   |              | -145,753          | -157,431                               |
| <b><i>XIII. Net profit (loss)</i></b>                                   |              | <b>44,552,</b>    | <b>11,678</b>                          |
| <i>1. Profit (positive value)</i>                                       |              | 44,552            | 11,678                                 |
| <i>2. Loss (negative value)</i>   |              | 0                 | 0                                      |
| <b>LIABILITIES IN TOTAL</b>   |              | <b>3,428,906</b>  | <b>2,958,369</b>                       |
| <b>Liquidity ratio</b>  |              | <b>15.47%</b>     | <b>13.59%</b>                          |

Gdańsk, this 12 march 2015

## II. PROFIT AND LOSS ACCOUNT

*Notes*

## Meritum Bank ICB S.A. Annual Financial Statements 2014

Annual Financial Statements for the financial year ended on 31 December 2014

(data in PLNk)

| Specification  |    | For the financial year of<br>2014 | For the financial year of<br>2013<br>(converted data) |
|--|----|-----------------------------------|---|
| <b>I. Income on interest</b>   | 28 | 429,428                           | 350,147   |
| 1.From the financial sector  |    | 2,956                             | 2,577   |
| 2.From the non-financial sector  |    | 416,498                           | 333,284   |
| 3.From the budget sector   |    | 12                                | 5   |
| 4.From securities with fixed income                                      |    | 9,962                             | 14,281  |
| <b>II. Interest costs</b>  | 28 | -83,746                           | -96,606   |
| 1.From the financial sector  |    | -664                              | -1,532  |
| 2.From the non-financial sector  |    | -81,102                           | -92,997   |
| 3.From the budget sector   |    | -1,980                            | -2,077  |
| <b>III. Profit (loss) on interest</b>                                    |    | 345,682                           | 253,541   |
| <b>IV. Income on commissions</b>   | 29 | 21,368                            | 26,402  |
| <b>V. Costs of commissions</b>   | 29 | -11,426                           | -5,539  |
| <b>VI. Profit (loss) on commissions</b>                                  |    | 9,942                             | 20,863  |
| <b>VIII. Profit (loss) of financial activity</b>                         |    | -6,350                            | -7,741  |
| 1.Securities and other instruments                                       |    | -6,040                            | -7,554  |
| 2.Other  |    | -310                              | -187  |
| <b>IX. Profit (loss) on FX items</b>                                     | 31 | 825                               | 947   |
| <b>X. Profit (loss) on banking activity</b>                              |    | 350,099                           | 267,610   |
| <b>XI. Other operating incomes</b>                                       | 30 | 25,043                            | 18,772  |
| <b>XII. Other operating costs</b>  | 30 | -19,720                           | -17,568   |
| <b>XIII. Costs of banking activity</b>                                   |    | -114,304                          | -102,586  |
| 1.Remunerations  |    | -46,525                           | -43,150   |
| 2.Insurance and other benefits   |    | -8,385                            | -7,739  |
| 3.Other  | 27 | -59,394                           | -51,697   |
| <b>XIV. Depreciation of fixed assets and intangible and legal assets</b> |    | -8,181                            | -7,842  |
| <b>XV. Reserve and revaluation write-offs</b>                            | 18 | -275,113                          | -211,098  |
| 1.Write-offs for special purpose reserves and general banking risk       |    | -275,113                          | -211,098  |
| <b>XVI. Dissolution of reserves and revaluation</b>                      | 18 | 100,068                           | 66,586  |
| 1.Dissolution of special purpose reserves for general banking risk       |    | 100,068                           | 66,586  |
| <b>XVII. Difference between the value of reserves and revaluation</b>    |    | -175,045                          | -144,512  |
| <b>XVIII. Profit (loss) on operating activity</b>                        |    | 57,892                            | 13,874  |
| <b>XIX. Gross profit (loss)</b>  |    | 57,892                            | 13,874  |
| 1.Gross profit   |    | 57,892                            | 13,874  |
| 2.Gross loss   |    | 0                                 | 0   |
| <b>XX. Income tax</b>  | 32 | -13,340                           | -2,196  |
| <b>XXI. Net profit (loss)</b>  |    | 44,552                            | 11,678  |
| 1. Net profit  |    | 44,552                            | 11,678  |
| 2. Net loss  |    | 0                                 | 0   |

Gdańsk, this 12th March 2015

### III. CONDITIONAL LIABILITIES GRANTED AND RECEIVED

| Specification | Notes | 31.12.2014 | 31.12.2013 |
|---------------|-------|------------|------------|
|---------------|-------|------------|------------|

## Meritum Bank ICB S.A. Annual Financial Statements 2014

Annual Financial Statements for the financial year ended on 31 December 2014

(data in PLNk)

|  |    |               |                |
|--|----|---------------|----------------|
| <b>I. GRANTED LIABILITIES</b>                              | 22 | 50,075        | 68,108         |
| <b>1. Liabilities granted to non-financial entities</b>    | 22 | 50,075        | 68,108         |
| <i>a) liabilities concerning financing</i>                 |    | 49,645        | 68,023         |
| <i>b) guarantee liabilities</i>                            |    | 430           | 85             |
| <b>II. RECEIVED LIABILITIES</b>                            | 22 | 19,902        | 18,673         |
| <b>1. Liabilities received from financial entities</b>     |    | 0             | 0              |
| <i>b) guarantee liabilities</i>                            |    | 0             | 0              |
| <b>2. Liabilities received from non-financial entities</b> |    | 0             | 0              |
| <i>a) liabilities concerning financing</i>                 |    | 0             | 0              |
| <i>b) guarantee liabilities</i>                            |    | 0             | 0              |
| <b>3. Other received securities</b>                        | 22 | 19,902        | 18,673         |
| <b>III. FX OPERATIONS</b>                                  | 23 | 8,437         | 57,799         |
| <b>IV. LIABILITIES DUE TO OPERATIONAL LEASING</b>          |    |               |                |
|  |    | 148           | 1,053          |
| <b>Total off-balance items ( I+II+III+IV)</b>              |    | <b>78,562</b> | <b>145,633</b> |

## IV. CASH FLOW STATEMENT (INDIRECT METHOD)

| Specification                          | 2014    | 2013<br>(converted data) |
|--|---------|--------------------------|
| <i>Cash flow on operating activity</i> | -50,918 | 129,963                  |
| <i>Net financial profit (loss)</i>     | 44,552  | 11,678                   |

# Meritum Bank ICB S.A. Annual Financial Statements 2014

Annual Financial Statements for the financial year ended on 31 December 2014

(data in PLNk)

|   |                |                |
|---|----------------|----------------|
| <b>Revisions with the items</b>   | <b>-95,470</b> | <b>118,285</b> |
| Depreciation  | 8,181          | 7,842          |
| Profit / loss due to FX differences   | ,1,042         | -450           |
| Profit / loss on investment activity  | 159            | -19            |
| Interest received (securities that do not entitle to capital)                             | -14,694        | -15,618        |
| Paid costs (securities issued by the Bank)  | 8,312          | 5,962          |
| Change of reserves and revaluation write-offs   | 267            | 561            |
| Change of debt securities   | -362           | -13,719        |
| Change of receivables from the financial sector   | 2,013          | -2,019         |
| Change of receivables from the non-financial and budget sectors                           | -431,913       | -530,925       |
| Change of participation or shares, other securities and other financial assets            | -685           | 0              |
| Change of liabilities towards the financial sector  | 2,349          | 10,859         |
| Change of liabilities towards the non-financial and budget sector                         | 327,480        | 688,397        |
| Change of liabilities due to securities   | -901           | 678            |
| Change of other receivables and liabilities   | 2,260          | 4,680          |
| Change of accruals and assets and reserves due to deferred tax                            | -3,467         | 8,160          |
| Change of income of future periods and reserved   | 12,993         | -46,068        |
| Paid tax  | -21,935        | 0              |
| Cost of tax recognised in the financial profit (loss)                                     | 13,340         | 0              |
| Other revisions   | 91             | -36            |
| <b>Net cash flow on operating activity</b>  | <b>-50,918</b> | <b>129,963</b> |
| <b>Cash flow on investment activity</b>   | <b>8,321</b>   | <b>3,497</b>   |
| <b>Incomes</b>  | <b>19,480</b>  | <b>15,659</b>  |
| Sale of shares in associated entities   | 1              | 1              |
| Sale of intangible and legal assets and tangible legal assets                             | 4,786          | 40             |
| Other investment incomes  | 14,694         | 15,618         |
| <b>Expenditures</b>   | <b>-11,160</b> | <b>-12,162</b> |
| Purchase of intangible and legal assets and tangible legal assets                         | -11,160        | -12,162        |
| <b>Net cash flow on investment activity</b>   | <b>8,321</b>   | <b>-12,121</b> |
| <b>Cash flow on financial activity</b>  | <b>55,387</b>  | <b>71,238</b>  |
| <b>Incomes</b>  | <b>90,000</b>  | <b>77,200</b>  |
| Increase of subordinated liabilities  | 80,000         | 67,200         |
| Net income from distribution of participation (shares) and additional payments to capital | 10,000         | 10,000         |
| <b>Expenditures</b>   | <b>-34,613</b> | <b>-5,962</b>  |
| Repayment of interest – B series issuance   | -6,864         | -5,622         |
| Decrease of subordinated liabilities  | -26,300        | 0              |
| Other financial expenditures  | -1,449         | -340           |
| <b>Net cash flow on financial activity</b>  | <b>55,387</b>  | <b>71,238</b>  |
| <b>Net cash flow in total</b>   | <b>12,790</b>  | <b>204,698</b> |
| <b>Balance Sheet change of cash resources</b>   | <b>12,790</b>  | <b>204,698</b> |
| <b>Cash resources as of period beginning</b>  | <b>555,169</b> | <b>350,471</b> |
| <b>Cash resources as of period end (F+/-D)</b>  | <b>567,959</b> | <b>555,169</b> |

Gdańsk, this 12th March 2015

## Meritum Bank ICB S.A. Annual Financial Statements 2014

Annual Financial Statements for the financial year ended on 31 December 2014

(data in PLNk)

### V. STATEMENT OF CHANGES IN EQUITY CAPITAL (FUND)

| <i>Specification</i>   | <i>2014</i>     | <i>2013</i>     |
|--|-----------------|-----------------|
| <b><i>I. Equity capital as of period beginning</i></b>                                       | <b>212,550</b>  | <b>201,991</b>  |
| <b><i>1. Initial capital as of period beginning</i></b>                                      | <b>359,342</b>  | <b>359,342</b>  |
| <i>1.1. Change of initial capital:</i>   | <b>20,000</b>   | <b>0</b>        |
| <i>a) increases (due to):</i>  | 20,000          | 0               |
| - issue of Gg series shares  | 10,000          | 0               |
| - issue of Hb series shares  | 7,538           | 0               |
| - issue of Ii series shares  | 2,462           | 0               |
| <b><i>1.2. Initial capital as of period end</i></b>  | <b>379,342</b>  | <b>359,342</b>  |
| <b><i>2. Revaluation capital (fund) as of period beginning</i></b>                           | <b>-1,039</b>   | <b>81</b>       |
| <i>2.1. Change of revaluation capital:</i>   | 743             | -1,120          |
| <i>a) decrease (due to)</i>  | -11,104         | -19,156         |
| - valuation of financial assets available for sale   | -11,104         | -19,156         |
| <i>b) increase (due to)</i>  | 11,847          | 18,036          |
| - valuation of financial assets available for sale   | 11,847          | 18,036          |
| <b><i>2.2. Initial capital from revaluation as of period end</i></b>                         | <b>-296</b>     | <b>-1,039</b>   |
| <b><i>3. Profit (loss) of previous years as of period beginning</i></b>                      | <b>-157,431</b> | <b>-159,250</b> |
| <i>3.1. Loss of previous years as of period beginning (before revision):</i>                 | -157,431        | -159,250        |
| <i>3.1.1 Revision</i>  | 0               | -4,433          |
| <i>3.2. Loss of previous years as of period beginning, after agreeing on comparable data</i> | -157,431        | -163,683        |
| <i>3.3. Change of loss of previous years</i>   | 11,678          | 0               |
| <i>b) decrease (due to)</i>  | 11,678          | 6,252           |
| - covering loss with reserve capital   | 0               | 0               |
| - profit of previous years   | 11,678          | 6,252           |
| <b><i>3.4. Loss of previous years as of period end</i></b>                                   | <b>-145,753</b> | <b>-157,431</b> |
| <b><i>4. Net profit (loss)</i></b>   | <b>44,552</b>   | <b>11,678</b>   |
| <i>a) net profit</i>   | 44,552          | 11,678          |
| <i>II. Equity as of period end</i>   | 277,845         | 212,550         |
| <b><i>III. Equity after proposed distribution of profit (covering loss)</i></b>              | <b>277,845</b>  | <b>212,550</b>  |

Gdańsk, this 12th March 2015

### III. SUPPLEMENTARY DATA TO THE FINANCIAL STATEMENTS

#### 1. CAPITAL REQUIREMENTS

| Specification                                 | According to CRR<br>31.12.2014 | According to Resolution<br>31.12.2013 |
|---|--------------------------------|---------------------------------------|
| <i>Capital requirement due to credit risk</i> | 170,173                        | 145,213                               |

## Meritum Bank ICB S.A. Annual Financial Statements 2014

Annual Financial Statements for the financial year ended on 31 December 2014

(data in PLNk)

|   |        |        |
|---|--------|--------|
| <i>Capital requirement due to operational risk</i>  | 23,853 | 14,720 |
| <i>Capital requirement due to exceeding the exposure concentration limit and large exposure limit</i> | 0      | 0      |

As of 1 January 2014, the new regulations came into effect: Directive of the European Parliament and of the Council 2013/36/EU of 26 June 2013 and the Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, under which the Bank determines the capital adequacy.

As of 31 December 2014 and 31 December 2013, the Bank fulfilled the requirements included in Article 128 of the Act on banking law. The capital requirement due to operational risk is calculated according to the standard method.

### 1.1 EQUITY

As of 31 December 2014, the equity of the Bank equalled minimum the equivalent to 5 EURm converted at an average NBP exchange rate announced and applicable on the date of the Financial Statements and amounted to 375,209 PLNk according to CRR. As of 31 December 2013, the equity amounted to 271,689 PLNk.

### 1.2 INTERNAL CAPITAL

The value of internal capital is determined with the decision of the Management Board under the Policy and Instruction of Assessing the Adequacy of Internal Capital. The major risks are determined and the value of the internal capital is calculated minimum once a year and from time to time when the Management Board deems this necessary to verify the calculation of the internal capital. For a risk to be recognised as major, it has to be assessed if the risk may affect the implementation of the Bank's strategy, the maintenance of the safe level of liquidity, the assumed quality of the credit and deposit portfolio, the assumed level of equity and the financial profit (loss).

The basis for the calculation of internal capital is the measurement of risks that are recognised as major, and primarily their potential negative impact on the financial profit (loss) or equity and the probable materialization of the risk.

Pursuant to the decision of the Management Board, the value of internal capital as of the end of 2014 amounted to 259,174 PLNk and as of the end of 2013 it was at 222,889 PLNk respectively.

### 1.3 SOLVENCY RATIO

The solvency ratio is the measure of capital adequacy and it expresses the ratio of equity to the total assets and off-balance items weighted with risk. The solvency ratio attributes percentage weights to assets and balance items according to the level of credit risk, market risk, FX risk, and interest rate risk.

| Specification   | According to CRR<br>31.12.2014 | According to Resolution<br>31.12.2013 |
|---|--------------------------------|---------------------------------------|
| <i>Total capital requirement</i>                      | 194,057                        | 159,934                               |
| <i>Equity, including:</i>                             | 375,209                        | 271,689                               |
| <i>Initial funds (taking into account increases /</i> | 228,009                        | 181,126                               |

## Meritum Bank ICB S.A. Annual Financial Statements 2014

Annual Financial Statements for the financial year ended on 31 December 2014

(data in PLNk)

|                            |               |               |
|----------------------------|---------------|---------------|
| <i>decreases)</i>          |               |               |
| <i>Supplementary funds</i> | 147,200       | 90,563        |
| <b>Solvency ratio</b>      | <b>15.47%</b> | <b>13.59%</b> |
| <b>Tier 1</b>              | <b>9.40%</b>  | <b>9.06%</b>  |

In the calculation of the total solvency ratio as of 31 December 2014, the Bank took account of the 2nd tranche of bonds, which pursuant to the consent of the Financial Supervision Authority of 28 June 2013 was credited in the supplementary funds of the Bank. However, due to doubts as to crediting such subordinated liabilities in the capitals of Tier II, the Bank requested EBA for interpretation. If the Bank had recognised the subordinated bonds in the Tier II capital, the solvency ratio would be at 12.70%.

Moreover, in the calculation of the total solvency ratio as of 31 December 2014, the Bank also took account of the 3rd tranche of bonds that was emitted on 21 October 2014. According to the CRR Regulation, the bonds fulfil the conditions that make it possible to recognise them in the Tier 2 capital of the Bank as of 31 December 2014. Furthermore, the Management Board of the Bank applied to FSA for consent to recognising the 3rd tranche of bonds in the Tier 2 capital. The consent was received on 18 November 2014.

As of the end of February 2014, the Bank noted the Tier 1 ratio on the level lower than required by FSA and it informed FSA to this effect.

## 2. CURRENCY STRUCTURE OF ASSETS AND LIABILITIES

The structure of assets and liabilities is disclosed according to the Resolution No. 2/2010 of the Management Board of the National Bank of Poland (NBP) of 18 February 2010 (Journal of Laws of NBP No. 1/2010).

As of 31 December 2014, the values expressed in foreign currencies constituted 1.74% in assets and liabilities of the Bank compared to the Balance Sheet total; the total FX item for specific currencies amounted to 419 PLN, which constituted 0.15% equity.

The FX rate according to Table 252/A/NBP/2014 of 31 December 2014 was adopted for the valuation of the Balance Sheet items.

| Currency | 31.12.2014 |
|----------|------------|
| USD      | 3.5072     |
| EUR      | 4.2623     |
| CHF      | 3.5447     |
| GBP      | 5.4648     |
| DKK      | 0.5725     |
| NOK      | 0.4735     |
| SEK      | 0.4532     |
| CZK      | 0.1537     |

| Type of<br>currency | Currency<br>symbol | Values of Balance Sheet items |             | Values of off-Balance Sheet<br>accounts |             | FX position |       |
|---------------------|--------------------|-------------------------------|-------------|---|-------------|-------------|-------|
|                     |                    | Assets                        | Liabilities | Assets                                  | Liabilities | Long        | Short |
| USD                 | 787                | 4,640                         | 5,756       | 1,186                                   | 105         | 0           | 35    |
| GBP                 | 789                | 400                           | 354         | 0                                       | 0           | 46          | 0     |
| DKK                 | 792                | 61                            | 2           | 0                                       | 0           | 59          | 0     |

## Meritum Bank ICB S.A. Annual Financial Statements 2014

Annual Financial Statements for the financial year ended on 31 December 2014

(data in PLNk)

|              |     |               |               |              |              |            |           |
|--------------|-----|---------------|---------------|--------------|--------------|------------|-----------|
| NOK          | 796 | 84            | 17            | 0            | 0            | 67         | 0         |
| CHF          | 797 | 855           | 746           | 0            | 0            | 109        | 0         |
| SEK          | 798 | 162           | 84            | 0            | 68           | 10         | 0         |
| CZK          | 213 | 18            | 1             | 0            | 0            | 17         | 0         |
| EUR          | 978 | 23,886        | 22,589        | 980          | 2,131        | 146        | 0         |
| <b>TOTAL</b> |     | <b>30,105</b> | <b>29,549</b> | <b>2,166</b> | <b>2,304</b> | <b>454</b> | <b>35</b> |

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

As of 31 December 2013, the values expressed in foreign currencies constituted 1.38% in assets and liabilities of the Bank compared to the Balance Sheet total.

As of 31 December 2013, the total FX item for specific currencies amounted to 97 PLNk, which amounted to 0.05% of equity.

The FX rate according to Table 251/A/NBP/2013 of 31 December 2013 was adopted for the valuation of the Balance Sheet items.

| Currency | 31.12.2013 |
|----------|------------|
| USD      | 3.0120     |
| EUR      | 4.1472     |
| CHF      | 3.3816     |
| GBP      | 4.9828     |
| DKK      | 0.5560     |
| NOK      | 0.4953     |
| SEK      | 0.4694     |
| CZK      | 0.1513     |

| Type of currency | Currency symbol | Values of Balance Sheet items |               | Values of off-Balance Sheet accounts |               | FX position |           |
|------------------|-----------------|-------------------------------|---------------|--------------------------------------|---------------|-------------|-----------|
|                  |                 | Assets                        | Liabilities   | Assets                               | Liabilities   | Long        | Short     |
| USD              | 787             | 3,578                         | 9,497         | 6,342                                | 391           | 32          | 0         |
| GBP              | 789             | 183                           | 203           | 0                                    | 0             | 0           | 19        |
| DKK              | 792             | 9                             | 0             | 0                                    | 0             | 9           | 0         |
| NOK              | 796             | 0                             | 9             | 0                                    | 0             | 0           | 8         |
| CHF              | 797             | 133                           | 135           | 0                                    | 0             | 0           | 3         |
| SEK              | 798             | 36                            | 13            | 0                                    | 0             | 22          | 0         |
| CZK              | 213             | 13                            | 0             | 0                                    | 0             | 12          | 0         |
| EUR              | 978             | 23,629                        | 17,356        | 6,760                                | 12,981        | 53          | 0         |
| <b>TOTAL</b>     |                 | <b>27,581</b>                 | <b>27,213</b> | <b>13,102</b>                        | <b>13,372</b> | <b>128</b>  | <b>30</b> |

### 3. SOURCES OF DEPOSITS

#### SEGMENTS OF THE MARKET BY INDUSTRIES AS OF 31 DECEMBER 2014

| Name in PKD (classification of business) | Deposits of entities | Including current deposits | Including: frozen | Share in total |
|--|----------------------|----------------------------|-------------------|----------------|
|--|----------------------|----------------------------|-------------------|----------------|

## Meritum Bank ICB S.A. Annual Financial Statements 2014

Annual Financial Statements for the financial year ended on 31 December 2014

(data in PLNk)

|  |                  |                |          |        |
|--|------------------|----------------|----------|--------|
| <i>Other sectors</i>                                   | 2,779,942        | 854,703        | 0        | 95.47% |
| <i>Insurance and funds</i>                             | 32,534           | 272            | 0        | 1.12   |
| <i>Erecting complete civil engineering structures</i>  | 23,852           | 14,955         | 0        | 0.82%  |
| <i>Accounting, financial and legal services</i>        | 11,904           | 7,985          | 0        | 0.41%  |
| <i>Retail trading</i>                                  | 9,917            | 8,133          | 0        | 0.34%  |
| <i>Services – real estate, insurance and education</i> | 9,177            | 3,605          | 0        | 0.32%  |
| <i>Wholesale</i>                                       | 7,934            | 4,967          | 0        | 0.27%  |
| <i>Health service</i>                                  | 6,495            | 4,825          | 0        | 0.22%  |
| <i>Services – electrical, plumbing, and repairs</i>    | 2,870            | 2,142          | 0        | 0.10%  |
| <i>Catering, tourism and hotel services</i>            | 2,178            | 863            | 0        | 0.07%  |
| <i>Transport services, shipping</i>                    | 1,969            | 1,657          | 0        | 0.07%  |
| <i>Services of car rental, real estate, leasing</i>    | 1,513            | 780            | 0        | 0.05%  |
| <i>ESP</i>   | -114             | 0              | 0        | 0.00%  |
| <i>Interest</i>  | 21,801           | 4              | 0        | 0.75%  |
| <b>TOTAL</b>   | <b>2,911,972</b> | <b>904,891</b> | <b>0</b> |        |

## GEOGRAPHICAL SEGMENTS OF THE MARKET AS OF 31 DECEMBER 2014

| Branch / Financial Service Centre of the Bank | Deposit amount   | Share %        |
|---|------------------|----------------|
| <i>Head Office</i>                            | 2,728,899        | 93.71%         |
| <i>O/Warsaw</i>                               | 34,632           | 1.19%          |
| <i>O/Wrocław</i>                              | 26,993           | 0.93%          |
| <i>O/Gdańsk</i>                               | 25,224           | 0.87%          |
| <i>CUF/Zabrze</i>                             | 23,696           | 0.81%          |
| <i>CUF/Warsaw</i>                             | 22,664           | 0.78%          |
| <i>O/Poznań</i>                               | 13,830           | 0.47%          |
| <i>CUF/Gdynia</i>                             | 10,274           | 0.35%          |
| <i>CUF/Wrocław</i>                            | 8,049            | 0.28%          |
| <i>CUF/Poznań</i>                             | 7,740            | 0.27%          |
| <i>CUF/Tychy</i>                              | 4,912            | 0.17%          |
| <i>O/Katowice</i>                             | 3,953            | 0.14%          |
| <i>CUF/Lublin</i>                             | 1,106            | 0.04%          |
|   | <b>2,911,972</b> | <b>100.00%</b> |

## SEGMENTS OF THE MARKET BY INDUSTRIES AS OF 31 DECEMBER 2013

| PKD code | Name in PKD (classification of business)              | Deposits of entities | Including current deposits | Including: frozen | Share in total |
|----------|---|----------------------|----------------------------|-------------------|----------------|
|          | <i>Other sectors</i>                                  | 2,498,822,           | 1,489,289                  | 50                | 96.77%         |
| 660      | <i>Insurance and funds</i>                            | 25,494,              | 449                        | 0                 | 0.99%          |
| 452      | <i>Erecting complete civil engineering structures</i> | 14,109,              | 4,099                      | 0                 | 0.55%,         |

## Meritum Bank ICB S.A. Annual Financial Statements 2014

Annual Financial Statements for the financial year ended on 31 December 2014

(data in PLNk)

|     |  |                  |                  |           |                |
|-----|--|------------------|------------------|-----------|----------------|
| 913 | Other membership organizations                                 | 7,394,           | 2,626            | 0         | 0.29%          |
| 701 | Real estate service on own account                             | 5,971,           | 1,227            | 0         | 0.23%          |
| 742 | Architecture, engineering                                      | 5,192,           | 2,732            | 0         | 0.20%          |
| 672 | Auxiliary division related to insurance and pension funds      | 4,987,           | 840              | 0         | 0.19%          |
| 741 | Legal, accounting, consulting, and holding management activity | 4,731,           | 3,149            | 0         | 0.18%          |
| 751 | Public administration and economic and social policy           | 1,538,           | 514              | 0         | 0.06%          |
| 602 | Other land transport   | 832,             | 688              | 0         | 0.03%          |
|     | ESP  | -96              | 0                | 0         | 0.00%          |
|     | Interest   | 13,170           | -18              | 0         | 0.51%          |
|     | <b>TOTAL</b>   | <b>2,582,144</b> | <b>1,505,595</b> | <b>50</b> | <b>100.00%</b> |

### GEOGRAPHICAL SEGMENTS OF THE MARKET AS OF 31 DECEMBER 2013

| Branch / Financial Service Centre of the Bank | Deposit amount   | Share %        |
|---|------------------|----------------|
| Head Office                                   | 2,406,661        | 93.20%         |
| O/Warsaw                                      | 31,892           | 1.24%          |
| CUF/Warszawa                                  | 29,413           | 1.14%          |
| O/Poznań                                      | 23,345           | 0.90%          |
| O/Wroclaw                                     | 21,864           | 0.85%          |
| O/Gdańsk                                      | 21,436           | 0.83%          |
| O/Katowice                                    | 12,263           | 0.47%          |
| CUF/Gdynia                                    | 10,550           | 0.41%          |
| CUF/Wroclaw                                   | 10,031           | 0.39%          |
| CUF/Poznań                                    | 7,260,           | 0.28%          |
| CUF/Tychy                                     | 3,925            | 0.15%          |
| CUF/Zabrze                                    | 1,807            | 0.07%          |
| CUF/Lublin                                    | 1,697            | 0.07%          |
| <b>Total</b>                                  | <b>2,582,144</b> | <b>100.00%</b> |

## 4. STRUCTURE OF CREDIT EXPOSURE CONCENTRATION

As of 31 December 2014 and 2013, the Bank had no exposures in specific entities or capital groups above 10% of the Bank's equity.

### SEGMENTS OF THE MARKET BY INDUSTRIES AS OF 31 DECEMBER 2014

| Name of sector  | Total exposure in PLN | Share in credit portfolio of the Bank |
|---|-----------------------|---------------------------------------|
| Retail credits  | 2,145,923             | 77.64%                                |
| Services in healthcare – private health service                             | 342,065               | 12.38%                                |
| Other sectors financed with commercial credits                              | 161,942               | 5.86%                                 |
| Legal and financial-accounting services                                     | 99,807                | 3.61%                                 |
| Retail (except for motor vehicles, trailers, semi-trailers and motorcycles) | 73,995                | 2.68%                                 |
| Deposits in other banks   | 69,981                | 2.53%                                 |

## Meritum Bank ICB S.A. Annual Financial Statements 2014

Annual Financial Statements for the financial year ended on 31 December 2014

(data in PLNk)

|  |                  |                |
|--|------------------|----------------|
| <i>Farming</i>   | 60,757           | 2.20%          |
| <i>Wholesale (except for motor vehicles, trailers, semi-trailers and motorcycles)</i>  | 51,058           | 1.85%          |
| <i>Intermediary services in real estate trading / insurance / education</i>  | 30,557           | 1.11%          |
| <i>Catering services / tourism / hotels / motels / B&amp;B / travel agencies</i>   | 17,866           | 0.65%          |
| <i>Electrical / plumbing / repair services</i>   | 15,505           | 0.56%          |
| <i>Housing development: developers, subcontractors, except for entities that were established to implement a specific investment project</i> | 10,757           | 0.39%          |
| <i>Services in leasing, car rentals, properties to let</i>   | 9,262            | 0.34%          |
| <i>Heavy industry / mining / steelworks / shipyard industry</i>  | 8,457            | 0.31%          |
| <i>Food industry</i>   | 7,539            | 0.27%          |
| <i>Building: construction of roads, bridges, implementing tasks related to road / communication infrastructure</i>                           | 7,517            | 0.27%          |
| <i>Furniture industry</i>  | 7,008            | 0.25%          |
| <i>Transport services / shipping</i>   | 5,772            | 0.21%          |
| <i>Textile / clothes / leather industry</i>  | 4,730            | 0.17%          |
| <i>Trading of motor vehicles, trailers, semitrailers, and motorcycles</i>  | 4,496            | 0.16%          |
| <i>Building: constructing industrial, shopping and public utility facilities</i>   | 3,575            | 0.13%          |
| <i>Car industry</i>  | 3,393            | 0.12%          |
| <i>Building: erecting transmission networks: water, heat, gas, power and telecommunication</i>   | 3,386            | 0.12%          |
| <i>Chemical / pharmaceutical industry</i>  | 2,617            | 0.09%          |
| <i>Services in healthcare – state health service</i>   | 291              | 0.01%          |
| <i>Housing development: entities established to implement a specific investment project</i>  | 12               | 0.00%          |
| <i>Interest</i>  | 34,713           | 1.26%          |
| <i>ESP</i>   | -98,417          | -3.56%         |
| <i>Reserves</i>  | -320,739         | -11.60%        |
| <b>Total</b>   | <b>2,763,825</b> | <b>100.00%</b> |

The present structure of the Bank's credit portfolio by sectors as of 31 December 2014 indicates the adequate diversification of this type of concentration risk.

## Meritum Bank ICB S.A. Annual Financial Statements 2014

Annual Financial Statements for the financial year ended on 31 December 2014

(data in PLNk)

### GEOGRAPHICAL SEGMENTS OF THE MARKET AS OF 31 DECEMBER 2014

| Geographic area                | Exposure in PLN  | Share in the Bank's portfolio |
|--------------------------------|------------------|-------------------------------|
| <i>Katowicki</i>               | 521,281          | 18.86%                        |
| <i>Poznański</i>               | 417,253          | 15.10%                        |
| <i>Gdański</i>                 | 402,444          | 14.56%                        |
| <i>Warszawski</i>              | 365,992          | 13.24%                        |
| <i>Wroclawski</i>              | 340,951          | 12.34%                        |
| <i>Krakowski</i>               | 251,093          | 9.08%                         |
| <i>Lubelski</i>                | 232,011          | 8.39%                         |
| <i>Olsztyński</i>              | 214,518          | 7.76%                         |
| <i>Łódzki</i>                  | 190,810          | 6.90%                         |
| <i>Szczeciński</i>             | 141,933          | 5.14%                         |
| <i>Deposits in other banks</i> | 69,981           | 2.53%                         |
| <i>Interest</i>                | 34,713           | 1.26%                         |
| <i>ESP</i>                     | -98,417          | -3.56%                        |
| <i>Reserves</i>                | -320,739         | -11.60%                       |
| <b>Total</b>                   | <b>2,763,825</b> | <b>100.00%</b>                |

### SEGMENTS OF THE MARKET BY INDUSTRIES AS OF 31 DECEMBER 2013

## Meritum Bank ICB S.A. Annual Financial Statements 2014

Annual Financial Statements for the financial year ended on 31 December 2014

(data in PLNk)

| Name of sector   | Total exposure in PLN | Share in credit portfolio of the Bank |
|--|-----------------------|---------------------------------------|
| <i>Retail credits</i>  | 1,690,968             | 72.06%                                |
| <i>Services in healthcare – private health service</i>   | 281,199               | 11.99%                                |
| <i>Other sectors financed with commercial credits</i>  | 162,167               | 6.91%                                 |
| <i>Deposits in other banks</i>   | 84,248                | 3.59%                                 |
| <i>Legal and financial-accounting services</i>   | 72,507                | 3.09%                                 |
| <i>Retail (except for motor vehicles, trailers, semi-trailers and motorcycles)</i>   | 64,854                | 2.76%                                 |
| <i>Wholesale (except for motor vehicles, trailers, semi-trailers and motorcycles)</i>  | 53,308                | 2.27%                                 |
| <i>Housing development: developers, subcontractors, except for entities that were established to implement a specific investment project</i> | 48,156                | 2.05%                                 |
| <i>Intermediary services in real estate trading / insurance / education</i>  | 22,165                | 0.94%                                 |
| <i>Catering services / tourism / hotels / motels / B&amp;B / travel agencies</i>   | 18,819                | 0.80%                                 |
| <i>Electrical / plumbing / repair services</i>   | 17,716                | 0.76%                                 |
| <i>Trading of motor vehicles, trailers, semitrailers, and motorcycles</i>  | 11,184                | 0.48%                                 |
| <i>Services in leasing, car rentals, properties to let</i>   | 10,726                | 0.46%                                 |
| <i>Building: construction of roads, bridges, implementing tasks related to road / transport infrastructure</i>                               | 9,881                 | 0.42%                                 |
| <i>Heavy industry / mining / steelworks / shipyard industry</i>  | 8,118                 | 0.35%                                 |
| <i>Transport services / shipping</i>   | 8,006                 | 0.34%                                 |
| <i>Food industry</i>   | 7,684                 | 0.33%                                 |
| <i>Furniture industry</i>  | 6,709                 | 0.29%                                 |
| <i>Textile / clothes / leather industry</i>  | 6,694                 | 0.29%                                 |
| <i>Building: constructing industrial, shopping and public utility facilities</i>   | 6,437                 | 0.27%                                 |
| <i>Building: erecting transmission networks: water, heat, gas, power and telecommunication</i>   | 3,406                 | 0.15%                                 |
| <i>Car industry</i>  | 2,715                 | 0.12%                                 |
| <i>Chemical / pharmaceutical industry</i>  | 2,648                 | 0.11%                                 |
| <i>Farming</i>   | 3                     | 0.00%                                 |
| <i>Interest</i>  | 27,304                | 1.16%                                 |

## Meritum Bank ICB S.A. Annual Financial Statements 2014

Annual Financial Statements for the financial year ended on 31 December 2014

(data in PLNk)

|              |                  |                |
|--------------|------------------|----------------|
| ESP          | -73,245          | -3.12%         |
| Reserves     | -208,197         | -8.87%         |
| <b>Total</b> | <b>2,346,180</b> | <b>100.00%</b> |

The presented structure of the Bank's credit portfolio exposures as of 31 December 2013 reveals no major geographic concentration risks.

### GEOGRAPHICAL SEGMENTS OF THE MARKET AS OF 31 DECEMBER 2013

| Geographic area                | Exposure in PLN  | Share in the Bank's portfolio |
|--------------------------------|------------------|-------------------------------|
| <i>Katowicki</i>               | 419,493          | 17.89%                        |
| <i>Gdański</i>                 | 337,397          | 14.38%                        |
| <i>Poznański</i>               | 330,221          | 14.07%                        |
| <i>Warszawski</i>              | 306,155          | 13.05%                        |
| <i>Wrocławski</i>              | 290,781          | 12.39%                        |
| <i>Krakowski</i>               | 204,370          | 8.71%                         |
| <i>Lubelski</i>                | 185,110          | 7.89%                         |
| <i>Olsztyński</i>              | 175,746          | 7.49%                         |
| <i>Łódzki</i>                  | 146,726          | 6.25%                         |
| <i>Szczeciński</i>             | 120,071          | 5.12%                         |
| <i>Deposits in other banks</i> | 84,248           | 3.59%                         |
| <i>Interest</i>                | 27,304           | 1.16%                         |
| ESP                            | -73,245          | -3.12%                        |
| Reserves                       | -208,197         | -8.87%                        |
| <b>Total</b>                   | <b>2,346,180</b> | <b>100.00%</b>                |

There are no clients who have received financing on terms and conditions that are significantly different from generally applicable, either as of 31 December 2014 and 31 December 2013.

## 5. CREDITS AND LOANS

| Financial sector                      | 31.12.2014    | 31.12.2013    |
|---------------------------------------|---------------|---------------|
| <i>Regular receivables, including</i> | 69,975        | 84,237        |
| - <i>deposits in other banks</i>      | 46,185        | 65,200        |
| - <i>credits and loans</i>            | 0             | 0             |
| - <i>on the current account</i>       | 23,790        | 19,037        |
| <i>Non-performing receivables</i>     | 0             | 0             |
| <i>Lost, including</i>                | 0             | 0             |
| - <i>other receivables</i>            | 0             | 0             |
| <i>Interest</i>                       | 6             | 11            |
| ESP                                   | 0             | 0             |
| <b>TOTAL</b>                          | <b>69,981</b> | <b>84,248</b> |

## Meritum Bank ICB S.A. Annual Financial Statements 2014

Annual Financial Statements for the financial year ended on 31 December 2014

(data in PLNk)

| Non-financial sector                          | 31.12.2014       | 31.12.2013       |
|---|------------------|------------------|
| <i>Regular receivables</i>                    | 2,609,566        | 2,184,227        |
| <i>Monitored receivables</i>                  | 60,835           | 50,748           |
| <i>Non-performing receivables, including:</i> | 87,086           | 75,828           |
| <i>Sub-standard</i>                           | 33,183           | 27,745           |
| <i>Bad</i>                                    | 22,128           | 17,685           |
| <i>Lost</i>                                   | 31,775           | 27,398           |
| <i>Undue interest</i>                         | 11,801           | 12,007           |
| <i>Due and unpaid interest</i>                | 22,912           | 15,297           |
| ESP   | -98,415          | -73,242          |
| <b>TOTAL</b>                                  | <b>2,693,785</b> | <b>2,261,865</b> |

| Budget sector                                 | 31.12.2014 | 31.12.2013 |
|---|------------|------------|
| <i>Regular receivables</i>                    | 61         | 69         |
| <i>Monitored receivables</i>                  | 0          | 0          |
| <i>Non-performing receivables, including:</i> | 0          | 0          |
| <i>Sub-standard</i>                           | 0          | 0          |
| <i>Bad</i>                                    | 0          | 0          |
| <i>Lost</i>                                   | 0          | 0          |
| <i>Undue interest</i>                         | 0          | 1          |
| <i>Due and unpaid interest</i>                | 0          | 0          |
| ESP   | -2         | -3         |
| <b>TOTAL</b>                                  | <b>59</b>  | <b>67</b>  |

### BY MATURITY DATES

| Financial sector                           | 31.12.2014    | 31.12.2013    |
|--|---------------|---------------|
| <i>Receivables within 1 month</i>          | 66,794        | 82,046        |
| <i>Receivables from 1 to 3 months</i>      | 3,084         | 2,102         |
| <i>Receivables from 3 months to 1 year</i> | 103           | 100           |
| <i>Receivables from 1 year to 5 years</i>  | 0             | 0             |
| <i>Mature receivables</i>                  | 0             | 0             |
| ESP  | 0             | 0             |
| <b>Total</b>                               | <b>69,981</b> | <b>84,248</b> |

| Non-financial sector                       | 31.12.2014       | 31.12.2013       |
|--|------------------|------------------|
| <i>Receivables within 1 month</i>          | 52,626           | 43,796           |
| <i>Receivables from 1 to 3 months</i>      | 76,568           | 64,375           |
| <i>Receivables from 3 months to 1 year</i> | 300,795          | 267,744          |
| <i>Receivables from 1 year to 5 years</i>  | 1,149,510        | 1,001,792        |
| <i>Receivables above 5 years</i>           | 896,363          | 734,698          |
| <i>Mature receivables</i>                  | 316,338          | 222,702          |
| ESP  | -98,415          | -73,242          |
| <b>Total</b>                               | <b>2,693,785</b> | <b>2,261,865</b> |

## Meritum Bank ICB S.A. Annual Financial Statements 2014

Annual Financial Statements for the financial year ended on 31 December 2014

(data in PLNk)

| Budget sector                              | 31.12.2014 | 31.12.2013 |
|--|------------|------------|
| <i>Receivables within 1 month</i>          | 1          | 1          |
| <i>Receivables from 1 to 3 months</i>      | 2          | 1          |
| <i>Receivables from 3 months to 1 year</i> | 8          | 6          |
| <i>Receivables from 1 year to 5 years</i>  | 50         | 50         |
| <i>Receivables above 5 years</i>           | 0          | 12         |
| <i>Mature receivables</i>                  | 0          | 0          |
| <i>ESP</i>                                 | -2         | -3         |
| <b>Total</b>                               | <b>59</b>  | <b>67</b>  |

The approximate effective rate of credit receivables in 2014 amounted to 13.95 %.

As of 31 December 2014, there were no overdue or disputed receivables in the books of the Bank for which no provisions had been established or revaluation write-offs made.

The approximate effective rate of credit receivables in 2013 amounted to 14.59%.

As of 31 December 2013, there were no overdue or disputed receivables in the books of the Bank for which no provisions had been established or revaluation write-offs made.

In the financial year ended on 31 December 2014, the Bank made the following write-offs:

- writing off receivables into provisions without depreciation (transfer to off-balance records) amounting to 49,684 PLNk, and
- writing off receivables into provisions with depreciation (cancelling from accounts) amounting to 49,848 PLNk;

The receivables were written off pursuant to § 9(3) of the Regulation by the Minister of Finance concerning the rules of establishing provisions for the risk related to banking activity and in relation to Article 16(1)(25)(b) and (2)1) of the Act on corporate income tax. Credit receivables were recognised as lost due to the issue of decisions by collection authorities to discontinue collection proceedings as a consequence of their inefficiency and as the Bank, being the creditor, recognised that factual status. Such receivables were sold for 4,954 PLNk.

### INTEREST INCOMES, REALISED AND UNREALISED

| Specification                                       | For the financial year 2014 | For the financial year (converted data) 2013 |
|---|-----------------------------|--|
| <i>Unrealised interest incomes</i>                  | 103,776                     | 59,425                                       |
| <i>Including with maturity dates up to 3 months</i> | 103,776                     | 59,425                                       |
| <i>Realised interest incomes</i>                    | 325,652                     | 290,722                                      |
| <b>Total</b>  | <b>429,428</b>              | <b>350,147</b>                               |

## Meritum Bank ICB S.A. Annual Financial Statements 2014

Annual Financial Statements for the financial year ended on 31 December 2014

(data in PLNk)

### 6. FINANCIAL ASSETS

| Specification  | As of 31.12.2014 | As of 31.12.2013 |
|--|------------------|------------------|
| <i>Cash</i>  | 1,273            | 1,759            |
| <i>Receivables from NBP</i>  | 106,851          | 31,444           |
| <i>Receivables from other banks</i>  | 69,981           | 84,248           |
| <i>Disposable financial assets – derivatives</i>   | 9                | 583              |
| <i>Own credits and loans granted by the Bank and own receivables, not allocated for sale</i> | 2,693,844        | 2,261,932        |
| <i>Financial assets kept until maturity</i>  | 0                | 29,919           |
| <i>Financial assets, available for sale – debt securities</i>                                | 432,406          | 451,259          |
| <b>Total</b>   | <b>3,304,364</b> | <b>2,861,144</b> |

Financial assets that according to the regulations of Chapter 3 of the Regulation by the Minister of Finance of 12 December 2001 on detailed rules of recognising, valuation methods, scope of disclosure, and the method of presenting financial instruments are not valued at a fair value are as follows:

- own receivables of the Bank, receivables from financial, non-financial and budget institutions – valued at depreciated cost, and
- receivables of internal operations – valued at due amounts.

Financial liabilities that according to the regulations of Chapter 3 of the Regulation by the Minister of Finance of 12 December 2001 on detailed rules of recognising, valuation methods, scope of disclosure, and the method of presenting financial instruments are not valued at a fair value are as follows:

- liabilities towards the Central Bank, financial institutions, non-financial sector, and budget sector, and
- other liabilities – valued at depreciated costs.

The Bank has not determined a fair value of the above-mentioned financial assets and liabilities as of the Balance Sheet closing date. Such valuation would involve the determination of the current value of future cash flows resulting from the above-mentioned financial instruments using a discount rate based on the market interest rate plus the market margin due to credit risk according to their value as of the Balance Sheet closing date.

Considering that the Bank uses the market margin due to credit risk, the fact that a change of an interest rate for 100% of the above-mentioned financial assets and 100% financial liabilities occurs within 6 months and almost 50.00% receivables are current receivables, as well as that special purpose provisions for the credit portfolio are reconciled with data on the actual default rate of the portfolio, in the Bank's opinion a fair value of the above-mentioned financial assets and liabilities would not be significantly different from their value in the Balance Sheet. The only major negative element in the Balance Sheet whose value differs from a fair value is reserved interest from the financial and non-financial sectors at 27,788 PLNk, for which the fair value amounts to 0.00.

The effects of revaluing financial instruments available for sale and valued at a fair value (revised by ESP valuation) are recognised in the revaluation capital (fund).

If assets are sold, the profit / loss is recognised in the Profit and Loss Account.

The revaluation capital as of 31 December 2014 amounted to -296 PLNk. In 2014, the profit (loss) due to operations on financial instruments amounted to 144 PLNk (income of 6,336 PLNk, costs of 6,480 PLNk), including:

- due to operations on derivatives NDF: incomes of 4,776 PLNk, costs of 5,087 PLNk;
- income due to valuation of securities of fair value amounting to 167 PLNk.

## Meritum Bank ICB S.A. Annual Financial Statements 2014

Annual Financial Statements for the financial year ended on 31 December 2014

(data in PLNk)

As of the Balance Sheet closing date (31 December 2014), the Bank had no securities maintained until maturity in its portfolio, being debt securities purchased for investment purposes.

The revaluation capital as of 31 December 2013 amounted to -1,039 PLNk. In 2013, the profit (loss) due to operations on financial instruments amounted to 384 PLNk (income of 4,628 PLNk, costs of 5,012 PLNk), including:

- due to operations on derivatives NDF: incomes of 4,628 PLNk, costs of 4,816 PLNk;
- income due to valuation of securities at a fair value amounting to 196 PLNk.

As of the Balance Sheet closing date (31 December 2013), the Bank had securities maintained until maturity in its portfolio, being debt securities purchased for investment purposes.

Such assets are valued according to the revised purchase price taking into account the effective interest rate; the effects of the valuation are recognised in the Profit and Loss Account (as of 31 December 2013, the income of 3 PLNk was recognised due to valuation). The estimated market value of securities maintained until maturity as of 31 December 2013 totalled 29,962 PLNk.

## 7. OTHER ASSETS

| Specification                                     | As of 31.12.2014 | As of 31.12.2013<br>(converted data) |
|---|------------------|--------------------------------------|
| <i>Various debtors</i>                            | 20,478           | 17,570                               |
| <i>Costs of commission accounted for linearly</i> | 9,976            | 4,207                                |
| <i>Inter-bank settlements</i>                     | 405              | 1,131                                |
| <i>Settlements with agents</i>                    | 3,801            | 1,068                                |
| <i>Valuation of derivatives</i>                   | 9                | 583                                  |
| <i>Settlements with employees</i>                 | 51               | 68                                   |
| <i>Settlements due to insurance</i>               | 0                | 24                                   |
| <i>Settlements due to payment cards</i>           | 1                | 6                                    |
| <i>Inter-branch settlements</i>                   | 293              | 0                                    |
| <i>Public-legal settlements</i>                   | 1,050            | 0                                    |
| <b>Total</b>                                      | <b>36,064</b>    | <b>24,657</b>                        |

## 8. LIABILITIES

| Towards monetary financial institutions | 31.12.2014 | 31.12.2013 |
|---|------------|------------|
| <i>Liabilities up to 1 month</i>        | 6          | 78         |
| <i>Interest</i>                         | 0          | 0          |
| <b>Total</b>                            | <b>6</b>   | <b>78</b>  |

## Meritum Bank ICB S.A. Annual Financial Statements 2014

Annual Financial Statements for the financial year ended on 31 December 2014

(data in PLNk)

| Towards other financial institutions      | 31.12.2014    | 31.12.2013    |
|---|---------------|---------------|
| <i>Liabilities up to 1 month</i>          | 8,712         | 8,706         |
| <i>Liabilities from 1 to 3 months</i>     | 5,000         | 9,737         |
| <i>Liabilities from 3 month to 1 year</i> | 0             | 11,052        |
| <i>Liabilities from 1 year to 5 years</i> | 19,000        | 0             |
| <i>Interest</i>                           | 132           | 959           |
| <i>ESP</i>                                | -3            | -34           |
| <b>Total</b>                              | <b>32,841</b> | <b>30,421</b> |

| Towards non-financial sector              | 31.12.2014       | 31.12.2013       |
|---|------------------|------------------|
| <i>Liabilities up to 1 month</i>          | 1,309,888        | 1,653,603        |
| <i>Liabilities from 1 to 3 months</i>     | 593,345          | 284,819          |
| <i>Liabilities from 3 month to 1 year</i> | 899,462          | 564,013          |
| <i>Liabilities from 1 year to 5 years</i> | 23,586           | 23,224           |
| <i>Liabilities from 5 to 10 years</i>     | 0                | 0                |
| <i>Interest</i>                           | 21,456           | 12,066           |
| <i>ESP</i>                                | -109             | -61              |
| <b>Total</b>                              | <b>2,847,628</b> | <b>2,537,664</b> |

| Towards the budget sector                 | 31.12.2014       | 31.12.2013       |
|---|------------------|------------------|
| <i>Liabilities up to 1 month</i>          | 9,291            | 2,037            |
| <i>Liabilities from 1 to 3 months</i>     | 1,095            | 2,500            |
| <i>Liabilities from 3 month to 1 year</i> | 20,900           | 9,300            |
| <i>Interest</i>                           | 213              | 145              |
| <i>ESP</i>                                | -2               | -1               |
| <b>Total</b>                              | <b>31,497</b>    | <b>13,981</b>    |
| <b>LIABILITIES IN TOTAL</b>               | <b>2,911,973</b> | <b>2,582,144</b> |

### INTEREST COSTS, REALISED AND UNREALISED

| Specification                                  | For the financial year of 2014 | For the financial year of 2013 |
|--|--------------------------------|--------------------------------|
| <i>Unrealised interest costs</i>               | -20,722                        | -13,038                        |
| <i>Including: with maturity up to 3 months</i> | -20,722                        | -13,038                        |
| <i>Realised interest costs</i>                 | -63,024                        | -83,569                        |
| <b>Total</b>                                   | <b>-83,746</b>                 | <b>-96,606</b>                 |

## 9. FINANCIAL INSTRUMENTS

### SECURITIES WITH UNLIMITED TRANSFERABILITY, NOT LISTED ON THE STOCK EXCHANGE, AS OF 31 DECEMBER 2014

| Specification as of 31.12.2014 | Face value | Book value |
|--------------------------------|------------|------------|
| <i>Debt securities</i>         | 24,500     | 26,211     |

**Meritum Bank ICB S.A. Annual Financial Statements 2014**

Annual Financial Statements for the financial year ended on 31 December 2014

(data in PLNk)

|  |               |               |
|--|---------------|---------------|
| <i>Treasury bills</i>  | 0             | 0             |
| <i>Bonds</i>   | 24,500        | 26,211        |
| <b><i>Securities being the cover of the Guaranteed Funds Security Fund (bonds)</i></b> | <b>15,500</b> | <b>16,449</b> |
| <b>Total</b>   | <b>40,000</b> | <b>42,660</b> |

**SECURITIES WITH UNLIMITED TRANSFERABILITY, NOT LISTED ON THE STOCK EXCHANGE, AS OF 31 DECEMBER 2013**

| Specification as of 31.12.2013   | Face value    | Book value    |
|--|---------------|---------------|
| <b><i>Debt securities</i></b>  | <b>55,500</b> | <b>56,802</b> |
| <i>Treasury bills</i>  | 0             | 0             |
| <i>Bonds</i>   | 55,500        | 56,802        |
| <b><i>Securities being the cover of the Guaranteed Funds Security Fund (bonds)</i></b> | <b>14,500</b> | <b>14,461</b> |
| <b>Total</b>   | <b>70,000</b> | <b>71,263</b> |

**SECURITIES WITH LIMITED TRANSFERABILITY, NOT LISTED ON THE STOCK EXCHANGE, AS OF 31 DECEMBER 2014**

| Specification as of 31.12.2014         | Face value     | Book value     |
|--|----------------|----------------|
| <b><i>Debt securities</i></b>          | <b>537,200</b> | <b>537,690</b> |
| <i>Liabilities due to own issuance</i> | 147,200        | 147,733        |
| <i>Money bills</i>                     | 390,000        | 389,957        |
| <b>Total</b>                           | <b>537,200</b> | <b>537,690</b> |

**SECURITIES WITH LIMITED TRANSFERABILITY, NOT LISTED ON THE STOCK EXCHANGE, AS OF 31 DECEMBER 2013**

| Specification as of 31.12.2013         | Face value     | Book value     |
|--|----------------|----------------|
| <b><i>Debt securities</i></b>          | <b>503,580</b> | <b>504,848</b> |
| <i>Liabilities due to own issuance</i> | 93,580         | 94,933         |
| <i>Money bills</i>                     | 410,000        | 409,915        |
| <b>Total</b>                           | <b>503,580</b> | <b>504,848</b> |

The Policy of the Bank with regard to investing surplus funds has not changed, thus limiting the range of purchased instruments to bills and bonds issued by the State Treasury, money bills issued by NBP and short-term deposits in other banks. This approach provides the balance between the profitability and their liquidity,

## Meritum Bank ICB S.A. Annual Financial Statements 2014

Annual Financial Statements for the financial year ended on 31 December 2014

(data in PLNk)

enabling immediate access to cash in situations of growing demand for funds. The Bank may use such instruments to obtain cash with repo or sell/buy-back transactions or ordinary sale on the market, on the as-needed basis.

The portfolio of securities as of 31 December 2014 comprised the bonds of the State Treasury with maturity date on 25 July 2019 (their face value was 40 PLNm) and 5-day money bills of NBP of the face value of 390 PLNm.

As it has been mentioned above, the portfolio of liquid assets includes also inter-bank deposits of the value of 43 PLNm and maturity dates up to 1 week.

## 10. SHARES AND PARTICIPATION IN SUBSIDIARIES AND ASSOCIATED ENTITIES

### IN SUBSIDIARIES AS OF 31 DECEMBER 2014

| Name of the entity and registered office                                 | Share capital | Value of shares at a gross purchase price | Value of shares according to the Balance Sheet | Share in the capital of the Company % | Share in votes at AGM % | Net financial profit (loss) for 2014 |
|--|---------------|---|--|---------------------------------------|-------------------------|--------------------------------------|
| <i>Meritum Services ICB S.A.<br/>ul. Chłopska 53<br/>80 – 350 Gdańsk</i> | 569           | 569                                       | 1,254  | 100                                   | 100                     | 307                                  |
| <b>Total</b>   |               |   |  |                                       |                         |                                      |

### IN SUBSIDIARIES AS OF 31 DECEMBER 2013

| Name of the entity and registered office                                 | Share capital | Value of shares at a gross purchase price | Value of shares according to the Balance Sheet | Share in the capital of the Company % | Share in votes at AGM % | Net financial profit (loss) for 2013 |
|--|---------------|---|--|---------------------------------------|-------------------------|--------------------------------------|
| <i>Meritum Services ICB S.A.<br/>ul. Chłopska 53<br/>80 – 350 Gdańsk</i> | 569           | 569                                       | 569  | 100                                   | 100                     | 296                                  |
| <b>Total</b>   | <b>569</b>    | <b>569</b>                                | <b>569</b>                                     | <b>100</b>                            | <b>100</b>              | <b>296</b>                           |

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

Business activity:

- preparing business plans and applications to gain subsidies from the EU funds by the entity, and
- preparing business plans and collecting the documentation of firms that apply for credits to banks.

In January 2009, the registered office of the Company was transferred from Wrocław to Gdańsk. The Company renders IT services for the Bank.

### IN ASSOCIATED ENTITIES AS OF 31 DECEMBER 2014

| Name of the entity and registered office | Share capital | Value of shares at a gross purchase price | Value of shares according to the Balance Sheet | Share in the capital of the Company % | Share in votes at AGM % | Net financial profit (loss) for the financial year |
|--|---------------|---|--|---------------------------------------|-------------------------|--|
|--|---------------|---|--|---------------------------------------|-------------------------|--|

## Meritum Bank ICB S.A. Annual Financial Statements 2014

Annual Financial Statements for the financial year ended on 31 December 2014

(data in PLNk)

|   |            |            |          |    |    |         |
|---|------------|------------|----------|----|----|---------|
| TOWARZYSTWO<br>AKWIZYCJI<br>FINANSOWEJ S.A.<br><i>ul. Kordeckiego 56/58<br/>04-344 WARSZAWA</i>               | 100        | 50         | 0        | 50 | 50 | no data |
| TOWARZYSTWO<br>AKWIZYCJI<br>PRODUKTÓW<br>FINANSOWYCH S.A.<br><i>ul. Kordeckiego 56/58<br/>04-344 WARSZAWA</i> | 100        | 50         | 0        | 50 | 50 | no data |
| <b>Total</b>  | <b>200</b> | <b>100</b> | <b>0</b> |    |    |         |

On 28 August 2014, the Bank sold all shares in Mazowieckie Konsorcjum Autostradowe S.A., i.e. 1,803 shares for the total amount of 1.3 PLNk.

### IN ASSOCIATED ENTITIES AS OF 31 DECEMBER 2013

| Name of the entity and registered office  | Share capital | Value of shares at a gross purchase price | Value of shares according to the Balance Sheet | Share in the capital of the Company % | Share in votes at AGM % | Net financial profit (loss) for the financial year |
|---|---------------|---|--|---------------------------------------|-------------------------|--|
| MAZOWIECKIE<br>KONSORCJUM<br>AUTOSTRADOWE S.A.<br><i>Al. Szucha 9<br/>00-580 Warszawa</i>                     | 500           | 180                                       | 0  | 36.06                                 | 31.46                   | no data  |
| TOWARZYSTWO<br>AKWIZYCJI<br>FINANSOWEJ S.A.<br><i>ul. Kordeckiego 56/58<br/>04-344 WARSZAWA</i>               | 100           | 50  | 0  | 50                                    | 50                      | no data  |
| TOWARZYSTWO<br>AKWIZYCJI<br>PRODUKTÓW<br>FINANSOWYCH S.A.<br><i>ul. Kordeckiego 56/58<br/>04-344 WARSZAWA</i> | 100           | 50  | 0  | 50                                    | 50                      | no data  |
| <b>Total</b>  | <b>700</b>    | <b>280</b>                                | <b>0</b>                                       |                                       |                         |  |

-Mazowieckie Konsorcjum Autostradowe S.A.

Business activity: managing design issues, designs, construction and maintenance of roads / motorways and transport infrastructure, managing and operating roads / motorways owned by the Company, real estate sales, etc.

Towarzystwo Akwizycji Finansowej S.A.

Business activity: sale of financial and property products, real estate trading, agency in insurance, acquisition for Private Pension Funds. The Company is not active.

Towarzystwo Akwizycji Produktów Finansowych S.A.

Business activity: sale of financial products, agency insurance, acquisition for Private Pension Funds. The Company is not active.

## Meritum Bank ICB S.A. Annual Financial Statements 2014

Annual Financial Statements for the financial year ended on 31 December 2014

(data in PLNk)

### Zakład Przemysłu Bawełnianego „FROTEX” S.A.

Business activity: wholesale of textiles, finishing textile materials, production of other textiles, not elsewhere classified.

### MINORITY SHARES AS OF 31 DECEMBER 2014

| Name of the entity and registered office  | Value of shares at a gross purchase price | Value of shares according to the Balance Sheet | Share in the capital of the Company % | Share in votes at AGM % |
|---|---|--|---------------------------------------|-------------------------|
| <i>POLSKIE HOTELE I KURORTY S.A.<br/>Plac Powstańców Warszawy 2<br/>00-030 WARSZAWA</i>                 | 125                                       | 0  | 4.55                                  | 4.55                    |
| <i>BIURO TURYSTYKI ZAGRANICZNEJ "Fregata- PTTK"<br/>Sp. Z o.o.<br/>ul. Bytowska 1<br/>80-328 GDAŃSK</i> | 7   | 0  | 3.06                                  | 3.06                    |
| <b>Total</b>  | <b>132</b>                                | <b>0</b>                                       |                                       |                         |

### MINORITY SHARES AS OF 31 DECEMBER 2013

| Name of the entity and registered office  | Value of shares at a gross purchase price | Value of shares according to the Balance Sheet | Share in the capital of the Company % | Share in votes at AGM % |
|---|---|--|---------------------------------------|-------------------------|
| <i>POLSKIE HOTELE I KURORTY S.A.<br/>Plac Powstańców Warszawy 2<br/>00-030 WARSZAWA</i>                 | 125                                       | 0  | 4.55                                  | 4.55                    |
| <i>BIURO TURYSTYKI ZAGRANICZNEJ "Fregata- PTTK"<br/>Sp. Z o.o.<br/>ul. Bytowska 1<br/>80-328 GDAŃSK</i> | 7   | 0  | 3.06                                  | 3.06                    |
| <b>Total</b>  | <b>132</b>                                | <b>0</b>                                       |                                       |                         |

### Polskie Hotele i Kurorty S.A.

Business activity: rendering services in tourism, providing tourist information, organization of accommodation, means of transport, ticket sales, rental of real estate, managing a database of hotels and resorts.

The Company is not active.

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

Business activity: organising and sales of foreign travels and tourism, organising tourism and trips, transport services, comprehensive hotel and catering services, travel services, etc. The Company is not active.

As of 31 December 2014, there were no shares unpaid by the Bank or any due dividends.

## 11. INTANGIBLE AND LEGAL ASSETS

### CHANGE OF VALUE OF INTANGIBLE AND LEGAL ASSETS IN 2014

| Title  | Licences and software | Total         |
|--|-----------------------|---------------|
| <b>Gross value as of 01.01.2014</b>                    | <b>53,793</b>         | <b>53,793</b> |
| <b>Increases</b>                                       | <b>10,812</b>         | <b>10,812</b> |
| <i>Costs of completed development work</i>             | 10,812                | 10,812        |
| <i>Settlement of investments</i>                       | 0                     | 0             |
| <b>Decreases</b>                                       | <b>4,647</b>          | <b>4,647</b>  |
| <i>Liquidation of investments</i>                      | 0                     | 0             |
| <i>Settlements of investments</i>                      | 0                     | 0             |
| <i>Sales</i>   | 4,647                 | 4,647         |
| <b>Gross value as of 31.12.2014</b>                    | <b>59,958</b>         | <b>59,958</b> |
| Title  | Licences and software | Total         |
| <b>Depreciation as of 01.01.2014</b>                   | <b>26,647</b>         | <b>26,647</b> |
| <b>Increases</b>                                       | <b>4,022</b>          | <b>4,022</b>  |
| <i>Depreciation write-offs until 31.12.2014</i>        | 4,022                 | 4,022         |
| <b>Decreases</b>                                       | <b>1,476</b>          | <b>1,476</b>  |
| <i>Sale</i>  | 1,476                 | 1,476         |
| <i>Liquidation</i>                                     | 0                     | 0             |
| <b>Depreciation as of 31.12.2014</b>                   | <b>29,192</b>         | <b>29,192</b> |
| <b>Net value as of 31.12.2014</b>                      | <b>30,766</b>         | <b>30,766</b> |
| <b>Received subsidy for the purchase of software</b>   | <b>703</b>            | <b>703</b>    |
| <b>Net value in the Balance Sheet as of 31.12.2014</b> | <b>30,063</b>         | <b>30,063</b> |

In December 2013, the Bank carried out the revision of incomplete projects, in order to identify those whose continued implementation required justification due to the longer period of implementation or incurred outlays. The expected full benefits stemming from such projects needed to be confirmed by the Bank. As a consequence, a list of projects in progress was prepared for which there were doubts as to the above-mentioned conditions. The list prepared as of 31 December 2013 was used by the Bank to make the revaluation write-off for 5.9 PLNm. In June 2014, the Bank continued the actions taken in the above-mentioned initiatives and verified again the status, advancement, and outlays necessary to complete the projects. After the positive verification, a decision was taken to continue the projects; as a result, they were completed and implemented. Therefore, the conditions for recognising the impairment were no longer fulfilled and the write-off of 5.9 PLNm was reversed as of 30 June 2014.

In April 2014, as a part of continuing the revision of incomplete projects, the Bank made the revaluation write-off for the amount of 3.2 PLNm. In August, the Bank continued the actions within the above-mentioned initiative and verified once more the status, advancement, and outlays necessary for completing the projects. After the positive verification, a decision was taken to continue the projects; as a consequence, they were completed and implemented. Therefore, the conditions for recognising the impairment were no longer fulfilled and the write-off of 3.2 PLNm was reversed as of 31 August 2014.

### CHANGE OF VALUE OF INTANGIBLE AND LEGAL ASSETS IN 2013

| Title                                      | Licences and software | Total         |
|--|-----------------------|---------------|
| <b>Gross value as of 01.01.2013</b>        | <b>44,919</b>         | <b>44,919</b> |
| <b>Increases</b>                           | <b>8,874</b>          | <b>8,874</b>  |
| <i>Costs of completed development work</i> | 8,874                 | 8,874         |
| <i>Settlement of investments</i>           | 0                     | 0             |
| <b>Decreases</b>                           | <b>0</b>              | <b>0</b>      |

**Meritum Bank ICB S.A. Annual Financial Statements 2014**

Annual Financial Statements for the financial year ended on 31 December 2014

(data in PLNk)

|  |                              |               |
|--|------------------------------|---------------|
| <b>31.12.2013</b>                                      | <b>53,793</b>                | <b>53,793</b> |
| <b>Title</b>   | <b>Licences and software</b> | <b>Total</b>  |
| <i>Gross value as of 01.01.2013</i>                    | 22,955                       | 22,955        |
| <i>Increases</i>                                       | 3,692                        | 3,692         |
| <i>Depreciation write-offs until 31.12.2013</i>        | 3,692                        | 3,692         |
| <i>Decreases</i>                                       | 0                            | 0             |
| <i>Depreciation as of 31.12.2013</i>                   | 26,647                       | 26,647        |
| <i>Net value as of 31.12.2013</i>                      | 27,146                       | 27,146        |
| <i>Received subsidy for the purchase of software</i>   | 771                          | 771           |
| <b>Net value in the Balance Sheet as of 31.12.2013</b> | <b>26 375</b>                | <b>26 375</b> |

**12. TANGIBLE FIXED ASSETS**

| <b>Title</b>   | <b>GROUP I</b> | <b>GROUP IV</b> | <b>GROUP VI</b> | <b>GROUP VII</b> | <b>GROUP VIII</b> | <b>Total</b>  |
|--|----------------|-----------------|-----------------|------------------|-------------------|---------------|
| <i>Gross value as of 01.01.2014</i>                    | 4,002          | 10,367          | 1,847           | 4,571            | 4,633             | 25,420        |
| <i>Increases</i>                                       | 444            | 1,291           | 23              | 2,000            | 334               | 4,092         |
| <i>Purchases</i>                                       | 444            | 1,291           | 23              | 2,000            | 334               | 4,092         |
| <i>Acceptance from investments</i>                     | 0              | 0               | 0               | 0                | 0                 | 0             |
| <i>Decreases</i>                                       | 1,295          | 1,312           | 247             | 534              | 1,006             | 4,394         |
| <i>Sale</i>  | 0              | 1,312           | 0               | 534              | 0                 | 1,846         |
| <i>Liquidation</i>                                     | 1,295          | 0               | 247             | 0                | 1,006             | 2,548         |
| <i>Settlements of investments</i>                      | 0              | 0               | 0               | 0                | 0                 | 0             |
| <b>Gross value as of 31.12.2014</b>                    | <b>3,151</b>   | <b>10,346</b>   | <b>1,623</b>    | <b>6,037</b>     | <b>3,961</b>      | <b>25,118</b> |
| <b>Title</b>   |                |                 |                 |                  |                   |               |
| <i>Depreciations as of 01.01.2014</i>                  | 2,751          | 7,309           | 1,271           | 1,745            | 3,255             | 16,331        |
| <i>Increases</i>                                       | 536            | 1,920           | 175             | 1,079            | 447               | 4,157         |
| <i>Depreciation write-offs</i>                         | 536            | 1,920           | 175             | 1,079            | 447               | 4,157         |
| <i>Decreases</i>                                       | 1,243          | 1,312           | 226             | 246              | 985               | 4,012         |
| <i>Sale</i>  | 0              | 1,312           | 0               | 246              | 0                 | 1,558         |
| <i>Liquidation</i>                                     | 1,243          | 0               | 226             | 0                | 985               | 2,454         |
| <i>Depreciations as of 31.12.2014</i>                  | 2,044          | 7,917           | 1,220           | 2,578            | 2,717             | 16,476        |
| <i>Net value as of 31.12.2014</i>                      | 1,107          | 2,429           | 403             | 3,465            | 1,244             | 8,642         |
| <b>Net value in the Balance Sheet as of 31.12.2014</b> | <b>1,107</b>   | <b>2,429</b>    | <b>403</b>      | <b>3,459</b>     | <b>1,244</b>      | <b>8,642</b>  |

**Meritum Bank ICB S.A. Annual Financial Statements 2014**  
 Annual Financial Statements for the year ended on 31 December 2014  
 (data in PLNk)

| Title  | GROUP I | GROUP IV | GROUP VI | GROUP VII | GROUP VIII | Started investments | Total  |
|--|---------|----------|----------|-----------|------------|---------------------|--------|
| <b>Gross value as of 01.01.2013</b>                    | 4,274   | 10,383   | 1,465    | 3,830     | 4,059      | 17                  | 24,028 |
| <b>Increases</b>                                       | 637     | 1,524    | 402      | 937       | 636        | 0                   | 4,136  |
| <i>Purchases</i>                                       | 620     | 1,524    | 402      | 937       | 636        | 0                   | 4,119  |
| <i>Acceptance from investments</i>                     | 17      | 0        | 0        | 0         | 0          | 0                   | 17     |
| <b>Decreases</b>                                       | 909     | 1,540    | 20       | 196       | 62         | 17                  | 2,744  |
| <i>Sale</i>  | 0       | 0        | 0        | 40        | 0          | 0                   | 40     |
| <i>Liquidation</i>                                     | 909     | 1,540    | 20       | 156       | 62         | 0                   | 2,687  |
| <i>Settlements of investments</i>                      | 0       | 0        | 0        | 0         | 0          | 17                  | 17     |
| <b>Gross value as of 31.12.2013</b>                    | 4,002   | 10,367   | 1,847    | 4,571     | 4,633      | 0                   | 25,420 |
| <b>Title</b>   |         |          |          |           |            |                     |        |
| <b>Depreciations as of 01.01.2013</b>                  | 2,592   | 6,905    | 1,039    | 1,121     | 2,922      | 0                   | 14,579 |
| <b>Increases</b>                                       | 1,068   | 1,944    | 252      | 820       | 395        | 0                   | 4,479  |
| <i>Depreciation write-offs</i>                         | 757     | 1,944    | 252      | 802       | 395        | 0                   | 4,150  |
| <i>Other decreases</i>                                 | 311     | 0        | 0        | 18        | 0          | 0                   | 329    |
| <b>Decreases</b>                                       | 909     | 1,540    | 20       | 196       | 62         | 0                   | 2,727  |
| <i>Sale</i>  | 0       | 0        | 0        | 0         | 0          | 0                   | 0      |
| <i>Liquidation</i>                                     | 598     | 1,540    | 20       | 178       | 62         | 0                   | 2,398  |
| <i>Other decreases</i>                                 | 311     | 0        | 0        | 18        | 0          |                     | 329    |
| <b>Depreciations as of 31.12.2013</b>                  | 2,751   | 7,309    | 1,271    | 1,745     | 3,255      | 0                   | 16,331 |
| <b>Net value as of 31.12.2013</b>                      | 1,251   | 3,058    | 576      | 2,826     | 1,378      | 0                   | 9,089  |
| <b>Net value in the Balance Sheet as of 31.12.2013</b> | 1,251   | 3,058    | 576      | 2,826     | 1,378      | 0                   | 9,089  |

### 13. PREPAYMENTS AND ACCRUALS

#### PREPAYMENTS

| Specification                                | 31.12.2014   | 31.12.2013   |
|--|--------------|--------------|
| <i>Costs accounted for in time</i>           | 6,449        | 3,891        |
| <i>- including costs of development work</i> | 3,548        | 1,002        |
| <i>Commissions collected in advance</i>      | 853          | 308          |
| <b>Total</b>                                 | <b>7,302</b> | <b>4,199</b> |

#### ACCRUALS

| Specification  | 31.12.2014   | 31.12.2013   |
|--|--------------|--------------|
| <i>Other due costs, including:</i>                     | 8,563        | 1,842        |
| <i>Reserve for tangible costs</i>                      | 4,470        | 1,304        |
| <i>Reserve for remuneration due to bonuses</i>         | 3,839        | 296          |
| <i>Reserve for audit services</i>                      | 254          | 242          |
| <i>Reserve for reimbursement of insurance premiums</i> | 0            | 1,322        |
| <b>Total</b>   | <b>8,563</b> | <b>3,164</b> |

## 14. INCOMES OF FUTURE PERIODS AND RESERVED INCOMES

| Specification                            | 31.12.2014    | 31.12.2013<br>(converted data) |
|--|---------------|--------------------------------|
| <i>Reversed interest</i>                 | 18,059        | 10,677                         |
| <i>Reserved interest – ESP valuation</i> | 9,729         | 5,684                          |
| <i>Other income received in advance</i>  | 2,207         | 640                            |
| <i>Capitalised interest</i>              | 0             | 1                              |
| <b>Total</b>                             | <b>29,995</b> | <b>17,002</b>                  |

## 15. INITIAL CAPITAL

As of 31 December 2014, the initial capital of Meritum Bank ICB S.A. amounted to 379,342 PLNk.

| Series           | Type of shares    | Type of preference                             | Number of shares (pcs.) | Value of issuance at the face value in PLN | Present face value in PLN |
|------------------|-------------------|--|-------------------------|--|---------------------------|
| <i>A series</i>  | <i>registered</i> | <i>one share is entitled to 5 votes at AGM</i> | 8,050                   | 805  | 241                       |
| <i>Aa series</i> | <i>registered</i> | <i>one share is entitled to 5 votes at AGM</i> | 3,000                   | 300  | 90                        |
| <i>C series</i>  | <i>registered</i> | <i>one share is entitled to 5 votes at AGM</i> | 2,160                   | 216  | 64                        |
| <i>D series</i>  | <i>registered</i> | <i>one share is entitled to 5 votes at AGM</i> | 120,000                 | 12,000                                     | 3,600                     |
| <i>E series</i>  | <i>registered</i> | <i>one share is entitled to 5 votes at AGM</i> | 31,000                  | 3,100                                      | 930                       |
| <i>F series</i>  | <i>registered</i> | <i>one share is entitled to 5 votes at AGM</i> | 58,000                  | 5,800                                      | 1,740                     |
| <i>G series</i>  | <i>registered</i> | <i>one share is entitled to 5 votes at AGM</i> | 54,411                  | 5,441                                      | 1,632                     |
| <i>H series</i>  | <i>registered</i> | <i>one share is entitled to 5 votes at AGM</i> | 50,000                  | 5,000                                      | 1,500                     |
| <i>I series</i>  | <i>registered</i> | <i>one share is entitled to 5 votes at AGM</i> | 201,000                 | 20,100                                     | 6,030                     |
| <i>J series</i>  | <i>registered</i> | <i>one share is entitled to 5 votes at AGM</i> | 200,000                 | 20,000                                     | 6,000                     |
| <i>K series</i>  | <i>registered</i> | <i>one share is entitled to 5 votes at AGM</i> | 250,000                 | 25,000                                     | 7,500                     |
| <i>L series</i>  | <i>registered</i> | <i>one share is entitled to 5 votes at AGM</i> | 146,729                 | 14,673                                     | 4,402                     |
| <i>L series</i>  | <i>registered</i> | <i>one share is entitled to 5 votes at AGM</i> | 48,565                  | 4,856                                      | 1,457                     |
| <i>M series</i>  | <i>registered</i> | <i>one share is entitled to 2 votes at AGM</i> | 366,667                 | 11,000                                     | 11,000                    |
| <i>N series</i>  | <i>registered</i> | <i>one share is entitled to 2 votes at AGM</i> | 300,000                 | 9,000                                      | 9,000                     |
| <i>O series</i>  | <i>registered</i> | <i>one share is entitled to 2 votes at AGM</i> | 1,666,700               | 50,001                                     | 50,001                    |
| <i>P series</i>  | <i>registered</i> | <i>one share is entitled to 2 votes at AGM</i> | 366,667                 | 11,000                                     | 11,000                    |
| <i>R series</i>  | <i>registered</i> | <i>none</i>                                    | 433,334                 | 13,000                                     | 13,000                    |
| <i>S series</i>  | <i>registered</i> | <i>none</i>                                    | 533,334                 | 16,000                                     | 16,000                    |
| <i>T series</i>  | <i>registered</i> | <i>none</i>                                    | 233,334                 | 7,000                                      | 7,000                     |
| <i>U series</i>  | <i>registered</i> | <i>none</i>                                    | 266,667                 | 8,000                                      | 8,000                     |
| <i>W series</i>  | <i>registered</i> | <i>none</i>                                    | 600,000                 | 18,000                                     | 18,000                    |
| <i>X series</i>  | <i>registered</i> | <i>none</i>                                    | 563,042                 | 16,892                                     | 16,892                    |

## Meritum Bank ICB S.A. Annual Financial Statements 2014

Annual Financial Statements for the year ended on 31 December 2014

(data in PLNk)

|                  |                   |             |                   |        |                |
|------------------|-------------------|-------------|-------------------|--------|----------------|
| <i>Y series</i>  | <i>registered</i> | <i>none</i> | 500,000           | 15,000 | 15,000         |
| <i>Z series</i>  | <i>registered</i> | <i>none</i> | 766,667           | 23,000 | 23,000         |
| <i>Bb series</i> | <i>registered</i> | <i>none</i> | 828,050           | 24,842 | 24,842         |
| <i>Cc series</i> | <i>registered</i> | <i>none</i> | 1,454,942         | 43,648 | 43,649         |
| <i>Dd series</i> | <i>registered</i> | <i>none</i> | 455,054           | 13,652 | 13,652         |
| <i>Ee series</i> | <i>registered</i> | <i>none</i> | 88,279            | 2,648  | 2,648          |
| <i>Ff series</i> | <i>registered</i> | <i>none</i> | 1,382,400         | 41,472 | 41,472         |
| <i>Gg series</i> | <i>registered</i> | <i>none</i> | 333,334           | 10,000 | 10,000         |
| <i>Hh series</i> | <i>registered</i> | <i>none</i> | 251,271           | 7,538  | 7,538          |
| <i>Ii series</i> | <i>registered</i> | <i>none</i> | 82,063            | 2,462  | 2,462          |
| <b>TOTAL</b>     | <b>-</b>          | <b>-</b>    | <b>12,644,720</b> |        | <b>379,342</b> |

Shares have no preference other than indicated in the above table. Pursuant to §29c of the Statute of the Bank, the Management Board was authorised in the period until 24 October 2014 to increase the initial capital by the amount not exceeding 226,117 PLNk (target capital). The initial value of the target capital up to which the Management Board was authorised to increase the initial capital pursuant to §29a could not have been higher than 78,891 PLNk.

Pursuant to § 29(3) of the Statute of Meritum Bank ICB SA, shares in the Bank of A-L series are preferential with regard to votes, namely every share is entitled to five votes at the Annual General Meeting, while every share in the Bank from series M to series P is entitled to two votes at the Annual General Meeting. The Statute of the Bank does not provide for any preferences as regards the division of dividends or reimbursement of capital.

On 9 January 2014, the District Court in Gdańsk registered the increase of initial capital of Meritum Bank ICB S.A. by the amount of 10,000 PLNk.

On 26 March 2014, the District Court in Gdańsk registered the increase of initial capital of Meritum Bank ICB S.A. by the amount of 7,538 PLNk.

On 4 April 2014, the District Court in Gdańsk registered the increase of initial capital of Meritum Bank ICB S.A. by the amount of 2,462 PLNk.

### CHANGES IN INITIAL CAPITAL IN 2014

| Value as of 01.01.2014 in PLN | Increases | Decreases | Value as of 31.12.2014 in PLN |
|-------------------------------|-----------|-----------|-------------------------------|
| 359 342                       | 20,000    | 0         | 379,342                       |

### CHANGES IN INITIAL CAPITAL IN 2013

| Value as of 01.01.2013 in PLN | Increases | Decreases | Value as of 31.12.2013 in PLN |
|-------------------------------|-----------|-----------|-------------------------------|
| 359 342                       | 0         | 0         | 359,342                       |

## 16. OTHER CAPITALS

| Other capitals                | 31.12.2014 |
|-------------------------------|------------|
| <i>Revaluation capital</i>    | -296       |
| <i>Loss of previous years</i> | -145,753   |

| Other capitals                | 31.12.2013 |
|-------------------------------|------------|
| <i>Revaluation capital</i>    | -1,039     |
| <i>Loss of previous years</i> | -157,431   |

## 17. SUBORDINATED LIABILITIES

### 17.1 2014

On 22 April 2014, the Management Board of the Bank carried resolution No. 171/2014 concerning the early buy-out of all subordinated bearer bonds of the A series. Consent to the early buy-out of bonds was given by the Supervisory Board of Meritum Bank ICB S.A. on 22 April.

On 9 May 2014, Meritum Bank ICB S.A. carried out the early buy-out of all subordinated bearer bonds of A series. The initial buy-out date was on 9 May 2020.

On 21 October 2014, the Bank issued 8,000 (in words: eight thousand) 8-year subordinated bearer bonds of C series of the face value of PLN 10,000 (in words: ten thousand zlotys) each, with the buy-out date on 21 October 2022. Pursuant to the CRR Regulation, the bonds fulfil conditions that make it possible to classify them in own supplementary funds of the Banks.

| Subordinated liabilities              | Face value | Currency | Interest rate (%) | Due date / buy-out date |
|---------------------------------------|------------|----------|-------------------|-------------------------|
| <i>Bonds, 2nd issuance – B series</i> | 67,200     | PLN      | 7.77%             | 29.04.2021              |
| <i>Bonds, 3rd issuance – C series</i> | 80,000     | PLN      | 6.11%             | 21.10.2022              |

### 17.2 2013

On 29 April 2013, the Bank issued bonds for 67,200,000 PLN (in words: sixty seven million two hundred thousand zlotys) within the Subordinated Bond Issue Programme of the face value of 10,000.00 PLN (in words:

ten thousand zlotys) each. The buy-out date of bonds was set on 29 April 2021. On 28 June 2013, the Financial Supervision Authority gave consent to crediting the amount of 67,200,000.00 in supplementary funds of the Bank, as the subordinated liability due to the issuance of 29 April 2013 of B series subordinated bonds of the face value of 10,000.00 PLN each.

| Subordinated liabilities              | Face value    | Currency | Interest rate (%) | Due date / buy-out date |
|---------------------------------------|---------------|----------|-------------------|-------------------------|
| <i>Bonds, 2nd issuance – B series</i> | 67,200,000.00 | PLN      | 8.50%             | 29.04.2021              |
| <i>Bonds, 1st issuance – A series</i> | 26,300,000.00 | PLN      | 8.70%             | 09.05.2020              |

## 18. TARGET RESERVES FOR RECEIVABLES

| Specification  | 2014           | 2013           |
|--|----------------|----------------|
| <b><i>As of year beginning, including:</i></b>                             | <b>208,217</b> | <b>144,308</b> |
| <i>reserves for receivables from clients</i>                               | 208,197        | 144,296        |
| <i>reserves for off-balance liabilities</i>                                | 0              | 0              |
| <i>reserves for liabilities (deposits)</i>                                 | 20             | 12             |
| <b><i>Increases due to:</i></b>  | <b>275,113</b> | <b>211,098</b> |
| <i>establishing reserves for receivables from clients</i>                  | 275,085        | 211,083        |
| <i>establishing reserves for off-balance liabilities</i>                   | 0              | 1              |
| <i>establishing reserves for liabilities</i>                               | 28             | 14             |
| <b><i>Decreases due to:</i></b>  | <b>162,553</b> | <b>147,189</b> |
| <i>dissolutions of reserves for receivables from clients, including:</i>   | 90,453         | 65,235         |
| <i>due to the sale of the portfolio</i>                                    | 4,954          | 6,973          |
| <i>decreases due to writing off receivables into reserves, including:</i>  | 44,644         | 81,947         |
| <i>due to the sale of portfolio of receivables written off in reserves</i> | 21,301         | 49,159         |
| <i>revision of increases – realignment</i>                                 | 0              | 0              |
| <i>dissolutions of reserves for off-balance liabilities</i>                | 0              | 1              |
| <i>dissolutions of reserves for liabilities</i>                            | 10             | 6              |
| <i>dissolution of reserves for overdue receivables</i>                     | 9,605          | 1,345          |
| <b><i>As of the year end, including:</i></b>                               | <b>320,777</b> | <b>208,217</b> |
| <i>reserves for receivables from clients</i>                               | 320,739        | 208,197        |
| <i>reserves for off-balance liabilities</i>                                | 0              | 0              |
| <i>reserves for liabilities (deposits)</i>                                 | 38             | 20             |

The Bank maintains the adequate level of target reserves pursuant to applicable regulations, including in particular the Regulation by the Minister of Finance of 16 December 2008 on rules of establishing reserves for the risk related to banking operations (Journal of Laws from 2008 No. 235 Item 1589 as amended).

## 19. RESERVES FOR FUTURE LIABILITIES

| Specification | 2014 | 2013 |
|---------------|------|------|
|---------------|------|------|

|  |              |              |
|--|--------------|--------------|
| <b>As of year beginning, including:</b>                                  | <b>1,004</b> | <b>959</b>   |
| <i>due to old-age and disability severance pays</i>                      | 54           | 54           |
| <i>for unused leaves</i>   | 885          | 685          |
| <i>court cases</i>   | 65           | 220          |
| <b>Increases due to:</b>   | <b>838</b>   | <b>427</b>   |
| <i>establishing reserves for court cases</i>                             | 44           | 227          |
| <i>establishing reserves for unused leaves</i>                           | 794          | 200          |
| <b>Decreases due to:</b>   | <b>571</b>   | <b>382</b>   |
| <i>dissolutions of reserves for court cases</i>                          | 37           | 150          |
| <i>dissolution of reserves for old-age and disability severance pays</i> | 0            | 0            |
| <i>use of reserves for unused leaves</i>                                 | 490          | 0            |
| <i>use of reserves for court cases</i>                                   | 44           | 232          |
| <b>As of the year end, including:</b>                                    | <b>1,271</b> | <b>1,004</b> |
| <i>due to old-age and disability severance pays</i>                      | 54           | 54           |
| <i>for unused leaves</i>   | 1,190        | 885          |
| <i>court cases</i>   | 27           | 65           |

## 20. REVALUATION WRITE-OFFS BY TYPES OF ASSETS (EXCLUSIVE OF SPECIAL PURPOSE RESERVES)

| Specification  | 2014         | 2013         |
|--|--------------|--------------|
| <b>As of year beginning, including:</b>                                | <b>6,779</b> | <b>6,345</b> |
| <i>revaluation write-offs of development work</i>                      | 5,869        | 0            |
| <i>revaluation write-offs of reserves for receivables from debtors</i> | 497          | 221          |
| <i>revaluation write-offs of the value of shares and participation</i> | 413          | 6,124        |
| <i>revaluation write-offs of securities</i>                            | 0            | 0            |
| <b>Increases due to:</b>   | <b>5,870</b> | <b>6,145</b> |
| <i>revaluation write-offs of development work</i>                      | 3,252        | 5,869        |
| <i>establishing reserves for receivables from debtors</i>              | 2,346        | 276          |
| <i>revaluation of shares and participation</i>                         | 0            | 0            |
| <i>reduction of security value</i>                                     | 0            | 0            |
| <b>Decreases due to:</b>   | <b>9,121</b> | <b>5,711</b> |
| <i>revaluation write-offs of development work</i>                      | 9,121        | 0            |
| <i>use of reserves for receivables from debtors</i>                    | 0            | 0            |
| <i>revaluation of shares and participation</i>                         | 0            | 0            |
| <i>use of write-offs (shares and participation)</i>                    | 180          | 5,711        |
| <i>increase of value of securities</i>                                 | 0            | 0            |
| <b>As of the year end, including:</b>                                  | <b>3,528</b> | <b>6,779</b> |
| <i>revaluation write-offs of development work</i>                      | 0            | 5,869        |
| <i>revaluation write-offs of reserves for receivables from debtors</i> | 2,843        | 497          |
| <i>revaluation write-offs of the value of shares and participation</i> | 232          | 413          |
| <i>revaluation write-offs of securities</i>                            | 0            | 0            |

## 21. COLLATERAL OF OWN LIABILITIES OF THE BANK AND LIABILITIES OF THIRD PARTIES

As of 31.12.2014

**Meritum Bank ICB S.A. Annual Financial Statements 2014**  
Annual Financial Statements for the year ended on 31 December 2014  
(data in PLNk)

| Specification  | Amount / rate value |
|--|---------------------|
| Total cash collected on bank accounts being the basis for the calculation of the obligatory reserve, subject to Article 14 of the Act on Bank Guarantee Fund for the month of October 2014 | 2,925,872           |
| Value of rate – pursuant to the Resolution of Council of the Fund (in %)   | 0,55%               |
| Value of the Guaranteed Funds Security Fund for 2014 (line 1 × line 2)   | 16,092              |
| Value of assets 1 for the period of October 2014, as the cover of Guaranteed Funds Security Fund (pursuant to article 26(1) of the Act on the Fund), including:                            | 16,385              |
| - securities   | 16,385              |

As of 31.12.2013

| Specification  | Amount / rate value |
|--|---------------------|
| Total cash collected on bank accounts being the basis for the calculation of the obligatory reserve, subject to Article 14 of the Act on Bank Guarantee Fund for the month of October 2013 | 2,604,225           |
| Value of rate – pursuant to the Resolution of Council of the Fund (in %)   | 0,55%               |
| Value of the Guaranteed Funds Security Fund for 2013 (line 1 × line 2)   | 14,323              |
| Present value of assets 1, as the cover of Guaranteed Funds Security Fund (pursuant to article 26(1) of the Act on the Fund), including:   | 14,386              |
| - securities   | 14,386              |

## 22. CONDITIONAL LIABILITIES

| Specification   | 31.12.2014    | 31.12.2013    |
|---|---------------|---------------|
| <b>GRANTED LIABILITIES</b>                              | <b>50,075</b> | <b>68,108</b> |
| <i>Liabilities granted to non-financial entities</i>    | <b>50,075</b> | <b>68,108</b> |
| <i>liabilities concerning financing</i>                 | 49,645        | 68,023        |
| <i>guarantee liabilities</i>                            | 430           | 85            |
| <b>CONDITIONAL LIABILITIES</b>                          | <b>19,902</b> | <b>0</b>      |
| <i>Liabilities received from financial entities</i>     | <b>0</b>      | <b>0</b>      |
| <i>guarantee liabilities</i>                            | 0             | 0             |
| <i>Liabilities received from non-financial entities</i> | <b>0</b>      | <b>0</b>      |
| <i>liabilities concerning financing</i>                 | 0             | 0             |
| <i>guarantee liabilities</i>                            | 0             | 0             |
| <b>Other received collaterals</b>                       | <b>19,902</b> | <b>18,673</b> |
| <i>Mortgages</i>  | 19,881        | 17,217        |
| <i>Assignments</i>                                      | 21            | 69            |
| <i>Registered pledge</i>                                | 0             | 190           |
| <i>Guarantee</i>  | 0             | 0             |
| <i>Transfer of liability</i>                            | 0             | 1,197         |

## GRANTED GUARANTEES AND SURETIES AS OF 31 DECEMBER 2014

| Client number | Agreement number | Date of granting the guarantee | Validity term of the guarantee | Guarantee amount in PLN |
|---------------|------------------|--------------------------------|--------------------------------|-------------------------|
|---------------|------------------|--------------------------------|--------------------------------|-------------------------|

|              |             |            |            |            |
|--------------|-------------|------------|------------|------------|
| 400253       | GB\12076651 | 2012.11.06 | 2018.02.28 | 85         |
| 98684743     | GB\14108499 | 2014.11.24 | 2015.12.07 | 130        |
| 29577561     | GB\14111699 | 2014.10.10 | 2015.06.22 | 215        |
| <b>Total</b> |             |            |            | <b>430</b> |

#### GRANTED GUARANTEES AND SURETIES AS OF 31 DECEMBER 2013

| Client number | Agreement number | Date of granting the guarantee | Validity term of the guarantee | Guarantee amount in PLN |
|---------------|------------------|--------------------------------|--------------------------------|-------------------------|
| 400253        | GB\12076651      | 2012.11.06                     | 2018.02.28                     | 85                      |
| <b>Total</b>  |                  |                                |                                | <b>85</b>               |

### 23. LIABILITIES RELATED TO PURCHASE/SALE

| Specification                                   | 31.12.2014   | Transaction type     | 31.12.2013    | Transaction type     |
|---|--------------|----------------------|---------------|----------------------|
| <b>I. CURRENT FX TRANSACTIONS</b>               | <b>3,664</b> |                      | <b>1,922</b>  |                      |
| <i>Zlotys purchased for receipt</i>             | 344          | SPOT                 | 0             | SPOT                 |
| <i>Foreign currencies purchased for receipt</i> | 1,484        | SPOT                 | 961           | SPOT                 |
| <i>Zlotys sold for issue</i>                    | 1,492        | SPOT                 | 962           | SPOT                 |
| <i>Foreign currencies sold for issue</i>        | 344          | SPOT                 | 0             | SPOT                 |
| <b>II. Term FX transactions</b>                 | <b>4,774</b> |                      | <b>55,876</b> |                      |
| <i>Zlotys purchased for receipt</i>             | 1,708        | Non-delivery Forward | 16,092        | Non-delivery Forward |
| <i>Foreign currencies purchased for receipt</i> | 683          | Non-delivery Forward | 12,141        | Non-delivery Forward |
| <i>Zlotys sold for issue</i>                    | 422          | Non-delivery Forward | 14,271        | Non-delivery Forward |
| <i>Foreign currencies sold for issue</i>        | 1,961        | Non-delivery Forward | 13,372        | Non-delivery Forward |
| <i>Total purchased</i>                          | <b>4,219</b> |                      | <b>29,194</b> |                      |
| <i>Total sold</i>                               | <b>4,218</b> |                      | <b>28,604</b> |                      |

### 24. MAJOR TERMS AND CONDITIONS OF AGREEMENTS CONCERNING FINANCIAL INSTRUMENTS

As of 31 December 2014 and 31 December 2013, Meritum Bank ICB S.A. had no agreements whose terms and conditions could affect significantly the value, deadline or certainty level of future liabilities.

### 25. VALUATION OF FINANCIAL ASSETS AVAILABLE FOR SALE ACCORDING TO A FAIR VALUE

As a consequence of the regular revaluation of the security portfolio available for sale as of 31 December 2014, the amount of 22 PLNk was entered in the Ledger of the Bank due to the valuation to the fair value as of the Balance Sheet closing date (valuation of money bills) and the cost of 274 PLNk (AFS valuation), which was recognised in capital from the revaluation of securities.

As a result of the regular revaluation of the security portfolio available for sale as of 31 December 2013, the amount of 28 PLNk was entered in the Ledger of the Bank due to the valuation to the fair value as of the Balance Sheet closing date (valuation of money bills) and the cost of 1,011 PLNk (AFS valuation), which was recognised in capital from the revaluation of securities.

## 26. INCOMES AND COSTS OF FINANCIAL ASSETS AVAILABLE FOR SALE THAT WERE DELETED FROM THE BALANCE SHEET (SOLD)

| Specification              | 2014          | 2013          |
|----------------------------|---------------|---------------|
| <i>Incomes on interest</i> | 10,755        | 12,161        |
| <i>Income on sale</i>      | 1,560         | 870           |
| <i>Cost of sale</i>        | -1,322        | -315          |
| <b>Total</b>               | <b>10,993</b> | <b>12,716</b> |

## 27. OTHER OPERATING COSTS OF THE BANK

| Title  | For the financial year of 2014 | For the financial year of 2013 |
|--|--------------------------------|--------------------------------|
| <i>External services</i>                       | -29,027                        | -26,961                        |
| <i>Costs of advertising and representation</i> | -10,128                        | -7,775                         |
| <i>Costs of renting premises</i>               | -9,884                         | -9,266                         |
| <i>Levies and taxes</i>                        | -4,116                         | -2,610                         |
| <i>Consulting services</i>                     | -3,404                         | -2,080                         |
| <i>Material and energy consumption</i>         | -2,039                         | -2,210                         |
| <i>Business trips</i>                          | -577                           | -584                           |
| <i>Costs of repairs</i>                        | -219                           | -211                           |
| <b>Total</b>                                   | <b>-59 394</b>                 | <b>-51 697</b>                 |

## 28. INTEREST INCOMES AND COSTS

### INCOMES BY LINES OF BUSINESS

| Title                           | For the financial year of 2014 | For the financial year of 2013<br>(converted data) |
|---------------------------------|--------------------------------|--|
| <i>Retail customers</i>         | 283,379                        | 223,896  |
| <i>Commercial customers</i>     | 133,131                        | 109,392  |
| <i>From securities</i>          | 9,962                          | 14,281   |
| <i>Payments and settlements</i> | 2,956                          | 2,578  |
| <b>Total</b>                    | <b>429,428</b>                 | <b>350,147</b>                                     |

### COSTS BY LINES OF BUSINESS

| Title                           | For the financial year of 2014 | For the financial year of 2013 |
|---------------------------------|--------------------------------|--------------------------------|
| <i>Retail customers</i>         | -79,170                        | -91,425                        |
| <i>Commercial customers</i>     | -4,575                         | -5,181                         |
| <i>Payments and settlements</i> | 0                              | 0                              |
| <b>Total</b>                    | <b>-83,746</b>                 | <b>-96,606</b>                 |

## 29. COMMISSION INCOMES AND COSTS

### INCOMES

| Specification                            | For the financial year of 2014 | For the financial year of 2013 |
|--|--------------------------------|--------------------------------|
| <i>Insurance</i>                         | 7,311                          | 9,685                          |
| <i>Cards</i>                             | 5,966                          | 4,626                          |
| <i>Credits</i>                           | 5,334                          | 10,342                         |
| <i>Other</i>                             | 1,050                          | 757                            |
| <i>Current accounts</i>                  | 1,006                          | 790                            |
| <i>Deposits</i>                          | 694                            | 193                            |
| <i>Accounts with other Banks and NBP</i> | 7                              | 9                              |
| <b>TOTAL</b>                             | <b>21,368</b>                  | <b>26,402</b>                  |

### COSTS

| Specification                            | For the financial year of 2014 | For the financial year of 2013<br>(converted data) |
|--|--------------------------------|--|
| <i>Insurance</i>                         | -5,201                         | ,-2,365  |
| <i>Credits</i>                           | -4,068                         | -1,762   |
| <i>Other</i>                             | -765                           | -295   |
| <i>Cards</i>                             | -693                           | -576   |
| <i>Current accounts</i>                  | -447                           | -329   |
| <i>Accounts with other Banks and NBP</i> | -236                           | -172   |
| <i>Deposits</i>                          | -16                            | -40  |
| <b>Total</b>                             | <b>-11,426</b>                 | <b>,-5,539</b>                                     |

## 30. OTHER OPERATING INCOMES AND COSTS

### OTHER OPERATING INCOMES

| Specification   | For the financial year of 2014 | For the financial year of 2013 |
|---|--------------------------------|--------------------------------|
| <i>Reversal of the revaluation write-off of development work</i>        | 9,121                          | 0                              |
| <i>Other</i>  | 8,421                          | 4,207                          |
| <i>Income from franchise fees, for applications and other recharges</i> | 5,857                          | 4,615                          |
| <i>From the sale of fixed assets</i>                                    | 0                              | 40                             |
| <i>Result of the joint venture - TESCO</i>                              | 1,569                          | 4,158                          |
| <i>Due to damages, penalties and fines</i>                              | 75                             | 41                             |
| <i>Reduction of write-offs (shares and participation)</i>               | 0                              | 5,711                          |
| <b>Total</b>  | <b>25,043</b>                  | <b>18,772</b>                  |

### OTHER OPERATING COSTS

| Specification  | For the financial year of 2014 | For the financial year of 2013 |
|--|--------------------------------|--------------------------------|
| <i>Other</i>   | -12,673                        | -2,979                         |
| <i>Costs of collecting receivables</i>                 | -3,587                         | -2,944                         |
| <i>Due to the sale and liquidation of fixed assets</i> | ,-159                          | 0                              |
| <i>Revaluation write-offs of development work</i>      | -3,252                         | -5,869                         |

|  |                |                |
|--|----------------|----------------|
| <i>Due to subsidies</i>                              | -45            | -15            |
| <i>Due to court costs</i>                            | -4             | -50            |
| <i>Costs of purchases (shares and participation)</i> | 0              | -5,711         |
| <b>Total</b>   | <b>„-19720</b> | <b>-17,568</b> |

### 31. PROFIT (LOSS) ON FX ITEMS

| Specification                    | For the financial year of 2014 | For the financial year of 2013 |
|----------------------------------|--------------------------------|--------------------------------|
| <i>Realised FX differences</i>   | 1,289                          | -45                            |
| <i>Unrealised FX differences</i> | -464                           | 992                            |
| <b>Total</b>                     | <b>825</b>                     | <b>947</b>                     |

### 32. INCOME TAX

Income tax is calculated according to Polish tax regulations. The income tax is calculated based on the gross profit in the Balance Sheet revised with the following items:

- non-deductible costs,
- non-taxable costs, and
- incomes and costs determined in the Act on corporate income tax

| Income Tax – the current and deferred part  | For the financial year of 2014 | For the financial year of 2013 |
|---|--------------------------------|--------------------------------|
| <b>Gross financial profit of the Bank</b>   | <b>57,891</b>                  | <b>13,874</b>                  |
| <i>Tax that encumbers the financial profit including:</i>                           | -13,339                        | -2,196                         |
| - current   | -21,646                        | 0                              |
| - deferred  | <b>8,307</b>                   | <b>-2,196</b>                  |
| <b>Net financial profit (loss)</b>  | <b>44,552</b>                  | <b>11,678</b>                  |
| <b>Gross profit (loss)</b>  | <b>57,891</b>                  | <b>13,874</b>                  |
| <i>Share of Tesco in JV</i>   | 1,569                          | 4,158                          |
| <i>Gross profit (loss) for the tax calculation</i>                                  | 59,460                         | 18,032                         |
| <b>Increase of gross profit for fiscal purposes</b>                                 | <b>358,865</b>                 | <b>270,559</b>                 |
| <i>Determining non-deductible special purpose reserves, valuation of securities</i> | 156,523                        | 128,211                        |
| <i>Interest received for the previous periods</i>                                   | 13,916                         | 12,407                         |
| <i>Valuation NDF and Forward/ unrealised FX differences</i>                         | 3,778                          | 4,793                          |
| <i>Due interest</i>   | 23,828                         | 14,838                         |

**Meritum Bank ICB S.A. Annual Financial Statements 2014**  
Annual Financial Statements for the year ended on 31 December 2014  
(data in PLNk)

|  |                 |                 |
|--|-----------------|-----------------|
| <i>Income received in advance</i>  | 141,659         | 101,089         |
| <i>Non-deductible depreciation</i>   | 3,757           | 1,239           |
| <i>Other increases</i>   | 15,404          | 7,981           |
| <b><i>Decreases of gross profit for fiscal purposes</i></b>                | <b>-290,831</b> | <b>-251,004</b> |
| <i>Valuation NDF and Forward/ unrealised FX differences</i>                | -3,359          | -4,250          |
| <i>Due interest</i>  | -12,665         | -16,491         |
| <i>Interest paid for previous periods</i>                                  | -16,574         | -28,969         |
| <i>Valuation of securities (for previous periods)</i>                      | -3,381          | -3,155          |
| <i>Dissolution of non-deductible special purpose reserves</i>              | -118,347        | -137,810        |
| <i>Other reductions</i>  | -18,187         | -17,969         |
| <i>Incomes collected in advance – previous years</i>                       | -118,318        | -42,359         |
| <b><i>Current income tax base</i></b>                                      | <b>127,494</b>  | <b>37,587</b>   |
| <i>Subsidies – added to income</i>   | 0               | 0               |
| <b><i>Current income tax after income deductions</i></b>                   | <b>127,494</b>  | <b>37,587</b>   |
| <b><i>Settlement of losses of previous periods</i></b>                     | <b>13,565</b>   | <b>37,587</b>   |
| <b><i>Tax base after the settlement of losses for previous periods</i></b> | <b>113,929</b>  | <b>0</b>        |
| <b><i>Current tax</i></b>  | <b>21,646</b>   | <b>0</b>        |
| <b><i>Paid tax</i></b>   | <b>21,935</b>   | <b>0</b>        |
| <b><i>Liabilities to the Tax Office</i></b>                                | <b>-289</b>     | <b>0</b>        |

**DEFERRED INCOME TAX**

| <b>Changes of deferred income tax</b>                             | <b>For the financial year of 2014</b> | <b>For the financial year of 2013</b> |
|---|---------------------------------------|---------------------------------------|
| <i>Reserve due to deferred income tax – as of year beginning</i>  | <b>7,218</b>                          | <b>7,741</b>                          |
| <i>1. Increases</i>   | 1,239                                 | 910                                   |
| <i>2. Decreases</i>   | -1,239                                | -1,433                                |
| <i>Total change</i>   | 0                                     | -523                                  |
| <b><i>Reserve due to deferred income tax – as of year end</i></b> | <b>7,218</b>                          | <b>7,218</b>                          |
| <i>Assets due to deferred income tax – as of year beginning</i>   | <b>32,919</b>                         | <b>35,639</b>                         |
| <i>1. Increases</i>   | 13,607                                | 15,145                                |
| <i>2. Decreases</i>   | -5,300                                | -17,865                               |
| <i>Total change</i>   | 8,307                                 | -2,720                                |

**Meritum Bank ICB S.A. Annual Financial Statements 2014**  
Annual Financial Statements for the year ended on 31 December 2014  
(data in PLNk)

| <i>Assets due to deferred income tax – as of year end</i>   | 41,226                                | 32,919                                |
|---|---------------------------------------|---------------------------------------|
| Specification   | For the financial year of 2014        | For the financial year of 2013        |
| <b><i>Deferred tax – as of year beginning</i></b>   | <b>26,770</b>                         | <b>28,966</b>                         |
| <i>Income tax recognised in the profit of the year</i>  | 8,307                                 | -2,196                                |
| <i>Income tax recognised in equity</i>  | 0                                     | 0                                     |
| <b><i>Deferred tax – as of year end</i></b>   | <b>35,077</b>                         | <b>26,770</b>                         |
| <b><i>Deferred tax recognised in the Profit and Loss Account</i></b>                                  | <b>For the financial year of 2014</b> | <b>For the financial year of 2013</b> |
| <i>Non-deductible reserves for credits and reserves for shares and participation</i>                  | 4,157                                 | 804                                   |
| <i>Accruals</i>   | 572                                   | 191                                   |
| <i>Interest</i>   | 1,637                                 | -3,471                                |
| <i>Valuation of securities</i>  | 468                                   | 353                                   |
| <i>Differences between fiscal and Balance Sheet depreciation (settlement of investment allowance)</i> | -61                                   | -144                                  |
| <i>Unrealised FX differences</i>  | 110                                   | 103                                   |
| <i>Settlement of asset established for tax losses</i>   | -2,145                                | -7,270                                |
| <i>Other transitory differences</i>   | 3,569                                 | 7,238                                 |
| <b><i>Total deferred tax recognised in the Profit and Loss Account</i></b>                            | <b>8,307</b>                          | <b>-2,196</b>                         |

**ASSETS AND RESERVE FOR DEFERRED INCOME TAX**

| Specification  | 31.12.2014                      |               | 31.12.2013                      |               |
|--|---------------------------------|---------------|---------------------------------|---------------|
|  | Value of transitory differences | Tax (19%)     | Value of transitory differences | Tax (19%)     |
| <b><i>Income tax asset</i></b>   |                                 |               |                                 |               |
| <i>Negative difference between the purchase price and the Balance Sheet value of shares and participation in subsidiaries and other entities</i> | 233                             | 44            | 413                             | 78            |
| <i>Reserves for future liabilities</i>   | 6,742                           | 1,280         | 3,876                           | 736           |
| <i>Unaccounted for commissions on financial assets valued at the depreciated cost taking account of ESP</i>                                      | 98,056                          | 18,631        | 74,626                          | 14,179        |
| <i>Charged due interest</i>  | 21,834                          | 4,148         | 13,188                          | 2,506         |
| <i>Special purpose non-deductible reserves</i>   | 79,850                          | 15,171        | 57,792                          | 10,981        |
| <i>Differences between revaluation account and tax write-offs – concerning investments in external fixed assets</i>                              | 969                             | 184           | 1,290                           | 245           |
| <i>Valuation of Forward and NDF transactions</i>   | 3                               | 1             | 2,664                           | 506           |
| <i>Other</i>   | 6,282                           | 1,194         | 5,104                           | 970           |
| <i>Tax loss for 2011 not accounted for</i>   | 3,014                           | 573           | 6,535                           | 1,242         |
| <i>Tax loss for 2010 not accounted for</i>   | 0                               | 0             | 7,769                           | 1,476         |
| <b><i>Total income tax asset</i></b>   | <b>216,983</b>                  | <b>41,226</b> | <b>173,257</b>                  | <b>32,919</b> |
|  | 31.12.2014                      |               | 31.12.2013                      |               |
| Specification  | Value of transitory             | Tax           | Value of transitory             | Tax           |

|  | differences    | (19%)         | differences    | (19%)         |
|--|----------------|---------------|----------------|---------------|
| <b>Income tax reserve</b>  |                |               |                |               |
| <i>Due interest</i>  | -16,759        | -3,184        | -16,730        | -3,179        |
| <i>Unrealised discount – treasury bills, bonds</i>                             | -1,620         | -308          | -4,264         | -810          |
| <i>Difference between book and fiscal value of intangible and legal assets</i> | -19,510        | -3,707        | -13,747        | -2,612        |
| <i>Valuation of Forward and NDF transactions</i>                               | -9             | -2            | 3,247          | 617           |
| <i>Other</i>   | -93            | -17           | 0              | 0             |
| <b>Total reserve for deferred income tax</b>                                   | <b>-37,991</b> | <b>-7,218</b> | <b>-37,988</b> | <b>-7,218</b> |

### 33. TRANSACTIONS WITH ASSOCIATED ENTITIES

#### DATA PRESENTED IN THE BALANCE SHEET SYSTEM

| ASSETS   | 31.12.2014    | 31.12.2013   |
|--|---------------|--------------|
| <b>Receivables from the non-financial sector</b> | <b>6,923</b>  | <b>1,899</b> |
| <i>Credits</i>                                   | 6,977         | 1,920        |
| <i>Charged interest</i>                          | 29            | 11           |
| <i>ESP</i>                                       | -83           | -32          |
| <b>Fixed assets</b>                              | <b>1,254</b>  | <b>569</b>   |
| <i>Shares</i>                                    | 1,254         | 569          |
| <b>Intangible and legal assets</b>               | <b>4,230</b>  | <b>1,213</b> |
| <b>Other assets</b>                              | <b>0</b>      | <b>146</b>   |
| <b>Total assets</b>                              | <b>12,407</b> | <b>3,827</b> |

| LIABILITIES   | 31.12.2014    | 31.12.2013   |
|---|---------------|--------------|
| <b>Liabilities towards the financial sector</b>     | <b>4,533</b>  | <b>4,900</b> |
| <i>Deposits</i>                                     | 4,262         | 4,147        |
| <i>Current accounts</i>                             | 271           | 753          |
| <i>Charged interest</i>                             | 0             | 0            |
| <b>Liabilities towards the non-financial sector</b> | <b>4,294</b>  | <b>3,104</b> |
| <i>Deposits</i>                                     | 3,129         | 3,099        |
| <i>Current accounts</i>                             | 1,160         | 0            |
| <i>Charged interest</i>                             | 5             | 5            |
| <b>Other liabilities</b>                            | <b>3,505</b>  | <b>0</b>     |
| <b>Total liabilities</b>                            | <b>12,332</b> | <b>8,004</b> |

#### DATA PRESENTED IN THE PROFIT AND LOSS ACCOUNT SYSTEM

| PROFIT AND LOSS ACCOUNT       | For the financial year of 2014 | For the financial year of 2013 |
|-------------------------------|--------------------------------|--------------------------------|
| <b>Income due to interest</b> | <b>283</b>                     | <b>135</b>                     |
| <i>on credits</i>             | 283                            | 135                            |
| <b>Interest costs</b>         | <b>-34</b>                     | <b>-512</b>                    |
| <i>on current accounts</i>    | -1                             | -8                             |

## Meritum Bank ICB S.A. Annual Financial Statements 2014

Annual Financial Statements for the year ended on 31 December 2014

(data in PLNk)

|  |               |               |
|--|---------------|---------------|
| <i>deposits</i>  | -33           | -504          |
| <b>Profit (loss) on interest</b>                               | <b>249</b>    | <b>-376</b>   |
| <b>Income on commissions</b>                                   | <b>13</b>     | <b>11</b>     |
| <b>Costs of commissions</b>                                    | <b>0</b>      | <b>0</b>      |
| <b>Profit (loss) on commissions</b>                            | <b>13</b>     | <b>11</b>     |
| <b>Profit (loss) on financial activity</b>                     | <b>1</b>      | <b>1</b>      |
| <b>Profit (loss) on banking activity</b>                       | <b>263</b>    | <b>-364</b>   |
| <b>Other operating incomes / costs</b>                         | <b>-2,175</b> | <b>0</b>      |
| <b>Profit (loss) before reserves</b>                           | <b>-1,912</b> | <b>-364</b>   |
| <b>Write-offs for special purpose reserves and revaluation</b> | <b>0</b>      | <b>0</b>      |
| <b>Costs of Bank operation</b>                                 | <b>-2,155</b> | <b>-1,111</b> |
| <i>IT services</i>   | -2,155        | -1,111        |
| <b>Gross profit (loss)</b>                                     | <b>-4,067</b> | <b>-1,475</b> |

In 2014, the Bank participated in the costs of searching for an investor for the Bank by Innova Financial Holdings amounting to 2.175 PLNm.

### GRANTED FINANCIAL LIABILITIES, INCLUDING IRREVOCABLE ONES

2014

#### INCOMES (administration)

| Type of agreement                    | Parties of agreement         |                                  | Remuneration of parties (fees due to the Bank) | Value for 2014 | Term  |
|--------------------------------------|------------------------------|----------------------------------|--|----------------|---|
| <i>Office spaces lease agreement</i> | <i>Meritum Bank ICB S.A.</i> | <i>Meritum Services ICB S.A.</i> | Monthly rent for 12 m2 at 82.00 PLN/m2         | 47             | For an indefinite term with an earlier termination option |

#### INCOMES (for banking services)

| Type of agreement                                  | Parties of agreement         |                                  | Remuneration of parties (fees due to the Bank) | Value for 2014 | Term       |
|--|------------------------------|----------------------------------|--|----------------|------------|
| <i>Investment credit agreement<br/>KI/09037223</i> | <i>Meritum Bank ICB S.A.</i> | <i>Meritum Services ICB S.A.</i> | Interest rate 6.99%                            | 84             | 108 months |
| <i>Investment credit agreement<br/>KI/13050117</i> | <i>Meritum Bank ICB S.A.</i> | <i>Meritum Services ICB S.A.</i> | Interest rate 6.99%                            | 65             | 120 months |
| <i>Investment credit agreement<br/>KI/14073528</i> | <i>Meritum Bank ICB S.A.</i> | <i>Meritum Services ICB S.A.</i> | Interest rate 4.99%                            | 147            | 96 months  |

#### COSTS (other services)

| Type of agreement | Parties of agreement |  | Remuneration of parties (fees due to the Bank) | Value for 2014 | Term |
|-------------------|----------------------|--|--|----------------|------|
|-------------------|----------------------|--|--|----------------|------|

## Meritum Bank ICB S.A. Annual Financial Statements 2014

Annual Financial Statements for the year ended on 31 December 2014

(data in PLNk)

|   |                              |                                  |                  |              |   |
|---|------------------------------|----------------------------------|------------------|--------------|---|
| <i>IT banking system access agreement</i> | <i>Meritum Bank ICB S.A.</i> | <i>Meritum Services ICB S.A.</i> | Monthly fee      | 1,491        | For an indefinite term with an earlier termination option |
| <i>Gandalf system access agreement</i>    | <i>Meritum Bank ICB S.A.</i> | <i>Meritum Services ICB S.A.</i> | Monthly fee      | 664          | For an indefinite term with an earlier termination option |
| <i>IT and specific service agreement</i>  | <i>Meritum Bank ICB S.A.</i> | <i>Meritum Services ICB S.A.</i> | Monthly payments | 1,359        | For an indefinite term with an earlier termination option |
| <b>Total</b>                              |                              |                                  |                  | <b>3,514</b> |   |

The above-mentioned data concern the following associated entities:

- Meritum Services ICB S.A.
- Interrisk Towarzystwo Ubezpieczeń S.A.
- Oxana Amelina
- Tatiana Dedikova
- Innova Financial Holdings S.à.r.l

During the reporting period, the Bank did not conclude any transactions with associated entities on terms other than at arm's length.

**2013**

### INCOMES (administration)

| Type of agreement                    | Parties of agreement         |                                  | Remuneration of parties (fees due to the Bank) | Value for 2013 | Term  |
|--------------------------------------|------------------------------|----------------------------------|--|----------------|---|
| <i>Office spaces lease agreement</i> | <i>Meritum Bank ICB S.A.</i> | <i>Meritum Services ICB S.A.</i> | Monthly rent for 12 m2 at 82.00 PLN/m2         | 61             | For an indefinite term with a two-weeks' notice |

### INCOMES (for banking services)

| Type of agreement                  | Parties of agreement         |                                  | Remuneration of parties (fees due to the Bank) | Value for 2013 | Term       |
|------------------------------------|------------------------------|----------------------------------|--|----------------|------------|
| <i>Investment credit agreement</i> | <i>Meritum Bank ICB S.A.</i> | <i>Meritum Services ICB S.A.</i> | Interest rate at WIBOR 6M + 5%                 | 182            | 108 months |

### COSTS (of other services)

| Type of agreement | Parties of agreement |  | Remuneration of parties (fees due to the Bank) | Value for 2013 | Term |
|-------------------|----------------------|--|--|----------------|------|
|-------------------|----------------------|--|--|----------------|------|

**Meritum Bank ICB S.A. Annual Financial Statements 2014**  
Annual Financial Statements for the year ended on 31 December 2014  
(data in PLNk)

|   |                              |                                  |                  |              |  |
|---|------------------------------|----------------------------------|------------------|--------------|--|
| <i>IT banking system access agreement</i> | <i>Meritum Bank ICB S.A.</i> | <i>Meritum Services ICB S.A.</i> | Monthly fee      | 1,111        | For an indefinite term with a three-months' notice |
| <i>IT and specific service agreement</i>  | <i>Meritum Bank ICB S.A.</i> | <i>Meritum Services ICB S.A.</i> | Monthly payments | 1,230        | For an indefinite term with a three-months' notice |
| <b>Total</b>                              |                              |                                  |                  | <b>2,341</b> |  |

The above-mentioned data concern the following associated entities:

- Meritum Services ICB S.A.
- Interrisk Towarzystwo Ubezpieczeń S.A.
- Oxana Amelina
- Tatiana Dedikova

During the reporting period, i.e. in 2013, the Bank did not conclude any transactions with associated entities on terms other than at arm's length.

### 34. REMUNERATION OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD MEMBERS

| Specification  | Amount in PLN |
|--|---------------|
| <i>Remuneration of the Supervisory Board in 2014</i> | 45            |

| Specification  | Amount in PLN |
|--|---------------|
| <i>Remuneration of the Supervisory Board in 2013</i> | 99            |

| Specification                                       | Amount in PLN |
|---|---------------|
| <i>Remuneration of the Management Board in 2014</i> | 3,281         |

| Specification                                       | Amount in PLN |
|---|---------------|
| <i>Remuneration of the Management Board in 2013</i> | 3,074         |

### 35. HEADCOUNT

The headcount in the Bank in 2014 and 2013 was as follows:

| Specification  | Number of FTJs |
|----------------|----------------|
| <i>In 2014</i> | 733            |
| <i>In 2013</i> | 740            |

## **36. REMUNERATION OF THE ENTITY AUTHORISED TO AUDIT THE FINANCIAL STATEMENTS**

The entity authorised to audit the Financial Statements for the year ended on 31 December 2014 is Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością sp. k. The remuneration of the entity authorised to carry out the revisions of the abridged Financial Statements and the audit of the non-consolidated Financial Statements for 2014 amounts to 350 PLNk net. The remuneration does not include overheads such as travels and visits of employees outside of Warsaw, which may be higher than 10% of the remuneration. The entity did not render any other services for Meritum Bank in that period.

The remuneration of the entity authorised to carry out the revisions of the mid-year Financial Statements for the period of 9 months ended on 30 September 2013 and the audit of the non-consolidated Financial Statements for 2013 amounts to 335 PLNk net. The remuneration did not include overheads such as travels and visits of employees outside of Warsaw, which may be higher than 10% of the remuneration. The value of other services rendered in that period for the Bank amounted to 10 PLNk net.

## **37. MARKET RISK MANAGEMENT**

### **FX RISK**

The objective of FX risk management in 2014 was to control the potential losses of the Bank due to changes of FX rates. The Bank does not offer any credits in foreign currencies or denominated in foreign currencies, but only maintains in its portfolio the active and previously granted credits. Other products in foreign currencies offered to clients (NDF, Forward, purchase/sale of currencies) were offered in such a manner as not to create any open FX positions.

The basic tool for achieving this objective was the constant monitoring of FX items, analysing the exposed value due to the anticipated FX fluctuations, and the scenario analysis. The correctness of the VaR method was controlled with back-testing. A support tool was the applicable system of limits concerning FX transactions and FX exposures. Monitoring was carried out daily for values as of the end of day.

The main limit – the limit of the total position – was established at 0.7% of equity, and its value as of 31 December 2014 amounted to 0.12 of equity and 0.05% as of 31 December 2013. Moreover, the limit of maximum loss was maintained in force, based on the estimated value of exposure, with division by dealers. The limit was managed by the Treasury Department and the member of the Management Board in charge of the Department.

### **INTEREST RATE RISK**

The objective of interest rate risk management is to control the potential negative effects of market interest rate changes on the financial profit (loss) of the Bank.

The basic tool is the monitoring and management of the interest rate gap in the version of the base gap and the revaluation date gap. The reports are generated minimum every month. Moreover, the Bank calculates the forecast impact of interest rates on the profit on interest in the 12-month perspective. The simulated changes of market interest rates encompassed most expected changes and extreme changes as well as non-parallel changes,

i.e. interest on liabilities and assets behaving differently or interest rates of different base rates behaving differently.

Another tool used to monitor the risk level is the system of limits that determines the maximum deviation of the interest rate result due to interest rate changes and the limit of the base interest gap limit and the revaluation date gap.

## **PRICE RISK**

In 2014, Meritum Bank was not involved in the sale of goods listed on organised markets or any derivatives related to such markets. Therefore, the Bank did not bear any price risk.

## **38. CREDIT RISK MANAGEMENT**

### **COMMERCIAL PRODUCTS**

The objective set by the Bank in credit risk management is to minimise losses from the core business of the Bank, i.e. granting credits, as well as to minimise the total capital requirements due to credit risk while developing the credit portfolio.

The credit risk management strategy in the Bank is divided into areas that characterise the basic credit operational levels, namely:

- transaction verification and approval,
- credit risk monitoring, and
- restructuring and collection of Bank's receivables.

The steps carried out during the verification and approval of transactions are aimed at applicant selection targeted at limiting credit risk and its adequate diversification. The basic factors taken into account in the process of taking a decision to grant a credit to a client are: the creditworthiness of the client for the purpose of the Act on banking law assessed according to the economic and financial situation of the client, the quality and value of legal collaterals of the credit, the scope of present cooperation with the Bank, the prospects of its development, and its profitability from the Bank's perspective.

The target of monitoring transactions exposed to credit risk is to identify any hazards as soon as possible and to take remedial measures to reduce and minimise the losses of the Bank due to the loss of creditworthiness by clients. The Bank monitors specific credit exposures, the total exposure towards clients and groups of clients with capital and organizational relations and the whole credit portfolio, in particular in terms of the timely service of present agreements, the current creditworthiness of clients, the quality and present value of held collaterals, the adequacy of established special purpose reserves and the concentration of exposures.

Restructuring and collection include any and all measures aimed at obtaining the maximum return of the Bank's receivables, in particular by changing contractual terms and conditions to enable the voluntary repayment of debt or taking relevant enforcement actions.

In 2014, the Bank continued measures aimed at improving the quality of credit risk management, including by developing tools of application verification and assessing creditworthiness of potential clients as well as by

introducing the process of managing the risk of losing the value of real estate that is the legal collateral for the Bank.

## **RETAIL PRODUCTS**

The objective set by the Bank in credit risk management is to minimise losses from the core business of the Bank, i.e. granting credits, as well as to minimise the total capital requirements due to credit risk while developing the credit portfolio.

The credit risk management strategy in the Bank is divided into areas that characterise the basic credit operational levels, namely:

- verification and approval,
- monitoring, and
- restructuring and collection of Bank's receivables.

In each of these areas the Bank takes adequate measures to minimise exposures to the credit risk together with developing the credit portfolio.

Actions taken at the stage of verification and approval are aimed at selecting applicants to limit the credit risk.

### **Verifying criteria of rejecting applications**

The criteria of rejecting applications include formal and legal requirements as well as other conditions that have to be fulfilled before the Bank can grant a credit. The verification of application rejection criteria is carried out separately for every client. The basic criteria of rejecting a credit application are as follows:

- a client has no complete capacity to take legal actions and there is no consent of the statutory representative of the client to make a credit agreement;
- the sources of income presented by the client are not acceptable for the Bank;
- there are enforcement titles on the accounts of the client in the Bank or in other banks, such accounts are subject to collection or their service is sub-standard;
- the client has no creditworthiness;
- the client has been given notice;
- the employer of the client is undergoing bankruptcy or liquidation;
- the client uses documents that may have been forged;
- a negative opinion from other banks on serving the liabilities and the cooperation with the client; and
- the client has not passed the verification in the internal and external databases used by the Bank.

### **Assessment of creditworthiness of the client**

Creditworthiness determines the capacity to repay a taken credit including interest and other costs by deadlines set in the agreement and is calculated based on information concerning the financial situation of the client (guarantor). The creditworthiness assessment is carried out separately for the client and the guarantor. All persons whose incomes underlie the creditworthiness assessment have to be co-borrowers. The assessment of creditworthiness is carried out based on the regular incomes of the client. The income of the client is understood to be the average monthly net income generated from the source of income acceptable for the Bank. If the client (guarantor) shows different sources of incomes, the creditworthiness calculation is based on selected sources. The basis for the calculation of creditworthiness is the average monthly net income. The documents

required for the assessment of creditworthiness and credit reliability of the client will differ depending on the type of income source, the result of client assessment by the Bank and the credit history of the client.

### **Scoring**

Scoring is a statistical tool used to give a score to clients who apply for credits. A scoring card is an algorithmic reflection of the list of qualities that describe the client and his behaviour in a list of numbers, making it possible to carry out the statistical assessment of the probability of the repayment of liability and expressing it with the total score. The creditworthiness assessment and scoring are independent and supplement each other.

The assessment of credit risk for an application is carried out based on information derived from:

- a credit application form;
- documents supplied by the client with the application;
- internal databases used by the Bank;
- reports of Biuro Informacji Kredytowej S.A. and other external databases used by the Bank;
- other information held by the Bank and collected during the analysis of the credit application or determined in internal regulations.

A manual process of authenticity verification of application data is implemented (including by phone) for the group of credit applications with highest fraud risk. The manual verification process involves:

- the analysis of data cohesion (the assessment if data from a credit application are probable and logical, e.g. the income is adequate to the position, the position is adequate to the company profile);
- the comparison of data from the application with internal databases (the database of historic applications, the analysis of changes to income data of the applicant);
- the verification of data on the borrower / employer from independent sources of information (phone directories, business activity records, the national court register, internet resources, etc.) and for the selected applications the additional verification at the site of employment (local verification);
- the verification of employment and salaries by phone; and
- the verification of the applicant's credibility by phone (to assess if the client is aware of applying for the credit with the Bank and is familiar with the terms and conditions of the product)

The documents submitted by the client and the guarantor are verified in terms of formal requirements and merit. The formal revision encompasses the verification of the correct application completion and the completeness of enclosed documents. The content control involves the verification of accuracy of information given by the client. If the identity documents of the client (guarantor) are registered in the CBD-DZ database or if there are reasonable suspicions that the documents submitted by the client have been forged (e.g. counterfeited, false), a decision is taken to reject the application.

Credit monitoring is aimed at the identification of hazards as soon as possible and taking remedial actions to minimise the losses of the Bank resulting from the lost creditworthiness of clients. Monitoring in the Bank concerns individual credits and borrowers, groups of borrowers, and the whole portfolio.

## **39. LIQUIDITY RISK MANAGEMENT**

The liquidity risk management in 2014 was aimed at maintaining the optimum structure of the Balance Sheet that provides the safe level of liquidity and, on the other hand, adequate profitability.

The basic tool was the on-going monitoring of supervisory liquidity measures, liquidity ratios, the liquidity gap, and the stability of the deposit basis, which is the basic source of funding.

The calculations of the Liquidity Supervisory Measures were carried out daily pursuant to Resolution 386/2008 of FSA. Moreover, forecasts were prepared of developing the liquidity measures in the future, the analysis of deposit maturities, and their impact on the measures and the calculations of the minimum necessary level of the deposit base. In 2014, the liquidity measures were not exceeded.

The Liquidity Gap Report was generated weekly and monthly in the realigned (real) data (revised by the estimated stability of the deposit base) and for non-realigned data. The deposit rolling analysis was carried out every quarter, which was the basis for realigning the Liquidity Gap.

## **40. OPERATIONAL RISK MANAGEMENT**

The Bank defines the operational risk as the risk of loss due to the inadequacy or failures of its internal processes, technical systems, people or external events. The Bank includes also legal risks in the scope of operational risk.

The main objectives of operational risk management in the Bank include:

- minimising the exposure due to operational risk;
- protecting business resources and processes;
- reinforcing the security of personnel, clients and the business environment of the Bank;
- minimising negative effects of operational incidents and events;
- controlling on-going hazards and taking measures aimed at limiting the number and scale of hazards; and
- deepening the knowledge of the Bank's exposure to hazards related to operational risk.

The area of operational risk management concerns all operating areas of the Bank and its subsidiaries as well as the area of outsourcing and offshoring related to banking operations. The process of measuring the exposure of the Bank involves collecting data on events in operational risk, taking into account their reasons and effects of materialising risk the Bank has been exposed to. The record of incidents is kept with the internal database of operational events. The database is the main source of information about losses due to operational risk as well as a tool that makes it possible to improve process and procedural securities within limiting the occurrence of risk and the mechanism of its prevention.

There is a special unit in the Risk Division that coordinates and supports the process of operational risk management in the organizational units of the Bank and supervises the operational risk management system in the entire Bank.

To manage the operational risk effectively, special attention is paid to identifying operational risk by determining risk sources and factors as well as analysing the relationships between the operational risk and other types of risk, in particular the credit and market risks. For identified risks, the Bank determines the probability of their occurrence and estimates the potential value of financial loss as well as the impact on processes, products, systems and resources.

In the on-going operational risk management, the Bank focuses on:

- preventing operational incidents that take place in products, internal processes, and systems;
- taking measures aimed at limiting the number and scale of hazards (operational incidents and events);
- recording and analysing data on operational incidents and events in the database;
- monitoring key risk factors in time and in relation to threshold values; and

## Meritum Bank ICB S.A. Annual Financial Statements 2014

Annual Financial Statements for the year ended on 31 December 2014

(data in PLNk)

- minimising negative effects of operational incidents and events.

Moreover, within its risk management the Bank keeps taking measures aimed at improving the organizational efficiency. Finally, the new mechanisms are implemented to eliminate or minimise the materialisation of operational risk.

To calculate the capital requirement due to this type of risk, the Bank uses the standard method (TSA) whose principles are determined in Schedule No. 14 to Resolution 76/2010 of FSA.

### 41. FX RISK ENCUMBRANCE

2014

| Currency    | Position (currency) | Rate   | Position (PLNK) |
|-------------|---------------------|--------|-----------------|
| CHF         | 30,736              | 3,5447 | 108,950         |
| EUR         | 34,124              | 4,2623 | 145,445         |
| USD         | -10,049             | 3,5072 | -35,245         |
| GBP         | 8,459               | 5,4648 | 46,229          |
| DKK         | 103,360             | 0,5725 | 59,174          |
| NOK         | 142,468             | 0,4735 | 67,459          |
| SEK         | 21,993              | 0,4532 | 9,967           |
| CZK         | 110,455             | 0,1537 | 16,977          |
| <b>SUMA</b> | <b>441,546</b>      |        | <b>418,956</b>  |

The above table presents foreign currency positions as of 31 December 2014 for individual currencies and after converting into PLN at an applicable NBP FX rate.

VaR values calculated with specific methods amounted to:

| Method                 | VaR value |
|------------------------|-----------|
| Variance / co-variance | 2,677     |
| Historical simulation  | 2,792     |
| Monte Carlo            | 2,625     |

The Bank calculates VaR for the FX risk according to three methods (the results of such methods presented above are for one-day VaR). In the further analysis the Bank adopts the worst of the three scenarios. All methodologies usually give similar results.

The potential loss due to changes of FX rates was as follows:

|     | Change % | Value (in PLN) | Change % | Value (in PLN) | Change % | Value  |
|-----|----------|----------------|----------|----------------|----------|--------|
| CHF | 5%       | 5,448          | 10%      | 10,895         | 15%      | 16,343 |
| EUR | 5%       | 7,272          | 10%      | 14,544         | 15%      | 21,817 |
| USD | 5%       | -1,762         | 10%      | -3,525         | 15%      | -5,287 |
| GBP | 5%       | 2,311          | 10%      | 4,623          | 15%      | 6,934  |
| DKK | 5%       | 2,959          | 10%      | 5,917          | 15%      | 8,876  |
| NOK | 5%       | 3,373          | 10%      | 6,746          | 15%      | 10,119 |
| SEK | 5%       | 498            | 10%      | 997            | 15%      | 1,495  |
| CZK | 5%       | 849            | 10%      | 1,698          | 15%      | 2,547  |

## Meritum Bank ICB S.A. Annual Financial Statements 2014

Annual Financial Statements for the year ended on 31 December 2014

(data in PLNk)

|                       |  |               |  |               |  |               |
|-----------------------|--|---------------|--|---------------|--|---------------|
| <b>Potential loss</b> |  | <b>20,948</b> |  | <b>41,895</b> |  | <b>62,843</b> |
|-----------------------|--|---------------|--|---------------|--|---------------|

2013

| Currency     | Position (currency) | Course | Position (PLNk) |
|--------------|---------------------|--------|-----------------|
| <i>CHF</i>   | -818                | 3,3816 | -2,765          |
| <i>EUR</i>   | 12,693              | 4,1472 | 52,642          |
| <i>USD</i>   | 10,539              | 3,0120 | 31,744          |
| <i>GBP</i>   | -3,859              | 4,9828 | -19,231         |
| <i>DKK</i>   | 15,941              | 0,5560 | 8,863           |
| <i>NOK</i>   | -16,892             | 0,4953 | -8,366          |
| <i>SEK</i>   | 47,744              | 0,4694 | 22,411          |
| <i>CZK</i>   | 79,656              | 0,1513 | 12,052          |
| <b>TOTAL</b> |                     |        | <b>97,349</b>   |

The above tables present the currency position as of 31 December 2013 in specific currencies and after converting into PLN according to the applicable NBP rate.

VaR values calculated with specific methods amounted to:

| Method                        | VaR value<br>(in PLNk) |
|-------------------------------|------------------------|
| <i>Variance / co-variance</i> | 953                    |
| <i>Historical simulation</i>  | 923                    |
| <i>Monte Carlo</i>            | 948                    |

The Bank calculates VaR for the FX risk according to three methods (the results of such methods presented above are for one-day VaR). In the further analysis the Bank adopts the worst of the three scenarios. All methodologies usually give similar results.

The potential loss due to changes of FX rates was as follows:

|                       | Change<br>% | Value<br>(in PLN) | Change<br>% | Value<br>(in PLN) | Change<br>% | Value<br>(in PLN) |
|-----------------------|-------------|-------------------|-------------|-------------------|-------------|-------------------|
| <i>CHF</i>            | 5%          | -138              | 10%         | -277              | 15%         | -415              |
| <i>EUR</i>            | 5%          | 2,632             | 10%         | 5,264             | 15%         | 7,896             |
| <i>USD</i>            | 5%          | 1,587             | 10%         | 3,174             | 15%         | 4,762             |
| <i>GBP</i>            | 5%          | -962              | 10%         | -1,923            | 15%         | -2,885            |
| <i>DKK</i>            | 5%          | 443               | 10%         | 886               | 15%         | 1,329             |
| <i>NOK</i>            | 5%          | -418              | 10%         | -837              | 15%         | -1,255            |
| <i>SEK</i>            | 5%          | 1,121             | 10%         | 2,241             | 15%         | 3,362             |
| <i>CZK</i>            | 5%          | 603               | 10%         | 1,205             | 15%         | 1,808             |
| <b>Potential loss</b> |             | <b>4,867</b>      |             | <b>9,735</b>      |             | <b>14,602</b>     |

## 42. INTEREST RATE RISK ENCUMBRANCE

Most of the credit portfolio bore interest at the rate based on the internal rate of the Bank changed with the decision of the Management Board (retail products and cash loans for entrepreneurs) or on the market rates such as WIBOR and LIBOR (other products for entrepreneurs). The interest rate of credits based on the rates

## Meritum Bank ICB S.A. Annual Financial Statements 2014

Annual Financial Statements for the year ended on 31 December 2014

(data in PLNk)

such as WIBOR and LIBOR of the so-called 'second category' is subject to revaluation every month or every three months. According to internal analyses, a part of the portfolio subject to the internal rate of the Bank (granted before July 2012) is treated by the Bank as the portfolio subject to a fixed rate. This fact results from the entry of the clause of Bank Spółdzielczy (Cooperative Bank) in Barlinek into the list of abusive clauses. According to the Bank, there is a risk that interest rate changes for this portfolio may be questioned. The liquidity reserve was deposited in securities with a fixed interest rate or on the interbank market. The deposit base consists mostly of term deposits with a fixed rate and saving accounts of a variable rate determined at the end of every quarter. They are mostly deposits of individuals – as of the end of 2014 they constituted 91.97% of the whole deposit base and 93.04% of the term deposit base.

Assets / liabilities sensitive to the changes of interest rates according to the contractual maturity / due date (in PLNk).

| Change of interest rate (%) | Assets           |          |              |                  |                  | Liabilities      |              |               |                  |                  |
|-----------------------------|------------------|----------|--------------|------------------|------------------|------------------|--------------|---------------|------------------|------------------|
|                             | PLN              | USD      | EUR          | Other currencies | Total            | PLN              | USD          | EUR           | Other currencies | Total            |
| <i>Up to 1 month</i>        | 1,481,062        | 0        | 6,976        | 0                | <b>1,488,038</b> | 507,805          | 528          | 7,461         | 303              | <b>516,097</b>   |
| <i>Up to 2 months</i>       | 5,205            | 0        | 0            | 0                | <b>5,205</b>     | 937,084          | 38           | 0             | 0                | <b>937,122</b>   |
| <i>Up to 3 months</i>       | 1,457,683        | 0        | 0            | 0                | <b>1,457,683</b> | 486,262          | 2,077        | 14,323        | 733              | <b>503,395</b>   |
| <i>Up to 1 year</i>         | 47,847           | 0        | 0            | 0                | <b>47,847</b>    | 1,055,058        | 2,260        | 42            | 0                | <b>1,057,360</b> |
| <i>Up to 3 years</i>        | 45,875           | 0        | 0            | 0                | <b>45,875</b>    | 23,802           | 0            | 68            | 0                | <b>23,870</b>    |
| <i>Above</i>                | 197,518          | 0        | 0            | 0                | <b>197,518</b>   | 664              | 0            | 0             | 0                | <b>664</b>       |
| <b>Total</b>                | <b>3,235,190</b> | <b>0</b> | <b>6,976</b> | <b>0</b>         | <b>3,242,166</b> | <b>3,010,675</b> | <b>4,903</b> | <b>21,894</b> | <b>1,036</b>     | <b>3,038,508</b> |

The accumulated interest rate risk was as follows:

| Period                 | Value   |
|------------------------|---------|
| <i>Up to 1 month</i>   | 971,941 |
| <i>Up to 2 months</i>  | 40,024  |
| <i>Up to 3 months</i>  | 994,312 |
| <i>Up to 4 months</i>  | 681,485 |
| <i>Up to 5 months</i>  | 592,718 |
| <i>Up to 6 months</i>  | 368,549 |
| <i>Up to 7 months</i>  | 287,647 |
| <i>Up to 8 months</i>  | 229,880 |
| <i>Up to 9 months</i>  | 149,535 |
| <i>Up to 10 months</i> | 51,583  |
| <i>Up to 11 months</i> | 14,200  |
| <i>Up to 12 months</i> | -15,201 |
| <i>Above 12 months</i> | 388,795 |

The potential change of the profit (loss) on interest due to a change of interest rates was as follows

- In the event of interest rate increase

| Scale of interest rate change | Impact on the profit (loss) on interest |
|-------------------------------|---|
|-------------------------------|---|

**Meritum Bank ICB S.A. Annual Financial Statements 2014**  
Annual Financial Statements for the year ended on 31 December 2014  
(data in PLNk)

|                 |       |
|-----------------|-------|
| 50bps           | 1,823 |
| 50bps realigned | 988   |
| 100bps          | 3,645 |
| 200bps          | 7,290 |

- In the event of interest rate decrease

| Scale of interest rate change | Impact on the profit (loss) on interest |
|-------------------------------|---|
| 50bps                         | -1,847                                  |
| 50bps realigned               | -798                                    |
| 100bps                        | -3,574                                  |
| 200bps                        | -7,218                                  |

The comparative data for 2013 have been presented below.

Assets / liabilities sensitive to the changes of interest rates according to the contractual maturity / due date (in PLNk).

| Change of interest rate (%) | Assets           |            |              |                  |                  | Liabilities      |              |               |                  |                  |
|-----------------------------|------------------|------------|--------------|------------------|------------------|------------------|--------------|---------------|------------------|------------------|
|                             | PLN              | USD        | EUR          | Other currencies | Total            | PLN              | USD          | EUR           | Other currencies | Total            |
| Up to 1 month               | 1,331,097        | 203        | 8,637        | 0                | <b>1,339,937</b> | 1,565,314        | 945          | 10,348        | 278              | <b>1,576,885</b> |
| Up to 2 months              | 14,126           | 0          | 0            | 0                | <b>14,126</b>    | 77,010           | 84           | 27            | 0                | <b>77,121</b>    |
| Up to 3 months              | 1,009,064        | 0          | 0            | 0                | <b>1,009,064</b> | 313,133          | 6,161        | 6,154         | 82               | <b>325,530</b>   |
| Up to 1 year                | 101,273          | 0          | 0            | 0                | <b>101,273</b>   | 674,221          | 1,968        | 62            | 0                | <b>676,251</b>   |
| Up to 2 years               | 85,955           | 0          | 0            | 0                | <b>85,955</b>    | 6,701            | 0            | 0             | 0                | <b>6,701</b>     |
| Above                       | 266,354          | 0          | 0            | 0                | <b>266,354</b>   | 207              | 0            | 66            | 0                | <b>273</b>       |
| <b>Total</b>                | <b>2,807,869</b> | <b>203</b> | <b>8,637</b> | <b>0</b>         | <b>2,816,709</b> | <b>2,636,586</b> | <b>9,158</b> | <b>16,657</b> | <b>360</b>       | <b>2,662,761</b> |

The accumulated interest rate risk was as follows:

| Period          | Value (PLNk) |
|-----------------|--------------|
| Up to 1 month   | -818,959     |
| Up to 2 months  | -878,239     |
| Up to 3 months  | 307,396,     |
| Up to 4 months  | 140,952      |
| Up to 5 months  | 15,512       |
| Up to 6 months  | -167,466     |
| Up to 7 months  | -175,883     |
| Up to 8 months  | -175,770     |
| Up to 9 months  | -179,788     |
| Up to 10 months | -210,801     |
| Up to 11 months | -228,287     |
| Up to 12 months | -239,516     |
| Above 60 months | 85,924       |

The potential change of the profit (loss) on interest due to a change of interest rates was as follows

- In the event of interest rate increase

| Scale of interest rate change | Impact on the profit (loss) on interest |
|-------------------------------|---|
| 50bps                         | -325                                    |
| 50bps realigned               | -1,038                                  |
| 100bps                        | -650                                    |
| 200bps                        | -1,301                                  |

- In the event of interest rate decrease

| Scale of interest rate change | Impact on the profit (loss) on interest |
|-------------------------------|---|
| 50bps                         | 289                                     |
| 50bps realigned               | 881                                     |
| 100bps                        | 598                                     |
| 200bps                        | 1,100                                   |

### 43. CREDIT RISK ENCUMBRANCE

To present the encumbrances of credit risk, the following data have been presented for the calculation of the liquidity ratio.

#### STRUCTURE OF BALANCE SHEET ASSETS ACCORDING TO RISK WEIGHTS

- Standard method of credit risk according to CRR

| Exposure according to Standard Method | Risk weight | Conversion factor | Net Balance Sheet exposures after revisions of values and reserves | Exposures of off-Balance Sheet items | Value of exposures in total | Value of risk-weighted exposure | Capital requirement |
|---------------------------------------|-------------|-------------------|--|--------------------------------------|-----------------------------|---------------------------------|---------------------|
| <i>Governments and central banks</i>  | 0%          |                   | 539,256  |                                      | 539,256                     | 0                               | 0                   |
| <i>Institutions – banks</i>           | 20%         |                   | 69,879   |                                      | 71,248                      | 14,250                          | 1,140               |
|                                       |             | 100%              |  | 1,369                                |                             |                                 |                     |
|                                       | 100%        |                   | 103  |                                      | 103                         | 103                             | 8                   |
| <i>Enterprises</i>                    | 100%        |                   | 14,218   |                                      | 14,589                      | 11,295                          | 904                 |
|                                       |             | 0%                |  | 1,108                                |                             |                                 |                     |
|                                       | -           | 50%               |  | 85                                   |                             |                                 |                     |
|                                       | -           | 100%              |  | 354                                  |                             |                                 |                     |
| <i>Retail</i>                         | 75%         | ,                 | 2,419,988  |                                      | 2,419,988                   | 1,689,090                       | 135,127             |
|                                       |             | 0%                |  | 48,015                               |                             |                                 |                     |
| <i>Collateral on real estate</i>      | 35%         |                   | 60,487   |                                      | 60,487                      | 21,170                          | 1,694               |
|                                       | 50%         |                   | 36,055   |                                      | 36,055                      | 16,957                          | 1,357               |
|                                       |             | 0%                |  | 500                                  |                             |                                 |                     |
|                                       |             | 100%              | 2,287  |                                      | 2,287                       | 1,812                           | 145                 |
| <i>Overdue</i>                        | 100%        |                   | 47,051   |                                      | 47,051                      | 47,051                          | 3,764               |

**Meritum Bank ICB S.A. Annual Financial Statements 2014**  
Annual Financial Statements for the year ended on 31 December 2014  
(data in PLNk)

|                             |          |          |                  |               |                  |                  |                |
|-----------------------------|----------|----------|------------------|---------------|------------------|------------------|----------------|
|                             |          | 0%       |                  | 20            |                  |                  |                |
|                             | 150%     |          | 147,014          |               | 147,014          | 220,521          | 17,642         |
|                             |          | 0%       |                  | 2             |                  |                  |                |
| <i>Other</i>                | 0%       |          | 31,682           |               | 31,682           | 0                | 0              |
|                             | 20%      |          | 405              |               | 405              | 81               | 6              |
|                             | 100%     |          | 48,614           |               | 48,614           | 48,614           | 3,889          |
|                             | 250%     |          | 21,962           |               | 21,962           | 54,906           | 4,392          |
| <i>High risk categories</i> | 150%     |          | 1,254            |               | 1,254            | 1,882            | 150            |
| <b>Total</b>                | <b>x</b> | <b>x</b> | <b>3,440,254</b> | <b>51,453</b> | <b>3,441,994</b> | <b>2,127,730</b> | <b>170,218</b> |

The comparative data for 2013 have been presented below

▪ Standard method of credit risk **according to Resolution 7/2010**

| Exposure according to Standard Method | Risk weight | Conversion factor | Net Balance Sheet exposures after revisions of values and reserves | Exposures of off-Balance Sheet items | Value of exposures in total | Value of risk-weighted exposure | Capital requirement |
|---------------------------------------|-------------|-------------------|--|--------------------------------------|-----------------------------|---------------------------------|---------------------|
| <i>Governments and central banks</i>  | 0%          |                   | 512,621,053  |                                      | 512,621,053                 | 0                               | 0                   |
| <i>Institutions – banks</i>           | 20%         |                   | 0  |                                      | 0                           | 0                               | 0                   |
| <i>Enterprises</i>                    | 20%         |                   | 84,061,542   |                                      | 84,626,215                  | 16,925,246                      | 1,354,019           |
|                                       |             | 100%              |  | 564,673                              |                             |                                 |                     |
|                                       | 50%         |                   | 186,616  |                                      | 186,616                     | 93,308                          | 7,465               |
|                                       | 100%        |                   | 9,222,635  |                                      | 9,265,135                   | 9,222,635                       | 737,811             |
|                                       |             | 0%                |  | 1,416,391                            |                             |                                 |                     |
|                                       | -           | 20%               |  |                                      |                             |                                 |                     |
|                                       | -           | 50%               |  | 85,000                               |                             |                                 |                     |
| <i>Retail</i>                         | 75%         |                   | 2,041,997,499  |                                      | 2,041,997,499               | 1,531,498,124                   | 122,519,850         |
|                                       |             | 0%                |  | 58,097,911                           |                             |                                 |                     |
|                                       |             | 20%               |  |                                      |                             |                                 |                     |
|                                       |             | 50%               |  |                                      |                             |                                 |                     |
|                                       |             | 100%              |  |                                      |                             |                                 |                     |
| <i>Collateral on real estate</i>      | 35%         |                   | 29,477,915   |                                      | 29,477,915                  | 10,317,270                      | 825,382             |
|                                       | 100%        |                   | 57,812,983   |                                      | 57,812,983                  | 57,812,983                      | 4,625,038           |
|                                       |             | 0%                |  | 8,326,663                            |                             |                                 |                     |
|                                       |             | 50%               |  |                                      |                             |                                 |                     |
| <i>Overdue</i>                        | 100%        |                   | 43,490,336   |                                      | 43,490,336                  | 43,490,336                      | 3,479,227           |
|                                       |             | 0%                |  | 167,545                              |                             |                                 |                     |
|                                       | 150%        |                   | 53,189,976   |                                      | 53,189,976                  | 79,784,964                      | 6,382,796           |
|                                       |             | 0%                |  | 13,115                               |                             |                                 |                     |
| <i>Other</i>                          | 0%          |                   | 28,717,090   |                                      | 28,717,090                  | 0                               | 0                   |
|                                       | 20%         |                   | 1,131,092  |                                      | 1,131,092                   | 226,218                         | 18,098              |

**Meritum Bank ICB S.A. Annual Financial Statements 2014**  
Annual Financial Statements for the year ended on 31 December 2014  
(data in PLNk)

|                             |          |          |                      |                   |                      |                      |                    |
|-----------------------------|----------|----------|----------------------|-------------------|----------------------|----------------------|--------------------|
|                             | 100%     |          | 64,943,832           |                   | 64,943,832           | 64,943,832           | 5,195,507          |
| <i>High-risk categories</i> | 150%     |          | 569,000              |                   | 569,000              | 853,500              | 68,280             |
| <b>Total</b>                | <b>x</b> | <b>x</b> | <b>2,927,421,569</b> | <b>68,671,298</b> | <b>2,928,028,742</b> | <b>1,815,168,413</b> | <b>145,213,474</b> |

#### 44. LIQUIDITY RISK ENCUMBRANCES

Assets / liabilities sensitive to the changes of contractual maturity / due dates (in PLNk.)

| Date                 | Assets           |              |               |                  |                  | Liabilities      |              |               |                  |                  |
|----------------------|------------------|--------------|---------------|------------------|------------------|------------------|--------------|---------------|------------------|------------------|
|                      | PLN              | USD          | EUR           | Other currencies | Total            | PLN              | USD          | EUR           | Other currencies | Total            |
| <i>Current</i>       | 167,582          | 4,635        | 16,860        | 1,581            | <b>190,658</b>   | 905,051          | 2,503        | 7,848         | 1,036            | <b>916,438</b>   |
| <i>Up to 7 days</i>  | 418,917          | 0            | 0             | 0                | <b>418,917</b>   | 98,993           | 0            | 0             | 0                | <b>98,993</b>    |
| <i>Up to 14 days</i> | 13,609           | 0            | 82            | 0                | <b>13,691</b>    | 115,881          | 8            | 0             | 0                | <b>115,889</b>   |
| <i>Up to 21 days</i> | 16,794           | 0            | 0             | 0                | <b>16,794</b>    | 92,576           | 0            | 4,277         | 0                | <b>96,853</b>    |
| <i>Up to 1 month</i> | 20,648           | 0            | 0             | 0                | <b>20,648</b>    | 104,299          | 48           | 9             | 0                | <b>104,356</b>   |
| <i>1-3 months</i>    | 115,830          | 0            | 160           | 0                | <b>115,990</b>   | 599,871          | 38           | 9,662         | 0                | <b>609,571</b>   |
| <i>3-6 months</i>    | 166,430          | 0            | 242           | 0                | <b>166,672</b>   | 510,096          | 0            | 0             | 0                | <b>510,096</b>   |
| <i>6-12 months</i>   | 309,665          | 0            | 478           | 0                | <b>310,143</b>   | 432,844          | 2,274        | 42            | 0                | <b>435,160</b>   |
| <i>1-3 years</i>     | 1,007,862        | 0            | 1,818         | 0                | <b>1,009,680</b> | 45,483           | 0            | 74            | 0                | <b>45,557</b>    |
| <i>3-5 years</i>     | 804,662          | 0            | 1,688         | 0                | <b>806,350</b>   | 121              | 0            | 0             | 0                | <b>121</b>       |
| <i>Above 5 years</i> | 1,215,697        | 4            | 4,729         | 0                | <b>1,220,430</b> | 455,124          | 848          | 666           | 168              | <b>456,806</b>   |
| <i>Due</i>           | 174,884          | 22           | 39            | 0                | <b>174,945</b>   | 0                | 0            | 0             | 0                | <b>0</b>         |
| <b>Total</b>         | <b>4,432,580</b> | <b>4,661</b> | <b>26,096</b> | <b>1,581</b>     | <b>4,464,918</b> | <b>3,360,339</b> | <b>5,719</b> | <b>22,578</b> | <b>1,204</b>     | <b>3,389,840</b> |

Accumulated liquidity gap (in PLNk) amounted to:

|                      | Realigned  | Not realigned |
|----------------------|------------|---------------|
| <i>Current</i>       | -725,780   | 124,352       |
| <i>Up to 7 days</i>  | -405,856   | 450,239       |
| <i>Up to 14 days</i> | -508,054   | 370,534       |
| <i>Up to 21 days</i> | -588,113   | 322,215       |
| <i>Up to 1 month</i> | -671,821   | 267,857       |
| <i>1-3 months</i>    | -1,165,402 | -90,690       |
| <i>3-6 months</i>    | -1,508,826 | -336,913      |
| <i>6-12 months</i>   | -1,633,843 | -454,547      |
| <i>1-3 years</i>     | -669,720   | 32,417        |
| <i>3-5 years</i>     | 136,509    | 578,549       |
| <i>Above 5 years</i> | 900,133    | 846,093       |

## Meritum Bank ICB S.A. Annual Financial Statements 2014

Annual Financial Statements for the year ended on 31 December 2014

(data in PLNk)

|            |           |           |
|------------|-----------|-----------|
| <i>Due</i> | 1,075,078 | 1,027,018 |
|------------|-----------|-----------|

The lists according to maturity dates prepared for the needs of the liquidity risk analysis present the future cash flows, i.e. take account also of future interest instalments due to credits, future interest payments due to deposits, and future flows due to securities according to a future value (the face value in case of securities purchased with a discount). Therefore, amounts disclosed in reports do not comply with amounts indicated in the Balance Sheet of the Bank.

The comparative data for 2013 have been presented below.

Assets / liabilities sensitive to the changes of contractual maturity / due dates (in PLNk.)

| Date                 | Assets           |              |               |                  |                  | Liabilities      |              |               |                  |                  |
|----------------------|------------------|--------------|---------------|------------------|------------------|------------------|--------------|---------------|------------------|------------------|
|                      | PLN              | USD          | EUR           | Other currencies | Total            | PLN              | USD          | EUR           | Other currencies | Total            |
| <i>Current</i>       | 135,468          | 3,181        | 15,030        | 374              | <b>154,053</b>   | 1,501,093        | 1,872        | 5,651         | 360              | <b>1,508,976</b> |
| <i>Up to 7 days</i>  | 436,474          | -1           | 0             | 0                | <b>436,473</b>   | 43,968           | 262          | 12            | 0                | <b>44,243</b>    |
| <i>Up to 14 days</i> | 11,775           | -2           | 51            | 0                | <b>11,824</b>    | 37,014           | 14           | 4,148         | 0                | <b>41,176</b>    |
| <i>Up to 21 days</i> | 16,884           | -2           | 0             | 0                | <b>16,882</b>    | 31,791           | 0            | 14            | 0                | <b>31,805</b>    |
| <i>Up to 1 month</i> | 51,894           | -3           | 0             | 0                | <b>51,891</b>    | 37,532           | 260          | 2,674         | 0                | <b>40,466</b>    |
| <i>1-3 months</i>    | 112,147          | -17          | 138           | 0                | <b>112,268</b>   | 293,465          | 4,809        | 4,051         | 0                | <b>302,324</b>   |
| <i>3-6 months</i>    | 163,337          | -24          | 210           | 0                | <b>163,523</b>   | 454,277          | 0            | 21            | 0                | <b>454,298</b>   |
| <i>6-12 months</i>   | 305,620          | -45          | 415           | 0                | <b>305,990</b>   | 145,518          | 1,983        | 41            | 0                | <b>147,542</b>   |
| <i>1-3 years</i>     | 979,995          | -146         | 1,604         | 0                | <b>981,452</b>   | 25,279           | 0            | 72            | 0                | <b>25,350</b>    |
| <i>3-5 years</i>     | 746,280          | -112         | 1,518         | 0                | <b>747,686</b>   | 121              | 0            | 0             | 0                | <b>121</b>       |
| <i>Above 5 years</i> | 1,069,692        | -190         | 5,079         | 0                | <b>1,074,581</b> | 404,244          | 710          | 1,189         | 1                | <b>406,144</b>   |
| <i>Due</i>           | 243,247          | 261          | 1,292         | 0                | <b>244,800</b>   | 0                | 0            | 0             |                  | <b>0</b>         |
| <b>Total</b>         | <b>4,272,812</b> | <b>2,899</b> | <b>25,336</b> | <b>374</b>       | <b>4,301,422</b> | <b>2,974,303</b> | <b>9,911</b> | <b>17,873</b> | <b>361</b>       | <b>3,002,447</b> |

Accumulated liquidity gap (in PLNk) amounted to:

|                      | Realigned  | Not realigned |
|----------------------|------------|---------------|
| <i>Current</i>       | -1,354,923 | 72,466        |
| <i>Up to 7 days</i>  | -962,693   | 424,147       |
| <i>Up to 14 days</i> | -992,045   | 347,823       |
| <i>Up to 21 days</i> | -1,006,968 | 311,062       |
| <i>Up to 1 month</i> | -995,543   | 296,286       |
| <i>1-3 months</i>    | -1,185,599 | -15,372       |
| <i>3-6 months</i>    | -1,476,375 | -243,194      |
| <i>6-12 months</i>   | -1,317,927 | -354,330      |
| <i>1-3 years</i>     | -361,825   | 190,182       |
| <i>3-5 years</i>     | 385,739    | 317,727       |
| <i>Above 5 years</i> | 1,054,175  | 989,023       |
| <i>Due</i>           | 1,298,975  | 1,246,666     |

## 45. OPERATIONAL RISK

### CAPITAL REQUIREMENT DUE TO OPERATIONAL RISK FOR 2014

| Business line | Requirement 2011 | Requirement 2012 | Requirement 2013 |
|---------------|------------------|------------------|------------------|
|---------------|------------------|------------------|------------------|

**Meritum Bank ICB S.A. Annual Financial Statements 2014**  
Annual Financial Statements for the year ended on 31 December 2014  
(data in PLNk)

|                                 | Conv. factor |               |               |               |
|---------------------------------|--------------|---------------|---------------|---------------|
| <i>Investment banking</i>       | 18%          | 0             | 0             | 0             |
| <i>Dealership activity</i>      | 18%          | 1,231         | 1,875         | 2,444         |
| <i>Brokerage activity</i>       | 12%          | 0             | 0             | 0             |
| <i>Commercial banking</i>       | 15%          | -594          | -226          | 140           |
| <i>Retail banking</i>           | 12%          | 13,237        | 21,191        | 31,509        |
| <i>Payments and settlements</i> | 18%          | 123           | 836           | -207          |
| <i>Agency services</i>          | 15%          | 0             | 0             | 0             |
| <i>Asset management</i>         | 12%          | 0             | 0             | 0             |
| <b>Total</b>                    |              | <b>13,997</b> | <b>23,676</b> | <b>33,886</b> |
| <b>Total requirement</b>        |              |               |               | <b>23,853</b> |

**CAPITAL REQUIREMENT DUE TO OPERATIONAL RISK FOR 2013**

| Business line                   | Conv. factor | Requirement 2010 | Requirement 2011 | Requirement 2012 |
|---------------------------------|--------------|------------------|------------------|------------------|
| <i>Investment banking</i>       | 18%          | 0                | 0                | 0                |
| <i>Dealership activity</i>      | 18%          | 775              | 1,231            | 1,875            |
| <i>Brokerage activity</i>       | 12%          | 0                | 0                | 0                |
| <i>Commercial banking</i>       | 15%          | 400              | -594             | -226             |
| <i>Retail banking</i>           | 12%          | 5,418            | 13,237           | 21,191           |
| <i>Payments and settlements</i> | 18%          | -106             | 123              | 836              |
| <i>Agency services</i>          | 15%          | 0                | 0                | 0                |
| <i>Asset management</i>         | 12%          | 0                | 0                | 0                |
| <b>Total</b>                    |              | <b>6,488</b>     | <b>13,997</b>    | <b>23,676</b>    |
| <b>Total requirement</b>        |              |                  |                  | <b>14,720</b>    |

**45. AGE ANALYSIS OF OVERDUE FINANCIAL ASSETS**

The timely service of the credit portfolio as of 31 December 2014 was as follows:

| Overdue status                   | Credits          |                |               |                  |               |                |
|----------------------------------|------------------|----------------|---------------|------------------|---------------|----------------|
|                                  | Total            | Revolving      | Credit cards  | Consumer         | Investment    | Other          |
| <i>Not overdue</i>               | 2,153,635        | 653,558        | 29,547        | 1,284,876        | 7,748         | 177,905        |
| <i>&gt;1 day &lt;=30 days</i>    | 331,329          | 89,837         | 5,139         | 198,025          | 7,624         | 30,704         |
| <i>&gt;30 days &lt;=90 days</i>  | 100,651          | 32,223         | 850           | 60,631           | 0             | 6,947          |
| <i>&gt;90 days &lt;=180 days</i> | 90,776           | 27,694         | 838           | 57,536           | 0             | 4,708          |
| <i>&gt;180 days &lt;=1 year</i>  | 128,027          | 42,500         | 1,269         | 77,168           | 0             | 7,090          |
| <i>&gt;1 year</i>                | 210,165          | 66,915         | 3,625         | 132,810          | 0             | 6,816          |
| <b>Total</b>                     | <b>3,014,583</b> | <b>912,727</b> | <b>41,268</b> | <b>1,811,046</b> | <b>15,372</b> | <b>234,170</b> |
| <i>Reserves</i>                  | <b>320,739</b>   |                |               |                  |               |                |

The timely service of the credit portfolio as of 31 December 2013 was as follows:

| Overdue status                    | Credits          |                |               |                  |               |                |
|-----------------------------------|------------------|----------------|---------------|------------------|---------------|----------------|
|                                   | Total            | Revolving      | Credit cards  | Consumer         | Investment    | Other          |
| <i>Not overdue</i>                | 1,821,110        | 593,445        | 28,396        | 1,045,970        | 14,018        | 139,281        |
| <i>&gt;1 day &lt;= 30 days</i>    | 285,763          | 91,016         | 4,555         | 164,431          | 0             | 25,762         |
| <i>&gt;30 days &lt;= 90 days</i>  | 81,808           | 27,257         | 852           | 48,909           | 0             | 4,790          |
| <i>&gt;90 days &lt;= 180 days</i> | 62,352           | 20,288         | 793           | 39,300           | 0             | 1,971          |
| <i>&gt;180 days &lt;= 1 year</i>  | 97,412           | 29,913         | 1,628         | 63,039           | 0             | 2,833          |
| <i>&gt;1 year</i>                 | 121,683          | 27,379         | 1,459         | 80,549           | 9,294         | 3,001          |
| <b>Total</b>                      | <b>2,470,128</b> | <b>789,297</b> | <b>37,682</b> | <b>1,442,199</b> | <b>23,313</b> | <b>177,637</b> |
| <i>Reserves</i>                   | <b>208,197</b>   |                |               |                  |               |                |

#### 46. ADDITIONAL INFORMATION TO THE CASH FLOW STATEMENT

For the Cash Flow Statement a definition of cash or its equivalent is adopted that includes, in addition to cash in bank, on the nostro current account and the nostro accounts in other banks, all other cash assets payable or due within 3 months of the date of their receipt, purchase or opening (deposits). Moreover, such cash assets include also financial assets, in particular short-term investments (with three-months or shorter period from the date of purchase), of high liquidity, easily exchangeable for specific amounts and exposed to negligible risk of value change.

For the needs of the Cash Flow Statement, the following division into types of activity has been adopted:

- **operational activity** – the core business of the Bank and other types of activity not included in the investment (deposit) or financial activities;
- **investment (deposit) activity** – the activity that involves the purchase or sale of tangible fixed assets (fixed assets, fixed assets under construction), intangible and legal assets, long-term investments, including investments in real estate and rights and all related money costs and benefits, except for those concerning income tax; and
- **financial activity** – is the activity that concerns funding sources other than the operating activity as well as increasing the equity capital (fund) or their repayment and the related money costs, including commissions, interest, dividends, and benefits, except for those concerning income tax.

| Specification  | 31.12.2014     | 31.12.2013     | Cash Flow Statement |
|--|----------------|----------------|---------------------|
| <i>Cash, operations with the Central Bank</i>                                  | 131,914        | 52,239         | 79,675              |
| <i>Treasury bills and bonds with the original maturity date up to 3 months</i> | 0              | 29,919         | -29,919             |
| <i>NBP treasury bills with the original maturity date up to 3 months</i>       | 389,956        | 409,915        | -19,959             |
| <i>Deposits in other banks with the original maturity date up to 3 months</i>  | 46,089         | 63,096         | -17,007             |
| <b>Total</b>   | <b>567,959</b> | <b>555,169</b> | <b>12,790</b>       |

The causes of differences between the changes of Balance Sheet items and changes of the same positions in the Cash Flow Statement are as follows:

| Item in the Cash Flow Statement | Value in the Statement | Change of the Balance Sheet value | Explanation |
|---------------------------------|------------------------|-----------------------------------|-------------|
|---------------------------------|------------------------|-----------------------------------|-------------|

|   |        |         |  |
|---|--------|---------|--|
| <i>Change of debt security value</i>  | -362   | -48,772 | Differences come from the securities with the maturity date up to 3 months                           |
| <i>Change of other receivables and liabilities value</i>                              | -2,549 | -2,260  | Differences come from the value of overpaid income tax   |
| <i>Change of receivables from the financial sector gross</i>                          | 2,013  | -14,267 | A part of assets is classified as cash   |
| <i>Change of accruals and prepayments and assets and reserves due to deferred tax</i> | -3,467 | -6,012  | Differences come from the value of unfinished development work, presented in investment expenditures |

#### **47. JOINT VENTURES**

In 2014, the Bank continued the cooperation with the Tesco chain. The scope of agreement signed in 2011 includes the Bank's offer to Tesco clients of additional benefits from financial services. The sale of such services takes place at 71 service points (as of 31 December 2013, at 70 points) located in Tesco hypermarkets. The Bank accounts for the results with the counterparty. The value of settlements, namely the refund to the Bank for 2014, amounted to 1,569 PLNk, and 4,157 PLNk in 2013.

#### **48. EVENTS AFTER THE BALANCE SHEET CLOSING DATE**

On 10 February 2015, the Financial Supervision Authority found no grounds to object to the purchase of shares in Meritum Bank ICB by Alior Bank. Therefore, another condition precedent set in the SPA concerning the sale of the majority shares in Meritum Bank ICB to Alior Bank by Innova Financial Holdings S.à.r.l, WCP COÖPERATIEF U.A. and the European Bank for Reconstruction and Development was fulfilled.

On 12 February 2015, the Bank received a notice of the cooperation agreement of 12 August 2011 made between Tesco (Polska) Sp. z o.o. and Meritum Bank ICB S.A. with its registered office in Gdańsk. The agreement was terminated by 12-months' contractual notice.

On 19 February 2015 Alior Bank purchased 97.9 % shares in Meritum Bank ICB. Alior Bank bought 12,382,746 shares in Meritum Bank ICB that represent 97.9% initial capital and 95% total votes at the Shareholders' Meeting of Meritum Bank for the amount of 352.5 PLNm. The purchase was financed with funds acquired from the issuance of subordinated bonds and the issue of shares in Alior Bank. Innova Financial Holdings S.à.r.l and WCP Coöperatief U.A., until then the shareholders in Meritum Bank, acquired 2,355,498 shares of the new issuance of Alior Bank valued 172.7 PLNm.

## **49. INFORMATION ON THE PROPOSED DISTRIBUTION OF PROFITS FOR THE CURRENT YEAR**

The Management Board of Meritum Bank ICB SA proposes to allocate the profit for the current financial year amounting to 44,552 PLNk to cover losses of previous years.

### **Signatures of the Management Board Members of Meritum Bank ICB S.A.**

|               |   |
|---------------|---|
| 12 March 2015 | Krzysztof Czuba<br>acting President of the Management Board         |
| 12 March 2015 | Joanna Krzyżanowska<br>First Vice-President of the Management Board |
| 12 March 2015 | Witold Skrok<br>acting Vice-President of the Management Board       |
| 12 March 2015 | Grażyna Musiatowicz-Podbiał<br>Member of the Management Board       |

Hanna Wangler

12 March 2015

Member of the Management Board

**The Financial Statements prepared by**

Urszula Nowik-Krawczyk

12 March 2015

Director of Accounting Department / Chief Accountant