

### 39. Pledged assets

Assets may be pledged as collateral for repo/sell-buy-back transactions, derivatives contract with other banks. Collateral may be also placed due to stock market derivatives such as futures, options and participation in stock market.

Collateral may be placed in different form (e.g. cash, securities and pledged assets).

Similarly, customers establish collateral on their assets to secure the transaction with the Group. If securities are subject to collateral (in buy-sell-back transaction) they can be re-pledged in the opposite transaction (sell-by-back).

Moreover the Group accepts collaterals in the form of properties (esp. real estates) related to credit type transactions like mortgage loans, credit lines, banking guarantees.

The tables below present the breakdown of the measures possible to pledge by the main items of the statement of financial position of mBank Group, as at 31 December 2017 and 31 December 2016. Treasury securities are the main component of the Group's liquidity collateral for the purpose of pledge.

31.12.2017

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Position (PLN 000's)	Assets			Collateral received in kind of securities related with buy sell back transactions			Assets available for pledge (3+6)
	Total assets	Pledged assets	Eligible for pledge assets				
				Received	Reused	Available for pledge	
	1	2	3	4	5	6	7
Debt securities (Note 19 and 23) including:	33 580 982	6 325 729	25 787 590	-	-	-	25 787 590
- NBP bills	2 322 914	-	2 322 914	-	-	-	2 322 914
- Government bonds	28 816 209	6 325 729	22 490 480	-	-	-	22 490 480
- Mortgage bonds	-	-	-	-	-	-	-
- Other non-treasury securities	2 441 859	-	974 196	-	-	-	974 196
Cash collaterals (due to derivatives transactions) (Note 18, 22)	365 385	365 385	-	-	-	-	-
Loans and advances to customers	84 475 844	8 645 660	-	-	-	-	-
Property collateral	-	-	-	-	-	-	-
Other assets	13 001 808	-	-	-	-	-	-
Total	131 424 019	15 336 774	25 787 590	-	-	-	25 787 590

31.12.2016

31.12.2016	Assets			Collateral received in kind of securities related with buy sell back transactions			Assets available for pledge (3+6)
Position (PLN 000's)	Total assets	Pledged assets	Eligible for pledge assets	Received	Reused	Available for pledge	
	1	2	3	4	5	6	7
Debt securities (Note 19 and 23) including:	35 123 709	7 428 749	26 542 559	-	-	-	26 542 559
- NBP bills	1 816 077	-	1 816 077	-	-	-	1 816 077
- Government bonds	31 754 350	7 428 749	24 325 601	-	-	-	24 325 601
- Mortgage bonds	-	-	-	-	-	-	-
- Other non-treasury securities	1 553 282	-	400 881	-	-	-	400 881
Cash collaterals (due to derivatives transactions) (Note 18, 22)	457 816	457 816	-	-	-	-	-
Loans and advances to customers	81 763 277	7 652 914	-	-	-	-	-
Property collateral	-	-	-	-	-	-	-
Other assets	16 398 700	-	-	-	-	-	-
Total	133 743 502	15 539 479	26 542 559	-	-	-	26 542 559

mBank Hipoteczny S.A. secures issued mortgage and public bonds with receivables obtained from loans and advances. As at 31 December 2017, the net carrying value of loans registered in the mortgage and public bonds register, presented above as pledged assets amounted to PLN 8 645 660 thousand (31 December 2016: PLN 7 652 914 thousand).

The value of treasury securities presented as pledged assets, except for collaterals due to sell-buy-back transactions, includes collateral of liabilities due to the loan received from the EIB, the security deposit placed by the client and funds guaranteed under the bank guarantee fund (BFG).