

X-TRADE BROKERS DOM MAKLERSKI S.A. CAPITAL GROUP

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014









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I. Comprehensive income statement

		Year e	nded
	Note	31.12.2014	31.12.2013
		PLN	PLN
The result of operations on financial instruments	6	202,013,899	232,651,168
Income from fees and charges	7	5,494,243	5,111,073
Other income	_	578,333	683,103
Total operating income	_	208,086,475	238,445,344
Salaries and employee benefits	8	(55,456,802)	(49,131,708)
Marketing	9	(23,028,688)	(18,938,087)
Other third party services	11	(18,008,807)	(20,651,338)
Costs of maintenance and lease of buildings	10	(6,815,204)	(6,520,187)
Depreciation	21, 22	(5,745,798)	(3,888,239)
Taxes and fees		(1,933,188)	(723,680)
Fee expenses	12	(5,170,318)	(24,160,628)
Other costs	13	(6,011,670)	(8,308,602)
Total operating expenses	_	(122,170,475)	(132,322,469)
Profit on operating activities	_	85,916,000	106,122,875
Financial revenues	14	11,853,103	5,442,046
Financial expenses	15	(1,203,289)	(6,203,846)
Profit before tax	_	96,565,814	105,361,075
Income tax	32	(19,964,085)	(24,779,431)
Net profit	_	76,601,729	80,581,644
•	_	, ,	, ,
Net profit attributable to:			
Shareholders of the parent company		76,601,729	80,581,644
Net profit per share:			, ,
- basic profit per year attributable to shareholders of			
the parent company	31	238.19	250.57
- basic profit from continuing operations for the year			
attributable to shareholders of the parent company	31	238.19	250.57
- diluted profit of the year attributable to shareholders			
of the parent company	31	237.50	249.84
- diluted profit from continuing operations for the year			
attributable to shareholders of the parent company	31	237.50	249.84
Other comprehensive income			
Items which will be reclassified to profit or loss after			
meeting specific conditions		2,066,515	769,933
- foreign exchange differences on translation of			
foreign operations		<i>1,202,564</i>	<i>605,634</i>
- foreign exchange differences on valuation of			
separated equity		1,066,606	202,838
- deferred income tax		(202,655)	(38,539)
Total comprehensive income	-	78,668,244	81,351,577
•	_	, , -	, , -
Total comprehensive income attributable to			
shareholders of the parent company		<i>78,668,244</i>	81,351,577

Consolidated statement of comprehensive income should be read together with the supplementary notes to the consolidated financial statements, which are an integral part of these consolidated financial statements.

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II. Consolidated statement of financial position

	Note	31.12.2014	31.12.2013
		PLN	PLN
ASSETS			
Own cash and cash equivalents	17	287,387,813	168,212,082
Clients' cash and cash equivalents	17	267,966,288	245,120,219
Financial assets held for trading	18	61,322,128	71,540,865
Financial assets held to maturity		287,628	287,628
Financial assets available for sale		240,684	_
Receivables under income tax		56,371	8,296
Loans granted and other receivables	19	3,904,001	40,521,848
Prepayments and accruals	20	1,956,072	2,264,683
Intangible assets	21	17,908,025	12,928,757
Property, plant and equipment	22	4,488,789	4,691,869
Deferred income tax assets	33	12,799,026	11,731,344
Total assets		658,316,825	557,019,963
SHAREHOLDERS' EQUITY AND LIABILITIES			
Liabilities			
Liabilities to clients	23	268,032,078	246,057,189
Financial liabilities held for trading	24	14,692,005	11,479,208
Liabilities under income tax		5,282,462	4,795,139
Other liabilities	25	22,603,928	24,413,809
Provisions for liabilities	28	564,979	607,912
Reserve for deferred income tax	33 _	11,429,128	13,085,038
Total liabilities	<u> </u>	322,604,580	300,438,295
Equity capital			
Share capital	29	5,869,182	5,869,182
Supplementary capital	29	71,607,772	71,607,772
Other reserve capitals	29	189,092,097	102,187,428
Foreign exchange differences on translation	29	2,536,195	469,680
Retained earnings		66,606,999	76,447,362
Shareholders' equity of the owners of the		55/555/555	
Parent Company		335,712,245	256,581,424
Non-controlling interests	_	_	244
Total shareholders' equity	_	335,712,245	256,581,668
	_		
Total shareholders' equity and liabilities	_	658,316,825	557,019,963

Consolidated statement of financial position should be read together with the supplementary notes to the consolidated financial statements, which are an integral part of these consolidated financial statements.

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III. Consolidated statement of changes in equity

Consolidated statement of changes in equity for the period from 1 January 2014 to 31 December 2014

	Share capital PLN	Supplement ary capital PLN	Other reserve capitals PLN	Foreign exchange differences on translation of foreign operations PLN	Retained earnings PLN	Shareholders' equity of the owners of the Parent Company PLN	Non- controlling interests PLN	Total shareholders' equity PLN
As at 1 January 2014	5,869,182	71,607,772	102,187,428	469,680	76,447,362	256,581,424	244	256,581,668
Total comprehensive income for the financial year Net profit Other comprehensive income Total comprehensive income for the financial year	- - -	- - -	- - -	2,066,515 2,066,515	76,601,729 - 76,601,729	76,601,729 2,066,515 78,668,244	- -	76,601,729 2,066,515 78,668,244
Transactions with the Parent Company's owners entered directly in shareholders' equity								
Distribution of the financial result	_	_	86,904,669	_	(86,442,092)	462,577	_	462,577
- retained profits	_	_	86,442,092	_	(86,442,092)	_	_	· –
Share option program	_	_	462,577	_		462,577	_	462,577
Sale/liquidation of a subsidiary	-	-	-	_	-	· -	(244)	(244)
As at 31 December 2014	5,869,182	71,607,772	189,092,097	2,536,195	66,606,999	335,712,245	_	335,712,245

Consolidated statement of changes in equity should be read together with the supplementary notes to the consolidated financial statements, which are an integral part of these consolidated financial statements.

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Consolidated statement of changes in equity for the period from 1 January 2013 to 31 December 2013

		Share capital PLN	Supplement ary capital PLN	Other reserve capitals PLN	Foreign exchange differences on translation of foreign operations PLN	Retained earnings PLN	Shareholders' equity of the owners of the Parent Company PLN	Non- controlli ng interests PLN	Total shareholders' equity PLN
	As at 1 January 2013	5,869,182	71,501,378	155,342,982	(300,253)	37,816,558	270,229,847	244	270,230,091
/	Total comprehensive income for the financial year Net profit	_	_	_	_	80,581,644	80,581,644	_	80,581,644
	Other comprehensive income		_	_	769,933		769,933	_	769,933
/	Total comprehensive income for the financial year	-	-	-	769,933	80,581,644	81,351,577	-	81,351,577
/	Transactions with the Parent Company's owners entered directly in shareholders' equity								
	Distribution of the financial result retained profits	-	106,394 106,394	10,381,316 10,381,316	- -	(41,950,840) (10,487,710)	(31,463,130)	- -	(31,463,130)
	 dividend payment Dividend payment from the reserve capital 	-	-	(63,536,870)	-	(31,463,130)	(31,463,130) (63,536,870)	-	(31,463,130) (63,536,870)
	As at 31 December 2013	5,869,182	71,607,772	102,187,428	469,680	76,447,362	256,581,424	244	256,581,668

Consolidated statement of changes in equity should be read together with the supplementary notes to the consolidated financial statements, which are an integral part of these consolidated financial statements.

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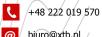


Consolidated cash flow statement IV.

		Year en	ided
	Note	31.12.2014 PLN	31.12.2013 PLN
Cash flow from operating activities		PEN	PLIN
Profit before tax		96,565,814	105,361,075
Adjustments:			, ,
Profit (loss) attributable to non-controlling interest		(244)	_
(Gain)/Loss on sale or disposal of items of property,		,	
plant and equipment		(59,942)	267,214
Depreciation		5,745,798	3,888,239
(Positive)/negative foreign exchange differences on			, ,
translation of cash		(2,267,463)	2,885,932
Cost of share option program		462,577	, , ,
Other adjustments	37.3	2,026,612	768,817
Movement		,, -	
Movement of reserves		(42,933)	101,826
Change in balance of financial assets and liabilities held		(12,333)	101,020
for trading		13,431,534	(23,071,750)
Change in balance of restricted cash		(22,846,069)	(39,627,486)
Change in balance of loans granted and other		(22,040,009)	(39,027,400)
receivables	37.1	36,617,847	1,310,451
Change in balance of prepayments and accruals	37.1	308,611	137,575
Change in balance of prepayments and accidans Change in balance of liabilities to clients		21,974,889	35,216,462
Change in balance of other liabilities	37.2	(2,055,022)	11,903,522
	37.2		99,141,877
Cash from operating activities		149,862,009	
Income tax paid		(22,248,429)	(14,474,238)
Interests	_	24,152	37,000 84,704,639
Net cash from operating activities	_	127,637,732	64,704,039
Cash flow from investing activities			
Proceeds from sale of items of property, plant and			
equipment		343,210	139,359
Expenses relating to payments for property, plant and		3.0/210	100,000
equipment	22	(1,579,576)	(3,450,197)
Expenses relating to payments for intangible assets	21	(8,683,905)	(5,340,109)
Expenses relating to payments for acquisitions of shares		(0,000,000)	(5/5 : 5/255)
in subsidiaries		(240,684)	_
Loans granted		(210,001)	1,767,441
Acquisition of financial assets held to maturity		(287,628)	-
requisition of financial assess field to finatality	_	(207/020)	
Net cash from investing activities	_	(10,448,583)	(6,883,506)
Cash flow from financing activities		(255 500)	(222.242)
Payments of liabilities under finance lease agreements		(256,729)	(233,948)
Interest paid under lease		(24,152)	(37,000)
Dividend paid to owners	_		(95,000,000)
Net cash from financing activities	_	(280,881)	(95,270,948)
Increase in not each and each agriculante	_	116 000 260	(17.440.015)
Increase in net cash and cash equivalents	_	116,908,269	(17,449,815)

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Consolidated cash flow statement (continued)

		Year en	ded
	Note	31.12.2014 PLN	31.12.2013 PLN
Cash and cash equivalents – opening balance Effect of FX rates fluctuations on balance of cash in		168,212,082	188,547,829
foreign currencies		2,267,463	(2,885,932)
Cash and cash equivalents – closing balance	17 _	287,387,813	168,212,082

Consolidated cash flow statement should be read together with the supplementary notes to the consolidated financial statements, which are an integral part of these consolidated financial statements.

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Accounting policies and additional explanatory notes ٧.

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1. Information about the parent company and composition of the Capital Group

The parent company in the X-Trade Brokers Dom Maklerski S.A. Capital Group (the "Group") is X-Trade Brokers Dom Maklerski S.A. (hereinafter: the "Parent Entity", "Parent Company", "Brokerage") with the headquarters located in Warsaw, at ul. Ogrodowa 58, 00-876 Warszawa.

X-Trade Brokers Dom Maklerski S.A. is entered in the Commercial Register of the National Court Register by the District Court for the Capital City of Warsaw, Division XII Commercial of the National Court Register, under No. KRS 0000217580. The parent company was granted a statistical REGON number and a tax identification (NIP) number 527-24-43-955.

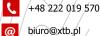
The Parent Company's operations consist in conducting brokerage activities on the stock exchange and OTC markets (currency derivatives, commodities, indices, stocks and bonds). The parent company is supervised by the Polish Financial Supervision Authority and conducts regulated activities pursuant to a permit dated 8 November 2005 No. DDM-M-4021-57-1/2005.

1.1. Information on the reporting entities in the parent company's organisational structure

These financial statements cover the following foreign branches which form the parent company:

- X-Trade Brokers Dom Maklerski Spółka Akcyjna, organizačni složka branch established on 7
 March 2007 in the Czech Republic. The branch was registered in the commercial register
 maintained by the City Court in Prague under No. 56720 and was granted the following tax
 identification number: CZK 27867102,
- X-Trade Brokers Dom Maklerski Spółka Akcyjna, Sucursal en Espana branch established on 19
 December 2007 in Spain. On 16 January 2008, the branch was registered by the Spanish
 authorities and was granted the tax identification number ES W0601162A,
- X-Trade Brokers Dom Maklerski Spółka Akcyjna, organizačna zložka branch established on 1
 July 2008 in the Slovak Republic. On 6 August 2008, the branch was registered in the commercial
 register maintained by the City Court in Bratislava under No. 36859699 and was granted the
 following tax identification number: SK4020230324,
- X-Trade Brokers Dom Maklerski S.A. Sucursala Bucuresti Romania (branch in Romania) branch established on 31 July 2008 in Romania. On 4 August 2008, the branch was registered in the Commercial Register under No. 402030 and was granted the following tax identification number: CUI 24270192,
- X-Trade Brokers Dom Maklerski S.A., German Branch (branch in Germany) branch established on 5 September 2008 in the Federal Republic of Germany. On 24 October 2008, the branch was registered in the Commercial Register under No. HRB 84148 and was granted the following tax identification number: 4721939029,
- X-Trade Brokers Dom Maklerski S.A., Magyarorszagi Fioktelepe (branch in Hungary) branch established on 21 April 2010 in the Republic of Hungary. On 11 May 2010, the branch was registered in the Commercial Register under No. 0117000638 and was granted the following tax identification number: HU22691631.

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- X-Trade Brokers Dom Maklerski Spółka Akcyjna a branch in France branch established on 21 April 2010 in the Republic of France. On 31 May 2010, the branch was registered in the Commercial Register under No. 522758689.
- X-Trade Brokers Dom Maklerski S.A., Sucursal Portugesa a branch established on 7 July 2010 in Portugal. On 7 July 2010, the branch was registered in the Commercial Register under No. 980436613.
- X-Trade Brokers Dom Maklerski S.A., Succursale in Italia (branch in Italy) branch established on 28 July 2010 in Italy. On 28 July 2010, the branch was registered in the Commercial Register under No. 07115880960.

On 31 December 2013, under the resolution of the Management Board of X-Trade Brokers Dom Maklerski S.A. of 22 November 2013, the branch in Hungary was liquidated. The branch's balance-sheet total as at 31 December 2013 amounted to PLN 10,698,324 (HUF 765,861,825) and the accumulated loss amounted to PLN 6,437,803 (HUF 442,520,413). Business is still conducted by the headquarters, so the liquidation of the Hungarian branch is not subject to IFRS 5 Discontinued operations.

On 1 December 2014, under the resolution of the Management Board of X-Trade Brokers Dom Maklerski S.A. of 26 November 2014, the branch in Italy was liquidated. The branch's balance-sheet total as at 11 December 2014 amounted to PLN 14,856,431 (EUR 3,485,543) and the accumulated loss amounted to PLN 12,750,927 (EUR 2,991,560). Business is still conducted by the headquarters, so the liquidation of the Italian branch is not subject to IFRS 5 Discontinued operations.

1.2. Composition of the Capital Group

The X-Trade Brokers Dom Maklerski S.A. Capital Group is composed of X-Trade Brokers Dom Maklerski S.A. as the parent company and the following subsidiaries:

		Percentage share	in the capital
Company name	Country of the registered office	31.12.2014	31.12.2013
XTB Limited	United Kingdom	100%	100%
X-Trade Brokers Asesores Bursatiles S.A.	Mexico	-	98%
xStore Ltd	Cyprus	-	100%
X Open Hub Sp. z o.o.	Poland	100%	100%
DUB Investments Ltd	Cyprus	100%	100%
X Trade Brokers Menkul Değerler A.Ş.	Turkey	100%	-
Lirsar S.A.	Uruguay	100%	-

X Limited was established on 19 April 2010 under the name XTB UK Ltd. The company started its operating activities in November 2010. In 2012, the company changed its name into X Financial Solutions Ltd and in 2013 it changed its name into X Open Hub Limited, and on 8 January 2015 – to XTB Limited. The results of the company are consolidated under the full method from the date of its establishment.

On 7 June 2010, the parent company acquired 98 per cent of shares in X Trade Brokers Assesores Bursatiles S.A. with its registered office in Mexico. On 17 September 2014, 98 per cent of shares were sold to xDirect Chile Ltda. for MXN 49,000.00. The loss on the transaction recognised in the Parent Company's individual financial statements was PLN 906.50.

On 24 May 2012, the Parent Company acquired 100 per cent of the shares in xSocial Ltd with its registered office in Cyprus. In 2012, the company changed its name into xStore Ltd. The results of the company are consolidated under the full method from the date of its establishment. In 2014, the company was liquidated.

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On 6 March 2013, the Parent Company acquired 100 per cent of the shares in xStore Sp. z o.o. with its registered office in Poland. In 2014, the company changed its name to X Open Hub Sp. z o.o. The results of the company are consolidated under the full method from the date of its establishment.

In the period from 17 April to 16 May 2014, the Company acquired 100 per cent of the shares in the entity X-Trade Brokers Menkul Değerler A.Ş. based in Turkey. 12,999,996 shares were acquired in settlement of a loan granted to Jakub Zabłocki for the purchase of the entity. The remaining four shares were purchased for cash. The value of the shares acquired by way of settlement of the loan amounted to PLN 28,080 630.91, the shares acquired for cash amounted to PLN 8.88. The fair value of the consideration transferred amounted to 28,080,640 PLN and was based on the external valuation. In settling the transaction, the Group applied the acquisition method, in accordance with the accounting policy adopted for the settlement transactions under joint control. At the acquisition date, the subsidiary's balance sheet data were revalued to fair value; these values did not differ significantly from the carrying amounts, so no revaluations were recorded. As a result of the acquisition, the Parent Company did not recognise the goodwill. As part of the acquisition of the subsidiary, an intangible asset in the form of a license for brokerage activities in the Turkish market worth of PLN 8,017,438 was separated. The amortisation period adopted for the separated asset is 10 years.

The subsidiary recognised the following results in the accounting period, prior to exclusions for consolidation:

	from the date of acquisition	for the current accounting period
Revenue amount	6,294,081	6,072,431
Net profit (loss)	3,465,767	462,971

Fair value of main categories of the assets of X Trade Brokers Menkul Değerler A.Ş. on the date of acquisition:

	fair value TRY	exchange rate	fair value PLN
Fixed assets	219,857	1.4305	314,505
Cash and cash equivalents	24,452,317	1.4305	34,978,945
Other assets	609,235	1.4305	871,508
Receivables – liabilities	(11,256,063)	1.4305	(16,101,756)
Separated intangible asset	5,604,655	1.4305	8,017,438
Total fair value	19,630,001		28,080,640

On 21 May 2014, the Company acquired 100 per cent of the shares in the entity Lirsar S.A. of Uruguay for the price of PLN 15,762.31. The company's results are consolidated with the full method from the date of its acquisition.

2. Material values based on professional judgments and estimates

Professional judgment 2.1

In the process of applying the accounting principles (policy), the management board of the Parent Company made the following judgments that have the greatest impact on the reported carrying amounts of assets and liabilities.

Classification of leasing agreements

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The Group classifies leases as operational or financial leasing based on the extent, to which risks and rewards incidental to ownership of a leased asset lie with the lessor or the lessee. This assessment is based on the economic content of each transaction.

The Group entered into finance lease contracts regarding fixed assets. The Group retains all the significant risks and rewards of ownership of these properties, concerning, among other things, the fact that the term of a contract does not cover a significant portion of the useful life of the property subject to operating leases.

3. Basis for drafting the financial statements

3.1. Compliance statement

The consolidated financial statements were drafted based on the International Financial Reporting Standards as approved by the European Union (IFRS) approved by the European Union and other applicable legal regulations. Year 2011 was the first period for which the consolidated financial statements were prepared in accordance with the IFRS.

The consolidated statements of the X-Trade Brokers Dom Maklerski S.A. Capital Group, prepared for the financial year from 1 January 2014 to 31 December 2014, contain the financial information of the Parent Company and the financial information of the subsidiaries, which together constitute the "Group".

The consolidated financial statements were drafted based on the International Financial Reporting Standards as approved by the European Union (IFRS) approved by the European Union and other applicable regulations.

The Group companies maintain their accounting records in accordance with the accounting principles generally accepted in the countries in which these companies are established. The consolidated financial statements include adjustments not recognised in the Group companies' accounting records, made in order to reconcile their financial statements with the IFRS.

The consolidated financial statements were approved by the Management Board of the Parent Company on 20 April 2015. The General Meeting and the Supervisory Board of X-Trade Brokers Dom Maklerski S.A. are authorised to make amendments to the consolidated financial statements after its approval by the Management Board.

Drafting these financial statements, the Parent Company decided that none of the Standards would be applied retrospectively.

The IFRS comprise standards and interpretations approved by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC").

The consolidated financial statements were prepared based on the assumption that the Group would continue as a going concern in the foreseeable future. At the date of preparation of these consolidated financial statements, the Management Board of X-Trade Brokers Dom Maklerski S.A. does not state any circumstances that would threaten the Group's continued operations.

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3.2. New standards and amendments to published standards and interpretations approved by the EU, in effect starting from 2014

The disclosures refer to the standards, changes and interpretations approved by the EU, in effect starting from 2014, which have the largest impact on the consolidated financial statements of the Group. Other standards did not refer to the Group or did not have a significant impact on its consolidated financial statements.

The accounting policies adopted in preparing these condensed consolidated financial statements are consistent with those adopted in preparing the consolidated financial statements of the Group for the year ended 31 December 2013, except for the following amendments to the standards and new interpretations in force for annual periods beginning on 1 January 2014.

• IFRS 10 Consolidated Financial Statements and IAS 27 Separate Financial Statements

IFRS 10 replaces the part of the previous IAS 27 "Consolidated and Separate Financial Statements" in respect of the consolidated financial statements and introduces a new definition of control. IFRS 10 may cause changes for the consolidated Group with respect to the possibility of consolidating the entities that until now were consolidated, or vice versa. It does not introduce any changes to consolidation procedures and methods of settlement of transactions in the consolidated financial statements.

The application of these changes had no impact on the Group's financial position or performance.

IFRS 11 Joint Arrangements and IAS 28 Investments in Associates and Joint Ventures

IFRS 11 concerns joint arrangements. It introduces two categories of joint arrangements: joint operations and joint ventures, and appropriate valuation methods for them.

Application of the standard may result in a change in the method of valuation for joint arrangements (e.g. ventures previously classified as jointly controlled entities and valued using the proportional method, can now be classified as joint ventures, and thus valued with the use of the equity method).

IAS 28 was amended and now it provides guidance for applying the equity method to joint ventures.

The application of these changes had no impact on the Group's financial position or performance.

• IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 contains a number of disclosures with regard to an entity's involvement in subsidiaries, associates and joint ventures. Application of the standard may result in wider disclosures in the financial statements, including, among other things:

- key financial information, including the risks associated with the Group's ventures,
- disclosure of interests in unconsolidated special entities and risks associated with such ventures,
- information about each venture in which there are significant non-controlling interests,
- disclosure of significant judgments and assumptions made in the classification of individual ventures as subsidiaries, jointly controlled entities or associates.

The application of these changes had no impact on the Group's financial position or performance.

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Investment Units - Amendments to IFRS 10, IFRS 12 and IAS 27

The amendments introduce the concept of investment units that are exempted from the obligation to consolidate their subsidiaries and that, following the amendments, value their subsidiaries at fair value through profit or loss.

The application of these changes had no impact on the Group's financial position or performance.

Offsetting financial assets and financial liabilities - amendments to IAS 32

Amendments to IAS 32 clarify the concept and consequences of an enforceable right to set off a financial asset and financial liability, and clarify the offsetting criteria for gross settlement systems (such as clearing houses).

The application of these changes had no impact on the Group's financial position or performance.

Disclosures concerning recoverable value of non-financial assets – amendments to IAS 36

These amendments removed the unintended consequences of IFRS 13 concerning disclosures required under IAS 36. In addition, these amendments introduce additional disclosures of recoverable value of assets or cash-generating units (CGU), for which impairment was recognised or reversed in the given period, where the value-in-use corresponds to fair value less costs of sale.

The application of these changes had no impact on the Group's financial position or performance.

Renewal of derivatives and hedge accounting continued – amendments to IAS 39

Amendments to IAS 39 concern the application of hedge accounting after the renewal (novation) of derivatives and they abolish the obligation to discontinue hedge accounting, where novation meets certain criteria as defined in IAS 39.

The application of these changes had no impact on the Group's financial position or performance or on the scope of information presented in the Group's consolidated financial statements.

3.3. New standards and interpretations pending the EU approval

The amendment to IAS 19 Employee benefits entitled the Defined benefit plans: employee contributions – effective for annual periods beginning after 1 February 2015.

The amendment refers to the contributions brought to defined benefit plans by the employees or third parties. The purpose of amendments is to simplify recognition of contributions not depending on the period of employment, for example employee contributions defined as a permanent percentage of the

The amendment does not significantly affect the consolidated financial statements. The Group did not change the accounting policy and does not recognise such contribution as a cost decrease in the period of its maturity.

Amendments to IFRS 2010-2012 – effective for annual periods beginning after 1 February 2015.

The annual improvements to IFRS 2010-2012 contain 8 amendments to 7 standards and consequential amendments to other standards and interpretations. In particular, the amendments:

- explain the definition of "conditions for acquiring rights" from Appendix A to IFRS 2 Share-based payments, by separate defining of the conditions connected with performances and conditions of service
- explain certain aspects of accounting recognition of the conditional fee in business combinations transactions,

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- amend par. 22 of IFRS 8 Operating Segments introducing the requirement for the entities to disclose the factors used to identify reporting segments when the operating segments of the entities are combined. It should supplement the current requirements concerning disclosures included in par. 22(a) of IFRS 8;
- amend par. 28(c) of IFRS 8 Operating Segments explaining that reconciliation of the balance-sheet amount of the assets of reporting segments with the balance-sheet amount of the entity should be disclosed if it is regularly forwarded to the key operating decision-maker of the entity. The amendment is compliant with the requirements specified in par. 23 and 28(d) of IFRS 8;
- explain the justification of IASB to remove par. B5.4.12 from IFRS 9 Financial instruments and par. OS79 from IAS 39 Financial instruments: Recognition and Measurement as amendments arising from IFRS 13 Fair value measurement.
- explain the requirements concerning the overestimated value model from IAS 16 Fixed assets and IAS 38 Intangible assets to refer to the reported doubts concerning determination of redemption and depreciation on the overestimation date;
- establish the entity providing the entity management services to be its affiliate.

The above amendments do not significantly affect the Group's consolidated financial statements.

• Amendments to IFRS 2011-2013 – effective for annual periods beginning after 1 January 2015.

The annual improvements to IFRS 2011-2013 contain 4 amendments to standards and consequential amendments to other standards and interpretations. In particular, the amendments:

- explain the meaning of the term "each of IFRS applicable at the end of the accounting period, when IFRS was applied for the first time" used in par. 7 of IFRS 1 Application of the International Financial Reporting Standards for the first time:
- explain that the exception of application, included in par. 2(a) of the IFRS 3 Business Combinations:
- excludes creation of all types of joint arrangements defined in IFRS 11 Joint Arrangements, from the scope of IFRS 3; and
- refers only to financial statements of joint arrangements or joint undertakings.
- explain that the exception concerning the portfolio of instruments, included in par. 48 of IFRS 13, refers to all agreements included in the scope of IAS 39 Financial instruments: Recognition and measurement or IFRS 9 Financial instruments, regardless of whether they meet the definitions of financial assets or liabilities from IAS 32 Financial instruments: Presentation.
- explain that assessment whether acquisition of investment property is an addition of an element of assets, group of assets or merger of arrangements within the scope of IFRS 3, requires application of judgement and that the judgement is based on the instructions included in IFRS 3.

The above amendments do not significantly affect the Group's consolidated financial statements.

• IFRS 9 Financial instruments (2014) – effective for annual periods beginning on or after 1 January 2018.

The new standard replaces the guidelines provided in IAS 39 Financial Instruments: Recognition and Measurement, concerning classification and measurement of financial assets. IFRS 9 also eliminates the categories of financial assets existing thus far under IAS 39: held to maturity, available for sale and loans and receivables.

According to the new standard, at initial recognition, financial assets should be classified in one of the three categories:

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- financial assets measured at amortised cost;
- financial assets at fair value through profit or loss; or
- financial assets at fair value through other comprehensive income.

A financial asset is classified as measured, following initial recognition, at amortised cost, if two conditions are met:

- assets are held as part of a business model whose objective is to hold assets in order to obtain cash flows under the contract; and
- in compliance with its contractual terms, at certain times the resulting cash flows constitute only repayment of the capital and interest on the unpaid portion of the capital.

Where the above conditions are not met (as is the case, for example, of equity instruments of other entities), a financial asset is measured at fair value.

Gains and losses on financial assets measured at fair value are recognized in the result of current period, except for assets held within a business model whose objective is to hold assets in order both to receive cash flows from the contracts, and their sale – for these assets, gains and profits from valuation are recognised in other comprehensive income.

Besides, where an investment in equity instrument is not held for sale, it is possible under IFRS 9 to take an irreversible decision on valuation of such financial instrument, at initial recognition, at fair value through other comprehensive income. The election can be made for each instrument separately. Figures disclosed under other comprehensive income following the above valuation cannot be reclassified to the result of the current period in subsequent periods.

The new standard maintains nearly all of the currently binding requirements of IAS 39 with regard to classifying

and measuring financial liabilities and derecognising financial assets and liabilities. Under IFRS 9, though, a change of fair value connected with a change of credit risk of a financial liability classified at initial recognition as measured at fair value through profit or loss should be presented under other comprehensive income. Only the remaining portion of profit or loss resulting from the fair value valuation should be disclosed through the result of the current period. In cases when this requirement leads to mismatch of income and expenses or when financial liability is derived from an obligation to grant a loan or from a financial guarantee agreement, the entire change of the fair value would be recognised through profit or loss of the given period.

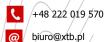
As regards an estimate of impairment of financial assets, IFRS 9 replaces the "losses incurred" model contained in IAS 39 with the "expected loss" model, which means that an event giving rise to the loss would not have to precede its recognition and creating a write-off. The new rules are designed to prevent situations, where credit impairment write-offs are created too late and in insufficient amounts.

In short, the expected loss model applies two approaches to estimating losses, according to which the loss is determined on the basis of:

- the credit loss expected in the period of 12 months, or
- the credit loss expected until maturity (life-time expected loss).

The choice of an approach depends on whether, in the case of a given asset, there has been a significant increase in credit risk after the initial recognition. Where credit risk associated with financial assets has not increased significantly compared to its level at the time of initial recognition, the impairment write-off for financial assets will be equal to the expected loss in the period of 12 months. Where, on the other hand, there has been a significant increase in credit risk, an impairment write-off for these financial assets will be equal to the expected loss for the entire life of the instrument, thereby increasing the amount of

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impairment loss recognised. The standard assumes here that – in the absence of contrary arguments – existence of overdue payment of 30 days is a sufficient criterion to recognise the credit loss expected until maturity.

The Group analises the impact of a new standard and its amendments on its consolidated financial statements.

• The interpretation of IFRIC 21 Public fees – effective for annual periods beginning after 17 June 2014.

The interpretation contains instructions concerning identification of obligating events, causing a liability due to public fees and the moment of recognising such liability.

Pursuant to the Interpretation, an obligating event is an event arising from the appropriate provisions of law, which results in a liability to pay a public fee and the necessity to include it in the financial statements.

A liability due to public fee is recognised gradually if the obligating event takes place during a certain period.

If the obligating event means achieving a specific minimum threshold of activity, the liability is recognised at the moment of reaching that threshold.

The Interpretation explains that if an entity is economically obliged to continue its activities in the following period, it does not cause the usually expected obligation to pay the public fee arising from conducting activities in the future.

The new interpretation does not significantly affect the financial statements, because it does not cause any change of the accounting policy of the Group with respect to public fees.

• IFRS 14 Regulatory Deferral Accounts— effective for annual periods beginning on or after 1 January 2016.

The standard:

- allows the entities applying IFRS for the first time to continue the present rules of recognising regulatory assets and liabilities both at the first application of IFRS and in the financial statements for the following periods;
- requires the entities to present regulatory assets and liabilities and their changes in separate items of the financial statements; and
- requires specific disclosures allowing determination of the type and risks connected with regulated rates, in relation to which regulatory assets and liabilities were recognised in accordance with that temporary standard.

The Group does not expect the above standard to significantly affect its financial statements, because it refers only to the entities applying IFRS for the first time.

• Recognition of acquisition of shares in joint ventures (Amendments to IFRS 11 Joint Arrangements) – effective for annual periods beginning on or after 1 January 2016.

Amendments include guidance on the recognition of interests in common activities being a venture.

An entity acquiring an interest in joint activities that are a venture as defined in IFRS 3 Business Combinations is required to apply all the principles for recognising combinations contained in IFRS 3 and other IFRS, except those principles which are contrary to the guidelines set out in IFRS 11. In addition, an

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acquiring entity is required to disclose the information required under IFRS 3 and other IFRSs in connection with business combinations.

The Group analyses the impact of a new standard and its amendments on its consolidated financial statements of the Group.

• Explanation on acceptable methods of amortisation and depreciation (Amendments to IAS 16 Property, plant and equipment and IAS 38 Intangible Assets) – effective for annual periods beginning on or after 1 January 2016.

The amendments clarify that the use of methods of depreciation of property, plant and equipment based on revenues is not appropriate, because the revenues generated from the activities in which the asset is used, usually reflect factors other than consumption of economic benefits embodied in the asset.

The amendments also clarify that revenues are inherently a wrong measure of consumption of economic benefits derived from intangible assets. However, in some special cases, this assumption may be rejected.

The Group does not expect the above amendment to significantly affect its financial statements.

• IFRS 15 Revenue from Contracts with Customers – effective for annual periods beginning on or after 1 January 2017.

This standard contains the rules which will replace most of the specific guidelines on revenue recognition under the existing IFRS. In particular, as a result of the adoption of the new standard, IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations, will cease to be valid.

Under the new standard, the entities will apply a five-level model to determine the moment of revenue recognition and its amount. This model assumes that revenue should be recognised when (or the extent to which) an entity transfers control of the goods or services to a client, and in the amount that an entity expects to be entitled to. Depending on the fulfilment of certain criteria, the revenue is:

- spread over in time, in a manner showing the performance of an agreement by an entity, or
- recognised once, when control of the goods or services is transferred to a client.

The standard includes new disclosure requirements, both quantitative and qualitative, to enable users of financial statements to understand the nature, amount, time of recognition and the uncertainty regarding income and cash flows arising from contracts with customers.

The Group analises the impact of a new standard and its amendments on its consolidated financial statements of the Group.

• Agriculture – Bearer plants (Amendments to IAS 16 Property, Plant and Equipment and IAS 41 Agriculture) – effective for annual periods beginning on or after 1 January 2016.

The amendments modify the accounting treatment of bearer plants such as shrubs vines, rubber trees and palms. IAS 41 Agriculture requires now that all biological assets to agricultural activity be measured at fair value less estimated point-of-sale costs. According to the new requirements, bearer plants should be recognised in the same way as property, plant and equipment in the scope of IAS 16, because their mode of operation is similar to that observed in the case of production activities. Accordingly, the adjustments will result in recognising them under IAS 16, instead of under IAS 41. Agricultural products produced by bearer plants will continue to be subject to IAS 41.

The Group does not expect the above amendment to significantly affect its financial statements.

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The equity method in a separate financial statement (amendments to IAS 27 Separate Financial Statements) – effective for annual periods beginning on or after 1 January 2016.

The amendments introduce the possibility of accounting for investments in subsidiaries, joint ventures and associates in separate financial statements using the equity method, in addition to the currently existing pricing models using the purchase price or fair value.

The Group analises the impact of a new standard and its amendments on its consolidated financial statements of the Group.

Sale or Transfer of Assets between an Investor and an Affiliate or Joint Venture (amendments to IFRS 10 Consolidated Financial Statement and to IAS 28 Investments in Associates) - effective for annual periods beginning on or after 1 January 2016.

The amendments remove the existing inconsistency between the requirements of IFRS 10 and IAS 28 in terms of recognising loss of control over a subsidiary contributed to an associate or a joint venture. While IAS 28 limits the gain or loss on the contribution of non-monetary assets to an associate or to a joint venture to the amount of equity involvement of other entities in this associate or joint venture, IFRS 10 requires the recognition of the entire gain or loss on the loss of control over a subsidiary.

The amendments require that full gain or loss is recognised, where the transferred assets meet the definition of a venture within the meaning of IFRS 3 Business Combinations (regardless of whether a venture has a form of a subsidiary or not). Partial recognition of gain or loss (to the amount of other entities' capital involvement) will occur, if the transaction relates to assets which do not constitute a venture, even if those assets were in a subsidiary.

The Group analises the impact of a new standard and its amendments on its consolidated financial statements of the Group.

Amendments to International Financial Reporting Standards 2012-2014 - effective for annual periods beginning on or after 1 January 2016.

The annual improvements to IFRS 2012-2014 contain 4 amendments to standards and consequential amendments

to other standards and interpretations. In particular, the amendments:

- explain that paragraphs 27-29 of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations (describing the manner of recognising the assets that are no longer classified as held for sale) will apply also after the cessation of the classification of assets as held for transfer. They will not apply, though, if the reclassification consists in transferring an asset (or the group to be sold) from the category of assets held for sale directly to the category of assets held for transfer, or vice versa. In this case, such change will not constitute a change of a sale or transfer plan;
- explain how an entity should apply the guidelines in paragraph 42C of IFRS 7 Financial Instruments: Disclosures in relation to servicing contracts to assess whether there is continuing involvement in the asset for the purposes of the disclosure requirements under paragraphs 42E-42H of IFRS 7;
- explain that the additional disclosures required under Disclosures Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7) are not specifically required to be recognised in the condensed interim financial statements for all interim periods. However, they are required if their recognition is required under IAS 34 Interim Financial Reporting;
- introduce amendments to IAS 19 Employee Benefits, in order to clarify that high-quality corporate bonds or government bonds, used to determine the discount rate for liabilities for post-employment benefits, should be issued in the same currency in which the benefits will be paid. The assessment of whether there is a deep market in such bonds should therefore be made for a particular currency, not the whole country;

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in relation to references to information disclosed elsewhere in the interim financial report included in IAS 34, they explain the meaning of the term "elsewhere in the interim financial report" and add to IAS 34 a requirement to use references to the specific location of the required information in the interim financial statements.

The Group does not expect the above amendment to significantly affect its financial statements.

Investment Entities: applying the consolidation exception (Amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investments in Associates and Joint Ventures) – effective for annual periods starting on or after 1 January 2016.

Changes in financial reporting of investment entities relate to three issues:

- consolidation of intermediate-level investment entities

Standards in force before the amendment did not specify how an investment entity should recognise a subsidiary that provides services related to its investment activity, which itself meets the definition of an investment entity. Following the amendments described, intermediate-level investment entities cannot be consolidated.

The IASB also explained that entities providing "services related to investment activities" are those entities whose core business is the provision of services relating to the activities of a parent company which is a investment entity.

- exemptions from the requirement to prepare consolidated financial statements for an intermediate-level parent company, a subsidiary of an investment entity

Intermediate-level parent companies have enjoyed an exemption from the obligation to prepare consolidated financial statements, if they themselves are to be consolidated by a senior parent company (where other relevant criteria have been met).

Amendments to the standards introduce a modification, according to which the exemption is also available for an intermediate-level parent company being a subsidiary of an investment entity, despite the fact that an investment entity does not consolidate the given intermediate-level parent company.

- the choice of accounting policy relating to investment entities accounted for using the equity method

The changes allow for the choice of accounting policies by an entity not being an investment entity in respect of its shares in an investment entity valued with the equity method. In this case, when conducting valuation with the equity method, entities not being investment entities can elect valuation at fair value of the shares in subsidiaries of an investment entity, or, alternatively, they can base the valuation on the values that would have been recognised if an investment unit had consolidated all of its subsidiaries.

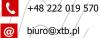
The Group does not expect the above amendment to significantly affect its financial statements.

The initiative on disclosures (amendments to IAS 1 Presentation of Financial Statements) financial statement presentation effective for annual periods beginning on or after 1 January 2016.

The main guidelines included in the changes are:

- highlighting the issue of materiality. Certain single disclosures that are not relevant need not be presented – even when they form part of the minimum requirements of the standard.
- it is not necessary to provide the notes to the financial statements in a specific order so entities can apply their own order or, for example, combine the description of accounting policies with explanatory notes on related issues.

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- explicit statement that entities:
 - should disaggregate items in the statement of financial position and the statement of profit or loss and the statement of other comprehensive income, if such presentation provides useful information to users of financial statements; and
 - can aggregate items in the statement of financial position, if the items defined by IAS 1 are not individually material.
- adding detailed criteria concerning presentation of subtotals in the statement of financial position and the statement of profit or loss and the statement of other comprehensive income, along with additional requirements on reconciliation of items of the statement of profit or loss and the statement of other comprehensive income.

The presentation in the statement of other comprehensive income of the comprehensive income arising from the recognition of joint ventures and associates under the equity method should be based on the approach required by IAS 1, according to which these items should be grouped according to whether in the future they will be transferred to profit or loss or not.

The Group does not expect the above amendment to significantly affect its financial statements.

4. Adopted accounting policies

Rules of consolidation 4.1.

The consolidated financial statements contain the financial information of the Parent Company and the financial information of the subsidiaries as at 31 December 2013 and 31 December 2014. Financial statements of subsidiaries, after adjustments made to ensure compliance with the IFRS, are prepared for the same reporting period as the statements of their parent companies, with the application of consistent accounting principles, based on uniform accounting policies applied to transactions and economic events of similar nature. Adjustments are made in order to eliminate any discrepancies in accounting methods.

4.1.1 Business combinations

Acquisitions of entities and organised parts of the business are recognised using the acquisition method. Each payment made as a result of a business combination is measured at the aggregate fair value (as at the date of payment) of transferred assets, liabilities incurred or acquired and capital investments issued in exchange for taking over the target. Costs directly related to the business combination are recognised in profit or loss at the time they were incurred.

In some cases, the payment transferred also includes assets or liabilities arising under contingent payment, measured at fair value at the date of acquisition. Changes in the fair value of a contingent payment over subsequent periods are recognised as changes in the cost of the combination only if they can be classified as changes over the measurement period. All other changes are settled in accordance with applicable IFRS regulations. Changes in the fair value of a contingent payment classified as an equity component are not disclosed.

Identifiable assets, liabilities and contingent liabilities of the target that meet the criteria for disclosure under IFRS 3 Business combinations are disclosed at fair value as at the acquisition date, taking into account the exceptions set out in IFRS 3.

In settling transactions under joint control, the Group applies the acquisition method.

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Where control is acquired as a consequence of several subsequent transactions, interests held as at the date of takeover are measured at fair value and their results are recognised in income or expenses for the period. Amounts accrued under shares in that entity, previously recognised under comprehensive income, are carried over to income or expenses for the period.

Goodwill resulting from the acquisition is recorded under assets and initially disclosed at purchase price, as the value of the cost of acquisition exceeding the share in net fair value of identifiable assets, liabilities and contingent liabilities. If the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised exceeds the cost of the business combination, the acquirer will immediately recognise the surplus in profit or loss.

4.1.2 Investments in subsidiaries

Subsidiaries are understood as entities controlled by the parent company (inclusive of special purpose entities). It is assumed that the Group controls another entity in which the investment was made, when due to its involvement in this unit it is exposed to changing financial results, or when it has rights to variable financial results and the ability to affect the amount of these financial results through the exercise of power over the entity.

Financial results of subsidiaries acquired or sold in the course of the year are recognised in the consolidated financial statements from/until the time of their effective acquisition or disposal.

In some cases, adjustments are made in the financial statements of subsidiaries to align the accounting policies applied by a given entity with the policies applied by the remaining Group entities.

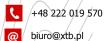
Any transactions, balances, income and expenses between the entities consolidated within the Capital Group are subject to full consolidation elimination.

Non-controlling interests are presented separately from shareholders' equity of the owners of the parent company. Non-controlling interests may initially be measured at fair value or in proportion to the fair value share of acquired net assets. One of the above methods may be selected by any business combination. In subsequent periods, the value of non-controlling interests comprises the value initially recognised, adjusted for changes in the value of the entity's shareholders' equity in relation to the shares held. Comprehensive income is allocated to non-controlling interests even if it results in a negative value for these interests.

Changes in the share in a subsidiary not resulting in a loss of control are recognised as equity transactions. The book values of the share of the parent company's owners and of the non-controlling interests are modified accordingly to reflect any changes in the interest structure. The difference between the value by which the value of non-controlling interests is adjusted and the fair value of the payment received or made is recognised directly in shareholders' equity.

In the event of a loss of control over a subsidiary, the gain or loss on the disposal is calculated as the difference between: (i) the total fair value of the payment received and the fair value of the entity's shares remaining with the Parent Company, and (ii) the book value of assets (together with goodwill), liabilities and non-controlling interests. Amounts recognised for the entity being sold under other items of comprehensive income are reclassified to the income or expense for the period. The fair value of assets in the entity remaining with the Parent Company following the disposal is treated as the initial fair value for the purpose of their subsequent disclosure under IAS 39, or initial cost of shares in associates or joint ventures.

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4.1.3 Goodwill

Goodwill occurring at acquisition results from a surplus, as at the date of acquisition, of the sum of the payment made, the value of non-controlling interests and the fair value of previously held shares in the target over the Parent Company's share in the net fair value of identifiable assets, liabilities and contingent liabilities of the entity, recognised as at the date of acquisition.

If a negative value occurs, another review is performed of the fair value calculations for each net asset being acquired. If the value remains negative after the review, it is promptly disclosed under profit or loss.

Goodwill is initially disclosed as an asset at purchase price being the amount of the above-mentioned surplus, and then measured at purchase price less accumulated impairment loss.

For the purpose of testing for impairment, goodwill is allocated to individual cash-generating units that should benefit from synergies resulting from the combination. Cash-generating units to which goodwill is allocated are tested for impairment once a year or more often, if there are reasonable grounds to suspect that impairment has occurred. If the recoverable amount of a cash-generating unit is lower than its carrying amount, impairment loss is first allocated to reduce the carrying amount of goodwill allocated to that unit, and then to other assets of that unit in proportion to the carrying amount of that entity's assets. Impairment loss entered for goodwill cannot be reversed in the next period.

At the time of disposal of a subsidiary or a jointly-controlled entity, the portion of goodwill allocated thereto is taken into account in calculating the profit/loss on the disposal.

Goodwill resulting from acquisition of an entity located overseas is treated as an asset of the entity located overseas and is translated at the exchange rate in effect on the balance sheet date.

4.2. Functional currency and reporting currency

Transactions executed in currencies other than the functional currency are entered on the basis of the exchange rate as at the transaction date. As at the balance sheet date, the monetary assets and liabilities in foreign currencies are translated using the average NBP rate as at that date. Non-cash items are carried based on historical cost.

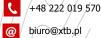
The Group's functional currency is Polish zloty.

Foreign exchange differences are reported under revenue or expenses of the period when they occur, except for:

- foreign exchange differences regarding construction-in-progress which are included in expenses connected with such construction-in-progress and treated as adjustments of interest expenses of loans in foreign currencies;
- foreign exchange differences arising from cash items of receivables or liabilities to foreign operations with whom no settlements are planned or such settlements are improbable, representing a portion of net investments into a foreign operation and recognised under capital reserve on translation of foreign operations and profit/loss on disposal of a net investment.

The following exchange rates were adopted for the purpose of measuring assets and liabilities as on the balance sheet date and for converting items of the comprehensive income statement:

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	31.12	2014	31.12	.2013
Currency	Statement of financial position	Comprehensive income statement	Statement of financial position	Comprehensive income statement
USD	3.5072	_	3.0120	_
EUR	4.2623	4.1893	4.1472	4.2110
CZK	0.1537	0.1520	0.1513	0.1620
RON	0.9510	0.9440	0.9262	0.9543
HUF	0.0135	_	0.0140	0.0141
MXN	0.2382	_	0.2302	_
GBP	5.4648	5.2225	4.9828	4.9532
TRY	1.5070	1.4508	1.4122	
UYU	0.1461	0.1356	_	_

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and bank deposits on demand. Other monetary assets are short-term, highly liquid investments that are readily convertible to specific amounts of cash and which are subject to an insignificant risk of changes in value. The Group classifies as cash equivalent investments which are readily convertible to a specific amount of cash, are subject to an insignificant risk of changes in value, and of payment terms of up to three months as of the date of acquisition.

Cash flows are inflows and outflows of cash and other monetary assets. The Group discloses cash flows from operating activities using the indirect method, whereby profit or loss is adjusted for the effects of non-cash transactions, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows and items of income or expense associated with investing or financing cash flows. Income from interest received on cash and other monetary assets and expenses from interest paid to clients are classified under operating activities, while expenses from interest paid under finance lease are classified under financing activities.

Cash comprises the Group's own cash and clients' cash. Clients' cash is deposited in bank accounts separately from the Group's cash. Clients' cash and cash equivalents are not analysed in the consolidated cash flow statements.

Financial assets and liabilities 4.4.

Investments are entered as at the date of purchase and derecognised from the financial statements as at the date of sale (transactions are recognised as on the date of conclusion) if the agreement requires their delivery on a specific date set forth by the market, and their initial value is measured at fair value. Transaction costs of the acquisition of financial assets and liabilities at fair value through profit or loss are entered under cost for the period, while transaction costs of other types of assets and liabilities are recognised at initial value of these assets and liabilities.

The financial assets are classified as follows:

- financial assets at fair value through profit or loss,
- financial assets held to maturity,
- financial assets available for sale, and
- loans and receivables.

The financial liabilities are classified as follows:

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- financial assets at fair value through profit or loss, and
- other financial liabilities.

The classification depends on the nature and designation of the financial assets and liabilities, and is determined at initial recognition.

4.4.1. Financial assets at fair value through profit or loss

This group of financial assets includes financial assets held for trading or classified as carried at fair value through profit or loss at initial recognition.

In this category, the Group discloses mainly OTC derivatives and derivatives in stock exchanges, as well as listed stocks.

A financial asset is classified as held for trading if:

- it was acquired principally for the purpose of selling in the short-term; or
- it is part of a specific financial instrument portfolio managed jointly by the Group in accordance with the current and actual model for generating short-term profits; or
- is a derivative instrument not classified and not operating as collateral.

Financial assets not held for trading may be classified at fair value through profit or loss at initial recognition if:

- such classification eliminates or significantly mitigates inconsistencies in measurement or recognition existing under different circumstances; or
- such asset is an element of the Group's financial assets under management and its performance is measured at fair value in accordance with a documented risk or investment management strategy of the Group, under which information on clustering assets is provided internally; or
- it is part of a contract comprising one or more embedded derivatives, and under IAS 39 Financial Instruments: Recognition and Measurement, an entire contract (an asset or liability) may be classified as an item carried at fair value through profit or loss.

Financial assets at fair value through profit or loss are disclosed at fair value and the resulting financial profits or losses are entered in the comprehensive income statement. The net profit or loss disclosed in the comprehensive income statement includes dividend or interest generated by the given financial asset.

4.4.2. Financial assets held to maturity

Investments and other financial assets, other than derivatives, with established or identifiable cash flows and fixed maturities that the Group intends and is able to hold to maturity are classified as investments held to maturity. They are measured at amortised cost, using the effective interest rate method, less impairment. In this category, the Group classifies acquired debt securities.

4.4.3. Loans and receivables

Trade receivables, borrowings and other receivables of established or identifiable cash flows, which are not traded in an active market, are classified as loans and receivables. They are measured at amortised cost using the effective interest rate method, taking into consideration their impairment. Interest income is recognised using the effective interest rate save for current receivables, where recognising interest would

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be negligible. In this category, the Group classifies principally loans granted and receivables from clients and counter-parties.

4.4.4. Financial assets available for sale

Financial assets available for sale include non-derivative financial assets designated as available for sale or not classified in any of the above categories.

Gains and losses resulting from changes of adjustments to fair value are reported under other comprehensive income, except for impairment write-offs, interest calculated using the effective interest rate and negative and positive foreign exchange differences disclosed directly under income or expenses for the period. In the event of disposal or impairment of an investment, accumulated profit or loss disclosed previously under other comprehensive income is recognised under income or expenses for the period.

Dividend on equity investments available for sale is disclosed under income at the time when the Group obtains the right to such dividend.

4.4.5. Fair value measurement

Fair value is the price that can be obtained at the date of valuation from the sale of an asset or can be paid for the transfer of liability in a ordinary transaction between market participants.

For financial instruments available on an active market, the fair value is measured on the basis of quoted market prices. A market is considered to be active if the quoted prices are generally and directly available and represent current and actual transactions concluded between unrelated parties.

For instruments for which there is not an active market, the fair value is determined on the basis of valuation models. Valuation models are applied in measuring vanilla options based on the Black-Scholes pricing formula and to digital options on the basis of distribution of probability of a specific price of the underlying on the expiration date of the option. Such probability distribution is established by means of translation of market-related volatility surface, using the Black-Scholes model equations.

Fair value of a financial instrument at initial recognition is the transaction price, i.e. fair value of price paid or received.

4.4.6. Impairment of financial assets

Financial assets, aside from those carried at fair value through profit or loss, are tested for impairment at every balance sheet date. Financial assets are impaired when there is objective evidence that the events that occurred after the initial recognition of the asset have an adverse impact on the estimated future cash flows of the given.

Concerning listed stock classified as available for sale, a material or long-term decline in share prices is considered to be objective evidence of impairment.

For certain categories of financial assets, e.g. trade receivables, specific assets which are not considered past due, are tested for impairment cumulatively. Objective evidence of impairment of a portfolio of receivables includes the Group's experience in collecting receivables; increase in the number of payments past due by 90 days on average and observable changes in the domestic or local economic environment which are connected with cases of untimely payment of liabilities.

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Regarding financial assets at amortised cost, the amount of an impairment write-off is the difference between the carrying amount of an assets and the current value of estimated future cash flows discounted based on the initial effective interest rate of the given financial assets.

In the case of financial assets at cost, the amount of an impairment write-off is the difference between the carrying amount of an assets and the current value of estimated future cash flows discounted based on the current market rate of return of similar financial assets.

For debt instruments classified as available for sale, if the amount of an impairment write-off decreases in the next reporting period, and its decrease can reasonably be connected with an event that occurred after the impairment, the previous write-off is reversed and recognised under income of the period.

For equity instruments classified as available for sale, impairment write-downs previously carried through profit or loss are not subject to reversal. Any increases of fair value after impairment are disclosed in other comprehensive income.

4.4.7. Derecognition of financial assets from the balance sheet

The Group derecognises a financial asset from the balance sheet only when contractual rights to cash flows generated by the asset expire or when the financial asset with essentially all risks and rewards of ownership of such asset is transferred to another entity. If the Group does not transfer or retain essentially all risks and rewards of ownership of such asset, and continues to control it, the Group recognises the retained share in such asset and related liabilities under payments due, if any. If, in turn, the Group retains essentially all the risks and benefits of the asset transferred, it continues to recognise the relevant financial asset.

At the time of derecognising a financial asset in full, the difference between (i) the carrying amount and (ii) the sum of payment received and any accumulated gains or losses entered under other comprehensive income, is recognised under the income or expenses for the period.

4.4.8. Financial liabilities at fair value through profit or loss

This group includes financial liabilities held for trading or classified as carried at fair value through profit or loss at initial disclosure.

A financial liability is classified as held for trading if:

- it was incurred primarily for repurchase over a short period of time;
- it is part of a specific financial instrument portfolio managed jointly by the Group in accordance with the current and actual model for generating short-term profits; or
- it is a derivative instrument not classified and not operating as a collateral.

A financial liability not held for trading may be classified as measured at fair value through profit or loss at initial recognition, if:

- such classification eliminates or significantly mitigates inconsistencies in measurement or recognition that would occur otherwise; or
- a financial liability of the Group belongs to financial liabilities under management and its performance is measured at fair value in accordance with a documented risk or investment management strategy of the Group, under which information on clustering liabilities is provided internally; or

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it is part of a contract comprising one or more embedded derivatives, and under IAS 39, it is permissible to classify the entire contract (an item of assets or liabilities) as items carried at far value through profit or loss.

Financial liabilities at fair value through profit or loss are disclosed at fair value and the resulting financial profits or losses are entered under income or expenses for the period, and the resulting financial profit or loss is recognised as the income or expenses for the period, taking into account interest paid on a given financial liability.

4.4.9. Other financial liabilities

Other financial liabilities, including bank loans and borrowings, are initially carried at fair value less transaction costs.

Later on, they are measured at amortised cost using the effective interest rate method.

The effective interest rate method is used to calculate amortised cost of a liability and to allocate interest costs in the appropriate period. The effective interest rate is a rate effectively discounting future cash payments in the anticipated useful life of a given liability or a shorter period if necessary.

4.4.10. Derecognition of financial liabilities from the balance sheet

The Group derecognises financial liabilities from the balance sheet only if the appropriate liabilities of the Group are performed, invalidated or if they expire. At the time of derecognising a financial liability, the difference between (i) the carrying amount and (ii) the sum of payment made any accumulated gains or losses is entered under income or expenses for the period.

4.5. Clearings with the Central Securities Depository of Poland (KDPW)

The clearings with the Central Securities Depository of Poland (KDPW) include receivables from the KDPW Group under the clearing fund, margins, transactions in derivatives and the liabilities for the services provided by the KDPW Group to the Group.

The KDPW group includes:

- Central Securities Depository of Poland (Krajowy Depozyt Papierów Wartościowych S.A. ("KDPW") - responsible for the clearing of transactions entered into in the regulated market and in the alternative trading system, as well as maintenance of the central securities depository;
- KDPW_CCP S.A. ("KDPW_CCP") serves as a clearing house on the basis of the function of a central counter-party, and its task is to clear the transactions entered into in a regulated market and in the alternative trading system, and to operate a system for securing liquidity of clearings.

4.5.1. Receivables from the clearing fund

The Parent Company makes obligatory payments to the clearing fund maintained by KDPW CCP, which are disclosed as receivables from KDPW. The clearing fund secures appropriate performance of the obligations resulting from the clearings of transactions entered into on the regulated market, executed by KDPW_CCP.

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4.5.2. Receivables under margins

As part of the system of securing transaction clearing liquidity, the Parent Company pays margins to KDPW_CCP, which are disclosed as receivables from KDPW. Margins hedge the risk of changes in the value of a portfolio of transactions executed on the spot and forward markets within a specific time horizon.

4.5.3. Contributions to the compensation scheme

The Parent Company makes obligatory payments to the compensation scheme maintained by KDPW which constitute long-term receivables of the compensation scheme participant due from KDPW.

Pursuant to the Act on Trading in Financial Instruments of 29 July 2005 (Journal of Laws No. 183, item 1538, as amended, hereinafter, the "Act"), the Parent Company participates in the obligatory compensation scheme. The purpose of the compensation scheme maintained by the KDPW is to secure the assets held in cash accounts and securities accounts of clients of brokerage houses and banks maintaining securities accounts, in case of their loss, in accordance with the principles established in the Act. The compensation scheme is created from payments made by its participants and profits generated on such payments. Payments contributed to the compensation system may be returned to a brokerage house only when it is fully discharged from participation in the system (it winds up its operations specified in the decision on withdrawal, repeal of a permit to provide brokerage services or expiry of such permit) and provided that such funds have not been already used for purposes as specified. On a quarterly basis, KDPW informs system participants of accrued profits. The Parent Company's payments to the compensation system are reported as expenses, under "Other costs" in the comprehensive income statement.

The Parent Company maintains a register of payments to the compensation system and profits generated in connection with management of funds collected by KDPW in the compensation scheme in a manner that enables calculation of the balances of payments made and profits accrued.

4.5.4. Clearing fund

In accordance with the applicable regulations, the Parent Company also makes obligatory payments to the clearing system managed by KDPW which ensures appropriate performance of the obligations resulting from transactions entered into on the regulated market and cleared by KDPW.

4.6. Intangible assets

Intangible assets include the Group's assets which do not exist physically, which are identifiable and can be reliably measured, and which will give the Group economic benefits in the future.

Intangible assets are disclosed initially at cost of acquisition or production. As at the balance sheet date, intangible assets are carried at cost less depreciation and impairment write-offs, if any.

Intangible assets arising as a result of development works are disclosed in the statement of financial position, provided that the following conditions are met:

- from a technical point of view, it is feasible to complete the intangible asset so that it is available for use or sale,
- it is possible to demonstrate the intent to complete the intangible asset and to use and sell it,
- the intangible asset will be fit for use or sale,

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- it is known how the intangible asset will generate probable future economic benefits,
- technical and financial resources necessary to complete development works and its use or sale will be provided,
- it is possible to reliably measure the expenditures attributable to the intangible asset during its development.

The expenditures attributable to the intangible asset during its development and expenditures that do not meet the above criteria are disclosed as expenses in the comprehensive income statement as on the date they were incurred.

Depreciation of intangible assets is carried out on the basis of rates reflecting their estimated useful lives. The Group has no intangible assets with an indefinite useful life. The straight-line method is applied to depreciate intangible assets with a definite useful life. The useful life of the respective intangible assets is as follows:

Туре	Depreciation period
Software licenses	5 years
Intangible assets manufactured internally	5 years
Other intangible assets	10 years

Intangible assets are tested for impairment, whenever there is an indication of impairment, however with regard to intangible assets in the period of realisation, a potential impairment of defined at each balance sheet date. Effects of impairment and of depreciation of intangible assets are disclosed under operating expenses.

Intangible assets held under finance lease agreements are depreciated over their expected useful life, in the same manner as own assets, but for a period no longer than the term of lease.

Gains or losses from sale / liquidation or discontinued use of items of property, plant and equipment are defined as the difference between revenue from sales and the carrying amount of these items, and disclosed in the comprehensive income statement.

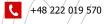
4.7. Property, plant and equipment

Property, plant and equipment include items of property, plant and equipment as well as expenses for property, plant and equipment under construction that the company intends to use in connection with its operations and for administration purposes, in the period of over 1 year, and which will bring economic benefits in the future. Expenditures for property, plant and equipment include the actual capital expenditures, as well as expenditures for future supplies of equipment and services connected with development of items of property, plant and equipment (prepayments made). Property, plant and equipment include significant specialist spare parts which are elements of a tangible asset.

Property, plant and equipment and expenses for property, plant and equipment under construction are initially disclosed at cost of acquisition or production. Significant components are also treated as separate items of property, plant and equipment. As at the balance sheet date, property, plant and equipment is carried at cost less depreciation and impairment write-offs, if any.

Depreciation of property, plant and equipment, including their components, is carried out on the basis of rates reflecting their estimated useful lives, and starts in the month following the month they are accepted for use. Useful life estimates are reviewed on an annual basis. The straight-line method is applied to depreciate property, plant and equipment. The useful life of the respective items of property, plant and equipment is as follows:

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Туре	Depreciation period
Computers	3 years
Vehicles	5 years
Office furniture and equipment	5 years

Assets held under finance lease agreements are depreciated over their expected useful life, in the same manner as own assets, but for a period no longer than the term of lease.

Gains or losses from sale / liquidation or discontinued use of items of property, plant and equipment are defined as the difference between revenue from sales and the carrying amount of these items, and disclosed in the comprehensive income statement.

4.8. Lease

Lease is classified as finance lease if, under an agreement, substantially all potential profits and risk from holding a leased object is transferred to the lessee. All other types of lease are treated as operating lease.

Assets used under finance lease agreements are treated as the Group's assets and measured at fair value at the time of acquisition, but no higher than the current value of the minimum lease payments. The liability to the lessor is disclosed in the statement of financial position, under "Other liabilities".

Lease payments are divided into the interest portion and reduction of the lease liability to ensure that the interest rate on the remaining liability is constant. Finance costs are entered directly in the comprehensive income statement unless they can be directly ascribed to appropriate assets. In such cases, they are capitalised in accordance with the Group's accounting policies concerning debt service costs. Contingent lease payments are entered under expenses at the time they were incurred.

Payments under operating lease are reported as expenses of the period, using the straight line method, over the term of lease, save for cases where another systematic settlement basis is more representative for the time pattern governing consumption of economic benefits resulting from leasing a given asset. Contingent operating lease payments are entered under expenses at the time they were incurred. The Group has operating lease agreements for the lease of office premises.

If there were special incentives to enter into an operating lease agreement, they are recognised as liabilities. Aggregate benefits connected with such incentives are disclosed as a decrease of rent expenses, using the straight-line method, except for cases where another consistent basis is more representative of the time pattern governing consumption of economic benefits resulting from leasing a given asset.

4.9. Impairment of tangible and intangible assets except goodwill

As at each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets for indications of impairment. If such indications are identified, the Group estimates the recoverable amount of a given asset in order to determine the potential write-down thereon. When an asset does not generate cash flows that are largely independent of those from other assets, an analysis is carried out for the Group's cash-generating assets to which a given asset belongs. Where it is possible to specify a reliable and uniform allocation basis, the Group's tangible assets are allocated to the relevant cash-generating units or the smallest clusters of cash-generating units for which such reliable and uniform allocation bases can be established.

For intangible assets with an indefinite useful life, an impairment test is performed yearly and whenever there are any indications of potential impairment.

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Recoverable amount is calculated as the higher of: fair value less selling costs or value-in-use. The latter value represents the current value of estimated future cash flows discounted using the discount rate before tax taking into account the current market time value of money and the asset-specific risk.

If the recoverable amount is lower than the carrying amount of an asset (or a cash-generating unit), the carrying amount of the asset or the unit is decreased to the recoverable amount. Impairment loss is recognised promptly as the cost of the period when it occurred.

If the impairment loss is then reversed, the net value of an asset (or a cash-generating unit) is increased to the newly estimated recoverable amount, however no higher than the carrying amount of the assets that would be established had the impairment loss of an asset / cash-generating unit not been recognised in the preceding years. A reversal of impairment losses is disclosed promptly in the comprehensive income statement.

4.10. Provisions for liabilities

Provisions for liabilities are established when the Group has an existing legal or constructive obligation connected with past events and it is probable that performance of this obligation will result in an outflow of funds representing economic benefits, and the amount of the liability can be reliably assessed, although the amount or maturity of the liability are not certain.

The amount of the provision recognised reflects the most accurate estimates possible of the amount required

to settle the current liability as at the balance sheet date, taking into account risk and uncertainty connected with this liability. In the event of measuring a provision using the estimated cash flow method necessary to settle the current liability, its carrying amount reflects the current value of such cash flows.

If it is probable that some or all of the economic benefits required to settle a provision can be recovered from a third party, such receivable will be recognised as an asset, provided that the probability of recovery is sufficiently high and can be reliably assessed.

4.10.1 Onerous contracts

Current liabilities under onerous contracts are disclosed as provisions. A contract entered into by the Group is considered to be onerous if it involves inevitable costs of performance of contractual obligations whose value exceeds the value of economic benefits expected under the contract.

4.11. Shareholders' equity

Shareholders' equity includes capitals and funds established in compliance with the mandatory legal regulations, i.e. applicable laws and the statute. Retained profit is also disclosed under equity. Share capital is disclosed in the amount set out in the Parent Company's Statute. Unregistered payments to the share capital are disclosed under the Parent Company's shareholders' equity and reported in the nominal amount of the payment received.

4.12. Clients' financial instruments and nominal values of transactions on derivatives (off-balance sheet items)

Off-balance sheet items include:

nominal values of derivatives in transactions executed with clients and brokers in the OTC market,

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values of financial instruments of the Group's clients, acquired on the regulated stock exchange market and deposited in the accounts of the Group's clients.

4.13. The result of operations on financial instruments

The result of operations on financial instruments covers all realised and unrealised income and expenses connected with trading in financial instruments, including dividend, interest and FX rate differences. The result of operations on financial instruments is calculated as the difference between the value of the instrument at the sale price and the purchase price.

The result of operations on financial instruments is composed of the following items:

- Result on financial assets held for trading: result on financial instruments on transactions with clients and brokers;
- The result on financial assets held to maturity: result on debt securities (interest result calculated using the effective interest rate method);
- Gains from the sale of investments in a subsidiary.

4.14. Income and expenses from fees and charges

Income on fees and charges includes brokerage fees and other charges against financial services charged to clients, and is disclosed at the date when the client enters into a given transaction.

Expenses under fees and charges are connected with financial brokerage services acquired by the Group, and disclosed at the date when the services were provided.

4.15. Cost of employee benefits

Short-term employee benefits, including specific contributions to benefit schemes, are disclosed in the period when the Group received a given benefit from an employee, and in the case of profit distribution or bonus payments, when the following conditions are met:

- the entity has a present legal or constructive obligation to make such payments as a result of past events; and
- a reliable estimate of the obligation can be made.

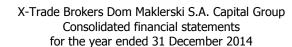
For paid leave benefits, employee benefits are recognised to the extent of accumulated paid leave, at the time of performance of work that increases the entitlement to future paid absences (provision for unused holidays). Non-accumulating paid absences are recognised when the absences occur.

Post-employment benefits in the form of benefit schemes (retirement severance pays) and other long-term benefits (length of service bonuses, etc.) are determined using the projected personal right method, with actuarial valuation performed at each balance sheet date. Actuarial gains and losses are disclosed in full in the comprehensive income statement. Past service costs are recognised promptly to the extent in which they pertain to benefits already gained, and in other cases amortised with the straight line method for the average period after which such benefits are gained.

Besides, the parent company offers the share options scheme for the key employees, who received the right to shares before 2012, constituting a payment programme in the form of shares settled in equity instruments. The costs of services rendered by the employees in return for the rights granted are included

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in the comprehensive income statement in correspondence with the equity (IFRS 2) in the period of rights acquisition.

Pursuant to the requirements of the Regulation of the Minister of Finance of 2 December 2011 on the principles of defining the policy of variable remuneration elements for the management staff by brokerage houses, starting from 2012, the parent company applies the policy of variable remuneration elements for the persons occupying key positions. Benefits granted to the employees within the framework of the programme of variable remuneration elements are granted in cash - 50 per cent and in the form of the financial instruments whose value is related to the Parent Company's financial standing -50 per cent. The part of benefits granted in the form of the financial instruments whose value is related to the parent company's financial standing, is paid in cash within three years after the date of granting. The provision for employee benefits due to variable remuneration elements is recognised in accordance with IAS 19 in the comprehensive income statement in "Employee benefits and remunerations".

4.16. Financial revenues and expenses

Financial revenue includes interest income on funds invested by the Group. Financial costs consist of interest costs paid to clients, interest on finance lease paid and other interest on liabilities.

Interest income and costs are disclosed in profits or losses of the current period, using the effective interest rate method.

Dividend income is disclosed at the time when the shareholders' right to obtain such dividend is established.

Financial revenues and expenses include also gains and losses arising from foreign exchange rate differences, disclosed in net amounts.

4.17. Tax

The entity's income tax comprises current tax due and deferred tax.

4.17.1 Current tax

Current tax liability is calculated on the basis of the tax result (taxable base) for a given financial year. The tax profit (loss) is different from the accounting net profit (loss) because is does not include non-taxable income and non-deductible expenses. Tax expenses are calculated on the basis of tax rates in force in a given financial year and pursuant to tax regulations of the countries where the branches of the Parent Company and its subsidiaries are located.

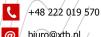
4.17.2 Deferred income tax

Deferred tax is calculated with the balance sheet method, based on differences between the carrying amounts of assets and liabilities and corresponding tax values used to calculate the tax basis.

Deferred tax liability is established on all taxable positive temporary differences, while deferred tax assets are recognised up to the probable amount of reduction of future taxable profit by recognised deductible temporary differences and tax losses or credits that the Company may use.

The value of deferred tax assets is assessed as on each balance sheet date and if the expected future taxable profits are not be sufficient to realise an asset or its portion, a write-down will be performed.

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Deferred tax is calculated based on tax rates that will be applicable when the asset is realised or the liability becomes due. In the statement of financial position, deferred tax is disclosed upon set-off to the extent that it applies to the same tax residency.

4.17.3 Current and deferred tax for the current reporting period

Current and deferred tax is disclosed in the comprehensive income statement, except for the cases when it pertains to items that credit or debit other comprehensive income directly, because then the tax is also disclosed in other comprehensive income statement, or when it is a result of an initial calculation of a business combination.

4.18. Net profit per share

Net profit per share for each period is calculated by dividing the net profit for the period by the weighted average number of shares outstanding during the reporting period.

5. Material estimates and valuations

In order to prepare its financial statements in accordance with the IFRS, the Group has to make certain estimates and assumptions that affect the amounts disclosed in the financial statements. Estimates and assumptions subject to day-to-day evaluation by the Group's management are based on experience and other factors, including expectations as to future events that seem justified in the given situation. The results are a basis for estimates of carrying amounts of assets and liabilities. Although the estimates are based on best knowledge regarding the current conditions and actions taken by the Group, actual results may differ from the estimates. Adjustments to estimates are recognised during the reporting period in which the adjustment was made provided that such adjustment refers only to the given period or in subsequent periods if the adjustment affects both the current period and subsequent periods. Presented below are the most important areas for which the Group makes estimates.

5.1. Impairment of assets

As at each balance sheet date, the Group determines whether there are any indications of impairment of a given financial asset or group of financial assets. In particular, the Group tests its past due receivables for impairment and writes down the estimated amount of doubtful and uncollectible receivables.

5.2. Tests for impairment of goodwill

The cash-generating unit to which goodwill has been allocated is subject to annual impairment tests. Impairment tests are conducted using the discounted cash flow method based on financial projections. Forecast financial results of cash-generating units are based on a number of assumptions, some of which (such as those based on observable market data, e.g., macroeconomic conditions) are beyond the Group's control.

5.3. Deferred income tax assets

At each balance sheet date, the parent company assesses the likelihood of settlement of unused tax credits with the estimated future taxable profit, and recognises the deferred tax asset only to the extent

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that it is probable that future taxable profit will be available against which the unused tax credits and unused tax credits can be utilised.

Fair value measurement

Information on estimates relative to fair value measurement is presented in Note 42 - Risk management.

Other estimates 5.5.

Provisions for liabilities connected with retirement, pension and death benefits are calculated using the actuarial method by an independent actuary as the current value of the Group's future liabilities to employees, based on their employment and salaries as at the balance sheet date. Calculation of the provision amounts is based on a number of assumptions, regarding both macroeconomic conditions and employee turnover, risk of death and others.

Provision for unused holidays is calculated on the basis of estimated payment of holiday benefits, based on the number of unused holidays, and remunerations as at the balance sheet date.

Provisions for legal risk are calculated on the basis of the estimated amount of outflow of cash in the case when it is probable that such outflow will occur, if the given case ends unsuccessfully.

6. The result of operations on financial instruments

	Year ended		
	31.12.2014	31.12.2013	
	PLN	PLN	
Profit (loss) on financial assets held for trading			
CFDs			
Currency CFDs	39,444,333	103,702,571	
Commodity CFDs	78,597,005	62,156,088	
Index CFDs	76,603,374	63,664,149	
Bond CFDs	1,132,696	(143,739)	
Stock CFDs	3,731,957	1,966,999	
Total CFDs	199,509,365	231,346,068	
Options derivatives			
Currency options	975,634	1,073,113	
Commodity options	1,124,955	(201,236)	
Bond options	7,031	13,655	
Index options	345,594	449,527	
Stock options	64,468	(390)	
Options derivatives	2,517,682	1,334,669	
Stocks and derivatives in the stock exchanges	(13,148)	(29,569)	
The result of operations on financial instruments	202,013,899	232,651,168	

Decrease in income from financial instruments is due to the volatility in the financial markets. The 22.5 per cent decrease in the valuation of open positions at the end of the reporting period compared to the previous period also had a significant impact.

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7. Income from fees and charges

	Year ended		
	31.12.2014 31.12.20		
	PLN	PLN	
Brokerage fees on operations on financial instruments	998,364	2,651,575	
Other fees and charges	4,495,879	2,459,498	
Total income from fees and charges	5,494,243 5,111,073		

Brokerage fees on transactions on financial instruments concern in their entirety fees obtained on stock exchange trading on the Warsaw Stock Exchange, on own behalf and on account of the person issuing the instruction. Other fees and charges refer to brokerage services rendered under agreements concluded with other brokers.

8. Salaries and employee benefits

	Year ended		
	31.12.2014 31.12.		
	PLN	PLN	
Remunerations	(45,335,535)	(39,610,971)	
Social insurance and other benefits	(8,102,407)	(7,541,813)	
Employee benefits	(2,018,860)	(1,978,924)	
Total remunerations and employee benefits	(55,456,802)	(49,131,708)	

9. Marketing

	Year en	Year ended		
	31.12.2014	31.12.2013		
	PLN	PLN		
Marketing online	(15,494,917)	(11,285,169)		
Marketing offline	(6,153,147)	(6,993,866)		
Competitions for clients	(1,380,624)	(659,052)		
Total marketing	(23,028,688)	(18,938,087)		

Marketing activities carried out by the Group are mainly focused on Internet marketing, which is also supported by promotional activities in the form of competitions for clients.

10. Costs of maintenance and lease of buildings

	Year ended		
	31.12.2014	31.12.2013	
	PLN	PLN	
Lease costs	(5,411,362)	(5,093,404)	
Maintenance costs	(967,953)	(901,561)	
Other costs	(435,889)	(525,222)	
Total costs of maintenance and lease of buildings	(6,815,204)	(6,520,187)	

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Other third party services 11.

	Year en	Year ended		
	31.12.2014	31.12.2013		
	PLN	PLN		
IT services	(2,676,650)	(4,117,576)		
Data base system services	(3,510,690)	(4,166,844)		
Market data delivery	(2,861,257)	(2,872,382)		
Internet and telecommunications	(2,532,893)	(2,251,638)		
Legal and advisory services	(3,053,378)	(3,145,889)		
Accounting and audit services	(1,512,616)	(1,985,078)		
Postal and courier services	(223,206)	(219,197)		
Recruitment	(542,631)	(470,067)		
Conferences and trainings	_	(241,904)		
Other third party services	(1,095,486)	(1,180,763)		
	(18,008,807)	(20,651,338)		

Commission expenses 12.

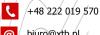
	Year en	Year ended		
	31.12.2014	31.12.2013		
	PLN	PLN		
Fees for introducing brokers	(1,621,503)	(21,172,769)		
Stock exchange fees and charges	(1,629,600)	(1,919,621)		
Other fees	(1,919,215)	(1,068,238)		
Total fee expenses	(5,170,318)	(24,160,628)		

The decrease in commission costs is the result of the acquisition of a subsidiary in Turkey and the exclusion of mutual trade with that company.

13. Other costs

	Year ended		
	31.12.2014	31.12.2013	
	PLN	PLN	
Materials	(722,168)	(829,481)	
Insurance	(52,297)	(69,303)	
Membership fees	(92,567)	_	
Business trips	(1,062,847)	(1,169,494)	
Commissions for IB	(2,495,262)	(2,193,821)	
Impairment write-downs	(499,108)	(861,456)	
Fixed assets liquidation	_	(275,155)	
Other	(1,087,421)	(2,909,892)	
Total other costs	(6,011,670)	(8,308,602)	

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14. Financial revenues

	Year end	Year ended		
	31.12.2014 PLN	31.12.2013 PLN		
Interest income				
Interest on own cash	2,463,682	2,193,263		
Interest on clients' cash	2,114,414	2,839,704		
Total interest income	4,578,096	5,032,967		
Foreign exchange gains	7,269,004	-		
Other financial revenues	6,003	409,079		
Total financial revenues	11,853,103	5,442,046		

Foreign exchange gains relate to unrealized differences in valuations of balance sheet items denominated in a currency other than the reporting currency.

15. Financial expenses

	Year end	Year ended		
	31.12.2014	31.12.2013		
	PLN	PLN		
Interest expense				
Interest paid to clients	(768,245)	(859,185)		
Interest paid under lease agreements	(24,152)	(37,000)		
Other interest	(199,424)	(474,432)		
Total interest expense	(991,821)	(1,370,617)		
Foreign exchange losses	(210,707)	(4,672,316)		
Other financial expenses	(761)	(160,913)		
Total financial expenses	(1,203,289)	(6,203,846)		

16. Segment information

For management reporting purposes, the Group's operations are divided into the following two business segments:

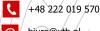
- 1. Retail operations, which include the provision of trading in financial instruments for individual clients.
- 2. Institutional activity, which includes the provision of trading in financial instruments and offering trade infrastructure to entities (institutions), which in turn provide services of trading in financial instruments for their own clients under their own brand.

These segments do not aggregate other lower-level segments.

The management monitors the results of the operating segments separately, in order to decide on the implementation of strategies, allocation of resources and performance assessment. Operations in segment are assessed on the basis of segment profitability and its impact on the overall profitability reported in the financial statements.

Transfer prices between operating segments are based on market prices, according to the principles similar to those applied in settlements with third parties.

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Comprehensive income statement	Retail	Institutional	Total reporting	Comprehensive
for the period from 01.01.2014 to 31.12.2014	operations	operations	segments	income statement
The result of operations on financial instruments	184,421,559	17,592,338	202,013,897	202,013,897
Income from fees and charges	2,231,108	3,263,135	5,494,243	5,494,243
Other income	578,333	_	578,333	578,333
Total operating income	187,231,000	20,855,473	208,086,473	208,086,473
Salaries and employee benefits	(51,665,572)	(3,791,230)	(55,456,802)	(55,456,802)
Marketing	(22,311,028)	(717,660)	(23,028,688)	(23,028,688)
Other third party services	(17,122,546)	(886,261)	(18,008,807)	(18,008,807)
Costs of maintenance and lease of buildings	(6,361,211)	(453,993)	(6,815,204)	(6,815,204)
Depreciation	(5,635,486)	(110,312)	(5,745,798)	(5,745,798)
Taxes and fees	(1,893,951)	(39,237)	(1,933,188)	(1,933,188)
Fee expenses	(4,467,697)	(702,621)	(5,170,318)	(5,170,318)
Other costs	(5,295,762)	(715,908)	(6,011,670)	(6,011,670)
Total operating expenses	(114,753,253)	(7,417,222)	(122,170,475)	(122,170,475)
Profit on operating activities	72,477,747	13,438,251	85,915,998	85,915,998
Financial revenues	11,434,678	418,425	11,853,103	11,853,103
Financial expenses	(805,563)	(397,726)	(1,203,289)	(1,203,289)
Profit before tax	83,106,862	13,458,950	96,565,812	96,565,812
Income tax	(17,181,572)	(2,782,513)	(19,964,085)	(19,964,085)
Net profit	65,925,290	10,676,437	76,601,727	76,601,727
Assets and liabilities	Retail operations	Institutional operations	Total reporting segments	Statement of financial position

Assets and liabilities	Retail operations	Institutional operations	Total reporting segments	Statement of financial position
Clients' cash and cash equivalents	250,252,331	17,713,957	267,966,288	267,966,288
Financial assets held for trading	59,670,089	1,652,039	61,322,128	61,322,128
Liabilities to clients	250,318,122	17,713,957	268,032,079	268,032,079
Financial liabilities held for trading	14,327,670	364,335	14,692,005	14,692,005

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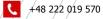




Comprehensive income statement	Retail	Institutional	Total reporting	Comprehensive
for the period from 01.01.2013 to 31.12.2013	operations	operations	segments	income statement
The result of operations on financial instruments	230,822,812	1,828,356	232,651,168	232,651,168
Income from fees and charges	3,377,750	1,733,323	5,111,073	5,111,073
Other income	683,103	_	683,103	683,103
Total operating income	234,883,665	3,561,679	238,445,344	238,445,344
Salaries and employee benefits	(44,833,595)	(4,298,113)	(49,131,708)	(49,131,708)
Marketing	(17,013,912)	(1,924,175)	(18,938,087)	(18,938,087)
Other third party services	(16,256,897)	(4,394,441)	(20,651,338)	(20,651,338)
Costs of maintenance and lease of buildings	(5,822,219)	(697,968)	(6,520,187)	(6,520,187)
Depreciation	(3,741,533)	(146,706)	(3,888,239)	(3,888,239)
Taxes and fees	(697,575)	(26,105)	(723,680)	(723,680)
Fee expenses	(23,655,727)	(504,901)	(24,160,628)	(24,160,628)
Other costs	(6,801,921)	(1,506,681)	(8,308,602)	(8,308,602)
Total operating expenses	(118,823,379)	(13,499,090)	(132,322,469)	(132,322,469)
Profit on operating activities	116,060,286	(9,937,411)	106,122,875	106,122,875
Financial revenues	5,442,046	_	5,442,046	5,442,046
Financial expenses	(6,203,846)	_	(6,203,846)	(6,203,846)
Profit before tax	115,298,486	(9,937,411)	105,361,075	105,361,075
Income tax	(27,116,569)	2,337,138	(24,779,431)	(24,779,431)
Net profit	88,181,917	(7,600,273)	80,581,644	80,581,644
	Potail	Institutional	Total reporting	Statement of

Assets and liabilities	Retail operations	Institutional operations	Total reporting segments	Statement of financial position
Clients' cash and cash equivalents	237,724,012	7,396,207	245,120,219	245,120,219
Financial assets held for trading	70,703,822	837,043	71,540,865	71,540,865
Liabilities to clients	238,660,982	7,396,207	246,057,189	246,057,189
Financial liabilities held for trading	11,175,446	303,762	11,479,208	11,479,208

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17. Cash and cash equivalents

broken down by type

	31.12.2014 PLN	31.12.2013 PLN
In hand	928	21,039
In current bank accounts	525,070,047	381,660,814
Short-term bank deposits	30,283,126	31,650,448
Cash and other monetary assets in total	555,354,101	413,332,301
Restricted own cash		
	31.12.2014	31.12.2013
	PLN	PLN
Clients' cash and other monetary assets	267,966,288	245,120,219
Own cash and other monetary assets	287,387,813	168,212,082
Cash and other monetary assets in total	555,354,101	413,332,301

18. Financial assets held for trading

	31.12.2014 PLN	31.12.2013 PLN
CFDs		
Currency CFDs	18,784,825	25,232,141
•	, ,	, ,
Commodity CFDs	15,509,222	10,866,483
Index CFDs	25,398,073	32,793,021
Bond CFDs	132,315	50,539
Stock CFDs	1,497,693	1,174,326
	61,322,128	70,116,510
Options derivatives		
Currency options	_	1,416,284
Commodity options	_	3,481
Index options	_	4,590
Options derivatives	_	1,424,355
Total financial assets held for trading	61,322,128	71,540,865

On 3 December 2014, the last contract for long-term digital options expired and on 19 December 2014, the last contract for vanilla options expired. As at the end of the reporting period, the Group did not offer contracts for the above types of options, so the instruments of this type were not presented under assets and liabilities.

Detailed information on the estimated fair value of the instrument is presented in Note 42.1.1.

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Loans granted and other receivables **19.**

	31.12.2014 PLN	31.12.2013 PLN
Gross receivables from clients	1,017,105	7,051,629
Impairment write-downs of receivables	(657,781)	(922,084)
Total receivables from clients	359,324	6,129,545
Receivables from KDPW		
Receivables from the clearing fund	201,478	3,022,299
Receivables under margins		1,205,611
Total receivables from KDPW	201,478	4,227,910
Loans granted to associates	_	27,298,445
Other receivables	3,481,492	2,990,217
Impairment write-downs of receivables	(138,293)	(124,269)
Total other receivables	3,904,001	40,521,848

Movements in impairment write-downs of receivables

	31.12.2014 PLN	31.12.2013 PLN
Impairment write-downs of receivables - at the beginning of the reporting period	(1,046,352)	(443,988)
establishment of write-downs	(389,626)	(602,364)
reversal of write-downs	157,952	
use	481,952	_
Impairment write-downs of receivables - at the end of the reporting period	(796,074)	(1,046,352)

20. **Prepayments and accruals**

	31.12.2014	31.12.2013
	PLN	PLN
Licenses and news portals	420,246	371,839
Insurance	40,086	32,367
Database support services	_	23,013
Prizes settlement	143,987	15,768
Subscriptions	17,275	34,102
Prepaid rent	591,449	838,270
Advertising	56,139	354,782
CRM	474,789	394,274
Other	212,101	200,268
Total prepayments and accruals	1,956,072	2,264,683

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21. Intangible assets

Intangible assets in the period from 1 January 2014 to 31 December 2014

	Licenses	Intangible assets manufactured internally	Other intangible assets	Prepayments for intangible assets	Total
Gross value as at 1 January 2014	4,113,176	12,590,528	_	_	16,703,704
Additions	883,359	_	8,017,438	_	8,900,797
Sale and liquidation	(238,854)	_	_	_	(238,854)
Net foreign exchange differences	14,309	_	_	_	14,309
Gross value as at 31 December 2014	4,771,990	12,590,528	8,017,438	_	25,379,956
Depreciation as at 1 January 2014	(2,556,591)	(1,218,356)	_	_	(3,774,947)
Depreciation for the current period	(614,277)	(2,518,106)	(534,496)	_	(3,666,879)
Depreciation of acquired intangible assets	(216,892)	_			(216,892)
Sale and liquidation	197,607	_	_	_	197,607
Net foreign exchange differences	(10,820)	_	_	_	(10,820)
Depreciation as at 31 December 2014	(3,200,973)	(3,736,462)	(534,496)	_	(7,471,931)
Net book value as at 1 January 2014	1,556,585	11,372,172	-	-	12,928,757
Net book value as at 31 December 2014	1,571,017	8,854,066	7,482,942	_	17,908,025

Intangible assets manufactured internally relate to a financial instrument trading platform and applications compatible with this platform. Other intangible assets relate to the separated licence value under the acquisition of the subsidiary described in Note 1.2.

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Intangible assets in the period from 1 January 2013 to 31 December 2013

	Licenses	Intangible assets manufactured internally	Other intangible assets	Prepayments for intangible assets	TOTAL
Gross value as at 1 January 2013	3,466,097	1,144,487	_	6,967,374	11,577,958
Additions	468,078	_	_	(16,589)	451,489
Adoption for use	393,600	11,446,041	_	(6,951,021)	4,888,620
Sale and liquidation	(169,242)	_	_	_	(169,242)
Net foreign exchange differences	(45,357)	_	_	236	(45,121)
Gross value as at 31 December 2013	4,113,176	12,590,528		_	16,703,704
Depreciation as at 1 January 2013	(2,126,353)	(114,449)	-	_	(2,240,802)
Depreciation	(562,499)	(1,103,907)	_	-	(1,666, 4 06)
Sale and liquidation	105,720	_	_	-	105,720
Net foreign exchange differences	26,541	_	_	-	26,541
Depreciation as at 31 December 2013	(2,556,591)	(1,218,356)	_	_	(3,774,947)
Net book value as at 1 January 2013	1,339,744	1,030,038	_	6,967,374	9,337,156
Net book value as at 31 December 2013	1,556,585	11,372,172	_	_	12,928,757

Intangible assets manufactured internally relate to a financial instrument and differences contract trading platform and applications compatible with this platform.

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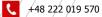


22. Property, plant and equipment

Property, plant and equipment in the period from 1 January 2014 to 31 December 2014

	Computer systems	Other property, plant and equipment	Property, plant and equipment under construction	Prepayments for tangible fixed assets	TOTAL
Gross value as at 1 January 2014	6,434,985	5,923,732	533,409	_	12,892,126
Additions	1,351,028	1,329,361	(116,217)	_	2,564,172
Under financial lease	_	501,870	_	_	501,870
Transfer from fixed assets under construction		_	_	_	_
Sale and liquidation	(113,830)	(993,450)	_	_	(1,107,280)
Disclosure	20,849	_	_	_	20,849
Net foreign exchange differences	39,312	85,596	_	_	124,908
Gross value as at 31 December 2014	7,732,344	6,847,109	417,192	_	14,996,645
Depreciation as at 1 January 2014	(4,614,343)	(3,585,914)	_	_	(8,200,257)
Depreciation for the current period	(1,089,868)	(989,051)	_	_	(2,078,919)
Depreciation of purchased fixed assets	(218,068)	(766,528)	_	_	(984,596)
Sale and liquidation	91,045	774,214	_	_	865,259
Disclosure	(20,849)	_	_	_	(20,849)
Net foreign exchange differences	(31,323)	(57,171)	_	_	(88,494)
Depreciation as at 31 December 2014	(5,883,406)	(4,624,450)			(10,507,856)
Net book value as at 1 January 2014	1,820,642	2,337,818	533,409	-	4,691,869
Net book value as at 31 December 2014	1,848,938	2,222,659	417,192		4,488,789

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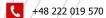




Property, plant and equipment in the period from 1 January 2013 to 31 December 2013

	Computer systems		Property, plant and equipment under construction	Prepayments for tangible fixed assets	TOTAL
Gross value as at 1 January 2013	5,386,066		122,624	22,347	10,411,725
Additions	1,440,043	1,622,002	410,657	(22,505)	3,450,197
Under financial lease	_	126,961	_	_	126,961
Sale and liquidation	(400,703)	(712,866)	_	_	(1,113,569)
Net foreign exchange differences	9,579	6,947	128	158	16,812
Gross value as at 31 December 2013	6,434,985	5,923,732	533,409		12,892,126
Depreciation as at 1 January 2013	(3,851,445)	(2,900,381)	_	_	(6,751,826)
Depreciation	(1,111,483)	(1,110,349)	_	_	(2,221,832)
Reclassification	351,378	419,140	_	_	770,518
Net foreign exchange differences	(2,793)	5,676	_	_	2,883
Depreciation as at 31 December 2013	(4,614,343)	(3,585,914)	_		(8,200,257)
Net book value as at 1 January 2013	1,534,621	1,980,307	122,624	22,347	3,659,899
Net book value as at 31 December 2013	1,820,642	2,337,818	533,409	_	4,691,869

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23. Liabilities to clients

	31.12.2014	31.12.2013
	PLN	PLN
Liabilities to clients	268,032,078	246,057,189

Liabilities to clients are connected with transactions concluded by the clients (including cash deposited in the clients' accounts and concluded but unsettled transactions for securities at the Warsaw Stock Exchange).

24. Financial liabilities held for trading

	31.12.2014 PLN	31.12.2013 PLN
CFDs		
Currency CFDs	7,026,809	1,339,493
Commodity CFDs	2,655,269	1,154,632
Index CFDs	4,351,349	6,911,523
Stock CFDs	622,367	749,201
Bond CFDs	36,211	29,016
Total CFDs	14,692,005	10,183,865
Options derivatives		
Currency options	_	1,243,472
Commodity options	_	2,892
Index options	_	48,979
Options derivatives		1,295,343
Financial liabilities held for trading in total	14,692,005	11,479,208

25. Other liabilities

	31.12.2014 PLN	31.12.2014 PLN
Liabilities to brokers	1,159,265	2,794
Liabilities to Central Securities Depository of Poland	_	97,922
Statutory liabilities	4,003,641	2,746,649
Liabilities due to employees	433,033	463,792
Liabilities under financial lease	512,966	267,825
Provisions for other employee benefits	9,769,758	10,016,100
Trade liabilities	6,725,265	10,818,727
Total other liabilities	22,603,928	24,413,809

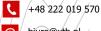
Liabilities under employee benefits include estimates, as at the balance sheet date, of bonuses for the reporting period, including from the programme of variable remuneration elements, as well as the provision for unused holiday leave, established in the amount of projected benefits, which the Group is obligated to pay in case of payment of holiday equivalents.

Besides leasing liabilities, there are no other long-term liabilities.

Programme of variable remuneration elements

Pursuant to the Variable Remuneration Elements policy applied by the Group, the employees of the parent company in the top management positions receive variable remuneration paid in cash.

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The value of provisions for employee benefits includes 50 per cent of variable remuneration granted in cash, which is paid out directly after the employment year, in which the employee's work results are assessed, and 50 per cent of the value based on financial instruments, paid in the years 2015-2018.

In 2014, Employee benefits and remunerations included the provision for variable remuneration elements in the amount of PLN 580,252. In comparable period, i.e. in 2013, the provision for variable remuneration elements was PLN 2,687,423.

Liabilities under financial lease 26.

The Group entered into finance lease contracts regarding passenger cars. After expiry of the lease contract, the Group has the option to acquire the leased vehicles for a price set in the contract.

Liabilities under financial lease

	Minimum lease payments 31.12.2014 PLN	Current value of minimum lease payments 31.12.2014 PLN	Minimum lease payments 31.12.2013 PLN	Current value of minimum lease payments 31.12.2013 PLN
up to 1 year	184,660	145,912	194,097	177,577
1 - 5 years	416,295	367,054	107,839	90,248
Total liabilities under lease	600,955	512,966	301,936	267,825

Net carrying amount of items of property, plant and equipment under finance lease

31.12.2014	31.12.2013
PLN	PLN
Tangible assets under financial lease 778,826	566,769

27. **Operating lease agreements**

The Group is a party to office space lease agreements classified as operating lease. Minimum payments under irrevocable operating lease agreements are as follows:

Future lease liabilities by maturity date

	31.12.2014	31.12.2013
	PLN	PLN
Less than 1 year	4,256,548	3,787,731
1-5 years	4,327,833	6,625,415
Over 5 years	361,920	163,669
Total minimum payments under irrevocable operating lease agreements	8,946,301	10,576,815

In 2014, the Group covered rent payments under the agreements mentioned above, in the amount of PLN 5,411,362. In 2013, rent payments amounted to PLN 4,922,134.

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28. Provisions for liabilities and contingent liabilities

28.1. Provisions for liabilities

	31.12.2014	31.12.2013
	PLN	PLN
Provision for retirement benefits	114,005	168,698
Provision for legal risk	450,974	439,214
Total provisions	564,979	607,912

Provisions for retirement benefits are established on the basis of an actuarial valuation carried out in accordance with the applicable regulations and agreements connected with obligatory retirement benefits to be covered by the employer.

Provisions for legal risk include expected amounts of payments to be made in connection with disputes that the Group is party to.

movements in provisions in the period from 1 January 2014 to 31 December 2014

	Value as at	_	Decreas	es	Value as at
	31.12.2013 PLN	Increases	Use	Reversal	31.12.2014 PLN
Provision for retirement					
benefits	168,698	65,795	_	120,488	114,005
Provision for legal risk	439,214	11,760	_	_	450,974
Total provisions	607,912	77,555	_	120,488	564,979

movements in provisions in the period from 1 January 2013 to 31 December 2013

	Value as at	_	Decrease	es	Value as at
	31.12.2012 PLN	Increases	Use	Reversal	31.12.2013 PLN
Provision for retirement					
benefits	105,400	68,762	5,464	_	168,698
Provision for legal risk	400,686	38,528	· -	_	439,214
Total provisions	506,086	107,290	5,464	_	607,912

28.2. Contingent liabilities

The Parent Company is a defendant is seven proceedings with the total amount of dispute of PLN 2,500,000. Based on the conducted assessment of the risk of failure and outflow of financial resources, the Group did not establish reserves for the above cases.

The litigation with the highest value: between PLN 1,300,000 and PLN 2,200,000. The case brought by a former employee of a foreign branch of the Parent Company. Mediation stage has been completed without success, and the case is pending before the court. According to the judgment of the Court of 4 November 2014, the claimant was awarded the amount of PLN 100,000. The claimant filed an appeal on 14 December 2014. Despite a favourable judgment for the parent company in the first instance, there is still a risk of losing the dispute with a former employee. Because of complex character of the dispute and the claim, at this stage the parent company cannot reliably estimate the risk and value of the possible provision.

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The case brought by a legal entity jointly and severally against the parent company and natural persons with the value of PLN 2,200,000 was dismissed under the judgment of the Regional Court of first instance on 10 April 2014.

29. Equity capital

Share capital structure

Series/ issue	Number of shares	Nominal value of shares PLN	Nominal value of issue PLN
Series A, B, C, D	321,599	18.25	5,869,182

All shares in the Parent Company have the same nominal value, are fully paid for, and confer the same voting and profit-sharing rights. No preference is attached to any share series. As at 31 December 2014, the number of shares did not change in relation to the number of shares as at 31 December 2013.

Shareholding structure of the parent company

	31.12.2014				31.12.2013	
	number of shares	nominal value of shares	share	number of shares	nominal value of shares	share
XXZW Investment Group S.A.	259,945	4,743,996	80.83%	259,945	4,743,996	80.83%
Systexan Limited	61,104	1,115,148	19.00%	61,104	1,115,148	19.00%
Other shareholders	550	10,038	0.17%	550	10,038	0.17%
TOTAL	321,599	5,869,182	100.00%	321,599	5,869,182	100.00%

Other capitals

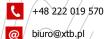
Other capitals consist of:

- supplementary capital, mandatorily established from annual profit distribution to be used
 to cover potential losses that may occur in connection with the Parent Company's operations,
 up to the amount of at least one third of the share capital, amounting to PLN 1,956,394 and from
 surplus of the issue price over the nominal price in the amount of PLN 69,651,378,
- reserve capital, established from annual distribution of profit as resolved by the General Meeting
 of Shareholders to be used for financing of further operations of the Group or payment of
 dividend in the amount of PLN 189,092,097,
- foreign exchange differences on translation, including foreign exchange differences on translation
 of balances in foreign currencies of branches and foreign operations in the amount of PLN
 2,536,195.

30. Profit distribution and dividend

Pursuant to the decision of the General Meeting of Shareholders of the Parent Company, the entire 2013 net profit of PLN 86,303,529 was allocated for increase of the reserve capital. The Management Board of the Parent Company intends to suggest to the General Meeting of Shareholders disbursement of the dividend in the amount of 50 per cent of the 2014 profit, i.e. PLN 38,947,643, and allocation of 50 per cent

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of the 2014 profit, i.e. PLN 38,947,643, to increase the reserve capital. Planned dividend payment is compliant with the recommendations of the Financial Supervision Commission on dividend policy.

31. Net profit per share

Basic earnings per share are calculated by dividing the net profit for the period attributable to shareholders of the Parent Company by the weighted average number of ordinary shares outstanding during the period. When calculating both basic and diluted earnings per share, the Group uses the amount of net profit attributable to shareholders of the Parent Company as the numerator, i.e., there is no dilutive effect influencing the amount of profit (loss). The calculation of basic and diluted earnings per share, together with a reconciliation of the weighted average diluted number of shares is presented below.

	Year ended		
	31.12.2014 PLN	31.12.2013 PLN	
Profit from continuing operations attributable to shareholders of the parent company	76,601,729	80,581,644	
Weighted average number of ordinary shares	321,599	321,599	
Shares causing dilution (share option plan)	936	936	
Weighted average number of shares including dilution effect	322,535	322,535	
Basic net profit per share from continuing operations for the			
year attributable to shareholders of the parent company	238.19	250.57	
Diluted net profit per share from continuing operations for the			
year attributable to shareholders of the parent company	227.50	249.84	

32. Income tax

Income tax disclosed in the current period's profit or loss

	Year en	Year ended		
	31.12.2014 PLN	31.12.2013 PLN		
Income tax - current portion				
Income tax for the reporting period	(18,442,029)	(28,762,950)		
Income tax - deferred portion				
Occurrence/ reversal of temporary differences	(1,522,056)	3,983,519		
Income tax disclosed in profit or loss	(19,964,085)	(24,779,431)		

Reconciliation of the actual tax burden

	31.12.2014 PLN	31.12.2013 PLN
Profit before tax	96,565,814	106,077,503
Income tax based on the applicable tax rate of 19%	(18,347,505)	(20,167,275)
Difference resulting from application of tax rates applicable in other countries	(811,565)	(465,532)
Non-taxable revenue	179,739	97,360
Non-deductible expenses	(369,099)	(1,331,131)
Tax loss for the reporting period not disclosed in the deferred tax	(132,453)	(1,419,277)
Realisation of tax losses for the preceding periods/(write-off of tax losses realised in the previous years)	-	(1,555,250)
Other items affecting the tax burden amount	(483,202)	61,675
Income tax disclosed in profit or loss	(19,964,085)	(24,779,431)

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33. **Deferred income tax**

33.1. Undisclosed deferred income tax assets

Deferred income tax was not disclosed with respect to the items below:

	31.12.2014 PLN	31.12.2013 PLN
Tax loss	1,274,182	4,180,239

As at 31 December 2014, the Company established deferred tax assets with regard to tax losses to be settled in future periods in the total amount of PLN 12,661,639. The management believes that due to dynamic development of business and growth of sales in foreign markets, the Group may generate taxable income in future periods, and tax losses will be settled accordingly.

At the same time, taking into account the risks connected with further business development in foreign markets, the Parent Company's management has doubts relative to certain tax credits of foreign operations and whether their respective profits will make it possible to settle the tax losses. Therefore, no deferred tax assets connected with such tax loss in the amount of PLN 1,274,182 as at 31 December 2014.

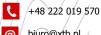
	31.12.2014	31.12.2013
Unrecognised tax losses available for use	PLN	PLN
until the end of 2016	89,855	87,512
until the end of 2017	58,097	56,582
until the end of 2018	251,354	244,799
until the end of 2019	109,767	106,905
until the end of 2020	126,172	122,881
until the end of 2021	22,885	_
no limit	616,052	3,561,560
Total unrecognised losses available for use	1,274,182	4,180,239

33.2. Deferred income tax assets and deferred income tax provision

Change in the balance of deferred tax for the year ended on 31 December 2014

	As at 01.01.2014	Disclosed as profit or loss	As at 31.12.2014
Deferred income tax assets:			
Cash and cash equivalents	548,921	(548,921)	_
Property, plant and equipment	206,744	(81,860)	124,884
Loans granted and other receivables	441,314	(440,931)	383
Financial liabilities held for trading	2,181,050	558,928	2,739,978
Provisions for liabilities	1,604,762	(179,000)	1,425,762
Other liabilities	4,645	(4,645)	_
Tax losses of previous periods to be settled in future periods	11,653,331	(393,721)	12,663,801
Total deferred income tax assets	16,640,767	(1,090,150)	16,954,808

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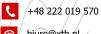
	As at 01.01.2014	Disclosed as profit or loss	As at 12.31.2014
Deferred income tax provision:			
Cash and cash equivalents	2,022,311	(3,238)	2,019,073
Financial assets held for trading	13,592,764	(2,009,977)	11,582,787
Financial assets held to maturity	28,169	(28,169)	_
Loans granted and other receivables	122,280	(122,046)	234
Property, plant and equipment	2,190,398	(448,776)	1,741,622
Total deferred tax asset	17,955,922	(2,612,206)	15,343,716
Deferred tax disclosed in the comprehensive income statement	_	1,522,056	_
	As at 01.01.2014	Included in equity	As at 12.31.2014
Deferred tax provision included directly in the eq	uity:		
Separate equity of branches	38,539	202,655	241,194
Total deferred tax provision through equity	38,539	202,655	241,194

Change in the balance of deferred tax for the year ended on 31 December 2013

	As at 01.01.2013	Disclosed as profit or loss	As at 31.12.2013
Deferred tax assets:			
Cash and cash equivalents	139,417	409,504	548,921
Property, plant and equipment	209,755	(3,011)	206,744
Loans granted and other receivables	573,433	(132,119)	441,314
Liabilities to clients	49,035	(49,035)	_
Financial liabilities held for trading	1,405,457	775,593	2,181,050
Provisions for liabilities	344,320	1,260,442	1,604,762
Other liabilities	25, 4 97	(20,852)	4,645
Tax losses of previous periods to be settled in future periods	12,662,692	(393,721)	11,653,331
Total deferred tax assets	15,409,606	1,846,801	16,640,767
	As at	Disclosed as	As at
	01.01.2013	profit or loss	31.12.2013
Deferred tax provision:			
Cash and cash equivalents	2,018,669	3,642	2,022,311
Financial assets held for trading	8,433,539	5,159,225	13,592,764
Financial assets held to maturity	_	28,169	28,169
Loans granted and other receivables	182,860	(60,580)	122,280
Property, plant and equipment	1,490,534	699,864	2,190,398
Total deferred tax provision	12,125,602	5,830,320	17,955,922
Deferred tax disclosed in the comprehensive income statement		(3,983,519)	_

	As at	Included in	As at
	01.01.2013	equity	31.12.2013
Temporary differences concerning items of deferred equity:	tax liability inc	luded directly i	n the
Separate equity of branches		38,539	38,539
Total deferred tax reserve through equity	_	38,539	38,539

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Data concerning the presentation of deferred tax by country of origin and reconciliation of presentation in the statement of financial position as at 31 December 2014

	Data according ori	to the nature of gin	Data presented in financial	
	Deferred income tax assets	Deferred income tax provision	Deferred income tax assets	Deferred income tax provision
Poland	4,146,471	15,575,599		11,429,128
Czech Republic	102,719	9,311	93,408	-
Slovakia	7,072	· –	7,072	_
Germany	3,264,921	_	3,264,921	_
France	5,957,649	_	5,957,649	_
United Kingdom	3,463,548	_	3,463,548	
Turkey	12,428	_	12,428	
	16,954,808	15,584,910	12,799,026	11,429,128

Data concerning the presentation of deferred tax by country of origin and reconciliation of presentation in the statement of financial position as at 31 December 2013

•	Data according to the nature of origin		Data presented in the statement of financial position		
	Deferred income tax assets	Deferred income tax provision	Deferred income tax assets	Deferred income tax provision	
Poland	4,876,913	17,961,951	_	13,085,038	
Czech Republic	63,208	32,509	30,699	_	
Slovakia	7,087	_	7,087	_	
Germany	3,110,400	_	3,110,400	_	
France	5,796,767	_	5,796,767	_	
Portugal	483,734	_	483,734	_	
United Kingdom	2,302,657	-	2,302,657		
	16,640,766	17,994,460	11,731,344	13,085,038	

34. Related party transactions

34.1. Parent company

XXZW Investment Group S.A. with its registered office in Luxembourg is the key shareholder of the Parent Company. It holds 80.83 per cent of shares and votes in the General Meeting. XXZW Investment Group S.A. prepares consolidated financial statements.

Mr. Jakub Zabłocki is the ultimate parent company for the Group and XXZW Investment Group S.A.

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34.2. Figures concerning related party transactions

Value of transactions and balance of receivables and liabilities to related parties

34.2.1 Revenue and receivables

	31.12.2014		31.12.2013		
	Transaction summary	Revenues PLN	Receivables PLN	Revenues PLN	Receivables PLN
Key management of the Parent Company	Loan agreement	-	_	280,574	27,298,445
Other related parties X-Trade Brokers Menkul Degerler A.S.	Brokerage services	1,554,977	_	11,554	657

34.2.2 Costs and liabilities

		31.12.	2014	31.12.	2013
	Transacti on summary	Costs PLN	Liabilities PLN	Costs PLN	Liabilities PLN
Parent company		-	501,046	-	10,816
Other related parties X-Trade Brokers Menkul Degerler A.S.	Brokerage services	78,262	-	(16,767,270)	5,996,987

34.3. Benefits to Management and Supervisory Board members

	Year ended		
	31.12.2014 31.12.		
	PLN	PLN	
Benefits to the Management Board members	(7,315,788)	(3,282,214)	
Benefits to the Supervisory Board members	(12,000)	(13,500)	
Total benefits to the Management and Supervisory Board members	(7,327,788)	(3,295,714)	

These benefits include base salaries, bonuses, contributions to social security paid for by the employer and supplementary benefits (money bills, healthcare, holiday allowances).

Members of the Management Board of the parent company are included in the scheme of variable remuneration elements specified in Note 25 of the consolidated financial statements. The value of the element settled in financial instruments in the years 2015-2018 acquired by the members of the Management Board amounts to PLN 1,042,829.

Members of the Management Board of the parent company, within the framework of the Options Program described in Note 34.4 of the financial statements, acquired 936 rights to shares with the total value of PLN 462,577 as at the balance-sheet date.

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34.4 Share-based payments

Pursuant to the Shareholders Agreement of the parent company of 28 March 2011, the parent company introduced an incentive scheme for the key employees, who received the right to shares of the parent company before 2012, constituting a payment programme in the form of share options ("Options programme"). The value of the program depends on individual targets set for the employees in relation to the results of the parent company in specific years. The scheme covers the years 2011-2014. For 2011, rights to shares were acquired by three employees in the amount of 485 items, for 2012, one employee acquired rights to shares in the amount of 113 items, for 2013, one employee acquired rights to shares in the amount of 338 items and for 2014, according to the best knowledge of the Parent Company's Management Board, no employee will acquire rights to shares. In total, the employees acquired 936 rights to shares. The estimated value of the scheme as at the balance-sheet date is PLN 462,577. The vesting period expires in 2015. Depending on individual contracts, the shares can be acquired starting from 2014 based on the participation rules specified in the Options Program.

For the shares options granted, the fair value of services rendered by the key employees is measured in relation to the fair value of rights granted as at the date of granting. The fair value of rights is determined based on option estimation models, which include among others execution price, share price as at the date of granting, expected variability of option value during the programme and other appropriate factors affecting fair value. The parent company assesses the probability of acquiring the rights in the programme, which affects the programme value in the costs for the period.

The table below presents the figures assumed for 31 December 2014 and 31 December 2013.

	Year end	Year ended		
	31.12.2014	31.12.2013		
	PLN	PLN		
Volatility ratio (%)	54.69%	54.69%		
Risk-free interest rate (%)	5.03%	5.03%		
Expected life of options (in years)	1 year	2 years		
Weighted average share price (in PLN)	494.42	494.42		

No other features relating to grant of options were taken into consideration during fair value measurement.

34.5 Borrowings granted to the Management and Supervisory Board members

In the period from April to May 2014, the loan granted to Mr. Jakub Zabłocki to purchase shares of X-Trade Brokers Menkul Degerler A.S. was settled against the transaction of the purchase of shares in the said company. As at 31 December 2014, there are no borrowings granted to the Management and Supervisory Board members.

35. Remuneration of the entity authorised to audit financial statements

Remuneration of the entity authorised to audit financial	31.12.2014	31.12.2013
statements due for the financial year	PLN	PLN
Mandatory audit of annual financial statements	516,404	348,661
Other certification services	78,343	476,315
Tax advisory services	_	10,455
Total remuneration of the authorised entity	594,747	835,431

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36. Employment

Average employment in the capital group was 333 persons in 2014 and 282 persons in 2013.

37. Supplementary information and explanations to the cash flow statement

37.1. Change in balance of loans granted and other receivables

	Year ended		
	31.12.2014 PLN	31.12.2013 PLN	
Change in the balance of loans granted and other receivables Loans granted disclosed under investing activities	36,617,847 	3,077,892 (1,767,441)	
Change in balance of loans granted and other receivables in the cash flow statement	36,617,847	1,310,451	

37.2. Change in balance of other liabilities

	Year ended		
	31.12.2014	31.12.2013	
	PLN	PLN	
Balance sheet change in other liabilities	(1,809,881)	11,796,535	
Addition of tangible assets under finance lease	(501,870)	(126,961)	
Payments of liabilities under finance lease agreements	256,729	233,948	
Change in balance of other liabilities	(2,055,022)	11,903,522	

37.3. Other adjustments

The 'other adjustments' item includes the following adjustments:

	Year ended		
	31.12.2014 PLN	31.12.2013 PLN	
Foreign exchange differences on translation of balances of foreign operations	2,066,515	1,340,177	
Foreign exchange differences on translation of movements in tangible and intangible assets	(39,903)	122,756	
Change in the balance of differences from the conversion of branches and subsidiaries	2,026,612	1,462,933	

Foreign exchange differences on translation of movements in tangible and intangible assets include the difference between the rates as at the opening balance and as at the closing balance adopted for valuation of gross value of tangible and intangible assets in the Group's foreign entities and the difference between the rate applied to value depreciation cost of fixed assets and intangible assets in the Group's foreign entities and the rate of translation of depreciation amounts on such assets. This value results from the chart of movements in tangible and intangible assets.

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38. Events after the balance-sheet date

On 28 January 2015, the Extraordinary General Meeting dismissed Ms Ewa Stefaniak as a Member of the Management Board of the Parent Company and appointed Mr Paweł Szejko a Member of the Management Board of the Parent Company. On 29 January 2015, Member of the Management Board of the Parent Company, Mr. Piotr Baszak, resigned from his position as Management Board Member.

39. Clients' financial instruments and nominal values of transactions on derivatives (off-balance sheet items)

39.1. Nominal value of derivatives

	31.12.2014 PLN	31.12.2013 PLN
CFDs		
Currency CFDs	1,093,667,736	1,128,119,789
Commodity CFDs	266,819,731	231,985,869
Index CFDs	957,788,098	766,588,279
Bond CFDs	10,852,908	7,610,499
Stock CFDs	40,485,752	74,019,934
Total CFDs	2,369,614,225	2,208,324,369
Options derivatives		156,929,492
Total derivatives	2,369,614,225	2,365,253,861

The nominal value of instruments presented in the chart above includes transactions with clients and brokers. As at 31 December 2014, transactions with brokers represent 4 per cent of the total nominal value of instruments (2013: 5 per cent of the total nominal value of instruments).

39.2. Clients' financial instruments

Presented below is the list of clients' instruments deposited in the accounts of the brokerage house:

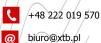
	31.12.2014 PLN	31.12.2013 PLN
Listed stocks and rights to stocks registered in clients' securities		
accounts	10,016,663	118,586,992
Other securities registered in clients' securities accounts	843,222	14,373,647
Other financial instruments of clients	_	13,642,023
Total clients' financial instruments	10,859,885	146,602,662

40. Items regarding the compensation scheme

Items regarding the compensation scheme

	31.12.2014 PLN	31.12.2013 PLN
1. Contributions made to the compensation scheme		
a) opening balance	1,286,939	918,759
- increases	445,638	368,180
b) closing balance	1,732,577	1,286,939
2. XTB's share in the profits from the compensation scheme	126,208	93,585

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41. Capital management

The Group's principles of capital management are established in the "Capital management policy in X-Trade Brokers Dom Maklerski S.A." of the Parent Company. The document is approved by the Parent Company's Supervisory Board. The policy defines the basic concepts, objectives and rules which constitute the Parent Company's capital strategy. It specifies, in particular, long-term capital objectives, the current and preferred capital structure, contingency plans and basic elements of the internal capital estimation process. The policy is updated as appropriate so as to reflect the development in the Group and its business environment.

The objective of the capital management policy is to ensure balanced long-term growth for the shareholders and to maintain sufficient capital to enable the Group to operate in a prudent and efficient manner. This objective is attained by maintaining an appropriate capital base, taking into account the Group's risk profile and prudential regulations, as well as risk-based capital management in view of the operating goals.

Determination of capital-related goals is essential for equity management and serves as a basic reference in the context of capital planning, allocation and contingency plans. The Group establishes capital-related objectives which ensure a stable capital base, achievement of its capital strategy goals (in accordance with its general principles), and also match the Group's risk appetite. To establish its capital-related goals, the Group takes into consideration its strategic plans and expected growth of operations as well as external conditions, including the macroeconomic situation and other business environment factors. The capitalrelated goals are set for a horizon similar to that of the business strategy and are approved by the Management Board.

Capital planning is focused on assessment of the current and future capital requirements of the Group (both regulatory and internal), and on comparing them with the current and projected levels of available capital. The Group has prepared contingency plans to be launched in the event of a capital adequacy problem, described in detail in the "Capital management policy in X-Trade Brokers Dom Maklerski S.A."

As part of ICAAP, the Parent Company assesses its internal capital in order to define the overall capital requirement to cover all significant risks in the Group's operations and evaluates its quality. The Parent Company estimates internal capital necessary to cover identified significant risks in compliance with procedures adopted by the Group and taking into account stress test results.

The Parent Company is obligated to maintain the capitals (equity) to cover the higher of the following values:

- capital requirements calculated in accordance with the Regulation (EU) of the European Parliament and of the Council No. 575/2013 of 26 June 2013 on prudential requirements for credit institutions and investment firms (CRR) and
- internal capital estimated in compliance with Ordinance of the Minister of Finance of 23 November 2009 on defining detailed technical and organisational conditions for investment firms and banks, as referred to in Article 70 par. 2 of the Act on Trading in Financial Instruments, and custodian banks and the conditions for internal capital estimation by brokerages (Journal of Laws 2009, No. 204, item 1579, as amended).

The principles of calculation of own funds are established in the "Capital management policy in X-Trade Brokers Dom Maklerski S.A." of the Parent Company.

On 1 January 2014, the Regulation (EU) of the European Parliament and of the Council No. 575/2013 of 26 June 2013 on prudential requirements for credit institutions and investment firms came into force, amending Regulation (EU) No 648/2012 ("CRR"), and modifying the definitions and the method of

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calculating monitored equity ("Own Funds" pursuant to the CRR) and the total capital requirement (8 per cent of "Total Risk Exposure" pursuant to the CRR).

In the case of the parent company, the amendments relate to:

- 1. Exclusion of Category 3 Supplementary capital.
- Transfer of Accumulated other comprehensive income from Category 2 Supplementary capital to Common Equity Tier I capital.
- Introduction of additional deductions from Own Funds.
- Inclusion of additional capital requirements for credit valuation adjustments ("CVA") and changes in manner of determining other capital requirements.
- 5. Change in the scope of prudential consolidation.

Prudential consolidation according to the CRR applies to subsidiaries in excess of the threshold referred to in Article 19 of the CRR. As regards the Group, the parent company includes the following subsidiaries in prudential consolidation:

1. X Trade Brokers Menkul Değerler A.Ş.

Key values in capital management

	31.12.2014
The Group'sown funds	PLN 242,257,908
Tier I Capital	242,257,908
Common Equity Tier I capital	242,257,908
Supplementary capital Tier I	-
Tier II capital	-
The Group's total risk exposure	1,640,171,940
	31.12.2013
	PLN
Capitals subject to monitoring	
Share capital	225,778,056
Value of Tier 2 capital	266,195
Value of Tier 3 capital included in the value of capital subject to monitoring	54,078,883
Items adjusting the consolidated level of capitals subject to monitoring	203,726
Total capitals subject to monitoring	280,326,860
Overall capital requirement of the Group	135,446,731

The mandatory capital adequacy was not breached in the period covered by the financial statements.

The table below presents data on the level of capitals (and own funds) subject to monitoring divided into specific elements of monitored capitals and on the total capital requirement divided into requirements due to specific types of risks, the requirement due to exceeding the limit of exposure concentration and the limit of high exposures and the requirements due to fixed costs calculated in accordance with separate regulations together with average monthly values. Average monthly values were calculated as estimation of average values calculated based on statuses at the end of specific months. The amount of share capitals includes net profit for January - November 2013 in the amount audited by a certified auditor pursuant to Article 2 par. 1 pt. 2) letter b) of Appendix No. 12 to the Regulation of the Minister of Finance on the scope and detailed rules of calculation of the total capital requirement, including capital requirements, for brokerage houses and establishing thresholds of loans, borrowings and debt securities issued in relation to

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capitals held of 18 November 2009 (as amended). Average monthly data are calculated based on the values as at the end of a month.

In the table below, in order to ensure comparability of the presentation, the total capital requirement of 2014 years was presented as 8% per cent of the total risk exposure, calculated in accordance with the CRR, and the total risk exposure at the end of 2013 was presented as 12.5 times the total capital requirement.

	As at 31.12.2014 PLN	Average monthly value in the period	As at 31.12.2013 PLN
1. Capital/Own funds	242,257,908	238,627,666	225,778,056
1.1. Base capital/Common Equity Tier I without deductions	267,770,166	263,093,568	179,664,382
1.2. Additional items of common equity / Supplementary capital Tier I	_	_	63,176,712
1.3. Items decreasing share capitals	(25,512,258)	(24,465,902)	(17,063,038)
2. Amount of Tier II capital included in the value of capital subject to monitoring / Tier II capital	not applicable	not applicable	266,195
3. Value of Tier 3 capital included in the value of capital subject to monitoring	not applicable	not applicable	54,078,883
4. Items adjusting the consolidated level of capitals subject to monitoring	not applicable	not applicable	203,726
I. Level of capitals subject to monitoring / Own funds	242,257,908	238,627,666	280,326,860
1. Market risk	67,671,746	97,770,198	81,252,221
2. Settlement and delivery risk, contractor's credit risk and the CVA requirement	3,984,549	4,726,754	2,352,564
3. Credit risk	30,783,847	25,213,400	21,174,936
4. Operating risk	28,773,612	30,174,983	30,667,011
5. Exceeding the limit of exposure concentration and the limit of high exposures	not applicable	not applicable	-
6. Capital requirement due to fixed costs	not applicable	not applicable	27,401,827
IIa. Overall capital requirement	131,213,755	157,885,336	135,446,731
IIb. Total risk exposure	1,640,171,941	1,973,566,697	1,693,084,138

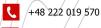
42. Risk management

The Group is exposed to a variety of risks connected with its current operations. The purpose of risk management is to make sure that the Group takes risk in a conscious and controlled manner. Risk management policies are formulated in order to identify and measure the risks taken, as well as to establish appropriate limits to mitigate such risk on a regular basis.

At the strategy level, the Management Board is responsible for establishing and monitoring the risk management policy. All risks are monitored and controlled with regard to profitability of the operations as well as the level of capital necessary to ensure safety of operations from the capital requirement perspective.

The Parent Company has appointed a Risk Management Committee. Its key tasks include performing supervisory, consultative and advisory functions for the Group's statutory bodies in the area of capital management strategy, risk management policy, risk measurement methods, capital planning and the Group's capital adequacy. In particular, the Committee supports the Risk Control Department in the area of

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identifying significant risks within the Group and creating a catalogue of risks, approves policies and procedures of risk and ICAAP management, reviews and approves analyses carried out by owners of specific risks and the Risk Control Department as part of the risk and ICAAP management system within the Group.

The Risk Control Department supports the Management Board in formulating, reviewing and updating ICAAP rules in the event of occurrence of new types of risk, significant changes in strategy and operating plans. The Department also monitors appropriateness and efficiency of the implemented risk management system, identifies, monitors and controls market risk of the Group's own investments, defines the overall capital requirement and estimates internal capital. The Risk Control Department reports directly to the Member of the Management Board responsible for the operation of the internal control system of the Company.

The Parent Company's Supervisory Board approves procedures for internal capital estimation, capital management and planning.

42.1. Fair value

42.1.1. Carrying amount and fair value

The chart below compares the carrying amount and the fair value of financial assets and liabilities.

	31.12.2014		31.12	.2013
	Fair amount PLN	Carrying value PLN	Carrying amount PLN	Fair value PLN
Financial assets				
Cash and cash equivalents	555,354,101	555,354,101	413,332,301	413,332,301
Financial assets held for trading	61,322,128	61,322,128	71,540,865	71,540,865
Financial assets held to maturity	287,628	287,628	-	-
Financial assets available for sale	240,684	240,684	-	-
Loans granted and other receivables	3,904,001	3,904,001	40,521,848	40,075,076
Financial liabilities				
Liabilities to clients	268,032,078	268,032,078	246,057,189	246,057,189
Financial liabilities held for trading	14,692,005	14,692,005	11,479,208	11,479,208
Other liabilities	22,603,928	22,603,928	24,413,809	24,413,809

Fair value of liabilities under lease classified as "other liabilities" is estimated as equivalent to their carrying amount because of the variable nature of interest rates of lease agreement and fixed market margins of the lessor.

Fair value of other liabilities and liabilities to clients is estimated as close to their carrying amount in view of short-term maturities, up to three months.

42.1.2. Fair value hierarchy

The Group discloses fair value measurement of financial instruments carried at fair value, applying the following fair value hierarchy which reflects the significance of input data used to establish the fair value:

- Level 1: quoted prices (unadjusted) in active markets for the assets or liabilities,
- **Level 2:** input data other than quoted prices classified in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. based on prices). This category includes financial assets and liabilities measured using prices quoted in active markets for

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identical assets, prices quoted in active markets for identical assets considered less active or other valuation methods where all significant inputs originate directly or indirectly from the markets;

Level 3: input data for valuation of a given asset or liability is not based on observable market data (unobservable inputs).

	31.12.2014			
	Level 1	Level 2	Level 3	Total
Financial assets				
Own cash and cash equivalents	287,387,813	_	_	287,387,813
Clients' cash and cash equivalents	267,966,288	_	_	267,966,288
OTC derivatives	_	61,322,128	_	61,322,128
Financial assets held to maturity	287,628	_	_	287,628
Financial assets available for sale	_	240,684	_	240,684
Other expenses	_	_	3,904,001	3,904,001
Total assets	555,641,729	61,562,812	3,904,001	621,108,542
Financial liabilities				
Liabilities to clients	_	268,032,078	_	268,032,078
Financial liabilities held for trading	_	14,692,005	_	14,692,005
Other liabilities	_	_	22,603,928	22,603,928
Total liabilities		282,724,083	22,603,928	305,328,011

		31.12.	2013	
	Level 1	Level 2	Level 3	Total
Financial assets				
Own cash and cash equivalents	168,212,082	_	_	168,212,082
Clients' cash and cash equivalents	245,120,219	_	_	245,120,219
OTC derivatives	_	71,540,865	_	71,540,865
Loans granted and other receivables	_	_	40,075,076	40,075,076
Total assets	413,332,301	71,540,865	40,075,076	524,948,242
Financial liabilities				
Liabilities to clients	_	246,057,189	_	246,057,189
Financial liabilities held for trading	_	11,479,208	_	11,479,208
Other liabilities	_	· · · · -	24,413,809	24,413,809
Total liabilities	_	257,536,397	24,413,809	281,950,206

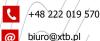
In 2013 and 2014 there were no transfers of items between the levels of fair value hierarchy.

The loan granted to a former Management Board member was estimated as at 31 December 2013 using the current value method with repayment date on 30 June 2014. The loan was settled in full against the transaction of the purchase of shares in subsidiary X Trade Brokers Menkul Değerler A.Ş. The calculations used six months interest rate LIBOR USD with 4 per cent margin in the day count convention ACT/ACT.

Fair value of bonds maturing on 7 January 2015 and classified as financial assets held to maturity was estimated based on market prices.

The impact of adjustments due to credit risk of the contractor, estimated by the Group, was insignificant from the point of view of the general estimation of derivative transactions concluded by the Group. Therefore, the Group does not recognise the impact of unobservable input data used for estimation of derivative transactions as significant and, pursuant to IFRS 13.73, does not classify such transactions as the level 3 of the fair value hierarchy.

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42.2. Market risk

In 20, the Group entered into OTC contracts for differences (CFDs), vanilla options and digital options. The Group may also acquire securities and enter into forward contracts on its own account on regulated stock markets.

The following risks are specified, depending on a risk factor:

- Currency risk connected with fluctuations of exchange rates
- Interest rate risk
- Commodity price risk
- Equity investment price risk

The Group's key market risk management objective is to mitigate the impact of such risk on the profitability of its operations. The Group's practice in this area is consistent with the following principles:

- The Management Board defines in the investment strategy short-, medium-, and long-term investment objectives, rules of establishment and methods of management of an investment portfolio, amount of funds to be invested, as well as the rules and mechanisms of hedging against excesses of the permitted exposure concentration limits and large exposures. The resolution is approved by the Supervisory Board. As part of internal procedures, the Company applies limits to mitigate market risk connected with maintaining open positions on financial instruments. These are, in particular: a maximum open position on a given instrument, currency exposure limits, a maximum value of a single instruction. The Trading Department monitors open positions subject to limits on a current basis, and in case of excesses, enters into appropriate hedging transactions. The Risk Control Department reviews the limit usage on a regular basis, and controls the hedges entered into.
- Since 1 July 2011, transactions on plain vanilla options were secured on a "back-to-back" basis (a transaction that mirrors the first one is each time executed at the same time) with market counter-parties

42.2.1. **Currency risk**

The Group enters into transactions principally in instruments bearing currency risk. Aside from transactions where the FX rate is an underlying instrument, the Group also offers instruments denominated in foreign currencies. Also, the Group has assets in foreign currencies, i.e. the so-called currency positions. Currency positions include the brokerage's own funds denominated in foreign currencies held for the purpose of settling transactions in foreign markets and connected with foreign operations.

The carrying amount of the Group's assets and liabilities in foreign currencies as at the balance sheet date is presented below: Values for all base currencies are expressed in PLN:

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Assets and liabilities denominated in foreign currencies as at 31 December 2014

			Value in f	oreign curren	cies converte	d to PLN	Other		Fair
	USD	EUR	GBP	CZK	HUF	RON	currencies	TOTAL	amount
Assets									
Own cash and cash equivalents	33,229,302	106,638,551	1,314,806	25,222,221	5,814,094	494,021	37,260,496	209,973,491	287,387,813
Clients' cash and cash equivalents	26,052,352	121,019,782	467,077	27,479,179	3,786,514	5,012,461	7,301,718	191,119,083	267,966,288
Financial assets held for trading	29,874,726	26,387,180	1,771,316	1,146	_	_	1,713,593	59,747,961	61,322,128
Financial assets held to maturity	_	_	_	_	_	_	287,628	287,628	287,628
Financial assets available for sale	_	_	_	_	_	_	240,684	240,684	240,684
Receivables under income tax	_	56,371	_	_	_	_	_	56,371	56,371
Loans granted and other receivables	12,147	1,802,330	648,068	231,546	_	28,366	586,295	3,308,752	3,904,001
Prepayments and accruals	_	355,530	75,067	207,560	_	14,860	147,882	800,899	1,956,072
Intangible assets	_	44,643	_	133,463	_	12,559	63,675	254,340	17,908,025
Property, plant and equipment	_	695,658	166,876	476,888	_	42,671	327,582	1,709,675	4,488,789
Deferred income tax assets		9,229,642	3,463,548	93,408	_	_	12,428	12,799,026	12,799,026
Total assets	89,168,527	266,229,687	7,906,758	53,845,411	9,600,608	5,604,938	47,941,981	480,297,910	658,316,825
Liabilities									
Liabilities to clients	26,578,118	120,506,460	479,872	27,377,364	3,801,234	4,984,145	7,216,815	190,944,008	268,032,078
Financial liabilities held for trading	5,062,349	9,131,915	243,129	3,806	, , , _	, , ,	181,362	14,622,561	14,692,005
Liabilities under income tax	, , , <u> </u>	1,493,204	· –	761,122	_	_	· –	2,254,326	5,282,462
Other liabilities	145,896	8,239,653	605,392	1,755,170	7,056	163,322	2,676,012	13,592,501	22,603,928
Provisions for liabilities	_	_	_	_	_	450,974	41,490	492,464	564,979
Reserve for deferred income tax						<u> </u>		<u> </u>	11,429,128
Total liabilities	31,786,363	139,371,232	1,328,393	29,897,462	3,808,290	5,598,441	10,115,679	221,905,860	322,604,580

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Assets and liabilities denominated in foreign currencies as at 31 December 2013

			Value in for	eign curren	cies converte	d to PLN	Other		Fair
	USD	EUR	GBP	CZK	HUF	RON	Other currencies	TOTAL	amount
Assets									
Own cash and cash equivalents	27,464,046	56,787,021	1,069,746	4,750,776	1,736,876	1,548,562	16,927,999	110,285,026	168,212,082
Clients' cash and cash equivalents	33,267,000	101,335,664	517,081	984,491	6,864,110	2,431,659	1,701,793	147,101,798	245,120,219
Financial assets held for trading	29,480,935	36,135,803	2,729,706	45,700	_	_	1,384,044	69,776,188	71,540,865
Receivables under income tax	_	8,294	_	2	_	_	_	8,296	8,296
Loans granted and other receivables	27,601,704	2,587,676	15	200,108	8,551	116,695	4,266,658	34,781,407	40,521,848
Prepayments and accruals	_	317,254	658,749	262,395	_	76,8 44	_	1,315,242	2,264,683
Intangible assets	_	73,471	_	192,798	_	22,780	_	289,049	12,928,757
Property, plant and equipment	_	993,145	229,448	182,519	_	84,511	_	1,489,623	4,691,869
Deferred income tax assets		9,397,989	2,302,657	63,208	_	_	_	11,763,854	16,640,767
Total assets	117,813,685	207,636,317	7,507,402	6,681,997	8,609,537	4,281,051	24,280,494	376,810,483	561,929,386
		•							
Liabilities									
Liabilities to clients	33,104,802	100,749,061	452,275	906,855	6,239,183	2,396,671	1,294,605	145,143,452	246,057,189
Financial liabilities held for trading	4,282,820	6,426,232	411,477	6,729	_	_	186,903	11,314,161	11,479,208
Liabilities under income tax	_	1,213,029	_	178,110	5,588	_	_	1,396,727	4,795,139
Øther liabilities	528,452	5,359,402	678,186	1,306,468	117,513	400,052	6,011,550	14,401,623	24,413,809
Provisions for liabilities	<u> </u>	117,235	_	_	_	439,214	_	556,449	607,912
Reserve for deferred income tax		_	_	32,510	_	_	_	32,510	17,994,461
Total liabilities	37,916,074	113,864,959	1,541,938	2,430,672	6,362,284	3,235,937	7,493,058	172,844,922	305,347,718

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A change in exchange rates, in particular, PLN exchange rate, affects the balance sheet valuation of the Group's financial instruments and the result on translation of foreign currency balances of other balance sheet items. Sensitivity to exchange rate fluctuations was calculated with the assumption that all foreign currency rates change by ± 5 per cent to PLN. The carrying amount of financial instruments was revalued. For plain vanilla options, secured using the "back-to-back" mechanism since 1 July 2011, a difference between the result on transactions with clients and the result on hedging transactions was accounted for.

Presented below is the sensitivity of the Group's equity and profit before tax to a 5 per cent increase or decrease of the PLN exchange rate:

	31.12. PL		31.12. PL	
	5% increase in exchange rates	5% decrease in exchange rates	5% increase in exchange rates	5% decrease in exchange rates
Income/ (expenses) of the period	14,192,314	(14,192,314)	4,200,784	(4,200,865)
Shareholders' equity, of which:	2,809,585	(2,809,585)	1,176,169	(1,176,169)
Foreign exchange differences on translation	2,809,585	(2,809,585)	1,176,169	(1,176,169)

Sensitivity of the shareholders' equity is connected with foreign exchange differences in translation of value in functional currencies of the foreign operations.

42.2.2. Interest rate risk

Interest rate risk is the risk of exposure of the current and future financial result and equity of the Group to the adverse impact of exchange rate fluctuations. Such risk may result from the contracts entered into by the Group, where receivables or liabilities are dependent upon exchange rates as well as from holding assets or liabilities dependent on exchange rates.

The basic interest rate risk for the Group is the mismatch of interest rates:

- paid to clients in connection with funds deposited in cash accounts in the Group, and
- of the bank account and bank deposits where the Group's clients' funds are invested.

In addition, the source of the Group's profit variability associated with the level of market interest rates, are amounts paid and received in connection with the occurrence of the difference in interest rates for different currencies (swap points) as well as potential debt instruments.

As a rule, the change in bank interest rates does not significantly affect the Group's financial position, since the Group determines interest rates for funds deposited in clients' cash accounts based on a variable formula, in the amount no higher than the interest rate received by the Group from the bank maintaining the bank account in which clients' funds are deposited.

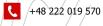
Interest rates applicable to cash accounts are floating, and related to WIBID/WIBOR/LIBOR/EURIBOR rates. Therefore, the risk of interest rate mismatch adverse to the brokerage house is very low.

Since the Group maintains a low duration of assets and liabilities and minimizes the duration gap, sensitivity of market value of assets and liabilities to calculations of market interest rates is very low.

As part of a significant risk identification process, the Risk Management Committee established that the interest rate risk is not significant for the Group's operations.

Sensitivity analysis of financial assets and liabilities where cash flows are exposed to interest rate risk

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The structure of financial assets and liabilities where cash flows are exposed to interest rate risk is as follows:

	31.12.2014 PLN	31.12.2013 PLN
Financial assets		
Cash and cash equivalents	555,354,101	413,332,301
Total financial assets	555,354,101	413,332,301
Financial liabilities		
Liabilities to clients	72,113,639	80,543,869
Other liabilities	512,966	267,825
Total financial liabilities	72,626,605	80,811,694

Impact of a change in interest rates by 50 base points (BP) on profit before tax is presented below. The analysis below relies on the assumption that other variables, in particular exchange rates, will remain constant. The analysis was carried out on the basis of average balances of cash in 2014, using the average 1M interest rate in a given market.

	31.12	2.2014	31.12.2013			
	P	LN	PLN			
	Increase by 50 BP	Increase by 50 BP	Increase by 50 BP	Decrease by 50 BP		
Income/ (expenses) of the period	2,265,173	(2,265,173)	1,806,225	(1,806,225)		

Sensitivity analysis of financial assets and liabilities whose fair value is exposed to interest rate risk

The table below presents the structure of financial assets and liabilities whose fair value is exposed to interest rate risk.

	Carrying amount 31.12.2014 PLN	Carrying amount 31.12.2013 PLN
Financial assets		
Financial assets held for trading	_	1,424,355
Financial assets held to maturity	287,628	-
Total financial assets	287,628	1,424,355
Financial liabilities		
Financial liabilities held for trading		1,295,344
Total financial liabilities		1,295,344

Impact of a change in interest rates by 50 base points (BP) on profit before tax is presented below. The analysis below relies on the assumption that other variables, in particular exchange rates, will remain constant. For financial assets held to maturity, the analysis was based on the changes in fair value.

	3	31.12.2014	31.12.2013 PLN		
	Increase by 50 BP	PLN Decrease by 50 BP	Increase by 50 BP	Decrease by 50 BP	
Income/ (expenses) of the period	(27)	27	36	13	

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42.2.3. Other price risk

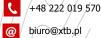
Other price risk is exposure of the Group's financial position to unfavourable changes in the prices of commodities, equity investments (equity, indices) and debt instruments (in the scope not resulting from interest rates).

The carrying amount of financial instruments exposed to other price risk is presented below:

	31.12.2014	31.12.2013
	PLN	PLN
Financial assets held for trading		
Commodity CFDs		
Precious metals	3,971,901	7,863,062
Base metals	240,457	114,019
Other	11,205,785	2,892,883
Total commodity CFDs	15,418,143	10,869,964
Equity investments		
Stocks	1,497,067	1,174,326
Indices	25,320,934	32,797,611
	26,818,001	
Total equity investments		33,971,936
Debt instruments	132,315	50,539
Total financial assets held for trading	42,368,458	44,892,439
Financial liabilities held for trading		
Commodity CFDs		
Precious metals	864,645	609,823
Base metals	2,564	5,000
Other	1,770,547	542,702
Total commodity CFDs	2,637,755	1,157,524
Equity investments		
Stocks	621,905	749,201
Indices	4,274,233	6,960,502
Total equity investments	4,896,138	7,709,704
Debt instruments	36,211	29,016
Financial liabilities held for trading in total	7,570,104	8,896,243

The Group's sensitivity to fluctuations in the prices of specific commodities and equity investments by ± 5 per cent with regard to shareholders' equity and profit before tax is presented below.

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	31.12 Pl		31.12 PL	
	5% increase	5% decrease	5% increase	5% decrease
Income/ (expenses) of the period Commodity CFDs				
Precious metals	1,556,690	(1,556,689)	(1,579,714)	1,579,862
Base metals	58,135	(58,135)	70,296	(70,296)
Other	(2,026,586)	2,026,586	554,784	(554,789)
Total commodity CFDs	(411,761)	411,762	(954,633)	954,777
Equity investments				
Stocks	(1,385,229)	1,385,229	(3,279,724)	3,279,725
Indices	2,898,692	(2,898,693)	10,469,319	(10,466,024)
Total equity investments	1,513,462	(1,513,463)	7,189,595	(7,186,300)
Debt instruments	237,698	(237,698)	99,957	(99,957)
Total income/ (expenses) of the period	1,339,399	(1,339,399)	6,334,918	(6,331,480)

42.3. Liquidity risk

For the Group, liquidity risk is the risk of losing its payment liquidity, i.e. the risk of losing capacity to finance its assets and to perform its obligations in a timely manner in the course of normal operations or in other predictable circumstances with no risk of loss. In its liquidity analysis, the Group takes into consideration current possibility of generation of liquid assets, future needs, alternative scenarios and payment liquidity contingency plans.

The objective of liquidity management in X-Trade Brokers is to maintain the amount of cash on the appropriate bank accounts that will cover all the operations necessary to be carried on such accounts.

In order to manage liquidity in relation to certain bank accounts associated with operations of financial instruments, the parent company uses the liquidity model described in the procedure for the management of own cash and cash equivalents. The essence of the model is to determine the safe area of the state of free cash flow that does not require corrective action.

Where the upper limit is achieved, the parent company makes a transfer to the appropriate current account corresponding to the surplus above the optimum level. Similarly, if the cash in the account falls to the lower limit, the parent company makes a transfer of funds from the current account to the appropriate account in order to bring cash to the optimum level.

Tasks relating to the maintenance and updating of the rules of the liquidity model are performed by the parent company's Trading Department. Trading Department employees are required to analyse liquidity at least once a week, as well as for the transfer relevant information to the parent company's Accounting Department in order to make certain operations in the accounts. Selected accounts are monitored on a daily basis.

The procedure also provides for the possibility to deviate from its application, and such procedure requires the consent of at least two members of the parent company's Management. Information on deviations is transmitted to the Risk Control Department of the parent company.

The parent company has also implemented liquidity contingency plans, which were not used in the period covered by the financial statements and in the comparative period, due to the fact that the amount of the most liquid assets (own cash and cash equivalents) greatly exceeds the amount of liabilities.

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As part of ongoing business and the tasks related to liquidity risk management, the managers of appropriate organizational units of the parent company monitor the balance of funds deposited in the account in the context of planned liquidity needs related to the parent company's operating activities. In its liquidity analysis, existing possibility of generation of liquid assets, future needs, alternative scenarios and payment liquidity contingency plans are taken into consideration.

Supervision and control operations concerning the balance of cash accounts are also performed by Risk Control Department on a daily basis.

Presented below are contractual payment periods of financial assets and liabilities. Marginal and cumulative contractual liquidity gap, calculated as a difference between total assets and total liabilities for each maturity bucket, is presented for specific payment periods.

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Contractual payment periods of financial assets and liabilities as at 31 December 2014

	Carrying	Contractual		3 months to			no maturity
	amount	cash flows	Up to 3 months	1 year	1-5 years	Over 5 years	specified
Financial assets							
Cash and cash equivalents	555,354,101	555,354,101	287,387,813	_	_	-	267,966,288
Financial assets held for trading							
CFDs	61,322,128	61,322,128	61,322,128	_	_	_	_
Total financial assets held for trading	61 222 120	61 222 120	61 222 120				
	61,322,128	61,322,128	61,322,128	_	_	_	_
Financial assets held to maturity	287,628	287,628	287,628	_	_	_	_
Financial instruments available for sale	240,684	240,684		_	_	_	240,684
Loans granted and other receivables	3,904,001	3,904,001	2,101,155	179,089	660,571	232,826	730,360
Total financial assets	621,108,542	621,108,542	351,098,724	179,089	660,571	232,826	268,937,332
·	,,-	,,-	, ,	.,	-,-	, , , , , , , , , , , , , , , , , , , ,	, - ,
Financial liabilities							
Liabilities to clients	268,032,078	268,032,078	_	_	_	_	268,032,078
Financial liabilities held for trading	, ,-	, ,-					, ,-
CFDs	14,692,005	14,692,005	14,692,005	_	_	_	_
Options derivatives	_	_	_	_	_	_	_
Financial liabilities held for trading in							_
total	14,692,005	14,692,005	14,692,005	_	_	_	_
Other liabilities	22,603,928	22,603,928	19,071,848	3,165,025	367,054	_	_
Total financial liabilities	305,328,011	305,328,011	33,763,853	3,165,025	367,054	_	268,032,078
Contractual liquidity gap of maturities			217 224 676	(2.005.026)	202 547	222.026	005 354
(payment dates)			317,334,870	(2,985,936)	293,517	232,826	905,254
Contractual cumulative liquidity gap			317,334,870	314,348,934	314,642,451	314,875,278	315,780,531

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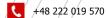


Contractual payment periods of financial assets and liabilities as at 31 December 2013

	Carrying amount	Contractual	Up to 3 months	3 months to 1 year	1-5 years	Over 5 years	no maturity specified
Financial assets	amoune	cusii iiovis		ı year	_ J years	over by cars	Specifica
Cash and cash equivalents	413,332,301	413,332,301	168,212,082	_	_	_	245,120,219
Financial assets held for trading	, ,	, ,	, ,				
CFDs	70,116,510	70,116,510	70,116,510	_	_	_	_
Options derivatives	1,424,355	1,337,249	736,852	600,397	_	_	
Total financial assets hold for trading							
Total financial assets held for trading	71,540,865	71,453,759	70,853,362	600,397	_	_	_
Loans granted and other receivables	40,521,848	40,521,848	7,548,515	27,515,083	514,091	226,572	4,717,587
Total financial assets	525,395,014	525,307,908	246,613,959	28,115,480	514,091	226,572	249,837,806
Financial liabilities							
Liabilities to clients	246,057,189	246,057,189	_	_	_	_	246,057,189
Financial liabilities held for trading							
CFDs	10,183,865	10,183,865	10,183,865	_	_	_	_
Options derivatives	1,295,343	1,321,083	755,523	565,560	_	_	_
Financial liabilities held for trading in							
total	11,479,208	11,504,948	10,939,388	565,560	_	_	_
Other liabilities	24,413,809	24,413,809	22,727,294	1,596,266	90,248	_	_
Total financial liabilities	281,950,206	281,975,946	33,666,682	2,161,826	90,248	_	246,057,189
Contractual liquidity gap of maturities							
(payment dates)			212,947,277	25,953,654	423,843	226,572	3,780,617
Contractual cumulative liquidity gap			212,947,277	238,900,931	239,324,773	239,551,345	243,331,962

The Group does not expect the cash flows presented in the maturity analysis to occur significantly earlier or in significantly different amounts.

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42.4. Credit risk

The chart below shows the carrying amounts of financial assets corresponding to the Group's exposure to credit risk:

	31.12.2014		31.12.2013	
	Carrying amount PLN	Maximum exposure to credit risk PLN	Carrying amount PLN	Maximum exposure to credit risk PLN
Financial assets				
Cash and cash equivalents	555,354,101	555,354,101	413,332,301	413,332,301
Financial assets held for trading *	61,322,128	3,184,102	71,540,865	6,798,373
Financial assets held to maturity	287,628	287,628	-	-
Financial assets available for sale	240,684	240,684	-	-
Loans granted and other receivables	3,904,001	3,904,001	40,521,848	40,521,848
Total financial assets	621,108,542	562,970,516	525,395,014	460,652,522

^{*} As at 31 December 2014, the maximum exposure to credit risk for financial assets held for trading, not including the collateral received, was PLN 61,093,857 (2013: PLN 71,540,865) This exposure was collateralised with clients' cash, which, as at 31 December 2014, covered the amount of PLN 57,909,755 (2013: PLN 64,742,491) Exposures to credit risk connected with transactions with brokers as well as exposures to the Warsaw Stock Exchange were not collateralised.

Cash and cash equivalents

Credit risk connected with cash and cash equivalents is related to the fact that own cash and clients' cash is held in bank accounts. Credit risk involving cash is mitigated by selecting banks with a high credit rating granted by international rating agencies and through diversification of banks with which accounts are opened. As at 31 December 2014, the Group had bank accounts in 40 banks and institutions (2013: 32 banks and institutions). The ten largest exposures are presented in the table below:

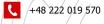
	31.12.2014		31.12.2013
Entity	PLN	Entity	PLN
Bank 1	96,375,857	Bank 1	157,979,836
Bank 2	96,048,345	Bank 2	58,776,923
Bank 3	58,793,777	Bank 3	43,077,638
Bank 4	30,181,484	Bank 4	24,667,047
Bank 5	27,667,822	Bank 5	16,003,844
Bank 6	25,066,232	Bank 6	13,383,927
Bank 7	23,041,168	Bank 7	10,736,927
Bank 8	20,588,510	Bank 8	10,546,673
Bank 9	15,243,821	Bank 9	10,404,236
Bank 10	15,111,500	Bank 10	10,101,484
Other	147,235,585	Other	215,633,602
TOTAL	555,354,101		413,332,301

Financial assets held for trading

Financial assets held for trading result from transactions in financial instruments entered into with the Group's clients and the related hedging transactions.

Credit risk involving financial assets held for trading is connected with the risk of client or counter-party insolvency. With regard to OTC transactions with clients, the Company's policy is to mitigate the counter-

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party credit risk through the so-called "stop out" mechanism. Client funds deposited in the brokerage serve as a security. If a client's current balance is 30 per cent or less of the security paid in and blocked by the transaction system, the position that generates the highest losses is automatically closed at the current market price. The initial margin amount is established depending on the type of financial instrument, client account, account currency and the balance of the cash account in the transaction system, as a percent of the transaction's nominal value. A detailed mechanism is set forth in the rules binding on the clients. In addition, in order to mitigate counter-party credit risk, the Group includes special clauses in agreements with selected clients, in particular, requirements regarding minimum balances in cash accounts.

Transactions executed by clients on a regulated market practically did not carry significant credit risks, as instructions are covered with funds in cash accounts or securities in securities accounts. The Group's hedging methods and conditions for accepting orders comply with the applicable regulations.

As at 31 December 2014, the Company's top 10 exposure to counter-party credit risk taking into account collateral (net exposure) is presented in the table below:

Entity	31.12.2014 Net exposure in PLN	Entity	31.12.2013 Net exposure in PLN
Entity 1	287,873	Entity 1	2,443,241
Entity 2	235,616	Entity 2	576,903
Entity 3	226,189	Entity 3	385,467
Entity 4	176,629	Entity 4	345,824
Entity 5	158,028	Entity 5	247,466
Entity 6	101,206	Entity 6	189,930
Entity 7	84,832	Entity 7	189,718
Entity 8	84,015	Entity 8	121,935
Entity 9	67,853	Entity 9	118,297
Entity 10	55,020	Entity 10	116,230
TOTAL	1,477,259		4,735,010

Financial assets held to maturity

At 31 December 2014 the Group had one investment in the Turkish government bonds worth PLN 287,628 maturing on 7 January 2015. As at 31 December 2013, there were no financial assets held to maturity.

Other receivables

Other receivables do not show a significant concentration and they arose in the normal course of business.

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Signatures of all members of the Management Board of the Parent Company

20 April 2015	
Date	Jakub Malý
	President of the Management Board
20 April 2015	
Date	Paweł Frańczak
	Member of the Management Board
20 April 2015	
Date	Paweł Szejko
	Member of the Management Board
20 April 2015	
Date	Ewa Stefaniak
	The person responsible for bookkeeping



