



GETIN NOBLE

BANK • SPÓŁKA AKCYJNA

**Directors' report of the
GETIN NOBLE BANK S.A. CAPITAL GROUP
for the year 2015**

Warsaw, 18 March 2016

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1. Activities of the Bank and the Group entities in 2015

1.1. Significant factors affecting the Group's results

In 2015 a consolidated net profit of Getin Noble Bank S.A. Capital Group ("the Group") amounted to PLN 54.3 million and was lower in comparison to corresponding period of previous year by PLN 306.1 million. This is due to the additional external burdens of the Group:

- costs of contribution to the Bank Guarantee Fund in the amount of PLN 116.9 million due to the bankruptcy of Spółdzielczy Bank Rzemiosła i Rolnictwa in Wołomin (SK Bank),
- an accrual for contribution to the Borrowers Support Fund in the amount of PLN 134.1 million, following the letter of the Council of the Fund on the amount of the contribution charged for the Bank.

The financial results of the Group in 2015, except for the above mentioned one-off burdens to the Bank Guarantee Fund and the Borrowers Support Fund, were affected by other unfavourable factors:

- increased in 2015 (in relation to 2014) cost of prudential fee and annual contribution to the Bank Guarantee Fund (the effect of PLN 55 million),
- decrease in market interest rates, which led to significant interest revaluation on active consumer loan portfolio in March 2015,
- financial market turmoil after the decision of the Swiss National Bank in January 2015 on the change of approach to the franc exchange rate policy, in connection with a significant involvement of Getin Noble Bank in mortgage loans indexed to CHF (approx. 26% share in the Bank's loan portfolio),
- lower sales of investment products, resulting in a decrease in net fee and commission income.

The adverse impact of the above factors on financial results was partially offset by the Group by the sale of block of shares in a leasing subsidiary of the Bank, sale of several packages of impaired receivables (NPL), as well as by putting emphasis on lowering cost of financing and on strengthen relationship with customers. In particular:

- net profit from the sale of 49.28% of shares of a subsidiary – Getin Leasing S.A. recognised by the Group amounted to PLN 83.9 million,
- Getin Noble Bank sold in 2015 over PLN 2.3 billion of NPL loans, generating a positive financial results on each transaction,
- in respect of cost of financing calculated as interest expense to average interest-bearing liabilities, the Group was constantly reducing the difference between the cost incurred and the average cost for commercial banks (while in 2013 the cost of financing in GNB was by 2.24 pp. higher than the average cost in commercial banks (excluding GNB), after three quarters of 2015 the difference declined to 1.60 pp.).

Internal conditions

The main factors affecting the Group's results in 2015 included the following:

- limiting the sale of long-term loans – Getin Noble Bank S.A. continued its strategy to sale short-term loans, mainly retail loans and purchase of lease receivables. In 2015 the loan sale amounted to PLN 9.5 billion, and the mortgages accounted for only 1,5% of the loan sales (in 2014 mortgage sale accounted for 8.4% of total loan sales of the Bank). The sale was mainly in Polish currency (99% of the sale),

- gradual decline in the cost of customer deposits – the cost of customer deposits in 2015 was 2.8% and decreased in relation to the cost incurred in 2014 by 0.5 pp. – in December 2015, the cost of customer deposits was 2.5%,
- sale of the Bank's receivables – in 2015 the Bank sold receivables with a carrying value of PLN 625 million (the value of principal of sold receivables was PLN 2.3 billion),
- additional external burdens on Getin Noble Bank's financial result – payments to the BGF, an accrual for contribution to the Borrowers Support Fund affected adversely the financial results in comparison to 2014,
- the Bank gradually strengthened its liquidity position – the levels of supervisory liquidity measures increased in 2015 – supervisory liquidity measure M1 (short-term liquidity gap) increased by 25% to PLN 5.4 billion, which increased the Bank's outflow resistance. Maintaining higher levels of liquidity, however, requires investment in the less profitable financial assets,
- on 10 April 2015 the Supervisory Board of the Bank adopted resolution approving the new "Dividend Policy of Getin Noble Bank S.A. for the years 2015-2017". Necessary condition that must be fulfilled to consider potential dividend payment is maintaining capital adequacy ratio at the required level (taking into account the effect of the potential dividend payment), considering obligations determined by the supervisory regulations and adjusting the Bank to the dividend policy guidelines announced by the supervisor,
- in July 2015 the Supervisory Board of Getin Noble Bank S.A. approved the Public Subordinated Bonds Issue Program up to the value of PLN 750 million. Bonds issued within the Program shall be issued in many series. The balance of bonds issued under this Program as at 31 December 2015 amounted to PLN 31.7 million. The amount of subordinated debt as at the end of 2015 amounted to PLN 2,1 billion,
- on 23 October 2015 the Management Board of the Bank received from the Polish Financial Supervision Authority a recommendation on the amount of additional capital requirement for the own funds. The Authority recommended keeping the Bank's own funds to cover additional capital requirement at the level of 2.03 pp. to cover the risk arising from foreign currency mortgage loans to households, which should consist of at least 75% of Tier 1 capital (equivalent to 1.52 pp.). The above-mentioned recommendation should be respected by the Bank no later than from the end of June 2016 until its cancellation,
- in November 2015 the Getin Noble Bank Group successfully completed the process of securitization of lease receivables portfolio worth PLN 1.9 billion – as a result of actions taken SPV issued bonds worth PLN 1.2 billion. The issue has been acquired by the European Investment Bank (EIB) in the amount of PLN 800 million and by Polish and foreign financial institutions outside the Getin Noble Bank Group. The issue was assigned a maximum rating for structured instruments. Involvement of EIB improved the conditions of financing, through the realized by EIB program of promotion and support for Small and Medium-Sized Enterprises. Use of funds from the EIB allowed to reduce the total cost of 5-year funding (including preparatory costs) below WIBOR 3M + 90pb.

External conditions

Macroeconomic situation

According to the Central Statistical Office, the gross domestic product in the first three quarters of 2015 was higher in real terms by 3.5% compared to the previous year. Recent forecasts of GDP growth for the entire 2015 oscillate around 3.6%, which means maintain pace of economic growth, which in the previous year stood at 3.3%.

Good results of the Polish economy are effect of, high domestic demand, which, according to the latest forecasts increased in 2015 by 4.95%, compared with an increase of 3.4% in 2014. Domestic demand growth rate dropped compared to the previous year, however, growth remains stable at 3.3% y/y. A factor positively impacted this year's results of economic growth was foreign exchange. With all the difficulties Polish exports increased in 2015 by 8.3%.

Negative price dynamics prompted the Monetary Policy Council to vote on a decision to reduce the reference rate to 1.5% in March 2015. Price dynamics ratio remains negative since second half of 2014, and the entire 2015 prices have fallen by an average of 0.9% year-on-year. Since February 2013 the CPI ratio remains below the lower limit of the NBP direct inflation target fixed at 1.5%.

Financial market

Year 2015 was characterized by significant dynamics of the Polish currency. EUR and USD exchange rates moved up and down from the levels in 2014. In 2015 the minimum exchange rate USD/PLN was 3.56 and exchange rate EUR/PLN was 3.98. The maximum exchange rate USD/PLN was 4.04 and exchange rate EUR/PLN was 4.36. The average rate of USD/PLN exchange rate in 2015 was 3.77, and EUR/PLN exchange rate was 4.18. Noteworthy is CHF/PLN exchange rate, which after the release of exchange rate of domestic currency against the EUR by the Swiss Central Bank recorded a significant increase in value.

In 2015 the minimum exchange rate CHF/PLN was 3.56, maximum exchange rate was 4.32, while the average rate was approx. 3.92. In 2015 Polish zloty weakened against major currencies compared to 2014 mainly against Swiss Franc and US Dollar – CHF/PLN exchange rate increased by 11% as well as USD/PLN exchange rate. The EUR/PLN exchange rate was relatively stable (drop by 0.02%).

Banking sector

In 2015, the banking sector operated in conditions of stable macroeconomic situation and low interest rates. In March the Monetary Policy Council decided to ease monetary policy – the NBP reference rate fell by about 0.5 pp. to a historical minimum at a level of 1.50%. According to the NBP the growth rate in total banking-sector assets reached the relatively high level, for the entire 2015 was 6%.

Imposed on banks a new tax on financial institutions puts a lot of pressure on the banking sector. Taxation of banks' assets directly reduces profits of the banking sector, and in the long term, may result in reduced willingness to grant loans. The increasing payments to the Bank Guarantee Fund, Borrowers Support Fund and plans to help the so-called Swiss Franc borrowers are in opposition to the growing capital requirements and are another potential factors adversely affecting the development prospects of Polish banking.

1.2. Significant events and achievements of the Group in 2015

Awards and recognitions received

In 2015 products offered by Getin Noble Bank S.A. repeatedly occupied leading position in rankings organized by i.a. Money.pl, Bankier.pl, TotalMoney.pl. Among appreciated products were personal account Getin UP, saving account, car loans and term deposits.

- Getin Noble Bank won "Portfele Wprost" in 2015 for the best offer for individual customers. The weekly magazine 'Wprost' awarded attractive, transparent products and services, high quality of customer service and outstanding loyalty policy. Winners of 'Portfele Wprost' 2015 were selected based on the customer opinion polls and experts

assessment. Brand recognition, match the offer to the market needs, transparency of the offer, fees and commissions, quality of service, loyalty policy and level of customer trust were taken into consideration.

- Mobile banking of Getin Bank was appreciated by marketing experts worldwide and was among winners in Horizon Interactive Awards. The jury appreciated the functionality, comfort and transparency of Getin Mobile app, awarding it with the prestigious silver in the category of best business mobile solutions.
- Getin Noble Bank was among the winners in the prestigious ranking "Pearls of the Polish Economy", now in its thirteenth prepared by the editors of Polish Market economic magazine in partnership with the Warsaw School of Economics. The jury appreciated the stable market position and good prospects of the Bank.
- Getin Noble Bank for the third time took first place in the ranking of banks financing the investment projects of housing, prepared by the Polish Association of Developers. The ranking was based on a survey of the Association member companies that assessed banks in terms of cooperation for financing and service. Getin Noble Bank gained 149.6 points, retaining its leading position in the ranking.
- Getin Noble Bank was also among the winners of the Golden World Awards - one of the most prestigious competitions Public Relations industry. The Bank has been recognized for a comprehensive communication strategy of innovation networks, self-service Getin Point branches, and received the main prize in the 'Launch of a New Service' category.
- The Bank was also among finalists of the prestigious competitions: Effective Mobile Marketing Awards, Global Payment Awards and Golden Clips.
- Getin Noble Bank achieved another success in terms of adopting modern technologies to financial services – as first bank in Poland in cooperation with Visa, commenced a pilot program of service that enables fast, convenient and secure implementation of contactless payment using HCE technology. Innovative system of payments in cloud was appraised as one of the best contactless payment solutions worldwide and was among finalists of Contactless & Mobile Awards competition. Service of mobile payments in HCE technology is another innovative solution of Getin Noble Bank appreciated worldwide.
- Getin Bank has been nominated for the prestigious SABRE Awards, awarded for the best projects in the area of public relations. The jury, composed of over forty communication specialists from the whole EMEA region, awarded the Bank in the category of "financial services" for extensive cooperation with bloggers.
- Funds of Noble Funds once again were the leaders of the Forbes ranking. In this year's rankings Noble Fund Mieszany (Mixed) and Noble Fund Timing took 1st place in the category of balanced funds, while in the category of stable growth on top was Noble Fund Stabilnego Wzrostu Plus (Stable Growth Plus). The success of the sub-funds is the result of high reproducibility of very good investment performance in the past 12, 36 and 60 months. All three funds achieved a maximum 5 star rating in each of the three analyzed periods. High scores obtained also Noble Fund Akcji Małych i Średnich Spółek sub-fund (Shares of Small and Medium-sized Companies), which took second place in the ranking in the category of small companies funds.
- Noble Fund Timing Sub-Fund was recognized as the best fund of active allocation in 2015 and won the Alpha 2015 award from the Analizy Online for the best funds on the market. The fund was evaluated in terms of its efficiency, reproducibility and cost levels.
- Noble Fund Mieszany (Mixed) Sub-Fund received the highest rating of 5 stars in the rating prepared by the team Analizy Online S.A.
- Noble Fund Akcji Małych i Średnich Spółek (Shares of Small and Medium-sized Companies) and Noble Fund Stabilnego Wzrostu Plus (Stable Growth Plus) have been awarded the prestigious Golden wallet awarded by Stock

Exchange and investors' newspaper "Parkiet ", respectively, in terms of " the best fund of stable growth" and "the best fund of Polish shares". The sub-funds were awarded for high investment results.

- Noble Funds has been recognized as the best TFI of 2015 by Stock Exchange and investors' newspaper "Parkiet". The success of Noble Funds is the result of effective investment policy, consistently implemented by a team of managers.
- According to report from the Polish Leasing Association (ZPL)
- According to a report published by the Polish Leasing Association (ZPL) the total value of movables leased in 2015 by Getin Leasing amounted to PLN 3.7 billion net. This result gave the company promotion to the second position on the market of movables leases. Getin Leasing consistently since early 2015 is also the leader in vehicle financing through lease. Within 12 months it financed the purchase for an amount of over PLN 3.3 billion net, which represents 11% of the total vehicle lease market. The company ahead of most competitors sequentially by 13% and 50%, outpacing other companies also in terms of lease of cars and trucks. Getin Leasing moreover, dominates the market in terms of the number of registered vehicles – more than 42 thousand vehicles registered by Getin Leasing in 2015 according to CEPIK. Every month the company records the highest number of lease transactions, confirming the status of the industry expert.

Assessment of financial creditworthiness – ratings

In March 2015 the rating agency Moody's withdrew the negative outlook for Long-term Deposit Rating of the Bank and the negative outlook of the Bank Rating and put them on the observation list with a possibility of being improved. BFSR was withdrawn as a consequence of the decision of the Agency not to carry out the assessment. The Agency introduced the following ratings: Baseline Credit Assessment (BCA) and Adjusted Baseline Credit Assessment, both on ba3 level and put them on the observation list with a possibility of being reduced.

In May 2015 the rating agency Moody's made a change to the outlook of the Bank and determined it as stable for Long-term Deposit Rating of the Bank and left the rating unchanged on Ba2 level. As a result of completed review the Agency reduced Baseline Credit Assessment (BCA) from ba3 to b1 level and Adjusted Baseline Credit Assessment from ba3 to b1 level.

In the Agency's opinion the affirmation of the Long-term Deposit Rating of the Bank on Ba2 level fully incorporates the BCA assessment on b1 level as well as Advance LGF that fully counterbalances the limitation of possibilities of native government support and raises the awarded BCA assessment by two levels.

The Agency introduced Counterparty Risk Assessment and determined it on Ba1 level (cr) and Short Term Counterparty Risk Assessment and determined it on NP level (cr).

The above changes are a consequence of the new methodology of the banks' assessment and of sovereign support adopted by the Agency and published on 16 March 2015.

Moody's Investor Service	rating	outlook
Long-term Deposit Rating	Ba2	stable
Short-term Deposit Rating	not prime	-

In May 2015 the Agency informed on the reduction of the Support Rating from '3' to '5' and on the changes to the minimum level of Support Rating Floor from 'BB' to 'No Floor'. The above changes do not have influence on other ratings of the Bank. The Issuer default rating ("IDR") remained unaffected on BB level. The rating actions are in conjunction with the review of sovereign support for banks globally, which the agency announced in March 2014.

On 29 February 2016 Fitch Ratings informed on reduction of Long-term foreign currency IDR from 'BB' to 'BB-' and National Long-Term Rating from 'BBB(pol)' to 'BBB-(pol)'. Viability Rating was downgraded from 'bb' to 'bb-'.

The above changes was driven primarily by the introduction of new tax burdens in the form of bank tax.

Fitch Ratings	rating	outlook
Issuer Default (IDR)	BB-	stable
Short-term	B	-
National Long Term Rating	BBB- (pol)	stable

2. Organisation of the Getin Noble Bank S.A. Capital Group

2.1. Share capital and shareholding structure of the Group's parent entity

As at 31 December 2015 the share capital of Getin Noble Bank S.A. amounted to PLN 2,650,143,319 and consisted of 2,650,143,319 ordinary shares with a nominal value of PLN 1.00 each. The Bank's shares include registered and bearer not preference shares, each of which gives right to one vote at the Bank's General Meeting. All of the Bank's shares are admitted to public trading on the regulated market.

As at the date of the publication of this report the structure of significant shareholders of Getin Noble Bank S.A. according to the information held by the Bank were as follows:

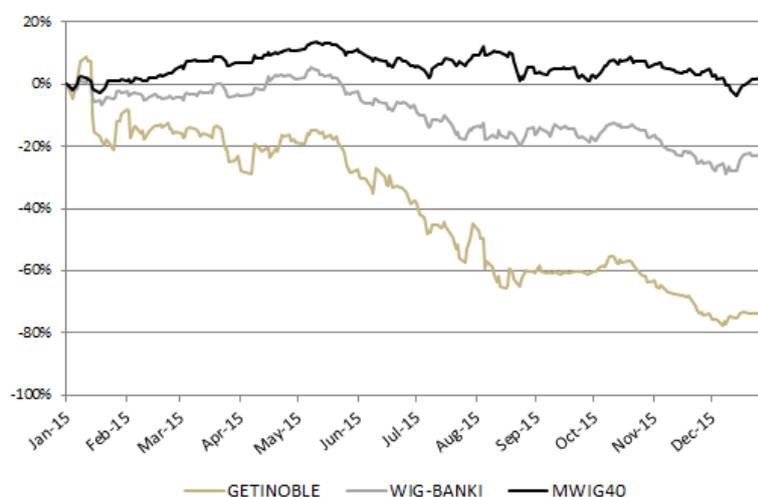
	Number of shares	Number of votes at AGM	% share in share capital	% share in votes at AGM
Leszek Czarnecki (directly)	264,626,609	264,626,609	9.99%	9.99%
Indirectly through:				
LC Corp B.V.	1,011,728,750	1,011,728,750	38.18%	38.18%
Getin Holding S.A.	200,314,774	200,314,774	7.56%	7.56%
other subordinated entities	3,628,922	3,628,922	0.13%	0.13%
Nationale-Nederlanden Otwarty Fundusz Emerytalny (former: ING Otwarty Fundusz Emerytalny)	181,767,000	181,767,000	6.86%	6.86%
Aviva Otwarty Fundusz Emerytalny Aviva BZ WBK	171,540,000	171,540,000	6.47%	6.47%
Other shareholders	816,537,264	816,537,264	30.81%	30.81%
Total	2,650,143,319	2,650,143,319	100.00%	100.00%

As at the date of approval of the annual report for 2015, the Management Board of Getin Noble Bank S.A. did not have any information on agreements which may result in changes of the proportion in shares held by existing shareholders of the Group parent company in the future.

As at 31 December 2015 and 2014 the Bank did not hold any own shares.

2.2. Getin Noble Bank S.A. shares on the stock exchange

All shares of Getin Noble Bank S.A. are introduced to public trading on the main market of Warsaw Stock Exchange. The Bank's shares are quoted under the abbreviated name of GETINOBLE and labelled with the code PLGETBK00012. The closing share price of the Bank in 2015 fluctuated between PLN 0.49 (on 7 December) and PLN 2.39 (on 12 January).

Getin Noble Bank S.A. shares quotation and Warsaw Stock Exchange indices


2.3. Structure of the Group and its changes

Getin Noble Bank S.A. Capital Group consists of Getin Noble Bank S.A. as the parent entity and its subsidiaries. The Bank holds also an investment in an associate and a joint venture.

	% share in capital/ votes held by the Group	
	31.12.2015	31.12.2014
Noble Securities S.A.	100%	99.74%/ 99.78%
Noble Funds Towarzystwo Funduszy Inwestycyjnych S.A.	100%	100%
Noble Concierge sp. z o.o.	100%	100%
BPI Bank Polskich Inwestycji S.A.	100%	100%
Sax Development sp. z o.o.	100%	100%
Getin Leasing S.A. ¹⁾	-	100%
Getin Leasing S.A. S.K.A. ²⁾	-	100%
Getin Leasing S.A. 2 S.K.A. ²⁾	-	100%
Getin Leasing S.A. 3 S.K.A. (former Pośrednik Finansowy sp. z o.o. 2 S.K.A.) ²⁾	-	100%
Getin Fleet S.A. ²⁾	-	100%
Expert Ubezpieczenia sp. z o.o. (former Pośrednik Finansowy sp. z o.o.) ²⁾	-	100%
Pośrednik Finansowy sp. z o.o. S.K.A. ²⁾	-	100%
Green Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych	-	100%
Property Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych ³⁾	100%	100%
LAB sp. z o.o. ⁴⁾	100%	100%
LAB sp. z o.o. sp. k. ⁴⁾	100%	100%
Debitum Investment sp. z o.o.	-	100%
Debitum Investment sp. z o.o. sp. k.	-	100%
Debtor Niestandaryzowany Sekurytyzacyjny Fundusz Inwestycyjny Zamknięty	100%	-
GNB Auto Plan sp. z o.o. ⁵⁾	-	-
GNB Leasing Plan Ltd ⁵⁾	-	-

¹⁾ Since 31 March 2015 a joint venture of Getin Noble Bank S.A.

²⁾ Subsidiaries of Getin Leasing S.A.

³⁾ Property Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych (Non-public assets closed-end investment fund) holds 100% share in 9 special purpose entities.

⁴⁾ Company has not yet started operations.

⁵⁾ Special purpose entity, with which the Bank carried out a securitisation transaction; the Group does not hold any equity interest in the entity.

All subsidiaries are consolidated using the full method.

As at 31 December 2015 the Group holds 42.15% share in the equity of an associate Open Finance S.A. and 50.72% share in the equity of a joint venture Getin Leasing S.A. Both entities are valued with the equity method.

Due to the substance of the relationship between Getin Noble Bank S.A. and a special purpose entities – GNB Auto Plan Sp. z o.o. and GNB Leasing Plan Ltd. with which the Bank carried out a securitization transactions, the entities have been consolidated using the full method, despite the fact that the Group does not hold any equity interest in the entities.

As at 31 December 2015 and 2014 the Bank's share in the total number of voting rights in its subordinated entities was equal to the Bank's share in share capital of the those entities, except for Noble Securities S.A. in which the Bank held 99.74% share in share capital and 99.78% share in votes as at 31 December 2014.

Changes in the Getin Noble Bank S.A. Capital Group are described in note II.3.1 to the consolidated financial statements for the year ended 31 December 2015.

Group does not operate outside the territory of the Republic of Poland.

Related party transactions

The Getin Noble Bank S.A. Group understands related party as the Group's associates with their subordinated entities and entities related to the ultimate parent – Mr. Leszek Czarnecki.

Transactions of Getin Noble Bank S.A. and its subsidiaries with related parties are made on an arm's length basis. The details of transactions made by the Group entities with the related parties are presented in the Note II.48 to the consolidated financial statements of the Getin Noble Bank S.A. Capital Group for the 12-month period ended 31 December 2015.

As at 31 December 2015 the total value of Getin Noble Bank S.A. exposure arising from loans granted to its related parties amounted to PLN 1,678 million (PLN 821 million at the end of 2014), of which PLN 1,367 million are subordinated loans granted related to securitization.

3. Scope of activities, products and services of the Group entities

3.1. Getin Noble Bank S.A.

Getin Noble Bank S.A., as a universal bank, addresses its product offer to wide range of customers, including individual clients, small and medium-sized enterprises, local government units, health care entities and large corporations. The Bank has a diverse range of products, which is continuously adapted to the preferences and needs of customers in the area of financing, saving and investing and a wide spectrum of additional services. The products are offered through various distribution channels, from traditional bank branches to the latest technology used in online banking and a new generation of banking facilities (Getin UP branches equipped with many technological innovations). Variety of channels and forms of banking products distribution enables the customers to contact the Bank in the most convenient way.

Getin Noble Bank S.A. consistently pursues a strategy of shortening the maturity of assets by focusing on sale of short and faster amortising products. In 2015 the most of credit product sales was cash loans, car and corporate loans, as well as financing of local government units and related entities, communities and housing associations. Sales of mortgage loans in 2015 accounted for a small percentage of the total loan sales of the Bank.

In its operations the Bank focused on the following key objectives:

- strengthen a stable base of customers who have a constant relationship with the Bank – including by having an active bank account at the Bank,
- optimization of the maturity structure of assets and liabilities – shortening periods for lending activities and development of a long-term base of sources of financing – the share in the balance of the Bank's deposits of term deposits with a maturity of at least 12 months was 34.6% as at the end of 2015,
- comprehensive service for small and medium-sized companies, public sector entities, healthcare providers and large corporations,
- comprehensive consulting in the field of personal finances of wealthy clients – to a select group of the Bank's customers, supported by the Noble Bank network, are directed specifically dedicated product lines, asset management services, tax and legal support, art banking, brokerage services and concierge.

In 2015 the Bank began the process of rebuilding of the retail banking, which will be based on customer segmentation. Such form of looking at customer service will allow for the organization of individual segments focusing on their needs, allowing to build lasting relationships and gain the status of a bank of first choice.

The product offer of Getin Noble Bank S.A. is supplemented by the products offered by other entities of the Capital Group: Noble Funds Towarzystwo Funduszy Inwestycyjnych S.A., Noble Securities S.A. brokerage house, Noble Concierge sp. z o.o. and Getin Leasing S.A. Group in which the Bank is the majority shareholder. In co-operation with the above-mentioned companies, Getin Noble Bank S.A. provides its clients with access to brokerage and concierge services, investment fund units and certificates, as well as lease products and vehicles rental services.

Retail banking

Car loans

Car loans are one of the main products offered by Getin Noble Bank S.A. Consecutive year the Bank confirmed to be a leader on the market of car loans.

Car loans are sold through the network of nearly 950 agents actively co-operating with the Bank, car dealers and second-hand dealers, as well as the Bank's own employees.

The Bank grants loans for the purchase of all types of vehicles. Loans granted by the Bank additionally include the financing of a wide spectrum of car purchase-related costs, such as costs of additional car equipment, car insurance, borrower's insurance, as well as costs of usage and maintenance of the vehicle financed by a loan. In addition, the Bank offers loan to finance the stock for car dealers and second-hand dealers.

In particular, the Bank provides a full service for Opel dealers in cooperation with General Motors Poland.

2015 was another year in which a significant complement to the Bank's offer of financing the purchase of a vehicles was a car lease, carried out in cooperation with Getin Leasing S.A.

In 2015 Getin Leasing S.A. took the 1st place among leasing companies in respect of financing of vehicles.

Retail loans

Retail loans are mainly provided through the network of the Bank's own outlets and franchise outlets. In 2015 In 2015 Getin Noble Bank S.A. expanded distribution channels for this product using internet. In order to increase the number of new clients the Bank has made available the possibility of processing the online application for the product iKredyt, introduced for the Bank's customers the ability to quickly process application in internet banking on the basis of the prepared preapproved amount. As regards to the increase in the balance of retail loans, the Bank steered its efforts on building a new portfolio on the basis of existing clients of the Bank and for new customers for which the Bank has prepared a special offer of free loan. In addition, the Bank focused on lending in segments characterized by lower credit risk, as well as reducing the phenomenon of early repayment of loans. The Bank also simplified procedures associated with the acceptance of income evidence of the clients on the basis of the PIT, RMUA and bank statements. At the same time, the Bank improved the processes of decision-making on granting loans, in particular using the IT system responsible for processing loan applications.

As part of the increasing competitiveness of the offer the Bank constantly adjust its products to market requirements.

The Bank's main lending products include:

- cash loan,
- consolidation loan,
- credit limits on current account.

Mortgage loans

Mortgage loans account for a small part of new sales mostly distributed through the network of the Bank's own outlets.

In the second half of 2015, due to little interest of customers, the Bank ceased its participation in the National Fund for Environmental Protection and Water Management program – "Efficient use of energy. Subsidies for loans to build energy-efficient houses".

In connection with the increase of the Swiss franc exchange rate in January 2015 the Bank adopted the programme called "CHF Help". The package of facilities available to borrowers is a direct response to the turmoil on the currency market following the decisions of the Swiss Central Bank. Within the Programme for customers with commitments in CHF the Bank has introduced a simplified procedure for the suspension of the repayment of principal installment for three months, also introduced a new process for the conversion of the collateral and the object of credit for borrowers with commitments in CHF. This solution enables the clients to exchange the flat, which is a collateral for mortgage loan to another one, without the need for early repayment of the obligation. The Bank also enabled customers commission-free conversion of the loan into PLN at the average NBP rate of the Swiss franc on conversion date. Getin Noble Bank, as one of the first institutions in the financial market, has taken active measures to mitigate the effects felt by customers of turbulence in the foreign exchange market. The Bank temporarily reduced the level of the spread on CHF and began to acknowledge a negative rate of LIBOR in calculating the loan installments on the assumption that the interest rate of the loan may not be less than zero. The Bank also made a detailed review and modification of existing procedures in order to adapt them to the current market situation and the expectations of customers and supervisors.

Deposit offer

In 2015 the Bank in terms of obtaining funds led efforts to increase the amount of deposit products per one customer. The main means of achieving this goal was the sale of current accounts, which are the basis of cooperation of a customer with the Bank on other deposit products. For this purpose the Bank based on the offer's flagship product, which is the Getin

UP account and its version for young people and students sold under the name of Getin UP Free. The Bank continued efforts to increase the activity of customers on current accounts based on the "My Bank" Benefits Package, which in case of the activity of current account, measured by regular cash inflows and using the card, gives a variety of facilities and financial benefits for the customer. In addition, there were special offers on Savings Accounts, which guaranteed customers increased interest rates for regular cash inflows to current accounts and payments with a card. The aim of the actions was to increase the activity of customers and increased balance on the Savings Accounts.

In terms of time deposits in 2015 the primary goal was to maintain the balance on a level that ensures the correct Bank's liquidity while minimizing financial costs. The Bank focused on the acquisition of new deposit holders (using Solar Deposit offer), as well as retaining existing customers. The Bank also continued activity in attracting term deposits with the use of internet banking through a particularly attractive offer for this group of customers. There have been a significant simplification of the offer by focusing on products with the largest sales results.

Payment cards

Getin Noble Bank S.A. offers a wide spectrum of credit and debit cards which satisfy a variety of clients, including those in the business sector. The Bank issues cards under the two main settlement systems i.e. Visa and MasterCard. Particularly noteworthy is Mastercard Display, VISA Simply One, HCE and and the world's first credit card with a dynamic CVV code. All cards offered by the Bank are covered by 3D Secure service – an additional authorization of online transactions via a single SMS code.

The cards palette includes besides Standard, Platinum, World Business and Business Executive credit cards also MasterCard Debit card and Platinum Debit card. All cards issued under the Getin and Noble brand are equipped with contactless payment functions authorised online. At the end of 2015 the Bank began issuing the world's first card with a dynamic code CVC. Complementing the offer are debit and credit cards issued in the HCE technology. Thus the Bank has the ability to personalize and manage a payment card on the client's phone completely remotely using the infrastructure of mobile operators.

For the private banking segment are reserved the Noble cards made of solid metal. Elite credit and debit cards create together a duet of the most prestigious in this product segment in Europe. With NFC/ HCE technology as the first bank in Poland, the Bank offers to its customers these cards also available on smartphones, to meet the expectations not only demanding customers, but most of all those who appreciate innovation and security.

Investment products

Getin Noble Bank S.A. in 2015 had an offer of investment products for retail client, allowing investing in different asset classes and with different levels of risk, particularly open and closed-end investment funds, life insurance and endowment insurance with insurance capital fund or corporate bonds or structured products. Invariably most interest of customers attracted debt funds, especially funds of corporate bonds offered in the form of a closed-end investment fund in private placements and in the form of life insurance and endowment insurance with insurance capital fund. In the fourth quarter of 2015 the Bank took action to adjust the offer investment products to changes in law regulations, including the requirements of the New Law on Insurance Activity and the new strategy for segmentation and retail customer service.

Private Banking

Getin Noble Bank S.A. provides private banking services to wealthy clients under the Noble Bank brand. The Bank operates the nationwide network dedicated exclusively to private banking. All branches of Noble Bank are located in the centres of big cities and designed in such a way to provide clients with full convenience and discreetness of business meetings.

The focus of the Bank is comprehensive advice on customers personal finance. Special dedicated product lines and brokerage services are addressed to a selected group of clients. Noble Securities S.A. brokerage house offers to the Bank's customers a wide range of services related to the capital market, so that the Bank's customers have access, inter alia, to a number of corporate bonds issues. In cooperation with Noble Funds TFI S.A investment funds company the Bank offers its customers the wealth management services. The Noble Bank's customers can also take advantage of concierge service developed by Noble Concierge sp. z o.o. With the Wealth Guard service the customers get access to services of the biggest Polish law firm – Domański Zakrzewski Palinka sp. k. Solutions developed by the law office will include, among others, corporate governance, succession, tax planning and the protection of privacy.

In 2015 Noble Bank focused on further development of products and services available to wealthy clients. It should be mentioned the development of Poland Sotheby's International Realty, the effect of the Bank's business partnership with Sotheby's International Realty, which in its offer provides affluent clients access to the most prestigious real estate in Poland and in the world.

The Bank reported high sales growth of closed-end investment funds in comparison with previous years, with the volume of nearly PLN 500 million. Customers were also interested in corporate bonds, both in the primary and secondary market, which sales far exceeded the volume of PLN 1 billion.

The Bank constantly undertakes actions aimed at increasing the bank-customer relationship. For this purpose, there is a cycle of meetings for customers: Private Banking After Hours. The meetings are organised in prestigious locations and are designed to both expand cooperation with existing customers, but also inviting potential new private banking clients. In 2015 there were 24 meetings and over a dozen partnership events held for the Noble Bank clients and visited by more than 2 thousands customers.

In 2015 the Bank also placed great emphasis on the quality of both its offered services and customer service. Introduced standards were verified during Mystery Shopper research, conducted during the holiday season, which included every branch of the Bank.

Corporate banking

The Bank continues to develop its activity in the sector of small and medium-sized enterprises (SME) and local government units. The Bank is modifying its loan offer according to the changes in domestic economic situation.

Loan products

The lending products offered by Getin Noble Bank S.A. in 2015 are as follows:

- financing of the purchase of property, plant and equipment in the form of lease,
- financing of property development projects,
- loan in current account and in loan account,
- investment loan,
- investment loan for housing communities,
- thermo-modernization and renovation loan for housing communities with the BGK bonus,
- investment and current account loans for SMEs with the BGK de minimis guarantees,
- economic loan,

- loan for business entities working with local authorities or state budget entities,
- receivables purchasing for business entities working with local authorities or state budget entities,
- bank guarantees,
- transaction limits,
- factoring,
- financing of public health service entities,
- financing of local government units with the use of credit instruments, subrogation, buyout debt and the issuance of municipal bonds,
- individual loan products dedicated for small and medium-sized enterprises.

Selected deposit products

"My Company" Bank Account

The Bank also offers dedicated accounts package for housing communities and housing associations, including deposit account to invest surplus funds.

Treasury products for corporate clients

In 2015 the Bank continued active sale of treasury products to its corporate clients. With a distinctive product offering Bank significantly increased the number of supported businesses. The treasury products were offered mainly to small and medium-sized enterprises. The treasury products to hedge against the currency risk had their applications in many large investment projects that the Bank pursued together with customers. In addition to the most popular hedging transactions, the Bank pursued many structured transactions on the foreign exchange market, tailored exactly to the needs of customers. Existing regulations, agreements and procedures allow entering into treasury transactions within the transaction limits or cash collateral. The Bank's offer of variable treasury products enables it to fully realise the corporate banking development strategy.

3.2. Business areas of the subsidiaries

Noble Funds Towarzystwo Funduszy Inwestycyjnych S.A.

The company conducts activities relating to creating and managing of investment funds, including brokerage in sale and purchase of share units and management of collective securities portfolio, investment portfolios management, in which one or greater number of financial instruments is included (so called asset management), and investment advisory.

Investments Funds

As at 31 December 2015 the company managed the following funds:

- Noble Funds Fundusz Inwestycyjny Otwarty with 8 separated subfunds:
 - Noble Fund Pieniężny,
 - Noble Fund Obligacji,
 - Noble Fund Stabilnego Wzrostu Plus,
 - Noble Fund Mieszany,
 - Noble Fund Akcji,
 - Noble Fund Akcji Małych i Średnich Spółek,
 - Noble Fund Timingowy,
 - Noble Fund Global Return.

- Noble Funds Specjalistyczny Fundusz Inwestycyjny Otwarty with Noble Fund Africa and Frontier subfund.

Moreover, the company managed the closed-end funds and closed-end funds created for specific investors.

Services and products of Noble Funds TFI are offered in banks, brokerage houses, financial advisory companies and insurance companies. The number of distributors amounts to 24 companies as at the end of the year. A very important business partner for the company are insurance companies that offer subfunds of Noble Funds in the form of unit-linked products. At present, the company has signed agreements with 15 insurance companies.

As at 31 December 2015 the Company managed 25 portfolios of the asset management clients (natural persons and legal persons).

As at 31 December 2015 the Company also managed ten insurance capital funds created by the insurance companies.

Noble Funds Fundusz Inwestycyjny Otwarty

Noble Fund Pieniężny is addressed to risk-averse investors, appreciating the stability of invested funds, seeking the alternative for long-term bank deposits or direct investments in treasury bonds or bills. The subfund a minimum of 70% of its assets invests in debt securities issued or guaranteed by the State Treasury or NBP. A maximum of 30% of the assets the subfund may invest in securities issued by other entities, including in particular, enterprises and local government units.

Noble Fund Mieszany is addressed to investors accepting moderate level of investment risk, seeking institutions, which will actively manage funds between equity market and debt instruments market. The subfund invests primarily in the equity securities (e.g. shares, rights to shares, subscription rights, warrants, depositary receipts) and debt securities from the Polish market, as well as foreign markets. Depending on the expected market situation and within the framework of an active policy to optimize the degree of involvement in the equity and debt securities, the value of equity securities may constitute from 20% to 80% of the value of the subfund's assets.

Noble Fund Akcji is addressed to investors accepting higher level of risk connected with seasonal fluctuations of stock indexes, expecting higher long-term rate of return. The subfund invests primarily in equity securities (e.g. shares, rights to shares, subscription rights, warrants, certificates of deposit), both from the Polish market, as well as foreign markets.

In connection with the pursuit to achieve very high rates of return, the subfund provides wide leeway for managers in the selection of companies to the portfolio, however, the level of allocations on the stock market is moving in the range of 70% -100% of the subfund's assets.

Noble Fund Akcji Małych i Średnich Spółek is addressed to investors accepting high level of investment risk connected with seasonal fluctuations of stock indices, particularly in short-term, interested in investing on the equity market from the segment of small and medium enterprises (companies not being a part of WIG20 index), expecting in longer term extraordinary profits. The subfund invests primarily in equity securities (e.g. shares, rights to shares, subscription rights, warrants, certificates of deposit), which constitute not less than 60% of the subfund's assets. Investment policy involves a careful selection of shares of the companies on the Polish market, characterized by low capitalization and large growth prospects. The value of investments in debt securities may not exceed 40% of the value of the subfund's assets.

Noble Fund Stabilnego Wzrostu Plus is addressed to investors who expect profits higher than secure investment like bank deposits and bonds, simultaneously keeping risk at moderate level. Due to its investment policy the subfund is particularly recommended for those who plan to save for the education of children or pension. Investment in shares may vary from 0% to 50%. The remaining part of the assets is invested in safe instruments such as government bonds, treasury bills and bank deposits. Selection of investments of the subfund is based on fundamental and portfolio analysis.

Noble Fund Timingowy is a "total return" product within which the subfund management strives for achieving positive rate of return, irrespective of market business cycle, investing funds in shares or debt securities.

Noble Fund Global Return is addressed to investors accepting at least average risk level and seeking instruments securing assets during bear market, but using positive market trends during bull market. The total value of investment in shares, rights to shares, subscription rights, warrants, depositary receipts, convertible bonds and the State Treasury bonds ranges from 0% to 100%. Any investment, depending on the global trends and local investment opportunities, may be made both in a homeland and abroad.

Noble Fund Obligacyjny dedicated to investors willing to accept at least the average level of risk, and looking for an instrument to protect assets during the bear market, but using the positive market trends in times of boom. The total value of investment in shares, rights to shares, subscription rights, warrants, depositary receipts, convertible bonds and the State Treasury bonds ranges from 0% to 100%. Any investment, depending on the global trends and local investment opportunities, may be made both in a homeland and abroad.

Noble Funds Specjalistyczny Fundusz Inwestycyjny Otwarty

Noble Fund Africa and Frontier is addressed to investors accepting high level of risk. The subfund's aim is to reach extraordinary rate of return from investment in long-term period by obtaining exposure to selected companies from African countries.

Noble Fund Opportunity Fundusz Inwestycyjny Zamknięty

The Fund uses market potential, mismatch and other specific investment opportunities appearing at the capital market (mainly Polish). Fund assets are actively allocated in small and medium-size enterprises.

Noble Fund Macro Total Return Fundusz Inwestycyjny Zamknięty

The fund is characterized by variable asset allocation. It can invest in risky instruments from 0% to 100% of its assets. Its objective is the use of short-term and medium-term growth trends with limited risk (the use of "stop loss"). The Fund invests in shares and future contracts on major world indices (in developed markets and the developing world), as well as for raw materials. The feature of the fund is multicurrency.

Noble Fund Dywidendowy Fundusz Inwestycyjny Zamknięty

The primary objective of the Fund is to increase the value of the fund's assets resulting from the growth in value of investments. The fund aims to generate and pay off regular income for investors. Paid in the form of a certificates redemption income comes primarily from dividends received from portfolio companies.

Distressed Assets Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych

The fund managers focused on investments in corporate bonds and other forms of debt, looking for attractive investment opportunities. The Fund intends to engage in financial restructuring processes, where the situation is so promising that the renegotiation of conditions to repay the bonds issued will allow the company to continue its operations, and the fund – to recover the investment.

Mezzanine Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych

The investment objective of the fund is to achieve returns in excess of the rate of returns generated by corporate bond funds. The fund invests in debt securities issued by companies that have interesting plans for development.

Long Short Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych

The aim of the fund is to achieve the highest positive return regardless of stock market conditions, while maintaining lower volatility than a typical equity fund. The long / short strategy involves the simultaneous buying of shares in companies that are undervalued (long positions) and short selling of shares in companies which, according to management are overvalued (short positions allow to earn on a decline in stock prices). Long and short positions are the same size, which ensures low correlation of the portfolio with market indices. The key to the outcome of the fund is the selection of companies (in particular whether the long positions will outperform the short positions), while the less important should be the behaviour of stock indices.

Asset Management

Apart from investment fund management, the company provides asset management services. It is addressed to customers prepared to invest at least PLN 2 million. For these customers, the Company offers three standard investment strategies to choose: *Strategia Timingowa* (Timing Strategy), *Strategia Akcyjna* (Share Strategy) and *Strategia Bezpieczna* (Safe Strategy). For customers having assets higher than PLN 5 million individual strategies are offered.

Strategia Timingowa (Timing Strategy) assumes active adaptation of involvement in shares and other share-related securities within 0%-100% range to current stock exchange situation. Comparing the rate of return of a portfolio with profitability of 52-week treasury bills leads to investments in shares during periods when they are more profitable than Treasury bills. This is to protect capital and achieve long-term results above reference comparator. The strategy is to invest in securities offered in Poland, EU countries and OECD. It is also possible to use futures contracts on WIG20. *Strategia Timingowa* does not allow using of the financial leverage.

In *Strategia Akcyjna* (Share Strategy) involvement in share or share-related securities fluctuates between 80% and 100% of portfolio value. Investments consist mainly of shares admitted to trading on the organized market in the Republic of Poland, but also in other EU or OECD membership countries. *Strategia Akcyjna* does not allow using of the financial leverage. Comparative reference for assessing the effectiveness of management is weighted rate of return – based in 90% on WIG and in 10% on the yield of 52-week treasury bills.

For *Strategia Bezpieczna* (Safe Strategy) it is characteristic that the possibility of investing in shares and other share-related parties is excluded and that the area of investment is limited to secure debt instruments. As part of this strategy, investments are made primarily in debt securities issued or guaranteed by the State Treasury or the National Bank of Poland, as well as in debt securities issued by enterprises and local government units with a limit up to 30% of the portfolio. Comparative reference for assessing the effectiveness of management is the yield of 52-week treasury bills.

The investment policy in *Strategie Indywidualne* (Individual Strategies) is established taking into account investment preferences of customers with regards to expected rate of returns and accepted risk profile. With reference to investment preferences of customer, appropriate comparable reference is determined, which allows to evaluate results of the investment manager properly.

Noble Securities S.A.

Noble Securities S.A. is a brokerage house that offers investors comprehensive services in the capital market.

The main areas of activities of the company are:

- brokerage services in trading of financial instruments on all markets of the Warsaw Stock Exchange,
- brokering in commodities and financial instruments on the markets organised by the Polish Power Exchange,

- providing investment banking services,
- providing brokerage services in the field of execution of orders outside the regulated market (OTC market) on contracts for difference (CFD).

Brokerage activities

Noble Securities S.A. acts as agent in trading of financial instruments on the Warsaw Stock Exchange (WSE) and in the Alternative Trading System (ATS) conducted by the WSE – on NewConnect and Catalyst markets. The brokerage house offers attractive conditions for investment in all the financial instruments on the market, with a vast promotion policy and friendly trading system. The company makes available to its customers the team of brokers and advisers who serve clients by telephone, electronically and in person at nineteen branches located throughout the country. Offer of Noble Securities brokerage services meets with positive reception among customers.

In pursuit of continuous improvement of customer service and expanding the range of products and services and on the basis of authorization of the Polish Financial Supervision Authority received in October 2014, starting from the first quarter of 2015 Noble Securities S.A. offers investment advice to its customers.

To companies whose financial instruments are listed on the main market of the Warsaw Stock Exchange or the ASO NewConnect or Catalyst markets, Noble Securities S.A. offers their services of Issuer Animator or Market Maker. This cooperation can significantly increase the liquidity of the securities of these companies, which makes them a good perception by investors. Noble Securities S.A. as a market maker is a leader among companies providing liquidity in the WIG20 futures market with 8% share in this market. In addition, the broker provides liquidity for WIG20 companies, and based on their derivatives. As a part of the market maker service, the company maintains liquidity for 60 securities.

Investment banking

Noble Securities S.A. is an experienced and respected in the market service provider in the field of corporate finance. The Broker supports customers in formulating and implementing the development strategy of their activities financed with a capital from external sources. The company offers consultancy in the field of public and private issue, combined with the introduction of shares on the Warsaw Stock Exchange and the ASO on the NewConnect market. The brokerage house organises public and private bond offering, on the regulated market or the ASO on the NewConnect market. The offer of Noble Securities S.A. also includes a public subscription with pre-emptive rights, issues connected with the transfer of trading companies from NewConnect to the WSE regulated market, service calls and issue of other financial instruments; it supports companies through the preparation of the offer in terms of formal and legal matters, representation to the competent authorities and participation in meetings with potential investors. A comprehensive service of offers Performed by Noble Securities S.A. allows to fully coordinate activities related to raising capital from the public market and the preferred way of financing development activities is adapted individually to each company, proposing optimal solutions after previous analysis of the company's potential and the current market situation.

The Company's offer also includes consulting and other services in the field of mergers, splits and acquisitions.

Energy market

Offer of Noble Securities S.A. includes comprehensive services of transactions and representing clients on the markets organized by Towarowa Giełda Energii S.A. (Polish Power Exchange). As the first brokerage house it was admitted to trading on the Property Rights Market with the Certificates of Origin for energy produced from renewable energy sources (RES),

where it is a trade broker for:: property rights related to certificates of origin for electricity generated in the Renewable Energy Sources, property rights related to certificates of Origin of efficient Cogeneration and CO₂ emissions.

On the Property Rights Market the company is a broker for its clients in obtaining the status of the Register of Certificates of Origin member, represents in trading transactions and perform actions related to the redemption of certificates of origin. Customers of Noble Securities S.A. may enter into transactions on all the electricity power markets with physical delivery – the company is a broker on the Day-Ahead and Intraday Market, Futures and Commodity Market Auctions. The company within the commodity market develops its activities in the gas market, where it performed the first transaction on the market.

Forex Market

Noble Securities S.A. within its investment offer in the Forex market, makes available to customers three trading platforms:

- Noble Markets MT5 – allows investing in currencies and shares of companies listed on the WSE on a single trading platform, more than 100 automated strategies for Forex and WSE,
- Noble Markets MT4 – based on stable and valued by investors worldwide transaction system Meta Trader 4,
- NS Forex – currency trading with a web-authoring application that gives access to the most popular instruments.

Noble Concierge Sp. z o. o.

The company provides prestige concierge services for customers. These are all types of information, reservation and organizational services for clients excluding services against the law, the ethical and moral rules as well as the social coexistence rules and services connected with customer's business or work activity.

The company organises events for Getin Noble Banks' clients and Wine&Food Noble Night event. Travel Agency, which operates within the company's structures, offers standard travelling, as well as individual tailored travels.

Sax Development sp. z o.o.

The company provides the Group entities with rental and property management services.

BPI Bank Polskich Inwestycji S.A.

BPI Bank Polskich Inwestycji S.A. does not conduct regular sales of banking products. In 2015 BPI Bank Polskich Inwestycji S.A. led efforts to prepare the transformation of the Bank to Mortgage Bank including: preparing and sending to the KNF new, revised version of the Articles of Association, cooperating with Getin Noble Bank S.A. in research of the mortgage loan portfolio and entrust tasks in the field of administration of the loan portfolio.

4. Financial situation and results of the Group

4.1. Consolidated income statement

The main items of the consolidated income statement of the Getin Noble Bank S.A. Capital Group for 2015 and changes in relation to the previous year are as follows:

	2015	2014	Change y/y
	PLN thousand	PLN thousand	%
Net interest income	1,195,710	1,430,545	(16.4)
Net fee and commission income	326,849	437,042	(25.2)
Net other result *	139,455	88,725	57.2
Administrative expenses	(1,192,977)	(923,030)	29.2
Net impairment allowances on financial assets and off-balance sheet provisions	(430,013)	(733,036)	(41.3)
Share of profits of associates and joint ventures	33,933	14,022	142.0
Profit before tax	72,957	314,268	(76.8)
Income tax	(18,612)	46,225	(140.3)
Net profit	54,345	360,493	(84.9)
Attributable to:			
equity holders of the parent	44,166	360,032	(87.7)
non-controlling interests	10,179	461	2 108.0

* Net other result includes dividend income, result on financial instruments measured at fair value through profit or loss and net foreign exchange gains, Result on loss of control over a subsidiary, result on other financial instruments, net other operating income and expense.

In 2015 the Getin Noble Bank S.A. Capital Group generated consolidated net profit amounting to PLN 54.3 million. The net profit attributable to equity holder of the parent amounted to PLN 44.2 million (PLN 315.9 million less than in 2014).

The largest contribution to the Group's results among the subsidiaries Noble Funds TFI S.A. with a net profit of PLN 17.5 million and Noble Securities S.A. with a result of PLN 12.6 million. The consolidated net profit also included PLN 32.4 million of net profit generated by the Getin Leasing S.A. Group in the first quarter of 2015, i.e. until the settlement of loss of control over a subsidiary Getin Leasing S.A. Starting from the second quarter of 2015 in the consolidated income statement of the Getin Noble Bank S.A. Capital Group is recognised a percentage share of profits of a joint venture – Getin Leasing S.A., which for the first three quarters of 2015 amounted to PLN 22.3 million. In respect of investment in an associate the amount of PLN 12.2 million was recognised in the consolidated financial result as share in the profits of Open Finance S.A. Capital Group.

Net interest income

In 2015 the Group noticed the decrease of net interest income in comparison to 2014 by 16.4%, of which:

- interest income decreased by 16.4% – the main component of interest income is income from lending activities (81.9% of interest income of the Group), which in 2015 decreased by 14.2%,
- interest expense decreased by 16.3% – the main component of interest expense are costs of deposit activity (interest on amounts due to customers accounted for 86.7% of the interest income of the Group), which in 2015 decreased by 10.8%.

Getin Noble Bank S.A. gradually increases the share of short-term loans in loan portfolio, what results in decrease of the share of interest on mortgages in interest income – in 2015 interest on mortgages accounted for 45.7% of the interest income on loans and advances to customers, while in 2014 they accounted for 49.9%.

The main external determinant of change in interest income and expense were changes of market interest rates, which affect directly the level of interest rates on deposits and customer loans based on market rates adjusted for margin.

WIBOR 3M rate, based on which interest of loans are set, in 2015 was at lowest level ever. In 2015 the average WIBOR 3M rate amounted to 1.75% i.e. by 0.77 pp. below the average in 2014.



A similar situation occurred with regard to LIBOR 3M CHF, which in 2015 amounted to an average rate level of minus 0.75%, and in 2014 average rate was 0.01%. This resulted in a decrease in interest income on mortgages and corporate loans.

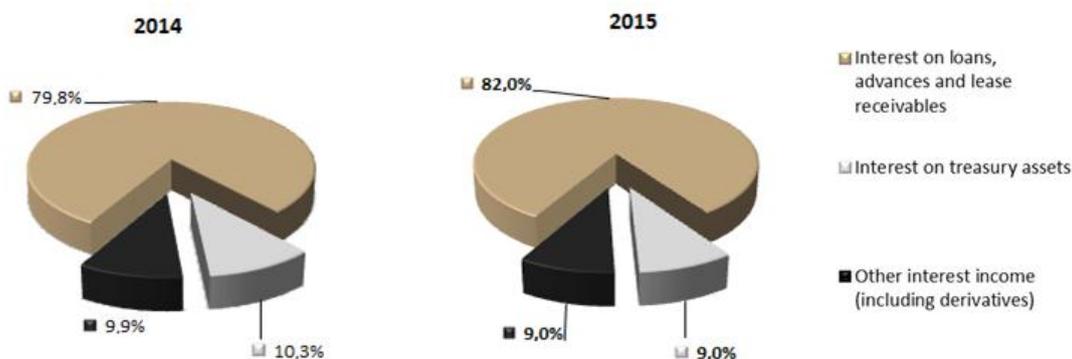
The average profitability of the loan portfolio of the Group (the ratio of interest income to the average value of credit exposure less impairment allowances) amounted to 4.9% in 2015 and was lower than the profitability in 2014 by 1.0 pp.

The decrease in market interest rates also affected the cost of customer deposits, however deposits with fixed interest rate constitutes main share in deposit portfolio of the Group. Therefore the decline in the cost of obtaining term deposits does not follow the decline in market interest rates and is determined by the period of renewal of customer deposits. As of the end of 2015 the Group held deposit portfolio, of which current and saving accounts were 16.8% and customer funds with maturity date of at least 12 months were 34.6%.

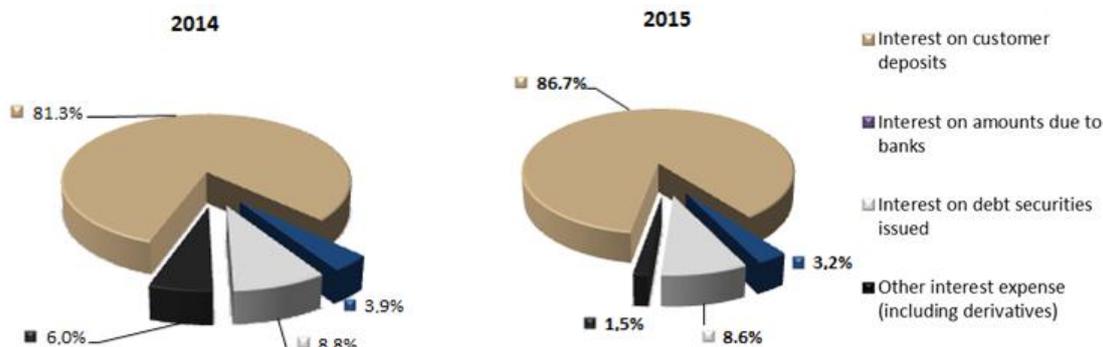
The Group's cost of customer deposits in 2015 was 2.8% and was similar to the cost incurred by Getin Noble Bank S.A. (decrease in comparison to 2014 by 0.5 pp.). Interest expenses incurred in 2015 related to amounts due to customers declined by 10.8% in comparison to 2014, while the amounts due to customers increased by 3.5% (amounts due to customers as at 31 December 2015 amounted to PLN 55.7 billion).

Expenses related to debt securities issued declined by 18.2% y/y and in 2015 accounted to 8.6% of interest expenses of the Group. Expenses related to derivative financial instruments drop by 79.2% in comparison to 2014 – such a big decline resulted from negative market interest rates for CHF.

Structure of interest income in 2015 and 2014



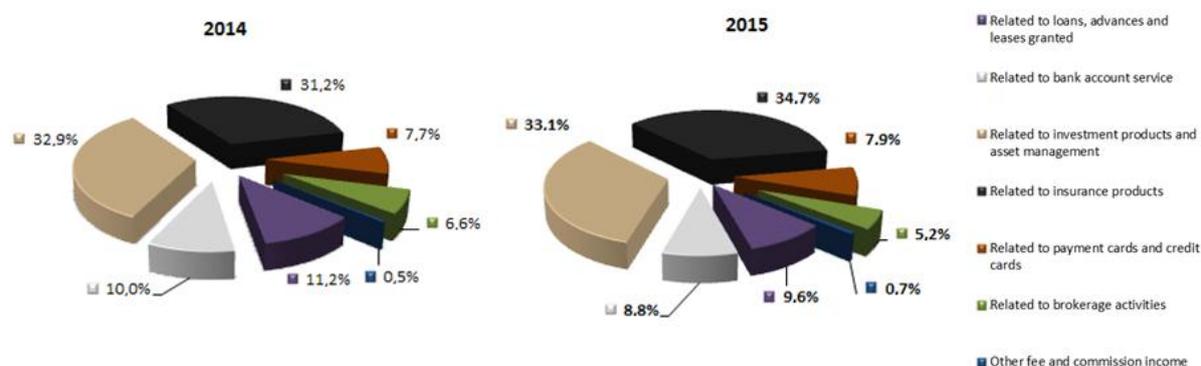
Structure of interest expense in 2015 and 2014



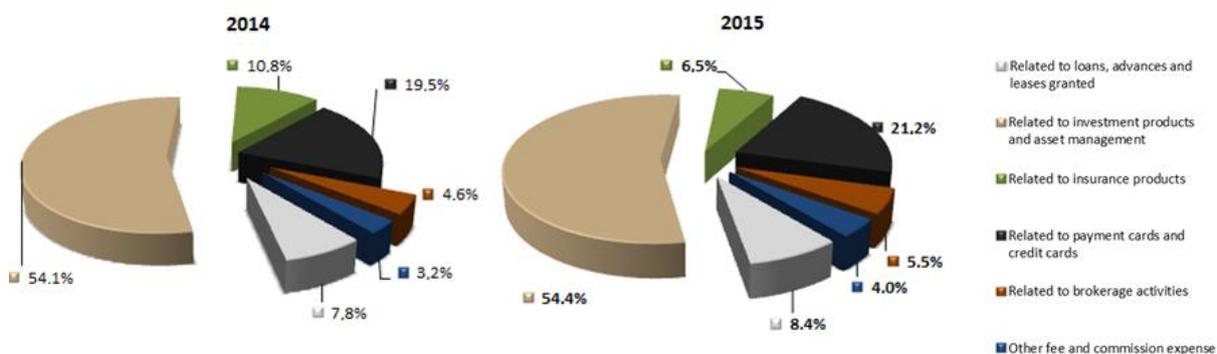
Net fee and commission income

In 2015 net fee and commission income amounted to PLN 326.8 million and was lower than the previous year by PLN 110.2 million (i.e. by 25.2%). The main element of the net fee and commission income was not recognized in the effective interest rate part of income relating to sales of insurance (52.2% of the result). A significant part were also fees and commissions related to investment and banking products (19.8%) and on loans and advances to customers (10.3%).

Structure of fee and commission income in 2015 and 2014



Structure of fee and commission expense in 2015 and 2014



Net other result

Net other result achieved in 2015 (dividend income, result on financial instruments measured at fair value through profit or loss and foreign exchange result, result on loss of control over a subsidiary, result on other financial instruments and net other operating income and expense) was higher by PLN 50.7 million (i.e. by 57.2%) than net other result of 2014. The increase y/y was a result of recognition in 2015 a gross profit from the loss of control over a subsidiary in the amount of PLN 134.6 million.

Administrative expenses

Administrative expenses	2015 PLN thousand	2014 PLN thousand	Change y/y %
Amortisation and depreciation	72,430	68,194	6.2
Employee benefits	392,935	402,621	(2.4)
Other administrative expenses	351,981	383,334	(8.2)
Payments to the Bank Guarantee Fund and the Polish Financial Supervision Authority	124,660	68,881	81.0
Payment to the Bank Guarantee Fund due to the bankruptcy of Spółdzielczy Bank Rzemiosła i Rolnictwa in Wołomin	116,915	-	-
An accrual for contribution to the Borrowers Support Fund	134,056	-	-
Total	1,192,977	923,030	29.2
Total excluding costs for BGF, PFSA and BSF	817,346	854,149	(4.3)

In 2015 administrative expenses of the Group increased in comparison to 2014 by PLN 269.9 million, i.e. 29.2%, due to the inclusion in this position higher payments to the Bank Guarantee Fund and the Polish Financial Supervision Authority by PLN 55.8 million (i.e. by 81.0%), as well as additional costs arising from the bankruptcy of SBRiR Wołomin in the amount of PLN 116.9 million and an accrual for contribution to the Borrowers Support Fund in the amount of PLN 134.1 million.

Total administrative expenses without taking into account payments to the BGF, the PFSA and the BSF in 2015 amounted to PLN 817.3 million and were lower than the corresponding expenses incurred in 2014 by PLN 36.8 million (i.e. 4.3%).

Higher administrative expenses in comparison to 2014 contributed to the increase in the cost / income ratio – in 2015 the rate reached 71.8%, and excluding additional costs for the BFG and the BSF in the amount of PLN 251.0 million cost/ income ratio would be 56.7%.

Net impairment allowances on financial assets

The impact of net impairment allowances on financial assets on the results of the Group in 2015 amounted to PLN 430.0 million and was lower by 41.3% than in 2014. Drop in the amount of impairment allowances resulted among others from the sale of NPL receivables realised by the Bank in 2015.

A significant share in the structure of allowances had allowances on portfolios with largest share in credit assets of the Group, i.e. mortgages and retail loans (95.2% in total value of allowances in 2015).

In 2015 Getin Noble Bank S.A. pursuing post-audit recommendations of the PFSA resulting from, inter alia, asset quality review (AQR) conducted in 2014, has modified impairment procedures and significantly expanded the list of indicators for the qualification of loan agreements as impaired. Additionally the Bank introduced modifications to the impairment

procedures by increasing the sensitivity of the LGD model used in for the portfolio of mortgage loans to the relation between collateral and the size of the debt.

The structure of impairment allowances in 2015 and 2014 is presented in the table below:

	2015	2014	Change y/y
	PLN thousand	PLN thousand	%
Corporate loans and leases	39,233	115,611	(66.1)
Mortgage loans	207,446	376,077	(44.8)
Car loans	(15,950)	51,931	(130.7)
Retail loans	201,976	190,971	5.8
Total loans	432,705	734,590	(41.1)
Other allowances and reserves	(2,692)	(1,554)	73.2
Total	430,013	733,036	(41.3)

Key financial ratios

	2015	2014	Change y/y
	%	%	pp.
ROE net	1.1%	7.6%	(6.5)
ROA net	0.1%	0.5%	(0.4)
C/I (cost to income)	71.8%	47.2%	24.6
C/I ((without taking into account additional payments to the BFG and the Borrowers Support Fund in the amount of PLN 251.0 million)	56.7%	47.2%	9.5
Capital adequacy ratio / Total capital ratio			
Tier 1 capital ratio	11.1	9.7	1.4
Capital adequacy ratio	14.3	13.1	1.2

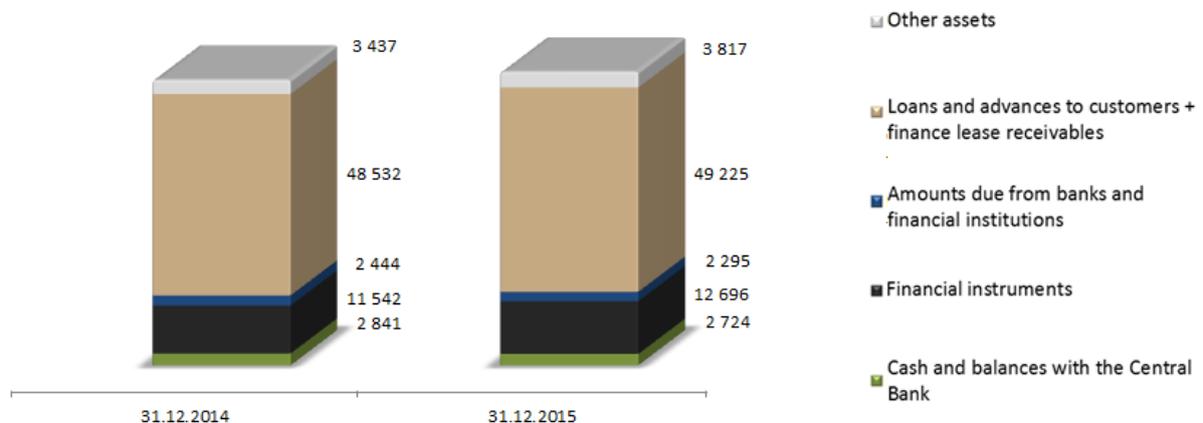
4.2. Statement of financial position

ASSETS

As at 31 December 2015 the Getin Noble Bank Capital Group's total assets amounted to PLN 70.8 billion, during the year total assets increased by PLN 2.0 billion, i.e. by 2.9%. The main part of the Group's assets are loans and advances to customers and finance lease receivables (69.6% of the total assets).

Total balance of financial assets (financial assets held for trading, financial assets measured at fair value through profit or loss, available-for-sale financial assets and held-to-maturity) amounted PLN 12.9 billion at the end of 2015 (an increase by PLN 1.2 billion i.e. by 9.8%) and consisted primarily of a portfolio of bonds issued by State Treasury of the value of PLN 8.5 billion.

Structure of the Group assets as at 2015 and 2014 (in PLN million)

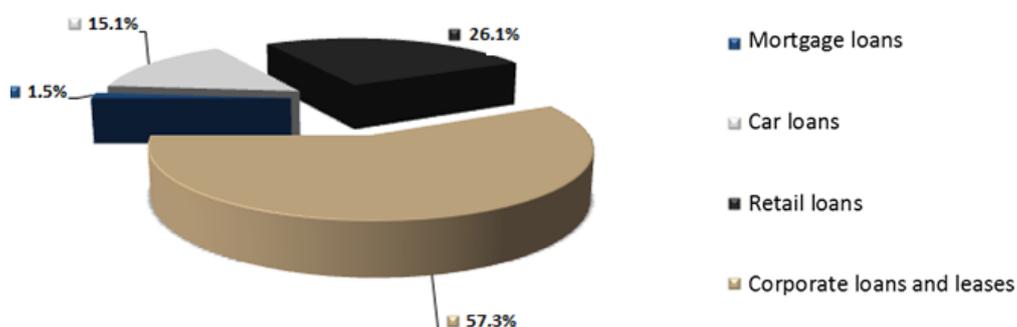


Loan portfolio and finance lease receivables

In 2015 leading role in loan sales played purchase of lease receivables (1/3 of total sales). Fast-rotating retail loans and car loans as well as corporate loans also constituted a large part of sales. The Group limited sale of mortgages to the minimum – in 2015 sales of mortgages accounted to 2% of total sales (8% in 2014). In the portfolio of new loans granted in 2015 loans in PLN accounted to 99%.

Share in sale of loans	2015	2014	Change y/y
	%	%	pp.
Mortgage loans	2	8	-6
Other loans and finance lease	98	92	+6

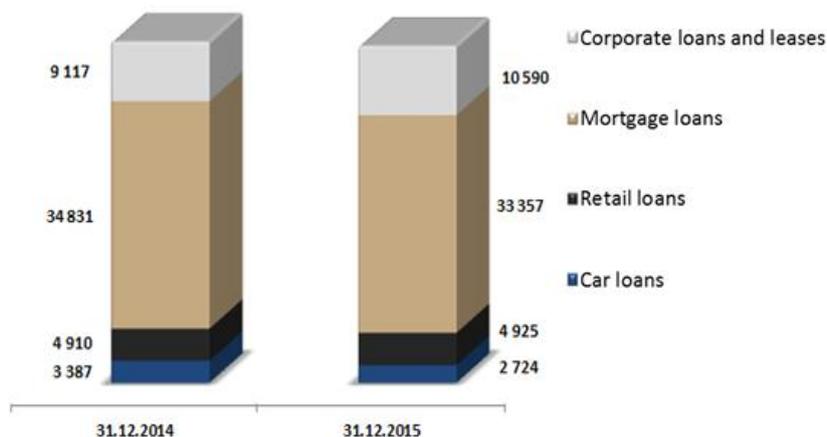
Structure of loan and lease sale in 2015



Despite little sales of mortgage loans in recent years, the Group holds in the loan portfolio a significant share of mortgage loans granted in previous years. The mortgage loans account for 64.6% of loan portfolio of the Group (drop by 0.2 pp. in comparison to the share of those loans in loan portfolio at the end of 2014). Further significant group of loans are loans to corporate and budgetary entities and purchase of lease receivables (total of which account for 21% of the balance, which is an increase by 3.2 pp. in relation to the share in 2014).

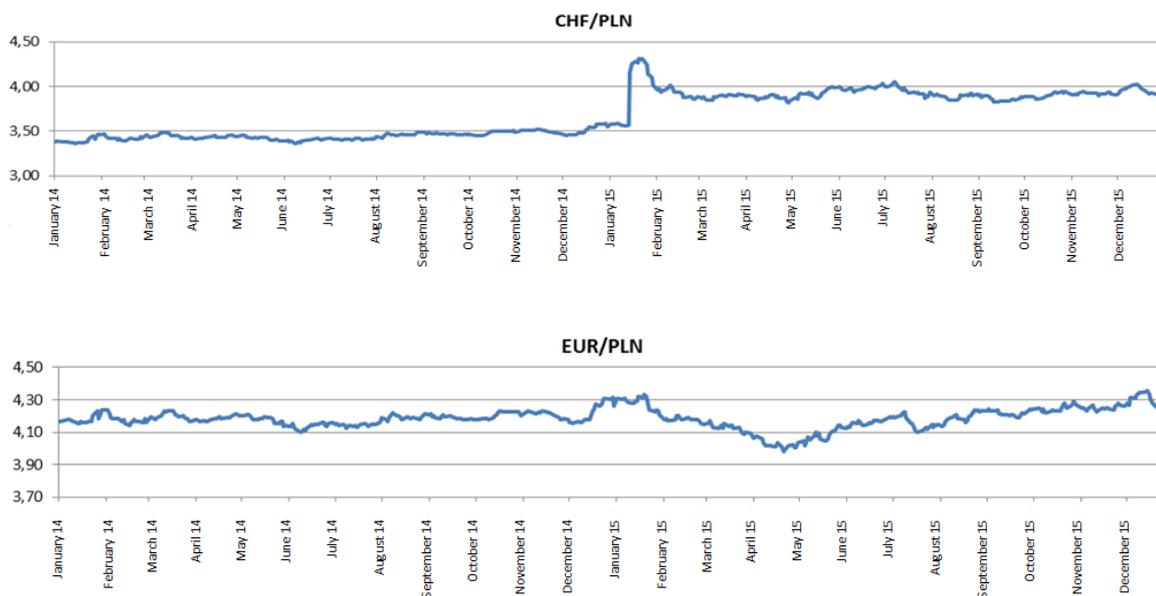
The share of loans with due date over 5 years in total loans and advances to customers as at the end of 2015 was 54.0%, i.e. by 1.6 pp. less than at the end of 2014.

The Group loan and lease receivables gross as at the end of 2015 and 2014 (in PLN million)



Loans denominated or indexed to CHF accounted for 26% of the total loan portfolio of Getin Noble Bank S.A. at the end of 2015. Despite the sales are realized mainly in polish currency, the balance of loans is significantly affected by exchange rates fluctuations. Exchange rates volatility impacts the balance of loans denominated and indexed to foreign currencies translated into PLN.

The exchange rates fluctuations in 2014 and 2015 are presented in the following charts:



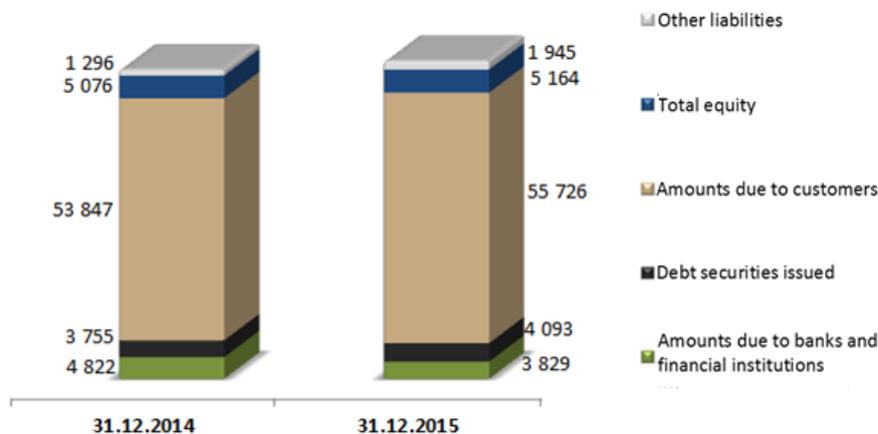


In January 2015 the CHF exchange rate suddenly strengthened, reaching its maximum on 23.01.2015 at 4.32. During 2015 the exchange rate stabilized, however at higher level than in 2014. As of the end of 2015 CHF/PLN exchange rate was 3.94 and was higher than as of the end of 2014 by 11.1% - an increase in balance of loans denominated or indexed to CHF translated into PLN by 3% while the balance of currency involvement in those loans drop by 6.8%.

EQUITY AND LIABILITIES

The main source of funding of lending activities of the Group at the end of 2015 were customer deposits. Amounts due to customers as at 31 December 2015 amounted to PLN 55.7 billion and constituted 78.8% of total assets (an increase in comparison to previous year by PLN 1.9 billion).

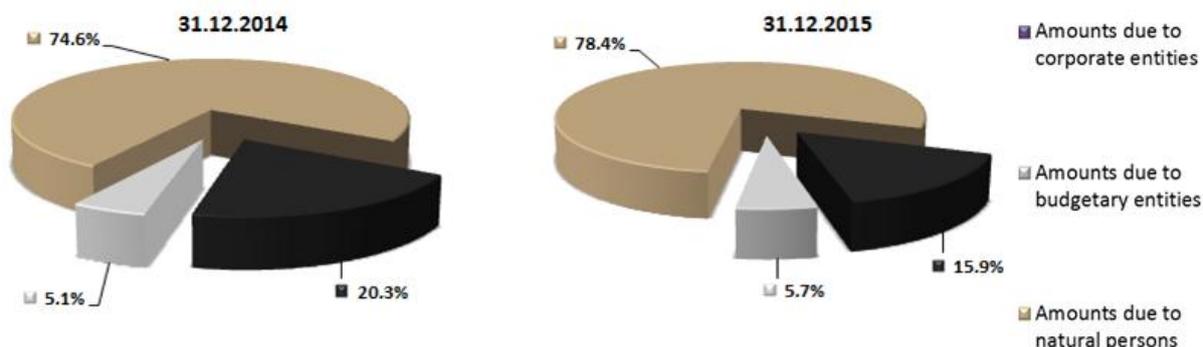
Structure of the Group equity and liabilities as at the end of 2015 and 2014 (in PLN million)



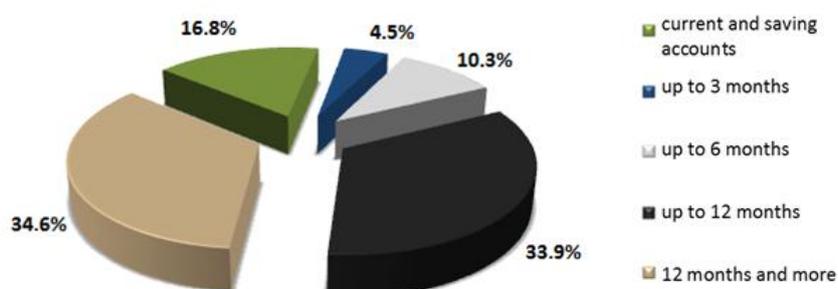
Deposit base

In 2015 amounts due to customers increased by PLN 1.9 billion (i.e. 3.5%) to the amount of PLN 55.7 billion. The term deposits constitute the largest share of amounts due to customers (account for 83.9% of the deposit base of the Bank). The increase in amounts due to customers in 2015 resulted from the increase in the balance of customers term deposits by PLN 1.3 billion to the PLN 46.7 billion and from the increase in the balance on current and savings accounts by PLN 0.5 billion to the PLN 9.0 million.

Structure of amounts due to customers as at the end of 2015 and 2014



Structure of customer deposits by original maturity as at the end of 2015



4.3. Contingent liabilities

The Group liabilities arising from granted loans and guarantees of loans repayments as at 31 December 2015 amounted to PLN 2.3 billion (a decrease in 2015 by PLN 163.8 billion i.e. by 7.8%).

	31.12.2015 PLN thousand	31.12.2014 PLN thousand
Financial	2,096,910	1,934,915
Guarantees	170,405	168,569
Total contingent liabilities granted	2,267,315	2,103,484

	31.12.2015 PLN thousand	31.12.2014 PLN thousand
Financial	300,000	406,558
Guarantees	356,154	304,461
Total contingent liabilities received	656,154	711,019

In 2015 and 2014 the Group entities did not grant any sureties or guarantees – total to one entity or its subsidiary, which total value accounted for equivalent of at least 10% of the consolidated equity.

5. Risk management

Methods and objectives in the financial risk management

Getin Noble Bank S.A. Capital Group, carrying out its operational activity, is subject to the following key risks: credit risk, liquidity risk, market risk (including interest rate and currency risk), solvency risk, operational risk and compliance risk.

The objective of asset and liability management policy is to optimize the structure of the balance sheet and off-balance sheet to achieve the assumed proportion of income in relation to the risk incurred. The management boards of the Group entities are responsible for managing risk at the strategic level. Depending on the level and nature of risk specialized advisory committees may be appointed in each entity, responsible for the specific types of risks. In the parent company of the Group – Getin Noble Bank S.A. – there are the following committees responsible for particular risk areas: the Credit Committee, the Advisory Committee, the Asset and Liability Committee or the Operational Risk Committee. These committees are responsible for managing their relevant risk areas at the operational level, monitoring risk levels as well as for the development of current risk management policies within the framework of strategies adopted by the management boards of the members of the Group, within internal limits and in line with the supervisory regulations.

Every entity of the Group takes into account the market regulations and requirements of supervisory authorities, especially the Polish Financial Supervision Authority regulations. The corporate governance concerning financial risk management policies is performed by supervisory boards of the Group entities.

5.1. Credit risk

Credit risk is the potential loss incurred by the entity connected with customer's failure to repay the debt or its part within terms described in the agreement.

Credit risk management in Getin Noble Bank S.A. aims at ensuring the safety of lending activities, while maintaining a reasonable approach to risk undertaken in its operations. In conducting its lending activities, the Bank follows the following rules:

- the Bank acquires and keeps in its portfolio the loan exposures which ensure the safety of the deposits held by the Bank and its capital by generating stable earnings,
- while making credit decisions the Bank investigates the risks resulting from the given transaction giving consideration to the general credit risk attached to the given client and the industry as well as other circumstances that may have an influence on the recoverability of the debt,
- a loan or other commitments are granted if the client meets the requirements established in the Bank's internal instructions.

The process of credit risk management in Getin Noble Bank S.A. is a continuous process aiming at:

- stabilisation of risk of newly granted loans in the areas (products), which achieved a satisfactory level of risk,
- reduction of risk of newly granted loans in the areas (products) where the Bank recognises the need to reduce risk,
- improvement of quality of the existing loan portfolio.

In other subsidiaries of the Group the credit risk does not exist or is very limited, because the entities do not conduct credit activity, but they are only involved in process of gaining customers and selling Bank's credit products. The Group cooperates only with financial institutions with no liquidity problems and servicing their debts regularly.

Structure and organization of credit risk management unit

The main participants of the system of credit risk management in the Bank are:

Supervisory Board of the Bank

The role of the Supervisory Board is to approve credit risk management strategy and credit policy, periodic assessment of realization by the Management Board of the Bank's credit strategy and policy, supervising the control function of credit risk management system and assessment of its adequacy and efficiency.

Management Board of the Bank

The Bank's Management Board is responsible for the development, implementation and updates of credit risk strategy and procedures, periodical reporting to the Supervisory Board on the effects of realization of credit policy and on functioning of credit risk management system, maintaining communication with the supervisory authorities and reporting to these authorities as well as making available to these authorities of all required by law information on credit risk. The Management Board of the Bank is also responsible for the development of credit risk management system and for supervising the management function over credit risk in all areas of the Bank's business.

Credit Committee of the Bank

The Bank's Credit Committee role is to support the Bank's Management Board in fulfilling its opinion-making and advisory functions in the process of taking credit decisions and making decisions on its own as part of the rights granted by the Management Board. It is also responsible for recommending to the Bank's Management Board system solutions relating to the determination of internal limits of exposure to issuers of securities and to other banks. The Credit Committee of the Bank reviews all aspects relating to credit risk of current transactions.

Advisory Committee of the Bank

Advisory Committee is an advisory body in the process of credit decision making (in accordance with credit decision making procedure currently in force in the Bank) in case of exposures below the competences of the Credit Committee of the Bank. The Advisory Committee of the Bank does not have decision-making power.

Credit Risk Committee

Credit Risk Committee serves as an advisory body in the process of credit risk management in the Bank. The scope of its tasks include: to assess the level of credit risk in the Bank, including concentration risk, counterparty, product and credit risk in the subsidiaries of the Bank, to recommend the level of "risk appetite" for a calendar year and to receive reports on its implementation during the year, to evaluate the results of stress tests carried out and to recommend taking certain actions, review reports, simulations, information on credit risk and/or recovery processes.

Credit Risk Division of the Bank

The Bank's organizational structure is adapted to credit risk management policy. The separated Credit Risk Division, which reports directly to the Member of the Management Board, consists of three departments:

- Department of Credit Risk Management is responsible for credit risk management at every stage of credit process in the Bank.
- Department of Systematic Analysis of Credit Risk executes tasks related with credit risk reporting in Bank's activities. Department is also responsible for calculating impairment allowances and capital requirements on credit risk.
- Department of Statistical Analysis executes tasks in the area of optimization of processes, which require developing statistical models, implementing scoring cards and monitoring of their effectiveness.

Credit risk units in individual business areas of the Bank

Credit risk units in individual business areas of the Bank are responsible for current monitoring of credit risk in those areas based on the adopted credit risk management strategy, credit policy, recommended business directions and current procedures. These units are also responsible for the realization of the recommendations of the Credit Risk Division and internal audit relating to activities which mitigate credit risk.

Internal Audit Department

The role of the Internal Audit Department is to control and assess the quality of credit risk management system and to conduct periodic reviews of the credit risk management process in the Bank. The aim of the Internal Audit Department is to identify any irregularities in executing by credit risk management system participants of their roles and tasks.

Credit risk management strategies and processes

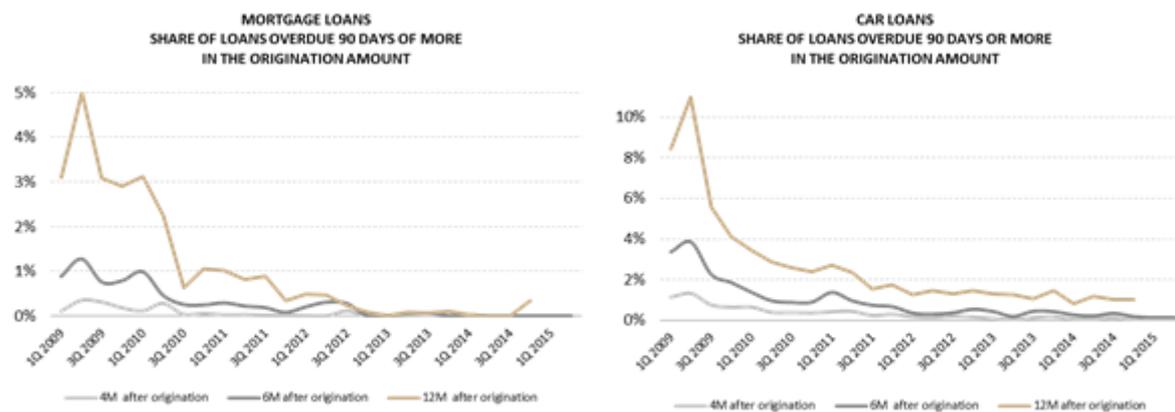
The Bank has developed Credit strategy and policy and Credit exposures risk management strategy and policy, which define rules, guidelines and recommendations relating to credit activities. These documents serve also as a basic instrument for the realization of a selected strategy towards credit risk.

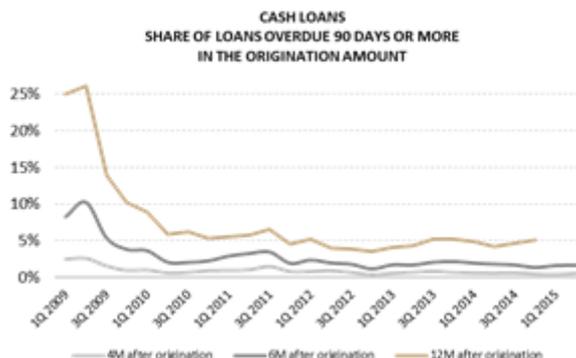
The policy towards credit risk is subject to review and adjustment taking into account both: external regulations (the PFSA resolutions) and to macroeconomic factors, which may, in the Bank's opinion, have influence on credit risk increase. In particular, since 2010 the Bank since continuously monitors the credit risk of lending activities and constantly modifies processes/ credit products adapting them to changing market realities.

In 2015 the Bank made amendments to the Strategy and policy of credit exposures risk in terms of continuity of Recommendation S on the maximum LTV for credit exposures secured by mortgages on residential property. The Bank continues its policy of limiting sale of foreign currency loans by ensuring full compliance of currency exposure with client's currency income to the newly granted loans secured by mortgages for retail customers. In case of corporate loans for financing business activities, loans in freely convertible currencies are granted only to customers who receive income from business activities in a particular currency or hedge against the risk of exchange rate fluctuations.

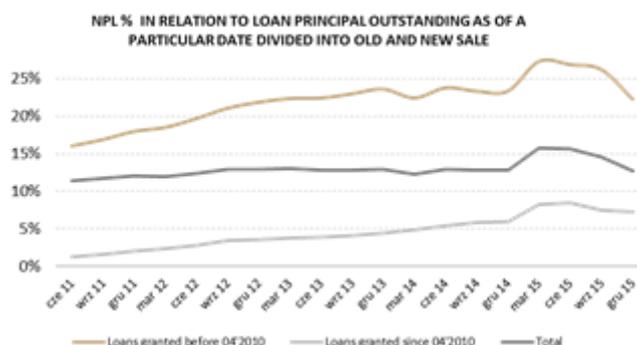
Strategy and policy of credit exposure risk management has also been adapted to the provisions of Recommendation U. The actions undertaken by the Bank have measurable impact on maintaining levels of risk within the "risk appetite" approved by the Management Board and the Supervisory Board.

Differences in the level of repayment of major credit products in recent years are shown in the following charts – there is significantly noticeable improvement in the quality of sales in 2010 and its maintenance in subsequent years.

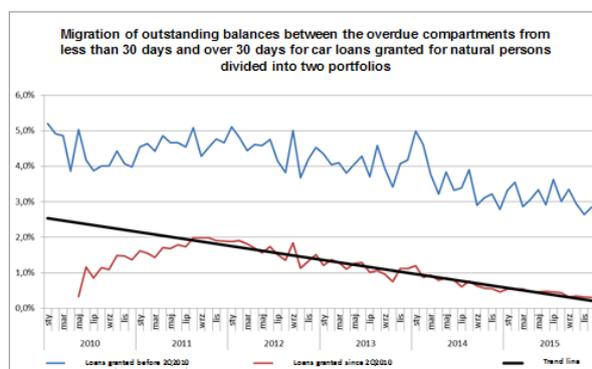
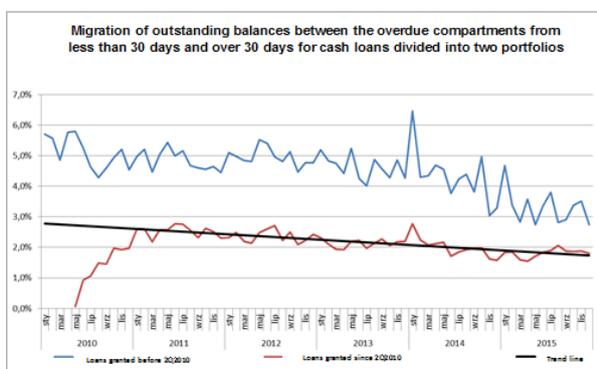


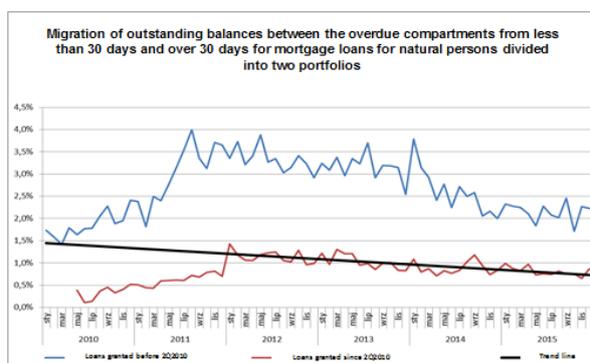
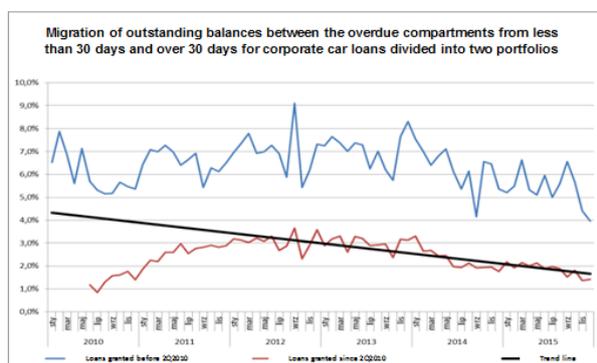


Improvement in the quality of newly generated credit portfolio is also noticeable at the level of the NPL ratio (Non-Performing Loans) – sales generated after the merger of the Banks has a much lower level of credit risk. In March 2015 the Bank introduced to the methodology of impairment allowances calculation in accordance with IAS 39 and IAS 37 the PFSA recommendations, including expanded catalogue of indications of impairment. This resulted in an increase in the volume of non-performing exposure visible on the first and second quarter of 2015. The Bank recognizes currently an impairment for exposures much earlier than is visible overdue, and some indications is given prudentially and has no direct link with the significant deterioration in repayment of the exposure.



In addition, improving the quality of loans – particularly in comparison with the quality of loans granted before 2010 is clearly noticeable also in the monthly level of migration of balances overdue less than 30 days to the higher categories of delays. Results of analyses for major Bank's products are presented in the following charts:





Credit risk management in the Bank is performed on the basis of internal procedures concerning risk identification, measurement, monitoring and control. The Bank applies credit risk identification and measurement models related to its operations, expressed in specific credit risk assessment ratios, which are adopted to risk profile, scale and complexity.

The Bank conducts its lending activities in the following five areas:

- mortgage loans,
- private banking,
- financing of car purchases,
- other retail loans (cash loans, credit cards, debt limits in a current account),
- servicing small and medium-sized enterprises and local government units.

Within the above mentioned business areas, there are procedures for particular credit products. In order to ensure the objectivity of credit risk assessment, within the structure of commercial divisions, the sale process (gaining customers) has been separated from the evaluation and acceptance of customer's credit risk. A separate Credit Decision Area is responsible for evaluation and acceptance of particular loan applications.

The procedure of making credit decisions is approved by the Bank's Management Board. Credit authorization limits are granted to the Bank's staff on an individual basis, depending on their skills, experience as well as the functions fulfilled. Credit decisions which exceed the authorization limits granted to the Bank's individual employees are made by the Credit Committees, operating in the acceptance centres. The Bank's Credit Committee located in the Bank's headquarters is responsible for credit decisions exceeding the authorization limits granted to the Credit Committees in the acceptance centres. Credit decisions of the highest rank are made by the Bank's Management Board. Any changes to the decision making procedure must be approved by the Bank's Management Board.

Getin Noble Bank S.A. applies internal regulations which enable determination of the level and appetite for the credit risk that arises from granting a loan to the particular client (or from providing the client with other services giving rise to credit risk). Creditworthiness is evaluated, both at the stage of loan granting and monitoring, in the following manner:

- for individual persons – based on procedures relating to the assessment of client's creditworthiness, scoring is used for cash loans, car loans, credit cards and debt limits in a current account,
- for small and medium-sized enterprises – the assessment includes simplified analysis or ratio analysis.

Scoring system used by the Bank (for cash loans, car loans, credit cards and debt limits in a current account) assesses credit worthiness of individual persons by analysing both their social and demographic features and credit history. As a result, scoring system grants a scoring describing expected risk of transaction. The Bank, whilst determining the level of accepted

risk (so called cut-off point in scoring), follows a rule to maximize its financial result taking into consideration 'risk appetite' approved by the Management Board of the Bank.

Credit ratings assigned to small and medium-sized enterprises are based on the score obtained in the assessment of financial standing as well as based on qualitative assessment (in which additional information on assessed entity possessed by the Bank is included – e.g. client verification in external databases, analysis of turnover in accounts, bank opinions on current debt, investment assessment or current sector situation assessment). On the basis of this assessment, entity risk category is determined (the Bank applies 6 risk categories), on the basis which the decision is made by the Bank whether to grant a loan. This approach allows for assessing client's creditworthiness based on information about timeliness of repayments and, it also enables scoring and valuation of collateral.

Scope and type of the risk reporting and measurement systems

The Bank monitors and assesses the quality of loan portfolio on the basis of an internal procedure which includes monitoring of the Bank's entire loan portfolio, both by individual units within the trading divisions and by credit risk units. The results of analyses performed by the above units are presented in periodic reports (monthly, quarterly and half-yearly). The conclusions are used for the purpose of current management of the Bank's credit risk.

The applied risk monitoring system includes individual risk monitoring (related to particular client) and overall monitoring of the Bank's entire loan portfolio.

As part of the overall monitoring of individual risk, the Bank performs periodic assessments of the borrower's financial and economic standing, timeliness of payments to the Bank as well as the value and condition of accepted collateral. Both the scope and the frequency of the above reviews are in line with external regulations and depend in particular on the type of the borrower, the amount of the loan exposure and the form of the collateral.

As part of the overall monitoring of the loan portfolio, credit risk management units perform a number of analyses and activities, including:

- monitor the quality of the Bank's loan portfolio for particular products,
- perform periodic assessments of exposure concentration risk including: industry risk (to determine maximum exposure concentration limits for particular industries), exposure concentration risk to individual entity and groups of related entities (to monitor so-called large exposures),
- perform an assessment of the financial standing of banks-counterparties, determine maximum concentration limits for particular banks,
- perform an on-going monitoring of major exposures and the limits set forth for mortgage loans,
- verify the accuracy and adequacy of the loan impairment allowances recognized by the Bank,
- perform stress tests for particular types of product groups,
- submit periodic management reports to the Supervisory and the Management Board.

In procedures and internal regulations of the Bank, within concentration risk management regulations, were described the limits of exposure concentration. The Bank limits the concentration of exposure to individual clients and capital groups. The Management Board of the Bank established the concentration limit at more restrictive level than the one required by the Polish Financial Supervision Authority, i.e. 5% of the Bank's own funds, however the sum of all large exposures (large exposure limit) cannot be higher than 400% of the Bank's own funds. As at 31 December 2015 (except the exposure to the

Government and the Central Bank) only exposure to the group of entities related to the Bank by the parent and the exposure to GNB Leasing Plan Ltd. exceeds 10% of the Bank's own funds.

Risk management on currency and currency indexed loans

Getin Noble Bank S.A. systematically analyzes the effect of changes in foreign exchange rates and interest rates on credit risk incurred in the area of car, mortgage and retail loans. The impact of the currency risk on the quality of foreign currency and indexed loans is analyzed, and for mortgage loan portfolio the Bank analyzes also the impact of foreign exchange rates on the value of collaterals.

The Bank conducts stress tests twice a year for mortgage loans, and once a year for car loans and retail loans. These tests are conducted based on the scenario that the value of Polish zloty will depreciate by 50% compared to other currencies or the scenario of the maximum annual change of the PLN course of the last 5 years (if greater than 50%), and under the assumption that the depreciation in the exchange rate will continue for the period of 12 months.

The Bank analyzes the effect of changes in interest rates on credit risk incurred by the Bank. Stress tests concerning the effect of fluctuations in interest rates on the quality of loan portfolio are conducted on the assumption that interest rates will increase by 1,000 b.p.) and under the assumption that the increase in interest rate will continue for the period of 12 months. The Bank also analyzes the influence of changes of unemployment rate on credit risk in the above mentioned portfolios.

Currently, the Bank treats foreign currency mortgages as a niche product – the sale of such loans is limited. The Bank grants mortgage loans to retail customers only in the currency in which they receive income.

Principles for using collateral and policy of risk reduction

In order to limit credit risk, the Bank accepts various legally acceptable collateral types, which are selected appropriately to product type and business area. Detailed procedures for collateral selection and establishment have been described in internal regulations and product procedures for individual trading areas. The adopted legal collateral should ensure that the Bank will satisfy itself in case of the borrower's default. In selecting loan collateral, the Bank considers the type and amount of loan, the loan term, legal status and financial standing of borrower as well as risk of the Bank and other risks. The Bank prefers collateral in the form that guarantee fast and full recovery of debt under recovery proceedings. Below are presented typical collaterals required by the Bank:

For mortgage loans the main collateral constitutes mortgage established on property with priority of satisfaction, as well as assignment of rights from the insurance policy in case of fire or other accidental losses, property value decrease insurance policy, loss of job insurance policy and company bankruptcy insurance policy and insurance policy of low own contribution.

In car loans granting process the Bank requires registered pledge on the vehicle, partial or total assignment of vehicle property right as well as personal collaterals (blank promissory note, guarantee of a third party in the form of own promissory note or civil warranty) and insurance policies (i.e. death insurance policy or insurance policy against total disability of the borrower and assignment of rights from the insurance policy or indicating the Bank as the beneficiary of the policy).

Collaterals for consumer loans are: insurance policy and personal collaterals (e.g. guarantee of a third party in the form of own promissory note or civil warranty).

Collaterals such as: mortgage established on the property with priority of satisfaction, registered pledge (on the property of the enterprise or total assignment of the enterprise property right of the borrower or registered pledge on the personal

property of the borrower or the company's management) or cash deposit or pledge on funds on the trust account are one of corporate loans collaterals. Last but not least personal collaterals are important (blank promissory note or civil surety ship, guarantee of a third party in the form of own promissory note or civil warranty) and assignment of receivables.

Restructuring practices (forbearance)

The aim of the loan restructuring by the Bank is to maximize the efficiency of difficult debt management, i.e. to obtain the highest recoveries while minimizing the incurred costs related to the recovery of debts, ultimately aggravating the debtor.

The restructuring involves changing the terms of the loan repayment, which are individually set to each contract. Restructured exposures are exposures, which has been granted facilities in the form of a settlement with the debtor, who is experiencing or soon will be experiencing difficulties in meeting their financial obligations.

Restructuring of loan exposure is a renegotiation or amendment of the conditions of the loan agreement, receivables or investments held to maturity, resulting from the financial difficulties of the debtor or issuer.

Restructuring of loan exposure includes activities such as:

- capitalization of due receivables and determination a new instalments repayment schedule,
- renewal of repayment terms of debt both as regards the principal amount and interest (grace period in terms of principal and/or interest),
- postponement (extension) of principal and interest repayment dates differently in relation to the current repayment schedule (individual repayment schedule),
- withdrawal from charging interest for a certain time of the whole or part of the debt,
- periodic accumulation of interest,
- change in the financial conditions of transaction (in particular, changing the interest rate, extending the term of the loan),
- cancellation of a part of the outstanding principal,
- redemption or cancellation of debt recovery of all or a part of an unpaid interest, due until the date of signing the agreement,
- resignation from charging and collecting of all or a part of the interest due on debt, starting from the date of signing the agreement (contract), if repayment of the debt will be within the period specified in the contract,
- change of payment order provided for in the agreement (payments first for the repayment of principal),
- providing debtor in specific cases with new banking products that will support the implementation of the restructuring program, only if there is an evidence of the validity of this,
- conversion of all or a part of debt into shares or interests in property of the debtor, acquisition of the debtor's assets in exchange for the release of all or a part of the debt,
- release / sale of collateral,
- refinancing of debt (meaning the use of debt contracts to provide total or partial repayment of other debt agreements, of which the debtor is not able to deliver on past conditions).

The Bank renegotiates contracts with debtors who find themselves in financial difficulty and are unable to meet the original terms of the loan agreement. Part of the restructuring process is to assess the ability of the debtor to meet the conditions referred to in the restructuring annex (debt repayment on fixed dates). The Bank providing facilities to the customer (restructuring) make appropriate entries in the system, which enables the identification of restructured receivables portfolio. Restructured exposures are covered by the monitoring process. The debt after at least two years of quarantine

period, in which at least half of the period it was regularly serviced, loses the status of restructured exposure and is known to be healed exposure / timely settled.

For the purposes of the calculation of impairment allowances in accordance with IAS 39 and IAS 37 the Bank also introduced a definition of restructured exposure as the exposure that has been restructured and that is during a probable restructuring. The exposure is considered to be restructured until a probable restructuring, which is a minimum 12 months from the date of restructuring. If the exposure is not being repaid in a timely manner, a probable restructuring period is extended. Each time through a process of restructuring the Bank performs an impairment test to assess whether there has been a loss of cash flows associated with the restructuring. If this test indicates a significant impairment loss, the exposure is treated as impaired exposure.

Each restructured exposure is tested for impairment resulting from restructuring, as well as for the occurrence of other defined indications of impairment. In case of individually significant exposures, this test is carried out as an individual assessment and in case of a loss of value recognition, an impairment allowance is calculated using a method of estimating cash flows for individually significant exposures. Exposures individually insignificant are subject to collective assessment and in case of a loss of value recognition, an impairment allowance is calculated using statistical methods. If for the individually significant or individually insignificant contract no impairment indicators have been recognised, an allowance for incurred but not reported losses (IBNR) is calculated, however, the exposures during the probable restructuring are treated as exposures with increased risk, and for these exposures higher levels of impairment are calculated than for other contracts, for which an IBNR allowance has been recognised.

5.2. Market risk

Market risk is defined as an uncertainty about whether the interest rates, currency exchange rates or prices of securities and other financial instruments held by the Group will have a value different from that previously assumed, thereby giving rise to unexpected profits or losses from the positions held in these instruments. The objective of assets and liabilities management in the Group is the optimisation of the structure of the statement of financial position and off-balance sheet of the Group entities in order to preserve the adopted relation of profit to the risk undertaken. The main source of currency risk in the Group are items of Getin Noble Bank S.A. Monitoring of the level of risk in the Group is carried out by periodic measurements of risk on a consolidated basis.

Market risk management strategy of the Bank is set out in the Strategy of the Bank, i.e. the document that is approved by the Supervisory Board. The Strategy identified among others the appetite for market risk. Market risk management at the strategic level is the responsibility of the Management Board.

Currency risk

Currency risk is regarded as negative impact of foreign exchange rates change on financial results. The main objective of currency risk management is to manage the structure of foreign currency assets and liabilities as well as off-balance sheet items within the generally accepted prudence norms set forth by the banking law and the adopted internal limits.

Current management of currency risk is within the competence of the Treasury Department, which monitors the level of open currency position resulting from the Bank's activities related in particular to service of the Bank's customers, and deals in cash in the interbank market thus limiting the Bank's exposure to currency risk, as well as in derivatives within the granted limits. The effectiveness of risk management is evaluated on the basis of the level of use of the adopted limits

on exposure to risk. Additionally, in order to hedge the currency risk, the Bank applies the cash flow hedge accounting and hedges against changes in cash flows for mortgage loan portfolio denominated in CHF and EUR with separated portfolio explicitly determined CIRS float-to-fixed CHF/PLN and EUR/PLN hedging transactions and cash flow hedge of PLN deposits portfolio with separated from real CIRS transactions explicitly determined portfolio of IRS fixed-to-float hedging transactions.

Supervision of compliance with limits and prudential norms is performed by the Assets and Liabilities Committee of the Bank. The calculation of the Bank's exposure to currency risk and the calculation of the capital requirement to cover the risk is made daily and reported to the Management Board within management reports.

The capital requirement related to currency risk is calculated as 8% of total currency position in absolute terms, if total currency position exceeds 2% of the Bank's own funds. If total currency position does not exceed 2% of the own funds, the capital requirement for foreign exchange risk is zero.

The analysis of the Bank's exposure to currency risk is made through:

- analysis of foreign exchange position in relation to own funds,
- measurement of the Value of Risk (VaR),
- stress tests.

Sensitivity analysis for currency risk

Getin Noble Bank S.A. prepares on a daily basis sensitivity analysis for the currency risk in the Bank and quarterly analysis of the sensitivity of the Group's currency risk:

VAR (1D, 99.9%)	31.12.2015	31.12.2014
	PLN thousand	PLN thousand
Currency risk	428	299

VaR consists of test, with 99.9% probability, of maximal amount of loss on foreign exchange position, which the Bank/ Group may incur in one day, assuming normal market conditions. However, this measurement does not express absolute maximal loss on which the Bank/ Group is exposed. VaR is the measure describing the risk level in particular moment in time, reflecting position in particular moment, which may not reflect the Bank's/ Group's position risk in another moment.

As at 31 December 2015 the share of total currency position (sum of long positions or net short positions in individual currencies – depending on which of these sums is higher) in the regulatory own funds of the Group amounted to 0.54% (0.4% as at 31 December 2014).

During the reporting period, the currency risk of the Group was on the level which did not require to maintain capital for its coverage.

The Market Risk and Valuation Office submits monthly reports to the Assets and Liabilities Committee on the currency risk management, including the Bank's positions in the individual currencies and compliance with the limits set for open currency positions. Information about the level of the Group's currency risk is reported on a quarterly basis.

The overall currency position and within the key currencies is presented in the table below:

	31.12.2015		31.12.2014	
	amount PLN thousand	% of own funds	amount PLN thousand	% of own funds
USD	3,722	0.06%	8,989	0.13%
EUR	24,799	0.38%	19,156	0.29%
CHF	4,974	0.08%	15,702	0.23%
Overall currency position*	33,495	0.52%	45,470	0.68%

* Overall exposure – sum of long exposures (excess of “+” assets) or short exposures (with “-”) for all currencies (depending on which absolute figure is higher).

Interest rate risk

Interest rate risk is defined as the risk of a decline in the expected interest income due to changes in market interest rates as well as risk of change in values of opened balance sheet and off-balance sheet positions sensitive to market interest rates changes. The Group conducts activities aiming to decrease the influence of the adverse changes on financial result. The interest rate risk is managed by the Management Board of Getin Noble Bank S.A., which receives and analyses monthly reports concerning this risk on a global basis and weekly information regarding the level of risk exposure for trading portfolio.

Interest rate risk management consists in minimizing the risk of negative impact of changes in market interest rates on the Group's financial standing, among others, by:

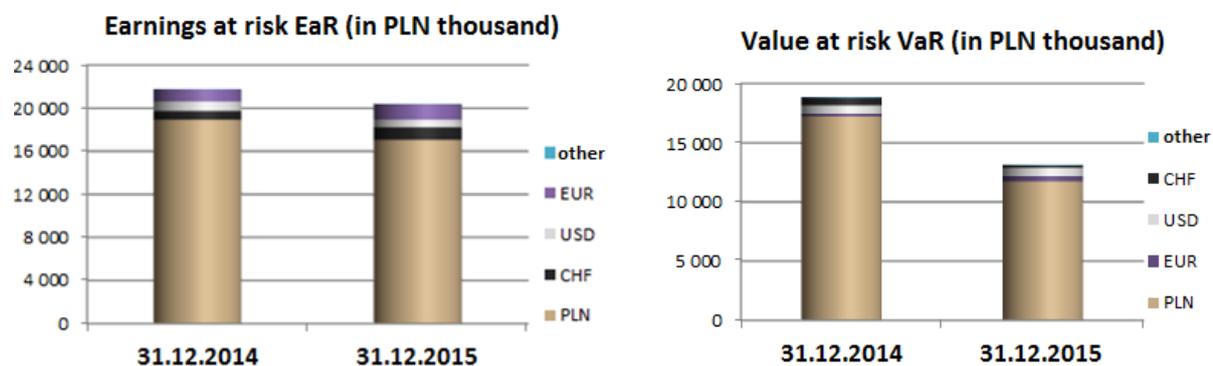
- establishing and ensuring compliance with the limits set for acceptable interest rate risk,
- conducting periodic analyses examining the level of interest rate risk and the sensitivity of the profit and loss account to changes in interest rates,
- entering into transactions limiting exposure to risk (derivatives, sale/ purchase of securities with a fixed coupon).

The effectiveness of risk management is evaluated on the basis of the level of use of the adopted limits on exposure to risk.

Monitoring of interest rate risk is conducted, among others, by:

- analysis of assets and liabilities and off-balance sheet items sensitive to changes in interest rates by currency and repricing dates,
- analysis of basis risk, profitability curve risk and customer option risk,
- testing sensitivity of the financial result to interest rate (the EaR method),
- analysis of value at risk of the Group's portfolio related to market valuation (VaR),
- stress tests showing the susceptibility of the Bank to losses in case of unfavourable market conditions or in case the key assumptions of the Bank become invalid,
- analysis of the level and influence on the Bank interest margin.

To reduce the exposure to interest rate risk, in 2015 Getin Noble Bank S.A. applied limits on the share of the value at risk (VaR) (1 day; 99.9%) in own funds and the EaR share in the planned net interest income for a given financial year – the interest rate risk was kept within the limits.



In order to complete the information about the possible loss of Getin Noble Bank S.A. due to unfavourable changes in interest rates, the Bank conducts also quarterly stress tests by doing simulation of the impact of making fundamental changes in market interest rates and in the structure and balances of assets, liabilities and off-balance sheet items on the level of the Bank's interest rate risk in terms of net interest income and valuation of the portfolio of receivables/ liabilities sensitive to interest rate risk.

The Bank tests the changes in the structure of assets and liabilities by taking into account the risk of the client options (increased level of early repayments of loans with fixed interest rates), potential changes in the Bank's income and changes in the economic value of the portfolio assuming a "shocking" changes of interest rates, for the revised structure of the portfolio. For assumptions about interest rates, the Bank adopts the following options:

- +/- 100 basis points,
- +/- 200 basis points,
- different nature of the yield curve changes,

The impact of consolidated entities on the level of interest rate risk incurred by the Group is insignificant.

5.3. Liquidity risk

The liquidity is defined as the ability to fulfil optimally current and future obligations. Liquidity risk is defined as risk of not fulfilling these obligations.

The main source of the Group's liquidity risk is Getin Noble Bank S.A.

The Bank complies in its activity with the supervisory recommendations, the European Union regulations, laws and regulations to them, orders of the President of the Polish National Bank and prudential regulations and recommendations of the Polish Financial Supervision Authority. The process of liquidity risk management at the Bank, for both the strategic and operational level has been adjusted in 2015 to the new P Recommendation.

The strategy of liquidity risk management is defined in the Strategy of the Bank, and the Bank's approach to risk management is defined in the Policy of liquidity risk management. Both documents were approved by the Supervisory Board.

The objective of liquidity risk management in the Bank is to ensure the settlement of commitments on a daily basis, the ability to maintain liquidity in the short, medium and long term, both in normal conditions and in case of emergency events – both at the Bank level and the market – restricting access to secured and unsecured funding sources.

Medium- and long-term liquidity risk management lies within the competence of the Management Board, whereas current and short-term liquidity risk management is the responsibility of the Treasury Department. The consulting role in process of liquidity risk management is performed by the Assets and Liabilities Committee.

The following analyses are used to perform an assessment of liquidity risk:

- supervisory liquidity norms,
- LCR and NSFR ratios,
- level of liquid assets,
- gap analysis, i.e. an analysis of the mismatch between the maturities of assets and liabilities, which covers all balance sheet items by maturity, under contractual and real-terms scenarios,
- analysis of liquidity ratios within specific time horizons by maturity, under contractual and real-terms scenarios,
- selected balance sheet ratios,
- stability of funding sources,
- stress tests.

The gap ratios, level of liquid assets, selected balance sheet ratios and the level of use of liquidity limits (including compliance with liquidity norms and LCR ratio) and sensitivity of the liquidity measures to fluctuations in exchange rates are monitored on a daily basis. Key measures are daily reported to the Management Board of the Bank.

Liquidity analyses rest on internal models reflecting the specific of the Bank's business. Customer deposits are a key source of financing the granted loans; the loan to deposit ratio does not exceed 90%. Among stable sources of funds the prevailing items are deposits of retail clients, however, stable funds from corporate clients' deposits complement the overall base of stable funding sources. In 2015 Getin Noble Bank S.A. continued efforts to obtain long-term financing of lending. As part of these activities, the Bank acquired PLN 1.141 billion through securitization of lease receivables portfolio (with a 3-year revolving period).

Monitoring the level of risk within the Group is carried out by periodic measurements of risk for the Group on a consolidated basis. The impact of consolidated entities on the level of liquidity risk incurred by the Group is insignificant.

	31.12.2015	31.12.2014	Change
	%	%	p.p.
Net loans and finance lease receivables / amounts due to customers	88.3	90.2	-1.9

The Bank carries out simulations on the strength of the Bank in case of increased cash outflows (stress tests). The analyses are an important element in the process of asset and liability management. The Bank has a procedure to be followed in a situation threatening the significant increase in the liquidity risk, the so-called "The procedure for the emergency plan for maintaining liquidity in Getin Noble Bank S.A. in crisis situations".

Supervisory liquidity measures / LCR

In accordance with the supervisory guidelines Getin Noble Bank S.A. daily calculates the supervisory liquidity measures, which in 2015 developed above the minimum amounts set by the Polish Financial Supervision Authority. In 2015 the Bank conducted the policy to maintain liquid assets at the optimum level in terms of the Group liquidity and profitability indicators. The level of M1 measure as at the end of 2015 amounted to PLN 5.35 billion and was higher than the level as at the end of 2014 by nearly 25%. The M2 measure as at the end of 2015 amounted to 1.53.

The supervisory liquidity measures of the Bank as at 31 December 2015 and 2014 are presented below:

	Minimum value	Value as at	
		31.12.2015	31.12.2014
M1 Short-term liquidity gap (in PLN million)	0.00	5,351	4,264
M2 Short-term liquidity factor	1.00	1.53	1.40
M3 Ratio of coverage of non-liquidity assets with own funds	1.00	2.22	2.54
M4 Coverage ratio of non-liquid assets and limited liquidity assets with own funds and stable external funds	1.00	1.23	1.21

In 2015 the Bank complied with the requirement to maintain a LCR ratio at an adequate level.

5.4. Operational risk

Definition and purpose of operational risk management

Operational risk is a possibility of the loss as a result of maladjustment or failure of internal processes, people and system or of external events, including also legal risk. Within operational risk management, the Group realises strategic medium- and long-term goals and short-term operational goals, which execution aims to achieve strategic goals.

The main strategic goal of operational risk management is to optimize internal business and non-business processes, allowing to limit costs and losses as well as increase operational security and limit reputational risk. Operational risk management is targeted to prevent threats, effective decision making, set priorities and resources allocation, ensuring better understanding of potential risk and possible undesirable consequences.

The main operational goal of operations risk management is to complete identification of operational risk and possibly most precise measurement of its size and assessment of its profile. For this purpose, solutions within measurement and operational risk management model are improved, enabling in the future the application of advanced measurement methods, sensitive to operational risk, considering factor and parameters of operational risk specific for the Group, in particular for the Bank, i.e. strictly related to its operating profile.

Structure and organization of the operational risk management unit

The process of operational risk management is actively contributed by:

- all elements of Bank's organizational structure – areas, divisions and organizational units of the Bank's headquarter, operational units (constituting local organizational Bank units);
- related entities – Bank's subsidiaries;
- third parties – franchise units and agencies.

Organizational units of operational risk management include:

- system units – also called as technical system units- responsible for systemic operational risk management, establishing internal regulations and developing solutions, which are used to current operational risk management, performing also tasks relating to current operational risk management;
- operational units – dealing with current operational risk management in their everyday activities.

In all divisions and at all levels of the Bank's organizational structure, as well as in related entities and third parties, the following groups of units, persons and functions, which are executed at three following levels are to be distinguished:

- the first, basic level – units and persons dealing with operational risk management in their everyday activities;
- the second, supervisory level – people holding managerial positions, performing functional control;
- the third, superior level – functioning in centralized form, which main function is operational risk management.

It is realized by people fulfilling tasks of separated operational risk management unit, which is part of Operational Risk Management Department and Operational Risk Committee.

Due to the scale and type of business of Getin Noble Bank S.A., the leading role in operational risk management in the Group is fulfilled by the Bank's Supervisory Board and Management Board, which members are aware of important aspects of operational risk management, as a separate and separately managed type of risk, and know the risk profile resulting from the Bank's activities.

The Management Board is supported by a dedicated committee – Operational Risk Committee, which performs consulting services in the process of operational risk management

The main, superior role in operational risk management in the Bank is performed by designated employees of an independent operational risk management unit, which is part of the Operational Risk Management Department.

Strategies and processes of operational risk management and scope and types of operational risk reporting and measurement systems

Operational risk management is a process including activities towards identification, measurement, limiting, monitoring and reporting of risk. It includes all processes and systems, with particular emphasis on those connected with performing activities providing clients with financial services.

The Bank manages operational risk in accordance with "Operational risk management strategy" established by the Management Board of the Bank and approved by the Supervisory Board of the Bank, including cautious regulations resulting from the banking law and appropriate resolutions and recommendations of banking supervision, as well as including characteristics of rules already applied in the Bank as well as being in the development phase and planned in the future.

Existing operational risk measurement and reporting system is supported by appropriate software dedicated to operational risk management.

The operational risk reporting system in the Bank includes reports prepared for internal management and external supervisory purposes. The management and supervisory reporting is based on assumptions resulting from the guidelines included in the M Recommendation, supervisory regulations concerning the rules and methods for announcing qualitative and quantitative information on capital adequacy by banks.

Operational risk measurement is performed with use of IT system, supporting the process of operational risk management by calculating:

- required equity to cover operational risk, including regulatory capital – minimal capital requirement and internal capital to cover operational risk losses;
- ratios for the level of Bank's exposure to operational risk, also called the Bank's sensitivity to operational risk;
- aggregated volume of actual losses.

Policies and strategies related to mitigation of operational risk

Depending on the magnitude and profile of operational risk, proper adjusting and preventive activities are applied, which are adequate to the diagnosed risk and ensure the selection and implementation of effective measures to modify the risk. In particular, the following methods are used to protect against operational risk:

- development and implementation of business continuity plans (including contingency plans) to ensure the organization's ability to continue operations at a defined level;

- insurance against the effects of errors or operational events which are not easily predictable and may give rise to significant financial consequences;
- outsourcing of activities.

Moreover, in order to secure all processes requiring transfer of cash, operational risk is eliminated mainly by implementation of the rule of second-hand check.

Key business processes have been described in appropriate documents – Policies and Procedures. The correctness of business process is subject to permanent monitoring and reports are submitted directly to the Management Board.

The efficiency of the security measures and methods used by the Bank to mitigate operational risk is monitored by continuous monitoring, collection and analysing of operational events and operational risk profile observations as well as control of qualitative and quantitative changes in operational risk.

5.5. Compliance risk

Compliance risk is defined as the risk of negative effect due to failure the Group entities to comply with the provisions of the law, internal regulations, adopted standards, including ethical standards. Strategic goal of compliance risk management is:

- creating the image of the Bank and the Group as entities acting in accordance with the law and accepted standards of conduct and in honest, fair and ethical manner;
- mitigating the risk of occurring financial losses or legal sanction risk resulting from breach of regulations and ethical standards;
- building and maintaining positive relationships with other market participants, including shareholders, customers, business partners and market regulators.

The compliance risk management includes risk identification, assessment of the risk profile, risk monitoring, risk mitigation and reporting of risks.

In the process of compliance risk identification Getin Noble Bank S.A. performs current analyses of law provisions in force, cautionary regulations, internal rules and regulations, as well as Banks conduct standards. It also gathers information on the cases of non-conformity and their reasons. Performance of risk assessment allows the Bank to specify the character and the potential range of financial losses, or potential legal sanctions. Monitoring of compliance risk aims at identification of vital, as far as negative outcomes of compliance are concerned, areas of Bank's activities; thus allowing proper precautions to be taken. The process of compliance risk reduction includes the following aspects: preventive – i.e. allowing risk reduction through implementation of procedures and solutions ensuring conformity; mitigating – i.e. risk management upon identification of compliance and aimed at alleviating the possible negative outcomes of risks. The preventive risk reduction takes place especially due to the implementation and development of new business models, as well as introduction of new products. Reporting includes the identification process results as well as compliance risk assessment, information concerning compliance cases, and the most crucial changes within the regulatory environment. The recipients of reports are the Operating Risk Committee, President of the Management Board, the Management Board and the Supervisory Board of the Bank.

In the process of compliance risk management the Bank takes into account risks resulting from activities performed by entities of the Capital Group.

Main changes in the legal environment in 2015, to which the Bank was required to adapt concerned changes and amendments to the law, in particular the Banking Act and prudential recommendation of the Polish Financial Supervision Authority (including recommendations U and P).

5.6. Capital management

The primary objective of capital management strategy in the Getin Noble Bank S.A. Group is to have an adequate level of capital hedging the taken risk, which would allow for safe operation of the Bank and other Group entities and increase value for its shareholders. The capital is managed at the level of individual entities of the Group and management control is exercised by the functions of the supervisory boards of these entities.

Getin Noble Bank S.A. adjusts the level of own capital to profile, scale and complexity of risk present in its operations. Within the level of maintained capital and capital adequacy calculation, the Bank applies to applicable legal regulations and its strategic goals. In order to maintain an optimal level and structure of own funds in terms of the preferred capital structure Getin Noble Bank S.A. assumes to have a structure with a predominant share of core capital (Tier 1), which is essential to meet the requirements specified in the CRR Regulation CRR.

In order to maintain an optimal level and structure of own funds the Bank uses available means – retention of net profit and issue of subordinated bonds, thus ensuring the capital adequacy ratio at the required level.

In October 2015 the Bank's Management Board received from the Polish Financial Supervision Authority a recommendation to achieve higher capital ratios, which, taking into account the additional capital requirement of 2.03 pp. in order to cover risk arising from foreign currency mortgage loans to households (which should consist of at least 75% of the capital Tier 1 – that corresponds to 1.52 pp.) until 30 June 2016 should reach respectively T1 = 11.77%, TCR = 15.28%. The Management Board presented the KNF a detailed plan of reaching the recommended ratio levels.

The levels of capital ratios obtained at the end of 2015 are the highest levels that Getin Noble Bank had in recent years.

The level of internal capital intended to cover unexpected losses arising from significant risks present in its operations (Pillar II requirements) is calculated by the Bank based on internal procedure approved by the Management Board and Supervisory Board. Within Pillar II, the Bank applies its own model of the assessment of demand for internal capital, including hedging of capital against additional risks in relation to Pillar I (liquidity risk, result risk, reputation risk, capital risk).

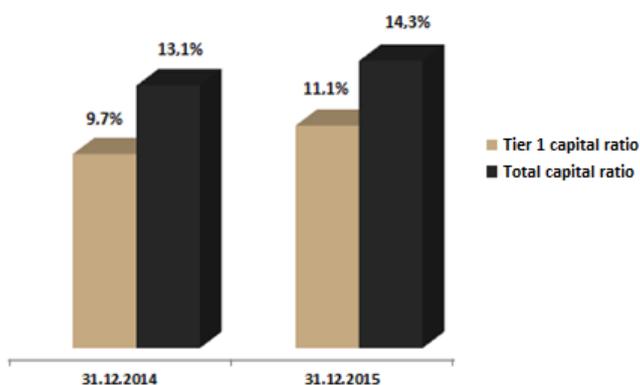
The capital management, in accordance with regulatory requirements is in place also on the subsidiary level in Noble Funds TFI S.A. and Noble Securities S.A.

Noble Securities S.A., as a brokerage house, is obliged to maintain capital requirements in accordance with the Act of 29 July 2005 on financial instrument trading and the CRR Regulation on prudential requirements for credit institutions and investment firms. The company controls financial liquidity and capital adequacy ratios. On a regular basis all significant financial information, including information regarding to financial liquidity and capital adequacy, is submitted to the Supervisory Board of Noble Securities S.A. Information regarding to level of supervised capital is submitted, in form of report (on a monthly or current basis) to the Polish Financial Supervision Authority. As at 31 December 2015 the company had equity and Tier 1 capital amounting to PLN 67,947 thousand. Statutory minimal registered capital (sum of paid share capital, supplementary capital, undivided profit for previous years, reserve capitals excluding revaluation reserve, decreased by loss from previous years) of Noble Securities S.A. amounts to PLN 3,097 thousand. Moreover, as at 31 December 2015 the company has set the total risk exposure in the amount of PLN 282,089 thousand, calculated total capital requirement (requirement due to so-called II Pillar) amounting to PLN 28,375 thousand. As at 31 December

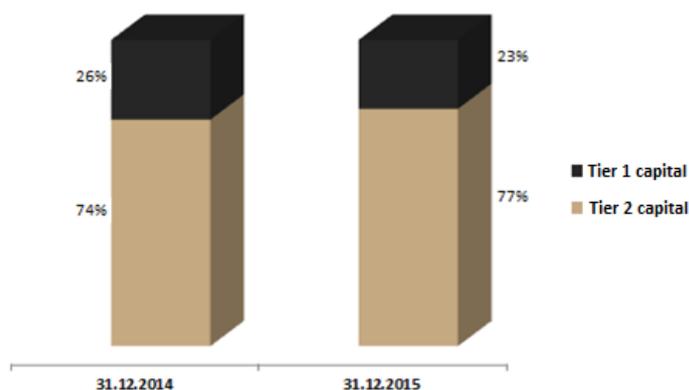
2015 the company had not any additional Tier 1 capital and Tier 2 capital. The level of own funds of Noble Securities S.A. as at 31 December 2015 was higher than internal capital, Tier 1 core capital ratio was higher than 4.5%, Tier 1 capital ratio was higher than 6%, total capital ratio was higher than 8%, which means that the company complied with requirements regarding to capital adequacy.

The control of equity in Noble Funds TFI S.A. is carried out on a current basis based on provisions of the act on investment funds. The amount of minimal equity of TFI depends on the scope of company activities, the level of assets managed, the value of incurred total expenses and the value of variable distribution expenses. As at 31 December 2015 the company had equity amounting to PLN 23,452 thousand, which significantly exceeded the level required by the act on investment funds. As at 31 December 2015 minimal regulatory equity level of TFI amounted to PLN 5,390 thousand.

Capital ratios as at the end of 2015 and 2014



Capital structure as at the end of 2015 and 2014



6. The Group prospects and growth factors

6.1 External factors affecting the development of the Group

1. Regulatory environment – a significant impact on the results of Getin Noble Bank S.A. (and the entire banking sector) may have the following factors:

- tax on certain financial institutions – banks will be burdened with a tax calculated on the total assets decreased by PLN 4 billion and the value of own funds and purchased government bonds; this tax will not be considered tax-deductible for the corporate income tax;
 - announced proposals of the potential act on loans denominated and indexed (draft act on how to restore the equality of parties of certain credit and loan agreements) – a possible forced restructuring of loans could lead to negative financial effects throughout the whole financial sector;
 - higher contribution to the Bank Guarantee Fund – compared to 2015 total rate of fees for BFG will increase – from 0.239% to 0.246% of the total risk exposure;
 - increased supervision requirements for the capital adequacy – the result in 2016 will include burden due to raising the capital base to achieve a capital ratios in the amount expected by the Polish Financial Supervision Authority (KNF). Realizing capital plan designed to meet the requirements imposed by the KNF, the Bank – in addition to activities which affect directly the amount of own funds and the level of risk-weighted assets – will implement an additional one-off positive financial results aimed indirectly to increase the level of the capital.
2. Macroeconomic environment – it is expected that in the coming years a macroeconomic environment will be stable; improving situation on the labour market and persistent low market interest rates will adversely affect the interest margins of banks.
 3. Foreign exchange market – in December 2015 and at the beginning of 2016 the exchange rate of PLN against EUR significantly changed. On 15 January 2016 the rating agency S&P downgraded the creditworthiness for Poland (from A- to BBB+) and changed the outlook from positive to negative. After the announcement of the above decision the Polish currency significantly depreciated against the euro. The EUR exchange rate reached on 21 January 2016 the level of 4.4987 – max. over the four years preceding that date. Despite the lack of negative signals from other rating agencies, the situation that occurred in January may have an adverse impact on the exchange rates and the Bank's financial results in the future.
 4. Potential additional financial burden – the lack of possibility to reliably forecast a possible additional burden, in particular arising from the bankruptcy of entities in the cooperative banking sector or the credit unions (SKOK) – such events in the future may adversely affect the Bank's financial situation.
 5. Other external factors – uncertainty about the further economic development in the euro zone, debt crisis of Greece, the normalization of monetary policy by the FED, lowering the rate of growth of the main emerging economies, as well as difficult to predict the consequences of a possible re-escalation of the conflict in Ukraine.
 6. The activities of the Group entities (in particular Noble Securities S.A. and Noble Funds TFI S.A.) are strongly linked to the sentiments prevailing on both the Polish and foreign markets. Negative attitudes of customers to invest in the capital market and lower margins due to significant competition among brokerage houses and investment companies, may have a negative impact on the operations and financial results of the companies. In case of recovery on the Stock Exchange it can be expected that the results obtained from the brokerage business will improve.

6.2 Internal factors affecting the development of the Group

Getin Noble Bank S.A. has started a process of updating the Bank's development strategy, that main vision is to build a stable bank of the first choice, offering its customers high-quality service and attractive offer. An important element of the vision is to diversify revenue and provide recurring profits for the shareholder.

The main objective pursued by the Bank is a sustainable improvement in profitability by building the relational Bank. The key will be to balance the needs of the four stakeholders:

1. Shareholders – creating a lasting value for shareholders – profitability and efficiency comparable to the average of top 10 banks. The activities will focus on achieving long-term financial goals – stability of financial results and cover for new external obligations imposed on the sector.
2. Customers – satisfaction and relationships with Customers through service quality and credibility of the offer. The Bank will be a dynamic organization that meet current and identify future needs of its customers.
3. Employees – the priority will be the development of a professional, cooperating team at all levels of management, which will make the Bank to be desirable and respected employer in the Polish banking sector.
4. Supervisor – the Bank will build a stable financial model focused on a customer, founded on a capital base that meets regulatory requirements and balanced financing structure.

Strategic directions of the transformation will be in retail banking the relationship (the bank of first choice for customers), while in the corporate banking synergy with retail banking and strengthening the positions in selected market segments.

Creating a new strategy is based on the strengths of Getin Noble Bank S.A., i.e.:

1. Strong deposit base – potential of customer acquisition,
2. Leading offer of car financing,
3. Strong position in the segment of developers and private banking,
4. Competence in cash loans – an effective risk assessment model, that is possible to use in other segments,
5. Entrepreneurial culture – distinguished ability to respond to emerging market opportunities.

It should also be emphasized that the current situation of Getin Noble Bank:

- limitation of internal nature – e.g. structural significant share of mortgage loans in the loan portfolio, cost of financing still higher than in the comparative group,
 - external factors that generate a much greater amplitude of changes in the level of financial result and profitability, but also that may directly affect the capital situation, and in extreme cases, the liquidity of the Bank,
- show that despite the healthy and solid foundation, essentially pre-defined business model, careful and responsible management, in the event of occurrence of the negative scenario of events in 2016 and subsequent years, the Bank may have significant difficulties in maintaining positive financial results and profitability.

Therefore, Getin Noble Bank has developed a plan of action, which allows to achieve an increased lasting positive profitability of the Bank in the future, taking into account the known and possible to predict restrictions, including additional external burden of the tax on certain financial institutions.

One of these activities is the decision on further reorganization of the current structure of employment. In order to adjust the scale of business to the needs of the implemented strategy, the Bank is going to reduce its workforce by approximately 12%.

The Management Board has worked in recent months on the preparation of the new Strategy of Getin Noble Bank, which is going to present with the announcement of the results for 2015. The new strategy envisages the continuation of the Getin Up strategy adopted in 2012 through the construction of a viable and effective universal bank with sustainable and recurring sources of income. Among the main pillars of the new strategy it includes:

- reduction of premium on cost of deposits in relation to the market for approx. 60 bps in the perspective of three years, among others by increasing the number of customers transferring their salary and actively using personal

- accounts to 400 thousand, according to strictly defined criteria,
- transformation of service network based on a new segmentation of customers, divided into three main segments: Getin retail, Noble Personal Banking for premium Customers and Noble Private Banking for affluent Customers,
 - implementation of the new digital strategy with a particular emphasis on the development of mobile banking, which further development shall ensure the possibility of carrying out all banking operations by smartphone, as well as provide the highest satisfaction with ease of use and the possibility to contact the Bank through the application,
 - maintaining the leadership position in the automotive segment and the continuation of cooperation with the Getin Leasing Group, which will cover both the purchase of receivables, as well as intermediation in the sale of car loans,
 - further organic growth in the local government sector and maintaining its position among the leaders in financing developers.

While preparing the new strategy, the Management Board, taking into account the current results of the Bank as well as the risk of periodic balance sheet loss caused by additional external burdens, is also considering the need to submit to the Polish Financial Supervision Authority for approval of the "Plan of sustained improvement in profitability", which meets the requirements of Article 142 of the Banking Law. In the opinion of the Management Board the transformation of Getin Noble Bank defined this way, providing for the reconstruction of retail banking, maintaining a leading position in the automotive segment, as well as the digitization of services, will contribute to the sustainable growth of the Bank's business efficiency and thus improve its profitability.

7. Corporate governance

7.1. Compliance with best practices

In 2015 Getin Noble Bank S.A. complied with the corporate governance rules as described in The Code of Best Practices for WSE Listed Companies launched by Resolution No. 19/1307/2012 of the Warsaw Stock Exchange Supervisory Board dated 21 November 2012, with the exclusion of the provisions and recommendations described below.

The document can be accessed at the official website of the Warsaw Stock Exchange dedicated to corporate governance (<http://www.corp-gov.gpw.pl>).

I. RECOMMENDATIONS FOR BEST PRACTICE FOR LISTED COMPANIES

'5. A company should have a remuneration policy and rules of defining of policy. The remuneration policy should in particular determine the form, structure, and level of remuneration of members of supervisory and management bodies. Commission Recommendation of 14 December 2004 fostering an appropriate regime for the remuneration of directors of listed companies (2004/913/EC) and Commission Recommendation of 30 April 2009 complementing that Recommendation (2009/385/EC) should apply in defining the remuneration policy for members of supervisory and management bodies of the company'

The Bank partially adapted to the requirements of this recommendation to the extent that results from the Banking Law Act dated 29 August 1997 (Journal of Laws of 2015, item 128, as amended), Regulation of the European Parliament and of the Council (EU) No. 575/2013 of 26 June 2013 on prudential requirements and investment firms, as well as the KNF resolutions No. 258/2011 and 259/2011. The Bank does not apply the provisions of the recommendation in terms of going beyond the content of the regulations generally applicable in Poland. Taking into account that according to the recommendations of the European Commission, Poland is obliged to take the necessary measures to support the adoption of principles

contained in these recommendations, for the full implementation of the above mentioned principle, the Bank believes it is necessary to regulate the manner of implementation of recommendations in a consistent manner for all listed companies and in line with the prevailing Polish legal system. In so far as relevant regulations are introduced, the Bank immediately takes steps to adapt to it. Within the scope of the provisions of the Banking Law Act dated 29 August 1997 (Journal of Laws of 2015, item 128, as amended), Regulation of the European Parliament and of the Council (EU) No. 575/2013 of 26 June 2013 on prudential requirements and investment firms, as well as the KNF resolutions No. 258/2011 and 259/2011 the Bank has adapted its internal regulations, in particular by adopting a policy for variable components of remuneration of the management. In the Bank there is established the Remuneration Committee within the Supervisory Board.

'9. The WSE recommends to public companies and their shareholders that they ensure a balanced proportion of women and men in management and supervisory functions in companies, thus reinforcing the creativity and innovation of the companies' economic business.'

In opinion of the Bank's Management Board the main criterion for selection of members of the Management Board and the Supervisory Board is their professional attitude and competencies for the applied position, so other conditions like gender of the candidate should not matter. Therefore, the Bank does not consider it legitimate to impose the parity and the choice of the members of the Management and the Supervisory Board is to be decided by eligible authorities.

'12. A company should enable its shareholders to exercise the voting right during a General Meeting either in person or through a plenipotentiary, outside the venue of the General Meeting, using electronic communication means.'

In 2015 the Bank did not apply this rule to the technical and economic reasons, taking into account the lack of appropriate ICT solutions and the associated risks of irregularities in the course of the meeting, among others, in the identification of shareholders, the stability of the connection, the validity of the resolutions and the possible future of their appeal. These risks with regard to the subject of adopted resolutions, relevant to the strategy of the Bank had to be limited. In addition, significant costs associated with servicing the communication with shareholders or their plenipotentiaries, in the Bank's opinion were disproportionate to the potential benefits.

However, taking into account the technical development and growing market experience in e-meetings, the Management Board of the Bank has already undertaken efforts aiming at preparing the Bank to the implementation of the rule by introducing to the Articles of Association and the Rules of the General Shareholders Meeting applicable provisions regulating the manner and mode of action in this regard.

Additionally, the Bank has decided to provide the ability to track live session of the General Meeting of Shareholders, as well as recordings of their course on www.gnb.pl.

II. BEST PRACTICE FOR MANAGEMENT BOARDS OF LISTED COMPANIES:

'1 A company should operate a corporate website and publish on it, in addition to information required by legal regulations: 9a) a record of the General Meeting in audio or video format'

In December 2015 the Bank began applying the rule. Earlier lack of application of that principle was caused by economic factors. The Management Board believes the costs associated with the technical support of registration of the General Meetings in the form of audio and video were not justified due to the shareholding structure of the Bank.

However, due to the will to improve accessibility to the proceedings, not only to shareholders, but also to a wider range of potential investors, the Bank has decided to provide the ability to track live session of the General Meeting of Shareholders, as well as recordings of their course on www.gnb.pl.

IV. BEST PRACTICES OF SHAREHOLDERS:

'10. A company should enable its shareholders to participate in a General Meeting using electronic communication means through:

- 1) real-life broadcast of General Meetings,
- 2) real-time bilateral communication where shareholders may take the floor during a General Meeting from a location other than the General Meeting.'

In 2015 the Bank did not apply this rule to the technical and economic reasons, taking into account the lack of appropriate ICT solutions and the associated risks of irregularities in the course of the meeting, among others, in the identification of shareholders, the stability of the connection, the validity of the resolutions and the possible future of their appeal. These risks with regard to the subject of adopted resolutions, relevant to the strategy of the Bank had to be limited. In addition, significant costs associated with servicing the communication with shareholders or their plenipotentiaries, in the Bank's opinion were disproportionate to the potential benefits.

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Additionally, the Bank has decided to provide the ability to track live session of the General Meeting of Shareholders, as well as recordings of their course on www.gnb.pl.

The Bank's shareholders with major shareholding

The ownership structure of significant batches of the Bank shares as of the date of these report according to the information available to the Bank is as follows:

	Number of shares	Number of votes at AGM	% share in share capital	% share in votes at AGM
LC Corp B.V.	1,011,728,750	1,011,728,750	38.18%	38.18%
Leszek Czarnecki (directly)	264,626,609	264,626,609	9.99%	9.99%
Nationale-Nederlanden Otwarty Fundusz Emerytalny (former: ING Otwarty Fundusz Emerytalny)	181,767,000	181,767,000	6.86%	6.86%
Getin Holding S.A.	200,314,774	200,314,774	7.56%	7.56%
Aviva Otwarty Fundusz Emerytalny Aviva BZ WBK	171,540,000	171,540,000	6.47%	6.47%
Other shareholders	820,166,186	820,166,186	30.94%	30.94%
Total	2,650,143,319	2,650,143,319	100.00%	100.00%

Special rights and limitations concerning the Issuer's equity securities

All shares of Getin Noble Bank S.A. are ordinary bearer shares with no special control rights.

The Bank's Articles of Association does not introduce any limitations concerning voting rights, like limitation for holders of specific share or amount of shares or time limits concerning execution of voting rights. It also does not contain resolutions regarding separation of capital rights and shareholding.

There are also no limitations in trading in equity securities issued by the Bank.

7.2. Supervisory and management authorities of the Bank

The functioning and rights of the General Shareholders Meeting

The General Shareholders Meeting is the superior governing body of the Bank. The General Meeting is convened as an ordinary or extraordinary one pursuant to the generally applicable regulations, the Bank's Articles of Association and the Rules of the General Shareholders Meeting. Corporate documents are available at the Bank's website. The General Shareholders Meeting, among other matters specified in the Bank's Articles of Association, has the authority to:

- review and approve the Bank's financial statements for the previous financial year,
- review and approve the Directors' Report on the Bank's operations in a financial year,
- adopt resolution on the distribution of profits or covering of losses,
- acknowledge the fulfilment of duties by the members of Supervisory and Management Board,
- appoint and dismiss members of the Supervisory Board,
- amend the Bank's Articles of Association,
- adopt resolutions to increase or decrease the Bank's share capital,
- adopt resolutions on the redemption of the Bank's shares, terms and conditions thereof,
- adopt resolutions on issuing convertible bonds or bonds with pre-emptive rights to acquire shares and subscription warrants,
- adopt resolutions to sell or lease the company's business or an organised part thereof and to establish a limited property right thereon,
- adopt resolutions on other matters brought to the General Meeting by authorised entities and restricted for its competence by law and the Articles of Association.

The Company's shareholders exercise their rights pursuant to the generally applicable regulations, the Bank's Articles of Association and the Rules of the General Shareholders Meeting.

Amendments to the Bank's Articles of Association

Amendments to the Bank's Articles of Association are made by the General Meeting, in a way and course defined in Code of Commercial Companies, so the amendments require the resolution of the General Meeting and National Court Register entry. Moreover, according to article 34.2 of Banking Law Act, the amendments in the Bank's Articles of Association concerning the privilege or limitation of voting rights in the Bank being a joint stock company, require the approval of the Polish Financial Supervision Authority, as well as the following amendments:

- Bank's name,
- the registered office, scope of Bank's activities with the consideration of transactions mentioned in article 69 par. 2, point 1-7 of the act dated 29 July 2005 on trade in financial instruments, which the Bank is going to execute according to article 70 par. 2 of the resolution,
- the Bank's authorities and their competencies, with particular consideration of competencies of the Management Board members, which are mentioned in article 22b par. 1 of the Banking Law Act, and the rules of decision making, Bank's basic organizational structure, the rules of making statements on property rights and duties, course of establishing internal regulations and course of making decisions on assuming obligations or disposal of assets, which total value in relation to one subject exceeds 5% of the equity,
- rules of the internal control system,
- the Bank's equity and principles of its financial economy.

Composition and functioning of the Supervisory Board

The Supervisory Board shall act pursuant to provisions of the Banking Law Act, the Commercial Companies Code, other universally binding applicable regulations and pursuant to the Articles of Association and Rules of the Supervisory Board. The Supervisory Board shall exercise on-going supervision over the Bank's business to the extent provided for by the laws referred to above. The Supervisory Board shall consist of 5 to 8 members appointed and dismissed by the General Meeting in a course determined in the Articles of Association. The Supervisory Board shall exercise its duties collectively, however may delegate its members to exercise separate supervisory duties individually. Members of the Supervisory Board shall be appointed for the joint term of office of three years.

As at the date of this report, the composition of the Bank's Supervisory Board was as follows:

Supervisory Board of Getin Noble Bank S.A.	
President of the Supervisory Board	Leszek Czarnecki
Vice-President of the Supervisory Board	Remigiusz Baliński
Members of the Supervisory Board	Krzysztof Bielecki
	Mariusz Grendowicz
	Jacek Lisik

On 11 May 2015 Mr. Rafał Juszcak resigned from membership in the Supervisory Board of the Bank and position of the Member of the Supervisory Board with effect from 12 May 2015, i.e. as of the date of the Annual General Meeting approving financial statements for the year 2014.

On 12 May 2015 the Ordinary General Meeting of the Bank resolved to appoint Mr. Mariusz Grendowicz to the Supervisory Board as a member of the Supervisory Board with effect from the date of the appointment.

Audit Committee

The tasks of the Audit Committee are executed by the whole Supervisory Board of the Bank. The objective of executing by the Supervisory Board the tasks of Audit Committee is fulfilling its supervisory duties within the processes of financial reporting, risk management, internal control system and audit process. The Supervisory Board appointed coordinator for the tasks of the Audit Committee and the permanent advisor of the Supervisory Board, who shall be obliged to assist the Supervisory Board in matters related to the exercise by the Supervisory Board tasks of Audit Committee, which include, in particular:

- monitoring of the financial reporting process,
- monitoring of the effectiveness of the internal control and risk management systems,
- monitoring of the work of the internal audit,
- monitoring of the financial review activities in the company and monitoring the independence of the auditor and the company entitled to audit financial statements.

The Supervisory Board in the exercise of the tasks of the Audit Committee may request the Board of Directors and employees of certain information in the field of accounting, finance, internal control, internal audit and risk management, which is necessary to carry out its activities.

Remuneration Committee

The Remuneration Committee consists of two members appointed by the Supervisory Board among its Members, an absolute majority of votes. In its activities Committee takes into consideration careful and stable risk management,

equity and liquidity, with particular attention to the long-term welfare of the Bank as well as satisfying the expectations of shareholders and investors. Among the activities of Remuneration Committee is issuing an opinion on the policy of the variable components of the remuneration of managers at the Bank, including in particular the amount and components of remuneration. The Committee monitors and issues an opinion on remuneration of managers related to risk management as well as compliance of the Bank activities with law and internal regulations.

Risk Committee

The Risk Committee's essential function is consulting and advisory services to the Supervisory Board. Its work consists mainly of issuing opinions on the current and future readiness of the Bank to take risk and risk management strategies in the Bank's activities. In addition, the Risk Committee verifies how the Bank's business model and its strategy in terms of risk are reflected in the prices of assets and liabilities offered to customers.

The composition, principles, appointing, dismissing and rights of the Management Board

The Bank's Management Board acts on the basis of provisions of the Act of 29 August 1997 – the Banking Law, the Act of 15 September 2000 – Code of Commercial Companies, the Bank's Articles of Association and the Rules of the Management Board, which defines the detailed scope of organization and procedures for the Management Board's acting and procedures of adopting resolutions, making decisions and expressing opinions. The Management Board manages the affairs of the Bank and represents it outside. The members of the Management Board fulfil their duties personally. The Management Board makes decision within its competencies during the meetings convened in accordance with provisions of the Management Board's Rules. The Management Board's meetings hold at least once a week and are convened by the President of the Management Board, who also chairs them. In case of his absence, the President is replaced by another member of the Management Board indicated by the President. Conclusions of the Management Board's meetings are made through resolutions. In order for a resolution to be valid the presence of majority of the Management Board members is required. The participation in a meeting is also possible by means of remote communication, especially by means of phone or video communication, enabling identification of meeting participant. The Management Board's resolutions shall be passed by the absolute majority of the votes. In case of equality of votes, the vote of the Management Board's President is decisive. After fulfilment of conditions determined in the Rules of the Management Board, resolutions may be adopted by the Management Board also in special course, without convening and taking place of the Management Board, i.e. (i) by circular by means of remote communication, particularly by voting with the use of e-mail, or fax and then placing a signature to resolutions by the Management Board's members in accordance with given vote, (ii) by voting in writing by signing by each member of the Management Board of proposed resolution (cards with signatures of the Management Board's members to given resolution) with indication whether member votes "for", "against" or "abstain from voting" and submitting signed resolution to the Management Board's President.

The Bank Management Board's composition as at the date of this report was as follows:

Management Board of Getin Noble Bank S.A.	
President of the Management Board	Krzysztof Rosiński
Vice-President of the Management Board	Artur Klimczak
Members of the Management Board	Krzysztof Basiaga
	Marcin Dec
	Karol Karolkiewicz
	Radosław Stefurak
	Maciej Szczechura
	Grzegorz Tracz

During the 12-month period ended 31 December 2015 and until the date of approval of these report the following changes occurred in the composition of the Bank's Management Board:

With effect from 1 January 2015 Mr. Krzysztof Basiaga became a member of the Management Board of the Bank in accordance with a resolution of the Supervisory Board dated 12 December 2014.

On 10 April 2015 the Supervisory Board of the Bank dismissed Mr. Krzysztof Spyra from the Management Board of the Bank, with effect from the date of the resolution.

On 29 April 2015 the Supervisory Board of the Bank appointed Mr. Artur Klimczak for Vice-President of the Management Board with effect from 1 July 2015.

Committees

According to the Head Office Organisational Regulations adopted by the Board, at the Bank operate the following committees, which operate under separate internal arrangements:

Asset and Liability Committee

Asset and Liability Committee (ALCO) acts as a consultative and advisory body, assisting the Bank's Management Board in the effective management of assets and liabilities of the Bank to ensure the implementation of the current financial plans and secure long-term development of the Bank. The scope of ALCO includes mainly: liquidity risk, interest rate risk, currency risk, capital risk.

Credit Risk Committee

Credit Risk Committee serves as an advisory body in the process of credit risk management in the Bank. The purpose of its operations is recommending a specific procedure in the field of the cases related to the Bank's credit risk and initiating activities of the credit risk management in relation to the Bank's organisational units responsible for credit risk management process.

Credit Committee of the Bank

The Bank's Credit Committee is the consultative and/or decision-making body, according to the credit decision mode adopted in the Bank, dealing with all matters relating to the credit risk of the ongoing transactions. In assessing the credit risk, the Credit Committee considers matters related to the lending activity, such as: requests for a loan or other type of engagement being beyond the competence of individual units, and applications for a loan containing derogations from the existing procedures and internal regulations; applications for setting exposure limits to customers of the Bank and exposure limits to borrowers, issuers and other banks. The Bank's Credit Committee consists of four members and their deputies, including the Chairman and Vice Chairman (s) who are appointed by the CEO from among the members of the

Bank's Management Board or employees of the Bank with the principle that person who are called by virtue of his post are responsible for reviewing claims and management of credit risk in the Bank.

Advisory Committee of the Bank

The Advisory Committee supports Credit Committee of the Bank and consists of two to four members appointed by the Member of the Management Board responsible for the Credit Risk and Debt Collection. The key activities of the Committee is to analyse credit applications (i.a. mortgage loans) including verification of client, investment, collateral and giving and opinion on the application. Recommendations given by the Advisory Committee are not valid. The deliberations of the Committee held an ad hoc basis, by teleconference or, exceptionally using e-mail.

Credit Committee of the Company and Corporate Credit Acceptance Center

The Credit Committee of the Company and Corporate Credit Acceptance Center operates at the Credit Committee of the Bank. It is responsible for process of assessment and approval of loan applications from corporate customers and undertakes projects to ensure the safe conduct of banking activities in this area. The committee members are appointed by a decision of the Board Member supervising the finance area.

Operational Risk Committee

Operational Risk Committee fulfils the supporting role to the Bank's Management Board with regard to: operational risk management - through the exercise of consultative and advisory functions in the process of operational risk management and the management of compliance risk - because of its close association with the legal risk constituting a category of operational risk – by the performance of advisory function, recommending specific procedure for the management of compliance risk.

Investment Product Committee

The Bank's Investment Product Committee is the consultative body dealing with all issues related to the assessment of the adequacy of the offered investment products to the needs of customers of the Bank. Committee performs its duties in accordance with the principles of transparency of the structure of products and its documentation.

Commercial Committee

The Commercial Committee is a consultative and decision-making body, which results from the Bank's mode of decision-making in the development and changes of the Banking Product. The Committee as part of its activities also fulfills the role of supporting the Management Board by monitoring of key indicators for the customer base of the Bank, various segments of customers and sales and financial results – in terms of key banking products and accepting initiatives – important from the perspective of business development, with a view to ensure the implementation of current financial plans and to secure long-term development of the Bank.

Data Quality Committee

The Data Quality Committee fulfills the supporting role to the Bank's Management Board with regard to: management of data classified in significant groups of data, monitoring of data quality verification, assuring high quality of data in the Bank, consulting the development plans for standards affecting the data quality. The aim of the Data Quality Committee is, among others, to recommend actions ensuring high data quality to the Management Board, as well as taking actions aiming at quality data promotion. Members of the Data Quality Committee are appointed by a decision of the President of the Management Board. The Committee is led by the Chairman of the Committee, who sets the dates of meetings, at least once a quarter.

Property Acquisitions Committee

The Property Acquisitions Committee is a consultative and / or decision-making body dealing with all issues related to the takeover of property by the Bank under the debt collection processes conducted by the Debt Collection Area, in both voluntary and enforcement. In the process of property takeover the Committee issues opinions on proposals of the Debt Collection Area for matters being subject to decisions of the Management Board and takes decisions on proposals submitted by the Debt Collection Area according to its competences granted in this regard.

Cost and Remuneration Committee

The Costs and Remuneration Committee is a consultative and decision-making body to ensure cost control in the Bank.

Remuneration of the Supervisory Board and the Management Board

The table below shows amount of remuneration (excluding employment costs) paid to individual members of the Management Board of Getin Noble Bank S.A. in 2015:

01.01.2015 – 31.12.2015	Fixed salary	Other benefits*
	PLN thousand	PLN thousand
Krzysztof Rosiński	1,193	596
Artur Klimczak	720	3,700**
Krzysztof Basiaga	540	202
Marcin Dec	660	453
Karol Karolkiewicz	403	323
Radosław Stefurak	584	808
Maciej Szczechura	523	360
Grzegorz Tracz	581	627
Krzysztof Spyra (until 04.2015)	208	995
Total remuneration of the Management Board	5,412	8,064

* Other benefits consisting mainly of bonuses resulting from the Variable Components of Remuneration Policy.

** The amount includes an additional benefit received as part of a package associated with the beginning of work at the Bank, which is a return payment, conditioned by an employment at the Bank for a period of 5 years and that will reduce the value of deferred bonus for a period of 5 years.

Under the remuneration policy of the Bank, members of the Management Board shall be entitled to a bonus for 2015. A provision for bonuses for the members of the Management Board recognised in 2015 amounted to PLN 1.2 million.

01.01.2015 – 31.12.2015	Fixed salary
	PLN thousand
dr Leszek Czarnecki	137
Krzysztof Bielecki	106
Mariusz Grendowicz	78
Jacek Lisik	121
Rafał Juszcak (until 05.2015)	66
Total remuneration of the Supervisory Board	508

Remuneration of members of the Bank's Management Board due to their functions in governing bodies of subsidiaries, joint ventures and associates are presented below:

	01.01.2015– 31.12.2015 PLN thousand
Krzysztof Rosiński	300
Krzysztof Basiaga	48
Marcin Dec	110
Karol Karolkiewicz	240
Radosław Stefurak	204
Maciej Szczechura	12
Grzegorz Tracz	622
Jacek Lisik	6
Remuneration of members of the Bank's Management Board due to their functions in governing bodies of subsidiaries, joint ventures and associates	1,542

	01.01.2015– 31.12.2015 PLN thousand
Remuneration of members of the subsidiaries Management Boards	8,346

In 2015 and 2014 the Group's subsidiaries did not pay remuneration to members of the Supervisory Boards.

Bank's agreements with members of the Management Board

The contracts of 6 out of 8 Members of the Management Board of the Bank envisage a payment of additional remuneration amounting to salary received and due within full 6 calendar months following the agreement termination date in case of termination of agreement by the Company or dismissal of Manager from the function in the Company's Management Board before the lapse of the term on which agreement was concluded, except for termination of agreement without notice in case of gross breach of provisions of the agreement.

Holdings of the Bank shares by managing and supervising persons

Holdings of shares of Getin Noble Bank S.A. by managing and supervising persons as at the date of the report are the following:

Members of the Supervisory and Management Board	Function	Number of shares on the own account
Leszek Czarnecki ¹⁾	President of the Supervisory Board	264,626,609
Remigiusz Baliński	Vice-President of the Supervisory Board	521,530
Krzysztof Rosiński	President of the Management Board	2,110,573
Marcin Dec	Member of the Management Board	374,762
Karol Karolkiewicz	Member of the Management Board	76,737
Radosław Stefurak	Member of the Management Board	126,315
Maciej Szczechura	Member of the Management Board	22,936
Grzegorz Tracz	Member of the Management Board	691,444

¹⁾ To the best knowledge of Mr. Leszek Czarnecki, President of the Supervisory Board, his subordinate entities own the following shares of the Bank: LC Corp B.V. – 1,011,728,750 shares, Getin Holding S.A. – 200,314,774 shares, Fundacja Jolanty i Leszka Czarneckich – 3,519,273 shares, RB Investcom Sp. z o.o. – 101,850 shares, Idea Expert S.A. – 7,799 shares.

7.3. Internal control and risk management systems relating to the financial statements

The process of preparation of financial statements in Getin Noble Bank S.A. is realised within Financial Department, and its basis is the accounting policy adopted by the Management Board of the Bank and accounting organisation in the Bank.

The substantive control of the preparation of the financial statements is exercised by the Chief Accountant of the Bank and the Member of the Management Board supervising the financial department.

In order to ensure true and fair information in the financial statements, in the Bank exists an internal control system, being the element of the Bank's management system. The internal control system is adapted to the organisational structure of the Bank and includes the organisational units of the Bank, the Bank's branches and subsidiaries.

The internal control system consists of the following items:

- risk control mechanisms – relate to all employees and include procedures relating to banking and banking activities, limits and self-control tasks performed in order to mitigate errors in the Bank's operations, to report deficiencies and to ensure the fairness of accounting records,
- functional control – performed by every employee with respect to quality and correctness of performing their tasks, as well as performed by their direct supervisors and their co-workers, resulting from the organisational structure of the Bank,
- institutional control/ internal audit – performed by the separated and independent unit – Internal Audit Department, whose objective is to identify and assess the risk in each area of the Bank's operations.

The objective of the internal control system is to support the Bank's management, including decision processes, which lead to ensure effectiveness of the Bank's operations, credibility of the financial reporting and compliance with the legal acts and internal regulations through ensuring the compliance of the performed tasks with the procedures and ongoing reaction for irregularities, and monitoring of the effectiveness of the implemented control mechanisms. As a part of the internal control systems the Bank identifies the risk relating to each operation, transaction, product and process resulting from the organisational structure of the Bank.

Significant task of the internal control system is to secure the assets, to review of loan exposures, to mitigate and to identify errors in data processing, to ensure the credibility of the accounting records, to improve the effectiveness of operations and to stimulate the complying with the agreed strategy and policy of the Bank.

Operating of the internal control system and risk management with respect to the financial statements preparation process are based on the control mechanisms embedded in the reporting systems and on the ongoing verification of the compliance with the accounting records and other documents underlying the financial statements as well as the regulations regarding the accounting standards and financial reporting.

The control mechanisms cover the tasks performed in the Bank including: competences, regulations, limits and procedures relating to the activities of Getin Noble Bank S.A. and control activities performed by its employees and its supervisors, which relate to the performed activities. Mechanisms are of control nature and are incorporated both in the internal regulations and IT system of the Bank. In addition, the Management Board of the Bank takes actions to ensure the continuity of monitoring the effectiveness of internal controls and to identify areas of business, operations, transactions and other activities designed for continuous monitoring.

Entity entitled to audit financial statements

On 30 June 2015 the Supervisory Board of the Bank made the resolution on the appointment of Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k. with its registered office in Warsaw as the statutory auditor of the financial statements for 2015. The agreement with respect to the review of the interim separate and consolidated financial statements as well as audit of the annual separate and consolidated financial statements was signed on 6 July 2015.

The Bank used the services of Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k. for the audit of financial statements for 2012-2014.

The detailed information on the contracts concluded with the auditor and its remuneration have been presented in the note II.49 to the consolidated financial statements of the Getin Noble Bank S.A. Capital Group for the year ended 31 December 2015.

8. Corporate social responsibility

Getin Noble Bank S.A. develops its corporate social responsibility activities (CSR), by undertaking a number of activities aimed at the active involvement of its employees in the pro-social events. One of those events is annually organized Bieg Fair Play. In 2015 more than 4 thousand of employees and Bank's friends participated in the run in Warsaw, Katowice and Wrocław. It is a charity event - as a result of which over PLN 50 thousand were donated to the treatment and rehabilitation of Antos, Szymon and Bartek – kids of the Bank's employees. Bieg Fair Play, through the ongoing interest of the employees of the Bank, is the regular element of CSR activities. The idea of sport promotion, which met the applause of the Management Board of the Bank, allowed to take next action – appointment of official Running Representation of Getin Noble Bank S.A., which is composed of employees taking part in the biggest running events in Poland.

One of the corporate social responsibility events was charity project 'Getin Dzieciom', whose aim was to support children's hospice. The Getin Noble Bank initiative involved transfer of funds, as well as preparation of radio play for the youngest patients. Employees, chosen in an internal casting for the best voice of a lecturer, have played the most beautiful Grimm Brothers' and Hans Christian Andersen's fairy tales, recordings took place in professional phonographic studio with the participation of actor Artur Barcis. At the end the employees of the Bank visited hospice for children in Warsaw, Tychy and Łódź, nearly 300 colorful mp3 for children with recorded fairy tales and symbolic cheques.

Getin Noble Bank S.A. actively supports social activities – one of them is blood donation campaign Getin Crew combined with the registration of bone marrow donors. In 2015 two editions of the campaign were organized in three head office of the Bank at the same time – in Warsaw, Katowice and Wrocław.

9. Additional information

Significant agreements

On 07 July 2015 the Supervisory Board of Getin Noble Bank S.A. adopted resolution on consent to amend current debt securities issue program ("Issue Program"), established on the basis of Issue Agreement which uniform text was introduced by Annex No. 3 dated 17 June 2014 to the Issue Agreement and Dealership Agreement concluded on 20 October 2005 by the Issuer and mBank S.A. and to multiple issue of debt securities, i.e. bonds (coupon and zero coupon bonds) as well as deposit certificates (coupon and zero coupon deposit certificates) with amended Issue Program. The adopted amendments include amendments connected with the new Act of 15 January 2015 on Bonds. The bonds issue contains an option to offer bonds within public offering pursuant to Article 33(1) of the Bond Act of the value calculated according to the issue price as at the date of its determination, at least EUR 100,000 (within the meaning of Article 7(4)(3) of the Act on Public Offering), the offering does not involve any obligation to draw up either prospectus or information memorandum in the meaning of the Act on Public Offering.

The amendments introduced possibility to roll over debt securities (other than Bonds registered in the National Depository for Securities) issued within the Issue Program. Moreover, additional attachments to the Issue Agreement were introduced

or the existing ones were amended (especially as regards offering documents and issue procedure) as a result of adapting documentation to the above changes. On 08 July 2015 Getin Noble Bank S.A. concluded with mBank S.A. Annex to the issue agreement dated 2014, on amended Debt Securities Issue Program. The adopted amendments include amendments connected with the new Act of 15 January 2015 on Bonds.

On 20 November 2015 Getin Noble Bank S.A. concluded significant agreements regarding securitization of portfolio of lease receivables – the agreement of sale of lease receivables by the Bank to GNB Leasing Plan Limited with its registered office in Dublin ('special purpose vehicle', 'SPV') and Subordinated loan agreement of the value of PLN 800 million, with the initial use of credit in the amount of PLN 700 million, granted Special Purpose Vehicle by the Bank.

Agreement of sale of lease receivables of the value of PLN 1.9 billion to GNB Leasing Plan Limited with its registered office in Dublin ("SPV") for the price equal to the outstanding capital balance. The following entities participated in this agreement as well: Getin Leasing Spółka Akcyjna with its registered office in Wrocław, Getin Leasing Spółka Akcyjna 2 S.K.A. with its registered office in Wrocław and Getin Leasing Spółka Akcyjna 3 S.K.A. with its registered office in Wrocław.

The goal of this transaction is to win by the Bank medium-term financing by private issue of bonds by SPV of the value of PLN 1.2 billion secured by a registered pledge on SPV assets, and in particular on receivables under lease agreements. The interest on the issued bonds shall be determined on the basis of WIBOR (3M) plus 1,2% margin.

SPV as the issuer of bonds shall repay interest and capital on each 20th day of January, April, July and October. In case the repayment day is not a working day, the repayment shall be made on the next working day. The structure of this transaction provides for approx. 3-year-revolving period when the Issuer shall have the possibility to sell further receivables from the lease receivables portfolio allowing to extend the period for which the financing is gained. The speed of repayment of bonds depends on the actual speed of repayment of receivables (pass-through structure) and the planned term of redemption of bonds is 20 October 2020. The concluded agreement regulates additionally the following: a number of events when the deterioration of the Issuer's situation or the sold portfolio shall cause early termination of the revolving period, condition of the agreements to be fulfilled to be a part of securitized portfolio obligations of the parties during the effective term of the agreement, situations when the Issuer is entitled to repurchase a part of receivables or to early terminate the structure. The agreement does not stipulate any contractual financial penalties. The agreement is deemed significant agreement due to the fact that the value of the subject of the agreement shall exceed 10% of the Issuer's equity.

The purpose of the subordinated loan agreement of the value of PLN 800 million, with the initial use of credit in the amount of PLN 700 million granted Special Purpose Vehicle by the Bank, is to finance the purchase of receivables in the part the purchase shall not be financed by the bond issue by SPV. The loan shall be subordinate to preference and secured bonds. The parties agreed on waterfall repayment from funds owned by SPV and the capital shall be repaid not earlier than after full redemption of bonds. The loan is not secured. The interest on loan shall include 1,5% margin and WIBOR (3M). SPV shall pay the accrued interest on loan on the date set in the agreement provided sufficient funds are available after higher priority payments are made according to the order of priority determined in the agreement. The agreement does not stipulate any contractual financial penalties. The agreement is deemed significant agreement due to the fact that the value of the subject of the agreement shall exceed 10% of the Issuer's equity

Changes in the basic principles of managing the company

In 2015 there were no significant changes with respect to the methods of managing the Bank.

The Bank's co-operation with international public institutions

In 2015 Getin Noble Bank S.A. continued its co-operation with the European Bank for Reconstruction and Development and the European Investment Bank under already signed agreements.

Information on significant agreements between the Bank and the central bank or supervision authorities

In 2015 Getin Noble Bank S.A. did not conclude any significant agreements with the central bank or supervision authorities. The Bank co-operates on a regular basis with the National Bank of Poland under already signed agreements.

Explanation of differences between actual financial results and previously published forecasts

Getin Noble Bank S.A. did not publish forecasts for 2015 financial results.

Description of the use of the proceeds from the issue of securities by the Issuer

In 2015 Getin Noble Bank S.A. made further issues of bonds, including subordinated bonds issued under the Public Bond Issuance Programme approved by the Supervisory Board on 13 July 2015. The purpose of the bond issue by the Bank is to increase the Bank's own funds to allow for further development of its activities. In 12-month period of 2015 the Polish Financial Supervision Authority approved the inclusion in the supplementary funds the amount of PLN 31.7 million acquired by Getin Noble Bank S.A. through the issue of subordinated bonds series PP5-I. Additionally the Bank obtained funds from the issue of bonds in the amount of PLN 50 million under the Public Bond Programme approved by the Supervisory Board on 7 July 2014.

The funds raised under the issues of bonds were used to finance current operations of the Bank.

Execution titles and value of collaterals

In 2015 there were 34,818 execution titles issued of the total value of PLN 1.6 billion. The fair value of the collaterals for individually impaired loans calculated as the sum of discounted future cash flows from collaterals, repayments and settlements as well as recovery of the loans amounted to PLN 1.8 billion as at the end of 2015.

Significant legal proceedings

In 2015 the entities of the Getin Noble Bank S.A. Capital Group were not subject to any proceedings relating to liabilities or receivables which value would exceed 10% of the consolidated equity.

Information on the control system in employee share schemes

There are no employee share schemes in the Bank.

10. Statements of the Management Board

10.1. Truth and fairness of the financial statements

According to the best knowledge of the Management Board, the consolidated financial statements of the Getin Noble Bank S.A. Capital Group for the year ended 31 December 2015 and the comparative data have been prepared in accordance with the International Financial Reporting Standards and reflect the economic and financial standing of the Getin Noble Bank S.A. Capital Group and the Group's financial result in a true, fair and transparent way.

Furthermore, the Directors' Report of the Getin Noble Bank S.A. Capital Group gives a true view of the development, achievements and situation of the Group in 2015, including a description of the key threats and risks.

10.2. Appointment of the auditor of the financial statements

Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k. – the auditor of the consolidated financial statements of the Getin Noble Bank S.A. Capital Group for the year ended 31 December 2015 was appointed in compliance with the law. This entity and its certified auditors performing the audit fulfilled conditions for expressing the unbiased and independent opinion on the audited consolidated financial statements, in accordance with the applicable law and professional standards.

Signatures of the Getin Noble Bank S.A. Management Board Members:

Krzysztof Rosiński
President of the Management Board

Artur Klimczak
Vice President of the Management Board

Krzysztof Basiaga
Member of the Management Board

Marcin Dec
Member of the Management Board

Karol Karolkiewicz
Member of the Management Board

Radosław Stefurak
Member of the Management Board

Maciej Szczechura
Member of the Management Board

Grzegorz Tracz
Member of the Management Board

Warsaw, 18 March 2016