

**Financial Statements of
Bank Gospodarstwa Krajowego
for the financial year
from 1 January to 31 December 2016**

The above Financial Statements of Bank Gospodarstwa Krajowego is a translation from the original Polish version. In case of any discrepancies between the Polish and English version, the Polish version shall prevail.

Warsaw, 23 March 2017

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1. Introduction to the financial statements of the Bank

1.1. Basic information about Bank Gospodarstwa Krajowego

Bank Gospodarstwa Krajowego (the "Bank", "BGK") is a state-owned bank as defined by the Banking Law of 29 August 1997 (Journal of Laws of 2016, item 1988, as amended) as well as the Act on Bank Gospodarstwa Krajowego of 14 March 2003 (Journal of Laws of 2016, item 1787, as amended) and the articles of association adopted by the Ordinance of the Minister of Development of 16 September 2016 on the adoption of the articles of association of Bank Gospodarstwa Krajowego (Journal of Laws of 2016, item 1527), which has been effective since 30 September 2016.

The Bank operates within the territory of the Republic of Poland. Its headquarter is located in the capital city of Warsaw, Al. Jerozolimskie 7, 00-955 Warsaw.

While fulfilling the functions specified in the Banking Law of 29 August 1997 (Journal of Laws of 2016, item 1988, as amended), the Bank carries out its own activities, which are complementary to its core, delegated activities.

The scope of the Bank's own activities includes the functions specified in the Banking Law of 29 August 1997 (Journal of Laws of 2016, item 1988, as amended), i.e.:

- accepting demand deposits and/or term deposits in cash, in addition to maintaining the related deposit accounts;
- maintaining other bank accounts;
- lending;
- issuing and confirming bank guarantees and letters of credit;
- issuing bank securities;
- carrying out banking cash transactions;
- carrying out forward and futures transactions;
- granting and confirming surety bonds;
- securities underwriting services;
- other banking operations.

Under Article 4 of the Act on Bank Gospodarstwa Krajowego, the key priority around which BGK is organized is supporting the socio-economic government programs as well as local government and regional development programs, specifically:

- projects financed by EU funds and international financial institutions;
- infrastructure projects;
- projects related to the development of the small and medium-sized enterprise sector, including those financed with public funds.

Tasks fulfilled by the Bank under Articles 5 and 6 of the BGK Act:

- the functions specified in the Banking Law of 29 August 1997;
- administration of funds created, entrusted or transferred to BGK under separate legislation;
- export transaction handling with the use of export support instruments, in addition to supporting exports of Polish goods and services under separate legislation or government programs;
- offering, whether directly or indirectly, guarantee and/or surety bond services under government programs or on behalf and for the account of the Treasury in accordance with the Act on surety bonds and guarantees of the Treasury and certain legal persons, in particular to the small and medium-sized enterprise sector;
- supporting residential construction development, in particular development of residential properties for rent, under separate legislation or government programs;
- Treasury bank account maintenance;
- local government budget administration;

- maintenance of the accounts of government or local government-owned legal persons established under separate legislation to carry out public administration functions;
- other functions carried out with the use of public funds, as specified in agreements entered into with public administration bodies.

The Bank's functions have also been defined in the articles of association of Bank Gospodarstwa Krajowego, attached as an appendix to the Ordinance of the Minister of Development of 16 September 2016 on the adoption of the articles of association of Bank Gospodarstwa Krajowego. In accordance with the Strategy of BGK for 2014-2017, the Bank supports the development of the Polish economy and Polish enterprises through its involvement in the provision of funding for projects, which is aimed to ensure both growth in investment in infrastructure projects with an extended time horizon and guarantee and surety bond services. Furthermore, the Bank contributes to the development of the sector of public finance through its consolidation, distribution of EU funds and handling foreign liabilities and receivables of the Treasury. Additionally, the Bank distributes EU funds to enterprises, supports socio-economic government programs as well as local government and regional development programs, actively stimulates exports, manages government funds and programs, acts as an agent of the Ministry of Finance on the financial market and provides services to public sector entities.

The scope of the delegated activities of Bank Gospodarstwa Krajowego includes administration of:

1. funds created, entrusted or transferred to BGK under separate legislation, i.e.:
 - 1) the National Road Fund created by the Act on Toll Motorways and the National Road Fund of 27 October 1994 (Journal of Laws of 2015, item 641, as amended);
 - 2) the Railway Fund created by the Act on the Railway Fund of 16 December 2005 (Journal of Laws of 2017, item 510);
 - 3) the Inland Waterway Fund created by the Act on the Inland Waterway Fund and the Reserve Fund of 28 October 2002 (Journal of Laws of 2002, No. 199, item 1672, as amended);
 - 4) the Subsidy Fund, the scope of which includes the following programs:
 - *Mieszkanie dla Młodych* (mortgage program for young people) – the Act of 27 September 2013 on state aid for young people buying their first apartment (Journal of Laws of 2015, item 1865, consolidated text);
 - *Rodzina na Swoim* (mortgage program for families) – the Act of 8 September 2006 on financial support to families and individuals buying their own apartment (Journal of Laws of 2012, item 90, as amended);
 - *Budownictwo Socjalne* (social housing program) – financial support for the development of social and supervised housing as well as night shelters – the Act of 8 December 2006 on financial support for the development of social and supervised housing, night shelters and housing for the homeless (Journal of Laws of 2015, item 833, as amended);
 - subsidized interest on fixed rate home loans – the Act of 5 December 2002 on subsidized interest on fixed rate home loans (Journal of Laws of 2014, item 711, as amended);
 - subsidized interest on loans and bonds as part of BGK's repayable financing for investment and construction projects under the residential construction government support program (Journal of Laws of 2017, item 357, as amended);
 - 5) Student Loan Fund created under the Act of 17 July 1998 on student loans (Journal of Laws of 2014, item 1026, as amended);
 - 6) Thermal Efficiency Improvement and Repair Fund created under the Act of 18 December 1998 on supporting thermal efficiency improvement projects (Journal of Laws 1998, No. 162, item 1121, as amended); currently, the Fund is operated under the Act of 21 November 2008 on supporting thermal efficiency improvement and repair projects (Journal of Laws of 2017, item 130);
 - 7) Borrower Support Fund – the Act of 9 October 2015 on supporting home loan borrowers in a difficult financial condition (Journal of Laws of 2015, item 1925);

2. State special purpose fund:

- 1) Technology Credit Fund – created under the Act of 30 May 2008 on certain forms of support for innovations (Journal of Laws of 2015, item 1710); the BGK grants loans to the small and middle enterprises aimed at the deploying the projects from the range of implementing innovative technologies. The subsidy is granted for the partial repayment of the loans granted to the entrepreneurs by the commercial Banks, that cooperate with the BGK. Technology Credit Fund is financed by the contribution of the Smart Growth Operational Programme 2014 – 2020, task 3.2.2. (formerly: Operational Programme Innovative Economy 2007 – 2013)

3. Government socio-economic programs as well as local government and regional development programs, i.e.:

- 1) JEREMIE initiative – under subsidy agreements entered into with Managing Authorities under Regional Operational Programs in the Lower Silesian, Łódź, Pomeranian, Mazovia, Greater Poland and West Pomeranian regions, the Bank acts as the manager of the JEREMIE Trust Funds under the JEREMIE initiative (Joint European Resources for Micro-to-Medium Enterprises) established by the European Commission as a new, non grant support mechanism for micro, small and medium-sized enterprises based on public funds;
- 2) JESSICA initiative – the Bank serves the role of the manager of the investment loans portfolio granted by the BGK under the JESSICA initiative in the Greater Poland, Pomeranian, and Mazovian regions. The total value of the granted loans amounts to PLN 720 million. The loans were granted from the regional operational programmes for the years 2007-2013 of the listed above regions. The Bank will be performing the role of the manager until 2035;
- 3) JESSICA 2 Initiative – (2014 – 2020) – in 2016 the BGK signed two agreements with Greater Poland Region, on the basis of which the Bank is acting as a manager of the amount of PLN 250 million. The Initiative is aimed at financing on the preferential conditions projects regarding the renewal and energetic efficiency in the state and multifamily buildings. The loans were granted from the Greater Poland Region Operational Programme for the years 2014 – 2020. The implementation of the JESSICA 2 Initiative is based on the experience gained during the realization of the JESSICA 2007-2013 Initiative. The loans will be granted under the JESSICA 2 (2014-2020) brand.
- 4) public funds consolidation administration program – under the Public Finance Act of 27 August 2009 (Journal of Laws of 2016, item 1870, as amended), since 1 May 2011, the Bank has been administering public funds consolidation and maintaining bank accounts of entities whose public funds are consolidated; under the Act of 26 September 2014 Amending the Act on public finance and some other acts (Journal of Laws of 2014, item 1626 - an act of archive) new public sector entities were included in the scope of consolidation of public funds and consolidation of deposited sums of courts of law was introduced. New entities were covered by the second phase of the consolidation of public funds as of 1 January 2015;
- 5) administration of payments under programs financed by EU funds and the state – under the Public Finance Act of 27 August 2009 (Journal of Laws of 2016, item 1870), as of 1 January 2010, the Bank acts as an administrator of payments under programs financed by EU funds and the state;
- 6) support for entrepreneurship using surety bonds and guarantees of Bank Gospodarstwa Krajowego – this government program (including de minimis aid, COSME guarantee line and OPIE guarantee fund) has been operated by BGK under the Act of 8 May 1997 on surety bonds and guarantees of the Treasury and certain legal persons (Journal of Laws of 2015, item 1052, as amended);
- 7) Program of compensation payments for leaving real property outside the present borders of the Republic of Poland – the Act of 8 July 2005 on exercising the right to compensation for leaving real property outside the present borders of the Republic of Poland (Journal of Laws of 2016, item 2042);
- 8) Treasury loans for advance funding for projects implemented under the Rural Development Program 2007-2013 – the Act of 22 September 2006 on disbursement of funds from the budget of the European Union for purposes of common agricultural policy financing (Journal of Laws of 2012, item 1065);
- 9) residential construction government support program (National Housing Fund liquidated under the Act of 2 April 2009 amending the Act on surety bonds and guarantees of the Treasury and certain legal persons, the Act on Bank Gospodarstwa Krajowego and certain other acts); residential construction support programs – the Act of 26 October 1995 on certain forms of support for residential construction (Journal of Laws of 2017, item 79, as amended);
- 10) *Pierwszy Biznes* Program (first business support) – completed;

- Pierwszy Biznes* Program – the Act of 20 April 2004 on employment promotion and labor market institutions (Journal of Laws of 2016, item 645, as amended) and the agreement of 27 September 2005 between Bank Gospodarstwa Krajowego and the Ministry of Economy and Labor on the launch of the *Pierwszy Biznes* program and the terms of administration of payments under the *Praca dla młodych* program (jobs for the young), which had been closed;
- 11) *Pierwszy Biznes – Wsparcie w Starcie* (first business, start-up support) – a program launched in 2013 by the Ministry of Labor and Social Policy under the Act of 20 April 2004 on employment promotion and labor market institutions (Journal of Laws of 2016, item 645, as amended); the aim of the programme comprise development of the entrepreneurship, creating the jobs as a part of the development of the labour market, counteracting of the unemployment and promotion of the engagements via loans granted under the preferential conditions. Mentioned above loans are oriented on the financing the costs associated with the beginning of the business activity and creating new workplaces, especially for the students, alumns and unemployed people. The program is being financed by Labor Fund and from the sales of the shares of the State Treasury Companies that are managed by the Labour Minister. The total budget for the Programme amounts to approximately PLN 500 million.
 - 12) *Finansowe Wspieranie Eksportu* (financial support for exports) government program: The *Finansowe Wspieranie Eksportu* government program was adopted at a meeting of the Council of Ministers on 28 July 2009. Under the program, BGK grants loans to foreign buyers (directly or through the buyer's bank) to finance purchases of Polish goods and services; the program has been administered by Bank Gospodarstwa Krajowego (BGK) under an agreement among BGK, the Ministry of Finance and Korporacja Ubezpieczeń Kredytów Eksportowych S.A. ("KUKES.A.") of 23 May 2013 and under the Agreement on implementation of the *Finansowe Wspieranie Eksportu* government program of 27/29 August 2013 between the Minister of Finance and Bank Gospodarstwa Krajowego;
 - 13) Provision of banking services to and accounting for liabilities and receivables of the Treasury; Since the 1 December 2002 the Bank is providing the banking services and accounting for liabilities and receivables of the Treasury. Initially, the banking services and bookkeeping referred merely to the foreign liabilities and receivables, nevertheless the local part of the indebtedness was included into the services since 2016. The Bank services are being provided under an agreement of 21 December 2015 on entrusting the bank BGK with servicing and accounting records of selected liabilities and receivables of the State Treasury between the Minister of Finance and BGK;
 - 14) Rural Activation Program – Component A of the Microloan; program completed;
 - 15) Special Economic Zone Program (SEZ Fund):
SEZ Fund – the Act of 2 October 2003 amending the Act on special economic zones and certain other acts (Journal of Laws No. 188, item 1840, as amended);
 - 16) subsidized interest on fixed rate export loans – the Act of 8 June 2001 on subsidized interest on fixed rate export loans (Journal of Laws of 2001, No. 73, item 762, as amended);
 - 17) *Financial Engineering Support for Social Economy Development* system project – the Project executed by the BGK on the basis of the agreement signed between the Bank and the Ministry of Development, Labour and Social Policy in 2012. The Programme is being financed from the Operational Programme Human Capital 2007- 2013 (preferential loans for the Social Economy Entities (SEE) were granted till the end of 2016). The funds generated from the repayment of the loans will be earmarked on the creation guarantee instruments for SEE in 2017.

Programme "Deployment of the loan and reguarantee instruments within the National Fund of Social Entrepreneurship" – programme executed on the basis of the agreement signed between the BGK and Ministry of the Family, Labor and Social Policy in 2016 and financed from the funds of the Operational Programme Knowledge, Education and Development 2014 – 2020. Under the agreement, the Bank is granting preferential loans for the social economy entities (SEE). The loans are directed on the accomplishment of the development programmes, strengthening the liquidity and creating new workplaces. Apart from the loans, in 2017 the programme will be broadened by the reguarantee instrument enabling BGK to reguatantee the SEE's financial liabilities' drew in other financial institutions.
 - 18) Treasury loan program to finance public health care center restructuring projects – the Act of 15 April 2005 on state aid and public health care center restructuring projects (Journal of Laws of 2005, No. 78, item 684, as amended);

- 19) subsidized interest on loans to doctors, dentists, nurses and midwives and the terms of debt cancellation – completed;
- 20) subsidized interest on loans for reversal of the effects of floods, landslides and hurricanes – the Act of 8 July 1999 on subsidized interest on bank loans for reversal of the effects of floods (Journal of Laws No. 62, item 690, as amended).

As part of the global loan agreements with the European Investment Bank (EIB), BGK grants loans on preferential terms for financing of investment projects implemented by public sector entities (in particular local government and municipal companies) and to support operations of private companies (in particular SMEs). In March of 2016, another agreement with the EIB (fifth lending line) was signed. It is intended to finance projects in the public sector (in particular municipal projects), and support for enterprises from the SME sector and MID CAP (middle capitalization). In practice, the development of the Bank's credit action is financed from the EIB funds.

Additionally, based on the listed above agreements the BGK received two grants from the European Commission, i.e. the Municipal Infrastructure Facility (MIF grant) with BGK and its clients (borrowers) as the beneficiaries and the Municipal Finance Facility (MFF grant) with BGK as the beneficiary.

As part of developing strategic partnerships with International Financial Institutions, the Bank entered into a global loan agreement with KfW, a German development bank, in February 2015. The funds are used to provide funding to SMEs and municipal companies.

1.2. Reporting period and purpose of the financial statements

The financial statements of the Bank contain financial information for the financial year from 1 January to 31 December 2016 as well as comparative financial information for the financial year from 1 January to 31 December 2015.

1.3. Composition of the Supervisory Board and the Management Board of the Bank

Information concerning the composition of the Bank's Supervisory Board and Management Board as at 31 December 2016 has been presented below.

Supervisory Board:

- Paweł Borys – Chairman of the Supervisory Board;
- Witold Słowik – Deputy Chairman of the Supervisory Board;
- Michał Łukasz Kamiński – Secretary of the Supervisory Board;
- Artur Adamski – Member of the Supervisory Board;
- Joanna Bęza-Bojanowska – Member of the Supervisory Board;
- Wojciech Kowalczyk – Member of the Supervisory Board;
- Jadwiga Lesisz – Member of the Supervisory Board;
- Jarosław Nowacki – Member of the Supervisory Board;
- Jan Filip Staniłko – Member of the Supervisory Board;
- Jerzy Szmit – Member of the Supervisory Board;
- Adam Węgrzyn – Member of the Supervisory Board;
- Robert Zima – Member of the Supervisory Board.

Management Board:

- Beata Daszyńska-Muzyczka – Chairman of the Management Board;
- Paweł Nierada – Vice-Chairman – First Deputy Chairman of the Management Board;
- Włodzimierz Kocon – Vice-Chairman of the Management Board;
- Przemysław Cieszyński – Member of the Management Board;
- Wojciech Hann – Member of the Supervisory Board;
- Radosław Kwiecień – Member of the Supervisory Board.

Composition of the Supervisory Board and Management Board between 1 January and 31 December 2016:

Supervisory Board:

Full name	Term of office in the Supervisory Board	Function in the Supervisory Board
Leszek Skiba	18.01.2016 - 31.08.2016	Chairman of the Supervisory Board
Bogdan Klimaszewski	01.01.2016 - 02.03.2016	Deputy Chairman of the Supervisory Board
Grażyna Grzyb	01.01.2016 - 31.08.2016	Secretary of the Supervisory Board
Joanna Bęza-Bojanowska	01.01.2016 - 31.12.2016	Member of the Supervisory Board
Paweł Olszewski	01.01.2016 - 18.01.2016	Member of the Supervisory Board
Ryszard Pazura	01.01.2016 - 31.08.2016	Member of the Supervisory Board
Mirosław Pietrewicz	01.01.2016 - 31.08.2016	Member of the Supervisory Board
Jadwiga Romaszko	01.01.2016 - 31.08.2016	Member of the Supervisory Board
Tomasz Szałwiński	01.01.2016 - 31.08.2016	Member of the Supervisory Board
Agnieszka Szczepaniak	01.01.2016 - 31.08.2016	Member of the Supervisory Board
Piotr Koziński	18.01.2016 - 31.08.2016	Member of the Supervisory Board
Jerzy Szmít	18.01.2016 - 31.12.2016	Member of the Supervisory Board
Robert Zima	02.03.2016 - 31.08.2016 01.09.2016 - 31.12.2016	Deputy Chairman of the Supervisory Board Member of the Supervisory Board
Paweł Borys	01.09.2016 - 31.12.2016	Chairman of the Supervisory Board
Witold Słowik	01.09.2016 - 31.12.2016	Deputy Chairman of the Supervisory Board
Michał Łukasz Kamiński	01.09.2016 - 31.12.2016	Secretary of the Supervisory Board
Artur Adamski	01.09.2016 - 31.12.2016	Member of the Supervisory Board
Wojciech Kowalczyk	01.09.2016 - 31.12.2016	Member of the Supervisory Board
Jadwiga Lesisz	01.09.2016 - 31.12.2016	Member of the Supervisory Board
Jarosław Nowacki	01.09.2016 - 31.12.2016	Member of the Supervisory Board
Jan Filip Staniłko	01.09.2016 - 31.12.2016	Member of the Supervisory Board
Adam Węgrzyn	01.09.2016 - 31.12.2016	Member of the Supervisory Board

Management Board:

Full name	Term of office in the Management Board	Function in the Management Board
Dariusz Kacprzyk	01.01.2016 - 07.03.2016	Chairman of the Management Board
Radosław Stępień	01.01.2016 - 03.03.2016	Vice-Chairman – First Deputy Chairman of the Management Board
Włodzimierz Kocon	23.03.2016 - 26.09.2016 27.09.2016 - 31.12.2016	Vice-Chairman – First Deputy Chairman of the Management Board Vice-Chairman of the Management Board
Andrzej Ladko	01.01.2016 - 09.03.2016	Vice-Chairman of the Management Board
Piotr Puczyński	01.01.2016 - 26.09.2016	Vice-Chairman of the Management Board
Jerzy Jacek Szugajew	01.01.2016 - 26.09.2016	Vice-Chairman of the Management Board
Adam Świrski	01.01.2016 - 31.08.2016	Vice-Chairman of the Management Board
Mirosław Panek	08.03.2016 - 26.09.2016	acting Chairman of the Management Board
Paweł Nierada	27.09.2016 - 31.12.2016	First Deputy Chairman of the Management Board
Wojciech Hann	27.09.2016 - 31.12.2016	Member of the Management Board
Przemysław Cieszyński	27.09.2016 - 31.12.2016	Member of the Management Board
Beata Daszyńska-Muzyczka	09.12.2016 - 31.12.2016	Chairman of the Management Board
Radosław Kwiecień	15.12.2016 - 31.12.2016	Member of the Management Board

Composition of the Supervisory Board and the Management Board as at the date of signing the financial statements:

Supervisory Board:

- Paweł Borys – Chairman of the Supervisory Board;
- Witold Słowik – Deputy Chairman of the Supervisory Board;
- Artur Adamski – Member of the Supervisory Board;
- Joanna Bęza-Bojanowska – Member of the Supervisory Board;
- Jarosław Nowacki – Member of the Supervisory Board;
- Jan Filip Staniłko – Member of the Supervisory Board;
- Jerzy Szmít – Member of the Supervisory Board;

- Robert Zima – Member of the Supervisory Board.

Management Board:

- Beata Daszyńska-Muzyczka – Chairman of the Management Board;
- Paweł Nierada – Vice-Chairman – First Deputy Chairman of the Management Board;
- Włodzimierz Kocon – Vice-Chairman of the Management Board;
- Przemysław Cieszyński – Member of the Management Board;
- Wojciech Hann – Member of the Supervisory Board;
- Radosław Kwiecień – Member of the Supervisory Board.

1.4. Internal organizational units

The Bank does not have any internal organizational units preparing their own financial statements.

1.5. Consolidated financial statements

Being a state-owned bank applying the Polish Accounting Standards, as of 31 December 2016, BGK is not subject to the obligation to prepare its consolidated financial statements, as it is not a holding company under Article 3.1.37 of the Accounting Act of 29 September 1994 (Journal of Laws of 2016, item 1047, as amended). Therefore, the Bank accomplishes the reporting requirements arising from the Accounting Act and does not prepare the consolidated financial statements.

1.6. Going concern

The financial statements have been prepared on the assumption that the Bank will continue as a going concern in the foreseeable future, i.e. within at least 12 months of 31 December 2016. According to the Management Board, there are no circumstances indicating that the Bank's ability to continue as a going concern could be at risk.

1.7. Changes in the method of preparation of the financial statements (comparative information)

The financial statements were not subject to conversion in order to ensure comparability of data.

1.8. Adjustments resulting from qualifications in opinions issued by entities authorized to audit financial statements

The opinion issued by the entity authorized to audit financial statements did not include any qualifications concerning the presented financial statements.

1.9. Accounting principles (policies)

1.9.1. General information

The financial statements were prepared in conformity with the accounting principles laid down in the Accounting Act of 29 September 1994 (Journal of Laws of 2016, item 1047) and the regulations issued based thereon, specifically:

- the Ordinance of the Minister of Finance of 1 October 2010 on special accounting principles for banks (Journal of Laws of 2013, item 329);
- the Ordinance of the Minister of Finance of 16 December 2008 on the principles of recognition of reserves for risks related to banking operations (Journal of Laws of 2015, item 2066);
- the Ordinance of the Minister of Finance of 12 December 2001 on the detailed principles of recognition, measurement, disclosure and presentation of financial instruments (Journal of Laws 2017, item 277, as amended); and
- the Bank's articles of association attached as an appendix to the Ordinance of the Minister of Development of 16 September 2016 (Journal of Laws of 2016, item 1527).

As regards matters which have not been regulated by the relevant legislation, the Bank complies with the Polish Accounting Standards issued by the Accounting Standards Committee and in the absence of a Polish standard – the International Accounting Standards and the International Financial Reporting Standards endorsed by the European Union, along with the related interpretations published as Commission regulations.

The accounting records are kept on the basis of BGK's chart of accounts and in compliance with the going concern, continuity, materiality, prudence, accrual, completeness and matching principles.

Unless stated otherwise, all amounts have been presented in thousand zlotys (PLN '000).

1.9.2. Presentation of the balance sheet and profit and loss account

Under the BGK Act, in addition to the functions specified in the Banking Law of 29 August 1997, the scope of the Bank's activities includes administration of funds created, entrusted or transferred to BGK under separate legislation (delegated activities).

Delegated activities carried out by the Bank through separated funds:

- funds related to granting loans and/or off-balance sheet financing at the risk of the Bank – “funds exposed to credit risk”:
 - the Inland Waterway Fund;
- funds related to management of cash flows for specific budget objectives – “cash flow funds”, comprising:
 - the National Road Fund;
 - the Student Loan Fund;
 - the Thermal Efficiency Improvement and Repair Fund;
 - the Subsidy Fund;
 - the Railway Fund;
 - the Borrower Support Fund.

The Bank maintains separate accounting records for funds related to delegated activities. Indirect costs are recognized in profit or loss of the funds related to delegated activities as a result of allocation based on internal regulations.

The financial statements of the Bank, comprising the Bank's own activities and the delegated activities related to the funds exposed to credit risk, are prepared by adding up the respective balance sheet, off-balance sheet as well as profit and loss account items concerning the Bank's own activities and the said funds, with elimination of transactions between the Bank carrying out its own activities and the funds exposed to credit risk in respect of delegated activities.

The assets, equity and liabilities of the funds exposed to credit risk are presented as the assets, equity and liabilities of the Bank, while the related financing is presented as special funds and other liabilities. The said item is not classified as the Bank's equity.

The Bank's profit and loss account presents the profit (loss) on own activities and on the activities of the funds exposed to credit risk.

The net profit generated on the activities of the funds exposed to credit risk is used, in accordance with the articles of association of BGK, for purposes of supplementing the funds and, in part, to increase the supplementary capital of the Bank.

In line with the Bank's articles of association, the net profit on the activities of the funds created, entrusted or transferred to BGK under separate legislation, are earmarked for supplementation of the funds whereas the losses are offset against such funds.

The assets, equity and liabilities of the cash flow funds are not presented on the Bank's balance sheet as they do not meet the definition of the Bank's assets, equity and liabilities. Under relevant legislation, the Bank is responsible for directing the financial and operating policies of the cash flow funds but it does not control such funds, derive economic benefits from their operations or bear credit risk related to such assets.

In accordance with the articles of association of BGK, separate legislation and other statutes, the Bank prepares the balance sheets, statements of off-balance sheet items as well as profit and loss accounts for each fund related to delegated activities (both the funds exposed to credit risk and the cash flow funds), which are attached to these financial statements.

1.9.3. Foreign currencies

On-balance sheet assets, equity and liabilities as well as off-balance sheet liabilities denominated in foreign currencies and indexed by a foreign currency rate are measured at the average exchange rate determined for a given currency by the National Bank of Poland as at the balance sheet date.

Average exchange rates of selected foreign currencies relative to the Polish zloty:

No.	Currency	As at 31.12.2016	As at 31.12.2015
I.	CHF	4.1173	3.9394
II.	EUR	4.4240	4.2615
III.	GBP	5.1445	5.7862
IV.	USD	4.1793	3.9011

1.9.4. Financial assets and liabilities

1.9.4.1. Classification

The Bank's financial assets and liabilities are classified as:

- financial assets and financial liabilities measured at fair value through profit or loss, including assets and/or liabilities held for trading;
- loans and other receivables of the Bank;
- financial assets held to maturity;
- financial assets available for sale, and
- other financial liabilities.

The Bank's financial assets and financial liabilities are classified when they arise or are acquired.

1.9.4.1.1. Financial assets and financial liabilities measured at fair value through profit or loss, including assets and/or liabilities held for trading

Financial assets and financial liabilities measured at fair value through profit or loss comprise the Bank's financial assets or financial liabilities held for trading and designated as such on initial recognition, provided that such classification enables the Bank to obtain more useful information or reduces differences, including in the method of measurement or presentation of the revenue or expenses related to such assets and liabilities, or enables it to estimate gains/losses on fair value measurement – in accordance with an investment strategy or risk management policy documented by the Bank.

Financial assets or financial liabilities held for trading comprise financial assets or financial liabilities acquired by the Bank for purposes of deriving economic benefits resulting from short-term fluctuations of prices or other variables. A financial asset is classified as held for trading if, regardless of the reason for which it has been acquired, it represents a group of assets used recently to derive economic benefits from fluctuations of prices or other variables. Derivative instruments being financial assets or financial liabilities are classified as held for trading.

1.9.4.1.2. Loans and other receivables of the Bank

Loans and other receivables comprise financial assets with fixed or determinable payments, which are not traded on the market, other than:

- financial assets which the Bank intends to sell in the short term, classified as held for trading;
- financial assets designated by the Bank as measured at fair value through profit or loss on initial recognition;
- loans and other receivables of the Bank, which the Bank is unable to recover for reasons other than lack of payments, classified as assets available for sale.

1.9.4.1.3. Financial assets held to maturity

Financial assets held to maturity are financial assets with fixed or determinable payments or fixed maturity, which the Bank intends and is able to hold to maturity, except financial assets classified as loans and other receivables of the Bank, financial assets available for sale as well as financial assets and financial liabilities measured at fair value through profit or loss, including those which are held for trading.

1.9.4.1.4. Financial assets available for sale

Financial assets available for sale comprise financial assets which do not satisfy the conditions to be classified as financial assets measured at fair value through profit or loss, including those which are held for trading, loans and other receivables of the Bank as well as financial assets held to maturity.

1.9.4.1.5. Other financial liabilities

Other financial liabilities comprise financial liabilities representing a contractual obligation to deliver cash or another financial asset to another entity, not classified as financial liabilities measured at fair value through profit or loss or having the characteristics of a deposit or loan obtained.

1.9.4.2. Recognition

Financial assets and financial liabilities as well as off-balance sheet liabilities are recognized by the Bank in its accounting records as at the transaction date.

Loans and other receivables of the Bank are recognized on the balance sheet upon the delivery of cash directly to the other party to the transaction and in the case of other financial assets on the day when the Bank receives the asset or is entitled to receive financial assets or exchange financial instruments with another entity.

Financial liabilities are recognized on the balance sheet upon the receipt of cash directly from the other party to the transaction and as at the date of assuming the obligation to deliver financial assets or exchange financial instruments with another entity.

1.9.4.3. Derecognition

A financial asset or its part is derecognized by the Bank when at least one of the following conditions is satisfied:

- the contractual rights to cash flows related to the financial asset expire;
- the financial asset is transferred by the Bank onto the buyer and the transfer meets the derecognition criteria, i.e. substantially all risks and rewards are transferred onto the buyer.

A financial liability or its part is derecognized by the Bank when the said liability is extinguished. A liability is extinguished when the contractual obligation has been discharged, cancelled or the time limit for its enforcement has expired.

1.9.4.4. Reclassification

Financial assets classified as available for sale may be reclassified to loans and other receivables of the Bank provided that the Bank intends and is able to hold such assets in the foreseeable future or to maturity, or to financial assets held to maturity if they do not meet the definition of loans and other receivables of the Bank. The fair value of a financial asset which has been reclassified is recognized as newly estimated amortized cost.

The Bank does not reclassify financial instruments to or from the category of instruments measured at fair value through profit or loss following their purchase or issue.

If the major part of financial assets classified as held to maturity have been sold or transferred or the put option has been exercised prior to their maturity or they have been reclassified in the current financial year or over the past two financial years, such assets may not be classified as held to maturity by the end of the current financial year and over the next two financial years, except where the sales transaction is made:

- close to maturity;
- after the date of repayment of 90% of the nominal value of the financial asset;
- as a result of events hard to predict at the time of classification of the financial instrument to assets held to maturity.

1.9.4.5. Measurement

1.9.4.5.1. Loans and other receivables of the Bank

On initial recognition, loans and other receivables of the Bank are measured at cost (purchase price) – at the fair value of the consideration paid.

As at the balance sheet date, loans and other receivables of the Bank are measured at amortized cost using the effective interest method.

The fees charged upon utilization of the loan or for disbursement of funds to the client are deferred at amortized cost using the effective interest method as an item of the interest income on such loan. Where a loan is not utilized within the time limit specified in the agreement, the fee received by the Bank is recognized as commission income in whole or over the period when the loan may be utilized.

Modification of the loan agreement as a result of which new cash flows are determined is taken into consideration when the fee is accounted for.

Credit exposures are presented on the balance sheet on a net basis, i.e. less the amount of the specific reserves created to cover credit risk and using the effective interest method.

Specific reserves for credit exposures are created in line with the Regulation of the Minister of Finance of 16 December 2008 laying down the principles of recognition of reserves for risks related to banking operations. The Bank creates specific reserves for the risk related to its credit exposures based on an individual assessment of the risk inherent in each item of assets and off-balance sheet liabilities. The level of the required specific reserves is determined considering the security referred to in the aforesaid Regulation.

Where a credit exposure is classified as "impaired", accrued interest and fees are recognized as restricted revenue until their receipt or derecognition.

On initial recognition, purchased debt is measured at cost (purchase price) – at the fair value of the consideration paid or received. Transaction costs are recognized on initial measurement.

At the subsequent balance sheet date, purchased debt is measured by the Bank at amortized cost using the effective interest method and classified as loans and other receivables of the Bank.

On initial recognition, used guarantees and surety bonds are measured at cost (purchase price), i.e. the consideration paid or received. They are presented on the balance sheet on a net basis, i.e. less the amount of the specific reserves created to cover the risk.

Receivables are derecognized in correspondence with the related specific reserves.

Credit exposures are derecognized in correspondence with the related specific reserves and reclassified as off-balance sheet items until the time when they are cancelled, past due or repaid if classified as "bad debt" for at least one year and the related specific reserve is equal to the amount of outstanding receivables, i.e. the net value of such receivables is zero. On reclassification of a credit exposure as an off-balance sheet item, the Bank reclassifies also the corresponding specific reserve along with interest on derecognized receivables.

Where the payment of receivables related to delegated activities is secured with funds, they are derecognized in correspondence with the relevant funds.

1.9.4.5.2. Financial assets except loans and other receivables of the Bank

On initial recognition, debt securities, equity instruments, derivative instruments, investment certificates and other non-public market financial instruments under a management agreement are measured at cost (purchase price) – at the fair value of the consideration paid or received, and classified to one of the following three categories of financial assets: measured at fair value through profit or loss, including held for trading, held to maturity and available for sale.

As at the balance sheet date, financial instruments from the portfolio of financial assets are measured at fair value through profit or loss, including those held for trading, and financial assets available for sale are measured at fair value. The effects of measurement of financial assets measured at fair value through profit or loss, including those held for trading, are recognized in profit or loss, whereas the effects of measurement of financial assets available for sale are recognized in the revaluation reserve.

Quoted market prices based on which the fair value of government debt securities is measured are obtained from widely available information systems. Where no quoted market prices are available for a debt security (municipal bonds, commercial bonds etc.), the fair value is not determined on the basis of the quoted market prices but using the NPV (net present value) technique. The present value is calculated by reference to market yield curves obtained from widely available information systems (zero-coupon yield curves or curves based on the yield on government debt securities are used depending on the security type). For non-government debt securities, the present value of future cash flows is determined considering the issuer credit risk and the liquidity risk spread.

Financial assets held to maturity are measured at amortized cost using the effective interest method as at the balance sheet date.

Where a financial asset is derecognized (e.g. sale), the value of the asset and the related impairment losses recognized in the revaluation reserve affect the gain (loss) on the transaction recognized in profit or loss.

Releases of securities classified as financial assets measured at fair value through profit or loss, including financial assets held for trading or financial assets available for sale, purchased at different prices and displaying the same or similar characteristics, are measured using the FIFO (first in, first out) method.

1.9.4.5.3. Impairment of financial assets

As at the balance sheet date, no less frequently than at the end of the financial year, the Bank verifies whether or not there are any objective indications of impairment of its financial assets.

Impairment losses on debt securities, equity instruments, investment certificates and other non-public market financial instruments arising under a management agreement, included in the available-for-sale portfolio, i.e. losses on measurement recognized before in the revaluation reserve, in case of identification of the impairment are classified as financial expenses at least at the amount of the impairment losses.

If the circumstances resulting in impairment no longer exist, the equivalent of the total amount or an appropriate part of the impairment loss recognized previously increases the value of the financial asset available for sale and is classified as financial revenue.

1.9.4.5.4. Financial liabilities, including due to issued securities

On initial recognition, a financial liability of the Bank is measured at cost, i.e. at the fair value of the consideration received.

After initial recognition, financial liabilities measured at fair value through profit or loss, including those held for trading, are measured at fair value, with the proviso that a liability which is to be settled through the delivery of an equity instrument the fair value of which may not be estimated reliably, is measured at amortized cost. The effects of changes in the fair value of financial liabilities measured at fair value through profit or loss, including those held for trading, are recognized as financial revenue or expenses, as appropriate.

After initial recognition, financial liabilities other than held for trading are measured at amortized cost using the effective interest method.

Debt instruments issued by the Bank are presented as financial liabilities and measured at amortized cost.

Additionally, debt instruments issued by BGK for the National Road Fund are recognized on the balance sheet and in profit or loss of the Fund, as appropriate.

1.9.4.6. Derivative financial instruments

Derivative financial instruments are classified as financial assets or financial liabilities held for trading and they are measured at fair value.

Derivative financial instruments and forward and futures transactions with a symmetrical risk profile are measured using the NPV (net present value) technique. The present value of future cash flows is measured for each transaction based on properly constructed projection and discount curves. Projection curves are built based on quoted prices of deposits, FRA and IRS rates appropriate for a given currency and the reference rate. Discount curves are built based on quoted prices of deposits, FRA and IRS rates as well as basis swaps. OIS transactions are measured using a curve based on OIS rates in the transaction currency. Interest rates for FRA, IRS and OIS in PLN used for curve building purposes are obtained from the quoted prices available in ACI fixing, and the remaining rates from widely available information systems. Derivative instruments and forward and futures transactions denominated in a currency other than the Polish zloty are measured by reference to the average exchange rate of the National Bank of Poland ruling at the measurement date.

Transactions with an asymmetrical risk profile (option transactions) are measured using Black's models, which are widely used on the market and rely on the implied volatility curves (if quoted market prices are available) or historical volatility curves (determined with the use of statistical models based on quoted market prices).

In the financial statements of the Bank, realized and unrealized gains (losses) on currency transaction, including the effects of changes in the measurement of such derivative instruments as FX FORWARD, FX SWAP or CIRS (including swap points) and FX options are recognized on an aggregate basis in the gain (loss) on foreign exchange transactions. Realized gains (losses) and the effects of measurement of such derivative instruments as FRA, IRS, OIS or options, except for FX options, are recognized in the gain (loss) on trading in financial instruments. In the financial statements

of the Bank, derivative instruments are presented on a net basis at the transaction level (positive fair values as assets and negative fair values as liabilities).

1.9.4.7. Repo, reverse repo, sell-buy-back and buy-sell-back transactions

Repo and sell-buy-back as well as reverse repo and buy-sell-back transactions are transactions involving the sale or purchase of securities with a commitment to repurchase the security or resell it at an agreed date and at an agreed price.

Financial assets sold with a commitment to buy them back (repo and sell-buy-back transactions) are recognized by the Bank on its balance sheet with liabilities arising from the commitment to buy the securities back as a corresponding entry under equity and liabilities. Such a solution is possible only where the Bank retains the risks and rewards of ownership of the financial asset despite its transfer.

For transactions involving the purchase of securities with a commitment to resell them (reverse repo and buy-sell-back), the financial assets held by the Bank are presented as receivables arising from the repurchase clause.

Repo, reverse repo, sell-buy-back and buy-sell-back transactions are deferred, whereas securities in repo and sell-buy-back transactions are not derecognized from the balance sheet and they are measured using the principles applicable to the relevant portfolios of securities. The difference between the sale/purchase and repurchase/resale price is treated as interest expense or income and deferred over the term of the agreement.

1.9.5. Equity investments

Investments where the investees are controlled by the Bank are classified as shares in subsidiaries. The Bank controls an investee if it has the power to govern the financial and operating policies of the investee so as to obtain economic benefits from its activities.

Investments are classified as shares in associates where the Bank has significant influence over the investees. Significant influence is defined as a share of at least 20% in the total voting rights. The aforesaid share may be less than 20% if other circumstances indicate that the Bank has significant influence, specifically through:

- participation in decisions about distributing profit and/or offsetting losses;
- representation in the management, supervisory or administrative body of the investee;
- material transactions with the investee;
- provision of essential technical information to the investee;
- interchange of management, supervisory or administrative personnel.

Shares in controlled entities are measured at cost, less impairment losses.

Shares classified as held for sale are measured at the lower of the carrying amount or fair value, taking account of costs to sell estimated by the Bank.

Equity instruments include also shares classified as financial assets available for sale, which are measured in accordance with the principles applicable to these categories of financial assets.

Public market shares are measured at the closing price at the Warsaw Stock Exchange from the last business day of the month of the measurement.

1.9.6. Property, plant and equipment, investment property and intangible assets

The value of property, plant and equipment is recognized at cost, considering the effects of revaluation, less depreciation and impairment losses.

The cost of fixed assets under construction, fixed assets and intangible assets comprises the total expenses incurred by the Bank in the financial year for their construction, assembly, adaptation and improvement, until the balance sheet date or the date of their being commissioned, including:

- costs relating to the purchase, along with the costs of transport, loading, unloading, goods-in-transit insurance, assembly, installation and launch of software and systems, notary fees, stamp duties and other charges incurred for purposes of bringing the assets to usable condition;
- non-deductible VAT and excise duty;

- the cost of servicing liabilities taken on to finance the assets and the related exchange differences, less the related income.

The initial value being the cost of an item of property, plant and equipment is increased by costs of improvement, specifically alteration, extension or modernization, as a result of which the value in use of that item after improvement exceeds the value in use at the time when it was commissioned.

Depreciation and/or amortization is applied as from the month following directly the month when items of property, plant and equipment or intangible assets were commissioned. The property, plant, equipment and intangibles assets are depreciated over the economic useful life.

The Bank uses the following depreciation periods for the basic groups of its property, plant and equipment and intangible assets:

No.	Item	Periods
I.	Buildings, structures, cooperative right to residential premises	40 years
II.	Leasehold improvements	from 2 to 10 years
III.	Machinery, equipment and general-purpose devices	from 5 to 17 years
IV.	Computer sets	from 3 to 5 years
V.	Vehicles	from 2 to 5 years
VI.	Right of perpetual usufruct	from 40 to 99 years

Intangible assets are recognized in the accounting records of the Bank at purchase price or cost incurred for purposes of their development and they are amortized using the straight-line method by reference to the following periods:

No.	Item	Periods
I.	Software	from 2 to 11 years
II.	Other intangible assets	From 2 to 5 years

Property, plant and equipment under construction and expenditure on intangible assets, including the cost of research and development carried out by the Bank, are measured at the amount of total expenses directly related to their purchase or manufacturing, less impairment losses.

Fixed and intangible assets whose initial value does not exceed PLN 3.5 thousand, except selected items of computer hardware, are expensed directly in the month of their being commissioned.

Real property classified as investments is measured at fair value.

A positive difference between the carrying amount of investment property and its fair value is recognized under the revaluation reserve as at the reclassification date. A negative difference and the effects of current measurement are recognized in profit or loss.

1.9.7. Other balance sheet items

1.9.7.1. Cash

Cash is presented at face value.

1.9.7.2. Other assets

On initial recognition, receivables arising from own activities are measured at nominal value, then no less frequently than as at the balance sheet date – at the amount due, less impairment losses.

Receivables are revalued based on the probability of their payment, through recognition of impairment losses, which are charged to the Bank's other operating expenses.

1.9.7.3. Assets seized for debt

Assets held for sale comprise items seized for debt and designated for sale. They are measured at fair value as at the seizure date.

Where assets are seized for the total debt, the difference between the total debt amount and the lower fair value of the seized assets, less the cost incurred to make the sales transaction, is covered by an impairment loss on assets held for sale.

Impairment losses on assets held for sale are charged to the Bank's expenses.

Where assets are seized for a portion of the debt, a specific reserve is created or maintained for the difference between the portion of the debt which the assets have been seized for and the total debt amount.

If the fair value of the seized assets exceeds the debt amount, the difference is recognized as a liability to the borrower.

If the fair value of assets held for sale less the cost incurred to make the sales transaction increases at a later date, the Bank recognizes revenue which may not exceed the accumulated impairment loss on assets held for sale.

1.9.8. Prepayments and accruals

With a view to ensuring compliance with the matching principle and allocating costs to the relevant reporting periods, the Bank recognizes prepayments and accruals.

Prepayments are recognized with respect to costs relating to future reporting periods and prepaid expenses of materials and services purchased by the Bank.

Accruals comprise current period costs which have not been incurred yet, relating to:

- supplies provided to the Bank;
- future employee benefits resulting from the employment relationship (i.e. bonuses and payments in lieu of annual leave as at the balance sheet date);
- the annual bonus, the amount of which is determined by the Management Board of the Bank and the payment of which is approved by the Supervisory Board.

Deferred income comprises mainly deferred fees and other income received in advance, which will be recognized in profit or loss in future reporting periods.

1.9.9. Provisions

The Bank recognizes provisions for certain or highly probable future liabilities and expected losses resulting from operational events classified to the following operational risk categories:

- internal and external fraud;
- HR practice and occupational safety;
- clients, products and the business practice;
- damage to assets;
- disruptions and system errors;
- transactions, supplies and process management.

Provisions are also recognized for operational events which may involve claims resulting from litigation where the probability that an adverse decision will be issued for the Bank is high.

The provision accounts for 100% of the disputed value or the amount of the loss if the estimated probability of losing or the occurrence of a loss is 50% or more. The disputed value or the amount of the loss comprises the principal and the accompanying liabilities, such as court fees or interest.

Additionally, the Bank recognizes a provision for future liabilities to employees relating to future benefits resulting from the employment relationship, i.e. jubilee, retirement and disability benefits. The said provisions are determined on the basis of reliable estimates of future expenses relating to the current operations of the Bank, in accordance with the applicable internal regulations. The level of provisions for retirement, disability and jubilee benefits is determined as at the balance sheet date on the basis of actuarial valuation.

The Bank recognizes provisions for future liabilities related to restructuring projects, provided that based on separate regulations the Bank is obliged to carry out such projects or is a party to binding agreements in this regard, and the restructuring plans make it possible to estimate the value of such future liabilities reliably.

The general risk reserve is created under Article 130 of the Banking Law and it is recognized in profit or loss.

The provisions recognized by the Bank are increased/reduced, derecognized and used in accordance with internal regulations of the Bank.

1.9.10. Equity

The Bank's share and supplementary capitals are presented at nominal value, except the revaluation reserve, which is used for recognition of the effects of measurement of financial assets available for sale less deferred tax.

Under the Act of 2 April 2009 amending the Act on surety bonds and guarantees of the Treasury and certain legal persons, the BGK Act and certain other acts, the National Housing Fund was liquidated in 2009.

As at the liquidation date, the net assets of the said Fund were adjusted to fair value and increased the share capital of BGK. Where the Bank decides not to provide or a client decides not to use an originally granted line of credit, or the loan amount disbursed is lower than the fair value determined using the measurement model as at the date of liquidation, of e.g. the National Housing Fund, the measurement is adjusted and the share capital of BGK increased.

1.9.11. Measurement of profit (loss)

Profit (loss) is measured in accordance with the prudence, accrual and matching principles. It comprises all revenue and expenses relating to the reporting period, regardless of their payment date.

1.9.11.1. Interest income and expense

The net interest income includes in particular:

- accrued revenue, including due to discount and capitalized interest, on receivables classified as normal and/or under observation, which is not due in the reporting period;
- accrued revenue on receivables classified as normal and/or under observation, whether or not it has been received, which is due in the reporting period;
- revenue due to discount and interest paid in advance, relating to the current reporting period;
- interest income on the Bank's receivables classified as impaired, received in the current period;
- deferred fees on financial instruments measured at amortized cost using the effective interest method;
- interest expense on the Bank's liabilities for the reporting period, whether due and payable or not, except interest on tender bonds;
- interest on transactions in securities with a repurchase commitment;
- interest on own bonds issued by the Bank.

The net interest income does not include:

- accrued interest, whether matured or not, including discount and capitalized interest on impaired receivables, which is classified as restricted revenue by the time of its receipt or derecognition;
- discount and interest received in advance and relating to future reporting periods;
- interest received and paid recognized in profit or loss in the preceding years.

Interest income related to debt securities comprises interest accrued using the effective interest method as well as any discounts, premiums or other differences between the carrying amount of the assets as at the measurement date and their value at maturity.

Interest income also includes fees determined using the effective interest method, i.e. fees and charges forming an integral part of a financial instrument and received by the Bank.

1.9.11.2. Commission income and expense

Commission income and expense as well as bank charges concern mainly banking services. Commission income and expense includes also commission on financial instruments without an agreed repayment schedule, received or paid by the Bank. Commission on overdraft facilities, credit cards, guarantees and other revolving facilities are deferred and classified as commission income. Commission and charges are accounted for over the term of the transaction.

Administrative fees related to loans and guarantees are recognized on a one-off basis in the Bank's profit or loss.

This item also includes income on fund/program administration commission and other charges.

In relation to bancassurance products, BGK, as the policyholder, offers fee-free insurance coverage to credit card holders in the form of an additional card functionality, which is an inseparable part of the payment card and does

not involve any additional fees on the part of the client. Payment card insurance costs are recognized in profit or loss as commission.

1.9.11.3. Income on shares

Dividend income is recognized in profit or loss on a gross basis as at the record date.

1.9.11.4. Gain (loss) on financial transactions

This item comprises gain (loss) on transactions in securities and derivative instruments (FRA, IRS, OIS, options other than FX options). It does not include such derivative instruments as FX FORWARD, FX SWAP or CIRS and FX options, where the realized gain (loss) and effects of measurement are recognized in the gain (loss) on foreign exchange transactions.

1.9.11.5. Gain (loss) on foreign exchange transactions

Foreign currency transactions are translated at the average exchange rate of the National Bank of Poland ruling as at the transaction date. The resulting monetary assets and liabilities, denominated in foreign currencies, are translated at the exchange rate ruling as at a given date. Exchange differences arising from translation of such transactions and balance sheet measurement of foreign currency monetary assets and liabilities are recognized in profit or loss.

1.9.11.6. Provisions and revaluation

This item comprises the effects of measurement of assets in line with the Accounting Act of 29 September 1994 and the Regulation of the Minister of Finance of 16 December 2008 laying down the principles of recognition of reserves for risks related to banking operations. In particular, it includes recognized and derecognized provisions for on-balance sheet receivables due to loans, purchased debt, financial and guarantee off-balance sheet liabilities, impairment losses on financial assets and items of property, plant and equipment as well as the general risk reserve.

1.9.11.7. Other operating revenue and expenses

Other operating revenue and expenses comprise revenue and expenses which are not directly related to banking operations. In particular, they include revenue and expenses related to sales and liquidation of fixed assets, lease, sale of assets held for sale, damages, penalties and fines, donations, recognition and derecognition of provisions for future liabilities and non-refund of costs of delegated activities.

1.9.11.8. Costs of delegated activities

The costs related to fund/program administration comprise: direct costs (costs recognized directly, shared costs, costs of internal services) and indirect costs. Indirect costs are the costs of general administrative units, allocated to funds/programs and comprising personnel and non-personnel costs as well as depreciation and amortization expense. Costs of delegated activities are allocated in accordance with internal regulations of the Bank.

1.9.11.9. Income tax

The income tax recognized in profit or loss consists of a current and a deferred portion. The deferred portion in profit or loss is the difference between the opening and closing balances of the deferred tax provisions and assets.

The deferred tax assets and provisions are presented as separate balance sheet items.

The deferred tax assets and provisions related to transactions recognized in the revaluation reserve are also recognized in the revaluation reserve.

The deferred tax assets are recognized at the amount to be deducted from the income tax in the future, due to deductible differences that will reduce the income tax base in the future as well as deductible loss, determined in accordance with the prudence principle.

The provision for deferred tax is recognized at the amount of the income tax payable in the future due to taxable differences, i.e. differences that will increase the income tax base in the future.

The deferred tax assets and provisions are determined by reference to the income tax rates effective in the year in which the tax obligation arises (19% at present).

The deferred tax assets and provisions are presented separately, i.e. as prepayments in assets and as provisions in equity and liabilities.

Under Article 17.1.37 and 51 of the Corporate Income Tax Act of 15 February 1992 (Journal of Laws of 2016, item 1888), the income generated by the funds related to delegated activities is not subject to income tax where it is used for purposes related to the funds' activities. In view of the foregoing, the Bank does not recognize any deferred tax assets or provisions or present an income tax charge on the funds' profit related to delegated activities.

1.9.12. Hedge accounting principles

The Bank does not use hedges.

1.9.13. Methods of and key assumptions made for purposes of fair value measurement of financial assets and financial liabilities measured at fair value

The value of debt securities for which either no quoted prices are available in information systems or in the Bank's opinion there is no active market has been determined using the discounted cash flow method and the projection curve built on the basis of the quoted WIBOR, FRA and IRS rates as well as a discount curve based on the yield on T-bonds and shifted by the credit spread related to the current issuer credit risk.

The investment certificates held by the Bank are measured by reference to a price specified by the investment fund management company.

The carrying amount of shares and debt securities quoted on the public market is measured based on quoted market prices.

1.9.14. On-balance sheet financial instruments measured at fair value

Securities available for sale are measured at fair value with the effects of measurement recognized in the revaluation reserve, and financial assets measured at fair value through profit or loss, including financial instruments held for trading, i.e. assets and liabilities arising from measurement of derivative instruments and T-bonds as well as financial assets classified on initial recognition as measured at fair value through profit or loss, i.e. municipal bonds and T-bonds, with the effects of measurement recognized in profit or loss. Information concerning the aforesaid financial instruments and the effects of their measurement has been provided in Notes 11(b;c;d) and in Sections 8.5.1. and 8.5.2. of these financial statements.

1.9.15. Changes in the accounting policies

Within the period from 1 January 2016 to 31 December 2016 the Bank did not alter accounting policies.

1.10. Polish zloty average exchange rates

Presented below are the Polish zloty – euro average exchange rates between 1 January and 31 December 2016 and between 1 January and 31 December 2015, as determined by the National Bank of Poland.

No.	PLN/EUR average exchange rates	from 1.01.2016 to 31.12.2016	from 1.01.2015 to 31.12.2015
I.	Exchange rate as at the end of the reporting period	4.4240	4.2615
II.	Average exchange rate determined as the arithmetic mean of the exchange rates ruling as at the last day of each month in the period	4.3757	4.1848
III.	Highest exchange rate in the period	4.5035	4.3580
VI.	Lowest exchange rate in the period	4.2355	3.9822

1.11. Key items of the financial statements translated into the euro

		EUR '000	
No.	Item	As at 31.12.2016	As at 31.12.2015
Key items of the balance sheet*			
I.	Balance sheet total	15,203,024	10,188,678
II.	Receivables from the financial sector	833,493	499,717
III.	Receivables from the non-financial sector	4,367,045	3,272,238
IV.	Receivables from the public sector	1,242,771	1,391,524
V.	Debt securities	6,996,778	3,132,029
VI.	Liabilities to the financial sector	1,274,952	1,147,295
VII.	Liabilities to the non-financial sector	2,935,635	1,544,446
VIII.	Liabilities to the public sector	5,101,285	2,913,143
IX.	Long-term liabilities due to issue of debt securities	1,311,235	1,361,424
X.	Share capital	2,563,096	1,973,376
XI.	Supplementary capital	145,448	144,185
		For the period from 1.01.2016 to 31.12.2016	For the period from 1.01.2015 to 31.12.2015
Key items of the profit and loss account**			
I.	Net interest income	136,606	152,041
II.	Net commission income	27,446	26,350
III.	Net banking income	194,991	188,931
IV.	Operating profit (loss)	80,687	98,891
V.	Gross profit (loss)	80,687	98,891
VI.	Net profit (loss)	79,798	86,666
Key items of the cash flow statement**			
I.	Net cash flows from operating activities	-412,759	151,639
II.	Net cash flows from investing activities	-204,815	-114,039
III.	Net cash flows from financing activities	3,899	-258,179
IV.	Total net cash flows	-613,675	-220,579
* Translated at the average exchange rate of the National Bank of Poland as at the end of the period		4.4240	4.2615
** Translated at the average exchange rate of the National Bank of Poland determined as the arithmetic mean of the exchange rates ruling as at the last day of each month in the period		4.3757	4.1848

1.12. Major differences between the accounting principles of the Bank and the International Financial Reporting Standards

On 19 December 2016, the Bank's Supervisory Board passed the decision No. 69/2016 / IX to change the accounting policy for preparing financial statements to International Financial Reporting Standards starting from 1 January 2017.

Beginning with the financial year ended December 31, 2015 the Bank prepares optional IFRS consolidated financial statements.

1.13. Significant post-balance sheet events not presented in the financial statements

Payments and additional payments for investment certificates in 2017:

- Dwellings for Rent Sector Fund (Fundusz Sektora Mieszkań na Wynajem FIZ AN):
 - additional payment for K series investment certificates of PLN 6,600,015.06 on 16 January 2017;
 - additional payment for L series investment certificates of PLN 10,100,000.00 on 16 January 2017;
 - payment for P series investment certificates of PLN 5,016,571.20 on 16 January 2017;
 - additional payment for F series investment certificates of PLN 10,700,000.00 on 26 January 2017;
 - additional payment for J series investment certificates of PLN 2,200,000.00 on 30 January 2017;
 - additional payment for L series investment certificates of PLN 4,400,000.00 on 30 January 2017;
 - payment for R series investment certificates of PLN 24,639,916.00 on 07 March 2017;
 - additional payment for F series investment certificates of PLN 16,500,000.00 on 10 March 2017;
 - additional payment for I series investment certificates of PLN 4,400,299.02 on 10 March 2017;
 - additional payment for J series investment certificates of PLN 4,000,000.00 on 10 March 2017;
 - additional payment for K series investment certificates of PLN 4,799,806.23 on 10 March 2017;

- additional payment for N series investment certificates of PLN 550,000.00 on 10 March 2017.
- Polish Companies Investments Capital Fund (Fundusz Inwestycji Polskich Przedsiębiorstw FIZ AN):
 - additional payment for J series investment certificates of PLN 24,180,336.00 on 30 January 2017;
 - additional payment for K series investment certificates of PLN 4,619,376.00 on 30 January 2017.
- Municipal Investments Fund (Fundusz Inwestycji Samorządowych FIZ AN)
 - additional payment for A series investment certificates of PLN 468,250.00 on 14 February 2017;
 - payment for B series investment certificates of PLN 5.000.00 on 9 March 2017.
- Infrastructure Debt Investments Fund (Fundusz Inwestycji Infrastrukturalnych Dłużny FIZ AN)
 - additional payment for A series investment certificates of PLN 35,040,670.74 on 3 February 2017;
 - additional payment for B series investment certificates of PLN 43,222,677.30 on 3 February 2017;
 - additional payment for C series investment certificates of PLN 29,206,322.55 on 3 February 2017.
- Infrastructure Capital Investments Fund (Fundusz Inwestycji Infrastrukturalnych Kapitałowy FIZ AN)
 - additional payment for F series investment certificates of PLN 4,895,890.02 on 17 March 2017.
- Municipal Fund (Fundusz Muncypalny FIZ AN)
 - additional payment for B series investment certificates of PLN 5,192,301.00 on 28 February 2017.

On 2 March 2017 the Fundusz Poręczeń Kredytowych Sp. z o.o. w Jastrzębiu Zdroju in liquidation was removed from the Register of Entrepreneurs KRS.

On 1 March 2017 the increment of the share capital of the Samorządowy Fundusz Poręczeń Kredytowych with its seat in Gostyń was registered in KRS. The share capital was augmented from the PLN 15,240 thousand to PLN 15,600 thousand. The BGK did not incorporate shares in the soared share capital. At present, the Bank possesses 673 shares with a face value amounting to PLN 6,730 thousand. The percentage share of the BGK in the share capital and voting power on the General Shareholders Meeting diminished from 44.16% to 43.13%.

On 21 February 2017 the increment of the share capital of the Polimex Mostostal S.A., with its seat in Warsaw, was registered in KRS. The share capital was augmented by the PLN 300,000 thousand to PLN 473,237 thousand. The Bank did not incorporate shares issued within the new series. At present, the Bank possesses 916,426 shares with a face value amounting to PLN 1,832 thousand. The percentage share of the BGK in the share capital and voting power on the General Shareholders Meeting diminished from 1.06% to 0.39%.

The Act on Management of the State Property, dated 16 December 2016 (Journal of Laws 2016, item 2259), entered into force on 1 January 2017. As a result of the Act since the 1 January 2017 the Bank must obtain an approval of the appropriate authority (Council of Ministers, General Counsel to the Republic of Poland or the Supervisory Board of the Bank) on the sale of the particular assets. The aforementioned sale limitations comprises stocks in the joint-stock company, stocks in the limited joint-stock partnership, stocks in the European company or shares in the limited liability company (regardless of its value) as well as tangible and intangible assets, long-term investments (unless its market value does not exceed the amount of PLN 200 thousand). In the Bank's opinion, the aforementioned limitation, do not carry negative impact on the assignment of the listed above items to the particular account balances as a Bank's assets both under Accounting Act and International Financial Reporting Standards.

In the first quarter of 2017 the Bank was subject to the control of the Polish Financial Supervisory Authority concerning the quality of the assets, credit risk management and particular issues with regard to the market and operational risk. The control was performed as of 31 December 2016 and until the date of the signing of these Financial Statements the Bank did not receive neither protocol from the control nor recommendations.

1.14. Significant events pertaining to prior years and recognized in the financial statements

No significant events pertaining to prior years that would be recognized in the financial statements for the reporting period occurred at the Bank between 1 January and 31 December 2016.

1.15. Agreements with the entity authorized to audit financial statements

On 16 September 2015, the Bank entered into an agreement for the audit of the financial statements with Deloitte Polska Spółka z ograniczoną odpowiedzialnością spółka komandytowa for a term of three years.

Fees paid or due for 2016:

- audit of the annual financial statements: PLN 228 thousand gross;
- audit of the optional consolidated financial statements prepared in accordance with IFRS for 2015: PLN 86 thousand gross;
- other services: PLN 102 thousand gross;

For 2015:

- audit of the annual financial statements: PLN 228 thousand gross;
- audit of the interim financial statements for three quarters: PLN 148 thousand gross;
- other services: PLN 10 thousand gross;

Warsaw, 23 March 2017

Prepared by:	Management Board of the Bank		
Managing Director	Chairman of the Management Board	First Deputy Chairman of the Management Board	Vice-Chairman of the Management Board
Marcin Wojniak	Beata Daszyńska - Muzyczka	Paweł Nierada	Włodzimierz Kocon
	Member of the Management Board	Member of the Management Board	Member of the Management Board
	Przemysław Cieszyński	Wojciech Hann	Radosław Kwiecień

2. Balance sheet of the Bank

No.	Assets	Note	As at 31.12.2016	As at 31.12.2015
I.	Cash and transactions with the Central Bank	1	647,262	4,881,621
	- current account		647,262	4,881,621
II.	Debt securities that may be rediscounted at the Central Bank	-	0	0
	Receivables from the financial sector	2(a,b,c), 11(a)	3,687,372	2,129,544
III.	1. Current account		2,211,846	842,610
	2. Term		1,475,526	1,286,934
	Receivables from the non-financial sector		19,319,807	13,944,642
IV.	1. Current account	3(a,b,c), 11(a)	157,516	115,183
	2. Term		19,162,291	13,829,459
	Receivables from the public sector		5,498,018	5,929,980
V.	1. Current account	4(a,b,c), 11(a)	21,419	41,048
	2. Term		5,476,599	5,888,932
VI.	Receivables due to reverse repo and buy-sell-back transactions	5, 11(a)	3,946,887	1,173,713
	Debt securities		30,953,747	13,347,140
VII.	1. Issued by banks	6(a,b),	17,387,052	1,952,589
	2. Issued by the Treasury and local governments	11(a,b,c,d)	9,526,120	6,931,526
	3. Other		4,040,575	4,463,025
	Shares in subsidiaries		39,059	27,059
VIII.	1. In financial institutions	7(a,b,c)	39,059	27,059
	2. In other entities		0	0
IX.	Shares in co-subsidiaries	-	0	0
	Shares in associates		113,184	115,301
X.	1. In financial institutions	8(a,b,c), 16	112,849	114,931
	2. In other entities		335	370
	Shares in other entities		810,432	826,245
XI.	1. In financial institutions	9(a,b,c), 11(a,c), 16	775,259	760,073
	2. In other entities		35,173	66,172
XII.	Other securities and other financial assets	10(a,b), 11(a,c)	1,739,911	718,819
XIII.	Intangible assets	12(a,b,c)	33,177	25,159
XIV.	Property, plant and equipment and investment property	13(a,b,c,d)	127,887	110,799
XV.	Other assets	14(a,b)	13,509	19,360
	Prepayments	15(a,b,c)	327,924	169,669
XVI.	1. Deferred tax assets		314,086	161,774
	2. Other prepayments		13,838	7,895
XVII.	Called up share capital	-	0	0
XVIII.	Treasury shares	-	0	0
	Total assets	-	67,258,176	43,419,051

Financial Statements of Bank Gospodarstwa Krajowego
for the financial year from 1 January to 31 December 2016

(PLN '000)

No.	Equity and liabilities	Note	As at 31.12.2016	As at 31.12.2015
I.	Liabilities to the Central Bank	–	0	0
	Liabilities to the financial sector		5,640,389	4,889,197
II.	1. Current account	17	1,107,728	595,045
	2. Term		4,532,661	4,294,152
	Liabilities to the non-financial sector		12,987,248	6,581,657
	1. Current savings accounts		3	3
III.	2. Other	18	12,987,245	6,581,654
	a) current		2,083,250	2,074,528
	b) term		10,903,995	4,507,126
	Liabilities to the public sector		22,568,087	12,414,358
IV.	1. Current	19	13,222,766	6,375,990
	2. Term		9,345,321	6,038,368
V.	Liabilities due to repo and sell-buy-back transactions	20	5,752,184	2,883,773
VI.	Long-term liabilities due to issue of debt securities	21	5,800,903	5,801,710
VII.	Other liabilities due to financial instruments	22	608,005	242,258
VIII.	Special funds and other liabilities	23	353,418	257,484
	Deferred income, deferred costs and restricted revenue		491,460	479,599
IX.	1. Deferred costs	24	45,704	39,336
	2. Other deferred income and restricted revenue		445,756	440,263
	Provisions		574,656	515,630
X.	1. Deferred tax provision	25(a,b)	69,323	56,320
	2. Other long-term provisions		505,333	459,310
XI.	Subordinated debt	–	0	0
XII.	Share capital	–	11,339,138	8,409,540
XIII.	Supplementary capital	–	643,460	614,445
XIV.	Revaluation reserve	–	-82,276	-13,506
	Other reserve capitals	–	232,331	232,331
XV.	1. General banking risk reserve		155,500	155,500
	2. Other		76,831	76,831
XVI.	Prior year profit (loss)	–	0	0
XVII.	Net profit (loss)	–	349,173	362,679
XVIII.	Appropriations from net profit during the financial year (negative value)	8.15	0	-252,104
	Total equity and liabilities	–	67,258,176	43,419,051
	Solvency ratio*	26	30.6%	32.3%

*data calculated in line with CRR; calculation with the exclusion of float funds is presented in Note 8.2

Warsaw, 23 March 2017

Prepared by:

Management Board of the Bank

Managing Director

Chairman of the
Management Board

First Deputy Chairman of
the Management Board

Vice-Chairman of the
Management Board

Marcin Wojniak

Beata Daszyńska - Muzyczka

Paweł Nierada

Włodzimierz Kocon

Member of the
Management Board

Member of the
Management Board

Member of the
Management Board

Przemysław Cieszyński

Wojciech Hann

Radosław Kwiecień

3. Off-balance sheet items of the Bank

No.	Item	Note	As at 31.12.2016	As at 31.12.2015
	Contingent liabilities – granted and received		78,863,565	74,161,278
I.	1. Granted	27	44,250,002	42,430,866
	a) financial		36,989,268	37,443,343
	b) guarantee		7,260,734	4,987,523
	2. Received		34,613,563	31,730,412
	a) financial		11,202,648	13,703,025
	b) guarantee		23,410,915	18,027,387
II.	Liabilities due to purchase/sale transactions	–	81,921,624	37,600,337
III.	Other	–	185	186
	Total off-balance sheet items	–	160,785,374	111,761,801

Warsaw, 23 March 2017

Prepared by:

Management Board of the Bank

Managing Director

Chairman of the
Management Board

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the Management Board

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Marcin Wojniak

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Management Board

Member of the
Management Board

Przemysław Cieszyński

Wojciech Hann

Radosław Kwiecień

4. Profit and loss account of the Bank

No.	Item	Note	For the period from 1.01.2016 to 31.12.2016	For the period from 1.01.2015 to 31.12.2015
I.	Interest income		1,444,812	1,322,521
	1. From the financial sector		129,001	117,417
	2. From the non-financial sector		545,287	437,638
	3. From the public sector		158,409	155,451
	4. On fixed income securities		612,115	612,015
II.	Interest expense	28	847,064	686,258
	1. To the financial sector		207,029	217,357
	2. To the non-financial sector		118,909	63,485
	3. To the public sector		521,126	405,416
III.	Net interest income (I-II)		597,748	636,263
IV.	Commission income		131,020	122,559
V.	Commission expense	29	10,926	12,288
VI.	Net commission income (IV-V)		120,094	110,271
VII.	Income on shares, other securities and other variable income financial instruments	30	9,747	4,724
	- from other entities		9,747	4,724
VIII.	Gain (loss) on financial transactions		21,491	10,919
	- in securities and other financial instruments	31	21,491	10,919
IX.	Gain (loss) on foreign exchange transactions		104,141	28,462
X.	Net banking income	-	853,221	790,639
XI.	Other operating revenue	32	9,999	19,381
XII.	Other operating expenses		6,693	12,537
XIII.	Operating expenses	33	283,777	363,834
	1. Salaries and wages		159,875	145,085
	2. Insurance and other benefits		34,995	31,402
	3. Other		88,907	187,347
XIV.	Depreciation of fixed assets and amortization of intangible assets		28,153	18,953
XV.	Provisions and revaluation		821,336	582,471
	1. Specific reserves and general banking risk reserves		810,349	560,107
	2. Revaluation of financial assets	34	10,987	22,364
XVI.	Derecognition of provisions and revaluation		629,803	581,614
	1. Specific reserves and general banking risk reserves		629,803	581,614
	2. Revaluation of financial assets		0	0
XVII.	Difference in the values of provisions and revaluation (XV- XVI)		191,533	857
XVIII.	Operating profit (loss)	-	353,064	413,839
XIX.	Gain (loss) on extraordinary items	-	0	0
XX.	Gross profit (loss)		353,064	413,839
XXI.	Income tax		3,891	51,160
XXII.	Other statutory reductions in profit (increases in loss)	35	0	0
XXIII.	Net profit (loss)		349,173	362,679

Warsaw, 23 March 2017

Prepared by:	Management Board of the Bank		
Managing Director	Chairman of the Management Board	First Deputy Chairman of the Management Board	Vice-Chairman of the Management Board
Marcin Wojniak	Beata Daszyńska - Muzyczka	Paweł Nierada	Włodzimierz Kocon
	Member of the Management Board	Member of the Management Board	Member of the Management Board
	Przemysław Cieszyński	Wojciech Hann	Radosław Kwiecień

5. Statement of changes in equity of the Bank

No.	Item	For the period from 1.01.2016 to 31.12.2016	For the period from 1.01.2015 to 31.12.2015
I.	Opening balance of equity	9,353,385	9,546,869
	- adjustments of fundamental errors	0	0
	Opening balance of equity, after adjustments	9,353,385	9,546,869
	1. Opening balance of share capital	8,409,540	7,564,083
	1.1. Changes in share capital	2,929,598	845,457
	a) increases (due to)	2,929,598	845,457
	- transfer of bonds by the Treasury	2,893,200	0
	- transfer of PKO BP shares by the Treasury	0	800,000
	- distribution of profit	36,268	43,461
	- reclassification of the fair value of National Housing Fund net assets	130	1,996
	b) decreases	0	0
	1.2. Closing balance of share capital	11,339,138	8,409,540
	2. Opening balance of supplementary capital	614,445	579,676
	2.1. Changes in supplementary capital	29,015	34,769
	a) increases (due to)	29,015	34,769
	- distribution of profit (statutory)	29,015	34,769
	b) decreases	0	0
	2.2. Closing balance of supplementary capital	643,460	614,445
	3. Opening balance of revaluation reserve	-13,506	130,309
	3.1. Changes in revaluation reserve	-68,770	-143,815
II.	a) increases (due to)	333,101	33,755
	- reclassification of loss on measurement of financial assets available for sale to profit or loss following their sale	443	569
	- recognition of loss on measurement of assets reclassified from the available-for-sale portfolio to loans and other receivables in profit or loss	161	161
	- measurement of financial assets available for sale	332,497	25,388
	- recognition of investment property	0	7,637
	b) decreases (due to)	401,871	177,570
	- reclassification of gain on measurement of financial assets available for sale to profit or loss following their sale	12,691	11,446
	- recognition of gain on measurement of assets reclassified from the available-for-sale portfolio to loans and other receivables in profit or loss	24	24
	- measurement of financial assets available for sale	389,156	166,100
	3.2. Closing balance of revaluation reserve	-82,276	-13,506
	4. Opening balance of general banking risk reserve	155,500	155,500
	4.1. Changes in general banking risk reserve	0	0
	a) increases	0	0
	b) decreases	0	0
	4.2. Closing balance of general banking risk reserve	155,500	155,500

No.	Item	For the period from 1.01.2016 to 31.12.2016	For the period from 1.01.2015 to 31.12.2015
	5. Opening balance of other reserve capitals	76,831	76,831
	5.1. Changes in other reserve capitals	0	0
	a) increases	0	0
	b) decreases	0	0
	5.2. Closing balance of other reserve capitals	76,831	76,831
	6. Opening balance of prior year profit (loss)	110,575	1,040,470
	6.1. Opening balance of prior year profit	110,575	1,040,470
	- adjustments of fundamental errors	0	0
	6.2. Opening balance of prior year profit, after adjustments	110,575	1,040,470
	6.3. Changes in prior year profit	-110,575	-1,040,470
	a) increases (due to)	0	0
	- distribution of prior year profit	0	0
	b) decreases (due to)	110,575	1,040,470
	- appropriation to share capital	36,268	43,461
	- appropriation to supplementary capital	29,015	34,769
	- appropriation to the Inland Waterway Fund	395	1,060
	- contribution to the Treasury	44,891	961,161
	- income tax	6	19
	6.4. Closing balance of prior year profit	0	0
	6.5. Opening balance of prior year loss	0	0
	- adjustments of fundamental errors	0	0
	6.6. Opening balance of prior year loss, after adjustments	0	0
	6.7. Changes in prior year loss	0	0
	a) increases (due to)	0	0
	- reclassification of prior year loss brought forward	0	0
	b) decreases (due to)	0	0
	- prior year loss offset	0	0
	6.8. Closing balance of prior year loss	0	0
	6.9. Closing balance of prior year profit (loss)	0	0
	7. Net profit (loss)	349,173	110,575
	a) net profit	349,173	362,679
	b) appropriations from profit	0	-252,104
III.	Closing balance of equity	12,481,826	9,353,385
IV.	Equity, after proposed profit distribution (offset of loss)	12,195,504	9,308,092

Warsaw, 23 March 2017

Prepared by:

Management Board of the Bank

Managing Director

Chairman of the
Management Board

First Deputy Chairman of
the Management Board

Vice-Chairman of the
Management Board

Marcin Wojniak

Beata Daszyńska - Muzyczka

Paweł Nierada

Włodzimierz Kocon

Member of the
Management Board

Member of the
Management Board

Member of the
Management Board

Przemysław Cieszyński

Wojciech Hann

Radosław Kwiecień

6. Cash flow statement of the Bank

No.	Item	Note	For the period from 1.01.2016 to 31.12.2016	For the period from 1.01.2015 to 31.12.2015
A.	Cash flows from operating activities	36		
I.	Net profit (loss)		349,173	362,679
	Total adjustments:		-2,155,282	271,900
	1. Depreciation and amortization		28,153	18,953
	2. Exchange gains (losses)		11,013	-318
	3. Interest and distribution of profit (dividends)		175,396	184,259
	4. Profit (loss) on investing activities		-3,009	25,509
	5. Changes in provisions		55,099	-90,077
	6. Changes in debt securities		-14,763,685	8,440,431
	7. Changes in receivables from the financial sector		-8,727	-270,518
	8. Changes in receivables from the non-financial sector and the public sector		-4,943,203	-4,310,316
	9. Changes in receivables due to reverse repo and buy-sell-back transactions		-2,773,174	3,720,730
II.	10. Changes in shares, other securities and other financial assets (held for trading)		-203,613	300,378
	11. Changes in liabilities to the financial sector		437,372	599,303
	12. Changes in liabilities to the non-financial sector and the public sector		16,622,746	-9,831,155
	13. Changes in liabilities due to repo and sell-buy-back transactions		2,868,411	1,737,959
	14. Changes in other liabilities due to financial instruments		365,747	-293,843
	15. Changes in other assets and liabilities		101,390	-68,491
	16. Changes in prepayments/accruals		-131,697	90,343
	17. Changes in deferred income and restricted revenue		5,493	17,795
	18. Other adjustments		1,006	958
III.	Net cash flows from operating activities (I±II)		-1,806,109	634,579
B.	Cash flows from investing activities			
	Proceeds		26,629	179,759
	1. From sale of shares in subsidiaries		0	0
	2. From sale of shares in co-subsidiaries		0	0
	3. From sale of shares in associates		1,678	0
I.	4. From sale of shares in other entities, other securities and other financial assets (investments)		21,577	172,413
	5. From sale of intangible assets and property, plant and equipment		33	0
	6. Other proceeds from investing activities		3,341	7,346
	Payments		922,837	656,994
	1. To purchase shares in subsidiaries		12,000	18,000
	2. To purchase shares in co-subsidiaries		0	0
	3. To purchase shares in associates		0	0
II.	4. To purchase shares in other entities, other securities and other financial assets (investments)		855,542	601,453
	5. To purchase intangible assets and property, plant and equipment		55,295	35,263
	6. Other payments on investing activities		0	2,278
III.	Net cash flows from investing activities (I-II)		-896,208	-477,235

No.	Item	Note	For the period from 1.01.2016 to 31.12.2016	For the period from 1.01.2015 to 31.12.2015
C.	Cash flows from financing activities			
	Proceeds		1,021,151	1,605,075
I.	1. From long-term loans from other banks		521,151	213,075
	2. From issue of debt securities for other financial institutions		500,000	1,392,000
	3. Net proceeds from share issues and capital contributions		0	0
	Payments	36	1,004,092	2,685,500
	1. To repay long-term loans to other banks		279,380	268,314
	2. To redeem debt securities		500,000	1,000,000
II.	3. Dividends and other payments to shareholders		44,891	1,213,265
	4. Profit distribution payments other than payments to shareholders		7	18
	5. Other payments on financing activities		179,814	203,903
III.	Net cash flows from financing activities (I-II)		17,059	-1,080,425
D.	Total net cash flows (A.III±B.III±C.III)	–	-2,685,258	-923,081
E.	Balance sheet change in cash	–	-2,685,258	-923,081
	- change in cash due to exchange differences		0	0
F.	Opening balance of cash	–	6,098,264	7,021,345
G.	Closing balance of cash (F±D)	–	3,413,006	6,098,264
	- restricted cash	–	486	410

Warsaw, 23 March 2017

Prepared by:

Management Board of the Bank

Managing Director

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Radosław Kwiecień

7. Additional information and explanations – notes to assets, equity and liabilities, off-balance sheet liabilities, profit and loss account and cash flow statement

Additional information - assets

Table 1

Cash and transactions with the Central Bank

No.	Item	As at 31.12.2016	As at 31.12.2015
	Account with the National Bank of Poland	640,545	4,874,705
I.	1. In PLN	638,039	4,874,705
	2. In foreign currency, translated into PLN	2,506	0
	- EUR	2,506	0
	Cash in hand and vault cash	6,231	6,506
	1. In PLN	4,392	4,505
	2. In foreign currencies, translated into PLN	1,839	2,001
II.	a) EUR	778	835
	b) USD	563	610
	c) CHF	305	278
	d) GBP	193	278
III.	Other receivables (Social Benefits Fund)	486	410
	- in PLN	486	410
IV.	Total	647,262	4,881,621

The bank reserve (as per the reserve requirement) is kept in the current account with the National Bank of Poland. Its declared amount between 30 November 2016 and 1 January 2017 was PLN 1,724,016 thousand.

The bank reserve kept in the current account may be used for purposes of day-to-day cash transactions. If the bank reserve kept in the reserve period is lower than the reserve requirement, the Bank is obliged to pay interest on the difference between the reserve requirement and the bank reserve kept in the account to the National Bank of Poland.

Additional information – assets

Table 2(a)

Receivables from the financial sector - by maturity

No.	Item	As at 31.12.2016	As at 31.12.2015
	Receivables by residual maturity as from the balance sheet date	3,683,940	2,127,480
	1. Current account	2,211,824	842,610
	2. Term	1,472,116	1,284,870
I.	a) ≤1 month	623,098	232,806
	b) >1 month to 3 months	28,357	186,457
	c) >3 months to 1 year	246,113	169,422
	d) >1 year to 5 years	556,917	492,990
	e) >5 years	17,580	203,150
	f) past due	51	45
	Receivables by original maturity	3,683,940	2,127,480
	1. Current account	2,211,824	842,610
	2. Term	1,472,116	1,284,870
II.	a) ≤1 month	617,689	396,440
	b) >1 month to 3 months	440	284
	c) >3 months to 1 year	48,398	20,144
	d) >1 year to 5 years	315,313	337,045
	e) >5 years	490,276	530,957
	Interest	4,035	2,730
III.	1. Not matured	4,023	2,720
	2. Matured	12	10
IV.	Effective interest method measurement	-603	-666
V.	Total (gross) receivables	3,687,372	2,129,544
VI.	Provisions for doubtful accounts	0	0
VII.	Total (net) receivables	3,687,372	2,129,544

Additional information - assets

Table 2(b)

Receivables from the financial sector - by risk category

No.	Item	As at 31.12.2016	As at 31.12.2015
	Receivables	3,683,940	2,127,480
I.	1. "Normal"	3,683,940	2,127,480
	2. "Under observation"	0	0
	3. "Non-performing"	0	0
	- "lost"	0	0
	Interest	4,035	2,730
II.	1. On "normal" receivables and receivables "under observation"	4,035	2,730
	2. On "non-performing" receivables	0	0
III.	Effective interest method measurement	-603	-666
IV.	Total (gross) receivables	3,687,372	2,129,544
	Provisions for doubtful accounts	0	0
V.	1. Receivables "under observation"	0	0
	2. "Non-performing" receivables	0	0
	- "lost"	0	0
	Changes in provisions for doubtful accounts	0	16
	1. Opening balance	0	16
	a) increases due to recognition of provisions in correspondence with expenses	0	0
	b) decreases due to:	0	16
	- decreases of provisions in correspondence with revenue	0	0
	- write-offs	0	16
	c) other adjustments	0	0
	2. Closing balance of provisions	0	0
	3. Required provisions at the end of the period	0	0
VII.	Total (net) receivables	3,687,372	2,129,544
VIII.	Collateral reducing the specific reserve basis	0	0
	- receivables "under observation"	0	0
IX.	Receivables with deferred payment date	0	0
X.	Past due and disputed receivables with no specific reserves or impairment losses recognized	0	0

Additional information - assets

Table 2(c)

Receivables from the financial sector - by type

No.	Item	As at 31.12.2016	As at 31.12.2015
	Receivables	3,683,940	2,127,480
	1. Current accounts	2,211,824	842,610
	2. Loans and deposits, including:	1,404,116	1,261,271
	- deposits with other banks and other financial sector entities	553,920	374,033
I.	3. Purchased debt	4,231	1,363
	4. Used guarantees and surety bonds	0	0
	5. Receivables due to cash collateral	63,759	22,064
	6. Other receivables	10	172
	Interest	4,035	2,730
II.	1. Not matured	4,023	2,720
	2. Matured	12	10
III.	Effective interest method measurement	-603	-666
IV.	Total (gross) receivables	3,687,372	2,129,544
V.	Provision for doubtful accounts	0	0
	- Loans	0	0
VI.	Total (net) receivables	3,687,372	2,129,544
	Gross receivables by currency	3,687,372	2,129,544
	1. In PLN	743,225	555,821
	2. In foreign currencies, translated into PLN	2,944,147	1,573,723
	a) EUR	2,791,840	1,284,349
	b) USD	126,991	260,341
	c) CHF	4,133	5,457
	d) GBP	2,441	11,409
	e) other	18,742	12,167

Additional information - assets

Table 3(a)

Receivables from the non-financial sector - by maturity

No.	Item	As at 31.12.2016	As at 31.12.2015
	Receivables by residual maturity as from the balance sheet date	20,910,868	15,563,291
	1. Current account	159,092	118,853
	2. Term	20,751,776	15,444,438
I.	a) ≤1 month	125,276	212,885
	b) >1 month to 3 months	601,945	243,321
	c) >3 months to 1 year	1,558,550	1,151,530
	d) >1 year to 5 years	5,734,275	4,839,533
	e) >5 years	12,329,956	8,615,166
	f) past due	401,774	382,003
	Receivables by original maturity	20,910,868	15,563,291
	1. Current account	159,092	118,853
	2. Term	20,751,776	15,444,438
II.	a) ≤1 month	98,431	54,441
	b) >1 month to 3 months	883	77,434
	c) >3 months to 1 year	485,324	83,928
	d) >1 year to 5 years	2,377,552	2,100,669
	e) >5 years	17,789,586	13,127,966
	Interest	321,492	308,806
III.	1. Not matured	30,220	1,649
	2. Matured	291,272	307,157
IV.	Effective interest method measurement	-51,684	-43,720
V.	Fair value measurement of receivables (National Housing Fund portfolio)	-1,220,545	-1,295,957
VI.	Total (gross) receivables	19,960,131	14,532,420
VII.	Provisions for doubtful accounts	640,324	587,778
VIII.	Total (net) receivables	19,319,807	13,944,642

Additional information – assets

Table 3(b)

Receivables from the non-financial sector - by risk category

No.	Item	As at 31.12.2016	As at 31.12.2015
	Receivables	20,910,868	15,563,291
I.	1. "Normal"	17,657,715	12,164,121
	2. "Under observation"	813,248	1,087,093
	3. "Non-performing"	2,439,905	2,312,077
	a) "substandard"	841,617	749,122
	b) "doubtful debts"	1,101,823	1,081,359
	c) "lost"	496,465	481,596
II.	Interest	321,492	308,806
	1. On "normal" receivables and receivables "under observation"	25,844	17,401
	2. On "non-performing" receivables	295,648	291,405
III.	Effective interest method measurement	-51,684	-43,720
IV.	Fair value measurement of receivables (National Housing Fund portfolio)	-1,220,545	-1,295,957
V.	Total (gross) receivables	19,960,131	14,532,420
	Provisions for doubtful accounts	640,324	587,778
VI.	1. "Normal" receivables	8	9
	2. Receivables "under observation"	9,861	8,173
	3. "Impaired" receivables	630,455	579,596
	a) "substandard"	53,426	12,772
	b) "doubtful debts"	249,559	195,902
	c) "lost"	327,470	370,922
VII.	Changes in provisions for doubtful accounts	-52,546	-12,015
	1. Opening balance	587,778	575,763
	a) increases:	446,564	302,902
	- increase of provisions in correspondence with expenses	446,477	302,845
	- other adjustments	87	57
	b) decreases:	394,018	290,887
	- decrease of provisions in correspondence with revenue	367,479	283,595
	- impairment losses	26,539	7,292
	2. Closing balance of provisions	640,324	587,778
	3. Required provisions at the end of the period	640,324	587,778
VIII.	Total (net) receivables	19,319,807	13,944,642
IX.	Collateral reducing the specific reserve basis	1,016,855	1,095,152
	1. Receivables "under observation"	288,864	381,625
	2. "Non-performing" receivables	727,991	713,527
	a) "substandard"	428,522	386,235
	b) "doubtful debts"	230,096	255,343
	c) "lost"	69,373	71,949
X.	Receivables due to capitalized outstanding interest	117,280	153,453
	1. "Normal" receivables	70,385	94,731
	2. Receivables "under observation"	13,657	16,638
	3. "Substandard" receivables	15,648	15,125
	4. "Doubtful debts"	13,423	20,832
	5. "Lost"	4,167	6,127
XI.	Receivables with deferred payment date	48,475	32,420
	1. "Normal" receivables	14,354	23
	2. Receivables "under observation"	0	0
	3. "Substandard" receivables	8,045	1,699
	4. "Doubtful debts"	14,805	17,481
	5. "Lost"	11,271	13,217
XII.	Past due and disputed receivables with no specific reserves or impairment losses recognized	0	0

Additional information - assets

Table 3(c)

Receivables from the non-financial sector - by type

No.	Item	As at 31.12.2016	As at 31.12.2015
	Receivables	20,910,868	15,563,291
I.	1. Loans	15,270,092	11,273,917
	2. Purchased debt	165,578	97,270
	3. Used guarantees and surety bonds	79,582	89,376
	4. Bonds	5,395,605	4,102,726
	5. Other receivables	11	2
	Interest	321,492	308,806
II.	1. Not matured	30,220	1,649
	2. Matured	291,272	307,157
III.	Effective interest method measurement	-51,684	-43,720
IV.	Fair value measurement of receivables (National Housing Fund portfolio)	-1,220,545	-1,295,957
V.	Total (gross) receivables	19,960,131	14,532,420
	Provision for doubtful accounts	640,324	587,778
VI.	1. Loans	296,140	316,787
	2. Purchased debt	0	205
	3. Used guarantees and surety bonds	79,230	88,619
	4. Bonds	264,954	182,167
VII.	Total (net) receivables	19,319,807	13,944,642
VIII.	Non-interest bearing receivables	22,215	49,162
	Gross receivables by currency	19,960,131	14,532,420
	1. In PLN	16,356,198	12,962,746
	2. In foreign currencies, translated into PLN	3,603,933	1,569,674
IX.	a) EUR	2,526,055	791,062
	b) USD	967,249	412,620
	c) CAD	0	309,347
	d) CZK	54,851	0
	e) CHF	50,796	56,576
	f) Other	4,982	69

Additional information - assets

Table 4(a)

Receivables from the public sector - by maturity

No.	Item	As at 31.12.2016	As at 31.12.2015
	Receivables by residual maturity as from the balance sheet date	5,584,924	5,970,902
	1. Current account	23,699	41,582
	2. Term	5,561,225	5,929,320
I.	a) ≤1 month	793,393	266,370
	b) >1 month to 3 months	124,118	141,410
	c) >3 months to 1 year	515,241	630,646
	d) >1 year to 5 years	2,523,826	2,759,676
	e) >5 years	1,602,991	2,131,066
	f) past due	1,656	152
	Receivables by original maturity	5,584,924	5,970,902
	1. Current account	23,699	41,582
	2. Term	5,561,225	5,929,320
II.	a) ≤1 month	750,144	215,218
	b) >1 month to 3 months	0	0
	c) >3 months to 1 year	2,000	51,185
	d) >1 year to 5 years	233,953	214,276
	e) >5 years	4,575,128	5,448,641
	Interest	6,033	5,282
III.	1. Not matured	5,344	5,041
	2. Matured	689	241
IV.	Effective interest method measurement	-9,490	-12,351
V.	Fair value measurement of receivables (National Housing Fund portfolio)	-536	-728
VI.	Total (gross) receivables	5,580,931	5,963,105
VII.	Provisions for doubtful accounts	82,913	33,125
VIII.	Total (net) receivables	5,498,018	5,929,980

Additional information - assets

Table 4(b)

Receivables from the public sector - by risk category

No.	Item	As at 31.12.2016	As at 31.12.2015
	Receivables	5,584,924	5,970,902
	1. "Normal"	4,912,254	5,819,327
	2. "Under observation"	461,113	10,836
I.	3. "Non-performing"	211,557	140,739
	a) "substandard"	171,109	92,789
	b) "doubtful debts"	40,448	36,878
	c) "lost"	0	11,072
	Interest	6,033	5,282
II.	1. On "normal" receivables and receivables "under observation"	5,860	5,095
	2. On "non-performing" receivables	173	187
III.	Effective interest method measurement	-9,490	-12,351
IV.	Fair value measurement of receivables (National Housing Fund portfolio)	-536	-728
V.	Total (gross) Receivables	5,580,931	5,963,105
	Provisions for doubtful accounts	82,913	33,125
	1. Receivables "under observation"	43,557	163
	2. "Non-performing" receivables	39,356	32,962
VI.	a) "substandard"	33,311	18,444
	b) "doubtful debts"	6,045	8,448
	c) "lost"	0	6,070
	Changes in provisions for doubtful accounts	-49,788	12,533
	1. Opening balance	33,125	45,658
	a) increases due to recognition of provisions in correspondence with expenses	84,546	43,439
VII.	b) decreases due to release of provisions in correspondence with revenue	34,758	55,972
	c) other decrease adjustments	0	0
	2. Closing balance of provisions	82,913	33,125
	3. Required provisions at the end of the period	82,913	33,125
VIII.	Total (net) receivables	5,498,018	5,929,980
	Collateral reducing the specific reserve basis	29,140	17,600
	1. Receivables "under observation"	0	0
	2. "Non-performing" receivables	29,140	17,600
IX.	a) "substandard"	4,152	0
	b) "doubtful debts"	24,988	13,041
	c) "lost"	0	4,559
X.	Receivables due to capitalized outstanding interest	0	443
	- "lost"	0	443
	Receivables with deferred payment date	7,529	12,335
	1. "Normal"	0	0
	2. "Under observation"	0	0
XI.	3. "Substandard"	3,342	1,222
	4. "Doubtful debts"	4,187	0
	5. "Lost"	0	11,113
XII.	Past due and disputed receivables with no specific reserves or impairment losses recognized	0	0

Additional information - assets

Table 4(c)

Receivables from the public sector - by product type

No.	Item	As at 31.12.2016	As at 31.12.2015
	Receivables	5,584,924	5,970,902
	1. Loans	5,240,027	5,660,444
	2. Purchased debt	75,541	65,429
I.	3. Other receivables, including:	269,356	245,029
	a) bonds	268,598	207,420
	b) current accounts	754	29,646
	c) subsidized interest on loans	4	164
	d) other	0	7,799
	Interest	6,033	5,282
II.	1. Not matured	5,344	5,041
	2. Matured	689	241
III.	Effective interest method measurement	-9,490	-12,351
IV.	Fair value measurement of receivables (National Housing Fund portfolio)	-536	-728
V.	Total (gross) receivables	5,580,931	5,963,105
	Provision for doubtful accounts	82,913	33,125
VI.	1. Loans	77,793	23,304
	2. Purchased debt	3,040	9,821
	3. Other receivables from bonds	2,080	0
VII.	Total (net) receivables	5,498,018	5,929,980
	Gross receivables by currency	5,580,931	5,963,105
VIII.	1. In PLN	5,568,064	5,948,300
	2. In foreign currencies, translated into PLN	12,867	14,805
	a) EUR	12,867	14,805

Additional information - assets

Table 5

Receivables due to reverse repo and buy-sell-back transactions

No.	Item	As at 31.12.2016	As at 31.12.2015
	Receivables due to reverse repo and buy-sell-back transactions	3,946,887	1,173,713
I.	1. From the financial sector	3,173,439	664,463
	2. From the central government sector	772,838	509,142
	3. Interest	610	108

Additional information – assets

Table 6(a)

Debt securities - by issuer

No.	Item	As at 31.12.2016	As at 31.12.2015
	Total (gross) debt securities	30,953,913	13,347,306
	1. Issued by central banks	15,803,817	236,953
	- money bills	15,803,817	236,953
	2. Issued by other banks	1,583,235	1,715,636
	a) bonds	75,410	99,750
	b) certificates of deposit	0	458,510
	c) subordinated bonds	158,845	34,771
	d) commercial bills	1,348,980	1,122,605
	- denominated in foreign currencies	994,935	468,566
	- EUR	994,935	468,566
	3. Issued by other financial sector entities	1,014,366	602,823
	- bonds	1,014,366	602,823
	- denominated in foreign currencies	70,215	67,420
	- foreign bonds	70,215	67,420
	- EUR	70,215	67,420
I.	4. Issued by non-financial sector entities	3,026,375	3,860,368
	a) bonds	3,026,209	3,860,202
	b) commercial bills	166	166
	5. Issued by central governments	8,532,753	5,859,864
	- bonds	8,532,753	5,859,864
	- in PLN*	5,774,702	2,950,153
	- denominated in foreign currencies	2,758,051	2,909,711
	- Polish government bonds	2,712,364	2,223,155
	- EUR	2,673,416	1,879,262
	- USD	38,948	343,893
	- foreign government bonds	45,687	686,556
	- EUR	45,687	686,556
	- USD	0	0
	6. Issued by local governments	993,367	1,071,662
	- bonds	993,367	1,071,662
II.	Impairment losses	166	166
III.	Total (net) debt securities	30,953,747	13,347,140

* The total value of securities includes T-bonds pledged as collateral securing the payment of liabilities to the Bank Guarantee Fund of:

137,449

223,246

Additional information - assets

Table 6(b)

Debt securities - changes

No.	Item	As at 31.12.2016	As at 31.12.2015
	Opening balance	13,347,140	21,847,172
	1. Increases	20,895,673	2,169,178
	a) increase in the portfolio value	20,880,631	2,157,366
I.	b) revaluation recognized in revaluation reserve	15,042	11,812
	2. Decreases	3,289,066	10,669,210
	a) decrease in the portfolio value	3,224,391	10,597,797
	b) revaluation recognized in revaluation reserve	64,675	71,413
II.	Closing balance of (net) debt securities	30,953,747	13,347,140

Additional information - assets

Table 7(a)

Shares in subsidiaries

No.	Item	As at 31.12.2016	As at 31.12.2015
	Net shares in subsidiaries	39,059	27,059
I.	1. In banks	0	0
	2. In other financial sector entities	39,059	27,059
	3. In non-financial sector entities	0	0

Additional information - assets

Table 7(b) part 1

Shares in subsidiaries - changes

No.	Item	For the period from 01.01.2016 to 31.12.2016	For the period from 01.01.2015 to 31.12.2015
	Opening balance	27,059	9,059
	1. Increases	12,000	18,000
I.	a) increase in the capital of Towarzystwo Funduszy Inwestycyjnych BGK S.A.	8,000	10,000
	b) increase in the capital of BGK Nieruchomości S.A.	4,000	8,000
II.	Closing balance	39,059	27,059

Additional information - assets

Table 7(b) part 2

Shares in subsidiaries - changes in impairment losses

No.	Item	For the period from 01.01.2016 to 31.12.2016	For the period from 01.01.2015 to 31.12.2015
	Opening balance	0	0
I.	1. Increases	0	0
	2. Decreases	0	0
II.	Closing balance	0	0

Towarzystwo Funduszy Inwestycyjnych BGK S.A. and BGK Nieruchomości S.A. are at an early development phase. They incur losses, which does not differ materially from the assumptions made in the financial plan. Therefore, no impairment losses have been recognized by the Bank.

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for the financial year from 1 January to 31 December 2016

(PLN '000)

Additional information – assets

Table 7(c)

Shares in subsidiaries

as at 31 December 2016:

No.	Company name (including legal form)	Registered office	Core business	Date of taking control or significant influence	Value of shares/ other equity interest	Provisions for depreciation/ revaluation	Carrying amount of shares or other equity interests	% of share capital held	% of total vote held	Other basis for control/ joint control/ significant influence	Total equity, including:						Liabilities of the subsidiary		Receivables of the subsidiary		Total assets	Sales revenue	Value of shares not paid for by the Bank	Dividend paid or payable for 2015
											share capital	called up share capital	supplementary capital	other capital, including:		Total	long-term	short-term	long-term	short-term				
														prior year net profit/loss	current net profit/loss									
I.	Towarzystwo Funduszy Inwestycyjnych BGK S.A.	Warsaw	creating and managing investment funds	2013-11-21	21 016	0	21 016	100%	100%	nie	21 000	0	0	-4 789	-2 234	13 976	0	5 932	0	6 418	20 109	27 967	0	0
II.	BGK Nieruchomości S.A.	Warsaw	purchase and sale of real estates for its own account	2014-01-17	18 043	0	18 043	100%	100%	nie	18 000	0	0	-10 422	-5 135	2 444	1 216	1 360	0	1 298	6 426	5 196	0	0
Total					39 059	0	39 059				39 000	0	0	-15 211	-7 369	16 420	1 216	7 292	0	7 716	26 535	33 163	0	0

as at 31 December 2015:

No.	Company name (including legal form)	Registered office	Core business	Date of taking control or significant influence	Value of shares/ other equity interest	Provisions for depreciation/ revaluation	Carrying amount of shares or other equity interests	% of share capital held	% of total vote held	Other basis for control/ joint control/ significant influence	Total equity, including:						Liabilities of the subsidiary		Receivables of the subsidiary		Total assets	Sales revenue	Value of shares not paid for by the Bank	Dividend paid or payable for 2014
											share capital	called up share capital	supplementary capital	other capital, including:		Total	long-term	short-term	long-term	short-term				
														prior year net profit/loss	current net profit/loss									
I.	Towarzystwo Funduszy Inwestycyjnych BGK S.A.	Warsaw	creating and managing investment funds	2013-11-21	13 016	0	13 016	100%	100%	nie	13 000	0	8 000	-1 097	-3 597	16 306	0	8 293	0	16 519	24 934	19 959	0	0
II.	BGK Nieruchomości S.A.	Warsaw	purchase and sale of real estates for its own account	2014-01-17	14 043	0	14 043	100%	100%	nie	14 000	0	0	-4 133	-6 443	3 424	573	315	0	1 297	5 512	1 771	0	0
Total					27 059	0	27 059				27 000	0	8 000	-5 230	-10 040	19 730	573	8 608	0	17 816	30 446	21 730	0	0

Additional information - assets

Table 8(a)

Shares in associates

No.	Item	As at 31.12.2016	As at 31.12.2015
	Shares in associates	113,184	115,301
	1. In financial institutions, including:	112,849	114,931
	- cost	118,181	120,141
	- impairment losses	-5,332	-5,210
I.	2. In other entities, including:	335	370
	- cost	1,950	1,950
	- impairment losses	-1,615	-1,580

Additional information - assets

Table 8(b) part 1

Shares in associates - changes

No.	Item	For the period from 01.01.2016 to 31.12.2016	For the period from 01.01.2015 to 31.12.2015
	Opening balance	115,301	117,103
	1. Increases	254	0
	a) reclassification of impairment of FPK Sp. z o.o. Jastrzębie Zdrój in liquidation to shares in other entities	254	0
	2. Decreases	2,371	1,802
I.	a) sale of Bielski FPK Sp. z o.o.	960	0
	b) impairment losses	411	1,802
	c) reclassification of FPK Sp. z o.o. Jastrzębie Zdrój in liquidation to the AFS portfolio	282	0
	d) payments due to division of assets of FPK Sp. z o.o. Jastrzębie Zdrój in liquidation	718	0
II.	Closing balance	113,184	115,301

Table 8(b) part 2

Shares in associates - changes in impairment losses

No.	Item	For the period from 01.01.2016 to 31.12.2016	For the period from 01.01.2015 to 31.12.2015
	Opening balance	6,790	4,988
	1. Increases	411	1,802
	a) impairment charges	411	1,802
I.	2. Decreases	0	0
	3. Other changes – reclassification of FPK Sp. z o.o. Jastrzębie Zdrój in liquidation to shares in other entities	254	0
II.	Closing balance	6,947	6,790

Additional information – assets

Table 9(a)

Shares in other entities

No.	Item	As at 31.12.2016	As at 31.12.2015
	Shares in other entities	810,432	826,245
	1. In financial institutions, including:	775,259	760,073
	a) cost	892,856	880,604
	b) revaluation	-73,515	-86,731
	c) impairment losses	-44,082	-33,800
I.	2. In other entities, including:	35,173	66,172
	a) cost	67,905	75,693
	b) revaluation	-12,239	9,876
	c) impairment losses	-20,493	-19,397

Additional information – assets

Table 9(b)

Shares in other entities - changes

No.	Item	For the period from 01.01.2016 to 31.12.2016	For the period from 01.01.2015 to 31.12.2015
	Opening balance	826,245	151,616
	1. Increases	70,599	842,999
	a) share capital increase of Krajowy Fundusz Kapitałowy S.A.	10,000	0
	b) reclassification of FPK Sp. z o.o. Jastrzębie Zdrój in liquidation from shares in subsidiaries	282	0
	c) transfer of shares from State Treasury	1,096	0
	d) acquisition of shares in return for debt	0	27,875
	e) acquisition of shares of Visa Europe by Visa Inc.	1,664	0
	f) PKO BP S.A. shares acquired from the Treasury State	0	800,000
	g) new shares in SWIFT taken up by the Bank	0	117
I.	h) revaluation of shares recognized in revaluation reserve	57,247	15,009
	i) exchange differences	310	-2
	2. Decreases	86,412	168,370
	a) sale of shares - PEKAES S.A.	8,888	0
	b) revaluation of shares of PEKAES S.A. - (settlement due to sale)	6,285	0
	c) transfer of revaluation of shares of FPK Sp. z o.o. Jastrzębie Zdrój in liquidation	254	0
	d) transfer of impairment losses of shares acquired from the Treasury State *	548	0
	e) impairment losses on shares in PZU S.A.	0	62
	f) impairment losses	10,576	20,500
	g) revaluation of shares recognized in revaluation reserve	59,861	147,808
II.	Closing balance	810,432	826,245

* Metanel, Wałbrzyski Rynek Hurtowy, Zakłady Sprzętu Instalacyjnego Polam - Nakło S.A.

Table 9(c)

Shares in other entities - changes in impairment losses

No.	Item	For the period from 01.01.2016 to 31.12.2016	For the period from 01.01.2015 to 31.12.2015
	Opening balance	53,197	32,697
I.	1. Increases	10,576	20,562
	2. Decreases	0	0
	3. Use	0	62
	4. Other changes	802	0
II.	Closing balance	64,575	53,197

Additional information - assets

Table 10(a)

Other securities and other financial assets

No.	Item	As at 31.12.2016	As at 31.12.2015
	Securities and other financial assets	1,739,911	718,819
I.	1. Measurement of derivative instruments	429,281	225,668
	a) IRS	38,039	9,050
	b) FX SWAP	8,526	4,944
	c) FX FORWARD	11,069	833
	d) CIRS	371,091	210,257
	e) OPTIONS	556	584
	2. Other securities	1,310,630	493,151
	a) investment certificates - FSMnW FIZ AN	722,490	247,272
	b) investment certificates - FIIK FIZ AN	231,907	173,503
	c) investment certificates - FIPP FIZ AN	273,143	3,165
	d) investment certificates - FIS FIZ AN	22,222	22,546
	e) investment certificates - FIID FIZ AN	597	4,397
	f) investment certificates - FEZ FIZ AN	9,822	4,381
g) investment certificates - FM FIZ AN	9,023	100	
h) units in PGFF	41,426	37,787	
	Securities and other financial assets - by currency	1,739,911	718,819
II.	1. In PLN	1,681,451	457,136
	2. In foreign currencies, translated into PLN:	58,460	261,683
	a) EUR	56,683	169,188
	b) USD	1,777	89,948
	c) GBP	0	2,547

- FSMnW FIZ AN - Dwellings for Rent Sector Fund (Fundusz Sektora Mieszkań na Wynajem Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych)

- FIIK FIZ AN – Infrastructure Investments Capital Fund (Fundusz Inwestycji Infrastrukturalnych Kapitałowy Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych)

- FIPP FIZ AN – Polish Enterprises Investments Fund (Fundusz Inwestycji Polskich Przedsiębiorstw Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych)

- FIS FIZ AN – Municipal Investments Fund (Fundusz Inwestycji Samorządowych Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych)

- FIID FIZ AN – Infrastructure Investments Debenture Fund (Fundusz Inwestycji Infrastrukturalnych Dłużny Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych)

- FEZ FIZ AN – Foreign Expansion Fund (Fundusz Ekspansji Zagranicznej Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych)

- FM FIZ AN – Municipal Fund (Fundusz Muncypalny Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych)

- PGFF – Polish Growth Fund of Funds (Polski Fundusz Funduszy Wzrostu)

Additional information - assets

Table 10(b)

Other securities and other financial assets - changes

No.	Item	For the period from 01.01.2016 to 31.12.2016	For the period from 01.01.2015 to 31.12.2015
	Opening balance of securities	493,151	59,113
	1. Increases	858,041	434,038
	a) increase in the investment certificate portfolio	844,733	414,015
	b) increase in PGFF units	229	14,798
I.	c) revaluation of investment certificates recognized in revaluation reserve	9,669	2,894
	d) revaluation of PGFF funds recognized in revaluation reserve	3,410	2,331
	2. Decreases	40,562	0
	a) revaluation of investment certificates recognized in revaluation reserve	40,562	0
II.	Closing balance	1,310,630	493,151
	Measurement of derivative instruments – opening balance	225,668	526,046
III.	1. Increases	203,720	77,011
	2. Decreases	107	377,389
IV.	Closing balance	429,281	225,668

Additional information - assets

Table 11(a)

Financial assets - by type

No.	Item	As at 31.12.2016	As at 31.12.2015
	Financial assets	65,956,174	38,070,083
	1. Financial assets measured at fair value through profit or loss, including:	615,206	478,787
	a) held for trading	478,808	345,220
	- debt securities	49,527	119,552
	- derivative instruments	429,281	225,668
I.	b) financial assets designated as measured at fair value through profit or loss on initial recognition	136,398	133,567
	- debt securities	136,398	133,567
	2. Loans and other receivables	32,452,084	23,177,879
	3. Financial assets held to maturity	0	0
	4. Financial assets available for sale	32,888,884	14,413,417
	Financial assets by currency	65,956,174	38,070,083
	1. In PLN	55,556,889	31,514,843
	2. In foreign currencies, translated into PLN:	10,399,285	6,555,240
II.	a) EUR	9,201,530	5,238,515
	b) USD	1,062,962	922,901
	c) CAD	0	310,000
	d) CHF	53,780	60,835
	e) other	81,013	22,989

Additional information - assets

Table 11(b) part 1

Financial assets available for sale - by marketability

No.	Item	As at 31.12.2016	As at 31.12.2015
	Unlimited marketability, listed on stock exchanges (carrying amount)	775,353	793,155
I.	1. Shares (carrying amount)	775,353	793,155
	a) fair value	775,353	793,155
	b) market value	775,353	793,155
	c) cost	880,403	889,407
	Unlimited marketability, listed on OTC markets (carrying amount)	25,791,535	6,965,866
II.	1. T-bonds (carrying amount)	8,392,397	5,653,459
	a) fair value	8,392,397	5,653,459
	b) market value	8,392,397	5,653,459
	c) cost	8,418,483	5,597,340
	2. Money bills of the National Bank of Poland (carrying amount)	15,803,817	236,953
	a) fair value	15,803,817	236,953
	b) market value	15,803,817	236,953
	c) cost	15,803,124	236,961
	3. Bonds issued by banks (carrying amount)	161,468	65,451
	a) fair value	161,468	65,451
	b) market value	161,468	65,451
	c) cost	160,783	65,000
	4. Certificates of deposit issued by banks (carrying amount)	0	458,510
	a) fair value	0	458,510
	b) market value	0	458,510
	c) cost	0	450,000
	5. Commercial bonds issued by other financial sector entities (carrying amount)	884,418	0
	a) fair value	884,418	0
	b) market value	884,418	0
	c) cost	882,424	0
	6. Bonds issued by other financial sector entities (carrying amount)	70,215	67,420
	a) fair value	70,215	67,420
	b) market value	70,215	67,420
	c) cost	66,360	63,923
	7. Bonds issued by non- financial sector entities (carrying amount)	479,220	484,073
	a) fair value	479,220	484,073
	b) market value	479,220	484,073
	c) cost	480,000	480,000

The Bank held 1 (one) share in Visa Europe Limited ("VEL") with the face value of EUR 10.00 (ten). In accordance with VEL's notice to the Bank of 21 December 2015 concerning the planned acquisition of VEL by Visa Inc., the Bank recognized the fair value of the said share at PLN 5,384 thousand as at 31 December 2015. In the second quarter of 2016 the transaction was settled as a result of which the Bank's 1 share in Visa Europe Limited was swapped into 369 preferred stocks Visa Inc. C series. As a result of the transaction the BGK received a payment amounting to EUR 1,018,827.09.

Additional information - assets

Table 11(b) part 2

Financial assets available for sale - by marketability

No.	Item	As at 31.12.2016	As at 31.12.2015
	Unlimited marketability, not listed on regulated markets (carrying amount)	4,976,287	6,128,155
	1. Bonds issued by banks (carrying amount)	72,787	69,070
	a) fair value	72,787	69,070
	b) market value	72,787	69,070
	c) cost	70,000	70,000
	2. Bonds issued by other financial sector entities (carrying amount)	944,151	535,403
	a) fair value	944,151	535,403
	b) market value	944,151	535,403
	c) cost	942,867	534,970
	3. Bonds issued by non-financial sector entities (carrying amount)	2,546,989	3,376,129
III.	a) fair value	2,546,989	3,376,129
	b) market value	2,546,989	3,376,129
	c) cost	2,555,741	3,369,585
	4. Local government bonds (carrying amount)	947,798	1,024,948
	a) fair value	947,798	1,024,948
	b) market value	947,798	1,024,948
	c) cost	966,686	1,025,453
	5. Commercial bills issued by banks (carrying amount)	464,562	1,122,605
	a) fair value	464,562	1,122,605
	b) market value	464,562	1,122,605
	c) cost	463,489	1,120,086
	Limited marketability (carrying amount)	1,345,709	526,241
	1. Shares (carrying amount)	35,079	33,090
	a) fair value	35,079	33,090
	b) market value	35,079	33,090
	c) cost	80,358	66,890
	2. Investment certificates (carrying amount)	1,269,204	455,364
IV.	a) fair value	1,269,204	455,364
	b) market value	1,269,204	455,364
	c) cost	1,297,235	452,502
	3. Other – PGFF (carrying amount)	41,426	37,787
	a) fair value	41,426	37,787
	b) market value	41,426	37,787
	c) cost	35,685	35,456
V.	Total cost	33,103,638	14,457,573
VI.	Total opening balance	14,413,417	21,710,838
VII.	Total impairment losses	54,460	53,197
VIII.	Total carrying amount	32,888,884	14,413,417

Additional information - assets

Table 11(c)

Financial assets measured at fair value through profit or loss - by marketability

No.	Item	As at 31.12.2016	As at 31.12.2015
	Debt securities measured at fair value through profit or loss	185,925	253,119
	1. T-bonds (carrying amount) – held for trading	49,527	119,552
	a) fair value	49,527	119,552
	b) market value	49,527	119,552
	c) cost	49,890	119,331
	2. T-bonds (carrying amount) – designated as measured at fair value on initial recognition	90,829	86,853
I.	a) fair value	90,829	86,853
	b) market value	90,829	86,853
	c) cost	88,146	84,909
	3. Local government bonds (carrying amount) – designated as measured at fair value on initial recognition	45,569	46,714
	a) fair value	45,569	46,714
	b) market value	45,569	46,714
	c) cost	47,480	47,480
II.	Measurement of derivative instruments	429,281	225,668
III.	Total cost	185,516	251,720
IV.	Total carrying amount	615,206	478,787

Additional information - assets

Table 11(d)

Debt securities measured at fair value through profit or loss

No.	Item	As at 31.12.2016	As at 31.12.2015
	T-bonds held for trading – opening balance	119,552	298,902
I.	1. Increases	2,700	222
	2. Decreases	72,725	179,572
II.	Net closing balance	49,527	119,552
	T-bonds – designated as measured at fair value on initial recognition – opening balance	86,853	0
III.	1. Increases	3,988	87,174
	2. Decreases	12	321
IV.	Net closing balance	90,829	86,853
	Local government bonds – designated as measured at fair value on initial recognition – opening balance	46,714	48,161
V.	1. Increases	406	526
	2. Decreases	1,551	1,973
VI.	Net closing balance	45,569	46,714

Additional information - assets

Table 12(a)

Intangible assets

No.	Item	As at 31.12.2016	As at 31.12.2015
	Intangible assets	33,177	25,159
I.	1. Goodwill	0	0
	2. Purchased concessions, patents, licenses and similar items, including: - software	24,674	17,679
	3. Other intangible assets	9	15
	4. Advance payments for intangible assets	8,494	7,465

Additional information - assets

Table 12(b)

Intangible assets - ownership structure

No.	Item	As at 31.12.2016	As at 31.12.2015
	Intangible assets	33,177	25,159
I.	1. Own	33,177	25,159
	2. Used under lease, rental and similar agreements	0	0

Additional information – assets

Table 12(c)

Intangible assets

No.	Item	For the period from 01.01.2016 to 31.12.2016					Total intangible assets	For the period from 01.01.2015 to 31.12.2015
		Licenses	Copyrights	Goodwill	Other Intangible assets	Advance payments for intangible assets		
I.	Gross value of intangible assets – opening balance	79,291	3,273	3,245	34	7,465	93,308	76,940
	Increases (due to)	17,288	174	0	0	18,517	35,979	31,692
II.	1. Purchases	0	0	0	0	18,517	18,517	18,058
	2. Reclassification from advance payments	17,288	142	0	0	0	17,430	13,593
	3. Other: classification change	0	32	0	0	0	32	41
	Decreases (due to)	0	1,810	0	0	17,488	19,298	15,324
III.	1. Liquidation (amortized)	0	1,810	0	0	0	1,810	1,014
	2. Other: classification change	0	0	0	0	0	0	41
	3. Reclassification to investment property	0	0	0	0	0	0	18
	4. Reclassification from advance payments for intangible assets	0	0	0	0	17,430	17,430	13,593
	5. Reclassification from advance payments for PPE/costs	0	0	0	0	58	58	658
IV.	Gross value of intangible assets – closing balance	96,579	1,637	3,245	34	8,494	109,989	93,308
V.	Accumulated amortization – opening balance	62,139	2,746	3,245	19	0	68,149	60,977
	Amortization for the period (due to)	10,011	456	0	6	0	10,473	8,206
VI.	1. Amortization charges	10,011	403	0	6	0	10,420	8,182
	2. Refunded amortization charges	0	53	0	0	0	53	21
	3. Other: classification change	0	0	0	0	0	0	3
	Decreases (due to)	0	1,810	0	0	0	1,810	1,034
VII.	1. Liquidation (amortized)	0	1,810	0	0	0	1,810	1,012
	2. Other: classification change	0	0	0	0	0	0	3
	3. Reclassification to investment property	0	0	0	0	0	0	19
VIII.	Accumulated amortization – closing balance	72,150	1,392	3,245	25	0	76,812	68,149
IX.	Net value of intangible assets – closing balance	24,429	245	0	9	8,494	33,177	25,159

Additional information - assets

Table 13(a)

Property, plant and equipment and investment property

No.	Item	As at 31.12.2016	As at 31.12.2015
	Property, plant and equipment and investment property	127,887	110,799
	1. Fixed assets	106,203	92,263
	a) land, including the right of perpetual usufruct	12,461	12,639
	b) buildings, premises, civil and water engineering structures	60,995	55,838
	c) technical equipment and machinery	27,931	20,931
I.	d) vehicles	2,998	513
	e) other fixed assets	1,818	2,342
	2. Fixed assets under construction	9,572	5,266
	- advance payments for fixed assets under construction	9,572	5,266
	3. Investment property	12,112	13,270

A review of the Bank's real property revealed that some property items meet the definition of investment property, as provided in the Accounting Act. Therefore, investment property was recognized by the Bank as at 1 January 2015.

Investment property is real estate property which is not used for internal purposes but treated by the Bank as a source of rental income or held for purposes of appreciation, or to derive both benefits at the same time.

Investment property is measured by the Bank at fair value. The value of reclassified real property is presented in Table 13(d).

In 2015, the Bank took a physical inventory of its property, plant and equipment in conformity with the requirements of the Accounting Act. The physical inventory was taken as at 31 August 2015 by 31 October 2015. Its results were recognized in the accounting records for 2015.

Additional information – assets

Table 13(b)

Property, plant and equipment

No.	Item	For the period from 01.01.2016 to 31.12.2016								For the period from 01.01.2015 to 31.12.2015
		Perpetual usufruct rights to land	Buildings and structures	Leasehold improvements	Plant and equipment group 3-6	Vehicles group 7	Other tangible assets group 8	Tangible assets under construction	Total tangible fixed assets	Total tangible fixed assets
I.	Gross tangible assets at the beginning of period	12,639	95,273	3,992	87,192	875	8,789	5,266	214,026	215,947
	Increases, including:	0	7,739	285	20,667	3,352	373	36,778	69,194	34,361
	1. Purchase	0	0	0	0	0	0	36,778	36,778	17,205
II.	2. Raclassification from investments	0	7,739	285	20,639	3,352	373	0	32,388	16,524
	3. Other: reclassification between the Bank and flow funds, guarantee repairs, re-recognition in account books of assets derecognized in previous years, reclassification between groups, inventory results	0	0	0	28	0	0	0	28	632
	Decreases, including:	0	0	630	4,435	0	391	32,472	37,928	36,282
	1. Sale	0	0	516	340	0	352	0	1,208	31
	2. Liquidation	0	0	114	4,093	0	39	0	4,246	2,339
III.	3. Other: reclassification between the Bank and flow funds, inventory results	0	0	0	2	0	0	84	86	995
	4. Reclassification to investment property	0	0	0	0	0	0	0	0	16,379
	5. Reclassification from tangible assets under construction	0	0	0	0	0	0	32,388	32,388	16,524
	6. Reclassification from advance payments to costs	0	0	0	0	0	0	0	0	14
IV.	Gross tangible assets at the end of period	12,639	103,012	3,647	103,424	4,227	8,771	9,572	245,292	214,026
V.	Accumulated depreciation at the beginning of period	0	40,396	3,031	66,261	362	6,447	0	116,497	120,459
	Depreciation for period, including:	178	2,552	286	13,653	867	897	0	18,433	11,452
	1. Depreciation charges	178	2,467	265	13,267	706	850	0	17,733	10,771
VI.	2. Depreciation charges - refunds	0	85	21	358	161	47	0	672	576
	3. Other: reclassification between the Bank and flow funds, guarantee repairs, re-recognition in account books of assets derecognized in previous years, reclassification between groups, inventory results	0	0	0	28	0	0	0	28	105
	Decreases, including:	0	0	601	4,421	0	391	0	5,413	15,414
	1. Sale	0	0	493	326	0	352	0	1,171	31
	2. Liquidation	0	0	108	4,093	0	39	0	4,240	2,227
VII.	3. Other: reclassification between the Bank and flow funds, inventory results	0	0	0	2	0	0	0	2	968
	4. Reclassification to investment property	0	0	0	0	0	0	0	0	12,188
VIII.	Accumulated depreciation at the end of period	178	42,948	2,716	75,493	1,229	6,953	0	129,517	116,497
IX.	Net tangible fixed assets at the end of period	12,461	60,064	931	27,931	2,998	1,818	9,572	115,775	97,529

Additional information – assets

Table 13(c)

Property, plant, and equipment and investment property

No.	Item	As at 31.12.2016	As at 31.12.2015
I.	1. Own items of property, plant and equipment	115,775	97,529
	2. Own investment property	12,112	13,270
II.	Total	127,887	110,799

Additional information – assets

Table 13(d)

Investment property

No.	Item	As at 31.12.2016	As at 31.12.2015
I.	Gross value of property, plant and equipment - investment property - opening balance	13,270	0
	Increases (due to)	0	13,619
II.	1. Reclassification from fixed assets	0	4,191
	2. Fair value measurement of investment property	0	9,428
	Decreases (due to)	1,158	349
III.	1. Fair value measurement of investment property	1,158	349
IV.	Gross value of property, plant and equipment - investment property - closing balance	12,112	13,270

Additional information – assets

Table 14(a)

Other assets

No.	Item	As at 31.12.2016	As at 31.12.2015
	Other gross assets	18,907	25,658
	1. Loans from the Social Benefits Fund	3,309	3,832
	2. Receivables due to sale of assets and rentals	89	81
	3. Payment card settlements	1,123	1,021
	4. Statutory charges	365	4,539
I.	5. Receivables due to advance payments for purchases of services and materials	71	105
	6. Receivables due to refunded costs of PFKT, PLD, PES, RPW, Jeremie, PPBB, POIG*	6,434	6,114
	7. Receivables due to liquidated damages	0	1,389
	8. Security for satisfaction of claim under a warrant for payment	2,388	2,388
	9. Operational event related to bank account maintenance	4,164	4,164
	10. Other	964	2,025
II.	Provisions for doubtful accounts (sundry debtors)	5,398	6,298
III.	Other net assets	13,509	19,360

* Technology Loan Fund Program, De minimis Portfolio Guarantee Line, Social Economy Entity Funding Program, Eastern Poland Development Program, Start-up Bis – First Business Program, Operational Program Innovative Economy

Additional information – assets

Table 14(b)

Changes in provisions for doubtful accounts (sundry debtors)

No.	Item	For the period from 01.01.2016 to 31.12.2016	For the period from 01.01.2015 to 31.12.2015
	Opening balance	6,298	175
	1. Increases	821	6,614
	a) due to operational event related to bank account maintenance	0	4,164
	b) due to liquidated damages	0	1,409
I.	c) other increases	821	1,041
	2. Decreases	1,721	491
	a) release	94	16
	b) utilization	1,444	70
	c) other changes	183	405
II.	Closing balance	5,398	6,298

Additional information - assets

Table 15(a)

Prepayments - by type

No.	Item	As at 31.12.2016	As at 31.12.2015
	Prepaid expenses, deferred tax assets	319,591	166,475
	1. Long-term	316,222	164,225
	a) deferred tax assets	314,086	161,774
	b) fees for loan repayment guarantees	1,703	1,940
I.	c) software maintenance	285	394
	d) other	148	117
	2. Short-term	3,369	2,250
	a) software maintenance	2,927	890
	b) other	442	1,360
II.	Accrued revenue (fees and charges)	8,333	3,194
III.	Total	327,924	169,669

Additional information - assets

Table 15(b)

Prepayments - changes in deferred tax assets

No.	Item	For the period from 01.01.2016 to 31.12.2016	For the period from 01.01.2015 to 31.12.2015
	Opening balance	161,774	221,855
I.	1. Recognized in profit (loss)	131,111	217,453
	2. Recognized in equity	30,663	4,402
	Increases	159,705	40,380
II.	1. Recognized in profit (loss) for the period due to deductible differences	133,339	11,612
	2. Recognized in equity due to deductible differences	26,366	28,768
	Decreases	7,393	100,461
III.	1. Recognized in profit (loss) for the period due to deductible differences	1,216	97,954
	2. Recognized in equity due to deductible differences	6,177	2,507
	Closing balance	314,086	161,774
IV.	1. Recognized in profit (loss)	263,234	131,111
	2. Recognized in equity	50,852	30,663

Additional information - assets

Table 15(c) part 1

Prepayments and accruals - deferred tax assets and provisions as at 31 December 2016

No.	On-balance sheet items	Temporary differences		Deferred tax provision	Deferred tax assets
		taxable	deductible		
	Assets affecting profit (loss) charge	208,268	469,906	39,570	89,282
I.	1. Receivables from the financial sector	6,156	0	1,170	0
	2. Receivables from the non-financial sector	25,641	0	4,871	0
	3. Receivables from the public sector	5,840	0	1,110	0
	4. Debt securities	125,948	155,199	23,930	29,488
	5. Other securities and other financial assets	38,595	247,718	7,333	47,066
	6. Shares in subsidiaries	0	63,081	0	11,985
	7. Intangible assets and fixed assets	4,891	3,340	929	635
	8. Other assets	1,197	568	227	108
	Liabilities affecting profit (loss) charge	1,593	915,536	303	173,952
II.	1. Liabilities to the financial sector	0	3,249	0	617
	2. Liabilities to the non-financial sector	0	13,657	0	2,595
	3. Liabilities to the public sector	0	2,194	0	417
	4. Liabilities due to issue of debt securities	0	38,903	0	7,392
	5. Deferred income, deferred costs and restricted revenue	1,593	102,922	303	19,555
	6. Provisions	0	754,611	0	143,376
III.	Total on-balance sheet items affecting profit (loss) charge	209,861	1,385,442	39,873	263,234
	Assets affecting revaluation reserve	154,999	267,642	29,450	50,852
IV.	1. Debt securities	31,109	46,722	5,911	8,877
	2. Equity securities	37,672	123,305	7,158	23,428
	3. Investment certificates	76,790	97,615	14,590	18,547
	4. Investment property	9,428	0	1,791	0
V.	Total on-balance sheet items	364,860	1,653,084	69,323	314,086

Additional information - assets

Table 15(c) part 2

Prepayments and accruals - deferred tax assets and provisions as at 31 December 2015

No.	On-balance sheet items	Temporary differences		Deferred tax provision	Deferred tax assets
		taxable	deductible		
	Assets affecting profit (loss) charge	161,080	119,329	30,604	22,673
I.	1. Receivables from the financial sector	2,730	0	519	0
	2. Receivables from the non-financial sector	17,189	0	3,266	0
	3. Receivables from the public sector	5,076	0	964	0
	4. Debt securities	118,682	73,921	22,549	14,045
	5. Other securities and other financial assets	9,634	22,867	1,830	4,345
	6. Shares in subsidiaries	0	19,281	0	3,664
	7. Intangible assets and fixed assets	5,744	349	1,091	66
	8. Other assets	2,025	2,911	385	553
	Liabilities affecting profit (loss) charge	1,699	570,731	323	108,439
II.	1. Liabilities to the financial sector	0	1,953	0	371
	2. Liabilities to the non-financial sector	0	4,322	0	821
	3. Liabilities to the public sector	0	620	0	118
	4. Liabilities due to issue of debt securities	0	39,710	0	7,545
	5. Deferred income, deferred costs and restricted revenue	1,699	98,333	323	18,683
	6. Provisions	0	425,793	0	80,901
III.	Total on-balance sheet items affecting profit (loss) charge	162,779	690,060	30,927	131,112
	Assets affecting revaluation reserve	133,645	161,381	25,393	30,662
IV.	1. Debt securities	56,364	21,864	10,709	4,154
	2. Equity securities	59,573	136,429	11,319	25,922
	3. Investment certificates	8,280	3,088	1,574	586
	4. Investment property	9,428	0	1,791	0
V.	Total on-balance sheet items	296,424	851,441	56,320	161,774

Additional information - assets

Table 16

Material impairment losses (excluding loan loss provisions and general risk provision)

No.	Item	In the financial year ended	
		31.12.2016	31.12.2015
	Total impairment losses	10,000	22,302
I.	1. Key assets or asset groups with impairment losses recognized or reversed	a) shares in other entities	a) shares in other entities b) shares in associates
	2. Major events or circumstances leading to recognition or reversal of impairment losses	a) net assets estimate	a) net asset estimate b) net asset value reduction
	3. Impairment losses	a) 10,000	a) 20,500* b) 1,802**

* Impairment loss on KFK S.A.

** Loan guarantee Funds

Additional information - equity and liabilities

Table 17

Liabilities to the financial sector

No.	Item	As at 31.12.2016	As at 31.12.2015
	Liabilities (by type)	5,640,389	4,889,197
I.	1. Cash in bank account and deposits, including:	2,158,372	1,975,011
	- bank and other financial sector entity deposits	2,158,372	1,975,011
	2. Loans received*	3,024,021	2,710,374
	3. Other liabilities, including:	453,155	200,388
	- liabilities due to cash collateral	446,155	199,405
	4. Interests	4,841	3,424
	Liabilities (by maturity)	5,640,389	4,889,197
II.	1. Current	542,347	492,678
	2. Term	5,093,201	4,393,095
	a) ≤1 month	1,443,699	1,623,242
	b) >1 month to 3 months	556,957	56,939
	c) >3 months to 1 year	299,830	218,788
	d) >1 year to 5 years	1,468,778	1,283,014
	e) >5 years to 10 years	1,148,382	1,157,022
	f) >10 years to 20 years	175,555	54,090
	3. Interests	4,841	3,424
	Liabilities (by original maturity)	5,640,389	4,889,197
III.	1. Current	1,107,698	595,041
	2. Term	4,527,850	4,290,732
	a) ≤1 month	782,131	1,495,332
	b) >1 month to 3 months	328,529	63,045
	c) >3 months to 1 year	393,168	21,981
	d) >5 years to 10 years	0	0
	e) >10 years to 20 years	287,292	412,450
	f) >20 years	2,736,730	2,297,924
	3. Interests	4,841	3,424
	Liabilities (by currency)	5,640,389	4,889,197
IV.	1. In PLN	5,018,322	4,472,729
	2. In foreign currencies	622,067	416,468
	a) EUR	618,537	406,128
	b) USD	3,530	10,340

* Including loans from:

European Investment Bank	2,456,287	2,104,099
Council of Europe Development Bank	346,534	393,200
KfW (Kreditanstalt für Wiederaufbau)	221,200	213,075

Additional information - equity and liabilities

Table 18

Liabilities to the non-financial sector

No.	Item	As at 31.12.2016	As at 31.12.2015
	Liabilities (by type)	12,987,248	6,581,657
I.	1. Cash in bank account and deposits	11,690,988	5,707,432
	2. Other liabilities, including:	1,282,579	869,881
	- liabilities due to cash collateral	1,254,393	866,341
	3. Interests	13,681	4,344
	Liabilities (by maturity)	12,987,248	6,581,657
	1. Current	1,666,439	1,564,853
	2. Term	11,307,128	5,012,460
	a) ≤1 month	7,535,039	3,612,188
	b) >1 month to 3 months	2,788,547	1,063,410
	c) >3 months to 1 year	983,542	336,362
	d) >1 year to 5 years	0	500
	3. Interests	13,681	4,344
	Liabilities (by original maturity)	12,987,248	6,581,657
	1. Current	2,083,238	2,074,506
	2. Term	10,890,329	4,502,807
	a) ≤1 month	4,034,527	1,754,472
	b) >1 month to 3 months	4,786,605	2,206,325
	c) >3 months to 1 year	2,052,703	540,587
	d) >1 year to 5 years	16,494	1,423
	3. Interests	13,681	4,344
	Liabilities (by currency)	12,987,248	6,581,657
	1. In PLN	12,701,228	6,224,632
	2. In foreign currencies	286,020	357,025
	a) CHF	3	90
	b) EUR	213,697	325,610
	c) GBP	6,587	4,212
	d) USD	65,728	26,972
	e) RUB	0	141
	f) CNY	5	0

Additional information - equity and liabilities

Table 19

Liabilities to the public sector

No.	Item	As at 31.12.2016	As at 31.12.2015
	Liabilities (by type)	22,568,087	12,414,358
I.	1. Cash in bank account and deposits	22,050,035	11,645,820
	2. Loans received*	4,935	67,930
	3. Other liabilities, including: - other current liabilities to JEREMIE	510,873 478,989	699,524 647,136
	4. Interests	2,244	1,084
	Liabilities (by maturity)	22,568,087	12,414,358
II.	1. Current	11,920,965	5,880,071
	2. Term	10,644,878	6,533,203
	a) ≤1 month	9,979,867	6,335,446
	b) >1 month to 3 months	570,378	138,094
	c) >3 months to 1 year	94,633	54,663
	d) >1 year to 5 years	0	5,000
	3. Interests	2,244	1,084
	Liabilities (by original maturity)	22,568,087	12,414,358
III.	1. Current	13,222,657	6,375,914
	2. Term	9,343,186	6,037,360
	a) ≤1 month	5,433,355	5,714,203
	b) >1 month to 3 months	3,758,069	162,866
	c) >3 months to 1 year	139,515	87,124
	d) >1 year to 5 years	7,312	5,237
	e) >5 years to 20 years	0	67,930
	f) >20 years	4,935	0
	3. Interests	2,244	1,084
	Liabilities (by currency)	22,568,087	12,414,358
IV.	1. In PLN	15,045,737	6,361,020
	2. In foreign currencies	7,522,350	6,053,338
	a) CHF	4,562	3,911
	b) EUR	7,498,754	6,028,980
	c) GBP	653	1,950
	d) USD	18,381	18,497

* a loan from the Ministry of Finance (funds provided by the Council of Europe Development Bank)

Additional information - equity and liabilities

Table 20

Liabilities due to repo and sell-buy-back transactions

No.	Item	As at 31.12.2016	As at 31.12.2015
	Liabilities due to repo and sell-buy-back transactions	5,752,184	2,883,773
I.	1. To the financial sector	4,977,953	2,374,177
	2. To the public sector	772,831	509,139
	3. Interest	1,400	457

Additional information - equity and liabilities

Table 21

Liabilities due to issue of debt securities

No.	Item	As at 31.12.2016	As at 31.12.2015
	Liabilities due to issue of debt securities, including:	5,800,903	5,801,710
I.	1. Bonds	5,762,000	5,762,000
	2. Certificates	0	0
	3. Other (by type)	0	0
	4. Interests	38,903	39,710
	Change in liabilities due to issue of debt securities	0	392,000
II.	1. Opening balance	5,762,000	5,370,000
	2. Increases (due to)	500,000	1,392,000
	- issue	500,000	1,392,000
	3. Decreases (due to)	500,000	1,000,000
	- redemption	500,000	1,000,000
	4. Closing balance	5,762,000	5,762,000
	Long-term liabilities due to issued debt instruments	5,762,000	5,762,000
	1. Debt instruments (by type)	5,762,000	5,762,000
	2. Nominal value	BGK1019 - PLN 1,000 x 500,000 BGK0217 - PLN 1,000 x 500,000 BGK0517 - PLN 1,000 x 1,370,000 BGK0717 - PLN 1,000 x 500,000 BGK0118 - PLN 1,000 x 1,000,000 BGK0919 - PLN 1,000 x 500,000 BGK0219 - PLN 1,000 x 1,392,000 Total 5,762,000	BGK1016 - PLN 1,000 x 500,000 BGK0217 - PLN 1,000 x 500,000 BGK0517 - PLN 1,000 x 1,370,000 BGK0717 - PLN 1,000 x 500,000 BGK0118 - PLN 1,000 x 1,000,000 BGK0919 - PLN 1,000 x 500,000 BGK0219 - PLN 1,000 x 1,392,000 Total 5,762,000
III.	3. Redemption date	BGK1019 - 05-10-2019 BGK0217 - 27-02-2017 BGK0517 - 19-05-2017 BGK0717 - 17-07-2017 BGK0118 - 25-01-2018 BGK0919 - 30-09-2019 BGK0219 - 19-02-2019	BGK1016 - 05-10-2016 BGK0217 - 27-02-2017 BGK0517 - 19-05-2017 BGK0717 - 17-07-2017 BGK0118 - 25-01-2018 BGK0919 - 30-09-2019 BGK0219 - 19-02-2019
	5. Guarantee/security	None	None
	6. Additional rights	None	None
	7. Market	Catalyst-ASO-BondSpot	Catalyst-ASO-BondSpot

No liabilities with the payment secured on the assets of BGK exist in relation to issued debt securities.

Additional information - equity and liabilities

Table 22

Other liabilities due to financial instruments

No.	Item	As at 31.12.2016	As at 31.12.2015
	Valuation of derivative instruments	608,005	242,258
I.	1. IRS	247,718	22,050
	2. FX SWAP	7,844	14,176
	3. FX FORWARD	1,123	3,235
	4. CIRS	351,320	202,797

Additional information - equity and liabilities

Table 23

Special funds and other liabilities

No.	Item	As at 31.12.2016	As at 31.12.2015
I.	Special funds	3,794	4,243
	- Social Benefits Fund	3,794	4,243
	Other liabilities	349,624	253,241
	1. State and public settlements	65,465	4,977
	2. Fuel surcharge settlements	30,638	52,569
	3. Liabilities to suppliers of works and services	10,847	6,696
	4. Interbank transactions	56,105	11,633
II.	5. Employee settlements	215	169
	6. Settlements with funds in the Bank's structure	119,564	118,156
	7. Inland Waterway Fund	45,289	45,870
	8. Settlements with the bank granting the loan due to conducted debt collection - portfolio guarantee line de minimis (pld)	11,758	2,217
	9. Other liabilities	9,743	10,954
	Total	353,418	257,484

Additional information - equity and liabilities

Table 24

Deferred income, deferred costs and restricted revenue

No.	Item	As at 31.12.2016	As at 31.12.2015
	Short-term deferred costs	45,704	39,336
I.	1. Deferred costs	7,917	8,340
	2. Provision for future liabilities to employees (bonuses, annual leave)	37,787	30,996
	Other long-term deferred income and restricted revenue	445,756	440,263
	1. Revenue received in advance	38,831	40,090
	a) fees on loans	6,968	8,075
	b) fees on guarantees	2,461	1,697
	c) fees on issuance and underwriting	25,300	27,668
	d) other revenue	4,102	2,650
II.	2. Restricted interest	373,609	357,486
	a) interest on Loans	328,537	314,717
	b) interest on used surety bonds and guarantees	28,034	35,543
	c) interest on other receivables	14,975	4,728
	d) interest on purchased debt	2,063	2,498
	3. Restricted capitalized interest	33,238	42,527
	4. Other deferred income	78	160
	Total	491,460	479,599

Additional information - equity and liabilities

Table 25(a)

Changes in deferred tax provisions

No.	Item	As at 31.12.2016	As at 31.12.2015
	Changes in provisions	13,003	-52,173
	1. Opening balance of deferred tax provision, including:	56,320	108,493
	a) recognized in profit (loss)	30,927	75,598
	b) recognized in equity	25,393	32,895
	2. Increases	25,617	11,077
	a) recognized in profit (loss) for the period due to taxable differences	10,321	1,922
	b) recognized in equity due to taxable differences	15,296	9,155
I.	3. Decreases	12,614	63,250
	a) recognized in profit (loss) for the period due to taxable differences	1,375	46,593
	b) recognized in equity due to taxable differences	11,239	16,657
	4. Closing balance of deferred tax provision, including:	69,323	56,320
	a) recognized in profit (loss)	39,873	30,927
	b) recognized in equity	29,450	25,393

Additional information - equity and liabilities

Table 25(b)

Change in other provisions

No.	Item	As at 31.12.2016	As at 31.12.2015
	Other provisions, including:	505,333	459,310
	1. Long-term (by basis), including:	505,333	459,310
	a) off-balance sheet unconditional liabilities	207,815	144,874
I.	b) disputes	14,187	13,852
	c) employee benefits (also post-employment ones)	16,783	14,958
	d) general risk	266,548	285,626
	Other provisions (by currency)	505,333	459,310
	1. In PLN	464,114	459,121
	2. In foreign currencies	41,219	189
	- EUR	41,021	0
	- CHF	198	189
	Changes in other long-term provisions	46,023	-47,402
	1. Opening balance	459,310	506,712
	a) increases (due to)	283,662	216,212
	- off-balance sheet unconditional liabilities	121,465	167,250
	- disputes	781	1,495
	- employee benefits (also post-employment ones)	3,555	894
	- general risk	157,861	46,573
	b) use (due to)	9,911	11,682
	- off-balance sheet unconditional liabilities	7,897	10,741
	- disputes	284	130
	- employee benefits (also post-employment ones)	1,730	811
III.	c) derecognition (due to)	227,728	251,932
	- off-balance sheet unconditional liabilities	50,627	188,454
	- disputes	162	9,885
	- employee benefits (also post-employment ones)	0	0
	- general risk	176,939	53,593
	2. Closing balance of other provisions	505,333	459,310

Additional information - equity and liabilities

Table 26

Capital adequacy – including cash flow funds

No.	Capital	As at 31.12.2016	As at 31.12.2015
	Tier 1 capital	12,064,052	9,182,483
	Common equity Tier 1 capital	12,064,052	9,182,483
	1. Authorized capital	11,339,138	8,409,540
	2. Supplementary capital	643,460	614,445
	3. Other reserve capitals	76,831	76,831
	4. General banking risk reserve	155,500	155,500
	5. Retained earnings	0	0
	6. Accumulated other comprehensive income*	-82,306	-13,503
I.	7. Tier 1 capital transition adjustments	-3,055	-21,340
	8. Intangible assets	-33,177	-25,159
	9. Deferred tax provisions related to intangible assets	887	790
	10. Deferred tax assets depending on future profitability and not resulting from temporary differences	0	0
	11. Tier 1 adjustments resulting from prudential filters	-33,226	-14,621
	12. Equity exposures**	0	0
	Additional Tier 1 capital	0	0
	Tier 2 capital	193,461	263,363
II.	1. Subordinated debt classified as Tier 2 capital	0	0
	2. General credit risk adjustments using the standardized approach	193,461	263,363
	3. Equity exposures	0	0
III.	Total equity	12,257,513	9,445,846
IV.	Total capital requirement	3,205,169	2,343,135
V.	Solvency ratio	30.6%	32.3%

* Excluding amounts related to the Inland Waterway Fund: PLN 30 thousand in 2016 and in 2015 PLN 3 thousand, respectively

** As at 31 December 2015 and 31 December 2016, in accordance with Articles 46 and 48 of CRR, the equity exposures in financial sector entities do not exceed the 10% of the Tier 1 Capital hence do not reduce the Bank's equity and were taken into account for purposes of calculating risk-weighted assets

The Total Equity was calculated in accordance with the Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 (CRR).

Additional information – off-balance sheet items

Table 27

Contingent liabilities – granted and received

No.	Item	As at 31.12.2016	As at 31.12.2015
	Contingent liabilities granted	44,250,002	42,430,866
	1. Financial	36,989,268	37,443,343
	a) credit line	35,204,277	36,616,846
	- to the financial sector	524,338	602,892
	- to the non-financial sector	4,004,852	5,522,534
	- to the public sector	30,675,087	30,491,420
I.	b) import L/Cs	237,673	938
	- to the non-financial sector	237,673	938
	c) other	1,547,318	825,559
	2. Guarantee	7,260,734	4,987,523
	a) surety bonds and guarantees	7,260,734	4,987,523
	- to the financial sector	564,772	826,002
	- to the non-financial sector	6,678,975	4,153,445
	- to the public sector	16,987	8,076
	Contingent liabilities received	34,613,563	31,730,412
	1. Financial	11,202,648	13,703,025
	a) from the financial sector	1,196,640	1,163,075
	b) from the non-financial sector	0	0
II.	c) from the public sector	10,006,008	12,539,950
	2. Guarantee	23,410,915	18,027,387
	a) from the financial sector	1,982,197	1,651,341
	b) from the non-financial sector	13,673,216	9,586,213
	c) from the public sector	7,755,502	6,789,833
III.	Total liabilities	78,863,565	74,161,278

Information concerning the liabilities of subsidiaries and associates has been provided in Section 8.20.

Additional information – profit and loss account

Table 28

Net interest income

No.	Item	For the period from 1.01.2016 to 31.12.2016	For the period from 1.01.2015 to 31.12.2015
	Interest income	1,444,812	1,322,521
	1. From the financial sector	129,001	117,417
	- including effective interest method measurement	896	165
I.	2. From the non-financial sector	545,287	437,638
	- including effective interest method measurement	11,310	11,681
	3. From the public sector	158,409	155,451
	- including effective interest method measurement	4,972	5,648
	4. On fixed income securities	612,115	612,015
	Interest expense	847,064	686,258
	1. To the financial sector	207,029	217,357
	- including bond issue costs	128,068	133,794
II.	2. To the non-financial sector	118,909	63,485
	3. To the public sector	521,126	405,416
III.	Net interest income	597,748	636,263

Additional information – profit and loss account

Table 29

Net commission income

No.	Item	For the period from 1.01.2016 to 31.12.2016	For the period from 1.01.2015 to 31.12.2015
	Commission income	131,020	122,559
I.	1. From the financial sector	11,395	13,720
	2. From the non-financial sector	46,031	43,724
	3. From the public sector	40,384	45,538
	4. Other – due to off-balance sheet guarantee liabilities	33,210	19,577
	Commission expense	10,926	12,288
II.	1. To the financial sector*	10,277	11,602
	2. To the non-financial sector	613	650
	3. To the public sector	0	0
	4. Other	36	36
III.	Net commission income	120,094	110,271

* Commission expense to the financial sector comprises payment card insurance premiums under an agreement with PZU S.A., which totaled PLN 84 thousand in 2016 and PLN 143 thousand in 2015.

Additional information – profit and loss account

Table 30

Income on shares, other securities and other variable income financial instruments

No.	Item	For the period from 1.01.2016 to 31.12.2016	For the period from 1.01.2015 to 31.12.2015
	Income on shares, other securities and other variable income financial instruments	9,747	4,724
I.	1. From other entities	9,747	4,724
	a) PZU S.A.	3,208	4,628
	- dividends	3,208	4,628
	b) EIF	126	96
	- dividends	126	96
	c) VISA	6,413	0
	- deferred cash payment	6,406	0
	- dividends	7	0

Additional information – profit and loss account

Table 31

Gain (loss) on financial transactions and on foreign exchange transactions

No.	Item	For the period from 1.01.2016 to 31.12.2016	For the period from 1.01.2015 to 31.12.2015
	Gain (loss) on financial transactions*	21,491	10,919
	1. Gain (loss) on transactions in securities and derivative instruments	21,491	10,919
	a) revenue from transactions in securities	66,436	52,247
	- including gain on sale of securities available for sale	15,668	14,131
	b) expense related to transactions in securities	52,994	40,066
	- including loss on sale of securities available for sale	547	702
I.	c) revenue from transactions in derivative instruments	303,051	660,170
	- including interest on interest rate derivative transactions - banking book	1,053	8
	d) expense related to transactions in derivative instruments	295,002	661,432
	- including interest on interest rate derivative transactions - banking book	3,982	4,406
	Gain (loss) on foreign exchange transactions**	104,141	28,462
	1. Revenue from foreign exchange transactions	3,364,346	1,995,512
II.	- including FX SWAP points – banking book	67,493	29,817
	2. Expense related to foreign exchange transactions	3,260,205	1,967,050
	- including FX SWAP points – banking book	8,692	33,967

* After elimination of interest on interest rate derivative transactions – banking book, the gain (loss) on financial transactions is: 24,420 15,317

** After elimination of FX swap points – banking book, the gain (loss) on foreign exchange transactions is: 45,340 32,612

Taking into account interest on interest rate derivative transactions (banking book), presented in the gain (loss) on financial transactions, and FX swap points (banking book), presented in the gain (loss) on foreign exchange transactions, the net interest income is: 653,620 627,715

Additional information – profit and loss account

Table 32

Other operating revenue and expenses

No.	Item	For the period from 1.01.2016 to 31.12.2016	For the period from 1.01.2015 to 31.12.2015
	Other operating revenue	9,999	19,381
I.	1. Rental income	259	406
	2. Revenue from debt collection	156	157
	3. Revenue from damages, penalties and fines	1,232	665
	4. Revenue from recovering bad debts	621	742
	5. Incidental revenue	403	263
	6. Revenue from derecognition of provisions for disputes and other future liabilities	256	9,901
	7. Revenue from PFSA contribution refund	5,591	3,373
	8. Revenue from liquidated damages	0	1,389
	9. Revenue from investment property	125	152
	10. Other	1,356	2,333
	Other operating expenses	6,693	12,537
II.	1. Cost of donations	2,031	1,795
	2. Cost of debt collection	462	432
	3. Cost of sale and liquidation of fixed assets and assets held for sale	43	64
	4. Cost of impairment losses on investment property	1,158	349
	5. Cost of derecognition of past due and cancelled receivables, bad debt, damages, penalties and fines	102	127
	6. Cost of provisions for disputes and other future liabilities	1,602	8,109
	7. Cost of investment property	945	958
	8. Other	350	703
III.	Net operating revenue	3,306	6,844

Additional information – profit and loss account

Table 33

Operating expenses

No.	Item	For the period from 1.01.2016 to 31.12.2016	For the period from 1.01.2015 to 31.12.2015
	Operating expenses	283,777	363,834
I.	1. Salaries and wages	159,875	145,085
	2. Insurance and other benefits	34,995	31,402
	3. Non-personnel expense	55,790	57,682
	4. Taxes and charges	2,941	3,000
	5. BGF contribution and payments*	27,397	115,809
	6. PFSA contribution	2,779	10,856

* The figure for 2015 comprises a contribution made for purposes of payment of guaranteed funds to the depositors of Spółdzielczy Bank Rzemiosła i Rolnictwa, totaling PLN 78,615 thousand

Additional information – profit and loss account

Table 34

Depreciation and amortization, provisions, their derecognition and revaluation

No.	Item	For the period from 1.01.2016 to 31.12.2016	For the period from 1.01.2015 to 31.12.2015
	Depreciation and amortization	28,153	18,953
I.	1. Depreciation of fixed assets	17,733	10,771
	2. Amortization of intangible assets	10,420	8,182
	Provisions and revaluation	821,336	582,471
	1. Provisions for:	810,349	560,107
	a) normal receivables	0	1
	b) receivables under observation	52,461	27,328
II.	c) non-performing receivables	478,562	318,955
	d) off-balance sheet liabilities	121,465	167,250
	e) general banking risk	157,861	46,573
	2. Revaluation	10,987	22,364
	- of financial assets	10,987	22,364
	Derecognition of provisions and revaluation	629,803	581,614
	1. Provisions for:	629,803	581,614
	a) normal receivables	2	2
	b) receivables under observation	10,482	43,691
III.	c) non-performing receivables	391,753	295,874
	d) off-balance sheet liabilities	50,627	188,454
	e) general banking risk	176,939	53,593
	2. Revaluation	0	0
	- of financial assets	0	0
IV.	Difference in the values of provisions and revaluation	191,533	857

Additional information – profit and loss account

Table 35

Gross profit, income tax and net profit

No.	Item	For the period from 1.01.2016 to 31.12.2016	For the period from 1.01.2015 to 31.12.2015
I.	Gross profit	353,064	413,839
	Current income tax	127,068	9,489
	1. Gross profit (loss)	353,064	413,839
	2. Differences between gross profit (loss) and income tax base, by basis:	312,496	-371,151
	a) taxable activities	611,168	-197,764
	b) tax-exempt activities – funds and government programs	-298,672	-173,387
II.	3. Income tax base	665,560	42,688
	4. Income tax at a 19% rate	126,457	8,111
	5. Deduction of withholding tax on interest (lump-sum tax)	600	1,578
	6. Current income tax reported in the tax return for the period, including:	125,857	6,533
	- recognized in profit (loss)	125,857	6,533
	7. Lump-sum income tax	1,211	2,956
III.	Deferred income tax	-123,177	41,671
	- decrease (increase) due to occurrence and reversal of temporary differences	-123,177	41,671
IV.	Net profit	349,173	362,679

Additional information – cash flow statement

Table 36 (part 1)

No.	Item	For the period from 1.01.2016 to 31.12.2016	For the period from 1.01.2015 to 31.12.2015
	Cash flows from operating activities:		
	Net profit (loss)	349,173	362,679
	Total adjustments:	-2,155,282	271,900
	1. Depreciation and amortization	28,153	18,953
	2. Exchange gains (losses)	11,013	-318
	3. Interest and distribution of profit (dividends)	175,396	184,259
	4. Profit (loss) on investing activities	-3,009	25,509
	5. Changes in provisions	55,099	-90,077
	a) balance sheet changes	59,026	-99,575
	b) deferred tax provision recognized in revaluation reserve	-4,057	7,502
	c) adjustment to measurement of National Housing Fund liabilities recognized in BGK's authorized capital	130	1,996
	6. Changes in debt securities	-14,763,685	8,440,431
	a) balance sheet changes	-17,606,607	8,500,032
	b) measurement of debt securities available for sale	-50,278	-59,601
	c) bonds received to increase capital (contribution in kind)	2,893,200	0
	7. Changes in receivables from the financial sector	-8,727	-270,518
	a) balance sheet changes	-1,557,828	264,498
	b) assets included in change in cash	1,549,101	-535,016
	8. Changes in receivables from the non-financial sector and the public sector	-4,943,203	-4,310,316
	a) balance sheet changes	-4,943,203	-4,282,441
	b) shares taken up in return for debt – reclassification to the available- for-sale portfolio	0	-27,875
	9. Changes in receivables due to reverse repo and buy-sell-back transactions	-2,773,174	3,720,730
A.	10. Changes in shares, other securities and other financial assets (held for trading)	-203,613	300,378
	a) balance sheet changes	-1,021,092	-133,660
	b) transactions included in investing activities	817,479	434,038
	11. Changes in liabilities to the financial sector	437,372	599,303
	a) balance sheet changes	751,192	606,582
	b) loans included in financing activities	-313,820	-7,279
	12. Changes in liabilities to the non-financial sector and the public sector	16,622,746	-9,831,155
	a) balance sheet changes	16,559,320	-9,894,581
	b) loans included in financing activities	63,426	63,426
	13. Changes in liabilities due to repo and sell-buy-back transactions	2,868,411	1,737,959
	14. Changes in other liabilities due to financial instruments	365,747	-293,843
	15. Changes in other assets and liabilities	101,390	-68,491
	a) balance sheet changes	101,785	-67,431
	b) settlements related to purchases of shares and other assets included in investing activities	-395	-1,060
	16. Changes in prepayments/accruals	-131,697	90,343
	a) balance sheet changes	-151,887	64,082
	b) deferred tax assets reclassified to revaluation reserve	20,190	26,261
	17. Changes in deferred income and restricted revenue	5,493	17,795
	a) balance sheet changes	5,493	17,795
	18. Other adjustments	1,006	958
	a) reclassification of fixed assets and intangible assets to delegated activities (cash flow funds) (net value)	837	789
	b) recognition of the effects of measurement of debt securities	169	169
	Net cash flows from operating activities	-1,806,109	634,579

Table 36 (part 2)

	Cash flows from investing activities:		
B.	1. Other proceeds from investing activities – including:	3,341	7,346
	- dividends received	3,341	7,346
	Cash flows from financing activities:		
C.	1. Other payments on financing activities – including:	179,814	203,903
	a) to repay interest on long-term loans to other banks	50,938	58,715
	b) to pay interest on issued debt securities	128,876	145,188

8. Additional information and explanations – other notes

8.1. Exposure concentration structure

8.1.1. Exposure to single entities

As at 31 December 2016, the loan portfolio comprised seven entities, the Bank's exposure to which exceeded 10.0% of its equity, calculated in accordance with the Banking Law, and totaling PLN 12,257,513 thousand as at 31 December 2016 (reported to the supervisory institution along with cash flow funds). The Bank's exposures to the aforesaid entities, less the deductions permitted by the law, have been presented in the table below.

No.	Entity	Exposure	Percentage of the Bank's equity	Exposure less deductions	Percentage of equity
I.	Entity A 2016	2,218,141	18.1%	2,218,141	18.1%
II.	Entity B 2016	2,033,968	16.6%	2,033,908	16.6%
III.	Entity C 2016	1,985,144	16.2%	1,985,144	16.2%
IV.	Entity D 2016	1,893,927	15.5%	1,893,927	15.5%
V.	Entity E 2016	1,768,000	14.4%	1,768,000	14.4%
VI.	Entity F 2016	1,725,870	14.1%	1,725,870	14.1%
VII.	Entity G 2016	1,250,799	10.2%	1,250,799	10.2%

A limit of 25% of equity applies under Article 395 of CRR¹, in accordance with the detailed provisions of the BGK Act of 14 March 2003.

- The comparative information as at 31 December 2015 is presented in the table below.

No.	Entity	Exposure	Percentage of the Bank's equity	Exposure less deductions	Percentage of equity
I.	Entity A 2015	1,953,242	20.7%	1,953,242	20.7%
II.	Entity B 2015	1,935,291	20.5%	1,935,291	20.5%
III.	Entity C 2015	1,808,033	19.1%	1,808,033	19.1%
IV.	Entity D 2015	1,792,993	19.0%	1,792,936	19.0%
V.	Entity E 2015	1,708,700	18.1%	1,708,700	18.1%

A limit of 25% of equity applies under Article 395 of CRR, in accordance with the detailed provisions of the BGK Act of 14 March 2003.

8.1.2. Exposure to entities being related parties

The key exposures to entities with equity or organizational relationships, exceeding 10.0% of the Bank's equity, result from loans granted from the Bank's own funds and the funds of the National Housing Fund. The Bank's exposures to the aforesaid entities as at 31 December 2016, less the deductions permitted by the law, have been presented in the table below.

No.	Group	Exposure	Percentage of the Bank's equity	Exposure less deductions	Percentage of equity
I.	Group A 2016	2,422,724	19.8%	2,422,664	19.8%
II.	Group B 2016	2,605,402	21.3%	2,357,942	19.2%
III.	Group C 2016	2,218,141	18.1%	2,218,141	18.1%
IV.	Group D 2016	2,108,335	17.2%	2,108,335	17.2%
V.	Group E 2016	1,918,232	15.6%	1,918,232	15.6%
VI.	Group F 2016	1,893,927	15.5%	1,893,927	15.5%
VII.	Group G 2016	1,785,922	14.6%	1,785,922	14.6%
VIII.	Group H 2016	1,250,799	10.2%	1,250,799	10.2%

A limit of 50% of equity applies under Article 3 of the BGK Act of 14 March 2003, as amended.

¹ Regulation No. 575/2013 of the European Parliament and of the Council

- The comparative information as at 31 December 2015 is presented in the table below.

No.	Group	Exposure	Percentage of the Bank's equity	Exposure less deductions	Percentage of equity
I.	Group A 2015	1,953,242	20.7%	1,953,242	20.7%
II.	Group B 2015	1,941,322	20.6%	1,941,322	20.6%
III.	Group C 2015	1,860,434	19.7%	1,860,376	19.7%
IV.	Group D 2015	1,808,033	19.1%	1,808,033	19.1%
V.	Group E 2015	1,708,700	18.1%	1,708,700	18.1%
VI.	Group F 2015	1,230,200	13.0%	1,230,200	13.0%

A limit of 50% of equity applies under Article 3 of the BGK Act of 14 March 2003, as amended.

8.1.3. Exposure by geography

The structure of the Bank's credit exposure by geography has been prepared on the basis of the exposures managed by the Bank's branches in each region:

No.	Provinces	On-balance sheet* exposure as at 31.12.2016	On-balance sheet* exposure as at 31.12.2015
I.	Lower Silesian	8.2%	8.0%
II.	Kuyavia-Pomerania	2.9%	3.4%
III.	Lublin	2.6%	3.3%
IV.	Lubusz	1.3%	1.6%
V.	Lodz	2.4%	2.7%
VI.	Lesser Poland	6.6%	5.8%
VII.	Mazovia	38.7%	32.7%
VIII.	Opole	0.9%	1.0%
IX.	Subcarpathian	1.3%	1.7%
X.	Podlaskie	1.8%	1.9%
XI.	Pomerania	4.4%	5.1%
XII.	Silesian	12.5%	12.0%
XIII.	Swietokrzyskie	0.8%	1.1%
XIV.	Warmian-Masurian	1.9%	2.4%
XV.	Greater Poland	7.8%	9.3%
XVI.	West Pomerania	2.5%	3.2%
XVII.	Foreign	3.4%	4.8%
Total		100.0%	100.0%

*On-balance sheet exposure comprising principal and capitalized interest includes local government and commercial bonds issued

8.1.4. On-balance sheet exposure by market segment and industry

On-balance sheet exposure by industry as at 31 December 2016 and 31 December 2015 is presented in the table below, prepared in accordance with the Polish Classification of Activity (PKD) 2007.

No.	Item	On-balance sheet* exposure as at 31.12.2016	On-balance sheet* exposure as at 31.12.2015
I.	Public administration, national defense, mandatory social security	18.7%	23.3%
II.	Construction	18.8%	22.3%
III.	Financial services	4.3%	3.7%
IV.	Scientific, professional, technical and educational activities	0.6%	0.7%
V.	Mining and extraction	4.6%	3.7%
VI.	Wholesale	0.9%	1.0%
VII.	Hotels and restaurants	0.1%	0.1%
VIII.	Real estate market and administration services	3.3%	1.0%
IX.	Health care and social services	1.8%	1.7%
X.	Manufacturing	7.2%	5.4%
XI.	Transportation, storage services and communications	17.8%	16.7%
XII.	Electricity, gas and water supply	17.7%	15.0%
XIII.	Other services, sports, leisure and recreational activities	0.3%	0.2%
XIV.	Other (natural persons, no PKD)	3.9%	5.2%
	Total industries	100.0%	100.0%

*On-balance sheet exposure comprising principal and capitalized interest includes local government and commercial bonds issued.

8.1.5. Concentration limits

The Bank's credit exposures did not exceed the statutory limits or the limits resulting from the internal regulations adopted by the Bank. The Bank's use of internal credit concentration limits as at 31 December 2016 vs. 31 December 2015:

No.	Limit type	Use as at 31.12.2016	Use as at 31.12.2015
	Industry group limits		
	1. Total industry group limit:	69.6%	67.6%
	1.1 Energy production and distribution	68.4%	84.5%
	1.2 Chemicals	20.6%	33.6%
	1.3 Petrochemicals/gas/oil/other (excluding coal)	68.3%	87.6%
	1.3.1 Sublimit: extraction/gas/oil/other (excluding coal)	25.0%	37.5%
	1.4 Coal mining	59.2%	67.8%
	1.4.1 Sublimit: coal extraction	77.3%	85.0%
I.	1.5 Construction (roads, railways, ports, commercial, other)	43.1%	51.5%
	1.5.1 Sublimit: commercial construction	26.2%	43.2%
	1.6 Telecommunications	45.0%	10.5%
	1.7 Transportation	63.2%	59.0%
	1.8 Utilities	68.2%	74.7%
	1.9 Medical	71.0%	71.6%
	1.10 Agri-food	23.6%	5.1%
	1.11 Defense	79.3%	87.0%
	1.12 Other	55.0%	75.9%
	Other limits		
II.	2. Exposure limit for local government entities	78.2%	84.3%
	3. Exposure limit for KUKE S.A. insured export financing solutions	47.6%	46.2%
	Limits which are not correlated with other limits		
	4. Exposure limit for mortgage loans	72.5%	64.7%
III.	5. Limit for specific reserves due to exposures resulting from hospital revolving loan collateralized by assignment of rights under a contract with the National Health Fund	57.9%	57.9%
	6. Exposure limit or guarantee for foreign financial institutions	0.0%	n/d

n/d – the limit structure changed in 2016, as a result of which new limits, which had not existed a year before, were introduced.

8.2. Capital adequacy requirements

In 2016 Bank's capital requirements were established in accordance with the Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No. 648/2012 (OJEC L 176 of 27 June 2013, p. 1), hereinafter referred to as CRR.

The Bank adapts the following methods of establishing capital requirements:

No.	Capital requirement due to:	Method	31.12.2016*	31.12.2015*
I.	credit risk and counterparty risk	standardized approach (Articles 111-141 of CRR)	2,898,779	2,148,764
		financial collateral comprehensive method (Articles 223-224 of CRR)		
II.	currency risk	foundation method (Article 351 of CRR)	0	0
III.	commodity risk	simple method (Article 360 of CRR)	0	0
IV.	trading portfolio risk, including:		123,121	50,160
	a) specific and general risk related to equity instruments	in line with Articles 342-343 of CRR	0	0
	b) specific risk related to debt instruments	in line with Article 336 of CRR	21	0
	c) general risk related to debt instruments	maturity ladder approach (Article 339 of CRR)	123,100	50,160
V.	credit valuation adjustment (CVA) risk	standardized approach (Article 384 of CRR)	61,088	26,384
VI.	settlement risk	in line with Articles 378-380 of CRR	0	0
VII.	risk of large exposures in the trading portfolio	in line with Article 397 of CRR	0	0
VIII.	operational risk	basic indicator approach (Articles 315-316 of CRR)	122,181	117,827
	Total		3,205,169	2,343,135

* figures including cash flow funds calculated in line with CRR

A rise in the total capital requirement between 31 December 2015 and 31 December 2016 was driven by:

- a higher capital requirement due to credit risk, in connection with development of the Bank's business in the area of corporate finance as well as purchase of investment certificates issued by Closed-End Investment Funds;
- a higher capital requirement due to counterparty risk, general interest rate risk in the trading portfolio and CVA risk as a result of an expanded scale of derivative transactions in the trading portfolio.

Between 31 December 2015 and 31 December 2016, the Bank satisfied the requirements set out in Article 128.1 of the Banking Law.

Selected capital adequacy ratios:

No.	Capital adequacy ratios	Supervisory capital adequacy requirements	As at 31.12.2016	As at 31.12.2015	Additional information – figures excluding cash flow funds	
					As at 31.12.2016	As at 31.12.2015
I.	CET1	min. 4.5%	30.1%	31.4%	30.1%	31.4%
II.	Tier 1	min. 6%	30.1%	31.4%	30.1%	31.4%
III.	Solvency ratio	min. 8%	30.6%	32.3%	30.6%	32.3%
IV.	Internal capital to total equity	max. 100%	31.1%	31.8%	31.1%	31.8%

A drop in the solvency ratio was mainly driven by a rise in the capital requirement due to credit risk, accompanied by an increase in equity resulting from the fact that the share capital of BGK was increased by the Treasury via transferring a Treasury Bonds in the amount of PLN 2.89 billion.

At least on an annual basis, the Bank reviews the process of estimating and maintaining its internal capital in order to ensure its completeness and appropriateness for the profile, scale and complexity of the operations carried out by the Bank.

8.3. Sources of deposits

Information concerning financial, non-financial and public sector client deposits has been broken down by geography, on the assumption that each region represents the location of the Bank's branch(es).

- As at 31 December 2016:

No.	Provinces	Total deposits	Financial sector entities	Non-financial sector entities	Central and local government institutions
I.	Lower Silesian	291,694	8,282	158,396	125,016
II.	Kuyavia-Pomerania	485,116	1	440,492	44,623
III.	Lublin	491,832	16,777	362,756	112,299
IV.	Lubusz	81,106	0	47,830	33,276
V.	Lodz	298,273	0	222,775	75,498
VI.	Lesser Poland	229,873	24,658	80,430	124,785
VII.	Mazovia	28,198,988	2,012,456	5,380,857	20,805,675
VIII.	Opole	133,862	4,108	91,881	37,873
IX.	Subcarpathian	270,440	194	226,809	43,437
X.	Podlaskie	272,528	1,005	211,863	59,660
XI.	Pomerania	598,021	125	491,183	106,713
XII.	Silesian	1,121,236	23,286	944,510	153,440
XIII.	Swietokrzyskie	146,385	10,063	86,577	49,745
XIV.	Warmian-Masurian	134,567	0	70,715	63,852
XV.	Greater Poland	2,922,714	40,764	2,756,728	125,222
XVI.	West Pomerania	222,760	16,653	117,186	88,921
	Total	35,899,395	2,158,372	11,690,988	22,050,035

Cash in bank account and deposits have been presented in Notes 17, 18 and 19.

- As at 31 December 2015:

No.	Provinces	Total deposits	Financial sector entities	Non-financial sector entities	Central and local government institutions
I.	Lower Silesian	310,518	458	211,578	98,482
II.	Kuyavia-Pomerania	129,083	0	89,580	39,503
III.	Lublin	301,538	16,555	218,374	66,609
IV.	Lubusz	41,061	0	16,385	24,676
V.	Lodz	222,387	0	161,095	61,292
VI.	Lesser Poland	236,458	14,080	89,602	132,776
VII.	Mazovia	14,788,226	1,891,599	2,297,208	10,599,419
VIII.	Opole	99,829	4,052	60,141	35,636
IX.	Subcarpathian	198,256	285	169,870	28,101
X.	Podlaskie	99,169	364	69,507	29,298
XI.	Pomerania	426,870	125	337,960	88,785
XII.	Silesian	701,501	6,630	587,046	107,825
XIII.	Swietokrzyskie	79,566	7,013	31,356	41,197
XIV.	Warmian-Masurian	101,725	0	30,847	70,878
XV.	Greater Poland	1,438,841	28,518	1,267,265	143,058
XVI.	West Pomerania	153,235	5,332	69,618	78,285
	Total	19,328,263	1,975,011	5,707,432	11,645,820

Cash in bank account and deposits have been presented in Notes 17, 18 and 19.

The deposit base of BGK is highly concentrated, mainly due to the fact that it is dominated by public sector entities.

Section	Industry*	As at 31.12.2016	As at 31.12.2015
A	Agriculture, forestry, hunting and fishing	19,136	30,888
B	Mining and extraction	541,335	277,473
C	Manufacturing	1,654,001	1,169,641
D	Generation and supply of electricity, gas, steam, hot water and air for A/C systems	3,770,988	1,181,886
E	Water supply, sewage and waste management and reclamation	518,128	192,734
F	Construction	882,368	475,314
G	Wholesale and retail sale; repair of motor vehicles, including motorcycles	607,762	413,620
H	Transportation and storage services	1,304,586	605,205
I	Accommodation and catering services	4,983	3,462
J	Information and communication	70,134	206,175
K	Financial and insurance services	3,681,724	2,453,256
L	Real estate market services	878,013	430,443
M	Professional, scientific and technical activity	1,161,917	1,312,764
N	Administration and supporting services	2,999	2,245
O	Public administration and national defense; mandatory social security	19,640,132	9,885,465
P	Education	151,012	51,959
Q	Health care and social services	543,802	393,874
R	Cultural, entertainment and recreational services	266,174	122,345
S	Other services	169,485	93,774
Total		35,868,679	19,302,523

*The industry analysis does not include individuals.

In addition to distribution of profit and capital injections, foreign loans and proceeds from bond issues constitute a major source of the Bank's funding. Funds are made available to the Bank under agreements concerning:

- residential construction support programs as at 31 December 2016:

No.	Lender	Parties to the agreement	Effective/termination date	Amount/subject matter of the agreement	Interest rate	Repayment terms		Principal as at 31.12.2016	Interest accrued for the period from 1.01.2016 to 31.12.2016	Interest due as at 31.12.2016
						Repayment of interest	Repayment of principal			
I.	Ministry of Finance using a loan granted by the Council of Europe Development Bank	Treasury / BGK	03.10.2001	PLN 630 million / increase in National Housing Fund funds	fixed – determined separately for each tranche	semi-annually – on 15.05 and 15.11	in annual installments – on 15.05 or 15.11, by 15.05.2017	4 935	2 240	33
			15.05.2017							
II.	European Investment Bank	EIB / BGK	20.12.2001	equivalent of EUR 10 million / urban renewal and social housing (National Housing Fund)	floating – in 3-month periods (determined by EIB)	quarterly – on 15.03, 15.06, 15.09 and 15.12	semi-annually – on 15.06 and 15.12, by 15.06.2021	15 327	325	13
			15.06.2021							
III.	European Investment Bank	EIB / BGK	21.06.2002	equivalent of EUR 200 million / urban renewal and social housing (National Housing Fund)	floating – in 3-month periods (determined by EIB)	quarterly – on 15.03, 15.06, 15.09 and 15.12	semi-annually – on 15.06 and 15.12, by 15.12.2026	439 938	8 628	382
			15.12.2026							
IV.	Council of Europe Development Bank	CEB / BGK	09.10.2002	PLN 700 million (no more than the equivalent of EUR 200 million) / construction and renovation of tenement houses (National Housing Fund)	floating – in 3-month periods; interest rate: WIBOR 3M + fixed mark-up determined separately for each tranche	quarterly – on 15.02, 15.05, 15.08 and 15.11	semi-annually or annually – on 15.05 and/or 15.11, by 15.05.2026	346 534	7 809	933
			15.05.2026							
Total								806 734	19 002	1 361

▪ residential construction support programs as at 31 December 2015:

No.	Lender	Parties to the agreement	Effective/termination date	Amount/subject matter of the agreement	Interest rate	Repayment terms		Principal as at 31.12.2015	Interest accrued for the period from 1.01.2015 to 31.12.2015	Interest due as at 31.12.2015
						Repayment of interest	Repayment of principal			
I.	Ministry of Finance using a loan granted by the Council of Europe Development Bank	Treasury / BGK	03.10.2001 15.05.2017	PLN 630 million / increase in National Housing Fund funds	fixed – determined separately for each tranche	semi-annually – on 15.05 and 15.11	in annual installments – on 15.05 or 15.11, by 15.05.2017	67 930	5 613	464
II.	European Investment Bank	EIB / BGK	20.12.2001 15.06.2021	equivalent of EUR 10 million / urban renewal and social housing (National Housing Fund)	floating – in 3-month periods (determined by EIB)	quarterly – on 15.03, 15.06, 15.09 and 15.12	semi-annually – on 15.06 and 15.12, by 15.06.2021	18 733	401	16
III.	European Investment Bank	EIB / BGK	21.06.2002 15.12.2026	equivalent of EUR 200 million / urban renewal and social housing (National Housing Fund)	floating – in 3-month periods (determined by EIB)	quarterly – on 15.03, 15.06, 15.09 and 15.12	semi-annually – on 15.06 and 15.12, by 15.12.2026	483 996	9 776	417
IV.	Council of Europe Development Bank	BRRE / BGK	09.10.2002 15.05.2026	PLN 700 million (no more than the equivalent of EUR 200 million) / construction and renovation of tenement houses (National Housing Fund)	floating – in 3-month periods; interest rate: WIBOR 3M + fixed mark-up determined separately for each tranche	quarterly – on 15.02, 15.05, 15.08 and 15.11	semi-annually or annually – on 15.05 and/or 15.11, by 15.05.2026	393 200	9 220	1 038
Total								963 859	25 010	1 935

▪ social rental housing fund as at 31 December 2016:

No.	Lender	Parties to the agreement	Effective/termination date	Amount/subject matter of the agreement	Interest rate	Repayment terms		Principal as at 31.12.2016	Interest accrued for the period from 1.01.2016 to 31.12.2016	Interest due as at 31.12.2016
						Repayment of interest	Repayment of principal			
I.	European Investment Bank	EIB / BGK	17.12.2015 31.01.2050	PLN 800 million / financing of a national program for the construction and renovation of social rental housing / low-cost housing units	floating – in 3-month periods (determined by EIB)	quarterly – on 15.03, 15.06, 15.09 and 15.12	quarterly 15.03, 15.06, 15.09, 15.12 from 16.12.2019 to 17.09.2046	240,000	281	281

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Total	240,000	281	281
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own activities – foreign loans as at 31 December 2016:

No.	Lender	Parties to the agreement	Date	Amount/subject matter of the agreement	Interest rate	Repayment terms		Principal as at 31.12.2016	Interest accrued for the period from 1.01.2016 to 31.12.2016	Interest due as at 31.12.2016
						Repayment of interest	Repayment of principal			
I.	European Investment Bank	EIB / BGK	20.12.2001	equivalent of EUR 40 million / regional development financing	floating – in 3-month periods (determined by EIB)	quarterly – on 15.03, 15.06, 15.09 and 15.12	semi-annually – on 15.06 and 15.12, by 15.12.2021	16,860	0	0
			15.06.2021					39,703	840	34
II.	European Investment Bank	EIB / BGK	12.07.2007	equivalent of EUR 100 million / regional development financing	floating – in 3-month periods (determined by EIB)	quarterly – on 15.03, 15.06, 15.09 and 15.12	semi-annually – on 15.06 and 15.12, from 15.06.2013 to 15.12.2022	211,782	4,335	184
			15.12.2022							
III.	European Investment Bank	EIB / BGK	05.06.2008	equivalent of EUR 100 million / regional development financing	floating – in 3-month periods (determined by EIB)	quarterly – on 15.03, 15.06, 15.09 and 15.12	semi-annually – on 15.06 and 15.12, from 15.06.2014 to 15.06.2024	310,409	6,220	269
			15.06.2024							
IV.	European Investment Bank	EIB / BGK	16.03.2010	EUR 50 million / regional development financing	floating – in 3-month periods (determined by EIB)	quarterly – on 15.03, 15.06, 15.09 and 15.12	semi-annually – on 15.03 and 15.09, from 15.03.2013 to 15.09.2018	66,092	1,122	44
			15.09.2018							
V.	European Investment Bank	EIB / BGK	09.10.2012	EUR 75 million / financing small and medium-scale industrial, tourism, services, infrastructure, power engineering, environmental protection, health care and educational projects	floating – in 3-month periods (determined by EIB)	quarterly – on 15.03, 15.06, 15.09 and 15.12	quarterly – on 15.03, 15.06, 15.09 and 15.12, from 15.12.2017 to 15.12.2022	313,313	6,197	293
			15.12.2022							
VI.	European Investment Bank	EIB / BGK	17.12.2013	EUR 125 million / project finance	floating – in 3-month periods (determined by EIB)	quarterly – on 15.03, 15.06, 15.09 and 15.12	quarterly - on 15.03, 15.06, 15.09 i 15.12 from 15.03.2019 to 15.03.2024	521,712	10,585	500
			17.06.2030							
VII.	European Investment Bank	EIB / BGK	03.03.2016	EUR 125 million / project finance	floating – in 3-month periods (determined by EIB)	quarterly – on 15.03, 15.06, 15.09 and 15.12	quarterly - on 15.03, 15.06, 15.09 i 15.12 from 15.09.2021 to 15.09.2026	281,151	1,452	269
			15.03.2033							
VIII.	KfW	KfW / BGK	11.02.2015	EUR 100 million / small and medium-sized enterprise financing	floating – in 6-month periods (determined by KfW)	semi-annually – on 15.03 and 15.09	semi-annually – on 15.03 and 15.09, from 15.03.2018 to 15.09.2024	221,200	636	133
			15.09.2024							
Total								1,982,222	31,387	1,726

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own activities – foreign loans as at 31 December 2015:

No.	Lender	Parties to the agreement	Date	Amount/subject matter of the agreement	Interest rate	Repayment terms		Principal as at 31.12.2015	Interest accrued for the period from 1.01.2015 to 31.12.2015	Interest due as at 31.12.2015
						Repayment of interest	Repayment of principal			
I.	European Investment Bank	EIB / BGK	20.12.2001	equivalent of EUR 40 million / regional development financing	floating – in 3-month periods (determined by EIB)	quarterly – on 15.03, 15.06, 15.09 and 15.12	semi-annually – on 15.06 and 15.12, by 15.12.2021	19.845	31	0
			15.06.2021					48.487	1.038	42
II.	European Investment Bank	EIB / BGK	12.07.2007	equivalent of EUR 100 million / regional development financing	floating – in 3-month periods (determined by EIB)	quarterly – on 15.03, 15.06, 15.09 and 15.12	semi-annually – on 15.06 and 15.12, from 15.06.2013 to 15.12.2022	247.079	5.163	213
			15.12.2022							
III.	European Investment Bank	EIB / BGK	05.06.2008	equivalent of EUR 100 million / regional development financing	floating – in 3-month periods (determined by EIB)	quarterly – on 15.03, 15.06, 15.09 and 15.12	semi-annually – on 15.06 and 15.12, from 15.06.2015 to 15.06.2024	351.797	7.135	303
			15.06.2024							
IV.	European Investment Bank	EIB / BGK	16.03.2010	EUR 50 million / regional development financing	floating – in 3-month periods (determined by EIB)	quarterly – on 15.03, 15.06, 15.09 and 15.12	semi-annually – on 15.03 and 15.09, from 15.03.2013 to 15.09.2018	99.138	1.669	65
			15.09.2018							
V.	European Investment Bank	EIB / BGK	09.10.2012	EUR 75 million / financing small and medium-scale industrial, tourism, services, infrastructure, power engineering, environmental protection, health care and educational projects	floating – in 3-month periods (determined by EIB)	quarterly – on 15.03, 15.06, 15.09 and 15.12	quarterly – on 15.03, 15.06, 15.09 and 15.12, from 15.12.2017 to 15.12.2022	313.312	6.402	292
			15.12.2022							
VI.	European Investment Bank	EIB / BGK	20.05.2015	PLN 150 million / financing the purchase of bonds issued by Pomorska Kolej Metropolitalna	Floating determined individually for every tranche	Determined upon disbursement	Determined upon disbursement	0	0	0
			30.12.2036							
VII.	European Investment Bank	EIB / BGK	17.12.2013	EUR 125 million / project finance	floating – in 3-month periods (determined by EIB)	quarterly – on 15.03, 15.06, 15.09 and 15.12	quarterly – on 15.03, 15.06, 15.09 and 15.12, from 15.03.2019 to 15.03.2024	521.712	10.927	498
			17.06.2030							
VIII.	KfW	KfW / BGK	11.02.2015	EUR 100 million / small and medium-sized enterprise financing	floating – in 6-month periods (determined by KfW)	semi-annually – on 15.03 and 15.09	semi-annually – on 15.03 and 15.09, from 15.03.2018 to 15.09.2024	213.075	436	279
			15.09.2024							
Total								1,814,445	32.801	1.692

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- own activities – own bond issues as at 31 December 2016:

No.	Lender	Effective/termination date	Amount/subject matter of the agreement	Interest rate	Repayment terms		Principal as at 31.12.2016	Interest accrued for the period from 1.01.2016 to 31.12.2016	Interest due as at 31.12.2016
					Repayment of interest	Repayment of principal			
I.	Bank Handlowy w Warszawie S.A. and MBANK S.A. (Arranger and Dealer)	2012-11-20	Under a program of PLN 10,000,000 thousand	floating	semi-annually	redemption at maturity	1,000,000	22,160	9,770
		2018-01-25	BGK own bond issue BGK0118BRE						
		2013-02-27	Under a program of PLN 10,000,000 thousand	floating	semi-annually	redemption at maturity	500,000	10,615	3,725
		2017-02-27	BGK own bond issue BGK BGK0217						
		2013-07-15	Under a program of PLN 10,000,000 thousand	floating	semi-annually	redemption at maturity	500,000	10,805	5,055
		2017-07-17	BGK own bond issue BGK BGK0717						
		2014-05-19	Under a program of PLN 10,000,000 thousand	floating	semi-annually	redemption at maturity	1,370,000	26,841	3,398
		2017-05-19	BGK own bond issue BGK0517BH2						
		2014-09-30	Under a program of PLN 10,000,000 thousand	fixed	annually	redemption at maturity	500,000	14,050	3,565
		2019-09-30	BGK own bond issue BGK0919						
		2015-02-19	Under a program of PLN 10,000,000 thousand	floating	semi-annually	redemption at maturity	1,392,000	28,842	10,760
		2019-02-19	BGK own bond issue BGK0219						
		2016-10-05	Under a program of PLN 10,000,000 thousand	floating	semi-annually	redemption at maturity	500,000	2,630	2,630
		2019-10-05	BGK own bond issue BGK1019						
Total							5,762,000	117,543	38,903

*excluding BGK0215 bonds redeemed during the financial year, i.e. on 05 October 2016. Interest accrued on the aforesaid bonds (between 1.01 and the redemption date) totaled PLN 10,525 thousand

own activities – own bond issues as at 31 December 2015:

No.	Lender	Effective/termination date	Amount/subject matter of the agreement	Interest rate	Repayment terms		Principal as at 31.12.2015	Interest accrued for the period from 1.01.2015 to 31.12.2015	Interest due as at 31.12.2015
					Repayment of interest	Repayment of principal			
I.	Bank Handlowy w Warszawie S.A. and MBANK S.A. (Arranger and Dealer)	2011-10-05	Under a program of PLN 10,000,000 thousand	floating	semi-annually	redemption at maturity	500,000	14,220	3,390
		2016-10-05	BGK own bond issue BGK1016						
		2012-11-20	Under a program of PLN 10,000,000 thousand	floating	semi-annually	redemption at maturity	1,000,000	23,980	9,770
		2018-01-25	BGK own bond issue BGK0118BRE						
		2013-02-27	Under a program of PLN 10,000,000 thousand	floating	semi-annually	redemption at maturity	500,000	11,430	3,740
		2017-02-27	BGK own bond issue BGK0217						
		2013-07-15	Under a program of PLN 10,000,000 thousand	floating	semi-annually	redemption at maturity	500,000	11,645	5,055
		2017-07-17	BGK own bond issue BGK0717						
		2015-05-19	Under a program of PLN 10,000,000 thousand	floating	semi-annually	redemption at maturity	1,370,000	28,277	3,384
		2017-05-19	BGK own bond issue BGK0517BH2						
		2015-09-30	Under a program of PLN 10,000,000 thousand	fixed	annually	redemption at maturity	500,000	13,990	3,555
		2019-09-30	BGK own bond issue BGK0919						
2015-02-19 2019-02-19	Under a program of PLN 10,000,000 thousand	floating	semi-annually	redemption at maturity	1,392,000	26,072	10,816		
	BGK own bond issue BGK0219								
Total							5,762,000	129,614*	39,710

*excluding BGK0215 bonds redeemed during the financial year, i.e. on 16 February 2015. Interest accrued on the aforesaid bonds (between 1.01 and the redemption date) totaled PLN 4,180 thousand

8.4. Changes in foreign branch subsidies

The Bank did not have any foreign branches between 1 January and 31 December 2016 or between 1 January and 31 December 2015.

8.5. Financial instruments

8.5.1. Characteristics of financial instruments

Cash comprises cash in hand and transactions with the Central Bank as well as cash held in the account of the Social Benefits Fund. Information concerning cash items used for purposes of preparation of the cash flow statement has been presented in Section 8.40.

The portfolio of financial assets measured at fair value through profit or loss includes financial assets held for trading (debt securities and derivative instruments) as well as financial assets designated as measured at fair value on initial recognition (debt securities issued by the Treasury and local governments).

Financial assets designated as measured at fair value through profit or loss on initial recognition have been presented in Note 11(c,d). A description of derivative instruments has been provided in Section 8.5.2.

The portfolio of financial assets available for sale includes debt securities (bonds, money bills of the National Bank of Poland, certificates of deposit issued by banks and commercial bills issued by banks), in addition to shares, investment certificates and other financial instruments presented in Note 11(b).

Loans and receivables comprise cash in nostro accounts and loro account overdrafts, interbank deposits made by the Bank, receivables due to reverse repo and buy-sell-back transactions, loans granted by the Bank (along with overdraft facilities), purchased debt, used guarantees and surety bonds as well as receivables in transit. This portfolio also comprises debt securities which meet the definition of loans.

Presented below are the key terms of agreements involving financial instruments, which may affect the value, date and degree of certainty of future cash flows:

- on 22 December 2014, the Bank executed Annex 2 to the Program Agreement of 17 January 2011 whereby the term of the Debt Security Issue Program was extended and its amount increased to PLN 10,000,000 thousand. The term of the program was extended until 31 December 2018. The Program enables the Bank to secure stable sources of funding for its operations;
- on 25 September 2015, the Bank executed Annex 3 to the Program Agreement of 17 January 2011 whereby the Debt Security Issue Program was brought into line with the new Act on Bonds of 15 January 2015. The remaining terms of the Program were not changed. In 2016 there were no changes on the Program Agreement.

Items of financial assets and financial liabilities have been presented in the tables below.

- As at 31 December 2016:

No.	Item	Opening balance	Increases	Decreases	Closing balance
	Financial assets	38,070,083	34,332,441	6,446,350	65,956,174
	1. Financial assets measured at fair value through profit or loss	478,787	210,815	74,396	615,206
	a) held for trading	345,220	206,421	72,833	478,808
	- debt securities	119,552	2,701	72,726	49,527
	- derivative instruments	225,668	203,720	107	429,281
	b) financial assets designated as measured at fair value through profit or loss on initial recognition	133,567	4,394	1,563	136,398
I.	2. Loans and other receivables	23,177,879	12,304,407	3,030,202	32,452,084
	a) receivables from the financial sector	2,129,544	1,996,852	439,024	3,687,372
	b) receivables from the non-financial sector	13,944,642	6,905,166	1,530,001	19,319,807
	c) receivables from the public sector	5,929,980	629,215	1,061,177	5,498,018
	d) receivables due to reverse repo and buy-sell-back transactions	1,173,713	2,773,174	0	3,946,887
	3. Financial assets available for sale	14,413,417	21,817,219	3,341,752	32,888,884
	a) debt securities	13,094,021	20,888,579	3,214,778	30,767,822
	b) shares in other entities	826,245	70,599	86,412	810,432
	c) other securities and other financial assets	493,151	858,041	40,562	1,310,630
	Financial liabilities	32,812,953	26,165,995	5,622,132	53,356,816
	1. Financial liabilities measured at fair value through profit or loss	242,258	384,260	18,513	608,005
	- derivative instruments	242,258	384,260	18,513	608,005
	2. Financial liabilities measured at amortized cost	32,570,695	25,781,735	5,603,619	52,748,811
II.	a) liabilities to the financial sector	4,889,197	2,154,384	1,403,192	5,640,389
	b) liabilities to the non-financial sector	6,581,657	7,150,065	744,474	12,987,248
	c) liabilities to the public sector	12,414,358	12,465,923	2,312,194	22,568,087
	d) liabilities due to repo and sell-buy-back transactions	2,883,773	3,511,363	642,952	5,752,184
	e) liabilities due to issue of debt securities	5,801,710	500,000	500,807	5,800,903

As at 31 December 2015:

No.	Item	Opening balance	Increases	Decreases	Closing balance
	Financial assets	45,464,613	11,790,508	19,185,038	38,070,083
	1. Financial assets measured at fair value through profit or loss	873,109	164,933	559,255	478,787
	a) held for trading	824,948	77,233	556,961	345,220
	- debt securities	298,902	222	179,572	119,552
	- derivative instruments	526,046	77,011	377,389	225,668
	b) financial assets designated as measured at fair value through profit or loss on initial recognition	48,161	87,700	2,294	133,567
I.	2. Loans and other receivables	22,880,666	8,267,283	7,970,070	23,177,879
	a) receivables from the financial sector	2,394,042	844,976	1,109,474	2,129,544
	b) receivables from the non-financial sector	10,117,627	6,323,774	2,496,759	13,944,642
	c) receivables from the public sector	5,474,554	600,982	145,556	5,929,980
	d) receivables due to reverse repo and buy-sell-back transactions	4,894,443	497,551	4,218,281	1,173,713
	3. Financial assets available for sale	21,710,838	3,358,292	10,655,713	14,413,417
	a) debt securities	21,500,109	2,081,255	10,487,343	13,094,021
	b) shares in other entities	151,616	842,999	168,370	826,245
	c) other securities and other financial assets	59,113	434,038	0	493,151
	Financial liabilities	40,276,230	14,874,290	22,337,567	32,812,953
	1. Financial liabilities measured at fair value through profit or loss	536,101	86,186	380,029	242,258
	- derivative instruments	536,101	86,186	380,029	242,258
	2. Financial liabilities measured at amortized cost	39,740,129	14,788,104	21,957,538	32,570,695
II.	a) liabilities to the financial sector	4,282,615	1,547,508	940,926	4,889,197
	b) liabilities to the non-financial sector	3,614,517	3,362,486	395,346	6,581,657
	c) liabilities to the public sector	25,276,079	6,614,321	19,476,042	12,414,358
	d) liabilities due to repo and sell-buy-back transactions	1,145,814	1,737,995	36	2,883,773
	e) liabilities due to issue of debt securities	5,421,104	1,525,794	1,145,188	5,801,710

The Bank's assets, equity and liabilities by currency as at 31 December 2016 and 31 December 2015:

No.	Assets	As at 31.12.2016	As at 31.12.2015
I.	USD	1,063,532	923,512
II.	CHF	54,085	61,113
III.	EUR	9,205,498	5,239,579
IV.	Other foreign currencies	81,206	333,267
V.	PLN	56,853,855	36,861,580
	Total assets	67,258,176	43,419,051

No.	Liabilities	As at 31.12.2016	As at 31.12.2015
I.	USD	118,668	76,160
II.	CHF	4,994	4,369
III.	EUR	8,425,145	7,445,583
IV.	Other foreign currencies	7,248	6,304
V.	PLN	58,702,121	35,886,635
	Total equity and liabilities	67,258,176	43,419,051

▪ Currency position as at 31 December 2016:

No.	Currency	On-balance sheet accounts		Off-balance sheet accounts		Open position		Percentage share of open positions in the Bank's equity*
		Assets	Liabilities	Assets	Liabilities	Long	Short	
I.	USD	1,063,532	118,668	10,628,888	11,627,153	0	53,401	0.4
II.	CHF	54,085	4,994	5,740,381	5,791,712	0	2,240	0.0
III.	EUR	9,205,498	8,425,145	14,194,493	15,046,230	0	71,384	0.6
IV.	Other foreign currencies	81,206	7,248	1,851,276	1,904,921	20,313	0	0.2
Total foreign currencies		10,404,321	8,556,055	32,415,038	34,370,016	20,313	127,025	1.2

▪ Currency position as at 31 December 2015:

No.	Currency	On-balance sheet accounts		Off-balance sheet accounts		Open position		Percentage share of open positions in the Bank's equity*
		Assets	Liabilities	Assets	Liabilities	Long	Short	
I.	USD	923,512	76,160	2,968,363	3,902,940	0	87,225	0.9
II.	CHF	61,113	4,369	5,492,351	5,552,196	0	3,101	0.0
III.	EUR	5,239,579	7,445,583	6,852,638	4,653,167	0	6,533	0.1
IV.	Other foreign currencies	333,267	6,304	54,406	362,381	18,988	0	0.2
Total foreign currencies		6,557,471	7,532,416	15,367,758	14,470,684	18,988	96,859	1.2

Additional information concerning financial assets and financial liabilities has been presented in the notes to the balance sheet.

8.5.2. Characteristics of derivative instruments

Presented below is basic information concerning derivative instruments as at 31 December 2016.

No.	Type of financial instrument	The aim of acquiring or writing the financial instrument	The amount, which is a base of a calculation of future payments	The amount and date of future income or cash payments	The date of fixing, maturity, expiration of the financial instruments	The possibility of an earlier settlement	Price or range of price of exercising the instrument	The possibility of exchange for other financial asset or liability	Interest rate or amount of interests, dividend or any other income as well as the date of payment	Additional collaterals concerning financial instrument, either put up or taken over	Additional collaterals concerning financial instrument that can be exchanged for, either put up or taken over	Other conditions concerned with financial instrument	Type of risk concerning financial instrument	Sum of existing liabilities arising out of position taken on financial instrument	Number of transactions	Valuation
I.	FX SWAP	Held - for - trading	3,208,153	3,215,044	03.01.2017 - 31.08.2017	None	EUR/CHF 1.0828 - 1.0828 EUR/CZK 26.974 - 26.974 EUR/PLN 4.328 - 4.5165 USD/PLN 4.136 - 4.2168	None	Variable	377,365	None	None	Foreign exchange risk Interest rate risk Operational risk	3,208,615	26	682
II.	FX FWD	Held - for - trading	737,055	743,250	04.01.2017 - 31.01.2019	None	EUR/PLN 4.6175 - 4.297 EUR/USD 1.0747 - 1.1256 GBP/PLN 5.205 - 5.24 USD/PLN 3.8492 - 4.0639	None	Variable		None	None	Foreign exchange risk Interest rate risk Operational risk	737,673	180	9,946
III.	IRS	Held - for - trading	7,733,990	463,800	27.03.2017 - 15.06.2027	None	USD 2.1 - 0.7 EUR -0.3 - 5.625 PLN 1.5 - 6.7	None	Variable		None	None	Foreign exchange risk Interest rate risk Operational risk	466,954	98	-209,679
IV.	CIRS	Held - for - trading	29,547,551	34,180,046	26.08.2019 - 04.04.2026	None	GBP 4 - 2.075 USD 0.5 - 4 CHF 0.5 - 3.25	None	Variable		None	None	Foreign exchange risk Interest rate risk Operational risk	34,151,780	69	19,771
V.	BondOption	Held - for - trading	50,000	556	09.01.2017 - 09.01.2017	None	96.7972	None	Variable		None	None	Foreign exchange risk Interest rate risk Operational risk	-	1	556

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Presented below is basic information concerning derivative instruments as at 31 December 2015:

No.	Type of financial instrument	The aim of acquiring or writing the financial instrument	The amount, which is a base of a calculation of future payments	The amount and date of future income or cash payments	The date of fixing, maturity, expiration of the financial instruments	The possibility of an earlier settlement	Price or range of price of exercising the instrument	The possibility of exchange for other financial asset or liability	Interest rate or amount of interests, dividend or any other income as well as the date of payment	Additional collaterals concerning financial instrument, either put up or taken over	Additional collaterals concerning financial instrument that can be exchanged for, either put up or taken over	Other conditions concerned with financial instrument	Type of risk concerning financial instrument	Sum of existing liabilities arising out of position taken on financial instrument	Number of transactions	Valuation
I.	FX SWAP	Held - for - trading	2,810,112	2,807,814	07.01.2016-20.06.2016	None	EUR/PLN 4,241 - 4,2931 USD/PLN 3,873 - 4,0290 EUR/CHF 1,0851 EUR/CAD 1,4925 EUR/USD 1,0932 - 1,0919	None	Variable	172,704	None	None	Foreign exchange risk Interest rate risk Operational risk	2,819,911	34	-9,232
II.	FX FWD	Held - for - trading	475,234	475,186	05.01.2016 - 15.06.2018	None	EUR/PLN 4,22 - 4,39 EUR/USD 1,09 - 1,013 USD/PLN 3,7 - 3,92	None	Variable		None	None	Foreign exchange risk Interest rate risk Operational risk	478,428	378	-2,402
III.	IRS	Held - for - trading	1,862,580	73,714	01.02.2016 - 31.12.2021	None	0,12 - 6,7	None	Variable		None	None	Foreign exchange risk Interest rate risk Operational risk	12,042	43	-13,000
IV.	CIRS	Held - for - trading	11,763,547	12,689,263	24.04.2016-21.01.2024	None	EUR/CHF 0,504 - 1,5 GBP/PLN 1,485 USD/CHF 4	None	Variable		None	None	Foreign exchange risk Interest rate risk Operational risk	46,242	31	7,460
V.	BondOption	Held - for - trading	87,000	584	11.01.2016	None	97,09 - 98,95	None	Variable		None	None	Interest rate risk Operational risk	0	2	584

8.5.3. Recognition of financial instruments purchased on the regulated market in the accounting records of the Bank

Financial instruments which have been purchased on the regulated market are recognized in the accounting records of the Bank at the transaction date at cost, i.e. the fair value as at that date.

8.5.4. Exposure to interest rate risk

The Bank's interest rate gap as at 31 December 2016 is presented in the table below.

No.	On-balance sheet items	Repricing dates						Total	
		≤1 month	1-3 months	3-6 months	6-12 months	1-3 years	3-5 years		>5 years
	Assets	37,596,375	12,216,631	8,398,070	990,867	5,069,413	532,126	189,362	64,992,844
I.	1. Accounts with the National Bank of Poland	638,441	0	0	0	0	0	0	638,441
	2. Nostro accounts	1,562,432	0	0	0	0	0	0	1,562,432
	3. Interbank deposits	1,103,000	0	0	0	0	0	0	1,103,000
	4. Loan receivables	12,053,809	6,912,826	1,625,093	138,660	354,667	95,406	2,238	21,182,699
	5. Securities	18,292,416	5,303,805	6,772,977	852,207	4,714,746	436,720	187,124	36,559,995
	6. Receivables due to conditional purchase of securities	3,946,277	0	0	0	0	0	0	3,946,277
	Equity and liabilities	38,699,499	8,841,768	2,776,304	283,023	500,500	0	0	51,101,094
II.	1. Deposits	31,448,715	3,925,747	901,369	283,023	500	0	0	36,559,354
	2. Loans taken out	0	3,024,021	4,935	0	0	0	0	3,028,956
	3. Liabilities due to conditional sale of securities	5,750,784	0	0	0	0	0	0	5,750,784
	4. Liabilities due to issue of debt securities	1,500,000	1,892,000	1,870,000	0	500,000	0	0	5,762,000
III.	Gap at repricing date ranges	-1,103,124	3,374,863	5,621,766	707,844	4,568,913	532,126	189,362	13,891,750
IV.	Accumulated gap	-1,103,124	2,271,739	7,893,505	8,601,349	13,170,262	13,702,388	13,891,750	

No.	Off-balance sheet items	Repricing dates						Total	
		≤1 month	1-3 months	3-6 months	6-12 months	1-3 years	3-5 years		>5 years
I.	Derivative transactions – assets	5,840,611	1,290,914	1,757,025	372,888	3,981,468	6,029,775	22,334,619	41,607,300
II.	Derivative transactions – equity and liabilities	5,640,820	1,813,037	1,316,905	340,194	3,990,154	6,224,962	22,256,129	41,582,201
III.	Gap at repricing date ranges	199,791	-522,123	440,120	32,694	-8,686	-195,187	78,490	25,099
IV.	Accumulated gap	199,791	-322,332	117,788	150,482	141,796	-53,391	25,099	

The Bank's interest rate gap as at 31 December 2015 is presented in the table below.

No.	On-balance sheet items	Repricing dates						Total	
		≤1 month	1-3 months	3-6 months	6-12 months	1-3 years	3-5 years		>5 years
	Assets	20,415,746	9,207,478	6,957,524	2,258,947	2,096,731	694,371	421,233	42,052,030
	1. Accounts with the National Bank of Poland	4,874,705	0	0	0	0	0	0	4,874,705
	2. Nostro accounts	616,666	0	0	0	0	0	0	616,666
I.	3. Interbank deposits	202,000	167,033	5,000	0	0	0	0	374,033
	4. Loan receivables	11,877,973	4,413,003	695,685	84,475	292,308	66,894	181,325	17,611,663
	5. Securities	1,670,797	4,627,442	6,256,839	2,174,472	1,804,423	627,477	239,908	17,401,358
	6. Receivables due to conditional purchase of securities	1,173,605	0	0	0	0	0	0	1,173,605
	Equity and liabilities	22,856,578	5,840,696	2,090,784	245,384	9,935	500,500	0	31,543,877
	1. Deposits	18,473,263	1,238,322	184,688	218,485	5,000	500	0	20,120,258
II.	2. Loans taken out	0	2,710,374	36,096	26,899	4,935	0	0	2,778,304
	3. Liabilities due to conditional sale of securities	2,883,315	0	0	0	0	0	0	2,883,315
	4. Liabilities due to issue of debt securities	1,500,000	1,892,000	1,870,000	0	0	500,000	0	5,762,000
III.	Gap at repricing date ranges	-2,440,832	3,366,782	4,866,740	2,013,563	2,086,796	193,871	421,233	10,508,153
IV.	Accumulated gap	-2,440,832	925,950	5,792,690	7,806,253	9,893,049	10,086,920	10,508,153	

No.	Off-balance sheet items	Repricing dates						Total	
		≤1 month	1-3 months	3-6 months	6-12 months	1-3 years	3-5 years		>5 years
I.	Derivative transactions – assets	7,942,162	1,002,187	790,600	478,069	460,772	4,366,780	7,331,484	22,372,054
II.	Derivative transactions – equity and liabilities	7,951,461	884,624	825,355	339,792	544,522	4,423,793	7,418,591	22,388,138
III.	Gap at repricing date ranges	-9,299	117,563	-34,755	138,277	-83,750	-57,013	-87,107	-16,084
IV.	Accumulated gap	-9,299	108,264	73,509	211,786	128,036	71,023	-16,084	

As compared to 31 December 2015, the accumulated interest rate gap for the Bank's balance sheet increased from PLN 10.5 billion to PLN 13.9 billion, mainly as a result of increase the statutory fund of BGK by the Treasury through the transfer of Treasury Bonds.

The aforementioned interest rate gaps do not include non-interest bearing items:

- for assets – loans classified as bad debt, fair value adjustments to loans granted from the former National Housing Fund, non-interest bearing current nostro accounts, shares, investment certificates, specific reserves and other assets (i.e. tangible and intangible assets);
- for equity and liabilities – non-interest bearing current accounts payable on demand, equity, net profit and other equity and liabilities.

8.5.5. Exposure to credit risk

Information concerning the exposure to credit risk, including the total credit exposures being off-balance sheet assets or liabilities, less the value of specific reserves and impairment losses recognized by the Bank, excluding legal security, which serves as the basis for calculation of the requirement referred to in Article 128 of the Banking Law (Journal of Laws of 2016, item 1988) as well as the value of legal security and other items reducing the capital requirement due to credit risk, is presented in the tables below (off-balance sheet liabilities do not include CCF).

- As at 31 December 2016:

No.	Exposure class	A. Off-balance sheet assets and liabilities exposed to credit risk, based on which the requirement is calculated, less specific reserves and impairment losses	B. Legal security and other items affecting the value of off-balance sheet assets and liabilities exposed to risk	Off-balance sheet assets and liabilities exposed to credit risk, based on which the requirement is calculated, including legal security and other items affecting their value A + B
I.	Exposures to central governments and/or central banks	56,784,279	3,859,717	60,643,996
II.	Exposures to local governments and/or local authorities	6,135,620	565,114	6,700,734
III.	Exposures to public sector entities	661,689	-137,573	524,116
IV.	Exposures to institutions	7,697,779	-2,272,655	5,425,124
V.	Exposures to enterprises	29,430,961	-5,376,741	24,054,220
VI.	Retail exposures	1,013,437	-1,104	1,012,333
VII.	Mortgage-backed exposures	5,931,254	-300,002	5,631,252
VIII.	Default exposures	2,501,134	-82,483	2,418,651
IX.	Items related to particularly high risk	2,329,495	-143,497	2,185,998
X.	Equity exposures	1,344,591	0	1,344,591
XI.	Other items	868,160	0	868,160

Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No. 648/2012 applies. Data with exclusion of float funds.

- As at 31 December 2015:

No.	Exposure class	A. Off-balance sheet assets and liabilities exposed to credit risk, based on which the requirement is calculated, less specific reserves and impairment losses	B. Legal security and other items affecting the value of off-balance sheet assets and liabilities exposed to risk	Off-balance sheet assets and liabilities exposed to credit risk, based on which the requirement is calculated, including legal security and other items affecting their value A + B
I.	Exposures to central governments and/or central banks	41,880,853	4,789,795	46,670,648
II.	Exposures to local governments and/or local authorities	6,699,837	610,101	7,309,938
III.	Exposures to public sector entities	675,720	-176,833	498,887
IV.	Exposures to institutions	4,491,780	-920,995	3,570,785
V.	Exposures to enterprises	23,391,918	-4,796,745	18,595,173
VI.	Retail exposures	1,261,606	-1,111	1,260,495
VII.	Mortgage-backed exposures	4,860,541	-325,538	4,535,003
VIII.	Default exposures	1,702,072	-79,467	1,622,605
IX.	Items related to particularly high risk	1,832,532	-661,604	1,170,928
X.	Equity exposures	1,090,200	0	1,090,200
XI.	Other items	789,030	0	789,030

Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No. 648/2012 applies. Data with exclusion of float funds.

8.5.6. Financial assets available for sale or measured at fair value through profit or loss, the fair value of which could not be measured reliably

As at 31 December 2016 and 31 December 2015, the Bank held shares in four guarantee funds and other entities, classified as financial assets available for sale, which were measured at cost less impairment losses. Detailed information has been presented below.

- As at 31 December 2016:

No.	Item	Cost	Impairment losses	Carrying amount
I.	Polski Fundusz Rozwoju S.A. (formerly Polskie Inwestycje Rozwojowe S.A.)	15,000	0	15,000
II.	European Investment Fund	8,326	0	8,326
III.	Mazowiecki Fundusz Poręczeń Kredytowych Sp. z o.o.	3,460	0	3,460
IV.	Pomorski Regionalny Fundusz Poręczeń Kredytowych Sp. z o.o.	2,000	0	2,000
V.	Toruński Fundusz Poręczeń Kredytowych Sp. z o.o.	1,490	0	1,490
VI.	Lubuski Fundusz Poręczeń Kredytowych Sp. z o.o.	3,000	0	3,000
VII.	S.W.I.F.T	125	0	125
VIII.	Krajowy Fundusz Kapitałowy S.A.	43,800	43,800	0
IX.	Huta Jedność S.A. in liquidation	116	116	0
X.	FPK Sp. z o. o Jastrzębie Zdrój in liquidation	282	282	0
XI.	Shares obtained from State Treasury*	1 096	1 096	0
	Total	78,695	45,294	33,401

* Metanel, Wałbrzyski Rynek Hurtowy, Zakłady Sprzętu Instalacyjnego Polam - Nakło S.A.

• As at 31 December 2015:

No.	Item	Cost	Impairment losses	Carrying amount
I.	Polskie Inwestycje Rozwojowe S.A. (at present Polski Fundusz Rozwoju S.A.)	15,000	0	15,000
II.	European Investment Fund	8,020	0	8,020
III.	Mazowiecki Fundusz Poręczeń Kredytowych Sp. z o.o.	3,460	0	3,460
IV.	Pomorski Regionalny Fundusz Poręczeń Kredytowych Sp. z o.o.	2,000	0	2,000
V.	Toruński Fundusz Poręczeń Kredytowych Sp. z o.o.	1,490	0	1,490
VI.	Lubuski Fundusz Poręczeń Kredytowych Sp. z o.o.	3,000	0	3,000
VII.	S.W.I.F.T	120	0	120
VIII.	Krajowy Fundusz Kapitałowy S.A.	33,800	33,800	0
	Total	66,890	33,800	33,090

8.5.7. Financial assets and financial liabilities which are not measured at fair value

In the absence of expected considerable differences between the carrying amounts and the fair values of selected groups of financial instruments, resulting from the characteristics of such groups (such as short term, high correlation with market parameters), it was assumed that their carrying amounts correspond to the fair values. The foregoing concerns such items as cash and balances with the Central Bank, short-term deposits and interbank deposits.

The fair value of credit exposures was measured using the discounted cash flow method at an interest rate appropriate for each credit transaction (taking into account the market risk margin). For irregular exposures, the value was estimated based on historical loss parameters for similar exposures.

The fair value of the Bank's assets due to debt securities classified as loans and other receivables was estimated using a measurement technique consisting in discounting future cash flows, where a curve based on WIBOR rates up to one year (inclusive), IRS rate over one year and FRA rate were used as the projection curve, while a curve based on the yield on T-bonds, shifted by the credit spread, was used as the discount curve.

The fair value of the Bank's liabilities due to issue of debt securities was determined on the basis of:

- quoted prices in the Catalyst system – for publically traded bonds;
- a measurement technique consisting in discounting future cash flows – for other securities – where a curve based on WIBOR rates up to one year (inclusive), IRS rate over one year and FRA rate were used as the projection curve, while a curve based on the yield on T-bonds, shifted by the credit spread, was used as the discount curve.

In the case of other assets and liabilities which are not measured at fair value the Bank assumed that there were no major differences between the fair value of an asset or liability and its carrying amount.

Presented below are the fair values of financial assets and financial liabilities which are not measured at fair value.

▪ As at 31 December 2016:

No.	Item	Carrying amount	Fair value	Difference
I.	Receivables from the non-financial sector and the public sector*	24,220,324	24,724,332	504,008
II.	Issue of own securities	5,800,903	5,809,609	8,706

* The calculation of the carrying amount of receivables comprises principal and interest less the effective interest method measurement, adjustment to fair value measurement of receivables as at the acquisition date (National Housing Fund portfolio), provisions and restricted revenue recognized under equity and liabilities in the amount of PLN 597,501 thousand

▪ As at 31 December 2015:

No.	Item	Carrying amount	Fair value	Difference
I.	Receivables from the non-financial sector and the public sector*	19,273,395	19,592,104	318,709
II.	Issue of own securities	5,801,710	5,843,364	41,654

*The calculation of the carrying amount of receivables comprises principal and interest less the effective interest method measurement, adjustment to fair value measurement of receivables as at the acquisition date (National Housing Fund

portfolio), provisions and restricted revenue recognized under equity and liabilities in the amount of PLN 601,227 thousand

8.5.8. Financial assets converted into securities or repurchase agreements

In 2016, the Bank has not converted financial assets into securities or repurchase agreements.

In 2015, the Bank took up shares in Bioton S.A. and in Polnord S.A. in return for debt of Petrolinvest S.A. The relevant information has been provided in Note 9(b).

8.5.9. Agreements made by the Bank and resulting in origination of financial instruments

As at 31 December 2016, the Bank's portfolio included eight credit commitments totaling PLN 32,991 thousand.

As at 31 December 2015, the Bank's portfolio included four credit commitments totaling PLN 62,388 thousand.

The total value of off-balance sheet liabilities related to financing commitments has been presented in Note 27.

8.5.10. Transfer of property rights

Between 1 January and 31 December 2016 and between 1 January and 31 December 2015, no property rights classified as financial assets, which were not derecognized, were transferred (asset transfers).

8.5.11. Liens

Between 1 January and 31 December 2016 and between 1 January and 31 December 2015, there were no liens on the Bank's assets.

8.5.12. Effects of fair value measurement of financial assets available for sale

Financial assets available for sale are measured at fair value and their values have been presented in Note 11(b) to these financial statements.

8.5.13. Revenue and expenses related to financial assets available for sale which have been derecognized (sold, liquidated)

Gains and losses on derecognized financial assets available for sale have been presented in Note 31.

8.5.14. Sold financial assets whose fair value could not be estimated reliably before

Between 1 January and 31 December 2016 and between 1 January and 31 December 2015, the Bank did not sell any financial assets whose fair value had not been estimated reliably before.

8.5.15. Value and category of reclassified assets, reclassification reasons and changes in classification of financial assets

Between 1 January and 31 December 2016 and between 1 January and 31 December 2015, the Bank did not reclassify any assets to other accounting categories.

8.5.16. Impairment

Information concerning impairment has been presented in Note 16.

8.5.17. Realized and unrealized interest

Realized and unrealized interest has been presented in the tables below:

- for the period from 1 January to 31 December 2016:

No.	Interest on assets	Realized interest	Unrealized interest	Total
	Loans and receivables	796,330	36,367	832,697
I.	1. Financial sector	124,339	4,662	129,001
	2. Non-financial sector	519,443	25,844	545,287
	3. Public sector	152,548	5,861	158,409
II.	Financial assets held for trading	4,369	1,165	5,534
III.	Financial assets available for sale	480,486	7,672	488,158
	Total	1,281,185	45,204	1,326,389

No.	Interest on liabilities	Realized interest	Unrealized interest	Total
	Financial liabilities	667,555	61,086	728,641
I.	1. Financial sector	161,868	45,161	207,029
	2. Non-financial sector	105,228	13,681	118,909
	3. Public sector	400,459	2,244	402,703
	Total	667,555	61,086	728,641

- for the period from 1 January to 31 December 2015:

No.	Interest on assets	Realized interest	Unrealized interest	Total
	Loans and receivables	685,136	25,370	710,506
I.	1. Financial sector	114,543	2,874	117,417
	2. Non-financial sector	420,237	17,401	437,638
	3. Public sector	150,356	5,095	155,451
II.	Financial assets held for trading	2,941	1,465	4,406
III.	Financial assets available for sale	376,224	44,043	420,267
	Total	1,064,301	70,878	1,135,179

No.	Interest on liabilities	Realized interest	Unrealized interest	Total
	Financial liabilities	449,861	49,055	498,916
I.	1. Financial sector	173,730	43,627	217,357
	2. Non-financial sector	59,141	4,344	63,485
	3. Public sector	216,990	1,084	218,074
	Total	449,861	49,055	498,916

Differences between total interest on assets and total interest income in the Bank's profit or loss and between total interest on liabilities and total interest expense in the Bank's profit or loss result from recognition of interest expense due to premium on transactions in debt securities of PLN 118,423 thousand in 2016 (PLN 187,342 thousand in 2015) in the amount of interest expense related to receivables from the public sector, as presented in Note 28.

8.5.18. Non-interest bearing loans

As at 31 December 2016, non-interest bearing receivables of the Bank amounted to PLN 22,215 thousand vs. PLN 49,162 thousand at the end of 2015.

8.5.19. Nominal value of underlying instruments in derivative contracts

Presented below is information concerning the nominal value of underlying instruments in derivative contracts:

- CIRS, IRS and Bond Options as at 31 December 2016:

No.	Type of contract	Base currency	Quote currency	Nominal value of base currency	Nominal value
					(PLN)
I.	<i>CIRS</i>	EUR	CHF	1,800,000	7,963,200
II.	<i>CIRS</i>	EUR	CNY	797,363	3,527,536
III.	<i>CIRS</i>	USD	CHF	1,000,000	4,179,300
IV.	<i>CIRS</i>	EUR	PLN	20,000	88,480
V.	<i>CIRS</i>	EUR	USD	3,098,522	13,707,861
VI.	<i>CIRS</i>	EUR	GBP	15,779	69,806
VII.	<i>IRS</i>	EUR	EUR	114,652	507,220
VIII.	<i>IRS</i>	PLN	PLN	6,445,629	6,445,629
IX.	<i>IRS</i>	USD	USD	186,775	780,588

- FX FWD and FX SWAP as at 31 December 2016:

No.	Type of contract	Type of underlying instrument		Nominal value of base currency	Nominal value
		To be received (purchased)	To be delivered (sold)		(PLN)
I.	<i>FWD</i>	EUR	PLN	111,221	492,040
II.	<i>FWD</i>	PLN	EUR	1,024	4,530
III.	<i>FWD</i>	PLN	GBP	812	4,175
IV.	<i>FWD</i>	PLN	USD	96	401
V.	<i>FWD</i>	USD	EUR	42,272	187,010
VI.	<i>FWD</i>	USD	PLN	11,700	48,898
VII.	<i>FXSWAP</i>	CHF	EUR	11,500	50,876
VIII.	<i>FXSWAP</i>	CZK	EUR	12,577	55,640
IX.	<i>FXSWAP</i>	EUR	PLN	365,028	1,614,885
X.	<i>FXSWAP</i>	PLN	EUR	17,117	75,725
XI.	<i>FXSWAP</i>	PLN	USD	2,623	10,962
XII.	<i>FXSWAP</i>	USD	PLN	335,000	1,400,066

- CIRS, IRS and OIS as at 31 December 2015:

No.	Type of contract	Base currency	Quote currency	Nominal value of base currency	Nominal value
					(PLN)
I.	<i>CIRS</i>	EUR	CHF	1,800,000	7,670,700
II.	<i>CIRS</i>	USD	CHF	1,000,000	3,901,100
III.	<i>CIRS</i>	EUR	PLN	20,000	85,230
IV.	<i>CIRS</i>	GBP	PLN	18,409	106,517
V.	<i>IRS</i>	EUR	EUR	111,544	475,344
VI.	<i>IRS</i>	PLN	PLN	912,961	912,961
VII.	<i>IRS</i>	USD	USD	121,575	474,275
VIII.	<i>Bond Options</i>	PLN	PLN	87,000	87,000

- FX FWD and FX SWAP as at 31 December 2015:

No.	Type of contract	Type of underlying instrument		Nominal value of base currency	Nominal value (PLN)
		To be received (purchased)	To be delivered (sold)		
I.	<i>FWD</i>	EUR	PLN	63,446	270,376
II.	<i>FWD</i>	PLN	EUR	3,096	13,192
III.	<i>FWD</i>	PLN	USD	2,000	7,802
IV.	<i>FWD</i>	USD	PLN	4,500	17,555
V.	<i>FWD</i>	USD	EUR	30,000	127,845
VI.	<i>NDF</i>	EUR	PLN	8,800	37,501
VII.	<i>FXSWAP</i>	CAD	EUR	73,167	311,801
VIII.	<i>FXSWAP</i>	CHF	EUR	14,000	59,661
IX.	<i>FXSWAP</i>	USD	EUR	250,000	1,065,375
X.	<i>FXSWAP</i>	PLN	EUR	139,669	595,199
XI.	<i>FXSWAP</i>	PLN	USD	100,000	390,110
XII.	<i>FXSWAP</i>	USD	PLN	100,000	390,110

8.5.20. Risk management process

Maintenance of high quality assets with an acceptable risk level is the internal objective of risk management at the Bank.

The key risk management goals have been defined in the Bank's Strategy as well as individual risk management policies. The risk appetite is determined based on the acceptable solvency ratio and the internal capital ratio, in addition to the acceptable levels of individual risks. In the allocation process, the required capital is distributed to each risk with individual limits defined for risks inherent in the operations of BGK.

Presented below is the general structure of the areas to which limits apply.



The Bank manages risk in compliance with:

- the capital management policy and the internal capital adequacy assessment process rules approved by the Supervisory Board;
- risk management policies, rules and procedures applicable to risk identification, measurement/assessment, monitoring, reporting and control, prepared in writing and approved by the Supervisory Board or the Management Board of the Bank;
- corporate governance rules, the principles of appointment, compensation and monitoring of employees performing important functions at the Bank as well as the variable compensation policy applicable to managers, approved by the Supervisory Board or the Management Board of the Bank.

Internal procedures are regularly reviewed so that they are brought into line with changes in the Bank's risk profile, economic environment and good industry practices.

Risk management's goals are risk identification, measurement/assessment, monitoring and control, reporting and safeguarding measures and undertaking of security measures.

The risk identification process consists in identification of risk types, sources (risk factors), materiality and the relationships between each risk type.

The risk measurement/assessment process involves risk quantification and determination of its acceptable level, identification of the dependencies, rules and trends as well as estimation of the costs of risk and stress tests.

The risk monitoring and control process ensures supervision of the level of risk assumed by the Bank, control of the validity and accuracy of risk assessment methods as well as efficiency of tools used by the Bank.

The risk reporting process provides information on the risk profile, involves identification of potential threats and ensures access to information regarding the measures employed by the Bank.

Safeguards include regulations (policies, rules, instructions, procedures, regulations and emergency action plans), an internal limit system, ratio planning and deviation analysis, recommendations and advice for the organizational units of the Bank's head office and branches as well as insurance and risk transfer.

The Bank oversees the risk inherent in the operations carried out by its subsidiaries, specifically as regards liquidity, equity, operational and compliance risk.

8.5.20.1. Credit risk management

Credit risk is one of the key aspects of the financial risk which the Bank is exposed to through its operations. Thus, credit risk is analyzed in connection with other risks, such as macroeconomic, market, liquidity, concentration and operational risk.

The Bank manages credit risk at two levels:

- customer risk, considering the risk of individual loans;
- loan portfolio risk.

The Bank's prudent approach to credit risk management is demonstrated by:

- separation of the sales function from the customer risk assessment function;
- comprehensive assessment of the credit risk of each client, considering individual credit exposures for each transaction resulting in the occurrence of such exposures, with a view to identifying specific credit risk classes;
- application of expert credit risk assessment methods, such as a ratio analysis for the risk of individual transactions and a descriptive analysis for the assessment of credit risk, in addition to the assessment of the degree of concentration of the Bank's loan portfolio in terms of industries, parties to transactions and their subject matter for the portfolio risk;
- a hierarchical credit approval system depending on the exposure size;
- periodic risk reviews for transactions entered into by the Bank, considering changes in the financial standing of borrowers and the conditions in the external environment;
- diversification in terms of industries, parties to transactions and their subject matter through the adoption of acceptable exposure limits;
- analysis and review of the valuation policy applicable to legal security for the repayment of loans and recognition of specific reserves, in particular with respect to forced sale.

The Bank's credit risk management system comprises:

- objectives defined and assumptions made in the Bank's credit policy;
- internal rules and procedures defined in the *Credit Risk Management Policy of BGK*;
- procedures and methods defined in the creditworthiness assessment methodologies;
- rules laid down in the Bank's internal regulations applicable to classification of credit exposures and recognition of specific reserves;
- rules laid down in the Bank's internal regulations applicable to credit exposure monitoring;
- a system of internal and external limits defined in separate regulations;
- rules applicable to acceptance of legal security for the payment of the Bank's receivables and its monitoring, laid down in internal regulations adopted by the Bank;
- product parameters and product manuals resulting from detailed internal regulations adopted by the Bank in respect of products exposed to credit risk;
- financial approval authority and procedure, defined in internal regulations of the Bank;
- organizational and procedural solutions resulting from the *Organizational Regulations of the Bank*, the organizational regulations of each organizational unit and entity of the Bank as well as the *Regulations of the Credit Committee at Bank Gospodarstwa Krajowego*;
- rules and methods specified in internal regulations of the Bank applicable to calculation of the capital requirement related to credit risk;
- guidelines formulated by the competent organizational units of the Bank in respect of lending.

The credit risk management process at the Bank comprises the following stages:

- credit risk identification – determination of the risks related to individual transaction types, borrowers and the loan portfolio, identification of the sources of risk, its materiality and the relationships between each risk type;
- credit risk assessment – the methods of measuring the size, quality and duration of risks, determination of the causes and effects of risks, identification of the dependencies, rules and trends as well as estimating probable and potential costs of risks assumed by the Bank;
- credit risk monitoring – controlling the size of the risk assumed by the Bank, validity and appropriateness of the risk assessment methods, evaluation of the efficiency of tools used by the Bank to prevent a potential increase in the level of risk inherent in each loan transaction or transaction portfolio and to reduce it;
- credit risk reporting – recording and updating information concerning loan transactions and clients in the Bank's IT systems as well as the Bank's internal reporting system containing information on the risk profile, risk assessment based on the adopted measurement methodologies, identification of potential threats as well as information on any measures employed, planned and recommended;
- credit risk steering – measures aimed to mitigate credit risk to an acceptable level in compliance with laws of general application and internal regulations adopted by the Bank.

Risk is measured on an aggregate basis by reference to different arrangements and sections of the loan portfolio.

Credit risk management focuses on:

- exposure concentration;
- capital adequacy;
- risk mitigating tools;
- specific reserve system.

The risk of exposure concentration is an important aspect of credit risk. The Bank has adopted appropriate internal rules and procedures applicable to exposure concentration, with a particular focus on large exposures to single clients and client groups. Portfolio concentration is monitored at the level of individual borrowers, entities with equity or organizational relationships, industries etc. The exposure concentration policies address different areas of the Bank's operations (not only lending but also investing activities or money market transactions).

Concentration risk is monitored by the Bank in compliance with external regulations (the Banking Law, BGK Act, Recommendation C on concentration management, applicable resolutions of the Polish Financial Supervision Authority and EU regulations). In accordance with a resolution of the Management Board of the Bank, additional exposure limits have been imposed irrespective of the statutory limits. The mentioned limits are applied during the credit approval process.

One of the key tools used by BGK in the credit risk management process is a system of internal limits, which enables mitigation of risks inherent in different areas of the Bank's operations, thus determination of the acceptable risk level. The limiting process is carried out both at the operational and strategic level, by competent individuals.

With a view to mitigating its credit risk, the Bank has introduced maximum exposure limits for:

- industries (industry groups);
- local government entities;
- KUKE S.A. insured exposures;
- mortgage loans;
- revolving health care sector loans;
- guarantees or sureties for credit portfolios of credit institutions.

Additionally, the Bank defines limits for financial sector entities, i.e. foreign and domestic banks.

The types of internal limits adopted and their levels are approved by the Management Board of the Bank or the competent Committees appointed by the Management Board. In its internal procedures, the Bank lays down the rules applicable to internal limit setting and updating as well as the frequency of monitoring and result reporting. The risk monitoring process consists in periodic control of the limited parameter level in addition to analyzing utilization of limits.

Furthermore, the Bank has introduced specific statutory limits related to the accomplishment of BGK's mission and appropriations to the following funds created, entrusted or transferred to the Bank under separate legislation:

- the Inland Waterway Fund;

- the Subsidy Fund;
- the National Road Fund;
- the Thermal Efficiency Improvement and Repair Fund;
- the Railway Fund;
- the Technology Credit Fund;
- the Student Loan Fund.

Ongoing monitoring and reporting are the key aspects of the credit risk management process. Information concerning the risk profile, potential threats and action taken by the Bank is prepared and provided on a regular basis.

The frequency of risk measurement depends on the size and characteristics of risks inherent in the Bank's operations. The risk measurement methods (models) used by the Bank take account of its current and planned activities. The risk measurement methods (models) and, particularly, their assumptions, are reviewed internally on a periodic basis. The risk monitoring frequency is sufficient to provide information concerning changes in the risk profile of the Bank.

The Bank prepares periodic credit risk reports, such as:

- a monthly credit risk report containing information on the characteristics of exposures, the risk structure of the loan portfolio as a whole as well as utilization of external and internal exposure limits – for the Credit Committee and the Management Board of the Bank;
- a quarterly credit risk report containing comprehensive information on the characteristics of exposures, the risk structure of the loan portfolio as a whole (including the portfolio of mortgage exposures) as well as utilization of external and internal exposure limits – for the Credit Committee, the Financial Committee, the Management Board of the Bank and the Risk Committee, and for the Supervisory Board of the Bank on a semi-annual basis;
- an annual report on lending using own and entrusted funds, including mortgage exposures – for the Credit Committee, the Financial Committee, the Management Board of the Bank, the Risk Committee and the Supervisory Board of the Bank.

Both half-year and annual reports regarding the Bank's lending activity are presented on the common sessions of the Audit Committee and the Risk Committee.

The Bank has appropriate procedures in place, which lay down the rules to be followed where the credit risk level is elevated.

The following tools are used by the Bank to mitigate or reduce credit risk to the predefined acceptable levels:

- credit risk sharing;
- risk diversification;
- risk hedging;
- risk offsetting.

Legal security for the payment of the Bank's receivables is the key risk mitigation instrument. It is provided to ensure that the Bank's receivables are paid along with interest due and other costs incurred by the Bank. The key rules of provision of legal security for the payment of receivables:

- obligatory provision of security as a precondition for granting a loan;
- if possible, provision of more than one security for a single transaction at the same time;
- if possible, avoidance of using one security or one security type for high value loans;
- if possible, provision of personal guarantees and collateral at the same time.

It is also recommended that instruments that increase the effectiveness of debt collection are applied.

Credit risk is reduced through its sharing with:

- other banks – where a syndicated loan is granted by the Bank and such other banks;

- the borrower – where the amount of the loan represents a part of a financed project and the remaining part is the borrower's own share.

With a view to offsetting credit risk, the Bank has implemented a pricing policy whereby the margin level ensures that the cost of credit risk, which depends, among other things, on the assessment of credit risk related to the client and the loan transaction, is offset.

The system of specific reserve recognition has been designed in accordance with the Ordinance of the Minister of Finance laying down the principles of recognition of reserves for risks related to banking operations as well as the exposure classification and specific reserve recognition policies adopted by the Bank, which take account of the Bank's profile, its internal organizational structure, specific dates of reviews and classifications carried out by the organizational units and entities of the Bank as well as accountability for the preparation, verification and adjustment of credit exposure reviews and classifications. In accordance with the aforesaid regulations, the Bank recognizes obligatory specific reserves, an optional general risk reserve and an optional general risk fund to offset the risk inherent in its banking operations.

The Bank uses the standardized approach to calculate the total capital requirement due to credit risk and the comprehensive credit risk mitigation method for calculation of risk-weighted exposures in the banking portfolio.

The maximum credit risk exposure

The table below presents the maximum credit risk exposure for on-balance sheet and off-balance sheet positions as at the reporting date.

Detailed on-balance sheet and off-balance sheet items		As at 31.12.2016	As at 31.12.2015
I.	Transactions with the Central Bank	641,031	4,875,115
II.	Receivables from the financial sector	3,687,372	2,129,544
III.	Receivables from the non-financial sector	19,960,131	14,532,420
IV.	Receivables from the public sector	5,580,931	5,963,105
V.	Receivables due to reverse repo and buy-sell-back transactions	3,946,887	1,173,713
VI.	Debt securities	30,953,747	13,347,140
VII.	Other securities and other financial assets	1,739,911	718,819
VIII.	Other assets*	989,657	991,321
	On-balance sheet exposure	67,499,667	43,731,177
IX.	Guarantee of granting the loan	5,170,939	5,183,413
X.	Guarantee of acquisition of the bond	1,842,575	3,458,232
XI.	Off-balance sheet liability due to granted guarantees	7,260,558	4,987,346
	Off-balance sheet exposure	14,274,072	13,628,991
	Total	81,773,739	57,360,168

* The Other assets comprise shares in subsidiaries, shares in co-subsidiaries, shares in associates and other entities, other assets excluding the public and intrabank settlements and prepaid expenses.

8.5.20.2. Market and liquidity risk management

Market and liquidity risks at the Bank are managed in accordance with procedures defining the method of each risk type monitoring and management.

Risk management objectives for each risk type:

- interest rate risk – to mitigate the risk of losing a portion of interest income and/or incurring excessive interest expense as a result of changes in the market interest rates as well as the risk of negative changes in the market value of the financial instruments held by the Bank;
- currency risk – to mitigate the risk of losses that may be incurred as a result of changes in market foreign exchange rates;
- price risk related to equity securities – to minimize the risk of losses that may be incurred as a result of changes in equity instrument prices;
- liquidity risk:

- to guarantee and maintain the Bank's ability to discharge both its current and planned liabilities, including the costs of ensuring liquidity and return on equity;
- to prevent crises;
- to identify solutions that may be used to overcome a crisis if it occurs.

The market and liquidity risk measurement system in place at BGK comprises the following methods:

- position size measures – for currency and interest rate (including price) risk;
- sensitivity measures used for purposes of detailed analyses (BPV, duration) – for interest rate and currency risk;
- value at risk (VAR) – a measured used for market risks;
- liquidity ratios, liquidity gap, funds stability analyses, deposit base daily monitoring and stress tests – for liquidity risk;
- stress tests – used for such purposes as estimating Tier 2 capital required to offset interest rate risk in the banking portfolio and liquidity risk.

8.5.20.3. Supervisory liquidity measures

Supervisory liquidity measures (defined in Resolution 386/2008 of the Polish Financial Supervision Authority of 17 December 2008 on development of the liquidity standards for banks (as amended) and in Commission Delegated Regulation (EU) 2015/61 of 10 October 2014 to supplement Regulation (EU) No. 575/2013 of the European Parliament and the Council with regard to liquidity coverage requirement for credit institutions (OJEC L 11 of 17 January 2015, p. 1) as at 31 December 2016 and 31 December 2015:

No.	Item	Limit	Value as at 31.12.2016	Value as at 31.12.2015*	Additional information – figures excluding cash flow funds	
					Value as at 31.12.2016	Value as at 31.12.2015*
I.	M1 – short-term liquidity gap (PLN million)	0.00	15,504	6,095	14,465	5,481
II.	M2 – short-term liquidity ratio	1.00	1.55	1.38	1.57	1.37
III.	M3 – coverage of illiquid assets with equity	1.00	5.03	5.96	5.03	5.96
IV.	M4 – coverage of illiquid assets and limited-liquidity assets with equity and stable borrowings	1.00	1.24	1.18	1.64	1.52
V.	LCR – liquidity coverage ratio	70%*	252%	212%	328%	267%

* limit applicable as at 31.12.2016

An increase in the liquidity measures was mainly driven by proportionally higher growth of long-term funding sources compared to the increase in the Bank's lending and an increase in equity investments.

8.5.20.4. Operational risk management

Operational risk is managed with a view to maintaining constantly an acceptable operational risk level that would not pose any threat to the operations carried out by the Bank.

Operational risk is defined as the risk of the Bank incurring losses as a result of inappropriate or unreliable internal processes, people, technical systems or external events. This definition includes legal risk but excludes reputational and strategic risks, although it applies to the relevant control processes.

Operational risk is inherent in all major areas of the Bank's operations, in addition to any new, existing and modified products, processes and systems, and it takes account of internal factors (such as the organizational structure, business profile, IT systems used, client profile, client complaints, HR quality, organizational changes and employee turnover) and external factors (external environment of the Bank).

Operational risk is managed through:

- appointment of the operational risk coordinator;

- introduction of a process approach to the assessment of business lines, elevated risk products as well as risk generated by the branches and organizational units of the head office of the Bank;
- definition of operational risk ratios.

Additionally, the Bank manages risks which are difficult to measure, mainly compliance and reputational risks, in accordance with the same policies as those applied to operational risk management, as well as model risk in line with the applicable internal procedures.

8.5.20.5. Internal control system

The Bank has an internal control system in place to ensure effectiveness and efficiency of the Bank's operations, reliability of its financial reporting, compliance with the rules of risk management and compliance of the Bank's operations with laws and internal regulations.

The internal control system at the Bank is based on the concept of three control lines:

- control function, including procedures and internal control mechanisms in the form of pre-screening, current and subsequent inspection;
- rules of risk management, including audit of compliance of the Bank's operations with laws and internal regulations;
- internal audit.

Internal control in the Bank is governed by the provisions of the Internal Control Regulations in BGK, which was adopted by the Management Board and subsequently approved by the Supervisory Board. The Regulations were developed based on the provisions of the Banking Law, the BGK Act, the article of association of the Bank, the Resolution No. 258/2011 of the Financial Supervision Commission and also on the basis of international standards and best practices.

The Regulations define the objectives, scope and principles of organization and conduct of internal control in the organizational units of the head office and branches of the Bank, control of the risk connected with the entrusting of banking and banking activities to BGK and supervision of the risk related to the activities of the subsidiaries.

In the Bank there is an internal audit unit which, according to the Bank's Articles of Association, is directly administered by the President of the Management Board. Its task is to examine and evaluate, in an independent and objective manner, the adequacy and effectiveness of the internal control system and the assessment of the Bank's management system, including the effectiveness of risk management related to the Bank's operations. The Bank's subsidiaries are also subject to audit. The Internal Audit Unit of the Bank functions in accordance with the International Standards of Internal Auditing Practices, prepared by the IIA Institute, as confirmed by a cyclic independent external evaluation. The Bank, as required by the regulator, has mechanisms to ensure the independence of the audit unit, including, but not limited to, the supervision of the Audit Committee, approval of changes in the position of director of the internal audit unit by the Audit Committee, acceptance of plans and reports by the Supervisory Board, as well as the possibility of direct contact of the unit director with the Chairman of the Audit Committee.

8.6. Ageing analysis of delinquent financial assets as at the balance sheet date, by type

Delinquent financial assets presented as follows:

- as at 31 December 2016:

No.	Item	Receivables from the non-financial sector				Receivables from the public sector	Receivables from the financial sector	Total
		Loans	Purchased debt	Used guarantees and surety bonds	Bonds and other receivables			
I.	Non-delinquent receivables	14,884,570	165,578	65,921	5,296,106	5,534,126	3,683,940	29,630,241
II.	Delinquent normal receivables, including:	33,543	0	8	0	50,798	0	84,349
	1. Delinquency of ≤30 days	33,377	0	0	0	50,798	0	84,175
	2. Delinquency of 31-90 days	154	0	0	0	0	0	154
	3. Delinquency of >90 days	12	0	8	0	0	0	20
III.	Delinquent receivables under observation, including:	2,527	0	0	0	0	0	2,527
	1. Delinquency of ≤30 days	403	0	0	0	0	0	403
	2. Delinquency of 31-90 days	2,124	0	0	0	0	0	2,124
	3. Delinquency of >90 days	0	0	0	0	0	0	0
IV.	Delinquent impaired receivables, including:	349,452	0	13,653	99,510	0	0	462,615
	1. Delinquency of ≤30 days	17,123	0	903	0	0	0	18,026
	2. Delinquency of 31-90 days	8,315	0	716	99,510	0	0	108,541
	3. Delinquency of >90 days	324,014	0	12,034	0	0	0	336,048
V.	Total receivables	15,270,092	165,578	79,582	5,395,616	5,584,924	3,683,940	30,179,732

- as at 31 December 2015:

No.	Item	Receivables from the non-financial sector				Receivables from the public sector	Receivables from the financial sector	Total
		Loans	Purchased debt	Used guarantees and surety bonds	Bonds and other receivables			
I.	Non-delinquent receivables	10,952,724	96,947	75,971	4,102,728	5,945,310	2,127,480	23,301,160
II.	Delinquent normal receivables, including:	7,072	0	0	0	13,171	0	20,243
	1. Delinquency of ≤30 days	6,854	0	0	0	13,171	0	20,025
	2. Delinquency of 31-90 days	170	0	0	0	0	0	170
	3. Delinquency of >90 days	48	0	0	0	0	0	48
III.	Delinquent receivables under observation, including:	1,414	0	0	0	0	0	1,414
	1. Delinquency of ≤30 days	1,063	0	0	0	0	0	1,063
	2. Delinquency of 31-90 days	351	0	0	0	0	0	351
	3. Delinquency of >90 days	0	0	0	0	0	0	0
IV.	Delinquent impaired receivables, including:	312,707	323	13,405	0	12,421	0	338,856
	1. Delinquency of ≤30 days	16,043	0	737	0	12,421	0	29,201
	2. Delinquency of 31-90 days	962	0	593	0	0	0	1,555
	3. Delinquency of >90 days	295,702	323	12,075	0	0	0	308,100
V.	Total receivables	11,273,917	97,270	89,376	4,102,728	5,970,902	2,127,480	23,661,673

8.7. Financial instruments with embedded derivatives

The Bank did not recognize any financial instruments with embedded derivatives in its portfolio between 1 January and 31 December 2016 or between 1 January and 31 December 2015.

8.8. Share subscription or share sale option contracts

Between 1 January and 31 December 2016 and between 1 January and 31 December 2015, there were no share subscription option or share sale option contracts.

8.9. Shares in controlled entities designated by the Bank as held for sale

Between 1 January and 31 December 2016 and between 1 January and 31 December 2015, no shares in controlled entities were designated by the Bank as held for sale.

8.10. Assets pledged as collateral for the payment of liabilities

The Bank's assets include loans granted from the funds of the former National Housing Fund, which have been pledged as collateral for the repayment of a loan obtained from the Ministry of Finance (funds from the Council of Europe Development Bank) and for the Treasury guarantees for loans obtained from international financial institutions (the European Investment Bank and the Council of Europe Development Bank).

The value of receivables transferred by BGK to the Treasury in relation to loans granted and guaranteed by the Ministry of Finance to increase the National Housing Fund is presented below.

No.	Lender	Loan amount	Loan amount guaranteed by the Treasury	Treasury guarantee amount	Loan amount transferred as collateral for the loan or guarantee	
					As at 31.12.2016	As at 31.12.2015
I.	Ministry of Finance using a loan granted by the Council of Europe Development Bank	PLN 630,000 thousand	-	-	5,823	81,339
II.	European Investment Bank – Financial Contract No. 21.426	EUR 10,000 thousand	EUR 10,000 thousand	EUR 16,800 thousand	25,749	31,471
III.	European Investment Bank – Financial Contract No. 21.607	EUR 200,000 thousand	EUR 200,000 thousand	EUR 296,000 thousand	653,419	718,855
IV.	Council of Europe Development Bank	PLN 700,000 thousand	PLN 700,000 thousand	PLN 1,260,000 thousand	623,760	707,760
V.	Total				1,308,751	1,539,425

8.11. Repo and sell-buy-back transactions not recognized on the balance sheet

The Bank did not have in its portfolio any repo or sell-buy-back transactions not recognized on the balance sheet between 1 January and 31 December 2016 or between 1 January and 31 December 2015.

8.12. Structure of the Bank's receivables

Information concerning the structure of BGK's receivables broken down by category in accordance with the regulations issued under Article 81.2.8c of the Accounting Act of 29 September 1994 (Journal of Laws of 2016, item 1047, as amended), including loans, deposits with other banks and other financial sector entities as well as receivables with deferred payment dates, past due and disputed receivables for which no specific reserves or impairment losses have been recognized, are presented in Notes 2(a, b, c), 3(a, b, c) and 4(a, b, c).

8.13. Off-balance sheet liabilities

Financial liabilities granted by the Bank are irrevocable. As at 31 December 2016, guarantees and surety bonds totaled PLN 1,279,762 thousand vs. PLN 1,488,528 thousand as at 31 December 2015.

Guarantees and surety bonds granted to issuers are presented in the tables below:

- as at 31 December 2016:

No.	Security issuers whose issues are underwritten by the Bank	Type of securities underwritten	Terms and conditions of the concluded underwriting agreement	Amount up to which the Bank agreed to commit in the event of performance of the underwriting agreement	Information on the financial, organisational and personal links between the Bank and the company whose issue is underwritten by the Bank	Information on the financial, organisational and personal links between the Bank and the company whose issues is underwritten by the Bank
I.	Client 1	Commercial bonds	Guarantee of acquisition	700,000	no links	Transferable
II.	Client 2	Commercial bonds	Guarantee of acquisition	138,393	no links	Transferable
III.	Client 4	Commercial bonds	Guarantee of acquisition	6,000	no links	Non-transferable
IV.	Client 5	Commercial bonds	Guarantee of acquisition	90,000	no links	Non-transferable
V.	Client 5 (USD)	Commercial bonds	Guarantee of acquisition	177,620	no links	Non-transferable
VI.	Client 7	Commercial bonds	Guarantee of acquisition	20,500	no links	Non-transferable
VII.	Client 10	Commercial bonds	Guarantee of acquisition	4,000	no links	Non-transferable
VIII.	Client 12	Commercial bonds	Guarantee of acquisition	150,400	no links	Non-transferable
IX.	Client 16	Commercial bonds	Guarantee of acquisition	7,200	no links	Non-transferable
X.	Client 20	Commercial bonds	Guarantee of acquisition	284	no links	Non-transferable
XI.	Client 21	Commercial bonds	Guarantee of acquisition	6,800	no links	Non-transferable
XII.	Client 23	Commercial bonds	Guarantee of acquisition	2,850	no links	Non-transferable
XIII.	Client 24	Municipal bonds	Guarantee of acquisition	3,000	no links	Transferable
XIV.	Client 25	Municipal bonds	Guarantee of acquisition	2,900	no links	Transferable
XV.	Client 28	Commercial bonds	Guarantee of acquisition	306,819	no links	Transferable
XVI.	Client 29	Commercial bonds	Guarantee of acquisition	4,800	no links	Non-transferable
XVII.	Client 30	Commercial bonds	Guarantee of acquisition	6,655	no links	Non-transferable
XVIII.	Client 31	Commercial bonds	Guarantee of acquisition	28,069	no links	Non-transferable
XIX.	Client 32	Commercial bonds	Guarantee of acquisition	2,170	no links	Non-transferable
XX.	Client 33	Commercial bonds	Guarantee of acquisition	1,750	no links	Non-transferable
XXI.	Client 34	Commercial bonds	Guarantee of acquisition	140,000	no links	Non-transferable
XXII.	Client 35	Municipal bonds	Guarantee of acquisition	20,000	no links	Transferable
XXIII.	Client 36	Municipal bonds	Guarantee of acquisition	14,000	no links	Transferable
XXIV.	Client 37	Municipal bonds	Guarantee of acquisition	3,900	no links	Transferable
XXV.	Client 38	Municipal bonds	Guarantee of acquisition	4,465	no links	Transferable
Total				1,842,575		

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as at 31 December 2015:

No.	Security issuers whose issues are underwritten by the Bank	Type of securities underwritten	Terms and conditions of the concluded underwriting agreement	Amount up to which the Bank agreed to commit in the event of performance of the underwriting agreement	Information on the financial, organisational and personal links between the Bank and the company whose issue is underwritten by the Bank	Information on the financial, organisational and personal links between the Bank and the company whose issues is underwritten by the Bank
I.	Client 1	Commercial bonds	Guarantee of acquisition	700,000	no links	Transferable
II.	Client 2	Commercial bonds	Guarantee of acquisition	20,000	no links	Transferable
III.	Client 3	Commercial bonds	Guarantee of acquisition	1,000,000	no links	Transferable
IV.	Client 4	Commercial bonds	Guarantee of acquisition	10,000	no links	Transferable
V.	Client 5	Commercial bonds	Guarantee of acquisition	449,616	no links	Transferable
VI.	Client 6	Commercial bonds	Guarantee of acquisition	17,696	no links	Non-transferable
VII.	Client 7	Commercial bonds	Guarantee of acquisition	272,793	no links	Non-transferable
VIII.	Client 8	Commercial bonds	Guarantee of acquisition	50,000	no links	Non-transferable
IX.	Client 9	Commercial bonds	Guarantee of acquisition	100,000	no links	Non-transferable
X.	Client 10	Commercial bonds	Guarantee of acquisition	5,000	no links	Non-transferable
XI.	Client 11	Commercial bonds	Guarantee of acquisition	15,623	no links	Non-transferable
XII.	Client 12	Commercial bonds	Guarantee of acquisition	177,600	no links	Non-transferable
XIII.	Client 13	Commercial bonds	Guarantee of acquisition	490,000	no links	Non-transferable
XIV.	Client 14	Commercial bonds	Guarantee of acquisition	30,000	no links	Non-transferable
XV.	Client 15	Commercial bonds	Guarantee of acquisition	4,565	no links	Non-transferable
XVI.	Client 16	Commercial bonds	Guarantee of acquisition	7,200	no links	Non-transferable
XVII.	Client 17	Commercial bonds	Guarantee of acquisition	6,150	no links	Non-transferable
XVIII.	Client 18	Commercial bonds	Guarantee of acquisition	1,658	no links	Non-transferable
XIX.	Client 19	Commercial bonds	Guarantee of acquisition	3,242	no links	Non-transferable
XX.	Client 20	Commercial bonds	Guarantee of acquisition	2,350	no links	Non-transferable
XXI.	Client 21	Commercial bonds	Guarantee of acquisition	2,637	no links	Non-transferable
XXII.	Client 22	Commercial bonds	Guarantee of acquisition	545	no links	Non-transferable
XXIII.	Client 23	Commercial bonds	Guarantee of acquisition	5,700	no links	Non-transferable
XXIV.	Client 24	Municipal bonds	Guarantee of acquisition	14,000	no links	Transferable
XXV.	Client 25	Municipal bonds	Guarantee of acquisition	9,620	no links	Transferable
XXVI.	Client 26	Municipal bonds	Guarantee of acquisition	5,000	no links	Transferable
XXVII.	Client 27	Municipal bonds	Guarantee of acquisition	1,300	no links	Transferable
XXVIII.	Client 28	Commercial bonds	Guarantee of acquisition	55,938	no links	Transferable
Total				3,458,233		

As at 31 December 2016, the liabilities granted to financial entities due to investment certificates amounted to PLN 633,133 thousand and PLN 429,233 thousand as at 31 December 2015.

No.	Item	Off-balance sheet liability	
		As at 31.12.2016	As at 31.12.2015
I.	Fundusz Ekspansji Zagranicznej Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych	33,897	38,353
II.	Fundusz Muncypalny Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych	26,897	400
III.	Fundusz Sektora Mieszkań na Wynajem Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych	377,803	307,441
IV.	Fundusz Inwestycji Infrastrukturalnych Kapitałowy FIZ AN	18,111	1,745
V.	Fundusz Inwestycji Infrastrukturalnych Dłużny FIZ AN	121,486	38,736
VI.	Fundusz Inwestycji Polskich Przedsiębiorstw FIZ AN	54,471	39,942
VII.	Fundusz Inwestycji Samorządowych FIZ AN	468	2,616
Total		633,133	429,233

In 2015, the Bank, alongside with PFR S.A. (formerly PIR S.A.) and BGK TFI S. A. entered into four cooperation agreements on closed-end investment fund establishment and management. Under the said agreements, BGK expressed its intention to purchase and pay for investment certificates in the maximum total amount of PLN 5.4 billion. In June 2016, the appendix to the cooperation agreement referring to the Fundusz Inwestycji Samorządowych FIZ AN was signed. According to the mentioned above document the maximum total amount that the BGK is intended to pay was increased by PLN 150,000 thousand, and as a result of what the target Bank's investment referring the signed agreements amounts to PLN 5,550,000 thousand as of 31 December 2016. The Bank did not recognize the part of the granted off-balance sheet liabilities in the books due to the possibility of the diminishment of the target BGK share unless the Bank's liquidity situation enable to purchase the investment certificates.

Investment certificates referring to the signed cooperation agreements as at 31 December 2016

No.	Item	Maximum BGK contribution limit	Limit utilization – issue price
I.	Fundusz Inwestycji Infrastrukturalnych Kapitałowy FIZ AN	1,902,000	259,362
II.	Fundusz Inwestycji Infrastrukturalnych Dłużny FIZ AN	1,902,000	129,681
III.	Fundusz Inwestycji Polskich Przedsiębiorstw FIZ AN	1,296,000	345,600
IV.	Fundusz Inwestycji Samorządowych FIZ AN	450,000	25,000
Total		5,550,000	759,643

8.14. Liabilities due to dividends or balance sheet surplus approved for distribution

As at 31 December 2016 and 31 December 2015, the Bank did not have any liabilities due to dividends or balance sheet surplus approved for distribution.

8.15. Proposed contribution to the Treasury

Proposed distribution of profit for 2016 presents as follows:

No.	Item	Proposed distribution of net profit for 2016	Distribution of net profit for 2015
I.	Profit to be distributed	349,173	362,679
II.	Authorized capital (no less than 10%)	34,917	36,268
	Supplementary capital (no less than 8%)	27,934	29,014
III.	- from own activities	27,905	28,979
	- Inland Waterway Fund	29	35
IV.	Funds created, entrusted or transferred to BGK	329	395
	- Inland Waterway Fund	329	395
V.	Income tax	6	7
	- Inland Waterway Fund	6	7
VI.	Advance payment to the Treasury from the net profit	0	252,104
VII.	Payment to the Treasury	285,987	44,891

8.16. Liabilities to the Treasury or local government entities due to obtaining ownership titles to buildings and structures

As at 31 December 2016 and 31 December 2015, the Bank did not have any liabilities to the Treasury or local government entities due to obtaining ownership titles to buildings and structures.

The table below presents costs incurred on account of taxes and charges on real property owned and used by the Bank:

No.	Item	As at 31.12.2016	As at 31.12.2015
I.	Property tax	592	594
II.	Land perpetual usufruct charges	321	248
	Total	913	842

8.17. Revenue, expenses and profit (loss) on discontinued operations

The Bank did not discontinue any operations between 1 January and 31 December 2016.

8.18. Cost of manufacturing fixed assets under construction and fixed assets for internal purposes

Information concerning the cost of manufacturing fixed assets under construction and fixed assets for internal purposes between 1 January and 31 December 2016 and between 1 January and 31 December 2015 has been presented in Note 13(b).

8.19. Incurred and planned investment outlays

Information concerning the outlays incurred between 1 January and 31 December 2016 and between 1 January and 31 December 2015 on the purchase or development of fixed assets under construction and intangible assets has been presented in Note 13(b).

Investment outlays planned by the Bank for the upcoming 12 months:

No.	Area	Value
I.	Information and communication technologies	12,671
II.	Security	2,151
III.	Projects	32,434
IV.	Other	17,680
	Total outlays	64,937

8.20. Transactions with entities having equity or organizational relationships with the Bank

BGK is a state-owned bank with the Treasury as the sole shareholder. The Bank carries out activities delegated by the Treasury through the administration of funds and implementation of government programs described in Section 1.1 of these financial statements.

Revenue generated and expenses incurred by the Bank in relation to the delegated activities comprise commission income and operating expenses of the Bank.

The Bank's financial statements present:

- receivables from the public sector (item V. of assets);
- debt securities issued by the Treasury and local governments (item VII.2 of assets);
- liabilities to the public sector (item IV. of equity and liabilities);
- interest income from and interest expense to the public sector (items I.3. and II.3. of the profit and loss account).

The Bank's credit policy applicable to related parties results from the general rules applicable to all clients of BGK.

Transactions with entities having equity or organizational relationships with BGK:

- for the financial year from 1 January to 31 December 2016:

No.	Related parties	Receivables	Liabilities	Revenue due to:					Costs					Contingent liabilities granted		Contingent liabilities received
				interest	fees	derecognition of provisions for loans	other	Total	interest	fees	provisions for loans	other	Total	including: irrevocable	Total	
I.	BGK Nieruchomości S.A.	0	562	0	4	0	0	4	4	0	0	0	4	0	0	0
II.	Bydgoski FPK Sp. z o.o.	0	0	0	1	0		1	0	0	0	0	0	0	0	0
III.	Dolnośląski Fundusz Gospodarczy	527	8,321	8	1	0	5	14	56	0	0	0	56	0	0	0
IV.	FPK Jelenia Góra Sp. z o.o.	302	0	0	0	0	13	13	0	2	0	0	2	0	0	0
V.	KUKE S.A.	0	66,572		4	0	2	6	74	0	0	0	74	0	0	0
VI.	Małopolski Reg. FP Sp. z o.o.	0	68	0	1	0	0	1	2	0	0	0	2	0	0	0
VII.	Opolski Regionalny FPK	0	4,128	0	0	0	0	0	20	0	0	0	20	0	0	0
VIII.	Podkarpacki FPK Sp. z o.o.	423	193	0	5	0	0	5	1	0	0	0	1	0	0	0
IX.	Poznański FPK Sp. z o.o.	208	0	0	0	0	16	16	0	0	0	0	0	0	0	0
X.	Samorządowy FPK Gostyń	64	5,046	0	0	0	25	25	26	0	0	0	26	0	0	0
XI.	Świętokrzyski FPK Sp. z o.o.	0	2,136	0	0	0	1	1	1	0	0	0	1	0	0	0
XII.	TFI BGK S.A.	0	11,928	0	3	0	0	3	102	0	0	0	102	0	0	0
XIII.	Warmińsko-Mazurski FPK Sp. z o.o.	145	0	3	1	0	0	4	0	0	0	0	0	0	0	0
XIV.	Fundusz Pomerania Sp. z o.o. (former Zachodniopomorski FPK Sp. z o.o.)	2,166	5,459	5	0	0	6	11	59	0	0	0	59	0	0	0
XV.	FRIP Woj. Wielkopolskiego S.A.	0	0	0	0	0	125	125	0	0	0	0	0	0	0	0
XVI.	Mazowiecki FPK Sp. z o.o.	0	17,620	0	2	0	0	2	2	0	0	0	2	0	0	0
XVII.	Polski Fundusz Rozwoju S.A. (former Polskie Inwestycje Rozwojowe S.A.)	0	399,200	0	0	0	0	0	700	0	0	0	700	0	0	0
XVIII.	Pomorski Regionalny FPK Sp. z o.o.	0	0	9	0	0	8	17	0	14	0	0	14	0	0	0
XIX.	Krajowy Fundusz Kapitałowy S.A. *	0	34,698	0	7	0	0	7	5,137	0	0	0	5,137	0	0	0
XX.	Lubuski FPK Sp. z o.o.	0	8,306	0	0	0	0	0	13	0	0	0	13	0	0	0
Total related parties		3,835	564,237	25	29	0	201	255	6,197	16	0	0	6,213	0	0	0

* The Bank possesses a liability resulting from the cash placed on the custody accounts concerning the programmes realized by the Company which do not constitute its assets amounting to PLN 269,663 thousand.

- for the financial year from 1 January to 31 December 2015:

No.	Related parties	Receivables	Liabilities	Revenue due to:					Costs					Contingent liabilities granted		Contingent liabilities received
				interest	fees	derecognition of provisions for loans	other	Total	interest	fees	provisions for loans	other	Total	including: irrevocable	Total	
I.	BGK Nieruchomości S.A.	0	996	0	2	0	0	2	4	0	0	0	4	0	0	0
II.	Bydgoski FPK Sp. z o.o.	0	0	0	1	0	0	1	0	0	0	0	0	0	0	0
III.	Dolnośląski Fundusz Gospodarczy	549	0	0	0	0	32	32	0	0	0	0	0	0	0	0
IV.	FPK Jelenia Góra Sp. z o.o.	284	0	0	0	0	22	22	0	0	0	0	0	0	0	0
V.	KUKE S.A.	0	60,922	0	4	0	0	4	11	0	0	0	11	0	0	0
VI.	Małopolski Regionalny FP Sp. z o.o.	0	20	0	1	0	0	1	1	0	0	0	1	0	0	0
VII.	Opolski Regionalny FPK	0	4,052	0	0	0	0	0	0	0	0	0	0	0	0	0
VIII.	Podkarpacki FPK Sp. z o.o.	376	285	0	4	0	0	4	4	0	0	0	4	0	0	0
IX.	Poznański FPK Sp. z o.o.	131	0	0	0	0	14	14	0	0	0	0	0	0	0	0
X.	Samorządowy FPK Gostyń	64	0	0	0	0	27	27	0	0	0	0	0	0	0	0
XI.	Świętokrzyski FPK Sp. z o.o.	0	2,107	0	1	0	0	1	1	0	0	0	1	0	0	0
XII.	TFI BGK S.A.	0	7,259	0	2	0	0	2	54	0	0	0	54	0	0	0
XIII.	Warmińsko-Mazurski FPK Sp. z o.o.	100	0	0	1	0	2	3	0	0	0	0	0	0	0	0
XIV.	Zachodniopomorski FPK Sp. z o.o.	1,823	0	0	0	0	28	28	0	0	0	0	0	0	0	0
XV.	FRIP Woj. Wielkopolskiego S.A.	0	0	0	0	0	92	92	0	0	0	0	0	0	0	0
XVI.	Elektrociepłownia Będzin S.A.	0	5,667	0	0	0	0	0	0	0	0	0	0	0	0	0
XVII.	Mazowiecki FPK Sp. z o.o.	0	6,400	0	2	0	0	2	2	0	0	0	2	0	0	0
XVIII.	Polskie Inwestycje Rozwojowe S.A. (former Polski Fundusz Rozwoju S.A.)	0	0	0	1	0	0	1	46	0	0	0	46	0	0	0
XIX.	Pomorski Regionalny FPK Sp. z o.o.	1,784	0	0	0	0	52	52	0	0	0	0	0	0	0	0
XX.	Krajowy Fundusz Kapitałowy S.A.*	0	23,662	0	6	0	0	6	5,949	0	0	0	5,949	0	0	0
Total related parties		5,111	111,370	0	25	0	269	294	6,072	0	0	0	6,072	0	0	0

* The Bank possesses a liability resulting from the cash placed on the custody accounts concerning the programmes realized by the Company which do not constitute its assets amounting to PLN 406,873 thousand.

8.21. Information concerning the nature and business purpose of agreements entered into by the Bank but not presented on the balance sheet, insofar as it is necessary for assessment of their effect on the Bank's economic and financial position as well as financial performance

Between 1 January and 31 December 2016 or between 1 January and 31 December 2015, the Bank was not a party to any agreements which are not presented on the balance sheet.

8.22. Brokerage activities of the Bank

Between 1 January and 31 December 2016 and between 1 January and 31 December 2015, the Bank did not carry out any brokerage activities.

8.23. Specific reserve values and changes

Presented below is information concerning the values of and changes in specific reserves, broken down by category of receivables:

- for the financial year from 1 January to 31 December 2016:

No.	Item	As at 1.01.2016	Recognition	Derecognition	Impairment loss	Other adjustments	As at 31.12.2016	Required balance as at 31.12.2016
I.	Specific reserves	620,903	531,023	-402,237	-26,539	87	723,237	723,237
II.	Normal	9	0	-2	0	1	8	8
III.	Under observation	8,336	52,461	-10,482	0	3,103	53,418	53,418
IV.	Substandard	31,216	71,850	-15,967	0	-362	86,737	86,737
V.	Doubtful debts	204,350	382,502	-327,110	0	-4,138	255,604	255,604
VI.	Bad debt	376,992	24,210	-48,676	-26,539	1,483	327,470	327,470

- for the financial year from 1 January to 31 December 2015:

No.	Item	As at 1.01.2015	Recognition	Derecognition	Impairment loss	Other adjustments	As at 31.12.2015	Required balance as at 31.12.2015
I.	Specific reserves	621,437	346,284	-339,567	-7,308	57	620,903	620,903
II.	Normal	10	1	-2	0	0	9	9
III.	Under observation	14,639	27,328	-43,691	0	10,060	8,336	8,336
IV.	Substandard	87,206	60,864	-62,083	0	-54,771	31,216	31,216
V.	Doubtful debts	103,330	166,976	-129,369	0	63,413	204,350	204,350
VI.	Bad debt	416,252	91,115	-104,422	-7,308	-18,645	376,992	376,992

8.24. Costs of provisions for future liabilities to employees

Costs of provisions for future liabilities to employees, recognized in the financial year from 1 January to 31 December 2016 and from 1 January to 31 December 2015, are presented in the table below.

No.	Item	For the period from 1.01.2016 to 31.12.2016	For the period from 1.01.2015 to 31.12.2015
I.	Bonus for Q4	22,683	17,749
II.	Awards and other	3,076	1,260
III.	Unused annual leave	479	221
IV.	Retirement benefits	2,412	2
V.	Disability and death benefits	39	0
VI.	Jubilee benefits	1,104	892
VII.	Annual bonus	5,525	5,729
	Total	35,318	25,853

8.25. Costs incurred to sponsor employee retirement plans

Costs incurred to sponsor employee retirement plans in the financial year from 1 January to 31 December 2016 and from 1 January to 31 December 2015 are presented in the table below.

No.	Item	As at 31.12.2016	As at 31.12.2015
I.	Costs of employee retirement plan	6,020	5,652

The Bank is a party to an agreement on the employee retirement plan offered to its existing employees with Met Life S.A.

8.26. Custody activities of the Bank

In the financial year from 1 January to 31 December 2016 and from 1 January to 31 December 2015, the Bank maintained securities accounts (deposit accounts) with dematerialized securities of its clients. Presented below is the nominal value of clients' financial instruments recorded in the aforesaid accounts, broken down by depositors.

No.	Securities	As at 31.12.2016	As at 31.12.2015
I.	National Depository for Securities (KDPW)	256,172,291	263,646,582
	1. Bonds	114,600	112,500
	2. T-bonds	256,057,691	263,534,082
II.	National Bank of Poland	683,200	517,960
	1. Money bills	683,200	517,960
III.	BGK	257,167	235,467
	1. Municipal bonds	103,167	108,767
	2. Other bonds	154,000	126,700
	Total	257,112,658	264,400,009

8.27. Securitization of the Bank's assets

In the financial year from 1 January to 31 December 2016 the Bank sold the loans with a total value amounting to PLN 75,327 thousand (including interest amounting to PLN 41,269 thousand). The value of the receivables that had been written down from the balance sheet amounted to PLN 18,733 thousand. The net book value of the sold loans equaled PLN 186 thousand whereas the gross result on the transaction was PLN 222 thousand.

In the financial year from 1 January to 31 December 2015 the Bank sold the loans with a total value amounting to PLN 10,001 thousand (including interest amounting to PLN 1 thousand). The net book value of the sold loans equaled PLN 49 thousand whereas the gross result on the transaction was PLN 8,498 thousand.

8.28. Average headcount

Average headcount in the financial year from 1 January to 31 December 2016 and from 1 January to 31 December 2015 is presented in the table below.

No.	Item	Between 1.01.2016 and 31.12.2016	Between 1.01.2015 and 31.12.2015
I.	Head office	1,164.6	1,137.1
II.	Branches	147.9	156.7
	Total	1,312.5	1,293.8

The figures provided in this note include also employees carrying out delegated activities for programs and funds whose assets are not presented in these financial statements. Costs of delegated activities are refunded by the delegating entities.

8.29. Total compensation

Information concerning compensation, paid or due to members of the Management Board or the supervisory bodies of the Bank in the period is presented in the table below.

No.	Item	Gross compensation until 31.12.2016	Gross compensation until 31.12.2015
	Members of the Management Board of the Bank	2,304	1,894
	1. Base pay and sick leave pay	1,608	1,465
	2. Jubilee benefits	26	29
I.	3. Payment in lieu of unused annual leave	95	0
	4. Additional benefits	80	151
	5. Annual bonus	187	249
	6. Allowances	308	0
II.	Members of the Supervisory Board of the Bank	532	370
	Total	2,836	2,264

8.30. Information which could have a significant effect on the assessment of the economic and financial position as well as the financial performance of the Bank

Any information which could have a significant effect on the assessment of the economic and financial position as well as the financial performance of the Bank has been disclosed in these financial statements.

8.31. Information concerning impairment losses or specific reserves for bad debt

Information concerning impairment losses or specific reserves for bad debt from 1 January to 31 December 2016 and from 1 January to 31 December 2015 is presented in the table below.

No.	Changes in balance sheet provisions not recognized in profit (loss)	As at 31.12.2016	As at 31.12.2015
I.	Charged to recognized provisions	26,539	7,308
II.	Losses on loans	8,315	509
	Total	34,854	7,817

8.32. Assets seized for debt

The Bank did not have any assets seized for debt as at 31 December 2016 or 31 December 2015.

8.33. Non-current assets held for sale

In the reporting period, the Bank did not have any non-current assets held for sale.

8.34. Ownership structure of share capital

100% of shares in the Bank's capital are held by the Treasury.

8.35. Impairment losses on assets, except specific reserves

In the financial year from 1 January to 31 December 2016 and from 1 January to 31 December 2015, in addition to specific reserves, the Bank recognized impairment losses on its shares in subsidiaries, associates and other entities. Detailed information concerning impairment losses on shares in associates and in other entities has been presented in Notes 7(b), 8(b) and 9(b).

8.36. Extraordinary gains (losses)

In the financial year from 1 January to 31 December 2016 and from 1 January to 31 December 2015, the Bank did not recognize any extraordinary gains or losses.

8.37. Deferred tax assets and provisions

Information concerning the Bank's deferred tax assets and provisions has been provided in Notes 15(b,c) and 25(a).

8.37.1. Statutory withholdings due to corporate income tax

The statutory withholdings due to corporate income tax are presented in the table below.

No.	Income tax charged to profit (loss)	For the period from 1.01.2016 to 31.12.2016	For the period from 1.01.2015 to 31.12.2015
I.	Corporate income tax as per the tax return	125,857	6,533
II.	Lump-sum income tax	1,211	2,956
III.	Income tax due to taxable differences	8,946	-44,671
IV.	Income tax due to deductible differences	-132,123	86,342
	Total income tax charged to profit (loss)	3,891	51,160

8.37.2. Income tax

Income tax for the financial year from 1 January to 31 December 2016 and from 1 January to 31 December 2015 is presented in the table below.

No.	Calculation of income tax	For the period from 1.01.2016 to 31.12.2016	For the period from 1.01.2015 to 31.12.2015
I.	Revenue generated by the Bank	5,963,717	4,760,035
	Reductions in revenue generated by the Bank	-466,517	-491,871
	1. Revenue due to impairment losses on assets and provisions for irregular receivables	-372,786	-5,977
	2. Revenue due to discount, interest and measurement of securities	-19,909	-310,492
II.	3. Revenue due to financial instruments	-28,962	0
	4. Revenue due to dividends	-3,215	-4,628
	5. Revenue due to provisions for off-balance sheet liabilities	-40,402	-168,562
	6. Other	-1,243	-2,212
	Increases of revenue generated by the Bank	3,256	254,820
	1. Revenue due to interest on loans and receivables and discount on purchased debt	0	112,255
III.	2. Revenue due to financial instruments	0	125,586
	3. Accrued revenue	3,096	16,979
	4. Other	160	0
IV.	Revenue generated by the Bank for tax purposes	5,500,456	4,522,984
V.	Expenses incurred by the Bank	5,610,653	4,346,196
	Reductions in expenses incurred by the Bank	-1,077,209	-494,203
	1. Expenses due to interest on deposits	-12,205	0
	2. Expenses due to impairment losses on assets, provisions for irregular receivables and general risk reserve	-625,309	-323,288
	3. Expenses due to discount, interest and measurement of securities	-81,278	0
VI.	4. Expenses due to financial instruments	-224,851	0
	5. General administrative expenses	-5,192	-12,618
	6. Expenses due to provision for future liabilities	-8,708	0
	7. Expenses due to provisions for off-balance sheet liabilities	-115,838	-153,795
	8. Other	-3,828	-4,502
	Increases in expenses incurred by the Bank	1,000	452,871
	1. Expenses due to interest on deposits	0	7,034
VII.	2. Expenses due to discount, interest and measurement of securities	0	50,758
	3. Expenses due to interest on bond issue	807	11,395
	4. Expenses due to financial instruments	0	372,508
	5. Expenses due to provision for future liabilities	0	10,794
	6. Other	193	382
VIII.	Expenses incurred by the Bank for tax purposes	4,534,444	4,304,864
IX.	Taxable income	966,012	218,120
X.	Non-taxable income of the Inland Waterway Fund	364	437
XI.	Non-taxable income of government programs	298,308	172,950
XII.	Deductions of donations	1,780	2,045
XIII.	Income after deductions	665,560	42,688
XIV.	Income tax at a 19% rate	126,457	8,111
XV.	Deduction of withholding tax on interest (lump-sum tax)	600	1,578
XVI.	Income tax at a 19% rate (after deductions)	125,857	6,533

8.38. Aggregate HR information

The Bank's exposure resulting from loans (on arm's length terms only) and guarantees granted to employees, members of the Bank's Management Board and Supervisory Board is presented in the table below:

- as at 31 December 2016:

No.	Item	Loans	Lines of credit	Guarantees and surety bonds
I.	To the Bank's employees	2,591	0	0
	- on arm's length terms	2,591	0	0
II.	To Members of the Management Board of the Bank	0	0	0
III.	To Members of the Supervisory Board of the Bank	0	0	0

- as at 31 December 2015:

No.	Item	Loans	Lines of credit	Guarantees and surety bonds
I.	To the Bank's employees	2,906	0	0
	- on arm's length terms	2,906	0	0
II.	To Members of the Management Board of the Bank	0	0	0
III.	To Members of the Supervisory Board of the Bank	0	0	0

Information concerning expenses related to recognition of provisions for future liabilities to employees, by basis, has been presented in Section 8.24.

Information concerning expenses incurred for purposes of sponsoring employee retirement plans has been presented in Section 8.25.

Information concerning average headcount in the financial year (in FTEs) has been presented in Section 8.28.

Information concerning compensation, including profit-sharing payments, paid or due to members of the Management Board or the supervisory bodies of the Bank, has been presented in Section 8.29.

8.39. Major related-party transactions entered into by the Bank on non-arm's length terms

In the financial year from 1 January to 31 December 2016 and from 1 January to 31 December 2015, no major related-party transactions were entered into by the Bank on non-arm's length terms.

8.40. Cash flow statement

The table below presents cash items used for purposes of preparation of the cash flow statement.

No.	Cash	As at 31.12.2016	As at 31.12.2015
I.	Cash in hand	6,231	6,506
II.	Nostro account with the National Bank of Poland	640,545	4,874,705
III.	Nostro accounts with other banks	2,211,824	842,610
IV.	Social Benefits Fund account	486	410
V.	Deposits with other banks	553,920	374,033
	Total cash	3,413,006	6,098,264

Information concerning the cash flow statement has been presented in Note 36.

8.41. Non-consolidated joint ventures

In the financial year from 1 January to 31 December 2016 and from 1 January and 31 December 2015, the Bank was not a party to any joint ventures which would be subject to the consolidation obligation.

8.42. Clients' financial instruments in securities accounts

In the financial year from 1 January to 31 December 2016 and from 1 January to 31 December 2015, the Bank maintained securities accounts for its clients. The value of clients' financial instruments recorded in the aforesaid accounts has been presented in Note 8.26.

8.43. Clients' commodities by value and volume

In the financial year from 1 January to 31 December 2016 and from 1 January to 31 December 2015, the Bank did not recognize any clients' commodities.

Any information which could have a significant effect on the assessment of the economic and financial position as well as the financial performance of the Bank has been disclosed in these financial statements.

The Management Board of BGK composed of:

- Beata Daszyńska-Muzyczka – Chairman of the Management Board;
- Paweł Nierada – First Deputy Chairman of the Management Board;
- Włodzimierz Kocon – Vice-Chairman of the Management Board;
- Przemysław Cieszyński – Member of the Management Board;
- Wojciech Hann – Member of the Management Board;
- Radosław Kwiecień – Member of the Management Board.

Hereby represents that to the best of its knowledge the financial statements for the financial year from 1 January to 31 December 2016 and the comparative data have been prepared in conformity with the applicable accounting principles and that they reflect, truly, reliably and fairly, the economic and financial position of the Bank as well as its financial performance.

The financial statements of the Bank comprise:

- introduction to the financial statements;
- balance sheet prepared as at 31 December 2016, with total assets, equity and liabilities of PLN 67,258,176 thousand;
- profit and loss account for the financial year from 1 January to 31 December 2016, showing a net profit of PLN 349,173 thousand;
- statement of changes in equity for the financial year from 1 January to 31 December 2016, showing an increase in equity of PLN 3,128,441 thousand;
- cash flow statement for the financial year from 1 January to 31 December 2016, showing an outflow of cash of PLN 2,685,258 thousand;
- additional information and explanations.

These financial statements have been presented on 128 consecutively numbered pages.

Warsaw, 23 March 2017

Prepared by:

Marcin Wojniak
Managing Director

Management Board:

Beata Daszyńska-Muzyczka
Chairman of the Management Board

Paweł Nierada
First Deputy Chairman
of the Management Board

Włodzimierz Kocon
Vice-Chairman of the Management Board

Przemysław Cieszyński
Member of the Management Board

Wojciech Hann
Member of the Management Board

Radosław Kwiecień
Member of the Management Board

9. Financial statements of the funds created under separate legislation for the financial year from 1 January to 31 December 2016

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1. Inland Waterway Fund

1.1. Balance sheet of the Inland Waterway Fund

No.	Assets	As at 31.12.2016	As at 31.12.2016
I.	Cash and transactions with the Central Bank	0	0
II.	Debt securities that may be rediscounted at the Central Bank	0	0
III.	Receivables from the financial sector	0	0
	Receivables from the non-financial sector	5,253	4,423
IV.	1. Current account	0	0
	2. Term account	5,253	4,423
V.	Receivables from the public sector	0	0
VI.	Receivables due to reverse repo and buy-sell-back transactions	0	0
	Debt securities	40,403	41,867
VII.	1. Issued by banks	14,397	40,005
	2. Issued by the Treasury and local governments	26,006	1,862
VIII.	Shares in subsidiaries	0	0
IX.	Shares in co-subsidiaries	0	0
X.	Shares in associates	0	0
XI.	Shares in other entities	0	0
XII.	Other securities and other financial assets	0	0
XIII.	Intangible assets	0	0
XIV.	Property, plant and equipment and investment property	0	0
XV.	Other assets	71	55
XVI.	Prepayments	1	2
	- Other Prepayments	1	2
XVII.	Called up share capital	0	0
XVIII.	Treasury shares	0	0
	Total Assets	45,728	46,347

Appendix to the Financial Statements of Bank Gospodarstwa Krajowego
for the financial year from 1 January to 31 December 2016

(PLN '000)

No.	Equity and liabilities	As at 31.12.2016	As at 31.12.2016
I.	Liabilities to the Central Bank	0	0
II.	Liabilities to the financial sector	0	0
	Liabilities to the non-financial sector	0	0
III.	- Other, including:	0	0
	- term	0	0
IV.	Liabilities to the public sector	0	0
V.	Liabilities due to repo and sell-buy-back transactions	0	0
VI.	Liabilities due to issue of debt securities	0	0
VII.	Other liabilities due to financial instruments	0	0
VIII.	Special funds and other liabilities	45,289	45,871
	Deferred income, deferred costs and restricted revenue	25	25
IX.	1. Deferred costs	23	19
	2. Other deferred income and restricted revenue	2	6
X.	Provisions	20	17
	- other provisions	20	17
XI.	Subordinated debt	0	0
XII.	Share capital	0	0
XIII.	Supplementary capital	0	0
XIV.	Revaluation reserve	30	-3
XV.	Other reserve capitals	0	0
XVI.	Prior year profit (loss)	0	0
XVII.	Net profit (loss)	364	437
XVIII.	Appropriations from net profit during the financial year (negative value)	0	0
	Total equity and liabilities	45,728	46,347

Warsaw, 23 March 2017

Prepared by:

Management Board of the Bank

Managing Director

Chairman
of the Management Board

First Deputy Chairman of
the Management Board

Vice-Chairman of the
Management Board

Marcin Wojniak

Beata Daszyńska - Muzyczka

Paweł Nierada

Włodzimierz Kocon

Member of the
Management Board

Member of the Management
Board

Member of the
Management Board

Przemysław Cieszyński

Wojciech Hann

Radosław Kwiecień

1.2. Off-balance sheet items of the Inland Waterway Fund

No.	Item	As at 31.12.2016	As at 31.12.2015
	Contingent liabilities – granted and received	6,385	3,562
I.	1. Granted	0	0
	- financial	0	0
	2. Received	6,385	3,562
	- guarantee	6,385	3,562
II.	Liabilities due to purchase/sale transactions	0	0
III.	Other	0	0

Warsaw, 23 March 2017

Prepared by:

Management Board of the Bank

Managing Director

Chairman of the
Management Board

First Deputy Chairman
of the Management Board

Vice-Chairman of the
Management Board

Marcin Wojniak

Beata Daszyńska - Muzyczka

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Włodzimierz Kocon

Member of the
Management Board

Member of the
Management Board

Member of the
Management Board

Przemysław Cieszyński

Wojciech Hann

Radosław Kwiecień

1.3. Profit and loss account of the Inland Waterway Fund

No.	Item	For the period from 1.01.2016 to 31.12.2016	For the period from 1.01.2015 to 31.12.2015
I.	Interest income	1,049	702
	1. From the non-financial sector	37	39
	2. On fixed income securities	1,012	663
II.	Interest expense	386	0
	- to the public sector	386	0
III.	Net interest income (I-II)	663	702
IV.	Commission income	0	0
V.	Commission expense	-26	5
VI.	Net commission income (IV-V)	26	-5
VII.	Income on shares, other securities and other variable income financial instruments	0	0
VIII.	Gain (loss) on financial transactions	0	-13
	1. In securities and other financial instruments	0	-13
IX.	Gain (loss) on foreign exchange transactions	0	0
X.	Net banking income	689	684
XI.	Other operating revenue	3	2
XII.	Other operating expenses	0	0
	Operating expenses	326	247
	1. Salaries and wages	119	111
XIII.	2. Insurance and other benefits	19	17
	3. Other	188	119
XIV.	Depreciation of fixed assets and amortization of intangible assets	2	2
XV.	Provisions and revaluation	0	0
	1. Specific reserves and general banking risk reserves	0	0
XVI.	Derecognition of provisions and revaluation	0	0
	1. Specific reserves and general banking risk reserves	0	0
XVII.	Difference in the values of provisions and revaluation (XV-XVI)	0	0
XVIII.	Operating profit (loss)	364	437
XIX.	Gain (loss) on extraordinary items	0	0
XX.	Gross profit (loss)	364	437
XXI.	Income tax	0	0
XXII.	Other statutory reductions in profit (increases in loss)	0	0
XXIII.	Net profit (loss)	364	437

Warsaw, 23 March 2017

Prepared by:

Management Board of the Bank

Managing Director

Chairman of the
Management Board

First Deputy Chairman
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Włodzimierz Kocon

Member of the
Management Board

Member of the
Management Board

Member of the
Management Board

Przemysław Cieszyński

Wojciech Hann

Radosław Kwiecień

2. National Road Fund

2.1. Balance sheet of the National Road Fund

No.	Assets	As at 31.12.2016	As at 31.12.2015
I.	Cash and transactions with the Central Bank	0	0
II.	Debt securities that may be rediscounted at the Central Bank	0	0
III.	Receivables from the financial sector	0	0
IV.	Receivables from the non-financial sector	0	0
	Receivables from the public sector	49,802,726	44,764,517
V.	1. Current account	0	0
	2. Term	49,802,726	44,764,517
VI.	Receivables due to reverse repo and buy-sell-back transactions	0	0
	Debt securities	1,856,214	571,981
VII.	1. Issued by banks	1,669,658	0
	2. Issued by the Treasury and local governments	186,556	571,981
VIII.	Shares in subsidiaries	0	0
IX.	Shares in co-subsidiaries	0	0
X.	Shares in associates	0	0
XI.	Shares in other entities	0	0
XII.	Other securities and other financial assets	0	8,090
XIII.	Intangible assets	0	0
XIV.	Property, plant and equipment and investment property	0	0
XV.	Other assets	94,084	98,407
	- other	94,084	98,407
XVI.	Prepayments	4,147	0
	- other prepayments	4,147	0
XVII.	Called up share capital	0	0
XVIII.	Treasury shares	0	0
	Total assets	51,757,171	45,442,995

Appendix to the Financial Statements of Bank Gospodarstwa Krajowego
for the financial year from 1 January to 31 December 2016

(PLN '000)

No.	Equity and liabilities	As at 31.12.2016	As at 31.12.2015
I.	Liabilities to the Central Bank	0	0
II.	Liabilities to the financial sector	27,560,635	25,728,770
	- term	27,560,635	25,728,770
III.	Liabilities to the non-financial sector	0	0
IV.	Liabilities to the public sector	0	0
V.	Liabilities due to repo and sell-buy-back transactions	0	0
VI.	Long-term liabilities due to issue of debt securities	22,971,071	19,604,140
VII.	Other liabilities due to financial instruments	0	0
VIII.	Special funds and other liabilities	1,225,422	109,699
IX.	Deferred income, deferred costs and restricted revenue	0	0
X.	Provisions	0	0
XI.	Subordinated debt	0	0
XII.	Share capital	0	0
XIII.	Supplementary capital	0	0
XIV.	Revaluation reserve	43	386
XV.	Other reserve capitals	0	0
XVI.	Prior year profit (loss)	0	0
XVII.	Net profit (loss)	0	0
XVIII.	Appropriations from net profit during the financial year (negative value)	0	0
	Total equity and liabilities	51,757,171	45,442,995

Warsaw, 23 March 2017

Prepared by:

Management Board of the Bank

Managing Director

Chairman of the
Management Board

First Deputy Chairman
of the Management Board

Vice-Chairman of the
Management Board

Marcin Wojniak

Beata Daszyńska - Muzyczka

Paweł Nierada

Włodzimierz Kocon

Member of the
Management Board

Member of the
Management Board

Member of the
Management Board

Przemysław Cieszyński

Wojciech Hann

Radosław Kwiecień

2.2. Off-balance sheet items of the National Road Fund

No.	Item	As at 31.12.2016	As at 31.12.2015
	Contingent liabilities – granted and received	17,110,570	12,026,917
I.	1. Received	17,110,570	12,026,917
	- financial	17,110,570	12,026,917
II.	Liabilities due to purchase/sale transactions	884,800	4,936,213
III.	Other	0	0

Warsaw, 23 March 2017

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Wojciech Hann

Radosław Kwiecień

2.3. Profit and loss account of the National Road Fund

No.	Item	For the period from 1.01.2016 to 31.12.2016	For the period from 1.01.2015 to 31.12.2015
	Interest income	40,658	47,974
I.	1. From the financial sector	400	929
	2. On fixed income securities	40,258	47,045
	Interest expense	2,025,166	1,940,438
II.	1. To the financial sector	2,024,260	1,935,070
	2. To the public sector	906	5,368
III.	Net interest income (I-II)	-1,984,508	-1,892,464
IV.	Commission income	0	0
V.	Commission expense	4,456	8,832
VI.	Net commission income (IV-V)	-4,456	-8,832
VII.	Income on shares, other securities and other variable income financial instruments	0	0
VIII.	Gain (loss) on financial transactions	579	-13,771
	- in securities and other financial instruments	579	-13,771
IX.	Gain (loss) on foreign exchange transactions	700	13,811
X.	Net banking income	-1,987,685	-1,901,256
XI.	Other operating revenue	0	0
XII.	Other operating expenses	0	0
XIII.	Operating expenses	0	0
XIV.	Depreciation of fixed assets and amortization of intangible assets	0	0
XV.	Provisions and revaluation	0	0
XVI.	Derecognition of provisions and revaluation	0	0
XVII.	Difference in the values of provisions and revaluation (XV-XVI)	0	0
XVIII.	Operating profit (loss)	-1,987,685	-1,901,256
XIX.	Gain (loss) on extraordinary items	0	0
XX.	Gross profit (loss)	-1,987,685	-1,901,256
XXI.	Income tax	0	0
XXII.	Other statutory reductions in profit (increases in loss)	0	0
XXIII.	Net profit (loss)	-1,987,685	-1,901,256

Warsaw, 23 March 2017

Prepared by:

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Włodzimierz Kocon

Member of the
Management Board

Member of the
Management Board

Member of the
Management Board

Przemysław Cieszyński

Wojciech Hann

Radostaw Kwiecień

Representations made in the form of a notarized deed, whereby the Bank submits to enforcement for the benefit of the Treasury represented by the Minister of Finance, up to the value of funds of the National Road Fund, a security for a Treasury guarantee for the payment of liabilities due to EIB loans taken out for the National Road Fund.

Appendix to the Financial Statements of Bank Gospodarstwa Krajowego
for the financial year from 1 January to 31 December 2016

(PLN '000)

■ Sources of funding for the National Road Fund
Foreign loans as at 31 December 2016:

No.	Lender	Parties to the agreement	Date	Amount / Subject of agreement	Interest rate	Terms of repayment		Bank principal balance as at 31.12.2016	Interest accrued for 2016	Outstanding interest as at 31.12.2016
						Repayment of interest	Repayment of principal			
I.	European Investment Bank	Bank Gospodarstwa Krajowego - European Investment Bank	31.08.2005 15.09.2011	EURO 380.000.000 / KPD - AP	variable - adjusted every 3 months (determined by EIB)	quarterly 15.03, 15.06, 15.09, 15.12	semiannually: 15.03 and 15.09 till 15.09.2011	1.225.013	6	0
II.	European Investment Bank	Bank Gospodarstwa Krajowego - European Investment Bank	31.08.2005	EURO 175.000.000 / KPD - Motorway A2	variable - adjusted every 3 months (determined by EIB)	quarterly 15.03, 15.06, 15.09, 15.12	semiannually: 15.03 and 15.09 from 15.03.2011 till 15.09.2010	364.351	6.206	319
III.	European Investment Bank	Bank Gospodarstwa Krajowego - European Investment Bank	11.05.2006 15.12.2015	EURO 200.000.000 / KPD	variable - adjusted every 3 months (determined by EIB)	quarterly 15.03, 15.06, 15.09, 15.12	semiannually: 15.03 and 15.09 from 15.03.2014 till 15.09.2011	669.339	12.663	581
IV.	European Investment Bank	Bank Gospodarstwa Krajowego - European Investment Bank	25.10.2006 15.08.2010	EURO 300.000.000 / KPD - Motorway construction project	variable - adjusted every 3 months (determined by EIB)	quarterly 15.03, 15.06, 15.09, 15.12	semiannually: 15.06 and 15.12 from 15.12.2010 till 15.12.2010	912.984	16.737	792
V.	European Investment Bank	Bank Gospodarstwa Krajowego - European Investment Bank	30.07.2007 15.03.2012	EURO 300.000.000 / KPD	variable - adjusted every 3 months (determined by EIB)	quarterly 15.03, 15.06, 15.09, 15.12	semiannually: 15.03 and 15.09 from 15.03.2012 till 15.12.2011	321.856	10.852	507
VI.	European Investment Bank	Bank Gospodarstwa Krajowego - European Investment Bank	17.11.2009 15.03.2010	EURO 365.000.000 / KPD - Warsaw Ring Road	fixed, adjusted for every tranche	quarterly 15.03, 15.06, 15.09, 15.12	semiannually: 15.06 and 15.12 from 15.12.2010 till 15.12.2010	1.656.850	67.070	5.995
					variable - adjusted every 3 months (determined by EIB)	quarterly 15.03, 15.06, 15.09, 15.12	semiannually: 15.06 and 15.12 from 15.06.2010 till 15.12.2010	400.000	6.866	325
VII.	European Investment Bank	Bank Gospodarstwa Krajowego - European Investment Bank	04.12.2009 15.06.2013	EURO 325.000.000 / KPD - Road Rehabilitation Project	fixed	quarterly 15.03, 15.06, 15.09, 15.12	semiannually: 15.06 and 15.12 from 15.12.2010 till 15.12.2010	1.153.291	39.565	4.201
					fixed till 15.06.2013	quarterly 15.03, 15.06, 15.09, 15.12	semiannually: 15.06 and 15.12 from 15.12.2010 till 15.06.2013	229.926	6.082	361
VIII.	European Investment Bank	Bank Gospodarstwa Krajowego - European Investment Bank	04.12.2009 15.03.2012	EURO 500.000.000 / KPD - Motorway A2 Stryków-Konetopa Ten	fixed, adjusted for every tranche	quarterly 15.03, 15.06, 15.09, 15.12	semiannually: 15.03 and 15.09 from 15.03.2012 till 15.03.2012	1.769.600	65.265	7.745
					variable - adjusted every 3 months (determined by EIB)	quarterly 15.03, 15.06, 15.09, 15.12	semiannually: 15.06 and 15.12 from 15.06.2010 till 15.12.2010	95.982	2.021	85
IX.	European Investment Bank	Bank Gospodarstwa Krajowego - European Investment Bank	16.03.2010 15.02.2012	EURO 100.000.000 / KPD - Motorway construction project - B	fixed, adjusted for every tranche	quarterly 15.03, 15.06, 15.09, 15.12	semiannually: 15.03 and 15.09 from 15.03.2011 till 15.03.2011	707.840	27.257	2.791
X.	European Investment Bank	Bank Gospodarstwa Krajowego - European Investment Bank	09.07.2010 15.01.2015	EURO 350.000.000 / KPD - Motorway A1 (Toruń-Stryków)	fixed, adjusted for every tranche	quarterly 15.03, 15.06, 15.09, 15.12	semiannually: 15.03 and 15.09 from 15.03.2011 till 15.03.2011	1.282.950	48.765	6.225
XI.	European Investment Bank	Bank Gospodarstwa Krajowego - European Investment Bank	15.02.2012	EURO 450.000.000 / KPD	fixed, adjusted for every tranche	quarterly 15.03, 15.06, 15.09, 15.12	semiannually: 15.03 and 15.09 from 15.03.2011 till 15.03.2011	1.527.200	50.572	6.452
XII.	European Investment Bank	Bank Gospodarstwa Krajowego - European Investment Bank	28.11.2010 15.10.2015	EURO 225.000.000 / KPD - Motorway A1 (Stryków-Pyrzowice)	fixed, adjusted for every tranche	quarterly 15.03, 15.06, 15.09, 15.12	semiannually: 15.03 and 15.09 from 15.03.2011 till 15.03.2011	351.800	11.546	2.017
					fixed till 15.10.2015 and fixed till 15.10.2016	quarterly 15.03, 15.06, 15.09, 15.12	quarterly 15.03, 15.06, 15.09, 15.12 from 15.10.2015 till 15.10.2016	550.000	10.295	2.556
XIII.	European Investment Bank	Bank Gospodarstwa Krajowego - European Investment Bank	22.06.2011 15.03.2014	EURO 600.000.000 / KPD - Motorway II	fixed, adjusted for every tranche	quarterly 15.03, 15.06, 15.09, 15.12	semiannually: 15.03 and 15.09 from 15.03.2012 till 15.03.2012	3.539.200	114.675	14.819
XIV.	European Investment Bank	Bank Gospodarstwa Krajowego - European Investment Bank	27.09.2011 15.03.2013	EURO 180.000.000 / KPD - Project Poland - Flood Damaged Roads	fixed till 15.09.2012 fixed till 15.11.2014	quarterly 15.03, 15.06, 15.09, 15.12	semiannually: 15.03 and 15.09 from 15.03.2011 till 15.03.2011	667.725	35.094	4.227
XV.	European Investment Bank	Bank Gospodarstwa Krajowego - European Investment Bank	27.09.2011 15.02.2012	EURO 120.000.000 / KPD - Project Poland Electronic Trailing System	fixed till 15.09.2016 fixed till 15.08.2016	quarterly 15.03, 15.06, 15.09, 15.12	semiannually: 15.03 and 15.09 from 15.03.2011 till 15.03.2011	357.332	15.028	855
XVI.	European Investment Bank	Bank Gospodarstwa Krajowego - European Investment Bank	15.12.2011 15.04.2015	EURO 600.000.000 / KPD - Roads in the net Ten-Ten	fixed	quarterly 15.03, 15.06, 15.09, 15.12	semiannually: 15.06 and 15.12 from 15.12.2011 till 15.06.2011	774.200	25.500	1.100
					fixed till 15.09.2014	quarterly 15.03, 15.06, 15.09, 15.12	semiannually: 15.03 and 15.09 from 15.09.2012 till 15.09.2012	950.000	26.028	2.556
					fixed till 15.10.2015	quarterly 15.03, 15.06, 15.09, 15.12	semiannually: 15.03 and 15.09 from 15.10.2015 till 15.03.2015	1.017.820	35.098	2.980
XVII.	European Investment Bank	Bank Gospodarstwa Krajowego - European Investment Bank	11.03.2012 09.10.2012	EURO 900.000.000 / KPD - freeways 37 and 38	fixed	quarterly 15.03, 15.06, 15.09, 15.12	semiannually: 15.03 and 15.09 from 15.03.2012 till 15.03.2012	2.000.000	69.078	6.439
XVIII.	European Investment Bank	Bank Gospodarstwa Krajowego - European Investment Bank	15.10.2015	EURO 300.000.000 (increased by an annex from the amount of EURO 247.000.000) / KPD - Warsaw Ring Road	fixed	quarterly 15.03, 15.06, 15.09, 15.12	semiannually: 15.06 and 15.12 from 15.12.2011 till 15.06.2011	697.240	12.513	591
XIX.	European Investment Bank	Bank Gospodarstwa Krajowego - European Investment Bank	08.11.2015	EURO 100.000.000 (decreased by an annex from the amount of EURO 230.000.000) / KPD - Motorway A1 (Toruń - Stryków)	fixed till 15.06.2015	quarterly 15.03, 15.06, 15.09, 15.12	semiannually: 15.06 and 15.12 from 15.06.2015 till 15.06.2015	419.694	6.661	396
					fixed till 15.09.2015	quarterly 15.03, 15.06, 15.09, 15.12	semiannually: 15.03 and 15.09 from 15.12.2011 till 15.09.2011	912.000	20.981	1.890
XX.	European Investment Bank	Bank Gospodarstwa Krajowego - European Investment Bank	17.12.2013 17.04.2019	PLN 758.000.000 / KPD - freeway 37 (Świerak-Warszawa-Kraków)	fixed	quarterly 15.03, 15.06, 15.09, 15.12	semiannually: 15.03 and 15.09 from 15.03.2012 till 15.03.2012	3.539.200	114.675	14.819
XXI.	European Investment Bank	Bank Gospodarstwa Krajowego - European Investment Bank	17.12.2013 17.04.2019	PLN 650.000.000 / KPD - freeway 38 (Warszawa-Siałatki)	fixed	quarterly 15.03, 15.06, 15.09, 15.12	quarterly 15.03, 15.06, 15.09, 15.12 from 15.12.2011 till 15.03.2012	358.896	5.913	829
XXII.	European Investment Bank	Bank Gospodarstwa Krajowego - European Investment Bank	18.05.2014 15.03.2014	EURO 484.000.000 / KPD - freeway 35	fixed till 15.12.2010; fixed till 15.09.2016	quarterly 15.03, 15.06, 15.09, 15.12	quarterly 15.03, 15.06, 15.09, 15.12 from 15.12.2011 till 15.03.2012	437.000	6.999	580
XXIII.	European Investment Bank	Bank Gospodarstwa Krajowego - European Investment Bank	15.04.2014 15.08.2016	PLN 2.384.000.000 / KPD - freeway 35 (Bydgoszcz-Wrocław)	fixed	quarterly 15.03, 15.06, 15.09, 15.12	quarterly 15.03, 15.06, 15.09, 15.12 from 15.12.2011 till 15.03.2012	194.656	5.253	415
XXIV.	European Investment Bank	Bank Gospodarstwa Krajowego - European Investment Bank	15.12.2014 15.12.2019	EURO 300.000.000 / KPD - motorway A1 (Pyrzowice-Czapłachowa)	fixed till 15.06.2016	quarterly 15.03, 15.06, 15.09, 15.12	quarterly 15.03, 15.06, 15.09, 15.12 from 15.12.2011 till 15.03.2012	100.000	589	177
XXV.	European Investment Bank	Bank Gospodarstwa Krajowego - European Investment Bank	24.07.01.2015 15.12.2014	EURO 350.000.000 / KPD - Road modernization in Poland - part III	fixed till 15.06.2016	quarterly 15.03, 15.06, 15.09, 15.12	quarterly 15.03, 15.06, 15.09, 15.12 from 15.06.2016 till 15.03.2016	320.000	4.540	318
XXVI.	European Investment Bank	Bank Gospodarstwa Krajowego - European Investment Bank	15.12.2014 15.10.2014	EURO 170.000.000 / KPD - freeway 35 access roads to Warsaw	fixed till 15.09.2016	quarterly 15.03, 15.06, 15.09, 15.12	quarterly 15.03, 15.06, 15.09, 15.12 from 15.12.2011 till 15.03.2012	108.500	797	156
XXVII.	European Investment Bank	Bank Gospodarstwa Krajowego - European Investment Bank	15.03.2015 17.07.2015	EURO 320.000.000 / KPD - freeway 517 (Warszawa-Lublin)-A	fixed	quarterly 15.03, 15.06, 15.09, 15.12	quarterly 15.03, 15.06, 15.09, 15.12 from 15.12.2011 till 15.03.2012	320.000	4.540	318
XXVIII.	European Investment Bank	Bank Gospodarstwa Krajowego - European Investment Bank	17.07.2015 17.07.2015	EURO 250.000.000 / KPD - Warsaw Ring Road III-A	fixed	quarterly 15.03, 15.06, 15.09, 15.12	quarterly 15.03, 15.06, 15.09, 15.12 from 15.12.2011 till 15.03.2012	250.000	3.417	274
XXIX.	European Investment Bank	Bank Gospodarstwa Krajowego - European Investment Bank	17.07.2015 17.07.2015	EURO 350.000.000 / KPD - freeway 35 II (Nowe Miasto-Bydgoszcz-Wrocław)	fixed	quarterly 15.03, 15.06, 15.09, 15.12	quarterly 15.03, 15.06, 15.09, 15.12 from 15.12.2011 till 15.03.2012	350.000	4.756	396
XXX.	Nordic Investment Bank	Bank Gospodarstwa Krajowego - Nordic Investment Bank	15.03.2015	EURO 100.000.000 / KPD - motorway A1, access road Stryków-Tuszyń	variable - adjusted every 6 months (determined by NIB)	quarterly 15.03, 15.06, 15.09, 15.12	semiannually: 15.01 and 15.07 from 15.01.2016 till 15.01.2016	442.400	1.714	794
Total								27.474.936	781.977	85.679

Appendix to the Financial Statements of Bank Gospodarstwa Krajowego
for the financial year from 1 January to 31 December 2016

(PLN '000)

■ Foreign loans as at 31 December 2015:

No.	Lender	Parties to the agreement	Date	Amount / Subject of agreement	Interest rate	Terms of repayment		Bank principal balance as at 31.12.2015	Interest accrued for 2015	Outstanding interest as at 31.12.2015
						Repayment of interest	Repayment of principal			
I.	European Investment Bank	Bank Gospodarstwa Krajowego – European Investment Bank	31.08.2005 15.09.2031	EURO 380.000.000 / KFD - AFI	variable - adjusted every 3 months (determined by EIB)	quarterly 15.03, 15.06, 15.09, 15.12	semiannually 15.03 and 15.09 till 15.09.2031	1,364,256	1,926	1
II.	European Investment Bank	Bank Gospodarstwa Krajowego – European Investment Bank	31.08.2005 15.06.2033	EURO 175.000.000 / KFD - motorway A2	variable - adjusted every 3 months (determined by EIB)	quarterly 15.03, 15.06, 15.09, 15.12	semiannually: 15.03 and 15.09 from 15.03.2013 till 15.09.2030	390,044	7,627	336
III.	European Investment Bank	Bank Gospodarstwa Krajowego – European Investment Bank	11.05.2006 15.12.2033	EURO 200.000.000 / KFD	variable - adjusted every 3 months (determined by EIB)	quarterly 15.03, 15.06, 15.09, 15.12	semiannually: 15.03 and 15.09. from 15.03.2014 till 15.09.2031	713,203	13,855	615
IV.	European Investment Bank	Bank Gospodarstwa Krajowego – European Investment Bank	25.10.2006 15.06.2040	EURO 300.000.000 / KFD - Motorways construction project	variable - adjusted every 3 months (determined by EIB)	quarterly 15.03, 15.06, 15.09, 15.12	semiannually: 15.03 and 15.09 lub 15.06 and 15.12 from 15.09.2017 till 15.12.2039	319,213	10,448	485
V.	European Investment Bank	Bank Gospodarstwa Krajowego – European Investment Bank	30.07.2007 15.03.2029	EURO 300.000.000 / KFD	variable - adjusted every 3 months (determined by EIB)	quarterly 15.03, 15.06, 15.09, 15.12	semiannually: 15.03 and 15.09 lub 15.06 and 15.12, from 15.12.2013 till 15.03.2029	912,984	17,319	787
VI.	European Investment Bank	Bank Gospodarstwa Krajowego – European Investment Bank	17.11.2009 15.05.2040	EURO 565.000.000 / KFD - Warsaw Ring Road	fixed, adjusted for every tranche	quarterly 15.03, 15.06, 15.09, 15.12	semiannually: 15.03 and 15.12 from 15.12.2019 till 15.12.2039	912,984	17,319	787
VII.	European Investment Bank	Bank Gospodarstwa Krajowego – European Investment Bank	04.12.2009 15.06.2033	EURO 325.000.000 / KFD - Road Rehabilitation Project	variable - adjusted every 3 months (determined by EIB)	quarterly 15.03, 15.06, 15.09, 15.12	semiannually 15.05 and 15.11, from 15.11.2016 till 15.11.2030	400,000	7,134	324
VIII.	European Investment Bank	Bank Gospodarstwa Krajowego – European Investment Bank	04.12.2009 15.05.2042	EURO 500.000.000 / KFD - Motorway A2 Stryków-Konotopa Ten	fixed	quarterly 15.02, 15.05, 15.08, 15.11	semiannually 15.05 and 15.11, from 15.11.2016 till 15.11.2030	229,927	8,073	377
IX.	European Investment Bank	Bank Gospodarstwa Krajowego – European Investment Bank	16.03.2010 15.02.2042	EURO 200.000.000 / KFD - Motorways construction project - B	fixed, adjusted for every tranche	quarterly 15.02, 15.05, 15.08, 15.11	semiannually: 15.06 and 15.12 from 15.12.2019 till 15.06.2033	1,704,600	63,455	7,460
X.	European Investment Bank	Bank Gospodarstwa Krajowego – European Investment Bank	09.07.2010 15.01.2043	EURO 350.000.000 / KFD - Motorway A1 (Toruń-Stryków)	fixed, adjusted for every tranche	quarterly 15.02, 15.05, 15.08, 15.11	semiannually: 15.03 and 15.09 from 15.03.2022 till 15.03.2042	95,962	1,865	95
XI.	European Investment Bank	Bank Gospodarstwa Krajowego – European Investment Bank	17.08.2010 15.02.2036	EURO 450.000.000 / KFD	fixed, adjusted for every tranche	quarterly 15.02, 15.05, 15.08, 15.11	semiannually: 15.02 and 15.08 lub 15.05 and 15.11, from 15.05.2021 till 15.02.2042	681,840	26,228	2,684
XII.	European Investment Bank	Bank Gospodarstwa Krajowego – European Investment Bank	26.11.2010 15.10.2043	EURO 225.000.000 / KFD - Motorway A1 (Stryków-Pyrzowice)	fixed, adjusted for every tranche	quarterly 15.02, 15.05, 15.08, 15.11	semiannually: 15.06 and 15.12 from 15.06.2021 till 15.06.2041	1,235,835	46,974	5,999
XIII.	European Investment Bank	Bank Gospodarstwa Krajowego – European Investment Bank	22.06.2011 15.03.2044	EURO 800.000.000 / KFD - Motorways II	fixed, adjusted for every tranche	quarterly 15.01, 15.04, 15.07, 15.10	semiannually: 15.02 and 15.08 lub 15.05 and 15.11 from 15.08.2021 till 15.05.2043	255,588	10,998	2,331
XIV.	European Investment Bank	Bank Gospodarstwa Krajowego – European Investment Bank	27.09.2011 15.05.2039	EURO 180.000.000 / KFD - Project Poland - Flood Damaged Roads	fixed	quarterly 15.02, 15.05, 15.08, 15.11	semiannually 15.02 and 15.08 from 15.02.2019 till 15.02.2039	1,278,450	48,522	6,197
XV.	European Investment Bank	Bank Gospodarstwa Krajowego – European Investment Bank	27.09.2011 15.02.2022	EURO 120.000.000 / KFD - Project Poland Electronic Tolling System	fixed	quarterly 15.02, 15.05, 15.08, 15.11	semiannually 15.02 and 15.08, from 15.02.2015 till 15.02.2022	422,537	22,380	2,713
XVI.	European Investment Bank	Bank Gospodarstwa Krajowego – European Investment Bank	15.12.2011 15.04.2043	EURO 600.000.000 / KFD - Roads in the net Ten-Tin	fixed	quarterly 15.03, 15.06, 15.09, 15.12	semiannually 15.06 and 15.12, from 15.12.2021 till 15.06.2041	745,763	22,421	1,048
XVII.	European Investment Bank	Bank Gospodarstwa Krajowego – European Investment Bank	11.12.2012 11.04.2046	EURO 900.000.000 / KFD - freeways S7 and S8	fixed	quarterly 15.01, 15.04, 15.07, 15.10	semiannually 15.01 and 15.10, from 15.10.2023 till 15.04.2043	930,000	22,611	2,526
XVIII.	European Investment Bank	Bank Gospodarstwa Krajowego – European Investment Bank	09.10.2012 15.10.2043	EURO 300.000.000 (increased by an annex from the amount of EURO 247.000.000) / KFD - Warsaw Ring Road	fixed	quarterly 15.02, 15.05, 15.08, 15.11	semiannually 15.05 and 15.11 from 15.11.2024 till 15.05.2044	2,080,000	66,075	8,439
XIX.	European Investment Bank	Bank Gospodarstwa Krajowego – European Investment Bank	08.11.2013 08.03.2048	EURO 100.000.000 (decreased by an annex from the amount of EURO 250.000.000) / KFD - Motorway A1 (Toruń - Stryków)	fixed	quarterly 15.03, 15.06, 15.09, 15.12	semiannually 15.06 and 15.12, from 15.12.2023 till 15.06.2042	575,303	12,041	563
XX.	European Investment Bank	Bank Gospodarstwa Krajowego – European Investment Bank	17.12.2013 17.04.2049	PLN 788.000.000 / KFD - freeway S7 (Gdańsk-Warszawa-Kraków)	fixed till 15.06.2025	quarterly 15.02, 15.05, 15.08, 15.11	semiannually 15.05 and 15.11 from 15.11.2025 till 15.05.2045	250,000	2,918	364
XXI.	European Investment Bank	Bank Gospodarstwa Krajowego – European Investment Bank	17.12.2013 17.04.2049	PLN 680.000.000 / KFD - freeway S8 (Warszawa-Białystok)	fixed till 15.11.2025	quarterly 15.02, 15.05, 15.08, 15.11	semiannually 15.05 and 15.11 from 15.11.2025 till 15.05.2045	480,000	3,536	1,891
XXII.	European Investment Bank	Bank Gospodarstwa Krajowego – European Investment Bank	16.04.2014 16.08.2050	EURO 454.000.000 / KFD - freeway S3	fixed	quarterly 15.01, 15.04, 15.07, 15.10	quarterly 15.01, 15.04, 15.07, 15.10 from 15.01.2026 till 15.07.2045	230,121	684	684
XXIII.	European Investment Bank	Bank Gospodarstwa Krajowego – European Investment Bank	16.04.2014 16.08.2050	PLN 2.384.000.000 / KFD - freeway S5 (Bydgoszcz-Wrocław)	fixed till 15.12.2020	quarterly 15.03, 15.06, 15.09, 15.12	quarterly 15.03, 15.06, 15.09, 15.12 from 15.12.2025 till 15.09.2045	220,000	1,046	256
XXIV.	European Investment Bank	Bank Gospodarstwa Krajowego – European Investment Bank	15.12.2014 15.12.2049	EURO 300.000.000 / KFD - motorway A1 (Pyrzowice-Częstochowa)	fixed	quarterly 15.02, 15.05, 15.08, 15.11	quarterly 15.02, 15.05, 15.08, 15.11 from 15.11.2025 till 15.08.2045	187,506	605	398
XXV.	European Investment Bank	Bank Gospodarstwa Krajowego – European Investment Bank	15.10.2014 15.10.2049	EURO 170.000.000 / KFD - freeway S8 access roads to Warsaw	fixed till 15.11.2020	quarterly 15.02, 15.05, 15.08, 15.11	quarterly 15.02, 15.05, 15.08, 15.11 from 15.11.2025 till 15.08.2045	105,000	295	295
XXVI.	Nordic Investment Bank	Bank Gospodarstwa Krajowego – Nordic Investment Bank	03.12.2012 15.01.2043	EURO 100.000.000 / KFD - motorway A1, access road Stryków-Tuszyn	variable - adjusted every 6 months (determined by NIB)	semiannually 15.01 and 15.07	semiannually 15.01 and 15.07 from 15.01.2018 till 15.01.2043	426,150	1,445	670
Total								25,646,440	722,021	82,330

Appendix to the Financial Statements of Bank Gospodarstwa Krajowego
for the financial year from 1 January to 31 December 2016

(PLN '000)

▪ Bonds issued as at 31 December 2016:

No.	Lender	Parties to the agreement	Effective / termination date	Amount	Interest rate	Redemption terms		Principal as at 31.12.2016	Interest accrued as at 31.12.2016	Interest due as at 31.12.2016
						Interest	Principal			
I.	Deutsche Bank AG London	Deutsche Bank AG London	10.05.2006	EUR 200 million (indebtedness as of the redemption date, ie. 16 May 2016 amounted to EUR 50 million = PLN 221,200,000 (issuance of Bonds for the National Road Fund needs))	fixed	annually	redemption of bonds in equal parts (50 million euro a year) on the issue anniversaries between 2014 and 2016	0	3,725	0
		BGK	16.05.2016		4.5325%					
II.	BGK's own issue	Bond issue by BGK itself	21.10.2009	PLN 11,652.5 million (issuance of the Bonds for the National Road Fund needs)	Fixed 6.25%	annually	redemption at maturity with early redemption option	11,656,548	728,747	137,733
			18.11.2009							
			09.12.2009							
			19.05.2010							
			25.05.2011							
			27.07.2011							
			24.10.2018							
			22.06.2011	PLN 1,000 million (issuance of the Bonds for the National Road Fund needs)	Fixed 6.00%			982,433	60,080	31,230
			25.06.2015							
			24.08.2011	PLN 5,250 million (issuance of the Bonds for the National Road Fund needs)	Fixed 5.75%			5,249,474	302,032	56,227
			23.11.2011							
			27.06.2012							
			25.10.2022							
22.05.2014	PLN 1,270 million (issuance of the Bonds for the National Road Fund needs)	Fixed 4.00%	1,262,094	50,826	9,464					
25.10.2024										
Program of Medium Term Bonds in EUR	the Paying Agent, the Transfer Agent: CITIBANK N.A. LONDON BRANCH Dealers: BNP PARIBAS, HSBC BANK PLC and SOCIETE GENERALE	06.05.2016	EUR 1,000 million (value of the issued bonds as of 31 December 2016 amounts to PLN 4,424 million; issuance of the Bonds for the National Road Fund needs)	Fixed 1.75%	annually	redemption of bonds at maturity	3,115,333	28,508	35,635	
		06.05.2026		Fixed 2.00%						
		03.11.2016								

Appendix to the Financial Statements of Bank Gospodarstwa Krajowego
for the financial year from 1 January to 31 December 2016

(PLN '000)

			03.11.2036							
Total								22,699,352	1,175,348	271,719

▪ Bonds issued as at 31 December 2015:

No.	Lender	Parties to the agreement	Effective / termination date	Amount	Interest rate	Redemption terms		Principal as at 31.12.2015	Interest accrued as at 31.12.2015	Interest due as at 31.12.2015
						Interest	Principal			
I.	Deutsche Bank AG London	Deutsche Bank AG London	10.05.2006	EUR 200 million	fixed	annually	redemption of bonds in equal parts (50 million euro a year) on the issue anniversaries between 2014 and 2016	213,075	24,411	6,069
		BGK	16.05.2016							
II.	BGK's own issue	Bond issue by BGK itself	21.10.2009	PLN 11,652.5 million	fixed	annually	redemption at maturity with early redemption option	11,658,793	727,815	137,267
			18.11.2009							
			09.12.2009							
			19.05.2010							
			25.05.2011							
			27.07.2011	PLN 1,000 million	fixed	annually		981,815	59,920	31,150
			24.10.2018							
			22.06.2011	PLN 5,250 million	fixed	annually		5,249,384	301,718	56,070
			25.06.2045							
			24.08.2011							
			23.11.2011							
27.06.2012	PLN 1,270 million	fixed	annually		1,261,079	50,774	9,438			
25.10.2022										
22.05.2014										
25.10.2024										
Total								19,364,146	1,164,638	239,994

3. Railway Fund

3.1. Balance sheet of the Railway Fund

No.	Assets	As at 31.12.2016	As at 31.12.2015
I.	Cash and transactions with the Central Bank	0	0
II.	Debt securities that may be rediscounted at the Central Bank	0	0
III.	Receivables from the financial sector	0	0
IV.	Receivables from the non-financial sector	0	0
V.	Receivables from the public sector	0	0
VI.	Receivables due to reverse repo and buy-sell-back transactions	0	0
	Debt securities	823,764	527,777
VII.	1. Issued by banks	186,962	202,926
	2. Issued by the Treasury and local governments	636,802	324,851
VIII.	Shares in subsidiaries	0	0
IX.	Shares in co-subsidiaries	0	0
X.	Shares in associates	0	0
XI.	Shares in other entities	0	0
XII.	Other securities and other financial assets	0	0
XIII.	Intangible assets	0	0
XIV.	Property, plant and equipment and investment property	0	0
XV.	Other assets	18,191	18,976
	- other	18,191	18,976
XVI.	Prepayments	0	0
XVII.	Called up share capital	0	0
XVIII.	Treasury shares	0	0
	Total assets	841,955	546,753

No.	Equity and liabilities	As at 31.12.2016	As at 31.12.2015
I.	Liabilities to the Central Bank	0	0
II.	Liabilities to the financial sector	0	0
III.	Liabilities to the non-financial sector	0	0
IV.	Liabilities to the public sector	0	0
V.	Liabilities due to repo and sell-buy-back transactions	0	0
VI.	Liabilities due to issue of debt securities	0	0
VII.	Other liabilities due to financial instruments	0	0
VIII.	Special funds and other liabilities	846,890	546,304
IX.	Deferred income, deferred costs and restricted revenue	0	0
X.	Provisions	0	0
XI.	Subordinated debt	0	0
XII.	Share capital	0	0
XIII.	Supplementary capital	0	0
XIV.	Revaluation reserve	-4,935	449
XV.	Other reserve capitals	0	0
XVI.	Prior year profit (loss)	0	0
XVII.	Net profit (loss)	0	0
XVIII.	Appropriations from net profit during the financial year (negative value)	0	0
	Total equity and liabilities	841,955	546,753

Warsaw, 23 March 2017

Prepared by:

Management Board of the Bank

Managing Director

Chairman of the
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First Deputy Chairman
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Vice-Chairman of the
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Paweł Nierada

Włodzimierz Kocon

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Member of the
Management Board

Przemysław Cieszyński

Wojciech Hann

Radosław Kwiecień

3.2. Off-balance sheet items of the Railway Fund

No.	Item	As at 31.12.2016	As at 31.12.2015
I.	Contingent liabilities – granted and received	0	0
II.	Liabilities due to purchase/sale transactions	0	0
III.	Other	0	0

Warsaw, 23 March 2017

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3.3 Profit and loss account of the Railway Fund

No.	Item	For the period from 1.01.2016 to 31.12.2016	For the period from 1.01.2015 to 31.12.2015
	Interest income	22,535	12,262
I.	1. From the financial sector	98	106
	2. On fixed income securities	22,437	12,156
II.	Interest expense	2,932	57
	- to the public sector	2,932	57
III.	Net interest income (I-II)	19,603	12,205
IV.	Commission income	0	0
V.	Commission expense	826	745
VI.	Net commission income (IV-V)	-826	-745
VII.	Income on shares, other securities and other variable income financial instruments	0	0
VIII.	Gain (loss) on financial transactions	493	-131
	- in securities and other financial instruments	493	-131
IX.	Gain (loss) on foreign exchange transactions	0	0
X.	Net banking income	19,270	11,329
XI.	Other operating revenue	0	0
XII.	Other operating expenses	0	0
XIII.	Operating expenses	0	0
XIV.	Depreciation of fixed assets and amortization of intangible assets	0	0
XV.	Provisions and revaluation	0	0
XVI.	Derecognition of provisions and revaluation	0	0
XVII.	Difference in the values of provisions and revaluation (XV-XVI)	0	0
XVIII.	Operating profit (loss)	19,270	11,329
XIX.	Gain (loss) on extraordinary items	0	0
XX.	Gross profit (loss)	19,270	11,329
XXI.	Income tax	0	0
XXII.	Other statutory reductions in profit (increases in loss)	0	0
XXIII.	Net profit (loss)	19,270	11,329

Warsaw, 23 March 2017

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4. Subsidy Fund

4.1. Balance sheet of the Subsidy Fund

No.	Assets	As at 31.12.2016	As at 31.12.2015
I.	Cash and transactions with the Central Bank	0	0
II.	Debt securities that may be rediscounted at the Central Bank	0	0
III.	Receivables from the financial sector	0	0
IV.	Receivables from the non-financial sector	0	0
V.	Receivables from the public sector	0	0
VI.	Receivables due to reverse repo and buy-sell-back transactions	0	0
	Debt securities	399,080	349,520
VII.	1. Issued by banks	179,063	129,752
	2. Issued by the Treasury and local governments	220,017	219,768
VIII.	Shares in subsidiaries	0	0
IX.	Shares in co-subsidiaries	0	0
X.	Shares in associates	0	0
XI.	Shares in other entities	0	0
XII.	Other securities and other financial assets	0	0
XIII.	Intangible assets	0	8
XIV.	Property, plant and equipment and investment property	56	18
XV.	Other assets	8,367	101
	- other	8,367	101
XVI.	Prepayments	34	27
	- other prepayments	34	27
XVII.	Called up share capital	0	0
XVIII.	Treasury shares	0	0
	Total assets	407,537	349,674

No.	Equity and liabilities	As at 31.12.2016	As at 31.12.2015
I.	Liabilities to the Central Bank	0	0
II.	Liabilities to the financial sector	0	0
III.	Liabilities to the non-financial sector	0	0
IV.	Liabilities to the public sector	0	0
V.	Liabilities due to repo and sell-buy-back transactions	0	0
VI.	Liabilities due to issue of debt securities	0	0
VII.	Other liabilities due to financial instruments	0	0
VIII.	Special funds and other liabilities	406,801	348,763
IX.	Deferred income, deferred costs and restricted revenue	262	451
	- deferred costs	262	451
X.	Provisions	387	380
	- other provisions	387	380
XI.	Subordinated debt	0	0
XII.	Share capital	0	0
XIII.	Supplementary capital	0	0
XIV.	Revaluation reserve	87	80
XV.	Other reserve capitals	0	0
XVI.	Prior year profit (loss)	0	0
XVII.	Net profit (loss)	0	0
XVIII.	Appropriations from net profit during the financial year (negative value)	0	0
	Total equity and liabilities	407,537	349,674

Warsaw, 23 March 2017

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4.2. Off-balance sheet items of the Subsidy Fund

No.	Item	As at 31.12.2016	As at 31.12.2015
	Contingent liabilities – granted and received	206,034	126,210
I.	1. Granted	206,034	126,210
	- financial	206,034	126,210
II.	Liabilities due to purchase/sale transactions	0	0
III.	Other	0	0

Warsaw, 23 March 2017

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4.3. Profit and loss account of the Subsidy Fund

No.	Item	For the period from 1.01.2016 to 31.12.2016	For the period from 1.01.2015 to 31.12.2015
I.	Interest income	5,290	5,950
	- on fixed income securities	5,290	5,950
II.	Interest expense	24	23
	- to the public sector	24	23
III.	Net interest income (I-II)	5,266	5,927
IV.	Commission income	0	0
V.	Commission expense	1	2
VI.	Net commission income (IV-V)	-1	-2
VII.	Income on shares, other securities and other variable income financial instruments	0	0
VIII.	Gain (loss) on financial transactions	409	496
	- in securities and other financial instruments	409	496
IX.	Gain (loss) on foreign exchange transactions	0	0
X.	Net banking income	5,674	6,421
XI.	Other operating revenue	20	24
XII.	Other operating expenses	0	1
	Operating expenses	5,122	5,287
XIII.	1. Salaries and wages	2,132	2,323
	2. Insurance and other benefits	423	420
	3. Other	2,567	2,544
XIV.	Depreciation of fixed assets and amortization of intangible assets	76	66
XV.	Provisions and revaluation	0	0
XVI.	Derecognition of provisions and revaluation	0	0
XVII.	Difference in the values of provisions and revaluation (XV-XVI)	0	0
XVIII.	Operating profit (loss)	496	1,091
XIX.	Gain (loss) on extraordinary items	0	0
XX.	Gross profit (loss)	496	1,091
XXI.	Income tax	0	0
XXII.	Other statutory reductions in profit (increases in loss)	0	0
XXIII.	Net profit (loss)	496	1,091

Warsaw, 23 March 2017

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Management Board of the Bank

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Wojciech Hann

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5. Student Loan Fund

5.1. Balance sheet of the Student Loan Fund

No.	Assets	As at 31.12.2016	As at 31.12.2015
I.	Cash and transactions with the Central Bank	0	0
II.	Debt securities that may be rediscounted at the Central Bank	0	0
III.	Receivables from the financial sector	0	0
IV.	Receivables from the non-financial sector	0	0
V.	Receivables from the public sector	0	0
VI.	Receivables due to reverse repo and buy-sell-back transactions	0	0
	Debt securities	0	3,129
VII.	1. Issued by banks	0	3,079
	2. Issued by the Treasury and local governments	0	50
VIII.	Shares in subsidiaries	0	0
IX.	Shares in co-subsidiaries	0	0
X.	Shares in associates	0	0
XI.	Shares in other entities	0	0
XII.	Other securities and other financial assets	0	0
XIII.	Intangible assets	0	0
XIV.	Property, plant and equipment and investment property	1	1
XV.	Other assets	381	10
XVI.	Prepayments	4	3
	- other prepayments	4	3
XVII.	Called up share capital	0	0
XVIII.	Treasury shares	0	0
	Total assets	386	3,143

Appendix to the Financial Statements of Bank Gospodarstwa Krajowego
for the financial year from 1 January to 31 December 2016

(PLN '000)

No.	Equity and liabilities	As at 31.12.2016	As at 31.12.2015
I.	Liabilities to the Central Bank	0	0
II.	Liabilities to the financial sector	0	0
III.	Liabilities to the non-financial sector	0	0
IV.	Liabilities to the public sector	0	0
V.	Liabilities due to repo and sell-buy-back transactions	0	0
VI.	Liabilities due to issue of debt securities	0	0
VII.	Other liabilities due to financial instruments	0	0
VIII.	Special funds and other liabilities	317	3,056
IX.	Deferred income, deferred costs and restricted revenue	27	41
	- deferred costs	27	41
X.	Provisions	42	46
	- other provisions	42	46
XI.	Subordinated debt	0	0
XII.	Share capital	0	0
XIII.	Supplementary capital	0	0
XIV.	Revaluation reserve	0	0
XV.	Other reserve capitals	0	0
XVI.	Prior year profit (loss)	0	0
XVII.	Net profit (loss)	0	0
XVIII.	Appropriations from net profit during the financial year (negative value)	0	0
	Total equity and liabilities	386	3,143

Warsaw, 23 March 2017

Prepared by:

Management Board of the Bank

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Przemysław Cieszyński

Wojciech Hann

Radosław Kwiecień

5.2. Off-balance sheet items of the Student Loan Fund

No.	Item	As at 31.12.2016	As at 31.12.2015
I.	Contingent liabilities – granted and received	0	0
II.	Liabilities due to purchase/sale transactions	0	0
III.	Other	0	0

Warsaw, 23 March 2017

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Wojciech Hann

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5.3. Profit and loss account of the Student Loan Fund

No.	Item	For the period from 1.01.2016 to 31.12.2016	For the period from 1.01.2015 to 31.12.2015
I.	Interest income	22	38
	- on fixed income securities	22	38
II.	Interest expense	0	0
III.	Net interest income (I-II)	22	38
IV.	Commission income	0	0
V.	Commission expense	1	1
VI.	Net commission income (IV-V)	-1	-1
VII.	Income on shares, other securities and other variable income financial instruments	0	0
VIII.	Gain (loss) on financial transactions	0	0
IX.	Gain (loss) on foreign exchange transactions	0	0
X.	Net banking income	21	37
XI.	Other operating revenue	0	0
XII.	Other operating expenses	0	0
	Operating expenses	545	573
XIII.	1. Salaries and wages	230	277
	2. Insurance and other benefits	46	57
	3. Other	269	239
XIV.	Depreciation of fixed assets and amortization of intangible assets	5	5
XV.	Provisions and revaluation	0	0
XVI.	Derecognition of provisions and revaluation	0	0
XVII.	Difference in the values of provisions and revaluation (XV-XVI)	0	0
XVIII.	Operating profit (loss)	-529	-541
XIX.	Gain (loss) on extraordinary items	0	0
XX.	Gross profit (loss)	-529	-541
XXI.	Income tax	0	0
XXII.	Other statutory reductions in profit (increases in loss)	0	0
XXIII.	Net profit (loss)	-529	-541

Warsaw, 23 March 2017

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6. Thermal Efficiency Improvement and Repair Fund

6.1. Balance sheet of the Thermal Efficiency Improvement and Repair Fund

No.	Assets	As at 31.12.2016	As at 31.12.2015
I.	Cash and transactions with the Central Bank	0	0
II.	Debt securities that may be rediscounted at the Central Bank	0	0
III.	Receivables from the financial sector	0	0
IV.	Receivables from the non-financial sector	0	0
V.	Receivables from the public sector	0	0
VI.	Receivables due to reverse repo and buy-sell-back transactions	0	0
	Debt securities	318,104	413,476
VII.	1. Issued by banks	121,875	109,080
	2. Issued by the Treasury and local governments	196,229	304,396
VIII.	Shares in subsidiaries	0	0
IX.	Shares in co-subsidiaries	0	0
X.	Shares in associates	0	0
XI.	Shares in other entities	0	0
XII.	Other securities and other financial assets	0	0
XIII.	Intangible assets	0	0
XIV.	Property, plant and equipment and investment property	17	12
XV.	Other assets	0	40
	- other	0	40
XVI.	Prepayments	19	15
	- other prepayments	19	15
XVII.	Called up share capital	0	0
XVIII.	Treasury shares	0	0
	Total assets	318,140	413,543

No.	Equity and liabilities	As at 31.12.2016	As at 31.12.2015
I.	Liabilities to the Central Bank	0	0
II.	Liabilities to the financial sector	0	0
III.	Liabilities to the non-financial sector	0	0
IV.	Liabilities to the public sector	0	0
V.	Liabilities due to repo and sell-buy-back transactions	0	0
VI.	Liabilities due to issue of debt securities	0	0
VII.	Other liabilities due to financial instruments	0	0
VIII.	Special funds and other liabilities	317,495	413,028
IX.	Deferred income, deferred costs and restricted revenue	135	211
	- deferred costs	135	211
X.	Provisions	214	208
	- other provisions	214	208
XI.	Subordinated debt	0	0
XII.	Share capital	0	0
XIII.	Supplementary capital	0	0
XIV.	Revaluation reserve	296	96
XV.	Other reserve capitals	0	0
XVI.	Prior year profit (loss)	0	0
XVII.	Net profit (loss)	0	0
XVIII.	Appropriations from net profit during the financial year (negative value)	0	0
Total equity and liabilities		318,140	413,543

Warsaw, 23 March 2017

Prepared by:

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Vice-Chairman of the
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Wojciech Hann

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6.2. Off-balance sheet items of the Thermal Efficiency Improvement and Repair Fund

No.	Item	As at 31.12.2016	As at 31.12.2015
I.	Contingent liabilities – granted and received	170,956	177,004
	1. Granted	170,956	177,004
	a) financial	170,956	177,004
II.	Liabilities due to purchase/sale transactions	0	0
III.	Other	0	0

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6.3. Profit and loss account of the Thermal Efficiency Improvement and Repair Fund

No.	Item	For the period from 1.01.2016 to 31.12.2016	For the period from 1.01.2015 to 31.12.2015
I.	Interest income	6,007	7,231
	- on fixed income securities	6,007	7,231
II.	Interest expense	99	125
	- to the public sector	99	125
III.	Net interest income (I-II)	5,908	7,106
IV.	Commission income	0	0
V.	Commission expense	1	2
VI.	Net commission income (IV-V)	-1	-2
VII.	Income on shares, other securities and other variable income financial instruments	0	0
VIII.	Gain (loss) on financial transactions	83	639
	- in securities and other financial instruments	83	639
IX.	Gain (loss) on foreign exchange transactions	0	0
X.	Net banking income	5,990	7,743
XI.	Other operating revenue	22	7
XII.	Other operating expenses	947	1,096
	Operating expenses	2,718	2,748
XIII.	1. Salaries and wages	1,177	1,264
	2. Insurance and other benefits	226	212
	3. Other	1,315	1,272
XIV.	Depreciation of fixed assets and amortization of intangible assets	34	30
XV.	Provisions and revaluation	0	0
XVI.	Derecognition of provisions and revaluation	0	0
XVII.	Difference in the values of provisions and revaluation (XV-XVI)	0	0
XVIII.	Operating profit (loss)	2,313	3,876
XIX.	Gain (loss) on extraordinary items	0	0
XX.	Gross profit (loss)	2,313	3,876
XXI.	Income tax	0	0
XXII.	Other statutory reductions in profit (increases in loss)	0	0
XXIII.	Net profit (loss)	2,313	3,876

Warsaw, 23 March 2017

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7. Borrower Support Fund

7.1. Balance sheet of the Borrower Support Fund

No.	Assets	As at 31.12.2016	As at 31.12.2015
I.	Cash and transactions with the Central Bank	0	0
II.	Debt securities that may be rediscounted at the Central Bank	0	0
III.	Receivables from the financial sector	0	0
IV.	Receivables from the non-financial sector	0	0
V.	Receivables from the public sector	0	0
VI.	Receivables due to reverse repo and buy-sell-back transactions	0	0
	Debt securities	600,868	0
VII.	1. Issued by banks	469,324	0
	2. Issued by the Treasury I Municipalities	131,544	0
VIII.	Shares in subsidiaries	0	0
IX.	Shares in co-subsidiaries	0	0
X.	Shares in associates	0	0
XI.	Shares in other entities	0	0
XII.	Other securities and other financial assets	0	0
XIII.	Intangible assets	0	0
XIV.	Property, plant and equipment and investment property	0	0
XV.	Other assets	201	0
XVI.	Prepayments	0	0
XVII.	Called up share capital	0	0
XVIII.	Treasury shares	0	0
	Total assets	601,069	0

No.	Equity and liabilities	As at 31.12.2016	As at 31.12.2015
I.	Liabilities to the Central Bank	0	0
II.	Liabilities to the financial sector	0	0
III.	Liabilities to the non-financial sector	0	0
IV.	Liabilities to the public sector	0	0
V.	Liabilities due to repo and sell-buy-back transactions	0	0
VI.	Liabilities due to issue of debt securities	0	0
VII.	Other liabilities due to financial instruments	0	0
VIII.	Special funds and other liabilities	600,380	-220
IX.	Deferred income, deferred costs and restricted revenue	750	220
	- deferred costs	750	220
X.	Provisions	0	0
XI.	Subordinated debt	0	0
XII.	Share capital	0	0
XIII.	Supplementary capital	0	0
XIV.	Revaluation reserve	-61	0
XV.	Other reserve capitals	0	0
XVI.	Prior year profit (loss)	0	0
XVII.	Net profit (loss)	0	0
XVIII.	Appropriations from net profit during the financial year (negative value)	0	0
	Total equity and liabilities	601,069	0

Warsaw, 23 March 2017

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7.2. Off-balance sheet items of the Borrower Support Fund

No.	Item	As at 31.12.2016	As at 31.12.2015
I.	Contingent liabilities – granted and received	0	0
II.	Liabilities due to purchase/sale transactions	0	0
III.	Other	0	0

Warsaw, 23 March 2017

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7.3. Profit and loss account of the Borrower Support Fund

No.	Item	For the period from 1.01.2016 to 31.12.2016	For the period from 1.01.2015 to 31.12.2015
I.	Interest income	8,103	0
	- on fixed income securities	8,103	0
II.	Interest expense	159	0
	- to the public sector	159	0
III.	Net interest income (I-II)	7,944	0
IV.	Commission income	0	0
V.	Commission expense	3 000	220
VI.	Net commission income (IV-V)	-3 000	-220
VII.	Income on shares, other securities and other variable income financial instruments	0	0
VIII.	Gain (loss) on financial transactions	0	0
	- in securities and other financial instruments	0	0
IX.	Gain (loss) on foreign exchange transactions	0	0
X.	Net banking income	4,944	-220
XI.	Other operating revenue	0	0
XII.	Other operating expenses	0	0
XIII.	Operating expenses	0	0
XIV.	Depreciation of fixed assets and amortization of intangible assets	0	0
XV.	Provisions and revaluation	0	0
XVI.	Derecognition of provisions and revaluation	0	0
XVII.	Difference in the values of provisions and revaluation (XV-XVI)	0	0
XVIII.	Operating profit (loss)	4,944	-220
XIX.	Gain (loss) on extraordinary items	0	0
XX.	Gross profit (loss)	4,944	-220
XXI.	Income tax	0	0
XXII.	Other statutory reductions in profit (increases in loss)	0	0
XXIII.	Net profit (loss)	4,944	-220

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