

23. Investment securities

	31.12.2017			31.12.2016		
	Investment securities without pledge	Pledged investment securities	Total investment securities	Investment securities without pledge	Pledged investment securities	Total investment securities
Debt securities	25 757 182	6 299 892	32 057 074	24 652 766	6 674 486	31 327 252
Issued by government	21 283 802	6 299 892	27 583 694	21 576 835	6 674 486	28 251 321
- government bonds	21 283 802	6 299 892	27 583 694	21 576 835	6 674 486	28 251 321
Issued by central bank	2 322 914	-	2 322 914	1 816 077	-	1 816 077
Other debt securities	2 150 466	-	2 150 466	1 259 854	-	1 259 854
- bank's bonds	204 436	-	204 436	140 880	-	140 880
- deposit certificates	221 700	-	221 700	50 466	-	50 466
- corporate bonds	1 688 420	-	1 688 420	1 031 538	-	1 031 538
- communal bonds	35 910	-	35 910	36 970	-	36 970
Equity securities:	87 625	-	87 625	66 100	-	66 100
Unlisted	87 625	-	87 625	66 100	-	66 100
Total debt and equity securities:	25 844 807	6 299 892	32 144 699	24 718 866	6 674 486	31 393 352
Short-term (up to 1 year)	9 659 342	516 280	10 175 622	4 684 730	58 224	4 742 954
Long-term (over 1 year)	16 185 465	5 783 612	21 969 077	20 034 136	6 616 262	26 650 398

As at 31 December 2017, equity securities include fair value of preferred shares of Visa Inc. in the amount of PLN 46 538 thousand (31 December 2016: PLN 38 392 thousand).

Presented above equity securities valued at fair value include provisions for impairment of PLN 23 886 thousand (31 December 2016: PLN 19 135 thousand).

As at 31 December 2017, the carrying values of debt securities with fixed interest rates amounted to PLN 23 647 422 thousand and debt securities with variable interest rates PLN 8 409 652 thousand (31 December 2016 respectively: PLN 24 262 267 thousand and PLN 7 064 985 thousand).

The above note includes government bonds pledged under the Bank Guarantee Fund (BFG), government bonds pledged as sell-buy-back transactions, government bonds pledged as collateral for the loans received from the European Investment Bank and government bonds pledged as collateral for deposit placed by the customer.

In accordance with the Act of 10 June 2016 on the Bank Guarantee Fund (BFG), Deposit Guarantee Scheme and Resolution, as at 31 December 2017 the Group held government bonds and bills included in the statement of financial position in the amount of PLN 619 906 thousand with a nominal value of PLN 605 378 thousand (31 December 2016: carrying value - PLN 560 558 thousand; nominal value - PLN 547 142 thousand), which were pledged as collateral for the BFG and were deposited in a separate account at the National Depository of Securities.

Gains less losses from investment securities, investments in subsidiaries and associates

	Year ended 31 December	
	2017	2016
Sale/redemption of financial assets available for sale	22 244	269 159
Gains less losses related to sale of subsidiaries and associates	(6 177)	241
Impairment of investment equity securities	(4 751)	(7 677)
Impairment of available for sale debt securities	(7 511)	-
Impairment of investments in subsidiaries	(7 742)	(442)
Total gains less losses from investment securities, investments in subsidiaries and associates	(3 937)	261 281

In 2017 and 2016, the impairment of available for sale equity securities applies to the company Polski Standard Płatności Sp. z o.o.

In 2017, gains less losses related to sale of subsidiaries and associates concern the sale of shares of mLocum S.A. to Archicom S.A. In connection with this transaction, in 2017 the Group included

the write-off of mLocum S.A. shares in the position "Impairment of investments in subsidiaries". The transaction has been described under Note 1.

In 2016, the impairment of investments in subsidiaries applies to the Call Center Poland S.A. that was in 100% sold by the Group sold in the first quarter of 2016.

In 2016, due to closing of the takeover transaction of Visa Europe Limited by Visa Inc. The Bank achieved a result of PLN 251 732 thousand, which constitutes the majority of the item "Sale/redemption by financial assets available for sale".

Movements in investment securities

	31.12.2017	31.12.2016
Investment securities		
As at the beginning of the period	31 393 352	30 736 949
Exchange differences	(62 431)	58 002
Additions	110 448 810	157 282 967
Disposals (sale, redemption, forfeiture, reclassification)	(109 804 061)	(156 295 046)
Losses from impairment of investment equity and debt securities	(4 751)	(8 119)
Gains / losses from changes in fair value	173 780	(381 401)
As at the end of the period	32 144 699	31 393 352

Movements in provisions for losses on investment securities

	31.12.2017	31.12.2016
Provisions for losses on debt securities		
- Listed		
As at the beginning of the period	-	-
Allowance for impairment	(7 511)	-
Reclassification	7 511	-
As at the end of the period	-	-
Provisions for losses on equity securities		
- Unlisted		
As at the beginning of the period	(19 135)	(19 754)
Allowance for impairment	(4 751)	(8 119)
Foreign exchange differences	-	8 738
As at the end of the period	(23 886)	(19 135)
Total provisions for investment securities		
As at the beginning of the period	(19 135)	(19 754)
Allowance for impairment	(12 262)	(8 119)
Reclassification	7 511	8 738
As at the end of the period	(23 886)	(19 135)