IDEA BANK S.A. CAPITAL GROUP

CONSOLIDATED QUARTERLY REPORT
FOR 3 MONTHS PERIOD ENDED 31.03.2015

Warsaw, 7 May 2015

SELECTED FINANCIAL DATA

Data on consolidated income statement	01.01.2015-31.03.2015 (unaudited) PLN thousand	01.01.2014-31.03.2014 (unaudited) PLN thousand	01.01.2015-31.03.2015 (unaudited) EUR thousand	01.01.2014-31.03.2014 (unaudited) EUR thousand
Net interest income	74 471	66 709	17 950	15 923
Net fee and commission income	113 348	74 284	27 320	17 731
Profit (loss) before income tax	63 911	37 524	15 404	8 957
Net profit (loss)	63 133	31 527	15 217	7 525
Net profit (loss) attributable to shareholders of parent company	63 023	31 527	15 190	7 525
Net profit (loss) attributable to non-controlling shareholders	75 742	32 546	18 256	7 769
Net cash flows	373 229	249 801	89 959	59 626

Data on consolidated statement of financial position	31.03.2015 (unaudited) PLN thousand	31.12.2014 PLN thousand	31.03.2015 (unaudited) EUR thousand	31.12.2014 EUR thousand
Total assets	15 645 905	15 064 028	3 826 340	3 534 249
Total equity	1 551 505	1 476 248	379 434	346 350
Equity attributable to shareholders of parent company	1 551 389	1 476 210	379 405	346 341
Share capital	135 622	135 622	33 168	31 819
Number of shares	67 811 097	67 811 097	67 811 097	67 811 097
Capital adequacy ratio (Bank standalone)	14.06%	13.45%	14.06%	13.45%

Data on standalone income statement	01.01.2015-31.03.2015 (unaudited) PLN thousand	01.01.2014-31.03.2014 (unaudited) PLN thousand	01.01.2015-31.03.2015 (unaudited) EUR thousand	01.01.2014-31.03.2014 (unaudited) EUR thousand
Net interest income	55 746	52 934	13 436	12 635
Net fee and commission income	69 047	42 775	16 642	10 210
Profit (loss) before income tax	43 265	27 384	10 428	6 536
Net profit (loss)	34 836	21 866	8 397	5 219
Total comprehensive income	47 682	22 885	11 493	5 463
Net cash flows	403 181	220 540	97 179	52 642

Data on standalone statement of financial position	31.03.2015 (unaudited) PLN thousand	31.12.2014 PLN thousand	31.03.2015 (unaudited) EUR thousand	31.12.2014 EUR thousand
Total assets	14 592 598	14 060 792	3 568 745	3 298 874
Total equity	1 582 418	1 534 736	386 994	360 072
Share capital	135 622	135 622	33 168	31 819
Number of shares	67 811 097	67 811 097	67 811 097	67 811 097
Capital adequacy ratio (Bank standalone)	14.1%	13.5%	14.1%	13.5%

Selected financial data containing basic items of the consolidated and standalone financial statements have been converted into euro according to the following rules:

- Individual items of assets, liabilities and equity were converted at the average exchange rates published by National Bank of Poland in force as at 31 March 2015 EUR 1 = PLN 4.089 and 31 December 2014 of EUR 1 = PLN 4.2623.
- Individual items in the income statement and items on the statement of cash flows were translated at exchange rates representing the arithmetic mean of average exchange rates set by the National Bank of Poland on the last day of each month for the 3-month periods ended 31 March 2015 and 2014 (respectively EUR 1 = PLN 4.1489 and EUR 1 = PLN 4.1894).

CONTENT

I. INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. INTERIM CONSOLIDATED INCOME STATEMENT

	Note	01.01.2015-31.03.2015 (unaudited) PLN thousand	01.01.2014-31.03.2014 (unaudited) PLN thousand
Continued operations			
I. Interest income	7	191 425	127 074
II. Interest expenses	7	-116 954	-60 365
III. Net interest income		**74 471**	**66 709**
IV. Fee and commission income	8	134 432	105 477
V. Fee and commission expenses	8	-21 084	-31 193
VI. Net fee and commission income		**113 348**	**74 284**
VII. Dividend income		0	0
VIII. Result on financial assets at fair value		6 141	3 876
IX. Foreign exchange result		1 518	202
X. Other operating income	9	4 382	8 504
XI. Other operating expenses	9	-4 463	-3 331
XII. Net other operating income		**7 578**	**9 251**
XIII. Result on investments in purchased debt	11	25 664	8 464
XIV. Impairment losses	12	-29 004	-27 994
XV. General administrative costs	10	-129 333	-93 190
XVI. Result from operating activity		**62 724**	**37 524**
XVII. Share in profits (losses) of associates		1 187	**0**
XVIII. Profit (loss) before income tax		**63 911**	**37 524**
XIX. Income tax	13	-778	-5 997
XX. Net profit (loss)		**63 133**	**31 527**
1. Attributable to shareholders of parent company		63 023	31 527
2. Attributable to non-controlling shareholders		110	0
Weighted average number of ordinary shares in the period		67 811 097	48 468 030
Basic earnings per share (PLN per share)		0.93	0.65
Diluted earnings per share (PLN per share)		0.93	0.65

In the I-st quarter of 2015 and 2014 there was no discontinued activity.

2. INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	01.01.2015-31.03.2015 (unaudited) PLN thousand	01.01.2014-31.03.2014 (unaudited) PLN thousand
Profit (loss) for the period		**63 133**	**31 527**
FX differences from translation of foreign units		(237)	-
Valuation of available-for sale financial assets		22 231	1 267
Effect of cash flow hedge accounting		(6 372)	(9)
Income tax on other comprehensive income		(3 013)	(239)
Other comprehensive income, net of tax	19	**12 609**	**1 019**
Total comprehensive income for the period		**75 742**	**32 546**
Attributable to shareholders of the company		75 742	32 546
Attributable to non-controlling interests		-	-

The components of other comprehensive income, i.e. the valuation of financial assets available for sale and the effect of cash flow hedges can, in the future, be transferred to the income statement.

3. INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	31.03.2015 (unaudited) PLN thousand	31.12.2014 PLN thousand
ASSETS			
Cash and balances with Central Bank		518 229	436 456
Receivables from banks and financial institutions		637 623	510 983
Financial assets held for trading		657	684
Derivative hedging instruments		26 101	4 885
Derivative financial instrument at fair value through profit or loss		61 862	20 110
Amounts due from clients:	13	7 529 305	7 202 855
- Loans and advances to clients		7 140 767	6 844 761
- Financial assets at fair value through profit or loss		388 538	358 095
Finance lease receivables	14	2 686 386	2 643 067
Other loans and receivables		112 141	57 580
Available-for-sale financial assets	15	1 932 405	2 138 017
Intangible assets		889 817	906 770
Property, plant and equipment		133 091	138 800
Investment property		157 774	170 557
Investments in associates		66 635	65 469
Fixed assets held for sale		464	589
Income tax assets		312 015	309 893
- Current tax assets		2 342	3 668
- Deferred tax assets		309 673	306 225
Other assets		581 400	457 313
TOTAL ASSETS		**15 645 905**	**15 064 028**
LIABILITIES AND EQUITY			
Liabilities			
Amounts due to other banks and financial institutions		645 158	660 257
Derivative hedging instruments		0	19 219
Derivative financial instrument at fair value through profit or loss		1 248	4 512
Financial liabilities measured at fair value through profit or loss		657 455	478 159
Amounts due to clients	17	11 312 533	10 880 677
Debt securities in issue		997 170	1 055 424
Corporate income tax liabilities		14 268	17 094
Other liabilities		445 436	455 550
Deferred tax liabilities		17 233	13 039
Provisions	18	3 899	3 849
TOTAL LIABILITIES		**14 094 400**	**13 587 780**
Equity (attributable to shareholders of parent company)		**1 551 389**	**1 476 210**
Share capital		135 622	135 622
Retained earnings		9 733	-110 794
Net profit (loss)		63 023	241 255
Other capital		1 343 011	1 210 127
Non-controlling interests		**116**	**38**
Total equity		**1 551 505**	**1 476 248**
TOTAL LIABILITIES AND EQUITY		**15 645 905**	**15 064 028**

4. INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for 3-months period ended 31 March 2015

(unaudited)	Attributable to shareholders of parent company									
			Other capital							
	Share capital	Retained earnings	Supplementary capital	Revaluation reserve	FX differences	Other reserves	Net profit (loss)	Total	Non-controlling interest	Total equity
	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand
As at 1 January 2015	**135 622**	**-110 794**	**1 149 281**	**- 53 865**	**26**	**114 685**	**241 255**	**1 476 210**	**38**	**1 476 248**
Valuation of available-for-sale financial assets, net of deferred tax	0	0	0	18 007	0	0	0	18 007	0	18 007
Foreign exchange differences from valuation of foreign units	0	0	0	0	-237	0	0	-237	0	-237
Hedge accounting	0	0	0	-5 161	0	0	0	-5 161	0	-5 161
Other comprehensive income for the period	**0**	**0**	**0**	**12 846**	**-237**	**0**	**0**	**12 609**	**0**	**12 609**
Net profit (loss)	0	0	0	0	0	0	63 023	63 023	110	63 133
Total comprehensive income for the period	**0**	**0**	**0**	**12 846**	**-237**	**0**	**63 023**	**75 632**	**110**	**75 742**
Issue of shares	0	0	0	0	0	0	0	0	0	0
Transfer of net profit (loss) to retained earnings	0	241 255	0	0	0	0	-241 255	0	0	0
Distribution of net profit (loss)	0	-120 275	120 275	0	0	0	0	0	0	0
Payments from profit to minority shareholders	0	0	0	0	0	0	0	0	-32	-32
Other	0	-453		0	0	0	0	-453	0	-453
As at 31 March 2015	**135 622**	**9 733**	**1 269 556**	**-41 019**	**-211**	**114 685**	**63 023**	**1 551 389**	**116**	**1 551 505**

for 3-months period ended 31 March 2014

(unaudited)	Share capital PLN thousand	Retained earnings PLN thousand	Attributable to shareholders of parent company – Other capital: Supplementary capital PLN thousand	Revaluation reserve PLN thousand	Other reserves PLN thousand	Net profit (loss) PLN thousand	Total PLN thousand	Non-controlling interest PLN thousand	Total equity PLN thousand
As at 1 January 2014	**96 936**	**-93 296**	**601 459**	**-8 836**	**70 710**	**104 173**	**771 146**	**0**	**771 146**
Valuation of available-for-sale financial assets, net of deferred tax	0	0	0	1 026	0	0	1 026	0	1 026
Hedge accounting	0	0	0	-7	0	0	-7	**0**	-7
Other comprehensive income for the period	**0**	**0**	**0**	**1 019**	**0**	**0**	**1 019**	**0**	**1 019**
Net profit (loss)	0	0	0	0	0	31 527	31 527	0	31 527
Total comprehensive income por the period	**0**	**0**	**0**	**1 019**	**0**	**31 527**	**32 546**	**0**	**32 546**
Transfer of net profit (loss) to retained earnings	0	104 173	0	0	0	-104 173	0	0	0
As at 31 March 2014	**96 936**	**10 877**	**601 459**	**-7 817**	**70 710**	**31 527**	**803 692**	**0**	**803 692**

5. INTERIM CONSOLIDATED CASH FLOW STATEMENT

	01.01.2015-31.03.2015 (unaudited) PLN thousand	01.01.2014-31.03.2014 (unaudited) PLN thousand
Cash flows from operating activities		
Net profit (loss)	63 133	31 527
Total adjustments:	398 793	230 894
Depreciation and amortization	11 572	7 861
Share in profits (losses) of associates	-1 187	0
Foreign exchange (gain) loss	-1 239	-202
Interest and dividend	30 410	2 973
Changes in receivables from banks and financial institutions	186 335	-32 732
Changes in financial assets held for trading and financial assets at fair value through profitt or loss	27	0
Changes in derivative financial instruments (assets)	-62 968	-3 702
Changes in receivables from clients	-326 451	-284 714
Changes in finance lease receivables	-43 318	-76 357
Changes in other loans and receivables	-54 561	14 622
Changes in available for sale financial assets	227 843	320 474
Changes in deferred tax assets	-6 461	-867
Changes in other assets	-123 962	-105 986
Changes in amounts due to banks and financial institutions	-15 099	107 430
Changes in derivative financial instruments (liabilitiy) and financial liabilities at fair value through profit or loss	150 441	79 070
Changes in amount due to clients	431 856	262 299
Changes in debt securities in issue	0	-24 854
Changes in deferred tax liabilities and other provisions	4 244	5 540
Changes in other liabilities	-10 114	-18 018
Other adjustments	2 925	0
Income tax paid	-3 145	-24 236
Current income tax recognized in the income statement	1 645	2 293
Net cash flows from operating activities	**461 926**	**262 421**
Cash flows from investment activities		
Inflows from investment activities	**4 431**	**2 230**
Sale of financial assets	0	1 639
Sale of intangible assets and property, plant and equipment	2 436	0
Interest received	1 995	591
Investment activity outflows	**-10 691**	**-11 286**
Acquisition of intangible assets and property, plant and equipment	-10 691	-11 286
Net cash flows from/used in investment activities	**-6 260**	**-9 056**
Cash flows from financial activities		
Proceeds from issue of debt securities	30 000	0
Redemption of debt securities in issue	-80 000	0
Payments from profit to minority shareholders	-32	0
Interest paid	-32 590	-3 564
Interest received	185	0
Net cash flows from/used in financial activities	**-82 437**	**-3 564**
Net increase (decrease) in cash and cash equivalents	373 229	249 801
Opening balance of cash and cash equivalents	670 727	230 967
Closing balance of cash and cash equivalents	**1 043 956**	**480 768**
Restricted cash and cash equivalents	**0**	**0**

II. ADDITIONAL NOTES AND EXPLANATIONS TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 General information

The Idea Bank S.A. Group ("the Group") consists of the parent company, Idea Bank S.A. ("the Bank", "the parent company"), and its subsidiaries.

Idea Bank S.A. ("the Bank) with its registered office in Warsaw, ul. Przyokopowa 33 was registered by the District Court in Warsaw, 12th Business Department of the Polish Court Register under number KRS 0000026052**.**

The Bank was assigned REGON statistical number 011063638.

The duration of the Bank and its subsidiaries is unlimited. The legal basis for the Bank's operations is its Articles of Association drawn up in the form of a notarial deed dated 23 March 1992.

The Group's operations include banking services provided by the parent company and financial and insurance agency services, sale of real estate and lease provided by the subsidiaries, including:

- accepting cash deposits payable on demand or on the due date; maintaining respective accounts;
- maintaining other bank accounts;
- granting loans and advances;
- issuing and confirming bank guarantees; L/C opening and confirmation;
- issuing bank securities;
- cash settlements;
- providing borrowings;
- transactions on cheques and bills of exchange; warranty operations;
- acquisition and disposal of receivables;
- custody services, bank safe services;
- issuing and confirming sureties;
- representing investors in transactions in securities;
- issuing and servicing payment cards;
- forward and futures transactions;
- purchasing and selling foreign currencies;
- intermediary services in cash transfers and FX transactions;
- issuing e-money instruments

The Group's operations also include:

- acquiring and purchasing shares, rights, other legal entity's interests and investment funds' share units;
- incurring liabilities related to the issue of securities;
- debt for asset swap, as agreed upon with the debtor, with the Bank's obligation to sell the assets not later than 5 (five) years following the date of the acquisition for real estate and

not later than 3 (three) years following the date of acquisition for other assets. The obligation mentioned above does not apply to assets which the Bank will use to conduct its own banking activities;

- financial advisory and consulting services;
- financial services related to insurance and pension and disability funds;
- finance leases;
- purchasing and selling real estate;
- trading in securities;
- managing securitized debts in securitization funds;
- insurance agency.

The Group's parent company is Getin Holding S.A., with its registered office in Wrocław (Poland), ul. Gwiaździsta 66.

The ultimate parent is Dr. Leszek Czarnecki.

2 Composition of the Group

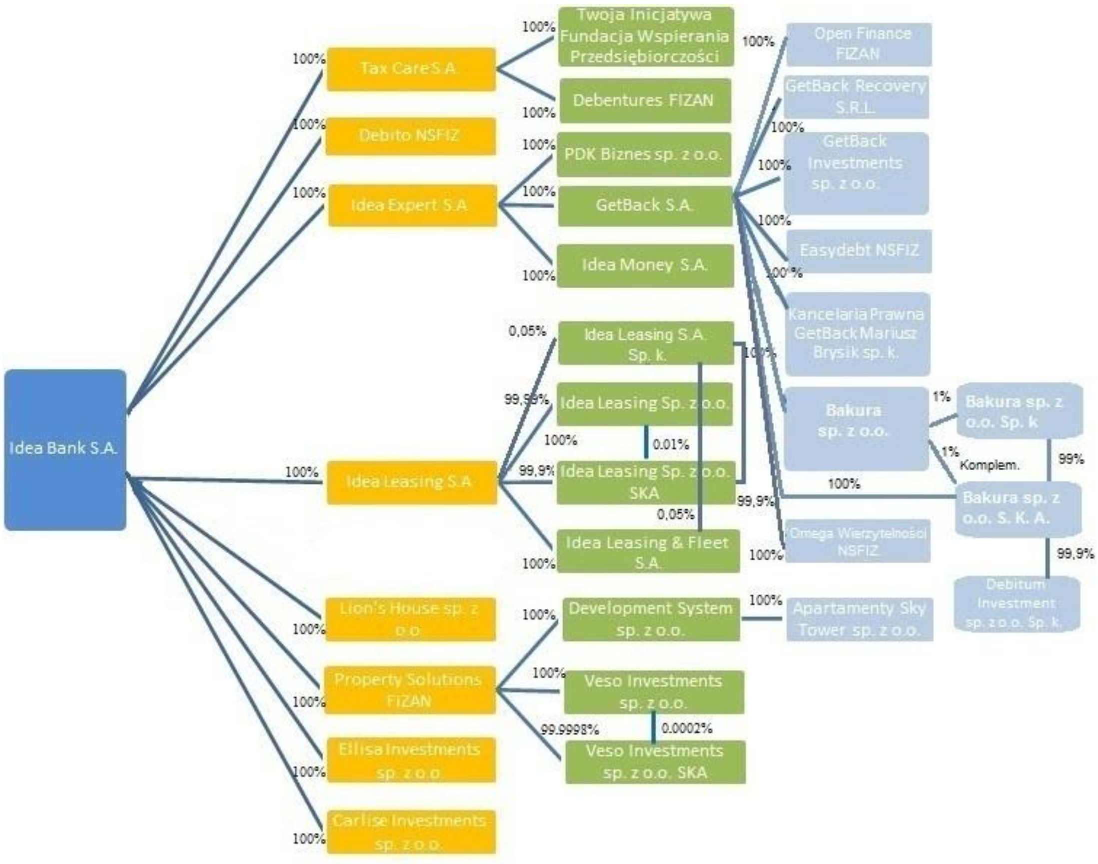
In connection with entry into effect of IFRS 10 *Consolidated financial statements* as of 1 January 2014, the Bank has analyzed the nature of its engagement in investments in order to identify entities controlled by it. Following the analysis, it was established that there was no need to introduce changes to the Group's existing structure.

All significant balances and transactions between Group's entities, including unrealized gains arising from Group transactions, have been fully eliminated. Unrealized losses are eliminated unless they are an impairment indicator.

Changes in the shareholding structure of the parent company, which do not lead to a loss of control over a subsidiary are stated as equity transactions. In such cases, in order to reflect the changes in shares in a subsidiary, the Group adjusts the carrying amount of the controlling and non-controlling shares. Any differences between the adjustment amount of non-controlling shares and the fair value of the amount paid or received are referred to equity and assigned to shareholders of parent company.

ended 31 March 2015 (in PLN thousand)

As at 31 March 2015 the Idea Bank S.A. Group consisted of the following entities:



The following changes in the Group's capital structure took place in the period from 01 January 2015 to 31 March 2015:

- On 26 February 2015 GetBack S.A. acquired 100% shares in Debitum Investment Sp. z o.o. Sp. k. for a total price of PLN 143m.
- On 27 February 2015 Lion's House Sp. z o.o. and LC Corp Sky Tower Sp. z o.o. merged and since that day operate under the name Lion's House Sp. z o.o.
- On 19 March 2015 GetBack S.A. issued I_02 series bonds with a total nominal value of PLN 30.0m. The interest rate of the bonds was set at WIBOR 3M plus 375 basis points. The bonds were issued for a period of 48 months.

3 Management Board report of parent company

Composition of the Bank's Management Board and Supervisory Board as at 31 March 2015 and as at the date of the financial statements:

Supervisory Board

Supervisory Board Chairman	Dr. Leszek Czarnecki
Supervisory Board Deputy Chairman	Remigiusz Baliński
Supervisory Board Members	Marek Grzegorzewicz
	Jakub Malski
	Kryszytof Bielecki
	Artur Gabor
	Izabela Lubczyńska

ended 31 March 2015 (in PLN thousand)

Management Board

Management Board President	Jarosław Augustyniak
Management Board Members:	Małgorzata Szturmowicz
	Dominik Fajbusiewicz
	Marcin Syciński
	Dariusz Makosz

4 Approval of the financial statements

These interim condensed consolidated financial statements were approved for publication by the Management Board on 7 May 2015.

5 Major accounting policies

5.1 Period covered by the statements

These financial statements cover 3-month period ended 31 March 2015 for the income statement, statement of changes in equity, statement of comprehensive income and statement of cash flow, and as at 31 March 2015 for the statement of financial position. Data on 31 March 2015 and 2014 were not audited or reviewed.

5.2 Basis of preparation of the consolidated financial statements

These interim condensed consolidated financial statements were prepared on a historical cost basis except for financial assets measured at fair value, financial liabilities measured at fair value and investment property.

When preparing the consolidated financial statements it was assumed that the Group would continue to operate as a going concern in the foreseeable future, i.e. for a period of at least one year after the balance sheet date. As at the date of approval hereof, there is no substantial threat to the Group being able to continue as a going concern for one year after the balance sheet date.

The interim condensed consolidated financial statements do not include all information and disclosures required in the annual financial statements and should be read in conjunction with the consolidated financial statements of the Group for the 12 months ended on 31.12.2014, 31.12.2013 and 31.12.2012.

In the reporting period, there were no discontinued operations requiring disclosure in the interim condensed consolidated financial statements.

These interim condensed consolidated financial statements have not been audited or reviewed by an independent auditor.

5.3 Statement of compliance

These interim condensed consolidated financial statements were prepared in accordance with International Financial Reporting Standards („IFRS") as adopted by the European Union, especially in line with IAS 34 Interim financial reporting, and to the extent not regulated by those standards in accordance with the Accounting Act of 29 September 1994, as amended and the secondary regulations thereto, as well as requirements applying to issuers of securities admitted or applying for admission to trading on the market of official SE quotations.

The IFRS include standards and interpretations approved by the International Accounting Standards Board (the "IASB") and the International Financial Reporting Interpretations Committee (the "IFRIC"). The Group applied the "carve out" set forth in IAS 39 approved by the EU, as referred to herein.

The Group applied no standards, interpretations or amendments which have been made public, but have not yet become effective.

Some of the Group's subsidiaries maintain their accounting books in accordance with the policies (rules) specified in the Accounting Act of 29.09.1994 ("the Accounting Act") as amended and the secondary regulations thereto (the "Polish Accounting Standards"). When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

5.4 Major accounting estimates and judgments

Professional judgment

In the process of applying the accounting policies to the issues discussed below, the judgments made by the management are of most significance, besides the accounting estimates made.

- ***Insurance commission income***

The Group reviews the relation of loans and insurance products. In the case of direct linkage between a loan and insurance product without a classification as a complex product, the Group recognizes the whole remuneration based on the effective interest rate. For complex products, for which fair value of the offered financial asset has been separated and the insurance product sold jointly with this asset, the Group allocates based on the proportion of accordingly the fair value of a financial asset and the fair value of the intermediation service to the sum of both those values. Remuneration for intermediation service is settled using the straight-line method based on the level of service advancement, and the remaining portion is settled based on the effective interest rate over the period of the financial instrument. The Group also estimates part of the remuneration, which will be reimbursed (e.g. due to termination of insurance contracts by clients, prepayments, etc.) in the insurance product post-sales period. The estimated part of the remuneration is deferred in time to the amount of anticipated reimbursement.

The Group recognizes, based on a lapse ratio, commission revenue in respect of saving plans open in other institutions (which are not finalized). The ratios are calculated basing on historical data regarding the probability of the savings plans, relevant to the applications submitted, being executed. The same ratios are used to calculate provisions for commissions paid to advisors. The Group updates and verifies the estimated lapse ratios; in the event of differences between the accepted estimates and the actual closing, the Group discloses the impact of the difference pursuant to IAS 8 "Accounting Policies, Changes in accounting estimates and errors" relating to changes in estimates, i.e. in the period in which the estimate changed.

- ***Portfolio ratios in exposure valuation***

Estimating a potential impairment of loan and lease receivables depends on many factors, including historical trends. For loans with identified impairment, impairment loss reducing the carrying amount is made if in the Group's opinion the estimated repayment by debtor, together with the value of the collateral, may be lower than the outstanding receivable. With regard to provisions for losses incurred but not disclosed, the Group estimates (based on historical data) the PD (probability of default) parameters, and the RR (Rate of Return close to the estimated portfolio values) parameters using an expert approach, needed to determine the IBNR write-offs. Due to insufficient historical data, the RR parameter is estimated using an expert approach based on recovery analysis. The model setting the RR parameter is to be introduced by the end of 2015.

- ***Impairment of financial assets***

On each reporting date, the Group estimates whether there is any objective evidence of the impairment of a financial asset or group of financial assets. In the event of such evidence, the Group identifies the amount of the loss due to impairment. The value of the loss is equivalent to the difference between the asset's carrying amount and the present value of estimated future cash flows generated by the financial instrument, discounted at the financial asset's original effective interest rate. An asset's carrying amount is reduced through use of an allowance account.

- ***Impairment of non-financial assets***

The Group periodically assesses whether there are any objective indicators for the impairment of any non-financial asset. If any such indicators exists, the Group estimates whether the carrying value of the asset is higher than its recoverable amount, i.e. either the value generated by the asset in use or its fair value less costs of disposal,. Should an asset's carrying amount be higher than its recoverable amount, impairment occurs and a relevant impairment loss is recognized in the income statement.

- ***Impairment of goodwill***

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. The impairment test is carried out once a year. In addition, at each reporting date it is assessed whether there is any impairment of goodwill. The adoption of different assumptions to test impairment of goodwill could have an impact on the valuation of goodwill. Impairment losses are recognized in the income statement.

- ***Impairment of trademark***

At the moment of settlement of the acquisition of a subsidiary, the Group recognizes the fair value of significant trademarks based on the valuation of independent experts. At the reporting date, the Group assesses whether the useful life of the trademark is specified, or indefinite. Trademarks with an indefinite useful life are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired, by comparing its recoverable amount with the carrying amount. The excess of the carrying amount over the recoverable amount is recognized as an impairment loss.

- ***Valuation of purchased collection debts***

The evaluation of this portfolio was made based on the discounted expected cash flow, estimated based on the forecast recovered amounts. The expected cash flows are subject to ongoing evaluation, particularly in terms of the record of amounts recovered from debt collection from the moment the Group started debt collection. Result of the valuation is presented in income statement in "Impairment losses on loans and advances and lease receivables".

- ***Deferred tax assets***

The Group recognizes a deferred tax asset assuming relevant future tax profit. Declining future taxable profits could make the assumption unjustified. As at the date of the financial statements, the Group has concluded that sufficient taxable profit will be available to utilize deferred tax assets. The establishment of a tax capital group will postpone the date of utilization of the deferred tax asset for all the items by three years, i.e. the existing period of the tax capital group. Furthermore, improving the Group's financial results justify the utilization in the assumed period.

5.5 Functional and reporting currency

The functional currency of the parent company, the reporting currency of the consolidated financial statements and the functional currency of the Group companies is the Polish zloty (PLN), except for GetBack Recovery in Romania.

5.6 Major accounting policies

- ***<u>Consolidation</u>***

The Consolidated Financial Statements include the financial statements of Idea Bank S.A. and the financial statements of its subsidiaries for the respective reporting periods. Consolidation packages of subsidiaries, which are the basis for preparing these consolidated financial statements, are prepared for the same reporting period as that for the financial statements of the parent company, using consistent and uniform accounting policies applied for transactions and economic events in similar circumstances. In order to eliminate differences in the applied accounting methods, adjustments are introduced.

All significant intercompany balances and transactions between entities in the Group, including unrealized profits arising from intra-group transactions, are eliminated in full. Unrealized losses are eliminated unless they provide evidence of impairment.

Subsidiaries

Irrespective of the nature of engagement in a given entity, the Bank determines its status of a parent company by evaluating whether it exercises control over the entity in which the investment was made.

The Bank exercises control over the entity in which the investment was made if, due to the engagement, it is exposed to variable financial results or if it has the right to variable financial results and may influence those financial results by exercising control over the entity.

The Bank exercises control over an entity in which an investment was made only if and when simultaneously:
a) it exercises control over the entity in which the investment was made,
b) in connection with its engagement in an entity in which an investment was made, it is exposed to variable financial results or if it has the right to variable financial results, and
c) it may use its control over an entity in which an investment was made to influence its financial results.
Consolidation of the entity in which an investment was made starts on the day on which the Bank obtains control over the entity and ceases when it loses the control.

The Bank attributes profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests. The Bank presents non-controlling interests in the consolidated financial statements, in equity separate from equity of the owners of the parent company. Changes to the shareholding structure of the parent company in the subsidiary, which do not lead to parent company's loss of control over the subsidiary, are accounted for as equity transactions. If part of the equity held by non-controlling interests changes, Idea Bank S.A. adjusts the carrying amount of the controlling and non-controlling interest to reflect the changes in the shareholding in the subsidiary. Any difference between the amount of the adjustment of non-controlling interest and the fair value of consideration paid or received by the Bank are recognized in equity and attributed to owners of the parent company..
If the Bank loses control over a subsidiary:

a) it excludes the assets (including goodwill) and liabilities of the former subsidiary from the consolidated statement of financial position,
b) it recognizes any investments in the former subsidiary at their fair value as at the loss of control date, and subsequently recognizes them and all amounts of mutual liabilities of the former subsidiary and the parent company in accordance with applicable IFRS,
c) it recognizes gains and losses related to loss of control attributable to parent company.

Associates

An associate is an entity over which the investor has significant influence. Significant influence means Power to participate in the process of deciding on the financial and operating policy of the entity in which an investment was made, which does not, however, mean exercising control or joint control over the Policy of this entity.
If the Bank holds directly or indirectly (e.g. through subsidiaries) 20% or more of votes in the entity in which an investment was made, the Bank is assumed to have a significant influence on the entity unless it can be clearly demonstrated otherwise. If the Bank holds directly or indirectly (e.g. through subsidiaries) less than 20% of votes in the entity in which an investment was made, it may be assumed that the Bank does not have significant influence on the entity unless such influence can be clearly demonstrated. The Bank loses significant influence on the entity in which an investment was made when it loses control allowing it to participate in taking decisions on the financial and operating policy of the entity in which the investment was made.
Investments in associates are accounted for using the equity method where the investment is initially recognized at cost and subsequently following the acquisition date, its value is adjusted accordingly by a change of the investor's share in the net assets of the entity in which the investment was made.

The investor's profit or loss includes its share in the profit or loss of the entity in which the investment was made, and other comprehensive income of the investor includes its share in other comprehensive income of the entity, in which the investment was made. If the entity's share in the losses of the associate is equal to or higher than its share in the associate, the entity ceases to recognize its share in further losses.
Profits and losses arising from "downstream" and "upstream" transactions between the Bank and its subsidiaries and the associated entities is recognized in the Group's financial statements only to the extent that it reflects the share of unrelated investors in the associated entities. An investor's share in the profits or losses of an associate arising from those transactions are excluded.
Each time at the end of the reporting period, the Group assesses whether premises exist requiring an impairment loss with respect to its net investment in the associate. If such premises exist, the Group estimates the recoverable value, i.e. the higher of its value in use or fair value less costs to sell. If the carrying amount of an asset is higher than its recoverable value, the Group recognizes an impairment loss in the income statement.

- ***Recognition of financial instruments***

The Group recognizes a financial asset or liability in the statement of financial position when it becomes a party to the transaction. Transactions of sale and purchase of financial assets measured at fair value through profit or loss, held-to-maturity financial assets and available-for-sale financial assets, including regular way purchases or sales of financial assets are always recognized in the statement of financial position at the transaction date. Loans and receivables are disclosed at the date of disbursement of the debtor's funds.

All financial instruments are initially recognized at fair value less transaction costs, other than financial assets and liabilities measured at fair value through profit or loss, directly related to the purchase or issue of a financial asset or liability.

The Group classifies financial instruments into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, available-for-sale financial assets, loans and receivables, financial liabilities at fair value through profit or loss and other financial liabilities measured at amortized cost.

- ***Financial instruments measured at fair value through profit or loss***

The category includes two sub-categories:

- financial assets and financial liabilities held-for-trading – purchased or incurred to resell in a short-term as well as derivative financial instruments;

- financial assets and financial liabilities initially disclosed as financial assets and liabilities measured at fair value through profit or loss.

Financial assets and financial liabilities held-for-trading and financial assets and financial liabilities initially classified at fair value through profit or loss are recognized in the statement of financial position at fair value.

- ***Hedge accounting***

The Group has adopted the accounting policy related to cash flow hedging to hedge against interest rate risk in compliance with IAS 39 as adopted by the EU. The IAS 39 carve-out approved by the EU enables the Company to designate a group of derivative instruments as a hedging instrument and lifts some of the limitations provided for in IAS 39 regarding deposit hedging and adoption of the strategy for hedging less than 100% of cash flows. According to IAS 39 as adopted by the EU, hedge accounting can be applied to deposits and ineffective hedges are reported only when the revalued cash flows in a given period of time is lower than the hedged value relating to the relevant period.

Hedges are classified as follows under hedge accounting:

- fair value hedges to mitigate the risk of fair value fluctuations of an asset or liability, or
- cash flow hedges, hedging against fluctuations of cash flows attributable to particular risk type related to an asset, liability, or forecasted transaction, or
- net investment hedges in a foreign entity.

The Group manages interest rate risk by extending the interest rate on assets, i.e. swapping floating interest rates to fixed interest rates. Therefore, the Group applied a cash flow hedge model to the PLN-denominated loan portfolio with floating interest rates which generates interest rate risk and to the related IRS transactions hedging against this risk. The hedging instrument is the IRS transaction portfolio in PLN, in which the Group is the payer of the floating rate and receives payment based on a fixed rate.

Additionally, in 2014 the Group implemented new hedging strategies:

- with respect of the EUR-indexed lease and loan receivables portfolio to hedge a change arising from currency risk. The hedging instrument are Currency Interest Rate Swap transactions (‘CIRS”) “pay floating in EUR, receive floating in PLN”,

- with respect to a granted RUB-indexed loan to hedge a change arising from currency risk. The hedging instrument is a CIRS transaction “pay fixed in RUB, receive fixed in PLN” being an element of decomposed CIRS transaction “pay fixed in RUB, receive floating in PLN”,

- with respect to PLN-denominated bonds with floating rate generated interest rate risk. The hedging instrument is an IRS transaction in PLN “pay fixed, receive floating”.

IRS / CIRS transactions meet the requirements allowing them to be designated as hedging instruments (individually or as a transaction group) since those transactions are carried out with entities from outside the Bank’s group (meeting the external transaction requirements). The effective portion of the fair value change in the IRS / CIRS hedging instruments is recorded in other comprehensive income of the Group. At each reporting date the Bank reclassifies from other comprehensive income the amounts of interest expense accrued over the relevant reporting period, compensating for changes in cash flows arising on the hedged items, recognized in a given reporting period in the income statement. The ineffective portion of fair value change of the hedging instrument should be recognized in the Group’s income statement on an ongoing basis.

- ***Held-to-maturity financial assets***

Held to maturity financial assets are non-derivative financial assets, with fixed or determinable payments and with a fixed maturity date, which the Group intends and is able to hold to their maturity, other than:

- initially designated as assets measured at fair value through profit or loss;

- designated as available-for-sale financial assets;

- meeting the criteria set by the definition of loans and receivables.

- ***Available-for-sale financial assets***

Financial assets available for sale are non-derivative financial instruments, which have been classified as available-for-sale or do not fall under any of the categories mentioned above. Available-for-sale financial assets are stated at fair value plus any transaction costs which may be directly attributed to the purchase or issue of a financial asset. Fair value changes of these assets (if there is a market value established on an active market or their fair value can be reliably established otherwise) are recorded in the revaluation reserve until the asset is derecognized or impairment is recognized, at which point accumulated gains or losses recorded in equity are recognized in the income statement. Fair value changes recorded in the revaluation reserve are presented in the statement of comprehensive income excluding impairment losses, interest calculated using the effective interest rate method and foreign exchange differences, which are recognized in the income statement.

- ***Other financial liabilities***

The category includes amounts due to banks and clients, loans drawn by the Group and issued debt securities, including transaction costs, except for financial liabilities designated on initial recognition as liabilities measured at fair value through profit or loss.

Liabilities, other than those classified at fair value through profit or loss, are presented in the statement of financial position at amortized cost using the effective interest rate method, with interest expense recognized on an effective yield basis.

- ***Derivative instruments***

Derivative financial instruments are measured at fair value estimated using a valuation technique. The fair value of forward foreign exchange contracts is determined using current forward exchange rates. The fair value of interest rate swaps is determined using a model based on quotations of similar instruments.

In cases where the Group does not apply hedge accounting, gains and losses arising from changes in the fair value of the hedged item and the hedging instrument are recognized directly in the income statement for the reporting period.

Derivative instruments used by the Group to hedge against risks associated with interest rate and foreign currency exchange rate fluctuations (without applying hedge accounting) include primarily currency forwards and interest rate swaps.

- ***Derecognition of financial assets***

A financial asset is derecognized from the Group's statement of financial position when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

The Group assesses how the transfer of the rights affects the risk incurred and the benefits associated with the ownership of the asset. Therefore:

- if the Group transfers substantially all the risks and rewards of ownership, the asset is derecognized from the statement of financial position; if the Group retains substantially all the risks and rewards of ownership, the Group continues to recognize the financial asset in the statement of financial position,

- if the Group neither transfers nor retains all the risks and rewards of ownership, the Group decides whether it still controls the asset. If control is maintained, the Group continues to recognize the asset in the statement of financial position.

The Group derecognizes an asset or a part thereof when it loses control over it; i.e. the Group exercises or waives its contractual rights, or the rights expire.

The Group derecognizes a financial liability (or a part thereof) when the contractual obligation has been discharged, cancelled or expired.

- ***Impairment of financial assets***

On each reporting date, the Group assess objective evidence of the impairment of a financial asset or a group of financial assets. In the event of such evidence, the Group identifies the loss amount due to the impairment. Impairment loss occurs when there is objective evidence of impairment due to one or more events occurring after initial recognition, and that loss event (or events) affects estimated future cash flows of the financial asset or group of financial assets, that can be reliably estimated.

- ***Loans and advances to clients and lease receivables***

The amount of loans and advances issued and receivables, including lease receivables, is assessed periodically to estimate potential impairment and to determine the value of impairment losses.

If there is objective evidence of losses incurred due to impairment of loans and receivables or held-to-maturity investments measured at amortized cost, then the impairment loss amount is equal to the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future loan losses not yet incurred). The carrying amount of an asset is reduced by an impairment loss amount recognized in the income statement. First, the Group assesses whether there is objective evidence of impairment of individually significant financial assets (in the case of restructuring) or collectively for financial assets that are not individually significant. If no evidence of impairment of an individually significant financial asset's exists, the asset is included in a group of financial assets with similar credit risk for collective assessment of impairment. Assets that are assessed individually for impairment, and for which impairment loss was recognized, are excluded from collective impairment assessment.

Loans, advances and debts that are deemed individually significant are subject to individual assessment for impairment. Impairment of loans, advances or debt occurs and the impairment loss is recognized when there is objective evidence of impairment due to one or more circumstances which affect the estimated future cash flows related to the loans, advances or debts. Such circumstances include:

1. significant financial difficulties of the borrower / lessee resulting in his credit risk rating being downgraded;
2. high probability of the borrower's / lessee's bankruptcy, financial restructuring or information on bankruptcy proceedings being initiated with respect to the client;
3. delay in payment over 3 months;
4. termination of a loan agreement or initiation of debt collection procedures;
5. for retail clients - information about the borrower's financial difficulties (job loss, income decrease, debt increase, default reported by other institutions);
6. unknown place of residence, undisclosed property of the borrower.

Impairment loss amount for loans (borrowings, lease receivables) assessed individually is calculated as the difference between the carrying amount of the loan / lease receivable and the present value of estimated future cash flows discounted using the original effective interest rate. In the case of secured loans or lease receivables, the present value of estimated future cash flows includes the expected cash flows generated from security enforcement, decreased by costs of enforcement and costs of sale if enforcement is likely. The amount of impairment loss decreases the carrying amount of the loan (borrowing) or lease receivable.

Homogenous groups of individually insignificant loans as well as individually significant loans for which no objective indicators of impairment were reported in an individual assessment are subject to collective impairment assessment, including losses incurred but not reported (IBNR). In order to estimate group impairment, the Group identifies similar credit risk loan portfolios and investigates objective evidence of impairment. Default on repayment constitutes a major evidence of loan impairment.

The collective assessment of impairment is assessed in two circumstances:

- to determine the collective impairment amount for individually insignificant exposures;
- to determine the amount of incurred but not reported (IBNR) losses for the exposures with no impairment evidence identified.

The present value of anticipated potential future cash flows for exposures assessed collectively are calculated based on:

- the anticipated future cash flows;
- historical data on overdue and regular repayments in particular exposure groups.

With its short history of loan granting, Idea Bank S.A. has no historical loss experience required to calculate real time series. Therefore, the Company assumes and assesses, to the best of its knowledge, the value of an IBNR parameter which approximately estimates potential losses and the amount of those losses in particular portfolios and time series.

The write-off index will be reviewed in compliance with the above criteria.

- ***Classification of lease agreements***

The Group classifies lease as operating or finance lease based on the evaluation of the extent the risk and benefits from holding the leased object fall to the lessor or the lessee. This evaluation is based on the economic content of each transaction.

- ***Other advances to clients and receivables***

Advances to clients and receivables is a category of financial assets which are not quoted on the active market, whose cash flow is or may be determined and which are not classified as derivatives. Advances and receivables arise when the Group lends funds to clients for purposes other than obtaining short-term commercial profits. This category includes receivables from banks and clients, including purchased debt and investments in debt financial instruments insofar as they are not quoted on the active market. Advances and receivables are measured in the statement of financial position at amortized cost using the effective interest rate method taking into account impairment loss.

Accrued interest together with the commission settled in time at the effective interest rate are recognized in interest income. Commissions which are not an element of interest income are amortized using the straight-line method or recognized on a one-off basis in commission income. Impairment losses are recognized in the income statement as impairment loss on loans and advances to clients. These principles are also applied for purchased debts and debt instruments.

As at 31 March 2015 the category other advances and receivables included only corporate bonds.

- ***Purchased collection debt***

The Group performs the valuation of purchased receivables based on discounted expected cash flows from the receivables. Revaluation of purchased receivables is performed at the end of each quarter with regard to the amounts recovered and potential corrections to assessed future cash flows. Purchased receivables are recognized in the Group's statement of financial position under "Receivables from clients".

Monthly payments in respect of purchased receivables, anticipated for recovery in a given period are discounted according to IRR.

The IRR is calculated upon purchase and takes into account the purchase price receivable and the period in which the Group intends to recover the price.

- ***Property, plant and equipment***

Property, plant and equipment items are stated at cost less accumulated depreciation and any impairment losses. The initial cost of property, plant and equipment includes its purchase price plus all the costs directly related to the purchase of the assets and their adaptation for use. The cost also includes the cost of replacement of spare parts in machines and equipment recorded when incurred if the recognition criteria are met. Costs incurred after an asset has been commissioned, such as maintenance and repairs, are charged to the income statement when incurred.

Upon purchase, property, plant and equipment are divided into component items of substantial value with a fixed period of economic life assigned. Major renovation costs also constitute component items.

Depreciation is calculated using the straight-line method over the estimated economic life of an asset, i.e.:

Type	*Period*
Leasehold improvements	Lease term, including extended term (up to 10 years)
Plant and machinery	from 5 to 10 years
Computers	from 3 to 5 years
Vehicles	from 2.5 to 5 years
Office equipment, furniture	from 5 to 7 years

A property, plant and equipment item may be derecognized after it is sold or if no economic benefits arising from further use of such asset are anticipated. Any profit or losses arising from derecognition of the asset (calculated as the difference between net sales proceeds and the item's carrying amount) is recognized in the income statement in the period of derecognition.

Assets under construction are assets in the process of construction or assembly and they are stated at their purchase price or cost of manufacture. Assets under construction are not depreciated until the construction is completed and the asset is commissioned but they are reduced by any revaluation write-offs.

At the end of each financial year, the residual value, useful life and depreciation method of the assets are reviewed and adjusted, as necessary.

In the case of modernization, the cost thereof is each time included in the carrying amount of the property, plant and equipment items if the recognition criteria are met.

- ***Intangible assets***

Intangible assets acquired under separate transactions are initially recognized at cost or cost of manufacture. The purchase price of intangible assets acquired in a business combination is equal to their fair value as at the combination date. Subsequently, intangible assets with a finite useful life are stated at cost or cost of manufacture less accumulated amortization and accumulated impairment losses. Expenditure incurred on intangible assets generated internally, except for capitalized expenditure incurred on research and development, is not capitalized but is charged to the income statement for the period in which it was incurred.

The Group determines whether the useful lives of intangible assets are definite or indefinite. Intangible assets with a finite useful life are amortized over that period and tested for impairment at least annually, and whenever there is an indication that the asset may be impaired. The amortization periods and methods for intangible assets with a definite useful life are reassessed at least at the end of each financial year. Changes in the estimated economic useful life, or the expected manner of consuming economic benefits resulting from a given asset, are recognized by changing the amortization period or method respectively and perceived as changes in estimates. The impairment for intangible assets with definite economic useful lives is charged to the income statement against the category corresponding to the function of a given intangible asset. The Group applies 10% amortization rates for specialized computer systems and 20-33% rates for the remaining software.

Intangible assets with indefinite useful lives, including goodwill and trademark are tested annually for impairment with respect to individual assets or at a level of a cash-generating unit. Other intangible assets are tested for impairment annually. Useful lives are verified annually and, if needed, adjusted effective from the beginning of the financial year.

Acquired client databases are disclosed as intangible assets by the Group. The Group determines the useful life of an acquired client database as definite and amortizes it using the straight-line method over a period of 5 years. Upon initial recognition the intangible assets are recognized at cost or cost of manufacture. The useful lives and amortization methods for the acquired client databases are reassessed at least at the end of each financial year and the change is recognized as a change in estimates in accordance with IAS 8. The Group derecognizes acquired client databases upon their disposal or when no further economic benefits are expected from the asset.

The Group periodically reviews both realized and anticipated future cash flows with respect to the potential impairment loss of acquired client databases. According to the reviews performed by the Group for this intangible asset as at 31 March 2015, no such premises occur.

- ***Goodwill***

Goodwill on acquisition is initially measured at cost being the excess of:

- the sum of:
  - ✓ the consideration transferred;
  - ✓ the amount of any non-controlling interest in the acquiree, and
  - ✓ in the case of a business combination conducted in stages, the fair value at the date of acquisition of the share capital of the acquiree previously held by the acquirer.
- over the net amount of identified acquired assets and liabilities assumed at the acquisition date.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. The impairment test is performed annually or more frequently if there are indications of impairment. Goodwill is not amortized.

At the acquisition date, any goodwill acquired is allocated to each cash-generating unit that can benefit from merger synergies. Each unit or group of units to which goodwill has been allocated:

- represents the lowest level within the Group at which the goodwill is monitored for internal management purposes and
- is not greater than one operating segment determined in accordance with IFRS 8 *Operating Segments*.

An impairment loss is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill is allocated. If the recoverable amount of the cash-generating unit is lower than its carrying amount, the Group recognizes an impairment loss. If goodwill forms part of a cash-generating unit and part of the operation within which that unit is sold, when determining the gain or loss on disposal, the goodwill associated with the sold business is included in its carrying amount. In such circumstances, the goodwill sold is determined based on the relative values of the operations sold and the remaining part of the cash-generating unit.

As a result of Idea Money's net profit for 2014 was lower than PLN 18 million stated in the purchase agreement, the purchase price paid by the Bank will not be increased by PLN 16 million as previously assumed. Therefore, the goodwill recognized on this acquisition was written-off by PLN 16million. This write-off of has been recognized in balance sheet through the reduction of liabilities to former shareholders of Idea Money.

In the 3-month period ended 31 March 2015 and in comparable periods no impairment losses of goodwill were recognized.

- ***Business combinations of entities under common control***

A business combination of entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory (IFRS 3).

IFRS 3 does not apply to business combinations involving entities or businesses under common control. In such situation (in accordance with IAS 8 „in the case of an absence of a standard or interpretation directly applicable to the transaction, other event or condition”) the Company's management uses its professional judgment in developing and applying an accounting policy that results in information that is reliable (i.e. presents a true and fair view, reflects the economic substance of the transaction rather than its legal form, is objective, consistent with the principle of prudence and complete), and useful for users.

In making the professional judgment the management considers the following sources:
- the requirements and guidelines in standards and interpretations applicable to similar and related issues;
- the definitions, recognition criteria and measurement of assets, liabilities, income and expenses set out in the IFRS Framework.

In making the professional judgment the management may also take into account the most recent pronouncements of other standard setting bodies that use a similar conceptual framework. The Group chose the purchase method of accounting as a policy for accounting for business combinations under common control. If the combination occurs in stages, subsequent acquisitions of the remaining shares do not adjust the goodwill, and any differences between the purchase price and the fair value of the purchased share are posted in equity.

- ***Business combinations of entities not being under common control***

A business combination of entities not being under common control is the merger of separate entities into one reporting entity. As a result of a business combination, the parent company takes control over the entities which are being taken over. Business combinations not being under common control are accounted for by the Group using the acquisition method. The acquisition method views a business combination from the perspective of the entity that is identified as the acquirer. The acquirer recognizes the acquired assets, liabilities and contingent liabilities, including ones that have not been previously recognized by the acquiree.

The application of the acquisition method involves the following steps:
- identification of the acquirer;
- determination of cost of business combination;
- assigning the cost of the business combination to acquired assets, liabilities and contingent liabilities as at the date of transition.

The acquirer measures the cost of the business combination in an amount equal to the fair value at the date of exchange of assets given, liabilities incurred and equity instruments issued by the acquirer in exchange for control over the acquired company.

On the acquisition date, identifiable assets acquired, liabilities assumed and any non-controlling interests in the acquired entity are recognized, separately from goodwill. Identifiable assets acquired and liabilities assumed are measured at their fair value as at the acquisition date. In the case of each combination, any non-controlling interests in the acquired entity are measured at the value of the proportionate share of non-controlling interests in the net identifiable assets of the acquired entity.

Goodwill is stated as at the acquisition date and measured in the surplus of the sum:

- payment made measured at fair value as at the acquisition date;
- amounts of any non-controlling interests in the acquired entity

If the net amount set as at the acquisition date of the identifiable acquired assets and assumed liabilities measured at fair value as at the acquisition date is higher than the sum of:

- payment made measured at fair value as at the acquisition date;
- amounts of any non-controlling interests in the acquired entity measured in accordance with the principles described above; and

the difference is recognized directly in the income statement.

ended 31 March 2015 (in PLN thousand)

If the combination is carried out in stages, the acquisitions of non-controlling interests, i.e. upon prior obtaining of control, do not adjust goodwill, and any differences between the acquisition price and the fair value of the non-controlling interest acquired are referred to equity.

The process of consolidating the financial statements of subsidiaries using the full method involves the summing of particular items of the statement of financial position, income statement of the parent company and the Bank's subsidiaries in the full amount and making appropriate adjustments and consolidation exclusions. Excluded are the carrying amount of the Bank's shares in subsidiaries and the equity of those entities as at the acquisition date. Fully excluded are:

- mutual receivables, payables and similar accounts;
- revenues and costs of business transactions between consolidated entities;
- profits or losses resulting from business transactions between consolidated entities included in the value of assets of the consolidated entities except for losses if there is an indication of impairment;
- dividend accrued or paid by subsidiaries to the parent company and other consolidated entities;
- mutual flows in the cash flow statement

- ***Investment property***

Investment properties are initially valued at their purchase price or cost of manufacture, including the transaction cost. The price of a property equals the purchase price plus any amounts directly related to the transaction.

Investment properties are measured at fair value, equal to the price that could be quoted for the sale of the asset or paid for the transfer of a liability in an arm's length direct transaction between interested parties.

Profit or loss resulting from fair value changes of investment property is recognized in the income statement in the period in which they arise.

- ***Translation of items denominated in foreign currencies***

Transactions denominated in currencies other than PLN are translated into PLN at the exchange rate effective as of the date of the transaction.

As at the reporting date assets and liabilities denominated in currencies other than PLN are translated into PLN at exchange rate set for a given currency by the National Bank of Poland at that date. Exchange differences resulting from the translation are recognized under operating income (costs) respectively or, in cases specified in the accounting policies, are capitalized in the cost of the assets. Non-monetary assets and liabilities recognized at historical cost denominated in a foreign currency are disclosed at the historical cost of the transaction. Non-monetary assets and liabilities recognized at fair value denominated in a foreign currency are translated using the exchange rate effective at the date of revaluation to fair value.

The following exchange rates were applied for valuation purposes in the consolidated financial statements:

value date	EUR	CHF	RUB	USD	GBP
31.03.2015	4.0890	3.9110	0.0661	3.8125	5.6295
31.12.2014	4.2623	3.5447	0.0602	3.5072	5.4648
31.03.2014	4.1713	3.4192	0.0852	3.0344	5.0485

- ***Fair value measurement***

The Group measures financial assets such as available-for-sale financial assets, derivative financial instruments, financial assets at fair value through profit or loss and non-financial assets such as investment properties at fair value at each reporting date. In addition, the fair value of liabilities measured at amortized cost, loans, advances and lease receivables is presented in Note 5.8.

Fair value is the price that would be received as a result of the sale of an asset or paid to transfer liabilities in an ordinary transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer a liability takes place either on the principal market for the asset or liability, or in the absence of a principal market on the most advantageous market for the asset or liability.

The fair value of an asset or liability is measured on the assumption that market participants when determining the price of an asset or liability act in their best economic interest.

The fair value of a non-financial asset takes into account the ability of a market participant to generate economic benefits through the best use of the asset or its disposal to another market participant that would provide the best use of the asset.

The Group applies valuation techniques that are appropriate in the circumstances and for which sufficient data is available to determine fair value, with the maximum use of relevant observable input data and minimal use of unobservable input data.

All assets and liabilities that are measured at fair value or their fair value is disclosed in the financial statements are classified in the fair value hierarchy as described below based on the lowest level input data that is significant to the fair value measurement as a whole.

At each reporting date, the Group assesses whether there have been transfers between levels of the hierarchy by reassessing the classification of the individual levels, guided by the significance of the data from the lowest level of input that is significant to the fair value measurement as a whole.

Independent experts are engaged to carry out the valuation of significant assets such as investment properties and financial assets available for sale at each reporting date.

For the purposes of the disclosure of the results of fair value measurement, the Group has established classes of assets and liabilities based on the nature, characteristics and risks of the various components of assets and liabilities and the level in the fair value hierarchy as described above.

- ***Impairment of non-financial assets***

The Group periodically assesses whether there are any objective indicators of impairment of any non-financial asset. If any such indicators exist, the Group estimates whether the carrying value of the asset is higher than its recoverable amount, i.e. either the value generated by the asset in use or its fair value less costs of disposal. Should the recoverable amount of an asset be lower than its carrying amount, impairment occurs and the relevant impairment loss is recognized in the income statement.

The recoverable amount of an asset reflects the higher of the sale price of this asset less costs to sell and the value in use is determined as the estimated future cash flows generated by the asset discounted with a discount rate increased by the risk margin related to the given asset class.

Impairment write-offs may be reversed only up to the carrying amount of an asset, which would be determined had there been no impairment write-off, taking account of accumulated amortization/depreciation.

- ***Cash and cash equivalents***

Cash and cash equivalents include cash in hand, cash on current accounts in the central bank and current accounts and overnight deposits in other banks.

- ***Deferred costs, accruals and deferred income***

Deferred costs (assets) relate to costs that would be charged to the income statement over time in future reporting periods. Deferred costs (assets) are disclosed as “Other assets”.

Accruals (liabilities) comprise provisions for expenses in respect of goods or services rendered to the Group, which will be settled in future periods. The balances are disclosed in “Other liabilities”. Deferred income includes received advances and up-front fees that will be settled in future periods. They are disclosed as “Other liabilities”.

- ***Provisions***

Provisions are recognized when the Group has an existing obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. If the Group expects that the expenses covered by a provision are to be returned, for instance pursuant to an insurance agreement, the recovered value is recognized as a separate asset, but only when it is virtually certain that the return will take place. Expenses related to a given provision are charged to the income statement after deducting any returns. Where the effect of the time value of money is significant, the value of the provision is determined by discounting the projected future cash flows to the present value at the gross discount rate reflecting the current market valuations of the time value of money as well as potential risk related to a given liability.

- ***Employee benefits***

Pursuant to the provisions of both the Labor Code and Employee Remuneration Rules and Regulations, the Group's employees are entitled to retirement bonuses. The amount of the above benefit is paid on a one-off basis upon the employee's retirement or disability and depends on the employees' years of service and their average remuneration. The Group creates provisions for future liabilities in respect of these benefits in order to match costs to the period to which they relate. In compliance with IAS 19, the retirement benefits constitute defined benefit plans applicable after the employment period. The present value of these liabilities at the end of each reporting period is calculated by an independent actuary. The accrued liabilities are equal to the discounted payments to be made in the future, taking account of staff rotation, and they relate to a given reporting period. Demographic data as well as information about staff rotation are based on historical data.

According to the current rules on remunerating the Group's employees, the employees are not entitled to long-service bonuses.

- ***Social assets and liabilities to the Company Social Fund***

In accordance with the relevant regulations, the Company Social Fund ("the Fund") can be established by employers who have at least 20 full-time employees. In the case of smaller entities, the decision to create the fund is optional. The Group companies establish such a fund and make periodic contributions in the minimum required amount. The aim of the Fund is to finance social activities. The Fund balance represents the accumulated income of the fund net of non-reimbursable expenses.

In the statement of financial position, the Fund's balance is presented net of the Fund's assets.

- ***Other receivables and liabilities***

Other receivables and liabilities are stated at cost, net of impairment losses. Where the effect of the time value of money is significant, the value of the receivables or liability is determined by discounting the estimated future cash flows to the present value at the gross discount rate reflecting the current market rate of return.

- ***Lease***

The Group entities are parties to lease agreements under which Group members give, as well as receive rights or benefits of ownership, of the leased property, plant and equipment or intangible assets for an agreed period.

Lease receivables

In the case of leases, under which all the risks and benefits of ownership of the assets covered by the agreement are transferred, the leased asset is de-recognized in the statement of financial position (finance lease) and the amount equal to the present value of minimum lease payments is recognized. Lease payments are apportioned between finance income and a reduction in the outstanding receivables to achieve a fixed rate of return on the outstanding receivables.

Lease payments under contracts that do not meet the conditions of a finance lease are recognized in the income statement on a straight-line basis over the lease term. Property, plant and equipment or intangible assets which are the subject of such operating leases are recognized in the statement of financial position and depreciated in accordance with the Group's accounting policies.

Lease liabilities

Finance leases, which transfer to the Group all the risks and benefits of ownership of the leased item, are recognized in the statement of financial position at the date of inception of the lease at the lower of the following two values: fair value of the leased asset or the present value of minimum lease payments. Lease payments are apportioned between the other operating expenses and reduction in the lease liability to achieve a fixed rate of interest on the remaining balance of the liability. Other operating expenses are recognized directly in the income statement.

Property, plant and equipment acquired by the Group under finance leases are depreciated over the term of the contract.

Leases where the lessor retains all the risks and benefits of ownership of the asset are classified as operating leases. Lease payments under operating leases are recognized in the income statement on a straight-line basis over the lease term.

- ***Equity***

Equity includes capital and reserves created in accordance with the binding legal regulations and the Articles of Association.
Equity consists of share capital, retained earnings (undistributed financial result) and other capital.

Share capital

Share capital is stated at the par value in accordance with the Articles of Association and entry in the register of businesses.

Dividend for the financial year approved by the General Meeting, but not distributed at the end of the reporting period, is presented as "Other liabilities" in the statement of financial position.

Retained earnings (undistributed financial result)

Retained earnings are created as a portion of the financial result for the current and previous financial years not transferred to other capital or distributed to the shareholders.

Other capital

Other capital includes: supplementary capital created from net profit of up to 1/3 of the share capital, other reserves and revaluation reserve.

Supplementary capital includes the transferred part of net profit and share premium. Retained earnings include retained earnings and unabsorbed losses of prior years of entities consolidated using the full method.

Other reserves include distributions out of net profit and other sources and may be allocated exclusively to cover future balance sheet losses. This item also includes a general banking risk reserve which is created in accordance with the Banking Law of 29 August 1997 from distributions from net profit and allocated for the Bank's unidentified operating risk.

he revaluation reserve includes the effects of the revaluation of available-for-sale financial assets, the valuation of cash flow hedges and deferred tax in respect of the temporary differences presented in the revaluation reserve.

- ***Net interest income***

Interest income and expenses generated by financial assets and liabilities are recognized in the income statement and calculated at amortized cost using the effective interest rate.

The effective interest rate is the rate that discounts estimated future cash flows to the present net carrying amount over the maturity period or until the next market valuation of the financial asset or financial liability, and its determination includes all cash payments and flows paid or received by the Group as part of the given instrument, except for future possible credit losses.

The settlement of interest coupons (according to the effective interest rate or straight-line method), fee and commissions as well as other costs related to financial instruments depend on the type of financial instrument. Financial instruments with a specified cash flow schedule are valued under the effective interest rate method. The effective interest rate cannot be calculated for financial instruments with an unspecified cash flow schedule and the fee and commissions are settled using the straight-line method.

Disclosing particular types of fee/commissions settled over time in the income statement as interest or commission income as well as the need to settle them over time instead of as a one-off payment included in the profit or loss depends on the economic nature of the commission/fee.

Fee/commissions settled over time include i.e. fees for accepting a loan application, loan granting commission, loan draw-down commission, additional security fee, etc. These payments are an integral part of the return generated by a particular financial instrument. This category also includes payments and expenses related to amendments in the agreement which result in an adjustment of the initial effective interest rate.

Net interest income includes also interest income from accrued and paid interest related to financial assets classified as available for sale.

- ***Net fee and commission income***

a) Fee and commission income

Fees and commissions charged to the income statement using the effective interest rate method are recognized as interest income.

Fees and commissions which are not calculated using the effective interest rate method but settled over time using the straight-line method or recognized as one-off income are recognized in the income statement as fee and commission income.

Commission expenses paid to sellers due to their sale of bank products are settled over the maturity period of the product while commission for sales of insurance is recognized similarly to the underlying revenue.

Furthermore the Group receives proceeds for financial intermediation in selling investment and insurance products. Revenues and the corresponding selling costs are disclosed in the period in which the product was sold in the income statement as commission income and expenses. In the case of products for which the Group carries out post-sales service, the relevant portion of the revenue is deferred and amortized using the straight line method throughout the life of the investment and insurance product.

b) Revenues and costs of selling insurance products linked to loans

If insurance products are offered together with a loan product, the fees obtained by the Group from the sale of the insurance product constitute an integral part of the remuneration for the offered financial instrument when the insurance product is directly linked to the financial instrument.

In order to determine the method of recognizing transactions in the accounting books, the Group determines the extent of direct linkage of the insurance product with the financial instrument, taking into account the economic substance of the transaction.

The Group applies the following approach to related transactions:

- the remuneration received by or due to the Group for an insurance product directly linked (without compound financial instrument) to financial assets (loans and advances to clients) measured at amortized cost is accounted for using the effective interest rate method and recognized in interest income;

- the remuneration received by or due to the Group for intermediation services which should be evaluated in view of its economic substance should be recognized in commission income at the time the insurance product is sold or renewed with the exception of situations when an analysis of the direct link of the insurance product with the financial instrument results in the division of a complex product, i.e. separation of the fair value of the financial instrument offered and the fair value of the insurance product sold together with that instrument.

In the above situation the transaction is split into elements to which income is allocated, and the remuneration due to the Group for the sale of the insurance product is divided between a portion constituting an element of the amortized cost of the financial instrument and a portion constituting remuneration for the intermediation services. The Group analyzes fair value of both the financing transaction and the insurance intermediation service and on this basis it divides the remuneration in proportion: of the fair value of the financial instrument and the fair value of the intermediation service to the sum of both those values.

Furthermore part of the remuneration for the sale of insurance products is deferred in time in case the client terminates the agreement before the due date.

- ***Other operating income and expenses***

Other operating income and expenses comprise costs and income not related directly to the Group's banking activities, in particular the result on sale or scrapping of property, plant and equipment, revenue from sales of other services, compensation, penalties and fines paid or received.

- ***Dividend income***

Dividend income is recognized in the income statement at the time the shareholders' rights to receive it are established.

- ***Income tax***

Current and prior period tax liabilities (or receivables) are measured at the amounts expected to be paid to the tax authorities (recoverable from tax authorities) using the tax rates and regulations substantively enacted at the reporting date.

For the purpose of financial reporting, deferred tax is calculated using the liability method on all temporary differences at the end of the reporting period between the tax value of assets and liabilities and their carrying amount for financial reporting purposes.

Deferred tax liability is recognized for all taxable temporary differences:

- except where the deferred tax provision arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or tax loss, and

- in the event of taxable temporary differences arising from investments in subsidiaries, associates and interests in joint ventures, except where the timing of reversal of the temporary differences can be controlled by the investor and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences as well as unused tax relief, and carried forward unused tax losses, to the extent that it is probable that taxable profit will be available against which the above differences, assets and losses can be utilized:

- except where the deferred tax assets related to deductible temporary differences arise from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or tax loss, and

- in the case of deductible temporary differences related to investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognized in the statement of financial position to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period, and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recovered.

An unrecognized deferred tax asset is reassessed at the end of each reporting period, and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax to be recovered.

Deferred tax assets and liabilities are measured using the tax rates which are expected to be applicable in the period when the asset or liability is realized, based on the tax rates (and tax regulations) enacted or substantively enacted at the end of the reporting period.

The Group offsets deferred tax assets and liabilities only when it has a legally enforceable right to set off current tax assets against liabilities, and when the deferred tax assets and liabilities relate to the same taxable entity and the same tax authority.

- ***Contingent liabilities***

As part of its operational activity the Bank executes transactions which are not recognized in the statement of financial position as assets or liabilities but which result in contingent liabilities. A contingent liability is:

  - a possible obligation that arises as a result of past events, the existence of which will be established only by the occurrence or non-occurrence of one or more uncertain future events that cannot be wholly controlled by the Group;

  - a present obligation that arises from past events but is not recognized in the statement of financial position because it is not probable that an outflow of cash or other assets will be required to settle the obligation; or the amount of the liability cannot be measured with sufficient reliability.

The Group recorded provisions for off-balance sheet liabilities granted, including unused credit lines. The provision is set as the difference between the expected value of balance sheet exposure that will arise from the off-balance sheet liability and the present value of the estimated future cash flows from the balance sheet exposure arising from the liability given as at the impairment identification date.

Financial guarantee contracts which are not classified as insurance contracts are initially recognized at fair value and subsequently measured at the higher of the two: the amount being the closest estimate of outlays necessary to meet the present obligation arising from the financial guarantee given the likelihood of its performance and the amount recognized upon initial recognition, adjusted by the settled commission received for giving the guarantee.

- ***Accounting Policies, Changes in Accounting Estimates and Errors***

In the first quarter of 2015 the Group did not make any changes in accounting estimates and corrections of errors.

5.7 New standards and interpretations

Standards and Interpretations applied for the first time in 2014

The following standards, amendments to the existing standards and interpretations issued by the International Accounting Standards Board (IASB) and adopted by the EU are effective for the first time in 2015:

- **Amendments to various standards "Improvements to IFRSs (cycle 2011-2013)"** – resulting from the annual improvement project of IFRS (IFRS 1, IFRS 3, IFRS 13 and IAS 40) primarily with a view to removing inconsistencies and clarifying wording – adopted by the EU on 18 December 2014 (effective for annual periods beginning on 1 January 2015);

- **Interpretation - IFRIC 21 "Levies" –** adopted by the EU on 13 June 2014 (effective for annual periods beginning on or after 17 June 2014).

The adoption of these amendments to the existing standards has not led to any changes in the Group's accounting policies.

Standards and Interpretations issued and adopted by the EU but not yet effective

When approving these financial statements, the Group has not applied the following standards, amendments to the existing standards and interpretations which were issued by the IASB and adopted by the EU, but not yet effective:

- **Amendments to various standards "Improvements to IFRSs (cycle 2010-2012)"** – resulting from the annual improvement project of IFRS (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38) primarily with a view to removing inconsistencies and clarifying wording – adopted by the EU on 17 December 2014 (effective for annual periods beginning on 1 February 2015);

- **Amendments to IAS 19 "Employee benefits"** – Defined Benefit Plans: Employee Contributions - adopted by the EU on 17 December 2014 (effective for annual periods beginning on or after 1 February 2015);

Standards and Interpretations issued by IASB but not yet adopted by the EU

At present, IFRS as adopted by the EU do not significantly differ from the regulations issued by the International Accounting Standards Board (IASB), except for the following standards and interpretations, which as at 9 February 2015 have not yet been endorsed for application in the EU (the effective dates stated below are for the full standard version):

- **IFRS 9 "Financial instruments"** (effective for annual periods beginning on or after 1 January 2018);

- **IFRS 14 "Regulatory Deferral Accounts"** (effective for annual periods beginning on or after 1 January 2016);

- **IFRS 15 "Revenues from contracts with customers"** (effective for annual periods beginning on or after 1 January 2017);

- **Amendments to IFRS 10 "Consolidated financial statements" and IAS 28 "Investments in associates and joint ventures"** – Sale or contribution of assets between an investor and its associate or joint venture (effective for annual periods beginning on 1 January 2016);

- **Amendments to IFRS 10 "Consolidated financial statements", IFRS 12 "Disclosures of Interests in Other Entities" and IAS 28 "Investments in associates and joint ventures"** –

Investment entities: exemption from consolidation (effective for annual periods beginning on 1 January 2016);

- **Amendments to IFRS 11 "Joint arrangements"** – Accounting for Acquisitions of Interests in Joint Operations (effective for annual periods beginning on 1 January 2016);

- **Amendments to IAS 1 "Presentation of financial statements"** – Disclosure initiative (effective for annual periods beginning on 1 January 2016);

- **Amendments to IAS 16 "Property, plant and equipment" and IAS 38 "Intangible assets"** – Explanation of acceptable amortization and depreciation methods (effective for annual periods beginning on 1 January 2016);

- **Amendments to IAS 16 "Property, plant and equipment" and IAS 41 "Agriculture"** – Agriculture: crops (effective for annual periods beginning on 1 January 2016);

- **Amendments to IAS 27 "Separate financial statements"** – Equity method in separate financial statements (effective for annual periods beginning on 1 January 2016);

- **Amendments to various standards "Improvements to IFRSs (cycle 2012-2014)"** – resulting from the annual improvement project of IFRS (IFRS 5, IFRS 7, IAS 19 and IAS 34) primarily with a view to removing inconsistencies and clarifying wording (effective for annual periods beginning on 1 January 2016).

The Bank does not expect above standards, interpretations and amendments, except for IFRS 9, to have a material impact on the Group's financial statements, if applied as at the reporting date.

The Bank is in the process of evaluating the effect of IFRS 9 on the financial statements; however, due to the specific nature of the Group's operations, it is anticipated that the changes will have a significant impact on the valuation and presentation of the Group's financial instruments.

Concurrently hedge accounting of the portfolio of assets and financial liabilities remain outside the regulations adopted by the EU; these principles have not been adopted in the European Union.

According to the Bank's assessment, the application of hedge accounting of the portfolio of assets and financial liabilities according to **IAS 39 "Financial instruments: recognition and measurement"** would not have a material impact on the Group's financial statements, if applied as at the reporting date.

5.8 Fair value of assets and liabilities

Amounts due from banks and financial institutions

Deposits placed on the interbank market are short-term deposits with maturity up to three months. For this reason, it is estimated that the fair value of amounts due from banks does not significantly differ from their carrying amount. Receivables of over three months are measured at fair value using the discounted cash flow method taking into account information available on the loan margin for a given business partner.

Loans, advances and lease receivables

The fair value was calculated for loans with a fixed payment schedule. For contracts where such payments have not been defined (e.g. overdrafts) it is estimated that the fair value is equal to the carrying amount (fair value does not significantly differ from the carrying amount). A similar assumption is accepted for due payments and contracts classified as impaired.

In order to calculate the fair value, based on the information stored in the transaction systems, for each contract a schedule of principal and interest cash flows is identified. For fixed interest contracts, the contract flow schedule available in the given transaction system is used. For variable interest contracts a contract schedule is generated based on the current interest and forward rates (for contract currency and interest index) for subsequent interest periods. The cash flow so established has been discounted using interest rates to accordingly the contract currency taking into account current margins of residual contract maturity. Comparison of the sum of discounted cash flows attributable to a given contract with its book value allows determining the differences between the fair value and the carrying amount. The identification of the relevant discount rate is based on the currency of the contract, the product type and cash flow date.

Amounts due to banks and financial institutions

Because most liabilities to banks and financial institutions represent short-term liabilities (up to one month), it is estimated that the fair value of these liabilities does not significantly differ from their carrying amount. For amounts due to banks and financial institutions above one month and non-current liabilities, the Group has made a measurement to fair value based on the discounted cash flow method taking into account the information available on the margin received on deposits run.

Amounts due to clients

Fair value is calculated only for fixed rate deposits with a fixed maturity. It is estimated that fair value of current deposits is equal to their carrying amount.

In order to calculate the fair value based on data from the transaction systems future, cash flows of principal and interest are determined. Thus calculated, future cash flows are grouped by currency, the original maturity, the product type and date of cash flows. The calculated cash flows are discounted with the interest rate constructed as the sum of the market interest rate for the currency and margins received on deposits run. The discounted value calculated as mentioned above is compared to the carrying amount. As a result, the difference between the carrying amount and the fair value of the relevant portfolio of contracts is calculated.

Liabilities from issue of debt securities

The fair value of the bonds was calculated according to the rules applied with respect to the fair value measurement of liabilities to clients.

The fair value of the financial instruments from continuing operations of the Group is not significantly different from their carrying amount because most financial instruments bear interest at floating interest rates and the repricing of fixed-rate instruments is usually performed every 3 months.

As at 31 March 2015

(unaudited)	Carrying amount PLN thousand	Fair value PLN thousand	Fair value less carrying amount PLN thousand
Assets:			
Cash and balances with Central Bank	518 229	518 229	0
Receivables from banks and financial institutions	637 623	637 623	0
Financial assets held for trading	657	657	0
Derivative hedging instruments	26 101	26 101	0
Derivative financial instrument at fair value through profit or loss	61 862	61 862	0
Amounts due from clients	7 529 305	7 287 942	-241 363
Finance lease receivables	2 686 386	2 736 992	50 606
Other loans and receivables	112 141	113 141	1 000
Investment property	157 774	157 774	0
Available-for-sale financial assets	1 932 405	1 932 309	-96
Liabilities:			
Amounts due to other banks and financial institutions	645 158	663 718	18 560
Derivative financial instrument at fair value through profit or loss	1 248	1 248	0
Financial liabilities measured at fair value through profit or loss	657 455	657 455	0
Amounts due to clients	11 312 533	11 311 408	-1 125
Debt securities in issue	997 170	1 007 569	10 399

As at 31 December 2014:

	Carrying amount PLN thousand	Fair value PLN thousand	Fair value less carrying amount PLN thousand
Assets:			
Cash and balances with Central Bank	436 456	436 456	0
Receivables from banks and financial institutions	510 983	511 689	706
Financial assets held for trading	684	684	0
Derivative hedging instruments	4 885	4 885	0
Derivative financial instrument at fair value through profit or loss	20 110	20 110	0
Financial assets measured at fair value through profit or loss	0	0	0
Amounts due from clients	7 202 855	6 847 947	-354 908
Finance lease receivables	2 643 067	2 610 670	-32 397
Other loans and receivables	57 580	57 818	238
Investment property	170 557	170 557	0
Available-for-sale financial assets	2 138 017	2 137 708	-309
Liabilities:			
Derivative hedging instruments	19 219	19 219	0
Derivative financial instrument at fair value through profit or loss	4 512	4 512	0
Amounts due to other banks and financial institutions	660 257	672 950	12 693
Financial liabilities measured at fair value through profit or loss	478 159	478 159	0
Amounts due to clients	10 880 677	10 850 778	-29 899
Debt securities in issue	1 055 424	1 063 355	7 931

The Group classifies individual assets and liabilities measured at fair value using the following hierarchy:

Level 1

Assets and liabilities are valued based on market quotations available in active markets.

Level 2

Financial assets and financial liabilities which fair value is measured using valuation techniques based on inputs, which can be directly (as a price) or indirectly (based on prices) observed. In this category the Bank classifies financial instruments for which there is no active market.

Item	Description	Valuation method	Inputs
1	Central bank bills	Discounted cash flow method	WIBOR on 1D to 1Y Depo, FRA and IRS quotations
2	IRS	Discounted cash flow method	WIBOR from 1D to 1Y EURIBOR from 1D to 1Y MOSPRIME from 1D to 6M Depo, FRA and IRS quotations
3	CIRS	Discounted cash flow method	Average NBP exchange rate WIBOR from 1D to 1Y EURIBOR from 1D to 1Y MOSPRIME from 1D to 6M Depo, FRA and IRS quotations SWAP points, CCS quotations
4	FX SWAP	Discounted cash flow method	Average NBP exchange rate WIBOR from 1D to 1Y EURIBOR from 1D to 1Y MOSPRIME from 1D to 6M Depo, FRA and IRS quotations SWAP points, CCS quotations

ended 31 March 2015 (in PLN thousand)

Level 3

Financial assets and financial liabilities whose fair value is measured using valuation techniques based on inputs, which cannot be directly observed.

Structured Deposits are complex financial instruments containing a debt instrument and an embedded derivative. The debt instrument is the Bank's obligation to return the denomination on the deposit maturity date – zero-coupon instrument (term deposit) with a denomination equal to the amount of payment guaranteed by the Bank. The embedded derivative is an option acquired by the Bank's client and issued by the Bank giving the client the right to additional payment set based on a change in the value of the base instrument. The fair value of the debt instrument deposited with Idea Bank is calculated based on a valuation method taking into account the following factors:

- IRSFRA of a period closest to the maturity of the measured debt instrument
- the cost of obtaining deposits from retail clients of Idea Bank SA of a period equal to maturity of the measured debt instrument +/- 6 months, obtained in the last 6 months,
- discount curve used for valuation: average weighted cost of deposits – 3.49%-3.91% (3.88%). Benchmark curve (depo/FRA/IRS) –1.73-2.22.

The Bank also uses the following volatilities for measurements to fair value.

Item	Name of Structured Deposit	Model	Volatility	
1	Family Business	Option model	Credit Suisse Family Index 11%	11%
2	Lions's Estate	Option model	Franklin Templeton Real Estate Fund	9.36% - 9.42% (9.38%)
3	Globalna Perspektywa	Option model	Noble Funds Global Perspecive Index	9%
4	Lokata Globalna	Option model	WIG 20	13.81%
			S&P 500	12.79%
			Nikkei 225	18.36%
			EURO STOXX 50	17.79%
5	Niemieccy Giganci	Option model	BMW AG	22.35% - 22.76% (22.56%)
			Deutsche Post AG	21.71% - 22.53% (22.1%)
			Deutsche Telekom AG	21.61% - 22.84% (22.07%)
			Henkel AG	17.77% - 18.83% (18.51%)
			Metro AG	27.7% - 28.6% (28.32%)
6	Liderzy Farmacji	Option model	Bayer AG	22.75% - 22.99% (22.87%)
			Roche Holding AG	19.29% - 19.52% (19.4%)
			GlaxoSmithKline PLC	16.29% - 16.42% (16.35%)
			Novartis AG	17.86% - 18.11% (17.98%)
			Pfizer Inc.	16.39% - 16.55% (16.47%)
			Merck & Co. Inc.	18.06% - 18.19% (18.12%)
7	Top Giganci	Option model	Adidas AG	26.55%
			Hyundai Motor Co	29.02%
			MCDONALD'S CORP	20.18%
			Sony Corporation	37.33%
			THE COCA-COLA CO	19.59%
8	Kapitalny Rok	Option model	Facebook Inc	33.61%
			Google Inc	24.67%
			Nike Inc	16.29%
			Royal Dutch Shell PLC	18.09%
			Toyota Motor Corporation	19.46%

In this category the Bank also classified investment property.

L.p.	Opis	Wycena w tys. zł	Model	Zmienność	
1	Investment property	157 774	Comparative approach using the average price adjustment method	Average price 1m^2 of usable area of residential premises on local market based on the basis of a representative sample	10 667 PLN/m^2 = 12 764 PLN/m^2
				Weightings	0.836 – 1.412 for premises of an area up to 80 m^2 0.761 – 1.411 for premises of an area over 80 m^2
				Expert's coefficient	0.9 – 1.10

The carrying amount of assets and liabilities measured at fair value as at 31 March 2015 per individual measurement levels:

	Level 1	Level 2	Level 3	Total
Assets				
Financial assets held for trading	0	0	657	**657**
Derivative hedging instruments	0	26 101	0	**26 101**
Derivative financial instrument at fair value through profit or loss	0	61 862	0	**61 862**
Available-for-sale financial assets	232 291	1 699 858	256	**1 932 405**
Investment property	0	0	157 774	**157 774**
Liabilities				
Derivative hedging instruments	0	0	0	**0**
Derivative financial instrument at fair value through profit or loss	0	1 248	0	**1 248**
Financial liabilities measured at fair value through profit or loss	0	0	657 455	**657 455**

The carrying amount of assets and liabilities measured at fair value as at 31 December 2014 per individual measurement levels:

	Level 1	Level 2	Level 3	Total
Assets				
Financial assets held for trading	0	0	684	**684**
Derivative hedging instruments	0	4 885	0	**4 885**
Derivative financial instrument at fair value through profit or loss	0	20 110	0	**20 110**
Available-for-sale financial assets	118 129	2 019 888	0	**2 138 017**
Investment property	0	0	170 557	**170 557**
Liabilities				
Derivative hedging instruments	0	19 219	0	**19 219**
Derivative financial instrument at fair value through profit or loss	0	4 512	0	**4 512**
Financial liabilities measured at fair value through profit or loss	0	0	478 159	**478 159**

In the 3-month period ended 31 March 2015 and in year ended 31 December 2014, the Group did not make any changes in the classification of assets and liabilities to the different fair value levels.

5.9 Capital management

The main aim of capital management is maintaining safe capital ratios in the Group companies, which would support their operating activities and increase the value of the companies and the whole Group for the shareholders. Capital management is carried out on the level of companies" belonging to the Group and the management control is done by relevant Risk Departments and Supervisory Boards of the companies.

The Bank calculates the capital requirements in accordance with the Banking Law and applicable resolutions of the Polish Financial Supervision Commission.

As of 1 January 2014 Idea Bank S.A. applies new regulations, especially regulations on own funds accounts, capital adequacy and solvency coefficient accounts arising from Commission Implementing Regulation (EU) no. 680/2014 of 16 April 2014 establishing technical standards on supervisory reporting of institutions in accordance with Regulation (EU) no. 575/2013 of 26 June 2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms and arising from Directive 2013/36/EU of 26 June 2013 of the European Parliament and of the Council on access to the activity of credit institutions and prudential supervision of credit institutions and investment firms.

With regard to the equity amount, the Bank's Management Board implements strategies approved by the Supervisory Board in the business plan.

The Bank's individual solvency ratios as at 31 March 2015 and 31 December 2014:

Capital adequacy ratio (Bank standalone)	**31.03.2015 (unaudited) PLN thousand**	**31.12.2014 PLN thousand**
Tier 1 (core funds)	1 206 864	1 076 182
Tier 2 (supplementary funds)	-	-
Tier 3 (short-term capital)	-	-
Risk-weighted assets and off-balance sheet liabilities	9 226 284	8 835 379
Capital adequacy ratio (CAR)	**14.06%**	**13.45%**

6 Segment reporting

The Group's reporting by business segments was prepared in accordance with IFRS 8.11 and IFRS 8.12 based on the financial data for combined business lines and units due to the similarity of economic characteristics, products and services, process services, type or category of client, distribution model and the nature of the regulatory environment.

The Management Board monitors the operating results of the segments separately to make decisions about resource allocation, evaluation of the allocation, and assessment of results. The results are assessed based on the profit or loss from operating activities. The Group's operating activities are divided into four segments:

Banking including the granting of loans and advances, guarantees and warranties, and acceptance of deposits provided by Idea Bank S.A.

Financial intermediation covering planning and financial advisory and distribution of investment and loan products provided by Tax Care S.A., Idea Expert S.A. and Lions House Sp. z o.o.

Lease includes services provided by Idea Leasing S.A., Idea Leasing Sp. z o.o., Idea Leasing SKA Idea Leasing&Fleet S.A. and Idea Leasing Sp. z o.o. SK involving the temporary transfer of a leased item by one entity to another, in exchange for periodic payments.

Debt collection includes the operations of GetBack S.A., Idea Money S.A. in the part relating to debt collection and investment funds managing receivables portfolios.

Other includes the Group's income and expenses, which due to their nature, cannot be attributed to any of the Group's operating segments.

The income and expenses of each segment constitute income and expenses related to sales to external clients or inter-segment transactions. The income and expenses can be attributed to each segment directly or on a reasonable basis. The results of each segment are presented after the relevant inter-segment and consolidation adjustments have been made. Inter-segment transactions are distinguished by using the accounting principles used to prepare the financial statements for the Group companies. The amounts of internal adjustments are derived from the financial statements of the Group's subsidiaries, and the internal prices in transactions between segments do not differ from market prices.

ended 31 March 2015 (in PLN thousand)

The businesses carried out by the Group companies are not regionally differentiated in terms of risk and return on investment.

Interim consolidated income statement for 3 months ended 31 March 2015 by operating segments:

01.01.2015 - 31.03.2015 (unaudited)	Banking	Financial intermediation	Lease	Debt collection	Other	Adjustments	Total
Interest income	**159 421**	**311**	**54 568**	**246**	**4 163**	**(27 284)**	**191 425**
external	*131 350*	*696*	*55 226*	*246*	*3 907*	*0*	*191 425*
internal	*28 071*	*(385)*	*(658)*	*0*	*256*	*(27 284)*	*0*
Interest expenses	**(103 675)**	**(7 399)**	**(38 922)**	**(2 702)**	**(3 696)**	**39 440**	**(116 954)**
external	*(103 675)*	*(7 399)*	*(453)*	*(2 181)*	*(3 246)*	*0*	*(116 954)*
internal	*0*	*0*	*(38 469)*	*(521)*	*(450)*	*39 440*	*0*
Net interest income	**55 746**	**(7 088)**	**15 646**	**(2 456)**	**467**	**12 156**	**74 471**
external	*27 675*	*(6 703)*	*54 773*	*(1 935)*	*661*	*0*	*74 471*
internal	*28 071*	*(385)*	*(39 127)*	*(521)*	*(194)*	*12 156*	*0*
Fee and commission income	**80 925**	**68 809**	**10 550**	**14 961**	**13 064**	**(53 877)**	**134 432**
external	*79 998*	*15 859*	*10 550*	*14 961*	*13 064*	*0*	*134 432*
internal	*927*	*52 950*	*0*	*0*	*0*	*(53 877)*	*0*
Fee and commission expenses	**(11 878)**	**(19 924)**	**(272)**	**(276)**	**(1 430)**	**12 696**	**(21 084)**
external	*(11 878)*	*(7 228)*	*(272)*	*(276)*	*(1 430)*	*0*	*(21 084)*
internal	*0*	*(12 696)*	*0*	*0*	*0*	*12 696*	*0*
Net fee and commission income	**69 047**	**48 885**	**10 278**	**14 685**	**11 634**	**(41 181)**	**113 348**
external	*68 120*	*8 618*	*10 278*	*14 685*	*11 634*	*0*	*113 335*
internal	*927*	*40 254*	*0*	*0*	*0*	*(41 181)*	*0*
Dividend income	**0**	**0**	**0**	**0**	**0**	**0**	**0**
external	*0*	*0*	*0*	*0*	*0*	*0*	*0*
internal	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Result on financial instruments at fair value	**6 168**	**0**	**0**	**(27)**	**0**	**0**	**6 141**
external	*6 168*	*0*	*0*	*(27)*	*0*	*0*	*6 141*
internal	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Result on financial instruments	**0**	**0**	**0**	**0**	**0**	**0**	**0**
external	*0*	*0*	*0*	*0*	*0*	*0*	*0*
internal	*0*	*0*	*0*	*0*	*0*	*0*	*0*
FX gains (losses)	**620**	**0**	**1 213**	**(298)**	**(17)**	**0**	**1 518**
external	*620*	*0*	*1 213*	*(298)*	*(17)*	*0*	*1 518*
internal	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Other operating income	**68**	**942**	**2 375**	**968**	**1 409**	**(1 380)**	**4 382**
external	*68*	*942*	*2 375*	*968*	*29*	*0*	*4 382*
internal	*0*	*0*	*0*	*0*	*1 380*	*(1 380)*	*0*
Other operating expenses	**(1 427)**	**(1 469)**	**(1 078)**	**(1 561)**	**(1 041)**	**2 113**	**(4 463)**
external	*(652)*	*(1 385)*	*(1 078)*	*(634)*	*(714)*	*0*	*(4 463)*
internal	*(775)*	*(84)*	*0*	*(927)*	*(327)*	*2 113*	*0*
Net other operating income	**5 429**	**(527)**	**2 510**	**(918)**	**351**	**733**	**7 578**
external	*6 204*	*(430)*	*2 510*	*9*	*(702)*	*0*	*7 591*
internal	*(775)*	*(84)*	*0*	*(927)*	*1 053*	*733*	*0*
Result on investments i purchased debt	**0**	**0**	**0**	**25 664**	**0**	**0**	**25 664**
external	*0*	*0*	*0*	*25 664*	*0*	*0*	*25 664*
internal	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Impairment losses	**(26 413)**	**0**	**(2 123)**	**2 051**	**(1 034)**	**(1 485)**	**(29 004)**
external	*(27 898)*	*0*	*(2 123)*	*2 051*	*(1 034)*	*0*	*(29 004)*
internal	*1 485*	*0*	*0*	*0*	*0*	*(1 485)*	*0*
General administrative costs	**(60 544)**	**(33 749)**	**(15 677)**	**(13 432)**	**(7 009)**	**1 078**	**(129 333)**
external	*(60 544)*	*(32 671)*	*(15 677)*	*(13 432)*	*(7 009)*	*0*	*(129 333)*
internal	*0*	*(1 078)*	*0*	*0*	*0*	*1 078*	*0*
Result from operating activities	**43 265**	**7 521**	**10 634**	**25 594**	**4 409**	**(28 699)**	**62 724**
external	*13 557*	*(31 186)*	*49 761*	*27 042*	*3 550*	*0*	*62 724*
internal	*29 708*	*38 707*	*(39 127)*	*(1 448)*	*859*	*(28 699)*	*0*
Share in profits (losses) of associates	**0**	**0**	**0**	**1 187**	**0**	**0**	**1 187**
external	*0*	*0*	*0*	*1 187*	*0*	*0*	*1 187*
internal	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Profit (loss) before income tax	**43 265**	**7 521**	**10 634**	**26 781**	**4 409**	**(28 699)**	**63 911**
external	*13 557*	*(31 186)*	*49 761*	*28 229*	*3 550*	*0*	*63 911*
internal	*29 708*	*38 707*	*(39 127)*	*(1 448)*	*859*	*(28 699)*	*0*
Income tax	**(8 429)**	**(2 722)**	**10 158**	**(4 731)**	**(512)**	**5 458**	**(778)**
external	*(2 793)*	*4 641*	*2 724*	*(5 006)*	*(344)*	*0*	*(778)*
internal	*(5 636)*	*(7 363)*	*7 434*	*275*	*(168)*	*5 458*	*0*
Net profit (loss)	**34 836**	**4 799**	**20 792**	**22 050**	**3 897**	**(23 241)**	**63 133**
external	*10 764*	*(26 545)*	*52 485*	*23 223*	*3 206*	*0*	*63 133*
internal	*24 072*	*31 344*	*(31 693)*	*(1 173)*	*691*	*(23 241)*	*0*

ended 31 March 2015 (in PLN thousand)

Interim consolidated income statement for 3 months ended 31 March 2014 by operating segments:

01.01.2014 - 31.03.2014 (unaudited)	Banking	Financial intermediation	Lease	Debt collection	Other	Adjustments	Total
Interest income	**111 599**	**115**	**9 792**	**269**	**2 175**	**3 124**	**127 074**
external	*114 723*	*115*	*9 792*	*269*	*2 175*	*0*	*127 074*
internal	*-3 124*	*0*	*0*	*0*	*0*	*3 124*	*0*
Interest expenses	**-58 665**	**-1 112**	**-5 590**	**0**	**-552**	**5 554**	**-60 365**
external	*-58 549*	*-1 112*	*-152*	*0*	*-552*	*0*	*-60 365*
internal	*-116*	*0*	*-5 438*	*0*	*0*	*5 554*	*0*
Net interest income	**52 934**	**-997**	**4 202**	**269**	**1 623**	**8 678**	**66 709**
external	*56 174*	*-997*	*9 640*	*269*	*1 623*	*0*	*66 709*
internal	*-3 240*	*0*	*-5 438*	*0*	*0*	*8 678*	*0*
Fee and commission income	**58 869**	**68 114**	**2 740**	**0**	**4 925**	**-29 171**	**105 477**
external	*58 869*	*39 870*	*2 740*	*0*	*3 998*	*0*	*105 477*
internal	*0*	*28 244*	*0*	*0*	*927*	*-29 171*	*0*
Fee and commission expenses	**-16 094**	**-20 741**	**0**	**0**	**-1 492**	**7 134**	**-31 193**
external	*-16 094*	*-13 607*	*0*	*0*	*-1 492*	*0*	*-31 193*
internal	*0*	*-7 134*	*0*	*0*	*0*	*7 134*	*0*
Net fee and commission income	**42 775**	**47 373**	**2 740**	**0**	**3 433**	**-22 037**	**74 284**
external	*42 775*	*26 263*	*2 740*	*0*	*2 506*	*0*	*74 284*
internal	*0*	*21 110*	*0*	*0*	*927*	*-22 037*	*0*
Dividend income	**0**	**0**	**0**	**0**	**0**	**0**	**0**
external	*0*	*0*	*0*	*0*	*0*	*0*	*0*
internal	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Result on financial instruments at fair value	**3 876**	**0**	**0**	**0**	**0**	**0**	**3 876**
external	*3 876*	*0*	*0*	*0*	*0*	*0*	*3 876*
internal	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Result on financial instruments	**1 639**	**0**	**0**	**0**	**0**	**-1 639**	**0**
external	*0*	*0*	*0*	*0*	*0*	*0*	*0*
internal	*1 639*	*0*	*0*	*0*	*0*	*-1 639*	*0*
FX gains (losses)	**202**	**0**	**0**	**0**	**0**	**0**	**202**
external	*202*	*0*	*0*	*0*	*0*	*0*	*202*
internal	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Other operating income	**1 735**	**1 657**	**90**	**0**	**6 310**	**-1 288**	**8 504**
external	*447*	*1 657*	*90*	*0*	*6 310*	*0*	*8 504*
internal	*1 288*	*0*	*0*	*0*	*0*	*-1 288*	*0*
Other operating expenses	**-868**	**-652**	**-139**	**-1 556**	**-137**	**21**	**-3 331**
external	*-868*	*378*	*-139*	*-1 556*	*-137*	*-1 009*	*-3 331*
internal	*0*	*-1 030*	*0*	*0*	*0*	*1 030*	*0*
Net other operating income	**6 584**	**1 005**	**-49**	**-1 556**	**6 173**	**-2 906**	**9 251**
external	3 657	2 035	-49	-1 556	6 173	-1 009	9 251
internal	2 927	-1 030	0	0	0	-1 897	0
Result on investments i purchased debt	**0**	**0**	**0**	**8 464**	**0**	**0**	**8 464**
external	*0*	*0*	*0*	*8 464*	*0*	*0*	*8 464*
internal	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Impairment losses	**-30 121**	**0**	**-1 223**	**-1 500**	**0**	**4 850**	**-27 994**
external	*-30 121*	*0*	*-134*	*-1 500*	*0*	*3 761*	*-27 994*
internal	*0*	*0*	*-1 089*	*0*	*0*	*1 089*	*0*
General administrative costs	**-44 788**	**-39 557**	**-4 259**	**0**	**-5 537**	**951**	**-93 190**
external	*-43 885*	*-43 186*	*-4 259*	*0*	*1 229*	*0*	*-90 101*
internal	*0*	*0*	*0*	*0*	*-3 137*	*3 137*	*0*
Result from operating activities	**27 384**	**7 824**	**1 411**	**5 677**	**5 692**	**-10 464**	**37 524**
external	28 600	-15 885	7 938	5 677	11 531	2 752	*40 613*
internal	*-313*	*20 080*	*-6 527*	*0*	*-2 210*	*-11 030*	*0*
Share in profits (losses) of associates	**0**	**0**	**0**	**0**	**0**	**0**	**0**
external	*0*	*0*	*0*	*0*	*0*	*0*	*0*
internal	*0*	*0*	*0*	*0*	*0*	*0*	*0*
Profit (loss) before income tax	**27 384**	**7 824**	**1 411**	**5 677**	**5 692**	**-10 464**	**37 524**
external	*28 600*	*-15 885*	*7 938*	*5 677*	*11 531*	*2 752*	*40 613*
internal	*-313*	*20 080*	*-6 527*	*0*	*-2 210*	*-11 030*	*0*
Income tax	**-5 518**	**-1 939**	**-310**	**0**	**-333**	**2 103**	**-5 997**
external	*5 577*	*-1 876*	*1 550*	*0*	*746*	*0*	*5 997*
internal	*59*	*-3 815*	*1 240*	*0*	*413*	*2 103*	*0*
Net profit (loss)	**21 866**	**5 885**	**1 101**	**5 677**	**5 359**	**-8 361**	**31 527**
external	*34 177*	*-17 761*	*9 488*	*5 677*	*12 277*	*2 752*	*46 610*
internal	*-254*	*16 265*	*-5 287*	*0*	*-1 797*	*-8 927*	*0*

Data from the consolidated statement of financial position by operating segments as at 31 March 2015 and 31 December 2014:

Assets by segment	31.03.2015 (unaudited)	31.12.2014
Banking	14 592 599	14 060 792
Financial intermediation	741 908	761 282
Lease	4 308 216	4 097 465
Debt collection	756 142	428 391
Other	290 134	585 948
Adjustments	-5 043 094	-4 869 850
Total	**15 645 905**	**15 064 028**

7 Interest income and expenses

Interest income	01.01.2015-31.03.2015 (unaudited) PLN thousand	01.01.2014-31.03.2014 (unaudited) PLN thousand
Income from deposits and receivables from other banks	2 262	2 969
Income from other deposits on money market	66	61
Income from loans and advances to clients	132 610	100 239
Income from financial assets, including:	16 938	5 426
- Available-for-sale financial assets measured at fair value	16 938	5 426
Interest on finance lease	33 880	15 104
Interest on mandatory reserve	1 680	1 304
Other interest	3 989	1 971
Total	**191 425**	**127 074**

Interest expenses	01.01.2015-31.03.2015 (unaudited) PLN thousand	01.01.2014-31.03.2014 (unaudited) PLN thousand
Cost of other banks' deposits	84	197
Costs of amounts due to clients	98 260	53 046
Cost of debt securities in issue	15 814	3 778
Interest on finance lease	84	42
Interest on loans	608	1 542
Other interest	2 104	1 760
Total	**116 954**	**60 365**

8 Fee and commission income and expense

Fee and commission income	01.01.2015-31.03.2015 (unaudited) PLN thousand	01.01.2014-31.03.2014 (unaudited) PLN thousand
Loans and advances granted	5 410	3 046
Intermediation:	86 427	95 083
- Insurance products	55 330	43 014
- Investments products	25 004	24 949
- Loans and other	6 093	27 120
Finance leases	2 533	0
Portfolio and asset management	13 560	0
Accounting services	7 944	6 744
Factoring services	12 651	0
Other, including current accounts and credit cards	5 907	604
Total	**134 432**	**105 477**

Fee and commission expenses	01.01.2015-31.03.2015 (unaudited) PLN thousand	01.01.2014-31.03.2014 (unaudited) PLN thousand
Debit and credit cards	1 146	1 459
Loans and advances	113	59
Comissions paid to agents	15 057	28 513
Accounting services	1 940	566
Other	2 828	596
Total	**21 084**	**31 193**

9 Other operating income and expenses

Other operating income	01.01.2015-31.03.2015 (unaudited) PLN thousand	01.01.2014-31.03.2014 (unaudited) PLN thousand
Rental income	106	548
Penalties, compensation and fines received	110	1 585
Revenues from sale of products and services	1 978	1 828
Reversal of impairment of other assets	16	0
Net gain on sale of fixed assets	73	4
Income from recovered bad debt	516	201
Income from lease	988	0
Income from sales of goods and materials	0	28
Other	595	4 310
Total	**4 382**	**8 504**

Other operating expenses	01.01.2015-31.03.2015 (unaudited) PLN thousand	01.01.2014-31.03.2014 (unaudited) PLN thousand
Rental costs	101	372
Penalties, compensation and fines paid	436	13
Costs of sale of products and services	297	530
Debt collection and monitoring	610	1 575
Impairment losses for bad debts	840	10
Loss on sale of non financial fixed assets	166	0
Impairment losses of other assets	188	0
Cost of administrative proceedings	251	0
Accounting services	13	0
Other	1 561	831
Total	**4 463**	**3 331**

10 General administrative costs

General administrative costs	01.01.2015-31.03.2015 (unaudited) PLN thousand	01.01.2014-31.03.2014 (unaudited) PLN thousand
Employee benefits	61 017	42 071
Materials and energy consumption	4 009	2 754
External services, including:	41 188	36 375
- marketing, entertainment and advertising	4 863	7 227
- IT services	3 595	3 233
- rent	20 359	17 113
- security and cash processing	184	172
- service, maintenance anr repairs	1 083	1 684
- telecommunication and mail services	3 289	2 295
- legal services	1 112	693
- consulting services	1 685	1 391
- insurance	576	323
- other external services	4 442	1 894
Other sundry expenses	550	1 024
Taxes and charges	4 057	588
Contributions and payments to the Bank Guarantee fund and Polish Financial Supervision Authority	5 569	1 794
Depreciation and amortization	11 572	7 861
Other	1 371	723
Total	**129 333**	**93 190**

11 Result on investments in purchased debt

Result on investments in purchased debt	01.01.2015-31.03.2015 (unaudited) PLN thousand	01.01.2014-31.03.2014 (unaudited) PLN thousand
Result on investments in purchased debt, including:	25 664	8 464
- recoveries from purchased debt	18 655	0
- revaluation of purchased debt	7 009	0

12 Impairment losses and provisions for off-balance sheet items

01.01.2015 - 31.03.2015 (unaudited) PLN thousand	Loans and advances to clients						Total	Receivables from banks and financial institutions	Finance lease receivables	Off-balance sheet liabilities	Total
	investment loans	working capital facilities	car loans	purchased debt	lease loans	factoring					
Provisions for impairment losses at the beginning of the period - 01.01.2015	**41 916**	**193 371**	**21 648**	**1 369**	**22 467**	**3 038**	**283 809**	**0**	**181 251**	**1 652**	**466 712**
Increase	11 124	79 656	4 675	1 528	0	1 034	98 017	1 112	8 780	223	**108 132**
Release	-9 076	-57 123	-4 053	-1 502	-6 657	0	-78 411	-544	0	-173	**-79 128**
Impairment losses on loans, advances and lease receivables	**2 048**	**22 533**	**622**	**26**	**-6 657**	**1 034**	**19 606**	**568**	**8 780**	**50**	**29 004**
Write-offs		0	0	0	0	0	0	0	0	0	**0**
Other increases	842	0	0		0	0	842	1 372	0	0	**2 214**
Other decreases		-824	-37	-5	0	0	-866	0	0	0	**-866**
Provisions for impairment losses at the end of the period - 31.03.2015	**44 806**	**215 080**	**22 233**	**1 390**	**15 810**	**4 072**	**303 391**	**1 940**	**190 031**	**1 702**	**497 064**

01.01.2014 - 31.03.2014 (unaudited) PLN thousand	Loans and advances to clients						Total	Receivables from banks and financial institutions	Finance lease receivables	Off-balance sheet liabilities	Total
	investment loans	working capital facilities	car loans	purchased debt	lease loans	factoring					
Provisions for impairment losses at the beginning of the period - 01.01.2014	**45 916**	**98 723**	**18 265**	**2 800**	**0**	**0**	**165 704**	**0**	**15 805**	**0**	**181 509**
Increase	24 934	58 627	4 400	0	0	0	87 961	0	1 223	0	89 184
Release	-24 530	-32 181	-3 653	-826	0	0	-61 190	0	0	0	-61 190
Impairment losses on loans, advances and lease receivables	**404**	**26 446**	**747**	**-826**	**0**	**0**	**26 771**	**0**	**1 223**	**0**	**27 994**
Write-offs	**0**	**0**	**0**	**0**	0	0	**0**	0	0	0	0
Other increases	0	0	0	0	0	0	0	0	0	0	0
Other decreases	0	0	0	-3 555	0	0	-3 555	0	0	0	-3 555
Provisions for impairment losses at the end of the period - 31.03.2014	**46 320**	**125 169**	**19 012**	**-1 581**	**0**	**0**	**188 920**	**0**	**17 028**	**0**	**205 948**

13 Income tax

Reconciliation of income tax on pre-tax profit at the statutory tax rate, with income tax calculated at the effective tax rate for 3-month periods ended 31 March 2015, 31 March 2014:

Components of income tax expense	01.01.2015-31.03.2015 (unaudited) PLN thousand	01.01.2014-31.03.2014 (unaudited) PLN thousand
Consolidated income statement		
Current income tax	1 645	2 293
Current tax charge	1 645	2 293
Deferred income trax	-867	3 704
Related to arising and reversal of temporary differences	-861	3 704
Charge arising from the partial or full write-down or reversal of the previous write-downs of the deferred tax asset related to probability of realization of taxable income	-6	0
Tax charge recognized in consolidated income statement	**778**	**5 997**
Consolidated equity		
Current income tax	0	0
Deferred income tax	3 013	239
Related to arising and reversal of temporary differences, including:	3 013	239
revaluation of available-for-sale financial instruments	3 013	239
Tax charge recognized in the consolidated equity	**3 013**	**239**
Total tax charge in income statement and equity	**3 791**	**6 236**

	01.01.2015-31.03.2015 (unaudited) PLN thousand	01.01.2014-31.03.2014 (unaudited) PLN thousand
Pre-tax profit (loss)	**63 911**	**37 524**
- for 19% tax rate	62 964	27 905
- for 20% tax rate	17	0
- for 16% tax rate*	750	0
- tax free	180	9 619
Tax at 19% rate	11 963	5 302
Effect of various tax rates applicable in various countries	123	0
Tax at 20% rate	3	0
Tax at 16% rate	120	0
Non-taxable income	-627	0
Non-deductible costs	3 957	633
Unrecognized tax losses	-554	0
Other items affecting tax charge	59	0
Temporary differences related to leasing companies (SKA)	-14 143	0
Tax charge in the consolidated income statement	**778**	**5 997**
Effective tax rate	**1,00%**	**16,00%**

*tax rate paid by GetBack Recovery S.R.L. (Romania)

14 Amounts due from clients

Amounts due from clients	31.03.2015 (unaudited) PLN thousand	31.12.2014 PLN thousand
Loans and advances	5 894 802	5 581 524
Factoring receivables	110 150	98 964
Lease receivables	923 058	914 990
Financial assets at fair value through profit or loss	388 538	358 095
Purchased debt	445 834	477 149
Debit card receivables	70 314	55 942
Total	**7 832 696**	**7 486 664**
Allowance for impairment losses on receivables (-)	-303 391	-283 809
Total net	**7 529 305**	**7 202 855**

As at 31 March 2015 (unaudited)	Gross amount no impairment	Gross amount with impairment	Provisions for impairment losses on non-impaired loans and advances (IBNR)	Provisions for impairment losses on impaired loans and advances	Total net amount	Total gross amount	Individual provision for impairment losses	Collective provision for impairment losses	Total net amount
	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand
- investment loans	2 907 753	179 655	-4 715	-40 091	3 042 602	3 087 408	-18 530	-26 276	3 042 602
- operating loans	2 330 191	321 389	-42 923	-172 157	2 436 500	2 651 580	-7 994	-207 086	2 436 500
- car loans	194 817	31 311	-2 890	-19 343	203 895	226 128	-745	-21 488	203 895
- factoring receivables	92 550	17 600	-845	-3 227	106 078	110 150	-303	-3 769	106 078
- lease receivables	903 312	19 746	-652	-15 158	907 248	923 058	-15 810	0	907 248
- financial assets at fair value through profit or loss	388 538	0	0	0	388 538	388 538	0	0	388 538
- purchased debt	445 197	637	-1 342	-48	444 444	445 834	0	-1 390	444 444
Total	**7 262 358**	**570 338**	**-53 367**	**-250 024**	**7 529 305**	**7 832 696**	**-43 382**	**-260 009**	**7 529 305**

As at 31 December 2014	Gross amount no impairment	Gross amount with impairment	Provisions for impairment losses on non-impaired loans and advances (IBNR)	Provisions for impairment losses on impaired loans and advances	Total net amount	Total gross amount	Individual provision for impairment losses	Collective provision for impairment losses	Total net amount
	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand
- investment loans	2 990 327	147 533	-5 427	-36 489	3 095 944	3 137 860	-17 212	-24 704	3 095 944
- operating loans	2 020 558	260 728	-42 688	-150 683	2 087 915	2 281 286	-5 038	-188 333	2 087 915
- car loans	188 445	29 875	-2 579	-19 069	196 672	218 320	-856	-20 792	196 672
- factoring receivables	88 689	10 275	-628	-2 410	95 926	98 964	0	-3 038	95 926
- lease receivables	869 945	45 045	-1 325	-21 142	892 523	914 990	-22 467	0	892 523
- financial assets at fair value through profit or loss	358 095	0	0	0	358 095	358 095	0	0	358 095
- purchased debt	477 149	0	-741	-628	475 780	477 149	0	-1 369	475 780
Total	**6 993 208**	**493 456**	**-53 388**	**-230 421**	**7 202 855**	**7 486 664**	**-45 573**	**-238 236**	**7 202 855**

15 Finance lease receivables

Finance lease receivables as at 31 March 2015 (unaudited) PLN thousand	Gross lease investment	Present value of minimum lease payments
Up to 1 year	1 588 611	1 462 323
From 1 year to 5 years	1 521 698	1 396 685
Above 5 years	18 139	17 409
Total	**3 128 448**	**2 876 417**
Unrealized finance income (-)	(252 031)	-
Present value of minimum lease payments	**2 876 417**	**2 876 417**
Allowance for impairment losses on receivables (-)	(190 031)	-
Carrying amount	**2 686 386**	**2 876 417**
including unguaranteed residual value to the lessor	304 835	-

Finance lease receivables as at 31 December 2014 (unaudited) PLN thousand	Gross lease investment	Present value of minimum lease payments
Up to 1 year	1 510 146	1 407 040
From 1 year to 5 years	1 571 538	1 410 356
Above 5 years	7 135	6 922
Total	**3 088 819**	**2 824 318**
Unrealized finance income (-)	(264 501)	
Present value of minimum lease payments	**2 824 318**	**2 824 318**
Allowance for impairment losses on receivables (-)	(181 251)	-
Carrying amount	**2 643 067**	-
including unguaranteed residual value to the lessor	304 454	-

16 Amounts due to clients

Amounts due to client	31.03.2015 (unaudited) PLN thousand	31.12.2014 PLN thousand
Liabilities due to corporates	**1 038 346**	**1 033 698**
Current accounts and overnight deposits	619 745	641 354
Term deposits	415 893	389 517
Other	2 708	2 827
Liabilities due to government and local authorities	**22 833**	**33 031**
Current accounts and overnight deposits	390	19 952
Term deposits	22 443	13 079
Liabilities due to individuals	**10 251 354**	**9 813 948**
Current accounts and overnight deposits	1 005 964	1 195 008
Term deposits	9 245 390	8 618 940
Total liabilities due to clients	**11 312 533**	**10 880 677**

Maturity of amounts due to client	31.03.2015 (unaudited) PLN thousand	31.12.2014 PLN thousand
Current accounts and overnight deposits	1 626 099	1 856 314
Liabilities with maturity period:	9 683 726	9 021 536
up to 1 month	2 088 867	2 368 423
from 1 month to 3 months	4 896 250	4 683 760
from 3 month to 6 months	2 278 611	1 424 263
from 6 month to 1 year	358 210	474 880
From 1 year to 5 years	19 856	34 840
Above 5 years	41 932	35 370
Other	2 708	2 827
Total	**11 312 533**	**10 880 677**

17 Debt securities issues and redemptions

In the reporting period, there were following issues and redemptions of securities in the Group:

Issue/Redemption	Date	Volume (PLN thousand)
Redemption of Idea Leasing bonds Serie F, G, H	13.03.2015	80 000
Issue of GetBack bonds Serie I_02	19.03.2015	30 000

18 Contingent liabilities

Investment liabilities

In the reporting period, the Group did not enter into any material agreements with contractors for the execution of planned capital expenditure on property, plant and equipment and intangible assets.

Contingent liabilities and off-balance sheet items

Contingent liabilities granted and off-balance sheet items	31.03.2015 PLN thousand	31.12.2014 PLN
1. Contingent liabilities granted	**290 756**	**274 856**
a) financial	290 570	274 656
a) guarantees	186	200
2. Contingent liabilities received	**899**	**899**
a) financial	0	0
a) guarantees	**899**	**899**
3. Liabilities related to purchase/sale	**0**	**0**
4. Other off-balance sheet items	**461 313**	**429 324**
Total contingent liabilities and off-balance sheet items	**752 968**	**705 079**

19 Other comprehensive income

Other comprehensive income	01.01.2015-31.03.2015 (unaudited) PLN	01.01.2014-31.03.2014 PLN
Foreign exchange differences from translation of foreign units	*(237)*	-
Available-for-sale financial assets including:	18 007	1 026
- Profit (loss) for the period	*19 298*	*1 026*
- Amounts reclassified to income statement	*(1 291)*	
Effect of cash flow hedge accounting	*(5 161)*	*(7)*
Total other comprehensive income	**12 609**	**1 019**

ended 31 March 2015 (in PLN thousand)

Income tax on oter comprehensive income	01.01.2015-31.03.2015 (unaudited) PLN	01.01.2014-31.03.2014 (unaudited) PLN
Foreign exchange differences from translation of foreign units	(237)	-
- Result before tax	(237)	-
Income tax	-	-
Available-for-sale financial assets	18 007	1 026
- Result before tax	22 231	1 267
- Income tax	(4 224)	(241)
Effect of cash flow hedge accounting	(5 161)	**(7)**
- Result before tax	(6 372)	(9)
- Income tax	1 211	2
Adjustment of pension and long-service provisions		
Result before tax		
Income tax		
Total income tax on other comprehensive income	**(3 013)**	**(239)**

20 Dividend paid and proposed for payment

In the reporting period, the Group's parent company did not pay or propose any dividend for payment.

21 Seasonal or cyclical nature of business

In the Group's operations, there are no significant events of a seasonal or cyclical nature; therefore, the presented results of the Group are not subject to fluctuations during the year.

22 Events after the reporting period

- On 10 April 2015 GetBack SA issued 30,000 series J bonds with a total nominal value of PLN 30.0 million. The interest rate of these bonds was set at WIBOR 3M plus 375 basis points. The bonds were issued for a period of 48 months.
- On 10 April 2015 GetBack SA repaid bonds series I_02 issued on 19 March 2015 with a nominal value of PLN 30 million.
- On 16 April 2015 the first public offering of shares in Idea Bank S.A. took place. In accordance with Resolution No. 344/2015 of the WSE Management Board dated 15 April 2015, the Management Board of the Warsaw Stock Exchange decided on 16 April 2015 to introduce 10,590,884 rights to ordinary bearer shares series M to exchange trading on the main market, with a nominal value of PLN 2 each and list the rights to shares of the Bank in the continuous trading system.

  On 17 April the District Court for the Capital City Warsaw, XII Commercial Department of National Court Register registered the share capital increase from the amount of PLN 135 622 194 to PLN 156 803 962.

ended 31 March 2015 (in PLN thousand)

From April 17, the Bank's shareholding is as follows:

Shareholding structure	number of shares	share in the total number of shares	voting rights	share in total number of votes
	PLN	%	volume	%
GETIN Holding S.A.	45 712 415	58.31%	46 763 615	58.86%
LC Corp BV	6 774 329	8.64%	6 774 329	8.53%
Leszek Czarnecki	6 774 329	8.64%	6 774 329	8.53%
RB Investcom	3 040 045	3.88%	3 040 045	3.83%
Yarus Investments Ltd.	2 779 696	3.55%	2 779 696	3.50%
Valoro Investments Ltd	1 816 703	2.32%	1 816 703	2.29%
Krzysztof Rosiński	1 321 155	1.69%	1 321 155	1.66%
Merlya Holding Ltd	56 502	0.07%	56 502	0.07%
Radosław Stefurak	1 378 203	1.76%	1 378 203	1.73%
Dariusz Makosz	1 098 592	1.4%	1 098 592	1.38%
Dominik Fajbusiewicz	1 098 592	1.4%	1 098 592	1.38%
Konrad Kąkolewski	77 715	0.10%	77 715	0.10%
Paweł Trybuchowski	49 487	0.06%	49 487	0.06%
New shareholders	6 424 218	8.18%	6 424 218	8.08%
TOTAL	**78 401 981**	**100.00%**	**79 453 181**	**100.00%**

- After 31 March 2015 there have been no significant events requiring recognition in the consolidated financial statements of the Idea Bank S.A. Group.

Jarosław Augustyniak
Management Board President

Małgorzata Szturmowicz
Management Board Member

Dominik Fajbusiewicz
Management Board Member

Marcin Syciński
Management Board Member

Dariusz Makosz
Management Board Member

Warsaw, 7 May 2015

III. INTERIM CONDENSED STANDALONE FINANCIAL STATEMENTS

1. INTERIM STANDALONE INCOME STATEMENT

	01.01.2015-31.03.2015 (unaudited) PLN thousand	01.01.2014-31.03.2014 (unaudited) PLN thousand
Continued operations		
I. Interest income	159 421	111 599
II. Interest expenses	-103 675	-58 665
III. Net interest income	**55 746**	**52 934**
IV. Fee and commission income	80 925	58 869
V. Fee and commission expenses	-11 878	-16 094
VI. Net fee and commission income	**69 047**	**42 775**
VII. Dividend income	0	0
VIII. Result on financial assets at fair value	6 168	3 876
X. Result on financial instruments	0	1 639
IX. Foreign exchange result	620	202
X. Other operating income	68	1 735
XI. Other operating expenses	-1 427	-868
XII. Net other operating income	**5 429**	**6 584**
XIV. Impairment losses	-26 413	-30 121
XV. General administrative costs	-60 544	-44 788
XVI. Result from operating activity	**43 265**	**27 384**
XVII. Profit (loss) before income tax	**43 265**	**27 384**
XVIII. Income tax	-8 429	-5 518
XIX. Net profit (loss)	**34 836**	**21 866**
1. Attributable to shareholders of parent company	34 836	21 866
2. Attributable to non-controlling shareholders	0	0
Weighted average number of ordinary shares in the period	67 811 097	48 468 030
Basic earnings per share (PLN per share)	0.51	0.45
Diluted earnings per share (PLN per share)	0.51	0.45

In I-st quarter of 2015 and 2014 there was no discontinued activity.

2. INTERIM STANDALONE STATEMENT OF COMPREHENSIVE INCOME

	01.01.2015-31.03.2015 (unaudited) PLN thousand	01.01.2014-31.03.2014 (unaudited) PLN thousand
Profit (loss) for the period	**34 836**	**21 866**
Valuation of available-for sale financial assets	22 231	1 267
Effect of cash flow hedge accounting	(6 372)	(9)
Income tax on other comprehensive income	(3 013)	(239)
Other comprehensive income, net of tax	**12 846**	**1 019**
Total comprehensive income for the period	**47 682**	**22 885**
Attributable to shareholders of the company	47 682	22 885
Attributable to non-controlling interests	-	-

The components of other comprehensive income, i.e. the valuation of financial assets available for sale and the effect of cash flow hedges can, in the future, be transferred to the income statement.

3. INTERIM STANDALONE STATEMENT OF FINANCIAL POSITION

	(unaudited) PLN thousand	PLN thousand
ASSETS		
Cash and balances with Central Bank	518 229	436 456
Receivables from banks and financial institutions	527 869	471 574
Amounts due from clients	9 886 385	9 443 089
Investments in subsidiaries	875 998	875 998
Other loans and receivables	42 650	43 729
Financial instruments	1 932 405	2 138 017
Derivative hedging instruments	26 101	4 885
Derivative financial instrument at fair value through profit or loss	61 862	20 110
Intangible assets	81 350	80 217
Property, plant and equipment	65 105	66 302
Fixed assets held for sale	464	589
Investment property	1 273	2 187
Income tax assets	94 409	105 852
- Current tax assets	0	0
- Deferred tax assets	94 409	105 852
Other assets	478 498	371 787
TOTAL ASSETS	**14 592 598**	**14 060 792**
LIABILITIES AND EQUITY		
Liabilities		
Amounts due to other banks and financial institutions	555 772	700 864
Derivative hedging instruments	0	19 219
Derivative financial instrument at fair value through profit or loss	1 248	4 512
Debt securities in issue	258 874	259 362
Financial liabilities measured at fair value through profit or loss	657 455	478 159
Amounts due to clients	11 298 561	10 866 700
Other liabilities	221 756	178 270
Income tax liability	13 412	15 918
Deferred tax liabilities	0	0
Provisions	3 102	3 052
TOTAL LIABILITIES	**13 010 180**	**12 526 056**
Share capital	135 622	135 622
Net profit (loss)	34 836	120 275
Other capital	1 411 960	1 278 839
Total equity	**1 582 418**	**1 534 736**
TOTAL LIABILITIES AND EQUITY	**14 592 598**	**14 060 792**

4. INTERIM STANDALONE STATEMENT OF CHANGES IN EQUITY

for 3 months ended 31 March 2015

(unaudited)	Attributable to shareholders of parent company		Other capital						
	Share capital	Retained earnings	Supplementary capital	Revaluation reserve	FX differences	Other reserves	Net profit (loss)	Total	Total equity
	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand
As at 1 January 2015	**135 622**	**0**	**1 262 106**	**- 53 977**	**-**	**70 710**	**120 275**	**1 534 736**	**1 534 736**
Valuation of available-for-sale financial assets, net of deferred tax	0	0	0	18 007	0	0	0	18 007	18 007
Hedge accounting	0	0	0	-5 161	0	0	0	-5 161	-5 161
Other comprehensive income for the period	**0**	**0**	**0**	**12 846**	**0**	**0**	**0**	**12 846**	**12 846**
Net profit (loss)	0	0	0	0	0	0	34 836	34 836	34 836
Comprehensive income for the period	**0**	**0**	**0**	**12 846**	**0**	**0**	**34 836**	**47 682**	**47 682**
Transfer of net profit (loss) to retained earnings	0	120 275	0	0	0	0	-120 275	0	0
Distribution of net profit (loss)	0	-120 275	120 275	0	0	0		0	0
As at 31 March 2015	**135 622**	**0**	**1 382 381**	**-41 131**	**0**	**70 710**	**34 836**	**1 582 418**	**1 582 418**

for 3 months ended 31 March 2014

(unaudited)	Share capital PLN thousand	Retained earnings PLN thousand	Attributable to shareholders of parent company – Other capital: Supplementary capital PLN thousand	Revaluation reserve PLN thousand	FX differences PLN thousand	Other reserves PLN thousand	Net profit (loss) PLN thousand	Total PLN thousand	Total equity PLN thousand
As at 1 January 2014	**96 936**	**0**	**690 629**	**-8 948**	**70 710**	**60 163**	**909 490**	**0**	**909 490**
Valuation of available-for-sale financial assets, net of deferred tax	0	0	0	1 026	0	0	1 026	0	1 026
Hedge accounting	0	0	0	-7	0	0	-7	**0**	-7
Other comprehensive income for the period	**0**	**0**	**0**	**1 019**	**0**	**0**	**1 019**	**0**	**1 019**
Net profit (loss)	0	0	0	0	0	0	0	21 866	21 866
Total comprehensive income por the period	**0**	**0**	**0**	**1 019**	**0**	**0**	**1 019**	**21 866**	**22 885**
Transfer of net profit (loss) to retained earnings	0	60 163	0	0	0	-60 163	0	0	0
Distribution of net profit (loss)	0	-60 163	60 163	0	0	0	0	0	0
As at 31 March 2014	**96 936**	**0**	**750 792**	**-7 929**	**70 710**	**0**	**910 509**	**21 866**	**932 375**

5. INTERIM STANDALONE CASH FLOW STATEMENT

	01.01.2015-31.03.2015 (unaudited) PLN thousand	01.01.2014-31.03.2014 (unaudited) PLN thousand
Cash flows from operating activities		
Net profit (loss)	34 836	21 866
Total adjustments:	377 263	211 294
Depreciation and amortization	6 155	4 728
Foreign exchange (gain) loss	-620	-202
Profit (loss) from investment activity	0	-1 639
Interest and dividend	2 606	2 973
Changes in receivables from banks and financial institutions	264 732	-32 454
Changes in derivative financial instruments (assets)	-62 968	0
Changes in receivables from clients	-443 296	-437 413
Changes in other loans and receivables	1 079	12 829
Changes in available for sale financial assets	227 843	319 617
Changes in deferred tax assets	8 430	7 037
Changes in other assets	-106 712	-57 892
Changes in amounts due to banks and financial institutions	-145 092	95 105
Changes in derivative financial instruments (liabilitiy) and financial liabilities at fair value through profit or loss	150 441	79 070
Changes in amount due to clients	431 861	255 816
Changes in debt securities in issue	-488	-342
Changes in deferred tax liabilities and other provisions	50	1 029
Changes in other liabilities	43 486	-16 495
Other adjustments	2 262	0
Income tax paid	-2 505	-27 022
Current income tax recognized in the income statement	-1	6 549
Net cash flows from operating activities	**412 099**	**233 160**
Cash flows from investment activities		
Inflows from investment activities	**1 680**	**2 230**
Sale of financial assets	0	1 639
Interest received	1 680	591
Investment activity outflows	**-6 312**	**-11 286**
Acquisition of intangible assets and property, plant and equipment	-6 312	-11 286
Net cash flows from/used in investment activities	**-4 632**	**-9 056**
Cash flows from financial activities		
Interest paid	-4 286	-3 564
Net cash flows from/used in financial activities	**-4 286**	**-3 564**
Net increase (decrease) in cash and cash equivalents	403 181	220 540
Opening balance of cash and cash equivalents	627 998	171 759
Closing balance of cash and cash equivalents	**1 031 179**	**392 299**
Restricted cash and cash equivalents	**0**	**0**

IV. ADDITIONAL NOTES AND EXPLANATIONS TO THE INTERIM CONDENSED STANDALONE FINANCIAL STATEMENTS

1 Basis of preparation of the standalone financial statements

These interim condensed standalone financial statements cover 3-month period ended 31 March 2015 and comparable financial data for 3-month period ended 31 March 2014 and as at 31 December 2014.

These interim condensed standalone financial statements were prepared in accordance with International Financial Reporting Standards („IFRS") as adopted by the European Union, especially in line with IAS 34 Interim financial reporting.

The accounting principles (policies) applied to the preparation of the interim condensed standalone financial statements are consistent with those applied in preparing the Bank's financial statements for the year ended 31 December 2014, excluding amendments to the existing standards and new interpretations effective for annual periods beginning on or after 1 January 2015, which were described in Note II. 5.7 to the interim condensed consolidated financial statements of Idea Bank S.A. Capitl Group, presented in this quarterly report. In addition, the accounting principles (policies) applied to the preparation of the Bank's interim condensed standalone financial statements do not differ from those described in the consolidated financial statements of the Capital Group of Idea Bank S.A., except for the method of valuation of investments in subsidiaries and associates that in the interim condensed standalone financial statements are included at purchase price .

The interim condensed standalone financial statements do not include all information and disclosures required in the annual financial statements and should be read in conjunction with the standalone financial statements of the Bank for the year ended 31 December 2014.

These interim condensed standalone financial statements have not been audited or reviewed by an independent auditor and was approved for the Management Board of the Bank on 7 May 2015. Bank as a parent company prepared also interim condensed consolidated financial statements of Idea Bank S.A. Capital Group approved and published on 7 May 2015.

2 Investments in subsidiaries and associates

Idea Bank S.A. owns shares in the following subsidiaries and associates:

Investments in subsidiaries and associates	31.03.2015 (unaudited) PLN thousand	31.12.2014 PLN thousand
Tax Care S.A.	370 370	370 370
Debito NSFIZ	46 168	46 168
Idea Expert S.A.	221 025	221 025
Idea Leasing S.A.	8 100	8 100
Lion's House sp. z o.o.*	72 671	72 671
Property Solutions FIZAN	157 632	157 632
Ellisa Investments sp. z o.o.	16	16
Carlise Investments sp. z o.o.	16	16
Total	**875 998**	**875 998**

*Lion's House sp. z o.o. was formed after the merger of Lion's House sp. z o.o and LC Corp Sky Tower sp. z o.o. on 27 February 2015. As at 31 December 2014 Idea Bank owns shares in Lion's House sp. z o.o and LC Corp Sky Tower sp. z o.o. valued at PLN 14 092 thousand and PLN 58 580 thousand respectively.

ended 31 March 2015 (in PLN thousand)

3 Seasonality of operations

The Bank's operations are not significantly influenced by seasonal or cyclical factors, therefore presented Bank's results do not fluctuate significantly during the year.

4 Dividend paid and proposed for payment

In the reporting period, the Bank did not pay or propose any dividend for payment. On 27 February 2015 the Annual General Meeting of Shareholders of Idea Bank S.A. decided to transfer the entire profit of the Bank for 2014 in the amount of PLN 120 275 thousand to Bank's supplementary capital.

5 Other aditional notes and explanations

Other additional notes and explanations important to proper assessment of the Bank's financial position and financial results were attached in interim condensed consolidated financial statements of Idea Bank S.A. Capital Group, presented in this quarterly report.

6 Events after the reporting period

On 16 April 2015 the first public offering of shares in Idea Bank S.A. took place. In accordance with Resolution No. 344/2015 of the WSE Management Board dated 15 April 2015, the Management Board of the Warsaw Stock Exchange decided on 16 April 2015 to introduce 10,590,884 rights to ordinary bearer shares series M to exchange trading on the main market, with a nominal value of PLN 2 each and list the rights to shares of the Bank in the continuous trading system.

On 17 April the District Court for the Capital City Warsaw, XII Commercial Department of National Court Register registered the share capital increase from the amount of PLN 135 622 194 to PLN 156 803 962.

From April 17, the Bank's shareholding is as follows:

Shareholding structure	number of shares	share in the total number of shares	voting rights	share in total number of votes
	PLN	%	volume	%
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LC Corp BV	6 774 329	8.64%	6 774 329	8.53%
Leszek Czarnecki	6 774 329	8.64%	6 774 329	8.53%
RB Investcom	3 040 045	3.88%	3 040 045	3.83%
Yarus Investments Ltd.	2 779 696	3.55%	2 779 696	3.50%
Valoro Investments Ltd	1 816 703	2.32%	1 816 703	2.29%
Krzysztof Rosiński	1 321 155	1.69%	1 321 155	1.66%
Merlya Holding Ltd	56 502	0.07%	56 502	0.07%
Radosław Stefurak	1 378 203	1.76%	1 378 203	1.73%
Dariusz Makosz	1 098 592	1.4%	1 098 592	1.38%
Dominik Fajbusiewicz	1 098 592	1.4%	1 098 592	1.38%
Konrad Kąkolewski	77 715	0.10%	77 715	0.10%
Paweł Trybuchowski	49 487	0.06%	49 487	0.06%
New shareholders	6 424 218	8.18%	6 424 218	8.08%
TOTAL	**78 401 981**	**100.00%**	**79 453 181**	**100.00%**

Jarosław Augustyniak
Management Board President

Małgorzata Szturmowicz
Management Board Member

Dominik Fajbusiewicz
Management Board Member

Marcin Syciński
Management Board Member

Dariusz Makosz
Management Board Member

Warsaw, 7 May 2015