



# GETIN NOBLE

BANK • SPÓŁKA AKCYJNA

**GETIN NOBLE BANK S.A.**

**Financial statements**

**for the year ended 31 December 2012**

**with the auditor's report**

Warsaw, 28 February 2013

## SELECTED FINANCIAL DATA

	01.01.2012- 31.12.2012	01.01.2011- 31.12.2011 (restated)	01.01.2012- 31.12.2012	01.01.2011- 31.12.2011 (restated)
	PLN thousand	PLN thousand	EUR thousand	EUR thousand
Net interest income	1,195,781	1,306,719	286,511	315,625
Net fee and commission income	707,693	742,138	169,564	179,256
Impairment allowances on financial assets and off-balance sheet provisions	(951,330)	(1,189,605)	(227,940)	(287,337)
Profit before tax	369,519	680,608	88,537	164,394
Net profit	310,957	566,450	74,506	136,820
Net cash flows	730,894	676,736	175,123	163,459

	31.12.2012	31.12.2011 (restated)	31.12.2012	31.12.2011 (restated)
	PLN thousand	PLN thousand	EUR thousand	EUR thousand
Amounts due from banks and financial institutions	1,966,330	3,275,019	480,977	741,491
Loans and advances to customers	44,947,400	42,599,847	10,994,423	9,644,957
Total assets	59,188,181	54,264,299	14,477,810	12,285,885
Amounts due to customers	51,113,735	47,235,985	12,502,748	10,694,617
Debt securities issued	1,674,416	811,673	409,573	183,769
Total liabilities	54,645,819	50,171,172	13,366,719	11,359,168
Total equity	4,542,362	4,093,127	1,111,091	926,718

Number of shares	2,650,143,319	103,060,000	2,650,143,319	103,060,000
Capital adequacy ratio	12.5%	10.5%	12.5%	10.5%

The selected financial figures comprising the basic items of the standalone financial statements have been converted into EUR in accordance with the following principles:

- the individual items of assets, liabilities and equity have been converted in accordance with the average exchange rates announced by the National Bank of Poland as at 31 December 2012, i.e. 1 EUR = 4,0882 PLN and as at 31 December 2011, i.e. 1 EUR = 4,4168 PLN.
- the individual items of the income statement as well as the items regarding the statement of cash flows have been converted in accordance with the exchange rates constituting arithmetic means of the average exchange rates established by the National Bank of Poland as at the last day of every month within 12-month period ended 31 December 2012 and 31 December 2011 (1 EUR = 4,1736 PLN and 1 EUR = 4,1401 PLN respectively).

## TABLE OF CONTENTS:

<b>I. FINANCIAL STATEMENTS .....</b>	<b>2</b>
1. INCOME STATEMENT .....	2
2. STATEMENT OF COMPREHENSIVE INCOME.....	2
3. STATEMENT OF FINANCIAL POSITION .....	3
4. STATEMENT OF CHANGES IN EQUITY.....	4
5. STATEMENT OF CASH FLOWS .....	5
<b>II. NOTES TO THE FINANCIAL STATEMENTS.....</b>	<b>6</b>
1. GENERAL INFORMATION .....	6
2. COMPOSITION OF THE COMPANY'S MANAGEMENT BOARD AND THE SUPERVISORY BOARD.....	8
3. APPROVAL OF THE FINANCIAL STATEMENTS.....	9
4. INVESTMENTS OF THE BANK .....	9
5. ACCOUNTING POLICIES .....	10
6. SIGNIFICANT VALUES BASED ON PROFESSIONAL JUDGEMENT AND ESTIMATES .....	33
7. INTEREST INCOME AND EXPENSE .....	36
8. FEE AND COMMISSION INCOME AND EXPENSE .....	37
9. DIVIDEND INCOME.....	38
10. RESULT ON FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS .....	38
11. RESULT ON OTHER FINANCIAL INSTRUMENTS.....	39
12. FOREIGN EXCHANGE RESULT .....	39
13. OTHER OPERATING INCOME AND EXPENSE .....	40
14. GENERAL ADMINISTRATIVE EXPENSES .....	41
15. IMPAIRMENT ALLOWANCES ON FINANCIAL ASSETS AND OFF-BALANCE SHEET PROVISIONS.....	42
16. INCOME TAX.....	43
17. CASH AND BALANCES WITH THE CENTRAL BANK.....	45
18. AMOUNTS DUE FROM BANKS AND FINANCIAL INSTITUTIONS .....	46
19. FINANCIAL ASSETS HELD FOR TRADING .....	47
20. DERIVATIVE FINANCIAL INSTRUMENTS.....	48
21. LOANS AND ADVANCES TO CUSTOMERS.....	50
22. AVAILABLE FOR SALE FINANCIAL ASSETS .....	52
23. ASSETS PLEDGED AS SECURITIES .....	54
24. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES.....	55
25. INTANGIBLE ASSETS.....	56
26. PROPERTY, PLANT AND EQUIPMENT .....	58
27. INVESTMENT PROPERTIES .....	61
28. FINANCE AND OPERATING LEASE .....	61
29. OTHER ASSETS .....	63
30. NON-CURRENT ASSETS HELD FOR SALE .....	63
31. AMOUNTS DUE TO BANKS AND FINANCIAL INSTITUTIONS .....	64
32. AMOUNTS DUE TO CUSTOMERS.....	64
33. DEBT SECURITIES ISSUED.....	65

**GETIN NOBLE BANK S.A.**

Financial statements for the year ended 31 December 2012  
(data in PLN thousand)



34. OTHER LIABILITIES .....	68
35. PROVISIONS .....	68
36. SHARE CAPITAL .....	69
37. OTHER CAPITAL .....	70
38. DIVDENDS PAID AND PROPOSED .....	70
39. CONTINGENT LIABILITIES .....	70
40. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES .....	71
41. SOCIAL ASSETS AND COMPANY SOCIAL BENEFITS FUND LIABILITIES .....	74
42. ADDITIONAL NOTES TO THE STATEMENT OF CASH FLOWS .....	74
43. INFORMATION ON OPERATING SEGMENTS .....	75
44. RELATED PARTY TRANSACTIONS .....	77
45. INFORMATION ABOUT THE AUDITORS REMUNERATION .....	84
46. THE EMPLOYMENT .....	85
47. SUBSEQUENT EVENTS .....	85
III. RISK MANAGEMENT IN THE BANK .....	86
1. CREDIT RISK .....	86
2. OPERATIONAL RISK .....	94
3. COMPLIANCE RISK .....	96
4. MARKET RISK .....	97
5. LIQUIDITY RISK .....	103
6. RISK RELATED TO DERIVATIVES .....	104
7. HEDGE ACCOUNTING .....	105
8. CAPITAL MANAGEMENT .....	106
9. CAPITAL ADEQUACY RATIO .....	106

## I. FINANCIAL STATEMENTS

## 1. INCOME STATEMENT

	Note	01.01.2012- 31.12.2012 PLN thousand	01.01.2011- 31.12.2011 (restated) PLN thousand
<b>CONTINUED ACTIVITY</b>			
Interest income	II.7	4,255,213	3,603,802
Interest expense	II.7	(3,059,432)	(2,297,083)
<b>Net interest income</b>		<b>1,195,781</b>	<b>1,306,719</b>
Fee and commission income	II.8	934,113	1,043,345
Fee and commission expense	II.8	(226,420)	(301,207)
<b>Net fee and commission income</b>		<b>707,693</b>	<b>742,138</b>
Dividend income	II.9	41,608	17,649
Result on financial instruments measured at fair value through profit or loss	II.10	(57,430)	37,435
Result on other financial instruments	II.11	128,581	375,330
Foreign exchange result	II.12	86,929	149,529
Other operating income	II.13	70,725	164,506
Other operating expense	II.13	(81,629)	(181,126)
<b>Net other operating income</b>		<b>188,784</b>	<b>563,323</b>
General administrative expenses	II.14	(771,409)	(741,967)
Impairment allowances on financial assets and off-balance sheet provisions	II.15	(951,330)	(1,189,605)
<b>Operating profit</b>		<b>369,519</b>	<b>680,608</b>
<b>Profit before tax</b>		<b>369,519</b>	<b>680,608</b>
Income tax	II.16	(58,562)	(114,158)
<b>Net profit</b>		<b>310,957</b>	<b>566,450</b>

## 2. STATEMENT OF COMPREHENSIVE INCOME

	Note	01.01.2012- 31.12.2012 PLN thousand	01.01.2011- 31.12.2011 (restated) PLN thousand
<b>Net profit for the period</b>		<b>310,957</b>	<b>566,450</b>
Valuation of available-for-sale financial assets		20,210	988
Income tax on valuation of available for sale financial assets	II.16	(3,840)	(189)
Cash flow hedges	III.7	(201,638)	92,095
Income tax on cash flow hedges	II.16	38,311	(17,498)
<b>Net other comprehensive income</b>		<b>(146,957)</b>	<b>75,396</b>
<b>Comprehensive income for the period</b>		<b>164,000</b>	<b>641,846</b>

Restated financial data of the Bank for the year 2011 presented in these financial statements have not been audited. Restated data are sum of audited financial data of Getin Noble Bank S.A. and Get Bank S.A. for the year 2011 and include adjustments resulting from the merger settlement method. Details of the restatement are presented in note 5.6 to these financial statements.

## 3. STATEMENT OF FINANCIAL POSITION

	Note	31.12.2012 PLN thousand	31.12.2011 (restated) PLN thousand
<b>ASSETS</b>			
Cash and balances with the Central Bank	II.17	2,906,940	2,423,342
Amounts due from banks and financial institutions	II.18	1,966,330	3,275,019
Financial assets held for trading	II.19	-	8,045
Derivative financial instruments	II.20	178,350	88,112
Loans and advances to customers	II.21	44,947,400	42,599,847
Available for sale financial assets	II.22	7,454,653	4,541,547
Investments in subsidiaries and associates	II.24	281,349	248,423
Intangible assets	II.25	118,663	105,139
Property, plant and equipment	II.26	183,605	153,219
Investment properties	II.27	32,204	36,008
Income tax assets, of which:	II.16	405,785	313,995
Receivables relating to current income tax		2,547	7,629
Deferred tax assets		403,238	306,366
Other assets	II.29	708,380	470,567
Assets held for sale	II.30	4,522	1,036
<b>TOTAL ASSETS</b>		<b>59,188,181</b>	<b>54,264,299</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities</b>			
Amounts due to banks and financial institutions	II.31	794,704	579,057
Derivative financial instruments	II.20	657,427	1,135,356
Amounts due to customers	II.32	51,113,735	47,235,985
Debt securities issued	II.33	1,674,416	811,673
Other liabilities	II.34	385,843	370,403
Provisions	II.35	19,694	38,698
<b>Total Liabilities</b>		<b>54,645,819</b>	<b>50,171,172</b>
<b>Equity</b>			
Share capital	II.36	2,650,143	103,060
Retained earnings		(504,475)	(399,779)
Net profit		310,957	566,450
Other capital	II.37	2,085,737	3,823,396
<b>Total equity</b>		<b>4,542,362</b>	<b>4,093,127</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>59,188,181</b>	<b>54,264,299</b>

Restated financial data of the Bank for the year 2011 presented in these financial statements have not been audited. Restated data are sum of audited financial data of Getin Noble Bank S.A. and Get Bank S.A. for the year 2011 and include adjustments resulting from the merger settlement method. Details of the restatement are presented in note 5.6 to these financial statements.

**GETIN NOBLE BANK S.A.**

Financial statements for the year ended 31 December 2012

(data in PLN thousand)


**4. STATEMENT OF CHANGES IN EQUITY**

	Share capital	Retained earnings	Net profit	Other capital				Total equity
				Reserve capital	Revaluation reserve	Share based payments equity component	Other capital reserves	
	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand
<b>As at 01.01.2012</b>	<b>103,060</b>	<b>166,671</b>	<b>-</b>	<b>3,743,341</b>	<b>26,189</b>	<b>16,373</b>	<b>37,493</b>	<b>4,093,127</b>
Settlement of the banks' merger	-	(114,193)	-	(5,954,662)	-	-	-	(6,068,855)
Comprehensive income for the period	-	-	310,957	-	(146,957)	-	-	164,000
Appropriation of profit for the previous period	-	(556,953)	-	556,953	-	-	-	-
Issue of shares	2,547,083	-	-	3,819,317	-	-	-	6,366,400
Share issue costs	-	-	-	(6,591)	-	-	-	(6,591)
Sale of own shares	-	-	-	3,273	-	-	-	3,273
Valuation of the management options	-	-	-	-	-	3,897	-	3,897
Partial execution of the Management Options Scheme	-	-	-	-	-	(3,290)	-	(3,290)
Reclassification of the Management Options Scheme	-	-	-	-	-	(9,599)	-	(9,599)
<b>As at 31.12.2012</b>	<b>2,650,143</b>	<b>(504,475)</b>	<b>310,957</b>	<b>2,161,631</b>	<b>(120,768)</b>	<b>7,381</b>	<b>37,493</b>	<b>4,542,362</b>

(restated)	Share capital	Retained earnings	Net profit	Other capital					Total equity
				Purchased own shares - nominal value	Reserve capital	Revaluation reserve	Share based payments - equity component	Other capital reserves	
	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand
<b>As at 01.01.2011</b>	<b>953,763</b>	<b>435,925</b>	<b>-</b>	<b>(696)</b>	<b>1,901,394</b>	<b>(50,078)</b>	<b>3,665</b>	<b>37,493</b>	<b>3,281,466</b>
Settlement of the banks' merger	(850,703)	(399,779)	-	696	1,406,022	871	-	-	157,107
Comprehensive income for the period	-	-	566,450	-	-	75,396	-	-	641,846
Appropriation of profit for the previous period	-	(435,925)	-	-	435,925	-	-	-	-
Valuation of the management options	-	-	-	-	-	-	12,708	-	12,708
<b>As at 31.12.2011</b>	<b>103,060</b>	<b>(399,779)</b>	<b>566,450</b>	<b>-</b>	<b>3,743,341</b>	<b>26,189</b>	<b>16,373</b>	<b>37,493</b>	<b>4,093,127</b>

Restated financial data of the Bank for the year 2011 presented in these financial statements have not been audited. Restated data are sum of audited financial data of Getin Noble Bank S.A. and Get Bank S.A. for the year 2011 and include adjustments resulting from the merger settlement method. Details of the restatement are presented in note 5.6 to these financial statements.

## 5. STATEMENT OF CASH FLOWS

	Note	01.01.2012- 31.12.2012 PLN thousand	01.01.2011- 31.12.2011 (restated) PLN thousand
<b>Cash flows from operating activities</b>			
Net profit		310,957	566,450
Total adjustments:		(701,618)	(856,003)
Amortization and Depreciation	II.14	60,702	54,570
(Gains)/losses from investing activities		73,530	(362,113)
Interests and dividends		24,016	1,171
Change in amounts due from banks and financial institutions	II.42	1,555,985	(482,903)
Change in financial assets held for trading		8,045	(8,045)
Change in derivative financial instruments (assets)	II.42	(137,158)	(36,669)
Change in loans and advances to customers		(2,347,553)	(7,843,811)
Change in available-for-sale financial instruments	II.42	(2,896,736)	(1,431,773)
Change in deferred tax assets		(96,872)	23,499
Change in other assets		(237,813)	(162,034)
Change in amounts due to banks and financial institutions	II.42	112,652	(164,650)
Change in derivative financial instruments (liabilities)	II.42	(594,336)	171,420
Change in amounts due to customers		3,877,750	9,221,585
Change in debt securities issued	II.42	(58,816)	51,226
Change in provisions		(19,004)	25,067
Change in other liabilities		15,440	117,239
Other adjustments		(46,532)	1,517
Income tax paid		(115,881)	(139,645)
Current tax expense	II.16	120,963	108,346
<b>Net cash flows from operating activities</b>		<b>(390,661)</b>	<b>(289,553)</b>
<b>Cash flows from investing activities</b>			
Dividends received	II.9	41,608	17,649
Sale of intangible assets and tangible fixed assets		2,823	28,347
Sale of shares in a subsidiary		1,032	361,067
Purchase of intangible assets and tangible fixed assets		(72,059)	(72,859)
Purchase of shares in a subsidiary		(105,006)	(28,195)
<b>Net cash flows used in investing activities</b>		<b>(131,602)</b>	<b>306,009</b>
<b>Cash flows from financing activities</b>			
Proceeds from issuing shares		296,000	-
Proceeds from an issue of debt securities	II.33	2,229,559	1,261,100
Redemption of issued debt securities	II.33	(1,308,000)	(582,000)
Proceeds from sale of own shares		3,273	-
Long term loans and advances		102,995	-
Interest paid		(65,624)	(18,820)
Other financial cash inflow s/ (outflow s)		(5,046)	-
<b>Net cash flows from financing activities</b>		<b>1,253,157</b>	<b>660,280</b>
Net increase/(decrease) in cash and cash equivalents		730,894	676,736
Cash and cash equivalents at the beginning of the period		3,147,743	2,471,007
<b>Cash and cash equivalents at the end of the period</b>	II.42	<b>3,878,637</b>	<b>3,147,743</b>

Restated financial data of the Bank for the year 2011 presented in these financial statements have not been audited. Restated data are sum of audited financial data of Getin Noble Bank S.A. and Get Bank S.A. for the year 2011 and include adjustments resulting from the merger settlement method. Details of the restatement are presented in note 5.6 to these financial statements.



## **II. NOTES TO THE FINANCIAL STATEMENTS**

### **1. GENERAL INFORMATION**

The financial statement have been prepared for the year ended 31 December 2012 and include restated comparative data for the year ended 31 December 2011.

Getin Noble Bank S.A. („the Bank”, „Getin Noble Bank”, „ the Company”) operating until 1 June 2012 under the name of Get Bank S.A. with its registered office in Warsaw at Domaniewska Str. 39, registered pursuant to the decision of the District Court of Warsaw, XIII Commercial Department of the National Court Register on 25 April 2008 under entry No. 0000304735. The Company has been granted with statistical number REGON 141334039. The legal basis for the Bank's activity are its Articles of Association drawn up in the form of a notarial deed of 5 March 2008 (as amended).

On 2 January 2012 as a result of the split-off of Getin Holding S.A. with its registered office in Wrocław, 893,786,767 shares in Getin Noble Bank S.A., which accounted for 93.71% of its share capital and entitled to 893,786,767 (93.71% ) votes at the General Meeting of Getin Noble Bank S.A. were transferred to Get Bank S.A. The split-off of Getin Holding S.A. occurred on 2 January 2012, i.e. on the date of registration by the District Court of Warsaw, XIII Commercial Department of the National Court Register, of share capital increase in Get Bank from PLN 103,060,000 to PLN 2,245,525,631 through the issue in a public offer of 2,142,465,631 ordinary bearer shares of H series of a nominal value of PLN 1.00 each. As a result of the transfer of the above mentioned shares, Getin Holding S.A. no longer directly held any shares in Getin Noble Bank S.A., and through Get Bank S.A. indirectly owned 93.71% of the share capital.

On 19 January 2012 as a result of issue of H Series ordinary bearer shares of Get Bank S.A., which took place in connection with the split-off of the Getin Holding S.A. in accordance with art. 529 § 1 point 4 of the Act of 15 September 2000, the indirect share of Getin Holding S.A. in the share capital of Getin Noble Bank S.A., through Get Bank S.A. and PDK S.A., declined to 4.51% of Getin Noble Bank S.A. share capital, resulting in Getin Holding S.A. ceased to be the parent entity of Getin Noble Bank S.A. and Get Bank S.A. At the same time on 19 January 2012 Mr. Leszek Czarnecki became the parent to Get Bank S.A. in connection with the acquisition, directly and indirectly of 1,197,323,225 shares in Get Bank S.A., and thus acquired indirectly (via Get Bank S.A.) 893,786,767 shares in Getin Noble Bank S.A., which represents 93.71% of its share capital and entitles to 893,786,767 (93.71%) votes at Getin Noble Bank S.A. General Meeting.

On 7 February 2012 the Management Boards of Getin Noble Bank S.A. and Get Bank S.A. agreed, and the Supervisory Boards of both Banks approved the Plan to merger Getin Noble Bank S.A. and Get Bank S.A. prepared in accordance with art. 499 § 1 and § 2 of the CCC. The Banks merger was according to art. 492 § 1 point 1 of the CCC in conjunction with of article 124 point 1 of the Banking Act, by transferring all the assets of Getin Noble Bank S.A. to Get Bank S.A. as the acquiring company (merger by acquisition) with simultaneous increase of the share capital of Get Bank S.A. through the new issue of 144,617,688 shares of I series with a nominal value of PLN 1.00 each, which were granted to all existing shareholders of Getin Noble Bank S.A. other than Get Bank S.A. According to art. 494 § 1 of the CCC, from the merger day Get Bank S.A. took all the rights and responsibilities of Getin Noble Bank S.A.

On 1 June 2012 the District Court of Warsaw, XIII Commercial Department of the National Court Register issued a decision, under which, on 1 June 2012 was made an entry of the merger of Get Bank S.A. and Getin Noble Bank S.A. under the name of Getin Noble Bank S.A. ("Merged Bank") in the Companies Register of the National Court Register. At the same time the Registration Court issued a decision to change the Bank's firm from Get Bank S.A. to Getin Noble Bank S.A.

On 5 June 2012 the Board of the National Depository for Securities ("NDS") decided to adopt to the NDS 144,617,688 shares of I Series common bearer of the nominal value of PLN 1.00 each, recorded as a result of the merger of Get Bank S.A. and Getin Noble Bank S.A. On 18 June 2012 the Board of the Stock Exchange in Warsaw S.A. decided to enter the I Series Shares on a regular basis to trading on the primary market. At the same time all the shares of Getin Noble Bank S.A., i.e. 953,763,097 shares of series A through H and J Series were excluded from trading. In connection with the merger of Get Bank S.A. and Getin Noble Bank S.A. all existing shareholders of previous Getin Noble Bank S.A. received shares of the merged Bank using the exchange ratio in relation 1:2.4112460520.

On 9 November 2012 the District Court of Warsaw, XIII Commercial Department of the National Court Register registered increase in share capital of Getin Noble Bank S.A. by a total amount of PLN 260 million by issuing in a public offering of 200 million ordinary bearer shares of series J with nominal value of PLN 1.00 each, and of 60 million ordinary bearer shares of series K with nominal value of PLN 1.00 each. Total number of votes from all the shares issued by the Bank after the registration of the increase in share capital amounts to 2,650,143,319 votes.

The ownership structure of significant batches of shares of the Bank as of the date of this financial statements according to the information available to the Bank is as follows.

As at 28 February 2013	Number of shares	Number of votes at AGM	% share in share capital	% share in votes at AGM
LC Corp B.V.	1,033,035,603	1,033,035,603	38.98%	38.98%
Leszek Czarnecki (directly)	271,307,949	271,307,949	10.24%	10.24%
ING Otwarty Fundusz Emerytalny	192,352,805	192,352,805	7.26%	7.26%
Getin Holding S.A.	150,096,884	150,096,884	5.66%	5.66%
Other shareholders	1,003,350,078	1,003,350,078	37.86%	37.86%
<b>Total</b>	<b>2,650,143,319</b>	<b>2,650,143,319</b>	<b>100.00%</b>	<b>100.00%</b>

The parent company of the Bank is Mr. Leszek Czarnecki, who directly and through LC Corp B.V. and other subordinated entities has 55.02% share in Getin Noble Bank S.A. Data on the shares held by Mr. Leszek Czarnecki and its subordinated entities are presented in the following table:

	Number of shares	Number of votes at AGM	% share in share capital	% share in votes at AGM
LC Corp B.V.	1,033,035,603	1,033,035,603	38.98%	38.98%
Leszek Czarnecki (directly)	271,307,949	271,307,949	10.24%	10.24%
Getin Holding S.A.	150,096,884	150,096,884	5.66%	5.66%
Fundacja Jolanty i Leszka Czarneckich	3,608,129	3,608,129	0.14%	0.14%
RB Investcom sp. z o.o.	104,422	104,422	0.004%	0.004%
Idea Expert S.A. (former PDK S.A.)	7,995	7,995	0.0003%	0.0003%
<b>Total</b>	<b>1,458,160,982</b>	<b>1,458,160,982</b>	<b>55.02%</b>	<b>55.02%</b>

The main activities of the Company are banking services and the business activities as defined in the Bank's Articles of Association. The Bank operates throughout Poland, and offers its services mainly to individuals, in Polish zloty and in foreign currencies.

Getin Noble Bank is a universal bank offering numerous products in the area of financing, saving and investing and a wide spectrum of additional services which are provided to clients using a variety of channels, including traditional banking outlets and the Internet platform.

Retail banking is conducted by the Bank under the Getin Bank Brand, which specializes in the sale of cash and mortgage loans and is a leader in the sale of car loans. Getin Bank offers a wide range of investment products and deposits and is an active player in the segment of financial services dedicated to small and medium-sized enterprises and to local governments.

The private banking section, dedicated to wealthy clients, is conducted under Noble Bank Brand. In addition to standard financial products, Noble Bank offers real estate advisory, legal and tax support, art banking, brokerage and concierge services.

## 2. COMPOSITION OF THE COMPANY'S MANAGEMENT BOARD AND THE SUPERVISORY BOARD

As of the date of approval of these financial statements composition of the Company's management and supervisory bodies were as follows:

Management Board of Getin Noble Bank S.A.	
President of the Management Board	Krzysztof Rosiński
Members of the Management Board	Karol Karolkiewicz
	Maurycy Kühn
	Krzysztof Spyra
	Radosław Stefurak
	Maciej Szczechura
	Grzegorz Tracz

Supervisory Board of Getin Noble Bank S.A.	
President of the Supervisory Board	Leszek Czarnecki
Vice-president of the Supervisory Board	Rafał Juszczyk
Members of the Supervisory Board	Remigiusz Baliński
	Michał Kowalczewski
	Jacek Lisik

Until the legal merger of Get Bank S.A. and Getin Noble Bank S.A. the composition of the Management Board of Get Bank S.A. was as follows:

Management Board of Get Bank S.A.	
President of the Management Board	Radosław Stefurak
Members of the Management Board	Marcin Dec
	Karol Karolkiewicz
	Radosław Radowski
	Grzegorz Słoka

During the 12-month period ended 31 December 2012 and until the date of approval of these financial statements the following changes occurred in the composition of the Bank's Management Board:

On 30 May 2012 Mr. Marcin Dec and Mr. Radosław Radowski resigned from the position held by them in the Management Board of Get Bank S.A. on the date of the legal merger of Get Bank S.A. and Getin Noble Bank S.A. At the same time on 30 May 2012 the Supervisory Board appointed the Management Board of Merged

Bank: Mr. Krzysztof Rosiński to serve as Vice-president and Mr. Maurycy Kühn, Mr. Krzysztof Spyra, Mr. Maciej Szczechura and Mr. Grzegorz Tracz to be a Member of the Board

The Supervisory Board passed also a resolution to appoint Mr. Krzysztof Rosiński to act as the President of the Management Board on the following cumulative conditions: the consent of the Polish Financial Supervision Authority to obtain the function and to resign by Mr. Radosław Stefurak from the President of the Management Board. The Supervisory Board decided also – in case of resignation of Mr. Radosław Stefurak as President of the Management Board - to appoint him for a member of the Board, and if the resignation is submitted prior to obtaining the consent of the Polish Financial Supervision Authority, referred to above, the Supervisory Board decided to entrust the duties of the President of the Management Board to Mr. Krzysztof Rosiński

On 20 June 2012 Mr. Grzegorz Słoka resigned from his position as the Management Board Member and Mr. Radosław Stefurak resigned from the position of President of the Management Board. Consequently, on 20 June 2012 Mr. Krzysztof Rosiński took the position of Vice-president and acting President, and Mr. Radosław Stefurak a Member of the Management Board. Consent of Polish Financial Supervision Authority to the appointment of Mr. Krzysztof Rosiński as the President of the Management Board of Getin Noble Bank S.A. was given on 29 January 2013.

During the 12-month period ended 31 December 2012 and until the date of approval of these financial statement the following changes occurred in the composition of the Bank's Management Board:

From the date of the split-off of Getin Holding S.A., i.e. 2 January 2012, Mr. Krzysztof Rosiński, Mr. Łukasz Chojnacki, Mr. Maurycy Kühn and Mr. Jakub Malski ceased to be Members of Management Board and the resolution of Extraordinary General Meeting of 9 December 2011 on the appointment of new members of the Supervisory Board of Get Bank S.A. entered into force. As of the 2 January 2012 until the day of legal merger of Get Bank S.A. and Getin Noble Bank S.A. the composition of the Supervisory Board of Get Bank was as follows:

Supervisory Board of Get Bank S.A.	
President of the Supervisory Board	Leszek Czarnecki
Vice-president of the Supervisory Board	Rafał Juszczyk
Members of the Supervisory Board	Remigiusz Baliński
	Michał Kowalczewski
	Longin Kula

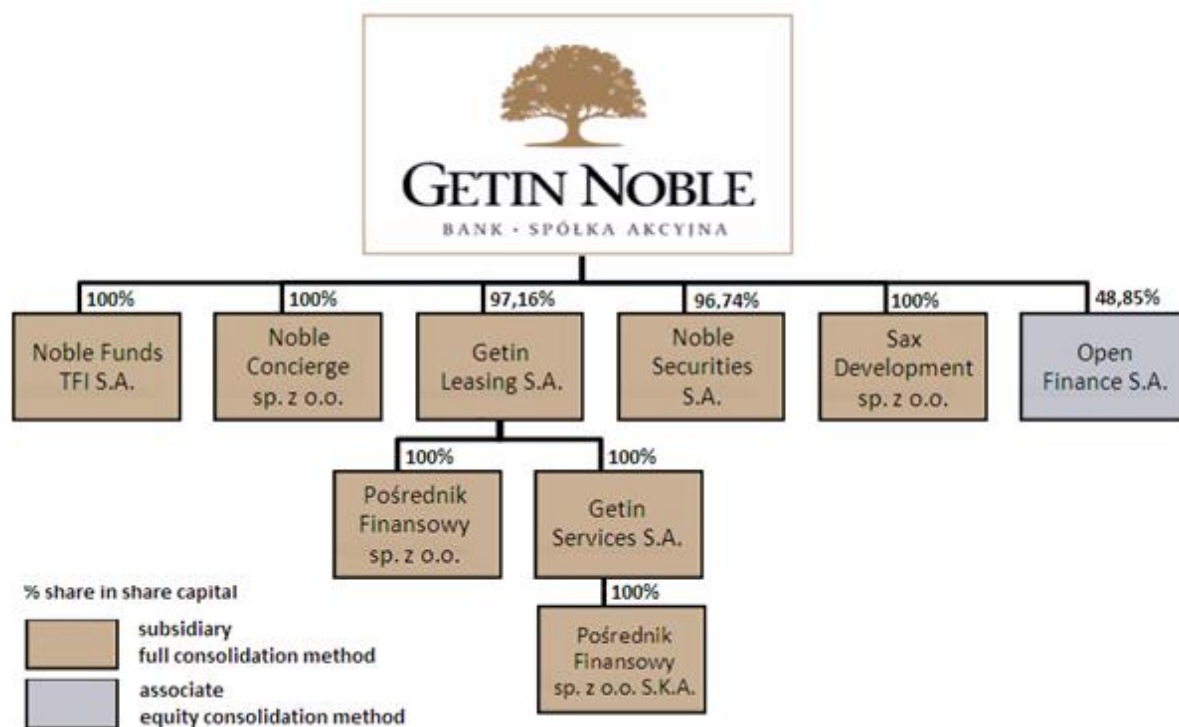
On 10 July 2012 the Extraordinary General Meeting adopted a resolution on the appointment on the same day of Mr. Jacek Lisik to the Supervisory Board. At the same time Mr. Longin Kula ceased to be a member of the Supervisory Board, in accordance with his resignation submitted on 22 March 2012.

### 3. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved by the Management Board of the Bank on 28 February 2013.

### 4. INVESTMENTS OF THE BANK

The Bank is parent company of the Getin Noble Bank S.A. Capital Group. Presented below is an organizational chart of subsidiaries and associates included in consolidated financial statement of the Getin Noble Bank S.A. Capital Group together with information on the nature of the relationships within the Group as at 31 December 2012.



As of 31 December 2012 and 2011 the Bank's share of the total number of voting rights in its subsidiaries and associates was equal to the Bank's share in the share capital of the those entities, except for Noble Securities S.A. in which the Bank held 97.26% share in votes as of 31 December 2012 (98.10% as of 31 December 2011).

Further particulars on investments in subsidiaries and associates as well as the description of changes that occurred in 2012 in the structure of the Capital Group are presented in note II.24

## 5. ACCOUNTING POLICIES

### 5.1. Statement of compliance

These financial statements were prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the EU, and in areas not regulated by IFRS in accordance with the Accounting Act of 29 September 1994 ("the Act") as amended and the respective secondary legislation issued on its basis ('the Polish Accounting Standards'), as well as the requirements relating to issuers of securities registered or applying for registration on an official quotations market.

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

The Bank applies 'carve-out' to IAS 39 approved by the EU as described in these financial statements.

### 5.2. Basis of preparation

The financial statements have been prepared in accordance with the historical cost principle, except for the financial instruments measured at fair value.

The financial statements have been prepared based on the assumption that the Bank will continue its activities in the foreseeable future, i.e. for a period of at least 12 months from the reporting date. As of the date of approval of these financial statements the Management Board did not identify any circumstances indicating threats to the continuity of the Bank's operations.

The financial statements were subject to the audit of the certified auditor acting on behalf of the authorised entity, Deloitte Audyt sp. z o.o. The audit was performed in accordance with the Polish law and the National Auditing Standards issued by National Chamber of Statutory Auditors.

### 5.3. Identification of the consolidated financial statements

The Bank has also prepared the consolidated financial statements of the Getin Noble Bank S.A. Capital Group for the year ended 31 December 2012, covering Getin Noble Bank S.A. and its subsidiaries and associates – in accordance with the International Financial Reporting Standards as adopted by the European Union - which were approved for publication on 28 February 2013. In the consolidated financial statements, the Bank's subsidiaries and associates were consolidated using the pooling of interests method (entities under common control) or acquisition method (entities not under common control). In these standalone financial statements the investments in subsidiaries and associates are recognized at cost less impairment.

### 5.4. Functional and reporting currency

The financial statements are presented in Polish zloty ('PLN'), and all the figures, unless otherwise stated, are expressed in PLN thousands. The functional currency of the Bank and the reporting currency of the financial statements is the Polish zloty.

### 5.5. Changes in accounting policies

#### *Standards and interpretations adopted in 2012*

The accounting policies adopted in the preparation of the financial statements are consistent with those applied in the preparation of the Get Bank S.A. and Getin Noble Bank S.A. annual financial statements for the year ended 31 December 2011, except for the adoption of new standards and interpretations published by International Accounting Standards Board and adopted by the EU applicable for annual periods beginning on or after 1 January 2012, as follows:

- Amendments to IFRS MSSF 7 *Financial instruments: Disclosures* – transfer of financial assets, as adopted by the EU on 22 November 2011 (effective for annual periods beginning on or after 1 July 2011).

The application of the above changes to the standards had no significant impact on the Bank's accounting policies.

#### *Standards and interpretations published and adopted by the EU, but are not yet effective*

The following standards, amendments to standards and interpretations have been published and adopted by the EU, but are not yet effective:

- IFRS 10 *Consolidated financial statements*, as adopted by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2014),
- IFRS 11 *Joint Arrangements*, as adopted by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2014),
- IFRS 12 *Disclosure of Interest in Other Entities*, as adopted by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2014),
- IFRS 13 *Fair value measurement*, as adopted by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2013),
- IAS 27 (as amended in 2011) *Separate financial statements*, as adopted by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2014),
- IAS 28 (as amended in 2011) *Investments in Associates and Joint Ventures*, as adopted by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2014),



- Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards*: Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters, as adopted by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2013),
- Amendments to IFRS 7 *Financial instruments: disclosures* – Offsetting financial assets and financial liabilities, as adopted by the EU on 13 December 2012 (effective for annual periods beginning on or after 1 January 2013),
- Amendments to IAS 1 *Presentation of Financial Statements* – presentation of items of other comprehensive income, as adopted by the EU on 5 June 2012 (effective for annual periods beginning on or after 1 July 2012)
- Amendments to IAS 12 *Income Taxes* - Deferred Tax: Recovery of Underlying Assets, as adopted by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2013),
- Amendments to IAS 19 *Employee Benefits* – amendments to accounting requirements for post-employment benefits, as adopted by the EU on 5 June 2012 (effective for annual periods beginning on or after 1 January 2013),
- Amendments to IAS 32 *Financial instruments: presentation* - Offsetting financial assets and financial liabilities, as adopted by the EU on 13 December 2012 (effective for annual periods beginning on or after 1 January 2014),

The Bank has not decided to earlier adopt any standard, interpretation or amendment that was issued but is not yet effective.

#### 5.6. Changes in data presentation – restatement of comparative data

As a result of amendments to data presentation in the income statement for the 12-month period ended 31 December 2012 in comparison with previous periods, data for 12-month period ended 31 December 2011 have been restated for comparability.

The change applies to transfer of result on sale of debt securities of the portfolio of available-for-sale financial instruments, which is part of valuation of these instruments from the position 'Interest income' to the position 'Result on other financial instruments'.

The effect of the change on the positions of the income statements is presented below:

Items of income statement of Getin Noble Bank S.A. for the period 01.01.2011 - 31.12.2011	Data before the adjustment PLN thousand	Adjustment PLN thousand	Data after the adjustment PLN thousand
Interest income	3,554,563	(4,036)	3,550,527
Result on other financial instruments	370,652	4,036	374,688

#### *Restatement of comparative data resulting from business combination*

Merger of Get Bank S.A. and Getin Noble Bank S.A. (as described in note II.1) is a business combination under common control, for which the pooling of interests method was adopted by the Group as the accounting policy (as described in note II.5.9)

As a result of the Banks' merger, comparative data for the 12-month period ended 31 December 2012 and as at 31 December 2011 have been restated. Financial data of acquiree Getin Noble Bank S.A. as well as of acquirer Get Bank S.A. for the year 2011 were subject to the audit of the certified auditor - Ernst & Young Audit sp. z o.o. To the income statement and balance sheet of being acquired Getin Noble Bank S.A. were added the data of Get Bank S.A. as they have been recognized in the consolidated financial statements of Getin Holding S.A. (after the

relevant adjustments for the period from 1 June 2011, ie. from the date of acquisition by Getin Holding S.A. to 31 December 2011 and as at 31 December 2011) in which:

- the bargain purchase gain on Get Bank S.A., was recognized in the value from the consolidated financial statements of Getin Holding S.A. for the 12-month period ended 31 December 2011 and included in the consolidated financial result for 2011,
- the share capital is the one of Get Bank S.A.,
- the difference arising from the settlement of merger of Get Bank S.A. and Getin Noble Bank S.A. has been included in the equity.

Total effect of adjustments related to the business combination under common control described above on the comparative figures as at 31 December 2011 and for the 12-month period ended 31 December 2011 is presented below:



**GETIN NOBLE BANK S.A.**

Financial statements for the year ended 31 December 2012  
(data in PLN thousand)



Statement of financial position as at 31.12.2011	Getin Noble Bank S.A.	Get Bank S.A.	Adjustments due to the Banks merger	Data of the merged Bank
	PLN thousand	PLN thousand	PLN thousand	
<b>ASSETS</b>				
Cash and balances with the Central Bank	2,389,862	33,480		2,423,342
Amounts due from banks and financial institutions	3,262,725	23,366	(11,072) 1)	3,275,019
Financial assets held for trading	8,045	-		8,045
Derivative financial instruments	88,204	-	(92) 2)	88,112
Loans and advances to customers	42,015,650	584,197		42,599,847
Available for sale financial assets	4,352,302	189,245		4,541,547
Investments in associates	248,423	-		248,423
Intangible assets	96,150	8,989		105,139
Property, plant and equipment	146,377	6,842		153,219
Investment properties	36,008	-		36,008
Income tax assets, of which:	209,945	104,050		313,995
Receivables relating to current income tax	7,629	-		7,629
Deferred tax assets	202,316	104,050		306,366
Other assets	463,647	6,942	(22) 3)	470,567
Assets held for sale	1,036	-		1,036
<b>TOTAL ASSETS</b>	<b>53,318,374</b>	<b>957,111</b>	<b>(11,186)</b>	<b>54,264,299</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Liabilities</b>				
Amounts due to banks and financial institutions	581,047	9,082	(11,072) 1)	579,057
Derivative financial instruments	1,135,135	313	(92) 2)	1,135,356
Amounts due to customers	46,487,688	748,297		47,235,985
Debt securities issued	811,673	-		811,673
Other liabilities	360,855	9,570	(22) 3)	370,403
Provisions	13,848	24,850		38,698
<b>Total Liabilities</b>	<b>49,390,246</b>	<b>792,112</b>	<b>(11,186)</b>	<b>50,171,172</b>
<b>Equity</b>				
Share capital	953,763	103,060	(953,763) 4)	103,060
Retained earnings	-	(399,779)		(399,779)
Net profit	556,953	(104,696)	114,193 5)	566,450
Other capital	2,417,412	566,414	839,570 6)	3,823,396
<b>Total equity</b>	<b>3,928,128</b>	<b>164,999</b>	<b>-</b>	<b>4,093,127</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>53,318,374</b>	<b>957,111</b>	<b>(11,186)</b>	<b>54,264,299</b>

Adjustments to the financial information are directly related to the business combination and include:

- 1) Elimination of receivables and liabilities to banks and financial institutions amounting to PLN 11,072 thousand due to intercompany transactions between Get Bank S.A. and Getin Noble Bank S.A. relating to interbank deposits,
- 2) Elimination of derivative financial instruments of PLN 92 thousand due to intercompany transactions between Get Bank S.A. and Getin Noble Bank S.A. relating to valuation of derivatives,
- 3) Elimination of other assets and other liabilities of PLN 22 thousand due to intercompany transactions between Get Bank S.A. and Getin Noble Bank S.A. relating to commercial transactions,

- 4) Elimination of Getin Noble Bank S.A. share capital of PLN 953,763 thousand as a result of pooling of interests method,
- 5) Adjustment to net profit for the 12-month period ended 31 December 2011 of PLN 114,193 thousand, including PLN 110,459 thousand for the gain from bargain purchase of Get Bank S.A. by Getin Holding S.A. and PLN 3,734 thousand for adjustment to the sale of fixed assets by Get Bank S.A. to Getin Noble Bank S.A.,
- 6) Adjustment to other capital amounting to PLN 839,570 thousand, including PLN 953,763 thousand for the elimination of share capital of Getin Noble Bank S.A. as a result of pooling of interests method, PLN -110,459 thousand for the gain from bargain purchase of Get Bank S.A. by Getin Holding S.A. and PLN 3,734 thousand for adjustment to the sale of fixed assets of Get Bank S.A. to Getin Noble Bank S.A.

Income statement for the period 01.01.2011 - 31.12.2011	Getin Noble Bank S.A.	Get Bank S.A.	Adjustments due to the Banks merger		Data of the merged Bank
	PLN thousand	PLN thousand	PLN thousand		PLN thousand
<b>CONTINUED ACTIVITY</b>					
Interest income	3,550,527	53,683	(408)	1),2),3),4)	3,603,802
Interest expense	(2,275,810)	(21,632)	359	1),2),3)	(2,297,083)
<b>Net interest income</b>	<b>1,274,717</b>	<b>32,051</b>	<b>(49)</b>		<b>1,306,719</b>
Fee and commission income	1,037,622	6,543	(820)	4),5),6)	1,043,345
Fee and commission expense	(297,576)	(3,631)	-		(301,207)
<b>Net fee and commission income</b>	<b>740,046</b>	<b>2,912</b>	<b>(820)</b>		<b>742,138</b>
Dividend income	17,649	-	-		17,649
Result on financial instruments measured at fair value through profit or loss	37,317	-	118	3)	37,435
Result on other financial instruments	374,688	642	-		375,330
Foreign exchange result	149,779	(250)	-		149,529
Other operating income	46,460	8,508	109,538	7),8)	164,506
Other operating expense	(68,562)	(116,311)	3,747	5),9)	(181,126)
<b>Net other operating income</b>	<b>557,331</b>	<b>(107,411)</b>	<b>113,403</b>		<b>563,323</b>
General administrative expenses	(707,598)	(36,028)	1,659	6),8)	(741,967)
Impairment allowances on financial assets and off-balance sheet provisions	(1,172,598)	(17,007)	-		(1,189,605)
<b>Operating profit</b>	<b>691,898</b>	<b>(125,483)</b>	<b>114,193</b>		<b>680,608</b>
<b>Profit before tax</b>	<b>691,898</b>	<b>(125,483)</b>	<b>114,193</b>		<b>680,608</b>
Income tax	(134,945)	20,787	-		(114,158)
<b>Net profit</b>	<b>556,953</b>	<b>(104,696)</b>	<b>114,193</b>		<b>566,450</b>

Adjustments to the financial information are directly related to the business combination and include:

- 1) Elimination of interest income and expense in the amount of PLN 145 thousand due to intercompany transactions between Get Bank S.A. and Getin Noble Bank S.A. relating to interbank deposits,

- 2) Elimination of interest income and expense in the amount of PLN 152 thousand due to intercompany transactions between Get Bank S.A. and Getin Noble Bank S.A. relating to securities,
- 3) Elimination of interest income of PLN 180 thousand, interest expense of PLN 62 thousand and result on financial instruments measured at fair value through profit or loss of PLN -118 thousand due to intercompany transactions between Get Bank S.A. and Getin Noble Bank S.A. relating to derivatives,
- 4) Elimination of fee and commission income and adjustment to the effective interest rate income in the amount of PLN 69 thousand due to intercompany transactions between Get Bank S.A. and Getin Noble Bank S.A. relating to intermediation in the sale of loans,
- 5) Elimination of fee and commission income and other operating expense of PLN 13 thousand due to intercompany transactions between Get Bank and Getin Noble Bank relating to guarantees,
- 6) Elimination of fee and commission income and general administrative expenses in the amount of PLN 738 thousand due to intercompany transactions between Get Bank and Getin Noble Bank relating to agency activities,
- 7) Recognition in other operating income of the gain from bargain purchase of Get Bank S.A. by Getin Holding S.A. of PLN 110,459 thousand calculated as the excess of the fair value of net assets of Get Bank S.A. as at the day of purchase in the amount of PLN 259,678 thousand and the purchase price of PLN 149,219 thousand,
- 8) Elimination of other operating income and general administrative expenses in the amount of PLN 921 thousand due to intercompany transactions between Get Bank S.A. and Getin Noble Bank S.A., in which PLN 807 thousand relates to rents and PLN 114 thousand relates to other transactions,
- 9) Adjustment to other operating expenses in the net amount of PLN 3,734 thousand due to the reversal of Get Bank S.A. loss on sale of branches to Getin Noble Bank S.A.

### 5.7. Foreign currency translation

Transactions expressed in foreign currencies are converted to PLN at the exchange rate applicable as at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are converted to PLN at average exchange rate of the National Bank of Poland applicable as at the reporting date. The resulting exchange rate differences are recognized under financial income (expense) or, in the cases provided for in the accounting policies, capitalized at the value of assets. Non-monetary assets and liabilities denominated in foreign currencies and recorded at their historical cost are converted to PLN at the exchange rate applicable at the date of the transaction. The non-monetary assets and liabilities measured at fair value are converted at the average exchange rate applicable as at the date of the measurement at fair value.

The following exchange rates were applied for valuation purposes:

Currency	31.12.2012	31.12.2011
1 EUR	4,0882	4,4168
1 USD	3,0996	3,4174
1 CHF	3,3868	3,6333
1 GBP	5,0119	5,2691
100 JPY	3,6005	4,4082

### 5.8. Investments in subsidiaries and associates

Investments in subsidiaries, jointly – controlled entities and associates, not classified as hel-for-sale (or not

being part of a group of assets classified as held-for-sale in accordance with IFRS 5) are recognized at cost.

#### 5.9. Business combinations under common control

A business combination involving entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory.

IFRS 3 *Business Combinations* does not apply to a business combination of entities or businesses under common control. In such a situation, according to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*; in the absence of an IFRS or interpretation that specifically applies to a transaction, the management must use its judgment in developing and applying an accounting policy, referring to i.a. the most recent regulations and application guidelines developed by other standard-setting bodies that use a similar conceptual framework to the IFRS. The accounting policy developed by the entity's management must not be inconsistent with any of the standards or interpretations under IFRS nor the assumptions of the conceptual framework to these standards.

Based on these principles Getin Noble Bank S.A. adopted the pooling of interests method as the accounting policy for accounting for business combinations under common control. Pooling of interests method consists on adding together individual items of relevant assets, liabilities, equity, revenues and costs of the combined companies, as at the date of merger, having adjusted them using uniform valuation methods and after the following eliminations

- mutual receivables and liabilities as well as similar items of the combining companies,
- revenue and costs of business transactions between the combining companies, that were carried out in a financial year before the merger,
- profits or losses on business transactions between the combining companies, that were carried out before the merger, included in values of assets, liabilities and equity,
- the share capital of a company whose assets were transferred to another company and non-controlling interest. After this elimination is made, the difference between the remaining equity and its acquisition price is recognized in other capital as reserve capital.

Business combination by the pooling of interests does not lead to the identification and recognition of any goodwill or negative goodwill, nor to identify and recognition of any additional assets and liabilities, except those resulting from the above book values.

The comparative data is presented as if the entities were combined since the beginning or after the common control.

#### 5.10. Financial assets and liabilities

The Bank classifies financial assets to the following categories:

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

The Management Board decides on the classification of financial assets and liabilities upon their initial recognition.

##### *Financial assets held to maturity*

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and

fixed maturity that the Bank has the positive intention and ability to hold to maturity other than:

- those designated by the Bank upon initial recognition, as at fair value through profit or loss,
- those designated by the Bank as available for sale; and
- those that meet the definition of loans and receivables.

#### *Financial instruments at fair value through profit or loss*

A financial asset or financial liability at fair value through profit or loss is a financial asset or financial liability that meets either of the following conditions.

- a) It is classified as held for trading. A financial asset or financial liability is classified as held for trading if:
  - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
  - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
  - it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).
- b) Upon initial recognition it is designated by the entity as at fair value through profit or loss in accordance with IAS 39.

#### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than:

- a) those that the entity intends to sell immediately or in the near term, which shall be classified as held for trading, and those that the entity upon initial recognition designates as at fair value through profit or loss;
- b) those that the entity upon initial recognition designates as available for sale; or
- c) those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration, which shall be classified as available for sale.

#### *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified as any other of the previously listed three categories.

Financial assets held for sale are recognized at fair value increased by the transaction costs directly attributable to the purchase or issuance of the financial asset. Results of changes in fair value of financial assets available for sale (if there is a market price available from the active market or the fair value can be reliably measured in other way) are recognized in the other comprehensive income until the asset is derecognized from the statement of financial position or impaired when the cumulative gain or loss recognized previously in other comprehensive income is than recognized in the income statement. Changes in fair value recognized as other comprehensive income are presented in the statement of comprehensive income.

#### *Financial liabilities*

Financial liability is any liability that is:

- a) a contractual obligation:
  - to deliver cash or another financial asset to another entity,
  - to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the entity,
- b) a contract that will or may be settled in the entity's own equity instruments and is:

- a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments,
- a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this reason, the entity's own equity instruments do not include instruments which are contracts concerning future receipt or issue by the entity of its own equity instruments.

Purchase and sale of financial assets is recognized at the transaction date (and not upon cash receipt or payment), and recorded in the books of account and in the financial statements for the period they relate to.

A financial asset is derecognized from the Bank's statement of financial position upon expiry of the contractual rights relating to the financial instruments; usually in case when the instrument is sold or all cash flows assigned to the financial instrument are transferred to an independent third party.

In particular, the Bank writes-off loan receivables from the balance sheet in correspondence with impairment write-downs, if such receivables are non-collectible, i.e.:

- the costs of further debt recovery exceed the expected recoveries;
- the ineffectiveness of the execution with regard to the Bank's receivable has been confirmed by a relevant document issued by the competent enforcement proceedings authority, or the Bank obtained a decision on the conclusion of bankruptcy proceedings or on the dismissal or the bankruptcy petition due to the lack of debtor assets;
- it is impossible to determine the debtor's property that can be used for execution purposes, and the debtor's address is unknown;
- the claims have become prescribed or written off.

A financial liability or part of a financial liability is derecognized by the Bank from its statement of financial position only when the obligation specified in the contract is settled, cancelled or expired.

The value of assets and liabilities and the financial gain (loss) are determined and disclosed in the accounting books in a reliable and clear manner, presenting the Bank's financial and economic standing. Upon initial recognition, the financial asset or liability is measured at fair value plus, in the case of financial assets or liabilities not classified as measured at fair value through financial gain (loss), the transactions costs that can be directly attributed to the acquisition or issue of the financial asset or liability. For the purpose of measurement of a financial asset, after initial recognition it is classified as of the date of acquisition or creation into one of the following categories:

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

After initial recognition, the Bank measures financial assets, including derivatives that are assets, at fair value, without deducting the transaction costs that may be incurred upon sale or other method of asset disposal. Exception is made for the following financial assets:

- a) loans and receivables measured at amortized costs using the effective interest rate method,
- b) investments held to maturity measured at amortized costs using the effective interest rate method,
- c) investments in equity instruments not quoted in the active market, whose fair value cannot be reliably measured, as well as related to them derivatives which must be settled by delivering unquoted equity instruments measured at cost.

Financial assets available for sale are measured at fair value. The effects of changes in their fair value are

recognized in the other comprehensive income until the asset is derecognized from the statement of financial position or impaired, when the cumulative gain or loss recognized previously in other comprehensive income is than recognized in the income statement. Changes in fair value recognized as other comprehensive income are presented in the statement of comprehensive income.

After initial recognition, the Bank measures all financial liabilities at amortized cost using the effective interest rate method, except for the following:

- a) financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be measured at fair value except for a derivative liability that is linked to and must be settled by delivery of an unquoted equity instrument whose fair value cannot be reliably measured, which shall be measured at cost,
- b) financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies
- c) financial guarantee – after initial recognition, an issuer of such a contract shall measure it at the higher of:
  - the amount representing the most appropriate estimate of expense necessary to fulfill the current obligation under the financial guarantee, taking into account the probability of its realization;
  - the amount initially recognized less, when appropriate, cumulative amortization recognized in accordance with IAS 18.

The Bank does not offset financial assets against financial liabilities, unless this is required or allowed under a standard or interpretation. Financial assets and financial liabilities are offset and recognized on a net basis only if the Bank holds a valid legal right to offset the recognized amounts and intends to settle the amounts net, or to realize a given asset and settle the liability at the same time.

#### *Preference loans*

The Bank granted preference loans in accordance with the Act on financial support of families and other persons in purchasing of their own flat dated 8 September 2006 (Journal of Laws 2006, No. 183, item 1354 as amended). A part of interest on such preference loan accrued on the subsidy base is paid to the Bank by Bank Gospodarstwa Krajowego. The subsidy is made as the required part of the instalment is paid by the borrower. The accrued subsidies from BGK are presented as amounts due from banks.

### **5.11. Derivative financial instruments**

A derivative is a financial instrument with all three of the following characteristics:

- a) its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying');
- b) it requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors;
- c) it is settled at a future date.

Derivative financial instruments not subject to hedge accounting are recognized as of the date of the transaction and measured at fair value as of the end of the reporting period. The Bank recognizes changes in fair value in result on financial instruments measured at fair value through profit or loss or in foreign exchange result (FX swap, FX forward and CIRS transactions), respectively in correspondence to receivables/liabilities arising from derivative financial instruments.

The result of the final settlement of derivative transactions is recognized in result on financial instruments measured at fair value through profit or loss or, in the case of foreign currency financial derivatives (FX swap, FX



forward and CIRS transactions), in foreign exchange result.

The notional amounts of derivative transactions are recognized in off-balance sheet items as of the date of the transaction and throughout their duration. Revaluation of off-balance sheet items expressed in foreign currencies takes place at the end of the day, at the average exchange rate of the National Bank of Poland (fixing as of the valuation date).

The fair value of financial instruments quoted in a market is the market price of such instruments. In other cases, the fair value is determined based on a measurement model, inputs to which have been obtained from an active market (particularly in the case of IRS and CIRS instruments using the discounted cash flow method).

## 5.12. Hedge accounting

The Bank has adopted accounting policy for cash flow hedge accounting for hedging interest rate risk in accordance with IAS 39 as approved by the EU.

The "carve out" in accordance with IAS 39 approved by the EU enables the Bank to establish a group of derivative instruments as a hedging instrument, and cancels certain restrictions resulting from the provisions of IAS 39 in the scope of deposit hedging and adoption of the hedging policy for less than 100% of cash flows. In accordance with IAS 39 approved by the EU, hedge accounting can be applied to deposits, and a hedging relationship is ineffective only when a re-measured value of cash flows within the given time interval is lower than the value hedged in the given time interval.

In accordance with hedge accounting, hedging instruments are classified as:

- fair value hedge, securing against the fair value change risk for a recognized asset or liability, or
- cash flow hedge, securing against cash flow changes which may be attributed to a specific risk related to a recognized asset, liability or forecasted transaction, or
- hedge of a net investment in a foreign entity.

Hedging of the exchange risk for the future liability of increased probability is accounted for as a cash flow.

At the time of designation of the hedging instrument, the Bank formally assigns and documents the hedging relationship as well as the purpose of risk management and the strategy for establishment of the hedging instrument. The documentation comprises identification of the hedging instrument, hedged transaction or item, nature of the risk being hedged as well as the manner of assessing the efficiency of the given hedging instrument in offsetting of the risk by changes of the fair value of the item being hedged or cash flows related to the hedged risk. It is expected that the hedging instrument is to be highly efficient in offsetting changes of the fair value or cash flows resulting from the risk being hedged. Efficiency of the hedge relationship is assessed on a regular basis in order to verify whether it is highly effective in all reporting periods for which it has been designated.

The Bank hedges the volatility of cash flows for mortgage loans denominated in CHF using specifically identified float-to-fixed CHF/PLN IRS portfolio and the volatility of cash flows for the deposits in PLN separated from existing CIRS transactions using a specifically identified portfolio of fixed-to-float IRS. During the hedging period the Bank analyses the hedge relationship effectiveness. Any gains or losses arising from changes in fair value of hedging instruments are recognized in the other comprehensive income, except for the ineffective portion of hedge, which is recognized in the income statement as "the result on financial instruments measured at fair value through profit or loss".

After the date of re-designation of hedge relationship, the effective portion of the hedge is amortized in the income statement according to the schedule prepared by the Bank until the maturity of the original portfolio.

## 5.13. Impairment of financial assets



At the end of each reporting period, the Bank estimates whether there is any objective evidence indicating the impairment of any financial asset. If such evidence is identified, the Bank determines the amounts of impairment write-downs. Impairment loss is incurred if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

*Loans, purchased receivables, other receivables*

In Getin Noble Bank S.A. the value of loans granted and receivables is periodically assessed whether any indicators of impairment exist and what is the level of impairment allowances in accordance with IAS 39 and IAS 37.

If there is objective of evidence impairment of loans and receivables or held-to-maturity investments measured at amortized cost, the amount of the impairment allowance is the difference between the carrying value of the asset and the current value of estimated future cash flows (excluding future credit losses that have not been incurred), discounted using the original effective interest rate of the financial instrument. The carrying amount of an asset is decreased using the allowance account. The amount of impairment loss is charged to the income statement. The Bank first assesses if there is objective evidence for the impairment of individual financial assets which are considered individually significant and individually or collectively in case of financial assets which are not significant. Where no objective evidence for loan impairment assessed on an individual basis has been identified by the Bank, such exposure is included in the portfolio of items of similar character of credit risk and the collective analysis of the impairment is conducted.

Loans, advances and receivables, which are individually significant, are subject to individual periodical evaluation in order to determine whether impairment losses occurred. The impairment of an individual loan, advance or receivable is recognized and, as a consequence, an impairment allowance is made where there is objective evidence for the impairment due to one or more events which shall influence future estimated cash flows from such loans, advances or receivables. Such events include the following:

- lack or delinquent payments of loan interest or principal;
- significant financial difficulties of a borrower resulting in a decrease in credit risk rating;
- permanent lack of contact with customer and unknown place of residence of customer;
- request for an immediate repayment of the entire loan due to termination of the loan contract (an exposure was transferred over to debt recovery);
- the entity has initiated execution proceedings against the debtor or learnt about such proceedings already in progress;
- filing a notion for bankruptcy or commencement of corporate recovery proceedings by the debtor,
- imposed administration has been established or debtor activities has been suspended (in case of banking entities),
- the amount of debt has been questioned by the debtor in legal proceedings;
- loan restructuring;
- fraud;
- infection of loan/receivables with the impairment of the loan/receivable granted to the same borrower within the specified product groups;
- the conditions for restructuring have not been met.

If impairment was recognized for the assets which are assessed individually but the estimated cash flows do not indicate the need for recording or maintaining impairment allowance, the Bank calculates the allowance for incurred but not reported losses on a collective basis.

An impairment allowance for loans that are subject to individual evaluation is determined as a difference between the carrying amount of the exposure and the present value of estimated future cash flows discounted using the effective interest rate. In the case of loans for which collateral has been established, the present value of estimated future cash flows includes cash flows that can be obtained through execution of the collateral, less costs of execution and costs to sell, if execution is probable. The carrying amount of loan is decreased by the amount of the corresponding impairment allowance.

Homogenous groups of loans that are not significant individually and individually significant items for which the individual evaluation showed no impairment, are subject to collective evaluation for impairment, including incurred but not reported credit losses (IBNR). In order to estimate collective impairment allowances, the Bank classifies loans into portfolios with similar credit risk characteristics and assesses if there is objective evidence for impairment. The main impairment indicators are:

- Lack or delinquencies in repayment of loan capital or interest;
- infection of loan/receivables with the impairment of the loan/receivable granted to the same borrower within the specified product groups;
- the conditions for restructuring have not been met.

The collective impairment measurement process consists of two elements:

- estimation of collective impairment allowances for exposures which are not considered individually significant and for which impairment has been identified,
- estimation of allowances for incurred but not reported credit losses (IBNR) – the exposures for which no impairment has been identified;

The present value of estimated future cash flows for exposures assessed on a collective basis is estimated based on:

- the expected future cash flows discounted using the effective interest rate for particular portfolio;
- historical data relating to delinquencies, length of period being impaired and repayments for particular portfolio.

The portfolio parameters i.e. PD (probability of default) – separately for exposures in restructuring and regular, and additionally for exposures infected with impairment and RR (recovery rates), RestrR (successful restructuring rate) and CR (cure rate – transfer from impaired status to restructuring), which are required for the calculation of impairment allowances are determined based on the historical data. The parameters are determined independently for defined product portfolio using statistical methods. Parameters estimates are performed on the historical base of exposures. In justified cases, manual adjustment is allowed in order to reflect the impact of current circumstances. To reduce discrepancies between estimated and actual values of parameters, the Bank regularly verifies the methodology and the assumptions underlying performance parameters. In addition, in order to estimate an IBNR provision for each identified portfolio, the LIP parameter (loss identification period), maximum period of the quarantine for restructured exposures, the conditions of transfer of exposure from impaired status to restructuring and other are determined.

#### *Held-to-maturity investments*

The Bank assesses whether there is objective evidence that an individual, held-to-maturity investment is impaired. If there is objective evidence of impairment, the amount of impairment losses is equal to the difference between the carrying value of an asset and the current value of estimated future cash flows (excluding future credit losses not incurred) discounted using the effective interest rate as at the date on which such evidence occurs for that financial asset.

If, in the subsequent period, the amount of the impairment loss decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed by adjusting the impairment loss balance. The amount of the reversal is recognized in the profit or loss.

#### *Available-for-sale financial assets*

At the end of each reporting period, the Bank assesses whether there is any objective evidence that a financial asset and/or a group of financial assets is impaired.

Should there be any objective evidence of impairment of a financial assets available for sale, the amount constituting the difference between the acquisition cost of the assets (decreased by all capital repayments and interest) and its current fair value, less any impairment losses for these assets component previously recognized in profit or loss, is removed from equity and recognized in profit or loss. The reversal of impairment write-downs for equity instruments classified as available for sale shall not be reversed through profit or loss. If, in the next period, the fair value of a debt instrument available for sale increases and the increase can be objectively related to an event subsequent to the recognition of the impairment loss in the financial profit or loss, then the amount of the reversals is recognized in the financial profit or loss.

#### **5.14. Contingent liabilities**

As part of its operations, the Bank executes transactions that, at the time of execution, are not recognized in the statement of financial position as assets or liabilities, but which result in contingent liabilities. A contingent liability is:

- possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Bank;
- present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be reliably measured.

Off-balance sheet liabilities that carry the risk of the counterparty's failure to meet the relevant contractual obligations are provided for in accordance with IAS 37.

Financial guarantees are treated and recognized in accordance with IAS 39.

Financial assets and financial liabilities are offset and recognized on a net basis only if the Bank holds a valid legal right to offset the recognized amounts and intends to settle the amounts net, or to realize a given asset and settle the liability at the same time.

#### **5.15. Property, plant and equipment**

Tangible fixed assets are recognized at acquisition or manufacturing cost less depreciation and any impairment losses. The initial value of a tangible fixed asset comprises its acquisition price and all the costs directly attributable to the purchase and preparation of an asset to be put into operation. The initial cost also includes the costs of replacement of parts of plant and equipment when incurred if the criteria for recognition are met. Any costs incurred after the date when the fixed asset is put into operation, such as the costs of maintenance and repairs, are recognized in profit or loss when incurred.

Fixed assets, when acquired, are divided into component parts that are items of significant value and to which a separate period of economic life can be attributed. The costs of general overhauls also constitute a component part. Depreciation is provided on a straight-line basis over the estimated useful life of the respective asset:

Type of asset	Estimated economic useful life
Investment in third party assets	rental duration - up to 10 years
Buildings	from 40 to 66.6 years
Machinery	from 5 to 17 years
Computer units	from 2 to 5 years
Means of transport	from 2.5 to 5 years
Office equipment, furniture	from 5 to 7 years

The residual value, economic useful life and method of depreciation of the assets are verified and, if necessary, adjusted as at the end of each financial year.

A tangible fixed asset can be removed from the statement of financial position when the asset is sold or when no economic gains are expected from continuing to use such an asset. All gains or losses resulting from the removal of such an asset from the statement of financial position (calculated as the difference between possible net proceeds from the sale of the asset and the carrying amount of the asset) are recognized in the financial profit or loss for the period in which the asset was removed.

Investments in progress apply to fixed assets under construction or assembly and are recognized at the acquisition or manufacturing cost. Fixed assets under construction are not depreciated until their construction is completed and the assets are put into operation.

When an asset is overhauled, the overhaul cost is recognized in tangible fixed assets in the statement of financial position provided that the criteria for such recognition are met.

#### 5.16. Investment properties

Investment property is real estate (land, buildings or parts of them or both items) which the Bank treats as a source of income from rent or holds due to the related increase in value, or both, and such real estate is not:

- used during performance of services or other administrative activities, or
- intended for sale as part of the entity's ordinary business.

Investment property is recognized at cost, including the transaction costs. After initial recognition, the value of investment property is decreased by depreciation and impairment write-downs.

Investment property is derecognized upon disposal or permanent withdrawal from use, if no future economic benefits from its disposal are expected. All profit or loss arising from the derecognition of an investment property are recognized in the income statement in the period of derecognition.

Transfer of assets to investment property is made only when there is a change in use evidenced by end of owner-occupation or commencement of an operating lease agreement. If a property occupied by the Bank becomes an investment property, the Bank applies rules as described in paragraph *Tangible fixed assets* up to the date of change in use of property.

#### 5.17. Intangible assets

An intangible asset acquired in a separate transaction is initially measured at acquisition or production cost. The cost of acquisition of an intangible asset in a business combination is equal to its fair value as of the date of the business combination. An initially recognized intangible asset with a definite useful life is recognized at the cost of acquisition or production less amortization and impairment write-downs. Except development work, expenditure on internally generated intangible assets, except for capitalized expenditure on development, is not capitalized and is recognized in the costs of the period in which it was incurred.

The Bank assesses whether the useful life of an intangible asset is definite or indefinite. An intangible asset with a definite useful life is amortized throughout its useful life and subject to impairment tests every time that evidence

is identified that the asset is impaired. Estimated useful life of software is 4 to 10 years. The period and method of amortization of intangible assets with a definite useful life are verified at least as of the end of each financial year. Changes in the expected useful life or in the expected method of consuming the economic benefits from an intangible asset are recognized through a change of, respectively, the period or method of depreciation, and treated as changes of estimates. The amortization charges for intangible assets with a definite useful life are recognized in profit and loss, in the respective category for the function of that intangible asset.

Intangible assets with an indefinite useful life and those which are not used are, on an annual basis, subject to impairment tests with respect to individual assets or at the level of a cash-generating unit. In case of other intangibles, the Bank assesses annually whether there impairment triggers have been recognized. The economic useful life periods are also subject to verification on an annual basis and, if necessary, adjusted with effect from the beginning of the financial year. Gains or losses arising from the derecognition of an intangible assets in the statement of financial position are measured by the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

#### *Goodwill*

Goodwill arises on the purchase of subsidiaries. Goodwill is initially measured at its cost, being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Goodwill is recognized at cost less any accumulated impairment write-downs. Goodwill is not amortized, but tested for impairment annually and whenever there is an indication that the goodwill may be impaired. The impairment loss is determined by estimating the recoverable value of the cash-generating unit to which the goodwill was allocated. If the recoverable value of the cash-generating unit is lower than its carrying amount plus goodwill, the impairment loss is recognized.

Profits or losses arising from the derecognition of intangible assets from the statement of financial position are calculated as a difference between net disposal proceeds and the carrying amount of an asset and are recognized in the financial profit or loss when such derecognition is made.

### **5.18. Assets held for sale and discontinued operations**

Assets held for sale include tangible fixed assets, if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

Assets held for sale are recognized at the lower of its carrying amount and fair value less costs to sell. Assets classified as held for sale are not subject to depreciation.

If the criteria for assets held for sale are no longer met, the Bank ceases its recognition as assets held for sale and reclassifies to the proper category of assets. In this case, the asset is measured at the lower of:

- its carrying amount before the asset was classified as held for sale, adjusted for any depreciation or revaluations that would have been recognized had the asset not been classified as held for sale,
- its recoverable amount at the date of the subsequent decision not to sell.

A discontinued operation is a component of the Bank that either has been disposed of, or is classified as held for sale, and represents a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale. The reclassification to the discontinued operations is made when the operation is disposed or when the operation meets the criteria of discontinued operation.

### **5.19. Impairment of non-financial tangible fixed assets**

The carrying amount of particular assets is tested for impairment periodically. If the Bank has identified evidence of impairment, determines whether the current carrying amount of the asset is higher than the amount recoverable through further use or sale, i.e. the recoverable amount of the asset is estimated. If the recoverable amount is lower than the current carrying amount, the asset is impaired and the impairment loss is charged in the profit or loss.

The recoverable amount of an asset is determined as the higher of two amounts: the amount expected to be received from sale less the selling costs and the asset's value in use. An asset's value in use is determined as the future cash flows expected to be derived from the asset, discounted with the current market rate of interest plus a margin against a risk specific to the given class of assets.

The impairment loss of an asset may be reversed only up to the carrying amount of the asset less the accumulated depreciation which would have been determined if the asset had not been impaired.

#### **5.20. Cash and cash equivalents**

The Bank recognizes the following cash and cash equivalents: cash and balances on current accounts in the Central Bank and balances on current accounts and overnight deposits in other banks.

#### **5.21. Accrued expense and deferred income**

Accrued expenses (assets) are particular expenses which will be recognized in the profit or loss in future reporting periods. Accrued expenses (assets) are recognized under "other assets".

Accrued expenses (liabilities) are provisions for the goods and services provided to the Bank which are to be paid for in the future reporting periods. These are recognized under "other liabilities". Deferred income includes, i.a. the amounts received during a reporting period for goods and services to be supplied in the future and certain types of income received in advance which will be recognized in the financial profit or loss in the future reporting periods. They are also recognized under "other liabilities".

#### **5.22. Employee benefits**

In accordance with the Polish Labor Code and the Compensation Rules, the Bank's employees are entitled to disability/retirement severance pay. Such severance pay is paid as a lump sum to an employee upon termination of his or her employment for retirement or disability and the severance pay amount depends on the number of the employee's years of service and his or her individual pay level. The Bank creates a provision for severance pay to assign the future costs to the periods to which they relate. In accordance with IAS 19 *Employee benefits*, disability/retirement severance pay is provided under termination benefit plans. The current amount of such liabilities as at each reporting date is determined by an independent actuary. The liabilities are equal to discounted payments to be made in the future, taking into account the employee turnover rate, and they relate to the reporting period. Demographic and employee turnover figures are based on historical data. Actuarial gains or losses are recognized in the profit or loss.

#### **5.23. Provisions**

A provision is recognized when the Bank has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The Bank creates provisions for:

- a) Retirement severance pay

The Bank creates provisions for retirement severance pay. The amount of provisions is determined according to valuation made by an independent actuary and updated at the end of each reporting period. The provision is recognized as a liability in "Provisions".

b) Unused leave

The Bank creates a provision in the full amount related to unused leave of the Bank's employees at the end of the reporting period on the basis of the unused leave balance. The provision is recognized as a liability in "Provisions".

c) Other items

The Bank creates provisions for legal obligations or highly probable obligations whose amount can be reliably estimated. Such obligations may result, for instance, from contracts concluded, such as employment agreements, as well as in relation to pending lawsuits.

## 5.24. Leases

Financial lease agreements which transfer substantially all the risks and rewards incident to ownership of the leased asset on the Bank are recognized in the statement of financial position as at the date of commencement of the lease term at the lower of two values: the fair value of the asset and the present value of the minimum lease payments. Finance lease payments are apportioned between the operating expenses and the reduction of the outstanding liability so as to produce a constant interest rate on the remaining balance of the liability. Other operating expenses are recognized directly in the financial profit or loss.

Property, plant and equipment used under finance lease are depreciated over the shorter of the following two periods: the lease term or the estimated life of the asset.

Lease where the lessor retains substantially all the risks and rewards of ownership of the asset leased are classified as operating lease. Operating lease payments are recognized under expense in the financial profit or loss on a straight-line basis over the term of the relevant lease.

The Bank recognizes assets under financial lease as receivables at the amount equal to the net lease investment. The initial costs directly related to the conclusion of a lease agreement are included in the initial value of the finance lease receivable and reduce the amount of income received during the lease period.

Lease fees related to the given financial period, excluding service costs, reduce the lease investment and constitute a part of the minimum lease fee; they are charged on the basis of the agreement together with the lease agreement. Financial lease income is recognized on an accrual basis, according to a fixed rate of return calculated on the basis of all cash flows related to the given lease agreement, discounted with the original effective interest rate.

The Bank presents assets under operating lease in the relevant fixed asset group, according to the nature of the respective asset. Fixed asset under operating lease agreements are depreciated on a straight-line basis over the lease agreement period, taking into account residual value. The residual value is determined at the amount the Bank could currently expect to obtain, taking into account the age and condition of the asset at the end of the lease agreement, less the estimated costs of disposal. Operating lease income is recognized as income on a straight-line basis over the agreement period, unless another systematic basis is more representative of the time pattern of the user's benefit.

## 5.25. Other receivables

Other receivables are recognized at the amount of the payment due, less impairment allowances. If the effect of the time value of money is material, the receivable amount is determined by discounting expected future cash flows to the current value using a discount rate that reflects current market assessments of the time value of money. If the discounting method has been applied, increase of the receivable amount over time is recognized in



the income statement.

## 5.26. Other liabilities

Other liabilities are recognized at the amount of the payment due. In case the effect of the time value of money is material, the payable amount is determined by discounting expected future cash flows to the current value using a discount rate that reflects current market assessments of the time value of money. If the discounting method has been applied, increase of the payable amount in time is recognized in the income statement.

## 5.27. Equity

Equity is the capital, reserves and funds generated in accordance with the applicable laws, regulations and the articles of association. Equity consists of share capital, repurchased own shares, retained earnings (undistributed financial profit or loss) and other capital.

### *Share capital*

Share capital is recognized at nominal value according to the articles of association and the incorporation records.

Dividends for a financial year that have been approved by the General Shareholders' Meeting but have not been paid as at the reporting date are disclosed under "Other liabilities" in the statement of financial position.

### *Repurchased own shares*

If the Bank acquires own capital instruments, the amount paid for the instruments including all the direct costs related to such acquisition is recognized as a change in equity. The acquired own shares are recognized as own shares and the expense surplus over the nominal value is recognized as a reduction of other capital until the shares are cancelled or disposed.

### *Retained earnings*

Retained earnings include appropriated profits for the current and previous periods, which have not been allocated on the other capital or distributed to the shareholders.

### *Other capital*

#### *a) Reserve capital*

The capital from the sale of shares above par value (the excess of the issue price over the nominal value) less the direct costs associated with it and created from profit. Reserve capital includes equity resulting from the settlement of a business combination.

#### *b) Revaluation reserve*

Revaluation reserve from measurement of available-for-sale financial assets, revaluation of cash flow hedges, valuation of stock option benefits and deferred tax relating to temporary differences recognized in the revaluation reserve.

#### *c) Other capital reserves*

Other capital reserves are created from the appropriations from profit and other sources and are used for covering special losses and expenses. The General Risk Fund is also included in this position.

All the capital items described above, in the event of acquisition of entities, apply to the events taking place after obtaining control over the given entity until the day such control is ceased.

## 5.28. Share-based payments



*Equity settled transactions*

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted. The fair value is determined by using selected pricing model. While measuring equity-settled transactions, no account is taken of any performance conditions other than the conditions linked to the price of the parent company's shares ("market conditions").

The cost of equity-settled transactions is recognized, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled until the date in which particular employees become entitled to awards ("vesting date"). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the number of awards that, in the opinion of the parent company's Management Board, at that date, based on the best available estimate of the number of equity instruments, will eventually be vested.

No expense is recognized for awards that are not eventually vested, except for the awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum, an expense is recognized as if the terms had not been modified. Furthermore, an expense is recognized for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had been vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution on determination of the earnings per share.

*Cash-settled transactions*

Cash-settled transactions are initially measured at fair value at the granting date using the relevant model and entailing the terms and conditions upon which the options were granted. This fair value is expensed over the whole period until the vesting with recognition of a corresponding liability. The liability is re-measured at the end of each reporting period up to and including the settlement date with the changes in the fair value being recognized through profit or loss.

**5.29. Revenues**

Income from a transaction is recognized in the amount in which it is probable that economic benefits associated with the transaction will flow to the Bank and if the amount of income can be measured reliably. While recognizing income, the criteria described below apply.

*Net interest income*

Interest income and expense include all interest income and expense on financial instruments valued at amortized cost using effective interest rate and assets available for sale. Interest income also includes incremental costs relating to originated loans and advances, including integral and direct internal costs.

The following financial assets and liabilities are measured at amortized cost by the Bank:

- loans and advances granted and other receivables - not held for trading,
- financial assets held to maturity,

- financial liabilities not designated, upon inception, as financial liabilities measured at fair value through profit or loss and not being derivative instruments.

The effective interest rate is the rate that discounts the expected cash flows until maturity or the next market-based repricing date to the current net carrying amount of the financial asset or financial liability. That calculation should include all fees paid or received by the Bank under the contract for the asset or liability, excluding the potential future credit losses.

The measurement method for interest coupons, fees and commission and some other external expenses associated with financial instruments (the effective interest method or the straight-line method) depends on the nature of the given instrument. Financial instruments with defined cash flow schedules are measured using the effective interest rate method. In case of financial instruments without defined cash flow schedules, it is impossible to calculate the effective interest rate and therefore the fees and commission are recognized over time using the straight-line method.

The recognition method for various types of fee/commission through profit or loss as interest or fee and commission income and, generally, whether it should be settled over time and not recognized through profit or loss as incurred, depends on the economic nature of the given fee/commission.

Deferred fees and commission income includes, for example, loan approval fees, loan origination fees, fees for loan disbursement, fees for additional collateral, etc. Such fees are an integral part of the return generated by the given financial instrument. This category also comprises fees and charges for changing the terms and conditions of contracts, which modifies the originally calculated effective interest rate.

Moreover, if it is probable that a loan agreement is executed, the fees and charges for the Bank's obligation to execute the agreement are considered as remuneration for continuing involvement in the purchase of the financial instrument, deferred and recognized as an adjustment of the effective rate of return at the time of execution of the agreement (using the effective interest rate method or the straight-line method, depending on the nature of the product).

In case of an asset for which impairment has been identified, the interest income is recognized in profit or loss based on net exposure determined as the difference between gross exposure and impairment allowance, and using the effective interest rate that was applied in the determination of the impairment allowance.

Net interest result also comprises the profit or loss on the interest charged and paid in relation to the derivative CIRS and IRS instruments.

#### *Net fee and commission income*

Fees and commissions recognized in the financial profit or loss using the effective interest rate method are recognized in net interest income.

Fees and commissions that are recognized over time using the straight-line method or upfront, are recognized in "net fee and commission income". The fee and commission income include fee and commission income arising from services comprising execution of significant services.

This category includes fees and commissions for transaction services where the Bank acts as an agent or provides services such as distribution of investment fund units, investment and structured products, income and expense on commission and fees not being an integral part of loan receivables measured using effective interest rate method.

The Bank applies the policy of a one-off recognition of commission income relating to the offering of insurance products on a basis of the professional judgment whether particular commission is a charge for

service or a part of effective interest rate.

The following factors are considered in the professional judgment:

- voluntary purchase of insurance,
- correlation between credit margin and concluding insurance agreement,
- possibility of purchase alternative insurance without Bank's intermediation,
- independence of loan and insurance agreements.

Commission expenses paid to brokers for sales of banking products are settled over the life of the given products.

#### *Result on financial instruments measured at fair value*

The result on financial instruments measured at fair value is determined assuming the following principles: the financial liabilities not designated, upon inception, as financial liabilities measured at fair value through profit or loss and the derivative instruments (IRS, CIRS, FX SWAP, FX FORWARD, OPTIONS) are measured at fair value.

#### *Foreign exchange result*

Foreign exchange result comprises gains and losses arising from the purchase and disposal of foreign currencies or from the translation of foreign currency assets and liabilities, including unrealized gains/losses on the initial exchange of derivatives (CIRS, FX SWAP).

### **5.30. Other operating income and expense**

Other operating income and expenses comprises income and expenses not related directly to the banking activities. These include, in particular, the result from sale and disposal of fixed assets, income from sale of other services, penalties and fines received and paid, as well as expense relating to the debt collection activities, in particular the remuneration for external parties and court fees.

### **5.31. Dividends**

Dividend income is recognized in the profit or loss when the right of shareholders to dividend is established, provided the dividend is paid from profits made after the acquisition date.

### **5.32. Corporate tax**

#### *Current tax*

Liabilities and receivables due to the current tax for the current and previous periods are measured as the expected amount to be paid to (or received from) tax authorities assuming the tax rates and tax regulations effective as at the balance sheet date.

#### *Deferred tax*

For the purposes of financial reporting, deferred tax is calculated, using the liability method, on temporary differences arising at the end of the reporting period between the tax value of assets and liabilities and their book value presented in the financial statements.

Deferred tax liabilities are recognized with respect to all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss, and
- in case of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is

probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carried forward unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be achieved against which the above differences, assets and losses can be utilized except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss, and
- in case of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be achieved against which the temporary differences can be utilized.

The carrying amount of a deferred tax asset is verified at the end of each reporting period and is subject to a respective decrease by the amount which corresponds to the lower probability of generating taxable income sufficient for partial or full realization of the deferred tax asset. A deferred tax asset that was not recognized is re-assessed as at the end of each reporting period and is recognized to the amount which corresponds to the probability of generating taxable income in the future in order to utilize that asset.

Deferred income tax assets and liability are determined using tax rates that are expected to be applied when a deferred tax asset is realized or liability is released, based on the tax rates (and tax regulations) that have been effective or is expected to be effective at the end of the reporting period.

Income tax concerning items recognized directly in other comprehensive income or in equity is recognized directly in other comprehensive income or in equity, respectively. The Bank offsets deferred income tax assets against the deferred tax liability only if it holds a valid and enforceable legal right to offset current income tax receivables against tax liabilities and if the deferred tax is related to the same taxpayer and the same tax authority.

### 5.33. Earnings per share

Earnings per share for each period are calculated by dividing the net profit for a given period by the weighted average number of shares in a given reporting period. Disclosures required by IAS 33 have been presented on the basis of consolidated data in the consolidated financial statements only.

## 6. SIGNIFICANT VALUES BASED ON PROFESSIONAL JUDGEMENT AND ESTIMATES

### 6.1. Professional judgement

While applying the accounting policies with respect to the matters described below, except the best estimates, the professional judgment of the management was of the significant importance.

#### *Classification of lease contracts*

The Bank classifies leases as either financial or operating, based on the assessment of the extent to which the risk and rewards are transferred to the lessor and the lessee. Such an assessment is based on the economic substance of each transaction.

#### *Portfolio parameters in the valuation of loan exposures*

The portfolio parameters i.e. PD (probability of default – separately for exposures in restructuring and regular, and additionally for exposures infected with impairment), RR (recovery rate), RestrR (successful restructuring rate) and CR (cure rate – transfer from impaired status to restructuring), which are required for the calculation of

impairment allowances are determined based on historical data. The parameters are determined independently for each product portfolio using statistical methods. Parameters estimates are performed on the historical base of exposures. In justified cases, manual adjustment is allowed in order to reflect the impact of current circumstances. To reduce discrepancies between estimated and actual values of parameters, the Bank regularly verifies the methodology and the assumptions underlying portfolio parameters. In addition, in order to estimate an IBNR provision for each identified portfolio, the LIP parameter (loss identification period), maximum period of the quarantine for restructured exposures, the conditions of transfer of exposure from impaired status to restructuring and other are determined.

#### *Securitization of portfolio of car loans*

In December 2012 the Bank securitized car loans portfolio. Conducted transaction is a traditional securitization, i.e. the right to securitized receivables was transferred to the special purpose company GNB Auto Plan Sp. z o.o. ('Special Purpose Company', SPV), which issued bonds pledged on assets of SPV referred to securitized receivables. In order to financially support the transaction Getin Noble Bank S.A. has granted the Special Purpose Company a subordinated loan. The conclusion of professional judgment of the transaction was that pursuant to provisions IAS 39 the agreed securitization terms do not qualify the securitized assets to be removed from the statement of financial position. Therefore, the Bank recognized liability to SPV due to the securitization.

## **6.2. Uncertainty of estimates**

While preparing financial statements in accordance with IFRS, the Bank is required to make estimates and assumptions that affect the amounts reported in the financial statements. These assumptions and estimates are reviewed on an ongoing basis by the Bank's management and based on historical experience and various other factors, including such expectations as to the future events which seem justified in a particular situation. Although these estimates are based on the best knowledge of the current conditions and of the activities undertaken by the Bank, the actual results may be different from these estimates. Estimates made as at the end of the given reporting period reflect the conditions as at the given date (e.g. currency exchange rates, interest rates, market prices)

The main areas for which estimates were made by the Bank include:

#### *Impairment of loans and advances*

At the end of each reporting period, the Bank assesses whether there is any objective evidence that a financial asset or a group of assets is impaired. The Bank assesses whether there is any evidence indicating a reliably measurable decrease in estimated future cash flows relating to the loan portfolio, before such a decrease can be allocated to a particular loan in order to estimate the level of impairment. The estimates may include observable data indicating an unfavorable change in the debt repayment ability of a particular category of borrowers or in the economic situation in a particular country or part of the country, which is related to problems in this group of financial assets. The methodology and assumptions for estimating amounts of cash flows and the periods in which they occur is subject to review on a regular basis in order to identify the discrepancies between the estimated and actual amounts of losses.

Uncertainty is associated with estimates of impairment in value of portfolio (both in relation to the impaired portfolio and regular portfolio, for which an IBNR allowance is made), which follows from the assumptions and specific of statistical models used.

#### *Derivatives, financial assets and liabilities measured at fair value through profit or loss*

The fair value of derivatives, financial assets and financial liabilities not quoted on active markets is determined based on widely recognized measurement methods. All the models are subject to approval before application and

calibrated to ensure that the results achieved reflect the actual data and comparable market prices. As far as practicable, the models use only observable data from an active market; however, under certain circumstances, the Bank estimates the relevant uncertainties (such as the counterparty risk, volatility and market correlations). Change in the assumptions adopted for these factors may affect the measurement of certain financial instruments.

#### *Fair value of other financial instruments*

The fair value of financial instruments not quoted on active markets is determined based on widely recognized measurement methods. All the models are subject to approval before application and calibrated to ensure that the results achieved reflect the actual data and comparable market prices. As far as practicable, the models use only observable data from an active market.

#### *Impairment of other tangible fixed assets*

At the end of each reporting period the Bank assesses the existence of impairment indicator for fixed assets. If such indicators are identified, the Bank estimates the value in use. Estimation of the value in use of fixed asset assumes, i.a. the adoption of the assumptions with respect to the amounts, timing of future cash flows that the Bank may receive in respect of any asset and other factors. While estimating the fair value less costs to sell, the Bank uses available market data or independent appraisals, which in principle are also based on estimates.

#### *Valuation of provisions for retirement severance pay*

The provision for retirement severance pay is determined based on the valuation performed by an independent actuary and it is subject to revision at the end of each reporting period.

#### *Impairment of goodwill*

After its initial recognition, goodwill is measured at cost less any accumulated impairment allowances. Impairment tests are carried out once a year. Furthermore, as at each reporting date the assessment is made whether there are impairment triggers with respect to goodwill.

The Bank assesses whether there are any circumstances as of the balance sheet date indicating that the carrying value of goodwill is lower than its recoverable amount. An annual goodwill impairment test is performed for this purposes, regardless of whether there is any evidence of goodwill impairment or not. The test is performed in accordance with IAS 36.

The recoverable amount is estimated according to the value in use of the cash generating units (hereinafter referred to as CGUs), attributed to goodwill. CGUs represent the lowest level within the entity at which the goodwill is monitored for internal management purposes not larger than an operating segment.

Value in use is the present estimated value of the future cash flows the Bank expects to derive from further use of the CGU. Value in use includes the end (residual) value of the CGU. The residual value of the CGU is calculated by extrapolating cash flow projections beyond the forecast period, while applying a determined growth rate.

Forecasts related to future flows cover five years and are based on the following:

- historical data reflecting CGU potential with regard to cash flow generation,
- balance sheet and profit or loss account projections for the CGU as of the goodwill impairment test date,
- balance sheet and profit or loss account forecasts for the period covered by the forecast,
- assumptions included in the Bank's budget,
- analysis of the reasons for discrepancies between future cash flow forecasts and the actual flows obtained.

Future cash flows constituting the bases for value in use calculation reflect the value of potential dividends/additional capital contributions, taking into account a determined level of generated profit as well as regulatory capital necessary to maintain the assumed capital adequacy level.

The present value of future cash flows is calculated using the adequate discount rate, taking into account the risk free rate, the risk premium, the low capitalization premium and the specific risk premium.

The present value of future cash flows is compared to the carrying value (as of the date of the test) for the total of the following: goodwill and CGU net assets (CGU own funds and profits).

#### *Deferred tax asset*

The Bank recognizes deferred tax asset based on the assumption that future tax profits will be achieved which will allow for its utilization. The decrease in the tax results in the future could make this assumption unjustified.

#### *Economic useful life of property, plant and equipment and intangible assets*

While estimating the useful life of particular type of property, plant and equipment and intangible assets are considered, i.a.:

- current average useful life reflecting on rate of physical usage, intensity, utilization, etc.,
- impact of technological obsolescence,
- the period of control over the asset and the legal limits or other similar limits on the use of the asset,
- whether the asset's useful life is dependent on that of other assets of the entity,
- other factors that can affect the useful life of this type of assets.

When the period of use of a given asset results from a contract term, the useful life of such an asset corresponds to the period defined in the contract. If, however, the estimated useful life is shorter than the period defined in the contract, the estimated useful life is applied.

The Bank reviews useful lives of assets annually, based on current estimates.

Although estimates used are based on best knowledge, actual results may differ from the applied estimates. The compliance of actual results with the estimated values is being revised in reporting periods.

### **6.3. Changes in accounting estimates**

The Bank has not changed estimates neither in current nor in comparative reporting periods, which would have significant impact on the current or on future periods.

## **7. INTEREST INCOME AND EXPENSE**

<b>Interest income</b>	<b>01.01.2012- 31.12.2012 PLN thousand</b>	<b>01.01.2011- 31.12.2011 (restated) PLN thousand</b>
Related to deposits in other banks	42,123	36,265
Related to loans and advances to customers	2,962,778	2,580,350
Related to available-for-sale financial instruments	331,106	186,333
Related to derivative financial instruments	843,140	743,308
Related to obligatory reserve	76,066	57,546
<b>Total</b>	<b>4,255,213</b>	<b>3,603,802</b>



<b>Interest expense</b>	<b>01.01.2012- 31.12.2012</b>	<b>01.01.2011- 31.12.2011 (restated)</b>
	<b>PLN thousand</b>	<b>PLN thousand</b>
Related to deposits with banks and financial institutions	25,728	36,559
Related to amounts due to customers	2,712,505	2,011,128
Related to derivative financial instruments	209,312	213,265
Related to debt securities issued	107,570	32,426
Other interest expense	4,317	3,705
<b>Total</b>	<b>3,059,432</b>	<b>2,297,083</b>

<b>Net interest income</b>	<b>1,195,781</b>	<b>1,306,719</b>
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	<b>01.01.2012- 31.12.2012</b>	<b>01.01.2011- 31.12.2011 (restated)</b>
	<b>PLN thousand</b>	<b>PLN thousand</b>
Interest income related to impaired financial assets	226,578	186,494
Interest income calculated using the effective interest rate in relation to financial assets not measured at fair value through profit or loss	3,412,073	2,860,494
Interest expense calculated using the effective interest rate in relation to financial liabilities not measured at fair value through profit or loss	2,850,120	2,083,818

## 8. FEE AND COMMISSION INCOME AND EXPENSE

<b>Fee and commission income</b>	<b>01.01.2012- 31.12.2012</b>	<b>01.01.2011- 31.12.2011 (restated)</b>
	<b>PLN thousand</b>	<b>PLN thousand</b>
Related to loans and advances granted	85,319	113,745
Related to bank accounts service, cash and clearing operations	45,283	38,954
Related to payment cards and credit cards	29,789	24,085
Related to agency services in sale of loans and leases	8,769	6,816
Related to investment products and deposits	377,228	433,976
Related to insurance products	368,264	423,684
Other fee and commission income	19,461	2,085
<b>Total</b>	<b>934,113</b>	<b>1,043,345</b>
including: income from financial assets and liabilities not measured at fair value through profit or loss	919,652	1,041,260



<b>Fee and commission expense</b>	<b>01.01.2012- 31.12.2012</b>	<b>01.01.2011- 31.12.2011 (restated)</b>
	<b>PLN thousand</b>	<b>PLN thousand</b>
Related to loans and advances	20,501	33,564
Related to debit cards and credit cards	24,302	16,193
Related to agency services in sale of loans and leases	2,596	3,189
Related to investments products and deposits	97,408	156,175
Related to insurance products	64,769	80,026
Other fee and commission expense	16,844	12,060
<b>Total</b>	<b>226,420</b>	<b>301,207</b>
including: expense from financial assets and liabilities not measured at fair value through profit or loss	209,576	289,147
<b>Net fee and commission income</b>	<b>707,693</b>	<b>742,138</b>

**9. DIVIDEND INCOME**

	<b>01.01.2012- 31.12.2012</b>	<b>01.01.2011- 31.12.2011 (restated)</b>
	<b>PLN thousand</b>	<b>PLN thousand</b>
<b>Dividend income from:</b>		
Shares in subsidiaries and associates	38,526	14,050
Available-for-sale financial instruments	3,082	3,599
<b>Total</b>	<b>41,608</b>	<b>17,649</b>

**10. RESULT ON FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS**

	<b>01.01.2012- 31.12.2012</b>	<b>01.01.2011- 31.12.2011 (restated)</b>
	<b>PLN thousand</b>	<b>PLN thousand</b>
Derivatives	(57,430)	33,214
Equity instruments	-	4,221
<b>Total</b>	<b>(57,430)</b>	<b>37,435</b>

The shares in Open Life Towarzystwo Ubezpieczeń Życie S.A. (formerly My Life Towarzystwo Ubezpieczeń na Życie S.A.) acquired with the intention of their further sale have been recognized in line 'Equity instruments'. On 4 January 2012, as a result of the realization of the suspending condition included in the shares' sale agreement dated 23 September 2011, Getin Noble Bank S.A. sold all its shares in the company for the price PLN 8,045 thousand.

## 11. RESULT ON OTHER FINANCIAL INSTRUMENTS

	01.01.2012- 31.12.2012 PLN thousand	01.01.2011- 31.12.2011 (restated) PLN thousand
Available for sale financial instruments	61,444	4,379
Investments in subsidiaries and associates	67,137	370,951
<b>Total</b>	<b>128,581</b>	<b>375,330</b>

The result on sale of shares of subsidiary Open Finance S.A. as well as result on the sale of shares of associate Idea Bank S.A. is presented in the line 'Investments in subsidiaries and associates' (respectively in 2011 and 2012). The result of Getin Noble Bank S.A. on sale of Idea Bank S.A. shares is presented below (as described more fully in Note II.24)

	01.01.2012- 31.12.2012 PLN thousand
Revenue from sale of shares in Idea Bank S.A.	198,530
Discounting effect of deferred payment	(1,774)
Value of the investment in Idea Bank S.A.	(132,218)
Transaction costs	(15)
<b>Pre-tax profit from sale</b>	<b>64,523</b>
Income tax	(12,259)
<b>Net profit from sale</b>	<b>52,264</b>

## 12. FOREIGN EXCHANGE RESULT

Foreign exchange result	01.01.2012- 31.12.2012 PLN thousand	01.01.2011- 31.12.2011 (restated) PLN thousand
Foreign exchange differences resulting from valuation of foreign exchange and index loans	82,900	144,352
Other foreign exchange differences	4,029	5,177
<b>Total</b>	<b>86,929</b>	<b>149,529</b>

**13. OTHER OPERATING INCOME AND EXPENSE**

<b>Other operating income</b>	<b>01.01.2012- 31.12.2012 PLN thousand</b>	<b>01.01.2011- 31.12.2011 (restated) PLN thousand</b>
Rental income	27,674	17,622
Gain on the bargain purchase of Get Bank S.A.	-	110,459
Sale of products and services, goods and materials	4,372	6,407
Legal costs and debt collections recovered	18,708	20,621
Release of provisions and impairment allowances on other assets	5,101	2,401
Recovery of non-recoverable debt	568	1,037
Gain on disposal of non-financial fixed assets	2,775	890
Other income	11,527	5,069
<b>Total</b>	<b>70,725</b>	<b>164,506</b>

<b>Other operating expense</b>	<b>01.01.2012- 31.12.2012 PLN thousand</b>	<b>01.01.2011- 31.12.2011 (restated) PLN thousand</b>
Rental expense	23,012	7,935
Restructuring expense*	-	42,798
Cost of products, goods and materials sold	4,302	4,582
Debt collection and monitoring of receivables, including legal costs	38,827	43,357
Increase in provisions	3,313	4,900
Increase in impairment allowances on non-recoverable debt	356	1,531
Increase in impairment allowances on other assets	1,079	21,289
Loss on sales and disposal costs on non financial fixed assets**	971	49,360
Other expenses	9,769	5,374
<b>Total</b>	<b>81,629</b>	<b>181,126</b>

\* Expenses recognized in 2011 and the provision for future liabilities arising from the restructuring plan for employment, branch network, product range, contracts with suppliers, as well as property, plant and equipment, in connection with the acquisition of Get Bank S.A. by Getin Holding S.A

\*\* In 2011 Get Bank S.A. sold movable assets and investment expenditure in the Bank's branches.

## 14. GENERAL ADMINISTRATIVE EXPENSES

General administrative expenses	01.01.2012- 31.12.2012	01.01.2011- 31.12.2011 (restated)
	PLN thousand	PLN thousand
Employee benefits, of which:	332,434	306,147
- remuneration	272,569	248,168
- surcharge on salary and other employee benefits	55,968	45,271
- share based payments	3,897	12,708
Use of materials and energy	34,887	31,252
External services, of which:	283,672	299,039
- marketing and advertising	63,446	83,350
- IT services	21,733	20,649
- lease and rental	105,783	99,036
- security and cash processing services	8,260	8,706
- telecommunication and postal services	48,193	48,416
- legal and advisory services	6,307	7,155
- other external services	29,950	31,727
Other taxes and charges	6,771	5,676
Payments to the Bank Guarantee Fund and the Polish Financial Supervision Authority	43,704	37,303
Amortization and depreciation	60,702	54,570
Other expenses	9,239	7,980
<b>Total</b>	<b>771,409</b>	<b>741,967</b>

## 15. IMPAIRMENT ALLOWANCES ON FINANCIAL ASSETS AND OFF-BALANCE SHEET PROVISIONS

01.01.2012 - 31.12.2012	Loans and advances to customers				Total PLN thousand	Amounts due from banks PLN thousand	Off-balance sheet provisions PLN thousand	Total PLN thousand
	corporate PLN thousand	car PLN thousand	mortgage PLN thousand	retail PLN thousand				
Impairment allowances/provisions at the beginning of the period	218,067	683,428	1,324,975	1,451,580	3,678,050	191	1,686	3,679,927
Net change in impairment allowances/provisions recognized in the income statement	56,172	93,244	676,526	125,527	951,469	(192)	53	951,330
Utilization - write-offs	(521)	(27,631)	(1,067)	(37,060)	(66,279)	-	-	(66,279)
Utilization - sale of portfolio	(18,700)	(42,503)	(25,130)	(189,608)	(275,941)	-	-	(275,941)
Other increases	-	-	-	-	-	1	-	1
Other decreases	(9,057)	(10,880)	(129,503)	(21,054)	(170,494)	-	-	(170,494)
Net other increases/decreases	(9,057)	(10,880)	(129,503)	(21,054)	(170,494)	1	-	(170,493)
Impairment allowances/provisions at the end of the period	245,961	695,658	1,845,801	1,329,385	4,116,805	-	1,739	4,118,544

01.01.2011 - 31.12.2011 (restated)	Loans and advances to customers				Total PLN thousand	Amounts due from banks PLN thousand	Off-balance sheet provisions PLN thousand	Total PLN thousand
	corporate PLN thousand	car PLN thousand	mortgage PLN thousand	retail PLN thousand				
Impairment allowances/provisions at the beginning of the period	151,676	534,701	583,101	1,305,858	2,575,336	223	1,541	2,577,100
Net change in impairment allowances/provisions recognized in the income statement	89,714	179,115	770,029	150,878	1,189,736	(61)	(70)	1,189,605
Utilization - write-offs	(17,558)	(27,223)	(3,207)	(23,820)	(71,808)	-	-	(71,808)
Other increases	-	-	200	33,022	33,222	29	215	33,466
Other decreases	(5,765)	(3,165)	(25,148)	(14,358)	(48,436)	-	-	(48,436)
Net other increases/decreases	(5,765)	(3,165)	(24,948)	18,664	(15,214)	29	215	(14,970)
Impairment allowances/provisions at the end of the period	218,067	683,428	1,324,975	1,451,580	3,678,050	191	1,686	3,679,927

## 16. INCOME TAX

### *Tax charge*

Current income tax is calculated according to Polish tax regulations. The basis of calculation is the pre-tax accounting profit adjusted for non-deductible costs, non-taxable income and other income and expenses changing the tax base as defined in the Act on Corporate Income Tax of 15 February 1992 with subsequent amendments.

For financial reporting purposes, deferred tax is calculated using the liability method in respect of temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The effective tax rate of the Bank for the 12-month period of 2012 amounts to 15.85%. In 2012 Getin Noble Bank S.A. recognized dividend income from its subsidiaries, which, according to the art. 7 § 3 point 2 of the Act on Corporate Income Tax shall not be included in the tax base, moreover the Bank settled with its current tax the prior years' tax loss of PLN 48,206 thousand. In the next year there is the remaining amount of PLN 48,206 thousand to be settled, for which the deferred tax asset is recognized.

Major components of income tax expense for the year ended 31 December 2012 and 2011 are as follows:

	01.01.2012- 31.12.2012	01.01.2011- 31.12.2011 (restated)
	PLN thousand	PLN thousand
<b>Income statement</b>		
<b>Current income tax</b>	<b>120,963</b>	<b>108,346</b>
Current tax charge	119,979	108,841
Adjustments related to current tax from previous years	984	(495)
<b>Deferred income tax</b>	<b>(62,401)</b>	<b>5,812</b>
Related to origination and reversal of temporary differences	(110,607)	(61,588)
Tax loss from previous years	48,206	67,400
<b>Tax charge in the income statement</b>	<b>58,562</b>	<b>114,158</b>
<b>Statement of comprehensive income</b>		
<b>Current income tax</b>	<b>-</b>	<b>-</b>
<b>Deferred income tax</b>	<b>(34,471)</b>	<b>17,687</b>
Related to origination and reversal of temporary differences, of which:	(34,471)	17,687
related to available-for-sale financial assets	3,840	189
related to cash flow hedges	(38,311)	17,498
<b>Tax charge in the statement of comprehensive income</b>	<b>(34,471)</b>	<b>17,687</b>
<b>Total main components of tax charge</b>	<b>24,091</b>	<b>131,845</b>

### *Reconciliation of effective tax rate*

The reconciliation of income tax calculated at statutory tax rate on pre-tax profit, with the effective tax rate calculated by the Bank for the year ended 31 December 2012 and 2011 is as follows:

	01.01.2012- 31.12.2012 PLN thousand	01.01.2011- 31.12.2011 (restated) PLN thousand
<b>Profit before tax</b>	<b>369,519</b>	<b>680,608</b>
Tax charge at 19% tax rate	70,209	129,316
Non-taxable income	(8,145)	(4,201)
Non-deductible expenses	(3,502)	10,740
Adjustments related to the Banks' merger	-	(21,697)
<b>Tax charge in the income statement</b>	<b>58,562</b>	<b>114,158</b>
<b>Effective tax rate</b>	<b>15.85%</b>	<b>16.77%</b>

*Deferred income tax*

Deferred income tax results from following positions:

	As at 01.01.2012 PLN thousand	Changes during the period		As at 31.12.2012 PLN thousand
		Recognized in the income statement PLN thousand	Recognized in the other comprehensive income statement PLN thousand	
Deferred income relating to securities and derivatives	53,569	(21,234)	-	32,335
Deferred income relating to loans and deposits	74,754	(6,969)	-	67,785
Amortisation and depreciation (fixed assets financed by investment tax relief)	685	(33)	-	652
Commission paid in advance	157,896	30,078	-	187,974
Surplus of tax depreciation	4,756	(330)	-	4,426
Valuation of debt securities available-for-sale	(172)	-	2,869	2,697
Valuation of cash flow hedge	7,334	-	(7,334)	-
Other	6,005	(694)	-	5,311
<b>Deferred tax liability</b>	<b>304,827</b>	<b>818</b>	<b>(4,465)</b>	<b>301,180</b>
Interest on deposits, issue of own securities, derivative instruments and interest on bonds	54,830	74,925	-	129,755
Impairment allowances on loans and advances to customers	413,717	50,118	-	463,835
Tax loss from previous years	96,412	(48,206)	-	48,206
Revenue taxed in advance	14,091	(1,025)	-	13,066
Provision for expected costs and liabilities	23,420	(11,506)	-	11,914
Valuation of debt securities available-for-sale	1,019	-	(971)	48
Valuation of cash flow hedge	-	-	30,977	30,977
Other	7,704	(1,087)	-	6,617
<b>Deferred tax asset</b>	<b>611,193</b>	<b>63,219</b>	<b>30,006</b>	<b>704,418</b>
<b>Net income tax asset</b>	<b>306,366</b>	<b>62,401</b>	<b>34,471</b>	<b>403,238</b>



(restated)	As at 01.01.2011  PLN thousand	Changes during the period			As at 31.12.2011  PLN thousand
		Recognized in the income statement  PLN thousand	Recognized in the other comprehensive income statement  PLN thousand	Acquisition/ sale of subsidiaries  PLN thousand	
Deferred income relating to securities and derivatives	42,789	9,874	-	906	53,569
Deferred income relating to loans and deposits	116,513	(42,763)	-	1,004	74,754
Amortisation and depreciation (fixed assets financed by investment tax relief)	738	(53)	-	-	685
Commission paid in advance	108,631	49,265	-	-	157,896
Surplus of tax depreciation	4,132	(651)	-	1,275	4,756
Valuation of debt securities available-for-sale	-	-	(375)	203	(172)
Valuation of cash flow hedge	-	-	7,334	-	7,334
Other	3,089	2,916	-	-	6,005
<b>Deferred tax liability</b>	<b>275,892</b>	<b>18,588</b>	<b>6,959</b>	<b>3,388</b>	<b>304,827</b>
Interest on deposits, issue of own securities, derivative instruments and interest on bonds	101,266	(47,546)	-	1,110	54,830
Impairment allowances on loans and advances to customers	326,143	87,574	-	-	413,717
Tax loss from previous years	67,400	(52,312)	-	81,324	96,412
Revenue taxed in advance	6,143	5,899	-	2,049	14,091
Provision for expected costs and liabilities	7,517	14,314	-	1,589	23,420
Valuation of debt securities available-for-sale	1,583	-	(564)	-	1,019
Valuation of cash flow hedge	10,164	-	(10,164)	-	-
Other	2,653	4,847	-	204	7,704
<b>Deferred tax asset</b>	<b>522,869</b>	<b>12,776</b>	<b>(10,728)</b>	<b>86,276</b>	<b>611,193</b>
<b>Net income tax asset</b>	<b>246,977</b>	<b>(5,812)</b>	<b>(17,687)</b>	<b>82,888</b>	<b>306,366</b>

Tax settlements and other areas of operations under regulations (for example custom or currency cases) may be subject to control of administration authorities which are entitled to impose high penalties and sanctions. No reference to well-established regulations in Poland cause occurrence of inconsistencies and ambiguities in regulations in force. The differences frequently presented in legal interpretations opinions concerning tax regulations, both within state authorities as well as between state authorities and companies, result in the occurrence of the areas of uncertainty and conflicts.

Tax settlements may be subject to control within 5 years, starting from the end of the year in which tax payment was made. As a result of tax controls, current Bank's tax settlements may be increased by additional tax liability. In the opinion of the Bank, as at 31 December 2012 appropriate provisions for recognized and quantifiable tax risk were created.

## 17.CASH AND BALANCES WITH THE CENTRAL BANK

	31.12.2012 PLN thousand	31.12.2011 (restated) PLN thousand
Cash	154,415	197,395
Current account in the Central Bank	2,752,509	2,225,853
Other	16	94
<b>Total</b>	<b>2,906,940</b>	<b>2,423,342</b>

During the day, the Bank may use funds on the accounts in the Central Bank to carry out current monetary settlements, however, the Bank must ensure that the average monthly balance is maintained on this account in the amount consistent with the declaration of the obligatory reserve.

Funds on the obligatory reserve account bear interest of 0.9 of the note rediscount rate, which amounted to 4.05% as at 31 December 2012.

## 18.AMOUNTS DUE FROM BANKS AND FINANCIAL INSTITUTIONS

	31.12.2012 PLN thousand	31.12.2011 (restated) PLN thousand
Current accounts	414,024	133,760
Deposits in other banks	1,551,764	3,099,900
Loans and advances granted	-	31,627
Purchased receivables	542	947
Other	-	8,976
<b>Total</b>	<b>1,966,330</b>	<b>3,275,210</b>
Impairment allowances	-	(191)
<b>Total, net</b>	<b>1,966,330</b>	<b>3,275,019</b>

	31.12.2012 PLN thousand	31.12.2011 (restated) PLN thousand
Amounts due from banks with variable interest rate	1,256,129	1,749,413
Amounts due from banks with fixed interest rate	697,903	1,506,947
Non-interest bearing	12,298	18,659

	31.12.2012 PLN thousand	31.12.2011 (restated) PLN thousand
Current accounts and overnight deposits	971,737	724,419
Term deposits by maturity:	994,593	2,541,815
up to 1 month	172,188	938,890
from 1 to 3 months	34,290	64,704
from 3 months to 1 year	229,430	415,355
from 1 year to 5 years	555,685	1,119,866
over 5 years	3,000	3,000
Other	-	8,976
<b>Total</b>	<b>1,966,330</b>	<b>3,275,210</b>
Impairment allowances	-	(191)
<b>Total, net</b>	<b>1,966,330</b>	<b>3,275,019</b>

**19. FINANCIAL ASSETS HELD FOR TRADING**

	<b>31.12.2012</b>	<b>31.12.2011</b>
	<b>PLN thousand</b>	<b>(restated) PLN thousand</b>
Shares in other entities	-	8,045
<b>Total</b>	<b>-</b>	<b>8,045</b>

In 2011 the Bank purchased the shares in Open Life Towarzystwo Ubezpieczeń Życie S.A. (formerly My Life Towarzystwo Ubezpieczeń na Życie S.A.) with the intention of further sale. On 4 January 2012, as a result of the realization of the suspending condition included in the shares' sale agreement dated 23 September 2011, the Bank sold all its shares for the price of PLN 8,045 thousand.

**GETIN NOBLE BANK S.A.**

Financial statements for the year ended 31 December 2012

(data in PLN thousand)


**20.DERIVATIVE FINANCIAL INSTRUMENTS**

Nominal value of underlying instruments and fair value of derivative financial instruments according to original maturity:

As at 31.12.2012	up to 1 month PLN thousand	from 1 to 3 months PLN thousand	from 3 months to 1 year PLN thousand	from 1 to 5 years PLN thousand	over 5 years PLN thousand	Total PLN thousand	Fair value (negative) PLN thousand	Fair value (positive) PLN thousand
<b>Currency transactions</b>								
<b>FX swap</b>	<b>1,761,740</b>	-	<b>249,451</b>	<b>67,443</b>	-	<b>2,078,634</b>	<b>13,714</b>	<b>3,208</b>
Purchase of currency	884,981	-	124,268	35,633	-	1,044,882		
Sale of currency	876,759	-	125,183	31,810	-	1,033,752		
<b>CIRS</b>	-	-	<b>786,472</b>	<b>34,676,626</b>	<b>1,422,804</b>	<b>36,885,902</b>	<b>638,734</b>	<b>171,404</b>
Purchase of currency	-	-	398,396	17,221,969	643,840	18,264,205		
Sale of currency	-	-	388,076	17,454,657	778,964	18,621,697		
<b>FX/Purchase/Sale</b>	<b>39,118</b>	-	-	-	-	<b>39,118</b>	<b>14</b>	<b>45</b>
Purchase of currency	19,574	-	-	-	-	19,574		
Sale of currency	19,544	-	-	-	-	19,544		
<b>Options</b>	<b>4,022</b>	<b>2,014</b>	-	<b>32,374</b>	-	<b>38,410</b>	<b>643</b>	<b>643</b>
Purchase of currency	2,011	1,007	-	16,187	-	19,205		
Sale of currency	2,011	1,007	-	16,187	-	19,205		
<b>Forward</b>	<b>1,228</b>	<b>114,604</b>	<b>91,284</b>	<b>13,317</b>	-	<b>220,433</b>	<b>1,769</b>	<b>408</b>
Purchase of currency	615	57,510	44,760	6,541	-	109,426		
Sale of currency	613	57,094	46,524	6,776	-	111,007		
<b>Interest rate transactions</b>								
<b>Interest rate swap (IRS)</b>	-	-	-	-	<b>60,000</b>	<b>60,000</b>	-	<b>2,282</b>
Purchase of currency	-	-	-	-	30,000	30,000		
Sale of currency	-	-	-	-	30,000	30,000		
<b>Forward Rate Agreement (FRA)</b>	-	-	<b>7,023</b>	<b>1,434,973</b>	-	<b>1,441,996</b>	<b>2,297</b>	-
Purchase of currency	-	-	-	-	-	-		
Sale of currency	-	-	7,023	1,434,973	-	1,441,996		
<b>Options</b>	-	-	-	-	<b>37,718</b>	<b>37,718</b>	<b>179</b>	<b>283</b>
Purchase of currency	-	-	-	-	18,744	18,744		
Sale of currency	-	-	-	-	18,974	18,974		
<b>Other transactions</b>								
<b>Index and commodity options</b>	-	-	-	<b>81,516</b>	-	<b>81,516</b>	<b>77</b>	<b>77</b>
Purchase of currency	-	-	-	40,758	-	40,758		
Sale of currency	-	-	-	40,758	-	40,758		
<b>Total derivatives</b>	<b>1,806,108</b>	<b>116,618</b>	<b>1,134,230</b>	<b>36,306,249</b>	<b>1,520,522</b>	<b>40,883,727</b>	<b>657,427</b>	<b>178,350</b>

**GETIN NOBLE BANK S.A.**

Financial statements for the year ended 31 December 2012

(data in PLN thousand)



As at 31.12.2011 (restated)	up to 1 month PLN thousand	from 1 to 3 months PLN thousand	from 3 months to 1 year PLN thousand	from 1 to 5 years PLN thousand	over 5 years PLN thousand	Total PLN thousand	Fair value (negative) PLN thousand	Fair value (positive) PLN thousand
<b>Currency transactions</b>								
<b>FX swap</b>	<b>235,626</b>	<b>476,549</b>	<b>1,902,283</b>	<b>92,622</b>	<b>-</b>	<b>2,707,080</b>	<b>30,172</b>	<b>4,738</b>
Purchase of currency	118,016	236,469	943,603	43,813	-	1,341,901		
Sale of currency	117,610	240,080	958,680	48,809	-	1,365,179		
<b>CIRS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>33,785,233</b>	<b>1,479,499</b>	<b>35,264,732</b>	<b>1,093,358</b>	<b>76,434</b>
Purchase of currency	-	-	-	16,367,373	643,840	17,011,213		
Sale of currency	-	-	-	17,417,860	835,659	18,253,519		
<b>FX/Purchase/Sale</b>	<b>76,685</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>76,685</b>	<b>48</b>	<b>119</b>
Purchase of currency	38,307	-	-	-	-	38,307		
Sale of currency	38,378	-	-	-	-	38,378		
<b>Options</b>	<b>-</b>	<b>-</b>	<b>790</b>	<b>19,576</b>	<b>-</b>	<b>20,366</b>	<b>80</b>	<b>80</b>
Purchase of currency	-	-	395	9,788	-	10,183		
Sale of currency	-	-	395	9,788	-	10,183		
<b>Forward</b>	<b>3,899</b>	<b>8,442</b>	<b>33,693</b>	<b>-</b>	<b>-</b>	<b>46,034</b>	<b>49</b>	<b>1,064</b>
Purchase of currency	1,941	4,196	16,481	-	-	22,618		
Sale of currency	1,958	4,246	17,212	-	-	23,416		
<b>Interest rate transactions</b>								
<b>Interest Rate Swap (IRS)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>258,000</b>	<b>-</b>	<b>258,000</b>	<b>-</b>	<b>4,096</b>
Purchase of currency	-	-	-	129,000	-	129,000		
Sale of currency	-	-	-	129,000	-	129,000		
<b>Forward Rate Agreement (FRA)</b>	<b>-</b>	<b>-</b>	<b>14,988</b>	<b>3,673,800</b>	<b>-</b>	<b>3,688,788</b>	<b>10,068</b>	<b>-</b>
Purchase of currency	-	-	-	-	-	-		
Sale of currency	-	-	14,988	3,673,800	-	3,688,788		
<b>Other transactions</b>								
<b>Index and commodity options</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>115,010</b>	<b>-</b>	<b>115,010</b>	<b>1,581</b>	<b>1,581</b>
Purchase of currency	-	-	-	57,505	-	57,505		
Sale of currency	-	-	-	57,505	-	57,505		
<b>Total derivatives</b>	<b>316,210</b>	<b>484,991</b>	<b>1,951,754</b>	<b>37,944,241</b>	<b>1,479,499</b>	<b>42,176,695</b>	<b>1,135,356</b>	<b>88,112</b>

## 21. LOANS AND ADVANCES TO CUSTOMERS

	31.12.2012 PLN thousand	31.12.2011 (restated) PLN thousand
Loans and advances	46,597,454	44,212,845
Purchased receivables	2,276,022	1,848,272
Payment cards and credit cards receivables	190,648	216,699
Realized guarantees and letters of credit	81	81
<b>Total</b>	<b>49,064,205</b>	<b>46,277,897</b>
Impairment allowances	(4,116,805)	(3,678,050)
<b>Total, net</b>	<b>44,947,400</b>	<b>42,599,847</b>

31.12.2012	Gross value of unimpaired loans PLN thousand	Gross value of impaired loans PLN thousand	Allowances for unimpaired loans PLN thousand	Allowances for impaired loans PLN thousand	Total, net PLN thousand
corporate loans	5,127,747	348,537	(31,879)	(214,082)	5,230,323
car loans	3,195,844	913,895	(35,738)	(659,920)	3,414,081
mortgage loans	31,736,512	3,326,291	(281,509)	(1,564,292)	33,217,002
retail loans	2,695,949	1,719,430	(49,193)	(1,280,192)	3,085,994
<b>Total</b>	<b>42,756,052</b>	<b>6,308,153</b>	<b>(398,319)</b>	<b>(3,718,486)</b>	<b>44,947,400</b>

31.12.2011 (restated)	Gross value of unimpaired loans PLN thousand	Gross value of impaired loans PLN thousand	Allowances for unimpaired loans PLN thousand	Allowances for impaired loans PLN thousand	Total, net PLN thousand
corporate loans	3,510,114	310,739	(27,107)	(190,960)	3,602,786
car loans	3,244,586	887,626	(52,558)	(630,870)	3,448,784
mortgage loans	31,505,440	2,512,952	(327,858)	(997,117)	32,693,417
retail loans	2,517,160	1,789,280	(63,096)	(1,388,484)	2,854,860
<b>Total</b>	<b>40,777,300</b>	<b>5,500,597</b>	<b>(470,619)</b>	<b>(3,207,431)</b>	<b>42,599,847</b>

	31.12.2012 PLN thousand	31.12.2011 (restated) PLN thousand
<b>Loans and advances granted, of which</b>		
local government authorities	267,093	183,552
financial institutions other than banks	730,625	262,904
non financial institutions other than natural persons	7,336,728	6,056,636
natural persons	36,612,954	36,096,755
<b>Total</b>	<b>44,947,400</b>	<b>42,599,847</b>

	<b>31.12.2012</b>	<b>31.12.2011</b> (restated)
	<b>PLN thousand</b>	<b>PLN thousand</b>
<b>Loans and advances to customers by maturity</b>		
up to 1 month	5,362,885	4,409,695
from 1 to 3 months	720,282	614,093
from 3 months to 1 year	3,110,545	2,641,873
from 1 to 5 years	9,695,383	8,496,792
over 5 years	26,058,305	26,437,394
<b>Total</b>	<b>44,947,400</b>	<b>42,599,847</b>

	<b>31.12.2012</b>	<b>31.12.2011</b> (restated)
	<b>PLN million</b>	<b>PLN million</b>
The value of loans and advances with fixed interest rate	1,332	782
% of portfolio of loans and advances	2.96%	1.84%

In 2012 Getin Noble Bank S.A. sold its receivables consisting of impaired loans. The nominal value of portfolio covered by the assignment agreements totalled to PLN 418,069 thousand.

On March 2012 the Bank concluded a three-year contract for sub-participation of receivables, which concerns the acquisition by sub-participant of the exclusive rights to cash flows from the receivables of the Bank specified in the contract, including outstanding consumer impaired loans portfolio. The nominal value of the portfolio being subject to sub-participation was PLN 146,128 thousand. The receivables covered by the sub-participation because of the provisions contained in the contract are not excluded from the balance sheet of the Group

In December 2012 the Bank securitized car loans portfolio of a total amount of PLN 1,007,120 thousand. Conducted transaction is a traditional securitization, i.e. the right to securitized receivables was transferred to the special purpose company GNB Auto Plan Sp. z o.o. ('Special Purpose Company', SPV), which issued bonds of the value of PLN 518,666 thousand pledged on assets of SPV referred to securitized receivables. The interest rate of issued bonds shall be the sum of a margin and WIBOR 3M. Due to the said securitization the Bank received subsidization of its activities, in return for dismissal of its rights to future flows resulting from the securitized loan portfolio. According to the transaction terms and conditions the Bank possesses a right to sell to GNB Auto Plan sp. z o. o. the receivables within a revolving period, i.e. within 18 months following conclusion of the securitization contract. The bonds are planned to be depreciated by 16 July 2016.

In order to financially support the transaction Getin Noble Bank has granted the Special Purpose Company a subordinated loan in the amount of PLN 488,454 thousand. The loan is subordinated to preference and secured bonds. The loan interest payment will take a form of cascade payment drawn from SPV cash, while the capital payment will only take place after full bond depreciation. Loan interests will include the margin as well as the WIBOR 3M rate. As part of a transaction the Bank has embraced a part of bonds issued by the SPV and valued at PLN 225,666 thousand.

Pursuant to provisions IAS 39 the agreed securitization terms do not qualify the securitized assets to be removed from the Bank's balance sheet. Due to the aforementioned the Bank has recognized the assets securitized as of 31 December 2012 in the line of Loans and advances to customers, in the amount of PLN 965,811 thousand; concurrently the liabilities on securitization flows in favor of GNB Auto Plan, in the amount of PLN 959,771 thousand will be recognized as Amounts due to banks and financial institutions.



**22.AVAILABLE FOR SALE FINANCIAL ASSETS**

	31.12.2012	31.12.2011 (restated)
	PLN thousand	PLN thousand
<b>Available-for-sale debt securities, gross</b>	<b>7,448,659</b>	<b>4,539,165</b>
issued by central banks	4,298,224	2,453,116
issued by other financial institutions	303,971	5,565
issued by non financial institutions	126,186	67,761
issued by the State Treasury	2,720,278	2,012,723
<b>Impairment of available-for-sale debt securities</b>	<b>(202)</b>	<b>(403)</b>
issued by non financial institutions	(202)	(403)
<b>Total available-for-sale debt securities, net</b>	<b>7,448,457</b>	<b>4,538,762</b>
<b>Available-for-sale equity instruments, gross</b>	<b>7,526</b>	<b>4,117</b>
issued by other banks	27	27
issued by other financial institutions	1,700	1,707
issued by non financial institutions	5,799	2,383
<b>Impairment of available-for-sale equity instruments</b>	<b>(1,330)</b>	<b>(1,332)</b>
issued by non financial institutions	(1,330)	(1,332)
<b>Total available-for-sale equity instruments, net</b>	<b>6,196</b>	<b>2,785</b>
<b>Total available-for-sale financial instruments</b>	<b>7,454,653</b>	<b>4,541,547</b>

Changes in available-for-sale financial instruments	01.01.2012- 31.12.2012	01.01.2011- 31.12.2011 (restated)
	PLN thousand	PLN thousand
<b>At the beginning of the period</b>	<b>4,541,547</b>	<b>2,803,301</b>
Increases	258,120,750	118,100,724
Decreases (sale and redemption)	(255,203,385)	(116,366,371)
(Increases)/ release of allowances for impairment losses	201	(403)
Fair value changes	(4,460)	4,296
<b>Net value at the end of the period</b>	<b>7,454,653</b>	<b>4,541,547</b>

**GETIN NOBLE BANK S.A.**

Financial statements for the year ended 31 December 2012  
(data in PLN thousand)



Available-for-sale debt securities in the carrying amount by maturity as of 31.12.2012	up to 1 month	from 1 to 3 months	from 3 months to 1 year	from 1 to 5 years	over 5 years	Total
	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand
<b>Available-for-sale debt securities, gross</b>	<b>4,298,224</b>	<b>46,643</b>	<b>68,244</b>	<b>1,303,803</b>	<b>1,731,745</b>	<b>7,448,659</b>
issued by central banks	4,298,224	-	-	-	-	4,298,224
issued by other financial institutions	-	-	-	303,971	-	303,971
issued by non-financial institutions	-	46,643	68,244	11,299	-	126,186
issued by the State Treasury	-	-	-	988,533	1,731,745	2,720,278
<b>Impairment of available-for-sale debt securities</b>	<b>-</b>	<b>(202)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(202)</b>
issued by non-financial institutions	-	(202)	-	-	-	(202)
<b>Total available-for-sale debt securities, net</b>	<b>4,298,224</b>	<b>46,441</b>	<b>68,244</b>	<b>1,303,803</b>	<b>1,731,745</b>	<b>7,448,457</b>

Available-for-sale debt securities in the carrying amount by maturity as at 31.12.2011 (restated)	up to 1 month	from 1 to 3 months	from 3 months to 1 year	from 1 to 5 years	over 5 years	Total
	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand
<b>Available-for-sale debt securities, gross</b>	<b>2,453,116</b>	<b>14,941</b>	<b>312,481</b>	<b>910,616</b>	<b>848,011</b>	<b>4,539,165</b>
issued by central banks	2,453,116	-	-	-	-	2,453,116
issued by other financial institutions	-	-	-	5,565	-	5,565
issued by non-financial institutions	-	-	5,159	62,602	-	67,761
issued by the State Treasury	-	14,941	307,322	842,449	848,011	2,012,723
<b>Impairment of available-for-sale debt securities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(403)</b>	<b>-</b>	<b>(403)</b>
issued by non-financial institutions	-	-	-	(403)	-	(403)
<b>Total available-for-sale debt securities, net</b>	<b>2,453,116</b>	<b>14,941</b>	<b>312,481</b>	<b>910,213</b>	<b>848,011</b>	<b>4,538,762</b>

**23.ASSETS PLEDGED AS SECURITIES**

Type of pledged assets as at 31.12.2012	Type of liabilities	Value of secured liabilities PLN thousand	Carrying amount of pledged assets PLN thousand
Treasury bonds	BFG fund	282,553	290,147
Treasury bonds	loan	204,384	240,636
Amounts due from banks	CIRS transaction	642,993	791,993
Amounts due from banks	SWAP transaction	9,249	47,437
<b>Total</b>		<b>1,139,179</b>	<b>1,370,213</b>

Type of pledged assets as at 31.12.2011 (restated)	Type of liabilities	Value of secured liabilities PLN thousand	Carrying amount of pledged assets PLN thousand
Treasury bonds	BFG fund	253,940	267,320
Treasury bonds	loan	101,388	117,585
Amounts due from banks	CIRS transaction	1,153,939	1,452,976
Amounts due from banks	SWAP transaction	35,609	154,000
Amounts due from banks	Certificates of deposit	80,945	4,760
<b>Total</b>		<b>1,625,821</b>	<b>1,996,641</b>

Getin Noble Bank S.A. will maintain the portfolio of assets being loan collaterals until the repayment of those liabilities.

In accordance with the article 25 and 26 of the Act on Banking Guarantee Fund, the entities must create the guarantee fund in the amount set by the resolution of the BFG. The basis for calculation is the total amount of deposits received by the Bank on all accounts being basis for the calculation of the obligatory reserve.

Based on the contracts signed, while concluding derivative transactions, the Bank is required to place collateral in order to cover the credit exposure resulting from the transaction concluded with a given counterparty. The Bank is entitled to request the same collaterals of its own credit risk exposure towards the counterparty in order to mitigate its credit risk. This process is being conducted on a basis of daily changes in exposures of the counterparties.

**24. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES**

Getin Noble Bank S.A. holds shares in the following subsidiaries and associates:

Carrying value of the investments in subsidiaries and associates	31.12.2012 PLN thousand	31.12.2011 (restated) PLN thousand
Noble Funds TFI S.A.	63,076	4,112
Introfactor S.A.	-	- *
Noble Concierge Sp. z o.o.	469	469
Noble Securities S.A.	41,158	41,112
Getin Finance Plc	-	71
Getin Leasing S.A.	26,366	25,166
Open Finance S.A.	45,275	45,275
Idea Bank S.A.	-	132,218
Sax Development sp. z o.o.	105,005	-
<b>Total</b>	<b>281,349</b>	<b>248,423</b>

\* with 100% impairment allowance for the investment

On 2 January 2012 the non-controlling shareholders of Noble Funds TFI S.A., holding in total 30% of shares in the company, informed about the execution of the call option, i.e. their right to sell the shares in Noble Funds TFI S.A. owned by them to Getin Noble Bank S.A. The transfer of rights to the shares commenced on 1 March 2012 for the price of PLN 58,965 thousand. In result of this transaction since 1 March 2012 Getin Noble Bank S.A. owns 100% of the share capital of Noble Funds TFI S.A.

On 24 January 2012 Getin Noble Bank S.A. sold 150,000 shares in its subsidiary Introfactor S.A., representing 100% of the company's share capital to LC Corp B.V. with its registered office in Parnassustoren and to JA Investment Holding B.V. with its registered office in Alkmaar for the price of PLN 961 thousand.

On 16 March 2012 Getin Noble Bank S.A. sold to Getin Holding S.A. the whole held package of 9,872,629 shares of an associate Idea Bank S.A., representing 37.05% of its share capital and entitling to 39.44% of votes at the company's General Meeting. Payment for the shares sold under the sale agreement was deferred until 28 February 2013 and the revenue was recognized at the discounted value.

On 8 June 2012 the company Earchena Investments Ltd requested the Bank to sale the additional shares of Noble Securities S.A. under a sale agreement dated 25 November 2010 and later amendments. Transaction of the sale of the shares was completed on 4 July 2012 and Getin Noble Bank S.A. sold to Earchena Investments Ltd 34,947 shares of Noble Securities S.A. for a total amount of PLN 180 thousand. As of 31 December 2012 the share of Getin Noble Bank S.A. in the share capital of Noble Securities S.A. was 96.74%

On 10 October 2012 Getin Noble Bank S.A. purchased from RB Investcom Sp. z o.o. 50 shares of Sax Development Sp. z o.o. with its registered office in Wrocław, with a nominal value of PLN 100 each, representing 100% of the company's share capital. On 22 October 2012 the Management Board of the Bank adopted a resolution to increase the company's share capital by PLN 10 million through the issue of 100 thousand of new shares with a nominal value of PLN 100 each. By way of a share capital increase of Sax Development Sp. z o.o., Getin Noble Bank S.A. acquired 100 thousand of new shares for the amount of PLN 105 million in cash.

In December 2012 due to the termination of activity Getin Finance PLC with its registered office in London was struck off the Register. The subsidiary was established on 1 March 2006 to issue medium-term bonds on the international bond market.

**25.INTANGIBLE ASSETS**

	<b>31.12.2012</b>	<b>31.12.2011</b> (restated)
	<b>PLN thousand</b>	<b>PLN thousand</b>
Patents and licenses	51,122	44,910
Goodwill	51,307	51,307
Advances on intangible assest	16,234	8,922
<b>Total</b>	<b>118,663</b>	<b>105,139</b>

Goodwill of PLN 51,307 thousand was recognized upon the acquisition of Bank Przemysłowy S.A. in Łódź.

The Bank assesses whether the impairment triggers exist as of the reporting date, which may cause the carrying amount of goodwill to be lower than its recoverable amount. The impairment test with respect to the goodwill is performed annually, regardless whether the impairment triggers exist. The test is performed in accordance with IAS 36.

*Impairment test with respect to goodwill recognized upon the acquisition of Bank Przemysłowy S.A*

The recoverable amount is estimated based on the value in use of the cash-generating units (CGU) which were assigned to goodwill arising from the acquisition of the Bank Przemysłowy S.A. The value in use is the present, estimated value of the future cash flows for the period of 5 years taking into account the end value (residual) of CGU. The residual value of CGU is calculated based on an extrapolation of the cash flows projections beyond the budget period using the long-term growth rate at the level of NBP long-term inflation rate (2.5%).

The forecasts of future cash flows cover 5-year period and are based on:

- historical data reflecting the CGU's potential for generating cash flows,
- forecasted balance sheet and income statement of the CGU as of the date of testing (the carrying amount of the CGU amounted to PLN 3,673 million as of 31 December 2012),
- forecasted balance sheet and income statement for the period covered by forecast,
- assumptions included in the Bank's budget,
- analysis of variances between the forecasted and actual cash flows.

Future cash flows being a basis for the calculation of the value in use reflect the value of potential dividends or equity injections assuming a given level of generated profit and regulatory capital needed to maintain the assumed level of the capital adequacy.

The present value of cash flows is calculated using the discount rate of 9.25%, which includes the risk-free rate, risk premium, low capitalization premium and specific risk premium.

As of 31 December 2012 the carrying amount of goodwill of Bank Przemysłowy S.A. amounted to PLN 51,307 thousand. As of 31 December 2012 no impairment was identified with respect to goodwill.

**GETIN NOBLE BANK S.A.**

Financial statements for the year ended 31 December 2012  
(data in PLN thousand)



Changes in intangible assets as at 31.12.2012	Patents and licences	Goodwill	Other	Advances on intangible assets	Total
	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand
<b>Gross value as at 01.01.2012</b>	<b>127,378</b>	<b>51,307</b>	<b>4,559</b>	<b>8,922</b>	<b>192,166</b>
Increases, of which:	18,110	-	-	10,559	28,669
Purchase	15,742	-	-	9,672	25,414
Transfer from investment	2,360	-	-	-	2,360
Other increases	8	-	-	887	895
Decreases, of which:	(190)	-	-	(3,247)	(3,437)
Disposal and sale	(190)	-	-	(887)	(1,077)
Other decreases	-	-	-	(2,360)	(2,360)
<b>Gross value as at 31.12.2012</b>	<b>145,298</b>	<b>51,307</b>	<b>4,559</b>	<b>16,234</b>	<b>217,398</b>
<b>Amortization as at 01.01.2012</b>	<b>67,816</b>	<b>-</b>	<b>2,867</b>	<b>-</b>	<b>70,683</b>
Increases, of which:	11,850	-	-	-	11,850
Amortization for the period	11,843	-	-	-	11,843
Other increases	7	-	-	-	7
Decreases, of which:	(52)	-	-	-	(52)
Disposal and sale	(52)	-	-	-	(52)
<b>Amortization as at 31.12.2012</b>	<b>79,614</b>	<b>-</b>	<b>2,867</b>	<b>-</b>	<b>82,481</b>
<b>Impairment allowances as at 01.01.2012</b>	<b>14,652</b>	<b>-</b>	<b>1,692</b>	<b>-</b>	<b>16,344</b>
Increases	-	-	-	-	-
Decreases	(90)	-	-	-	(90)
<b>Impairment allowances as at 31.12.2012</b>	<b>14,562</b>	<b>-</b>	<b>1,692</b>	<b>-</b>	<b>16,254</b>
<b>Net value as at 01.01.2012</b>	<b>44,910</b>	<b>51,307</b>	<b>-</b>	<b>8,922</b>	<b>105,139</b>
<b>Net value as at 31.12.2012</b>	<b>51,122</b>	<b>51,307</b>	<b>-</b>	<b>16,234</b>	<b>118,663</b>

Changes in intangible assets as at 31.12.2011 (restated)	Patents and licences PLN thousand	Goodwill PLN thousand	Other PLN thousand	Advances on intangible assets PLN thousand	Total PLN thousand
<b>Gross value as at 01.01.2011</b>	<b>93,883</b>	<b>51,307</b>	<b>144</b>	<b>2,443</b>	<b>147,777</b>
Increases, of which:	45,392	-	4,415	7,243	57,050
Acquisitions through business combination	38,105	-	4,415	-	42,520
Purchase	6,518	-	-	7,243	13,761
Transfer from investment	769	-	-	-	769
Decreases, of which:	(11,897)	-	-	(764)	(12,661)
Disposal and sale	(11,892)	-	-	-	(11,892)
Other decreases	(5)	-	-	(764)	(769)
<b>Gross value as at 31.12.2011</b>	<b>127,378</b>	<b>51,307</b>	<b>4,559</b>	<b>8,922</b>	<b>192,166</b>
<b>Amortization as at 01.01.2011</b>	<b>50,041</b>	<b>-</b>	<b>144</b>	<b>-</b>	<b>50,185</b>
Increases, of which:	18,954	-	2,723	-	21,677
Acquisitions through business combination	9,125	-	2,281	-	11,406
Amortization for the period	9,829	-	442	-	10,271
Decreases, of which:	(1,179)	-	-	-	(1,179)
Disposal and sale	(1,179)	-	-	-	(1,179)
<b>Amortization as at 31.12.2011</b>	<b>67,816</b>	<b>-</b>	<b>2,867</b>	<b>-</b>	<b>70,683</b>
<b>Impairment allowances as at 01.01.2011</b>	<b>5,936</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,936</b>
Increases	14,652	-	1,692	-	16,344
Decreases	(5,936)	-	-	-	(5,936)
<b>Impairment allowances as at 31.12.2011</b>	<b>14,652</b>	<b>-</b>	<b>1,692</b>	<b>-</b>	<b>16,344</b>
<b>Net value as at 01.01.2011</b>	<b>37,906</b>	<b>51,307</b>	<b>-</b>	<b>2,443</b>	<b>91,656</b>
<b>Net value as at 31.12.2011</b>	<b>44,910</b>	<b>51,307</b>	<b>-</b>	<b>8,922</b>	<b>105,139</b>

## 26.PROPERTY, PLANT AND EQUIPMENT

	31.12.2012 PLN thousand	31.12.2011 (restated) PLN thousand
Land and buildings	77,976	68,012
Machinery and equipment	72,807	51,300
Means of transport	21,344	18,342
Other fixed assets	7,765	7,503
Fixed assets under construction	3,713	8,062
<b>Total</b>	<b>183,605</b>	<b>153,219</b>

As of 31 December 2012 net value of fixed assets used on the basis of finance lease amounted to PLN 42,155 thousand and PLN 21,347 thousand as at 31 December 2011.

In 2012 and 2011 there were no restrictions of rights concerning legal title of the Bank to fixed assets serving as collateral for liabilities.

In 2012 the value of compensations received from third-parties in respect of impairment or loss of fixed assets, recognized in profit or loss account, amounted to PLN 50 thousand and in 2011 to PLN 32 thousand.



**GETIN NOBLE BANK S.A.**

Financial statements for the year ended 31 December 2012  
(data in PLN thousand)



Changes in property, plant and equipment as at 31.12.2012	Land and buildings PLN thousand	Machinery and equipment PLN thousand	Means of transport PLN thousand	Other fixed assets PLN thousand	Fixed assets under construction PLN thousand	Total PLN thousand
<b>Gross value as at 01.01.2012</b>	<b>161,565</b>	<b>147,661</b>	<b>35,341</b>	<b>24,406</b>	<b>9,284</b>	<b>378,257</b>
Increases, of which:	37,997	45,589	11,212	2,886	2,742	100,426
Purchase	13,096	41,258	11,047	2,644	2,742	70,787
Transfer from investment properties	21,823	174	-	-	-	21,997
Transfer from fixed assets under construction	2,940	4,029	-	97	-	7,066
Other increases	138	128	165	145	-	576
Decreases, of which:	(849)	(7,751)	(6,952)	(537)	(7,091)	(23,180)
Disposal and sale	(849)	(7,714)	(6,952)	(537)	-	(16,052)
Transfer from fixed assets under construction	-	-	-	-	(7,066)	(7,066)
Other decreases	-	(37)	-	-	(25)	(62)
<b>Gross value as at 31.12.2012</b>	<b>198,713</b>	<b>185,499</b>	<b>39,601</b>	<b>26,755</b>	<b>4,935</b>	<b>455,503</b>
<b>Amortization as at 01.01.2012</b>	<b>93,440</b>	<b>93,808</b>	<b>16,999</b>	<b>16,708</b>	-	<b>220,955</b>
Increases, of which:	18,243	21,416	6,717	2,541	-	48,917
Amortization for the period	17,724	21,260	6,698	2,477	-	48,159
Transfer from investment properties	486	63	-	-	-	549
Other increases	33	93	19	64	-	209
Decreases, of which:	(824)	(5,099)	(5,459)	(519)	-	(11,901)
Disposal and sale	(824)	(5,076)	(5,459)	(519)	-	(11,878)
Other decreases	-	(23)	-	-	-	(23)
<b>Amortization as at 31.12.2012</b>	<b>110,859</b>	<b>110,125</b>	<b>18,257</b>	<b>18,730</b>	-	<b>257,971</b>
<b>Impairment allowances as at 01.01.2012</b>	<b>113</b>	<b>2,553</b>	-	<b>195</b>	<b>1,222</b>	<b>4,083</b>
Increases	9,765	16	-	75	-	9,856
Decreases	-	(2)	-	(10)	-	(12)
<b>Impairment allowances as at 31.12.2012</b>	<b>9,878</b>	<b>2,567</b>	-	<b>260</b>	<b>1,222</b>	<b>13,927</b>
<b>Net value as at 01.01.2012</b>	<b>68,012</b>	<b>51,300</b>	<b>18,342</b>	<b>7,503</b>	<b>8,062</b>	<b>153,219</b>
<b>Net value as at 31.12.2012</b>	<b>77,976</b>	<b>72,807</b>	<b>21,344</b>	<b>7,765</b>	<b>3,713</b>	<b>183,605</b>

**GETIN NOBLE BANK S.A.**

Financial statements for the year ended 31 December 2012  
(data in PLN thousand)



Changes in property, plant and equipment as at 31.12.2011 (restated)	Land and buildings PLN thousand	Machinery and equipment PLN thousand	Means of transport PLN thousand	Other fixed assets PLN thousand	Fixed assets under construction PLN thousand	Total PLN thousand
<b>Gross value as at 01.01.2011</b>	<b>174,647</b>	<b>115,422</b>	<b>27,194</b>	<b>22,469</b>	<b>6,287</b>	<b>346,019</b>
Increases, of which:	79,725	55,054	16,391	11,093	8,810	171,073
Purchase	12,367	21,034	12,200	1,946	7,384	54,931
Acquisition through business combinations	66,963	28,714	4,081	9,143	1,426	110,327
Transfer from fixed assets under construction	395	5,306	-	4	-	5,705
Other increases	-	-	110	-	-	110
Decreases, of which:	(92,807)	(22,815)	(8,244)	(9,156)	(5,813)	(138,835)
Disposal and sale	(68,362)	(22,384)	(8,244)	(9,039)	(52)	(108,081)
Assets classified as held for sale	(892)	(255)	-	(117)	-	(1,264)
Transfer to investment properties	(23,553)	(174)	-	-	-	(23,727)
Transfer from fixed assets under construction	-	-	-	-	(5,705)	(5,705)
Other decreases	-	(2)	-	-	(56)	(58)
<b>Gross value as at 31.12.2011</b>	<b>161,565</b>	<b>147,661</b>	<b>35,341</b>	<b>24,406</b>	<b>9,284</b>	<b>378,257</b>
<b>Amortization as at 01.01.2011</b>	<b>77,439</b>	<b>75,440</b>	<b>13,517</b>	<b>14,525</b>	<b>-</b>	<b>180,921</b>
Increases, of which:	31,171	26,324	8,640	6,337	-	72,472
Amortization for the period	18,094	17,003	6,364	2,312	-	43,773
Acquisition through business combinations	13,077	9,312	2,276	4,025	-	28,690
Other increases	-	9	-	-	-	9
Decreases, of which:	(15,170)	(7,956)	(5,158)	(4,154)	-	(32,438)
Disposal and sale	(14,969)	(7,926)	(5,158)	(4,108)	-	(32,161)
Assets classified as held for sale	(192)	(30)	-	(46)	-	(268)
Other decreases	(9)	-	-	-	-	(9)
<b>Amortization as at 31.12.2011</b>	<b>93,440</b>	<b>93,808</b>	<b>16,999</b>	<b>16,708</b>	<b>-</b>	<b>220,955</b>
<b>Impairment allowances as at 01.01.2011</b>	<b>9,782</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,782</b>
Increases	96	2,553	-	195	1,222	4,066
Decreases	(9,765)	-	-	-	-	(9,765)
<b>Impairment allowances as at 31.12.2011</b>	<b>113</b>	<b>2,553</b>	<b>-</b>	<b>195</b>	<b>1,222</b>	<b>4,083</b>
<b>Net value as at 01.01.2011</b>	<b>87,426</b>	<b>39,982</b>	<b>13,677</b>	<b>7,944</b>	<b>6,287</b>	<b>155,316</b>
<b>Net value as at 31.12.2011</b>	<b>68,012</b>	<b>51,300</b>	<b>18,342</b>	<b>7,503</b>	<b>8,062</b>	<b>153,219</b>

**27. INVESTMENT PROPERTIES**

	01.01.2012- 31.12.2012	01.01.2011- 31.12.2011 (restated)
	PLN thousand	PLN thousand
<b>Net value at the beginning of the period</b>	<b>36,008</b>	<b>3,339</b>
Increases, of which:	10,131	33,195
purchase of properties	10,103	19,233
transfer from own properties	-	13,962
reclasification of assets held for sale	28	-
Decreases, of which	(13,935)	(526)
transfer to own properties	(11,683)	-
reclasification of assets held for sale	(1,552)	-
depreciation charge for the period	(700)	(526)
<b>Net value at the end of the period</b>	<b>32,204</b>	<b>36,008</b>

Investment properties include buildings depreciated for 40 years and premises owned by the Bank depreciated for 66.6 years, on a straight-line basis. There are no limitations of rights to sell investment properties and rights to transfer the related income and profits.

In 2012 the following amounts of income and expenses connected with investment properties are recognized in the income statement:

	01.01.2012- 31.12.2012	01.01.2011- 31.12.2011 (restated)
	PLN thousand	PLN thousand
Income from rental of investment properties	107	1,743
Direct operating expenses related to investment properties, which generated rental income in the period	68	763
Direct operating expenses related to investment properties, which did not generate rental income in the period	37	222

**28. FINANCE AND OPERATING LEASE***Financial leases liabilities*

In accordance with concluded contracts leased assets are used by the Bank during the whole term of the contract. In exchange for obtained rights for using of leased assets, the Bank is obliged to make lease payments in the amounts and terms described in lease contracts. After the end of a lease contract the Bank has the right to purchase leased asset provided that all liabilities towards lessor have been settled. If the Bank does not use the option to purchase leased asset, it is obliged to return the leased asset to the lessor. No other restrictions are envisaged by lease contracts. Contingent fees are not envisaged either. Leased assets at the end of the reporting period comprise passenger cars and IT equipment.

Future minimum lease payments arising from these contracts and the present value of minimum net lease payments are as follows:

As at 31.12.2012	Gross investment in the lease (minimum lease payments) PLN thousand	Present value of minimum lease payments PLN thousand
Lease liabilities		
up to 1 year	600	597
from 1 to 5 years	48,119	45,655
over 5 years	-	-
<b>Total</b>	<b>48,719</b>	<b>46,252</b>
Unrealized financial expenses (-)	(2,467)	
<b>Lease investment, net</b>	<b>46,252</b>	

As at 31.12.2011 (restated)	Gross investment in the lease (minimum lease payments) PLN thousand	Present value of minimum lease payments PLN thousand
Lease liabilities		
up to 1 year	218	214
from 1 to 5 years	25,089	23,478
over 5 years	-	-
<b>Total</b>	<b>25,307</b>	<b>23,692</b>
Unrealized financial expenses (-)	(1,615)	
<b>Lease investment, net</b>	<b>23,692</b>	

#### Operating lease liabilities

The Bank concludes agreements concerning lease of premises which, in accordance with IAS, are treated as agreements of irrevocable operational lease. Leased premises are used for banking activities. Fixed-term agreements are concluded usually for a term of 5 years.

As of 31 December 2012 and 2011 minimal payments arising from irrevocable operating lease contracts are as follows:

	31.12.2012 PLN thousand	31.12.2011 (restated) PLN thousand
Liabilities arising from operational lease with remaining repayment period from the balance sheet date:		
up to 1 year	51,456	75,913
from 1 to 5 years	94,409	149,676
over 5 years	12,607	12,254
<b>Total</b>	<b>158,472</b>	<b>237,843</b>

**29.OTHER ASSETS**

	<b>31.12.2012</b>	<b>31.12.2011</b>
	<b>PLN thousand</b>	<b>(restated) PLN thousand</b>
Receivables from sundry debtors, of which:	647,636	411,719
tax, subsidies and social insurance receivables	4,050	3,388
payment cards settlements	17,042	23,772
other receivables	626,544	383,015
Accrued expenses	21,880	19,422
Income to be received	37,129	32,788
Recourses and guarantee deposits	9,102	6,941
Other assets	196	4,211
<b>Total other assets, gross</b>	<b>715,943</b>	<b>475,081</b>
Impairment allowances for other assets	(7,563)	(4,514)
<b>Total other assets, net</b>	<b>708,380</b>	<b>470,567</b>

	<b>01.01.2012 - 31.12.2012</b>	<b>01.01.2011 - 31.12.2011</b>
	<b>PLN thousand</b>	<b>(restated) PLN thousand</b>
<b>Impairment allowances of other assets at the beginning of the period</b>	<b>4,514</b>	<b>9,590</b>
Increases recognized in the income statement	1,079	2,252
Decreases recognized in the income statement	(647)	(358)
Other increases	2,778	-
Other decreases	(161)	(6,970)
<b>Impairment allowances of other assets at the end of the period</b>	<b>7,563</b>	<b>4,514</b>

**30.NON-CURRENT ASSETS HELD FOR SALE**

The value of assets held-for-sale as at 31 December 2012 and 2011 includes real estates. The Bank actively seeks to sell these real estates and their expected period of sale is one year.

	<b>01.01.2012 - 31.12.2012</b>	<b>01.01.2011 - 31.12.2011</b>
	<b>PLN thousand</b>	<b>(restated) PLN thousand</b>
<b>Value at the beginning of the period</b>	<b>1,036</b>	<b>2,401</b>
Increases, of which	3,520	1,029
purchase/capital expenditure	1,968	33
transfer from property, plant and equipment	-	996
transfer from investment properties	1,552	-
Decreases, of which	(34)	(2,394)
sale and disposal	(6)	(2,394)
transfer to investment properties	(28)	-
<b>Value at the end of the period</b>	<b>4,522</b>	<b>1,036</b>

**31.AMOUNTS DUE TO BANKS AND FINANCIAL INSTITUTIONS**

	31.12.2012 PLN thousand	31.12.2011 (restated) PLN thousand
Current accounts	235	1,290
Other banks' deposits	585,993	471,060
Loans and advances received	204,384	101,388
Other amounts due to banks	4,092	5,319
<b>Total</b>	<b>794,704</b>	<b>579,057</b>

	31.12.2012 PLN thousand	31.12.2011 (restated) PLN thousand
Amounts due to banks with variable interest rate	3,180	104,360
Amounts due to banks with fixed interest rate	745,569	450,650
Non-interest bearing liabilities	45,955	24,047

Amounts due to banks from balance sheet date to maturity date	31.12.2012 PLN thousand	31.12.2011 (restated) PLN thousand
Current accounts	235	1,290
Term deposits with maturity	794,469	577,767
up to 1 month	133,623	93,390
from 1 to 3 months	85,874	3,838
from 3 months to 1 year	2,673	28,457
from 1 to 5 years	572,299	452,082
<b>Total</b>	<b>794,704</b>	<b>579,057</b>

**32.AMOUNTS DUE TO CUSTOMERS**

	31.12.2012 PLN thousand	31.12.2011 (restated) PLN thousand
<b>Amounts due to corporate entities</b>	<b>10,414,477</b>	<b>8,660,521</b>
Current accounts and overnight deposits	931,745	956,000
Term deposits	9,482,732	7,704,521
<b>Amounts due to budgetary entities</b>	<b>1,915,527</b>	<b>1,490,242</b>
Current accounts and overnight deposits	1,129,977	997,725
Term deposits	785,550	492,517
<b>Amounts due to natural persons</b>	<b>38,783,731</b>	<b>37,085,222</b>
Current accounts and overnight deposits	2,567,419	2,470,069
Term deposits	36,216,312	34,615,153
<b>Total</b>	<b>51,113,735</b>	<b>47,235,985</b>

	31.12.2012 PLN thousand	31.12.2011 (restated) PLN thousand
Amounts due to customers with variable interest rate	6,323,846	4,969,853
Amounts due to customers with fixed interest rate	44,171,611	42,002,406
Non interest bearing liabilities	618,278	263,726

Amounts due to customers from balance sheet date to maturity date	31.12.2012 PLN thousand	31.12.2011 (restated) PLN thousand
Current accounts and overnight deposits	4,629,141	4,423,794
Term liabilities with term to maturity:	46,484,594	42,812,191
up to 1 month	10,030,101	8,796,822
from 1 to 3 months	16,882,993	15,278,555
from 3 to 6 months	9,145,729	10,575,403
from 6 months to 1 year	5,236,907	5,674,070
from 1 to 5 years	3,427,718	2,212,062
over 5 years	1,761,146	275,279
<b>Total</b>	<b>51,113,735</b>	<b>47,235,985</b>

**33.DEBT SECURITIES ISSUED**

	31.12.2012 PLN thousand	31.12.2011 (restated) PLN thousand
Debt securities issued, of which:	1,651,129	806,553
bonds	1,651,129	661,370
certificates	-	79,974
other	-	65,209
Interest	23,287	5,120
<b>Total</b>	<b>1,674,416</b>	<b>811,673</b>

	31.12.2012 PLN thousand	31.12.2011 (restated) PLN thousand
Debt securities issued, with the term of maturity:		
up to 1 month	39,889	86
from 1 to 3 months	361,987	248,657
from 3 months to 1 year	3,235	108,504
from 1 to 5 years	206,245	53,731
over 5 years	1,063,060	400,695
<b>Total</b>	<b>1,674,416</b>	<b>811,673</b>

	31.12.2012 tys. zł	31.12.2011 (przekształcone) tys. zł
Debt securities issued, with variable interest rate	1,212,651	477,234
Debt securities issued, with fixed interest rate	438,478	329,319
Non interest bearing liabilities	23,287	5,120

During the 12-month period ended 31 December 2012, the following issues and redemptions of bonds were made by Getin Noble Bank S.A.:



**GETIN NOBLE BANK S.A.**

Financial statements for the year ended 31 December 2012  
(data in PLN thousand)



Type of securities issued	Issue date	Redemption date	Number of securities	Nominal value PLN thousand
Getin Noble Bank Bonds Tranche 1/2012	2012-02-17	2012-05-17	1,100	110,000
Getin Noble Bank Bonds Tranche 2/2012	2012-02-17	2012-08-17	150	15,000
Getin Noble Bank Bonds Tranche 3/2012	2012-02-17	2012-05-17	350	35,000
Getin Noble Bank Bonds Tranche 4/2012	2012-02-22	2012-08-17	500	50,000
Getin Noble Bank Bonds Tranche 5/2012	2012-03-02	2012-12-04	150	15,000
Getin Noble Bank Bonds Tranche 6/2012	2012-03-02	2012-06-01	700	70,000
Getin Noble Bank Bonds Tranche 7/2012	2012-03-16	2013-03-15	200	20,000
Getin Noble Bank Bonds Tranche 8/2012	2012-03-16	2012-12-14	100	10,000
Getin Noble Bank Bonds Tranche 9/2012	2012-03-16	2012-06-15	400	40,000
Getin Noble Bank Bonds Tranche 10/2012	2012-04-17	2012-07-18	400	40,000
Getin Noble Bank Bonds Tranche 11/2012	2012-05-17	2012-08-20	1,450	145,000
Getin Noble Bank Bonds Tranche 12/2012	2012-06-01	2012-08-31	700	70,000
Getin Noble Bank Bonds Tranche 13/2012	2012-06-15	2012-09-14	400	40,000
Getin Noble Bank Bonds Tranche 14/2012	2012-07-18	2012-10-18	400	40,000
Getin Noble Bank Bonds Tranche 15/2012	2012-08-18	2012-11-16	650	65,000
Getin Noble Bank Bonds Tranche 16/2012	2012-08-20	2012-11-20	1,200	120,000
Getin Noble Bank Bonds Tranche 17/2012	2012-08-31	2012-11-30	700	70,000
Getin Noble Bank Bonds Tranche 18/2012	2012-09-06	2012-12-06	400	40,000
Getin Noble Bank Bonds Tranche 19/2012	2012-09-14	2012-12-14	400	40,000
Getin Noble Bank Bonds Tranche 20/2012	2012-10-18	2013-01-18	400	40,000
Getin Noble Bank Bonds Tranche 21/2012	2012-11-20	2013-02-20	1,000	100,000
Getin Noble Bank Bonds Tranche 22/2012	2012-11-20	2013-02-20	800	80,000
Getin Noble Bank Bonds Tranche 23/2012	2012-12-04	2013-03-05	950	95,000
Getin Noble Bank Bonds Tranche 24/2012	2012-12-14	2013-03-15	500	50,000
<b>Bonds, total</b>			<b>14,000</b>	<b>1,400,000</b>
Getin Noble Bank Bonds Tranche PP I	2012-02-23	2018-02-23	200,000	200,000
Getin Noble Bank Bonds Tranche PP II	2012-02-23	2018-02-23	41,641	41,641
Getin Noble Bank Bonds Tranche PP III	2012-03-23	2018-03-23	160,000	160,000
Getin Noble Bank Bonds Tranche PP IV	2012-04-27	2018-04-27	40,000	40,000
Getin Noble Bank Bonds Tranche PP V	2012-05-23	2018-05-23	37,283	37,283
Getin Noble Bank Bonds Tranche SUB F	2012-06-14	2018-06-14	40,000	40,000
Getin Noble Bank Bonds Tranche PP2-I	2012-08-27	2019-08-27	172,025	172,025
Getin Noble Bank Bonds Tranche PP2-II	2012-09-26	2019-09-26	17,994	17,994
Getin Noble Bank Bonds Tranche PP2-III	2012-10-19	2019-10-21	40,000	40,000
Getin Noble Bank Bonds Tranche PP2-IV	2012-11-16	2019-11-18	40,000	40,000
Getin Noble Bank Bonds Tranche PP2-V	2012-12-21	2019-12-23	40,616	40,616
<b>Subordinated bonds, total</b>			<b>829,559</b>	<b>829,559</b>

Type of securities issued	Issue date	Redemption date	Number of securities	Nominal value PLN thousand
Getin Noble Bank Bonds Tranche 13/2011	2011-11-08	2012-02-17	1,000	100,000
Getin Noble Bank Bonds Tranche 14/2011	2011-11-09	2012-02-17	150	15,000
Getin Noble Bank Bonds Tranche 15/2011	2011-12-02	2012-03-02	270	27,000
Getin Noble Bank Bonds Tranche 16/2011	2011-12-16	2012-03-16	710	71,000
Getin Noble Bank Bonds Tranche 1/2012	2012-02-17	2012-05-17	1,100	110,000
Getin Noble Bank Bonds Tranche 3/2012	2012-02-17	2012-05-17	350	35,000
Getin Noble Bank Bonds Tranche 6/2012	2012-03-02	2012-06-01	700	70,000
Getin Noble Bank Bonds Tranche 9/2012	2012-03-16	2012-06-15	400	40,000
Noble Bank 5-year Certificates of deposit EMS/5Y	2007-07-16	2012-07-16	160	80,000
Getin Noble Bank Bonds Tranche 10/2012	2012-04-17	2012-07-18	400	40,000
Getin Noble Bank Bonds Tranche 2/2012	2012-02-17	2012-08-17	1,100	15,000
Getin Noble Bank Bonds Tranche 4/2012	2012-02-22	2012-08-17	500	50,000
Getin Noble Bank Bonds Tranche 11/2012	2012-05-17	2012-08-20	1,450	145,000
Getin Noble Bank Bonds Tranche 12/2012	2012-06-01	2012-08-31	700	70,000
Getin Noble Bank Bonds Tranche 13/2012	2012-06-15	2012-09-14	400	40,000
Getin Noble Bank Bonds Tranche 14/2012	2012-07-18	2012-10-18	400	40,000
Getin Noble Bank Bonds Tranche 15/2012	2012-08-18	2012-11-16	650	65,000
Getin Noble Bank Bonds Tranche 16/2012	2012-08-20	2012-11-20	1,200	120,000
Getin Noble Bank Bonds Tranche 17/2012	2012-08-31	2012-11-30	700	70,000
Getin Noble Bank Bonds Tranche 5/2012	2012-03-02	2012-12-04	150	15,000
Getin Noble Bank Bonds Tranche 18/2012	2012-09-06	2012-12-06	400	40,000
Getin Noble Bank Bonds Tranche 8/2012	2012-03-16	2012-12-14	100	10,000
Getin Noble Bank Bonds Tranche 19/2012	2012-09-14	2012-12-14	400	40,000
<b>Total</b>			<b>13,390</b>	<b>1,308,000</b>

On 20 January 2012 the Polish Financial Supervision Authority approved a prospectus drawn up by Getin Noble Bank S.A., in connection with public offering of bearer bonds within the Initial Public Bond Issue Program ("the Program"). Within the Program the Bank issued a total of 478,924 bonds Series PP-I, PP-II, PP-III, PP-IV and PP-V of total value of PLN 478,924 thousand. The bonds of each series have been dematerialized and, except bonds series PP-V, introduced to an alternative trading system Catalyst, organized by the Warsaw Stock Exchange.

In connection with the merger of Get Bank S.A. and Getin Noble Bank S.A. the bond prospectus for the Initial Public Bond Issue Program described above has become invalid in June 2012. The merged Getin Noble Bank S.A. will settle all liabilities arising from issued bonds under the Program.

On 27 June 2012 the Polish Financial Supervision Authority approved a prospectus prepared by Getin Noble Bank S.A. in connection with a public offering of the Bonds under the new Program ("new Program"). Bonds under the new Program will be issued in many series to a maximum of PLN 500 million. The bonds will bear interest. The interest rate shall be the sum of a margin and WIBOR 6M.

The purpose of the issue of bonds is to raise Bank's own capital and ensure further expansion of its activities. In 2012 the Polish Financial Supervision Authority approved the inclusion in the supplementary funds of Getin Noble Bank S.A. the amount of PLN 788,943 thousand acquired by the Bank through the issue of series F and PP-I – PP-V and PP2-I – PP2-IV.

During the reporting period, there were no cases of overdue settlement by the Bank of liabilities arising from repayment of principal or interest and redemption of own debt securities.

**34. OTHER LIABILITIES**

	31.12.2012 PLN thousand	31.12.2011 (restated) PLN thousand
Interbank settlements	35,890	84,750
Sundry debtors, of which:	143,468	122,466
taxation, customs duty, social insurances (without CIT)	47,602	20,141
payment cards settlements	2,327	4,263
other	93,539	98,062
Lease liabilities	46,252	23,692
Payroll liabilities	147	1,237
Accruals	35,755	51,393
Deferred income	18,377	15,749
Liabilities arising from valuation of the options	11,024	-
Other liabilities	94,930	71,116
<b>Total</b>	<b>385,843</b>	<b>370,403</b>

**35. PROVISIONS**

01.01.2012 - 31.12.2012	Restructuring provision PLN thousand	Provision for litigation PLN thousand	Provision for retirement benefits and other employee allowances PLN thousand	Provision for issued commitments and guarantees PLN thousand	Total PLN thousand
Balance at the beginning of the period	23,695	4,242	9,075	1,686	38,698
Recognition	-	-	3,313	5,430	8,743
Utilization	(16,890)	(7)	(1,023)	-	(17,920)
Reversal	(4,450)	-	-	(5,377)	(9,827)
Balance at the end of the period	2,355	4,235	11,365	1,739	19,694

According to IAS 37 the Bank recognizes in the statement of financial position a provision for future liabilities arising from restructuring. The provision was recognized in 2011 in connection with the acquisition of Get Bank S.A. by Getin Holding S.A., based on a restructuring plan for employment, branch network, product range, contracts with suppliers, as well as property, plant and equipment. As at 31 December 2012 the remaining amount of restructuring provision is related to the restructuring of employment, branch network and contracts with suppliers.

01.01.2011 - 31.12.2011 (restated)	Restructuring provision PLN thousand	Provision for litigation PLN thousand	Provision for retirement benefits and other employee allowances PLN thousand	Provision for issued commitments and guarantees PLN thousand	Total PLN thousand
Balance at the beginning of the period	-	1,959	6,506	1,541	10,006
Recognition	45,795	2,454	2,446	4,988	55,683
Utilization	(19,103)	(178)	(1,635)	-	(20,916)
Reversal	(2,997)	(120)	(1,528)	(5,056)	(9,701)
Other increases/decreases	-	127	3,286	213	3,626
Balance at the end of the period	23,695	4,242	9,075	1,686	38,698

<b>Provision for retirement benefits and other employee allowances</b>	<b>31.12.2012</b>	<b>31.12.2011</b>
	<b>PLN thousand</b>	<b>(restated)</b>
		<b>PLN thousand</b>
Provision for retirement benefits	925	895
Provision for unused holidays	8,887	7,067
Provision for social insurance in respect of unused holidays	1,553	1,113
<b>Total</b>	<b>11,365</b>	<b>9,075</b>

### 36.SHARE CAPITAL

As at 31 December 2012 share capital of Getin Noble Bank S.A. amounted to PLN 2,650,143,319 and consisted of 2,650,143,319 shares with nominal value of PLN 1.00 each.

<b>Series</b>	<b>Type of shares</b>	<b>Number of shares</b>	<b>Nominal Value</b>
			<b>PLN thousand</b>
series A	bearer ordinary shares	40,000,000	40,000
series B	bearer ordinary shares	23,000,000	23,000
series C	bearer ordinary shares	6,000,000	6,000
series D	bearer ordinary shares	9,510,000	9,510
series E	bearer ordinary shares	11,000,000	11,000
series F	bearer ordinary shares	4,000,000	4,000
series G	bearer ordinary shares	9,550,000	9,550
series H	bearer ordinary shares	2,142,465,631	2,142,466
series I	bearer ordinary shares	144,617,688	144,618
series J	bearer ordinary shares	200,000,000	200,000
series K	bearer ordinary shares	60,000,000	60,000
<b>Total</b>		<b>2,650,143,319</b>	<b>2,650,143</b>

As at 31 December 2011 share capital of Get Bank S.A. amounted to PLN 103,060,000 and consisted of 103,060,000 shares with nominal value of PLN 1.00 each. There were issues of shares series H, I, J and K during 2012.

The H-series shares of the Bank, registered on 2 January 2012, were issued in connection with the spin-off of Getin Holding S.A. under Article 529 §1 point 4, i.e. by transferring a part of Getin Holding assets that constitute an organized part of the enterprise (comprising mainly all shares of Getin Noble Bank S.A. constituting 93.71 % of the share capital of Getin Noble Bank S.A.).

Issue of 144,617,688 shares I-series, registered on 1 June 2012, in respect of the merger of the Get Bank S.A. (the Issuer) with Getin Noble Bank S.A. (the "Target Company"). The merger of the Companies was made according to Article 492 § 1 point 1 of the Polish Commercial Companies Code (the "CCC") by transferring all assets of the Target Company to the Issuer (merger by acquisition) and simultaneous increase in the share capital of the Issuer.

Public issue of J and K series, registered on 9 November 2012. Due to the dematerialization of the Issuer's shares all series, i.e. A – K series shares, all of the Issuer's shares are bearer shares. The total number of votes after the increase in the Issuer's share capital amounts 2,650,143,319.

**37. OTHER CAPITAL**

	31.12.2012 PLN thousand	31.12.2011 (restated) PLN thousand
Reserve capital	2,161,631	3,743,341
Revaluation reserve	(120,768)	26,189
valuation of portfolio of available-for-sale financial assets	11,291	(5,079)
cash flow hedge	(132,059)	31,268
Other capital reserves	37,493	37,493
Share based payments equity component	7,381	16,373
<b>Total</b>	<b>2,085,737</b>	<b>3,823,396</b>

**38. DIVIDENDS PAID AND PROPOSED**

In the reporting period the Bank did not pay or declare any dividends. On 3 April 2012 the General Meeting of Getin Noble Bank S.A. decided to appropriate the Bank's profit for 2011 amounting to PLN 556,953 thousand to increase the reserve capital.

As of the date of these Financial Statements the Management Board of the Bank does not recommend payment of a dividend from the profit from 2012. Simultaneously the Management Board informs that Supervisory Board of the Bank recommended that Management Board of the Bank shall propose payment of dividend for the profit from 2012 if capital adequacy ratio after two quarters of 2013 is above 12%, and maintain this level after dividend payment.

**39. CONTINGENT LIABILITIES**

The Bank has commitments to grant loans. These commitments comprise approved but not fully utilized loans, unused credit card limits and unused overdraft limits on current accounts. The Bank issues guarantees and letters of credit which serve as security in case the Group's customers will discharge their liabilities towards third parties. The Bank charges fee for these commitments issued which are settled in accordance with the nature of the given instrument.

Provisions are recognized for contingent liabilities with the risk of loss of value of the underlying assets. If, at the balance sheet date, objective evidence has been identified that assets underlying contingent liabilities are impaired, the Bank creates a provision in the amount of a difference between statistically estimated part of the off-balance sheet exposure (balance sheet equivalent of current off-balance sheet items) and the present value of estimated future cash flows. The created provision does not reduce the value of the assets underlying the off-balance sheet contingent liabilities and is recognized in the Bank's statement of financial positions under 'Provisions' and in the income statement.

	31.12.2012 PLN thousand	31.12.2011 (restated) PLN thousand
<b>Contingent liabilities granted</b>	<b>3,646,374</b>	<b>2,051,693</b>
financial	3,373,777	2,040,708
guarantees	272,597	10,985
<b>Contingent liabilities received</b>	<b>360,790</b>	<b>318,891</b>
financial	102,205	110,420
guarantees	258,585	208,471
<b>Liabilities relating to sale/ purchase transactions</b>	<b>39,441,731</b>	<b>38,487,907</b>
<b>Other off-balance sheet items</b>	<b>16,982,026</b>	<b>13,016,881</b>
<b>Total</b>	<b>60,430,921</b>	<b>53,875,372</b>

	31.12.2012 PLN thousand	31.12.2011 (restated) PLN thousand
<b>Contingent financial liabilities granted</b>	<b>3,373,777</b>	<b>2,040,708</b>
to financial entities	1,267,703	205,875
to non-financial entities	1,830,079	1,805,409
to budgetary entities	275,995	29,424
<b>Guarantees granted</b>	<b>272,597</b>	<b>10,985</b>
to financial entities	2,320	1,946
to non-financial entities	35,543	9,039
to budgetary entities	234,734	-

#### 40. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Fair value is the amount for which given asset could be exchanged, or liability settled in an arm's length transaction between willing, well-informed and non-related parties other than the transaction of foreclosure sale or liquidation, and is best reflected by market prices, if available.

The main methods and assumptions used in estimating fair values of financial assets and liabilities are as follows

##### *Amounts due from banks*

The amounts due from banks include mainly interbank deposits and collaterals of derivatives transactions (CIRS). Fixed-rate deposits placed on the interbank market comprise short-term placements. Therefore, the fair value of amounts due from banks is assumed to be equal to their carrying amount

##### *Loans and other receivables to customers*

Fair value was calculated for loans with established repayment schedule. For loan agreements, for which no such schedule was established (e.g. overdrafts) it is assumed that their fair value equal to carrying amount. Similar assumption was adopted for payments with the maturity dates past due or for loans impaired.

In order to calculate fair value of loan, on the basis of information recorded in transaction systems, a schedule of principal and interest cash flow is identified for each loan agreement. Such calculated cash flows are grouped by type of interest, date of loan disbursement, type of product and currency of the agreement. Such determined cash flows were discounted using the interest rate which accounts for the current margin for given product. For loans denominated in foreign currencies for which no sufficient sample of disbursements is available within the analyzed period, the margin of loans denominated in EUR and the LIBOR 3M rate for the respective currency were applied. Comparison of the total cash flows discounted using the above discount rate allocated to given loan agreement

and the loan carrying amount allows to determine the difference between the fair value of the loan and its carrying amount. Identification of interest rate appropriate for discounting identified cash flows is made based on loan currency, product type and date of cash flow.

#### *Amounts due to banks*

It is assumed that the fair value of deposits received from the other banks is their carrying amount

#### *Amounts due to customers*

Fair value was calculated for deposits with fixed interest rate and defined maturity. For current deposits it is assumed that fair value equals their carrying amount. In order to calculate fair value, on the basis of information recorded in transaction systems, future capital and interest cash flows are identified. Future cash flows calculated in this way are grouped by currency, original term of deposit, type of product and date of cash flow. These cash flows are discounted using the interest rate representing the sum of market rate obtained from the yield curve for each currency, deposit maturity date and the margin offered on deposits with the commencement date in the last month of the settlement period. The margin is calculated comparing interest rate offered on deposits accepted in the last month with market interest rates. The discounting period is determined as the difference between the date of deposit maturity (rounded to a calendar month) and the date of the financial statements. This discounted value is compared with deposit carrying amount of deposits and results in a difference between the carrying amount of deposit portfolio and its fair value.

#### *Liabilities arising from the issue of debt securities*

It is assumed that fair value of bonds and certificates is their carrying amount. Fair value of bank securities has been measured using the policies applied to the calculation of fair value of amounts due to customers.

Due to the fact that for majority of financial assets and liabilities measured at amortized cost (other than described in details above) using effective interest rate, the period of the nearest revaluation does not exceed 3 months carrying amount of these positions do not differ significantly from their fair value.

The summary of carrying amounts and fair values for assets and liabilities is presented below:

As at 31.12.2012	Carrying amount PLN thousand	Fair value PLN thousand
<b>ASSETS</b>		
Cash and balances with the Central Bank	2,906,940	2,906,940
Amounts due from banks and financial institutions	1,966,330	1,966,330
Derivative financial instruments	178,350	178,350
Loans and advances to customers	44,947,400	44,029,580
Available for sale financial assets	7,454,653	7,454,653
<b>LIABILITIES</b>		
Amounts due to banks and financial institutions	794,704	794,704
Derivative financial instruments	657,427	657,427
Amounts due to customers	51,113,735	51,276,372
Debt securities issued	1,674,416	1,674,416

As at 31.12.2011 (restated)	Carrying amount PLN thousand	Fair value PLN thousand
<b>ASSETS</b>		
Cash and balances with the Central Bank	2,423,342	2,423,342
Amounts due from banks and financial institutions	3,275,019	3,275,019
Financial assets held for trading	8,045	8,045
Derivative financial instruments	88,112	88,112
Loans and advances to customers	42,599,847	41,806,658
Available for sale financial assets	4,541,547	4,541,547
<b>LIABILITIES</b>		
Amounts due to banks and financial institutions	579,057	579,057
Derivative financial instruments	1,135,356	1,135,356
Amounts due to customers	47,235,985	47,601,672
Debt securities issued	811,673	814,945

The Bank classifies the individual financial assets and liabilities measured at fair value by applying the following hierarchy:

*Level 1*

Financial assets and liabilities measured at fair value based on market quotations available in active markets for identical instruments.

*Level 2*

Financial assets and liabilities measured using techniques based on market quotations directly observed or other information based on market quotations.

*Level 3*

Financial assets and liabilities measured using techniques based quotations which cannot be directly observed on the market.

The carrying amounts of financial instruments at fair value by 3 hierarchy levels as at 31 December 2012 and 2011 are presented below:

As at 31.12.2012	Level 1 PLN thousand	Level 2 PLN thousand	Level 3 PLN thousand	Total PLN thousand
<b>ASSETS</b>				
Derivative financial instruments	-	178,350	-	<b>178,350</b>
Available for sale financial assets	7,018,502	-	436,151	<b>7,454,653</b>
<b>LIABILITIES</b>				
Derivative financial instruments	-	657,427	-	<b>657,427</b>

31.12.2011 (restated)	Level 1 PLN thousand	Level 2 PLN thousand	Level 3 PLN thousand	Total PLN thousand
<b>ASSETS</b>				
Financial assets held for trading	-	-	8,045	<b>8,045</b>
Derivative financial instruments	-	88,112	-	<b>88,112</b>
Available for sale financial assets	4,465,846	-	75,701	<b>4,541,547</b>
<b>LIABILITIES</b>				
Derivative financial instruments	-	1,135,356	-	<b>1,135,356</b>



In the year ended 31 December 2012 there were no movements between level 1 and level 2 of the fair value hierarchy, neither any instrument was moved from level 1 or level 2 to level 3 of fair value hierarchy.

#### 41.SOCIAL ASSETS AND COMPANY SOCIAL BENEFITS FUND LIABILITIES

The act of 4 March 1994 on the Company Social Benefits Fund with later amendments assumes that the Company Social Benefits Fund is created by employers employing above 20 employees on a full-time basis. The Bank creates such fund and makes periodic allowances amounting to basic allowances. The purpose of the Fund is to finance social activity, loans granted to its employees and other social costs.

The Bank has compensated the Fund's assets with its liabilities to the Fund as these assets do not account for separate assets of the Bank. As a result of the above, net balance of settlements with the Fund amounted to PLN 0.

	01.01.2012- 31.12.2012 PLN thousand	01.01.2011- 31.12.2011 PLN thousand
Allowances for the Fund during the reporting period	6,053	5,314

#### 42.ADDITIONAL NOTES TO THE STATEMENT OF CASH FLOWS

For the purpose of the statement of cash flows, the following classification of economic activity types has been assumed:

- **operating activities** – comprise the basic scope of activities related to provision of services by the Bank, covering actions aimed at generating profit but not constituting investment or financial activity. The Bank prepares the statement of cash flows from operating activities using the indirect method, under which a net profit for a reporting period is adjusted by non-cash effects of transactions, prepayments and accrued income and accrued costs and deferred income which relate to future or past inflows and outflows from operating activities and by other items of costs and revenues connected with cash flows from investing activities.
- **investment activities** – comprises activities related to purchasing and selling stocks or shares in subordinated entities as well as intangible assets and fixed assets. Inflows from investment activities include also received dividends related to held shares and stocks in other entities. Changes of debt securities available-for-sale are presented in operating activities.
- **financing activities** – include operations that involve raising funds in the form of capital or liabilities as well as servicing of the sources of finance.

##### *Cash and cash equivalents*

For the purpose of the statement of cash flows cash and cash equivalents comprise carrying amount of cash and cash equivalents and balances of current accounts and short-term deposits.

	31.12.2012 PLN thousand	31.12.2011 (restated) PLN thousand
Cash and balances with the Central Bank	2,906,940	2,423,342
Current amounts due from banks	414,024	133,760
Short term deposits in banks	557,673	590,641
<b>Total</b>	<b>3,878,637</b>	<b>3,147,743</b>

*Explanation of differences between changes of assets and liabilities as stated in the statement of financial position and changes presented in the statement of cash flows*

Year ended 31.12.2012	Statement of financial position PLN thousand	Statement of cash flows PLN thousand	Difference PLN thousand	
Change in amounts due from banks and financial institutions	1,308,689	1,555,985	(247,296)	1)
Change in derivative financial instruments (assets)	(90,238)	(137,158)	46,920	2)
Change in available for sale financial assets	(2,913,106)	(2,896,736)	(16,370)	3)
Change in amounts due to banks and financial institutions	215,647	112,652	102,995	4)
Change in derivative financial instruments (liability)	(477,929)	(594,336)	116,407	5)
Change in debt securities issued	862,743	(58,816)	921,559	6)

- 1) Change in part of receivables comprising cash equivalents (current accounts and overnight deposits in other banks) was excluded from 'Change in amounts due from banks and financial institutions' and presented under 'Increase/decrease of net cash and cash equivalents'
- 2) 'Change in derivative financial instruments (asset)' does not include the valuation of cash flow hedge recognized in revaluation reserve.
- 3) 'Change in available for sale financial assets' does not include valuation of financial assets recognized in revaluation reserve.
- 4) Change arising from the long term loan received presented in financial activities was excluded from 'Change in amounts due to banks and financial institutions'
- 5) 'Change in derivative financial instruments (liabilities)' does not include the valuation of cash flow hedge recognized in revaluation reserve
- 6) Change arising from the issue and redemption of long-term securities (bonds and deposit certificates) was excluded from 'Change in debt securities issued'

#### 43. INFORMATION ON OPERATING SEGMENTS

The Bank conducts a business within the following main products/services:

- mortgage – financing of real estate market
- car - financing of car purchases,
- retail – service of retail customers within deposit and investment products, and also funding of consumer demands of customers by means of consumer loans (mainly cash, in credit cards),
- corporate – service of small and medium enterprises and budgetary units,

Within the management reporting the selected items of the income statement and the statement of financial position split by main product groups are presented. The basis for the classification of particular types of income/expenses and balance sheet positions to particular group is:

- for loan products – criterion of the purpose of loans and advances granted and type of entity,
- for deposits – entity criterion, taking into account managerial classification of funds obtained from individual persons by the intermediary of financial entities within framework agreements.

Selected items of the statement of financial position		31.12.2012	31.12.2011
		PLN thousand	(restated) PLN thousand
Assets	Mortgage loans	33,217,002	32,693,417
	Car loans	3,414,081	3,448,784
	Retail loans	3,085,994	2,854,860
	Corporate loans	5,230,323	3,602,786
	Other	14,240,781	11,664,452
	<b>Total</b>	<b>59,188,181</b>	<b>54,264,299</b>
Liabilities	Retail deposits *	42,253,687	40,615,770
	Corporate deposits *	8,662,321	6,828,008
	Other	8,272,173	6,820,521
	<b>Total</b>	<b>59,188,181</b>	<b>54,264,299</b>

\* Value of deposits without accrual interests and value adjustments

Selected items of the income statement		01.01.2012- 31.12.2012	01.01.2011- 31.12.2011 (restated)
		PLN thousand	PLN thousand
Interest income	Mortgage loans	1,710,012	1,453,954
	Car loans	432,614	468,238
	Retail loans	456,200	411,777
	Corporate loans	363,952	246,381
	Other activities of the Bank	1,292,435	1,023,452
	<b>Total</b>	<b>4,255,213</b>	<b>3,603,802</b>
Interest expense	Retail deposits	(2,314,238)	(1,715,838)
	Corporate deposits	(414,181)	(314,423)
	Other activities of the Bank	(331,013)	(266,822)
	<b>Total</b>	<b>(3,059,432)</b>	<b>(2,297,083)</b>
Net fee and commission income	Mortgage loans	40,391	58,412
	Car loans	10,225	9,566
	Retail loans	9,678	8,587
	Corporate loans	4,525	3,616
	Other activities of the Bank	642,874	661,957
	<b>Total</b>	<b>707,693</b>	<b>742,138</b>
Dividend income		<b>41,608</b>	<b>17,649</b>
Result on financial instruments measured at fair value through profit or loss		<b>(57,430)</b>	<b>37,435</b>
Result on other financial instruments		<b>128,581</b>	<b>375,330</b>
Foreign exchange result	Mortgage loans	72,751	126,666
	Car loans	9,450	15,324
	Other activities of the Bank	4,728	7,539
	<b>Total</b>	<b>86,929</b>	<b>149,529</b>
Other operating income		<b>70,725</b>	<b>164,506</b>
Other operating expense		<b>(81,629)</b>	<b>(181,126)</b>
General administrative expenses		<b>(771,409)</b>	<b>(741,967)</b>
Impairment allowances on financial assets and off-balance sheet provisions	Mortgage loans	(676,527)	(770,029)
	Car loans	(93,245)	(179,115)
	Retail loans	(125,527)	(150,878)
	Corporate loans	(56,032)	(89,583)
	Other activities of the Bank	-	-
	<b>Total</b>	<b>(951,330)</b>	<b>(1,189,605)</b>
<b>Profit before tax</b>		<b>369,519</b>	<b>680,608</b>
<b>Income tax</b>		<b>(58,562)</b>	<b>(114,158)</b>
<b>Net profit</b>		<b>310,957</b>	<b>566,450</b>

#### 44. RELATED PARTY TRANSACTIONS

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

Related entities, within its operations, holds current accounts in Getin Noble Bank, on which it carries out clearing operations and deposits its cash on term deposits.

Within loan activities related to related parties, the Bank applies standard loan conditions:

- transactions are concluded in accordance with accepted by the Bank rules and conditions
- the assessment of reliability of related entities, basing on rules applicable during the assessment of credibility of other bank's customers,

- the rules of hedging of transactions funding are in accordance with the instruction of legal hedges applicable in the Bank,
- applied by the Bank general rules of monitoring of payments and rules of termination of agreements and receivables collection.

Additionally, the Bank purchases debts from related entities and acts as an agent in sale of insurance policies and investment products offered by related entities and also uses intermediary services related to sale of own products.

All transactions between related entities are concluded on an arm's length basis equivalent to those which are applicable to transactions concluded on market conditions.

**GETIN NOBLE BANK S.A.**

Financial statements for the year ended 31 December 2012  
(data in PLN thousand)



Transactions with related entities		Statment of financial position					Statment of comprehensive income					Off- balance
		31.12.2012					01.01.2012 - 31.12.2012					31.12.2012
		Loans, purchased receivables and financial instruments	Other receivables	Deposits liabilities	Other liabilities	Recognized impairment allowances	Interest and commission income	Interest and commission expenses	Other purchases	Other sale	Dividends received	Financial liabilities and guarantees granted
1	Grupa Getin Leasing S.A.	1,864,685	88	3,680	26,201	59	136,216	751	1,534	3,361	-	2,615
2	Noble Concierge Sp. z o.o.	-	25	68	60	-	-	104	5,976	240	-	160
3	Noble Securities S.A.	-	1,782	107,168	2,739	17	4,270	25,114	975	919	11,716	5,010
4	Noble Funds TFI S.A.	-	1,496	19,574	129	-	3,901	895	420	593	19,655	-
5	SAX Development Sp. z o.o.	29,381	400	7,424	-	-	381	121	-	-	-	-
6	GNB Auto Plan Sp. z o.o.	751,988	-	977,687	-	-	5,028	5,577	8	-	-	-
7	Open Finance S.A.	41,348	19,961	-	1,801	-	1,770	45,810	652	5,809	7,155	-
9	Open Life Towarzystwo Ubezpieczeń Życie S.A.	-	205,498	2,432,958	1,768	-	395,406	113,943	-	729	-	-
10	Home Broker Nieruchomości S.A.	37,676	955	-	6	-	2,430	-	27	3,825	-	-
11	HB Finance Sp. z o.o. (formerly HB DF Sp. z o.o. Sp.K)	-	1	-	1,361	-	-	24,664	26	10	-	-
12	Getin Holding S.A	61	196,792	355,668	1,523	-	17	13,550	2,276	137	-	209
13	Idea Bank SA	-	10,149	3	190	4	2,090	1,493	108	9,327	-	1,156
14	Idea Bank S.A. - Ukraina	-	-	-	-	59	172	-	-	-	-	17,668
15	Idea Expert S.A. (formerly PDK S.A.)	-	5	-	10	-	657	19,997	28	22	-	-
16	Carcade OOO	103,634	-	24	-	575	22,974	-	-	-	-	-
17	Carcade Polska Sp. z o.o.	-	850	6,032	2,201	-	850	187	33	28	-	-
18	Sombelbank S.A.	-	11,275	829	10	-	45	939	-	39	-	-
19	M.W.TRADE SA	52,968	-	5,919	2	13	10,815	1,110	-	-	-	4,000
20	RB COMPUTER sp. z o.o.	-	-	-	199	-	-	-	9,035	47	-	-
21	LC Corp BV	-	-	25,255	-	-	10	763	-	673	-	-
22	LC Corp SA	30,021	17	105,267	-	165	1,635	5,965	-	212	-	41
23	LC Corp Invest VIII Sp. Z o.o.	-	-	6,599	-	-	2	101	-	-	-	-
24	LC Corp Invest III Sp. Z o.o.	-	-	12,609	-	-	1	243	-	-	-	-
25	LC Corp Invest XV Sp. Z o.o. Projekt 7 Sp. K.	-	-	5,082	-	-	4	108	-	-	-	-
26	LC Corp Invest XV Sp. Z o.o. Projekt 5 Sp. K.	-	-	5,505	-	-	1	256	-	-	-	-
27	LC Corp Invest XV Sp. z o.o. Projekt 6 sp.k.	-	-	10,680	-	-	1	230	-	-	-	-
28	LC Corp Sky Tower Sp. z o.o.	51,800	-	125,514	-	-	1,007	3,667	1,168	4,408	-	120,397
29	Get Back S.A.	3	846	9,000	25	-	2	284	5,012	1,256	-	30
30	Debito Niestandaryzowany Sekurytyzacyjny Fundusz Inwestycyjny Zamknięty	-	-	-	-	-	-	-	-	24,137	-	-
31	Other	6	1,995	20,769	-	-	243	1,696	3,779	2,967	-	16
32	Members of the Managment Board and the Supervisory Board of the Bank	5,201	20,160	9,014	-	17	83	522	-	-	-	684

In the note above, the entities with balances as at 31.12.2012 (irrespective of transaction type) not exceeding PLN 5 million were aggregated

**GETIN NOBLE BANK S.A.**

Financial statements for the year ended 31 December 2012  
(data in PLN thousand)



Transactions with related entities		Statement of financial position					Statement of comprehensive income					Off- balance
		31.12.2011					01.01.2011 - 31.12.2011					31.12.2011
		Loans, purchased receivables and financial instruments	Other receivables	Deposits liabilities	Other liabilities	Recognized impairment allowances	Interest and commission income	Interest and commission expenses	Other purchases	Other sale	Dividends received	Financial liabilities and guarantees granted
		PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand
1	Getin Holding S.A.	48	2,232	6,014	263	-	32	3,673	241	3,497	-	-
2	Carcade OOO	183,658	-	3	-	1,470	13,876	-	-	-	-	-
3	TU Europa S.A.	-	46,878	31,406	19,158	-	206,892	3,262	43	11	-	142
4	TU na Życie Europa S.A.	-	112,049	2,501,371	-	-	285,250	180,520	579	-	-	-
5	Open Finance S.A.	-	24,426	80	-	-	-	101 927	1,007	5,501	-	-
6	Noble Concierge sp. z o.o.	-	-	-	-	-	-	-	5,170	309	-	-
7	Noble Funds TFI S.A.	-	-	23,534	-	-	8,515	750	420	683	14,050	-
8	Introfactor S.A.	-	-	965	-	-	11	37	-	9	-	-
9	PSA Idea Bank (Ukraina)	23,922	-	-	-	354	2,036	-	-	-	-	19,479
10	Getin International S.A.	-	-	13,350	-	-	492	6	-	-	-	-
11	Sombelbank S.A.	468	162	2,021	18	-	1	850	-	162	-	-
12	Noble Securities S.A.	-	-	132,804	-	-	10,082	9,100	491	786	-	-
13	Idea Bank SA	-	1,209	90,190	183	2	4,409	2,946	576	23,230	-	522
14	M.W.TRADE SA	139,649	-	6,780	-	17	17,042	654	-	-	-	4,000
15	RB COMPUTER sp. z o.o.	-	-	-	377	-	-	-	8,311	31	-	-
16	LC Corp BV	-	-	46,514	-	-	7	438	-	-	-	-
17	LC Corp SA	20	1	62,341	-	-	4	3,972	-	228	-	30,000
18	LC Corp Invest I Sp.z o.o.	-	-	7,053	-	-	-	163	-	-	-	-
19	LC Corp Sky Tower Sp. z o.o.	51,800	-	116,576	-	-	5	5,926	-	4,083	-	-
20	LC Corp Invest Sp. z o.o.	-	-	45,409	-	-	1	1,829	-	-	-	-
21	LC Corp Invest XV Sp. z o.o. Projekt 6 sp.k	-	-	7,761	-	-	-	23	-	-	-	-
22	Warszawa Przy okopowa Sp. z o.o.	-	-	5,625	-	-	1	507	-	-	-	-
23	HOME BROKER SA (formerly JML S.A)	-	64	-	-	-	-	926	214	36,393	-	-
24	HOME BROKER Doradcy Finansowi	-	-	-	1	-	-	18 033*	-	9	-	-
25	Fundacja Jolanty i Leszka Czarneckich	-	-	11,516	-	-	6	455	-	-	-	-
26	Powszechny Dom Kredytowy S.A	-	-	9,292	-	-	1,683	34 460*	1,088	46	-	200
27	Grupa Getin Leasing S.A	1,399,528	-	14,429	-	308	82,765	97	1,393	1,396	-	16,064
28	Getin Inwestycje	-	-	45,442	-	-	-	499	-	-	-	-
29	Open Life TU na Życie SA	-	140,461	688,121	501	-	163,110	7,385	-	201	-	-
30	Other	-	1,399	11,316	-	-	67	499	4,014	4,304	-	103
31	<b>Members of the Management Board and the Supervisory Board of the Bank and the Parent Company and the Parent Company</b>	4,579	-	14,025	-	1	2,729	2,512	0	17,297	-	993

In the note above, the entities with balances as at 31.12.2011 (irrespective of transaction type) not exceeding PLN 5 million were aggregated

*Other transactions with related parties*

On 24 January 2012 Getin Noble Bank S.A. sold 150,000 shares in its subsidiary Introfactor S.A., representing 100% of the company's share capital to LC Corp B.V. with its registered office in Parnassustoren and to JA Investment Holding B.V. with its registered office in Alkmaar.

On 16 March 2012 Getin Noble Bank S.A. sold to Getin Holding S.A. the whole held package of 9,872,629 shares of an associate Idea Bank S.A., representing 37.05% of its share capital and entitling to 39.44% of votes at the company's General Meeting.

On 12 March 2012 the Bank sold in a session package transaction on the Warsaw Stock Exchange, all held own shares, i.e. 695,580 shares with nominal value of PLN 1,00 each to LC Corp B.V. with its registered office in Amsterdam for a total price of PLN 3,276 thousand. The sold shares as at the date of sale represented 0.07% of share capital of the Bank, which gave the right to 0.07% of the votes at the General Meeting.

On 2 January 2012, the non-controlling shareholders of Noble Funds TFI S.A. (Members of the Management Board of Noble Funds TFI S.A. – Mr. Mariusz Staniszewski, Mr. Paweł Homiński and Mrs. Sylwia Magott as well as Mr. Mariusz Błachut), holding in total 30% of shares in the company, informed about the execution of the call option, i.e. their right to sell the shares in Noble Funds TFI S.A. owned by them to Getin Noble Bank S.A. The transfer of rights to the shares commenced on 1 March 2012 for the price of PLN 58,965 thousand. In result of this transaction since 1 March 2012 Getin Noble Bank S.A. owns 100% of the share capital of Noble Funds TFI S.A.

On 8 June 2012 Getin Noble Bank S.A. sold to the Earchena Investments Ltd., wherein Mr. Dawid Czcibor owns 100% of shares, 34,947 shares of Noble Securities S.A. in a total value of PLN 180 thousand. Having fulfilled the terms of call option the Earchena Investments Ltd. will be entitled to purchase successive 34,947 shares within the period from 1 to 15 July 2013. The Earchena Investments Ltd. is entitled to call upon the Bank to repurchase its shares (put option) within the period from 1 August 2014 to 31 August 2016. In case no put option is performed, the Bank will be entitled to demand that the company should sell its shares (repurchase option). The program has, in its entirety, been classified as a share-based payment transaction calculated in pecuniary assets, pursuant to IFRS 2. In the 12-month period ended on 31 December 2012 the option valuation costs amounted to PLN 196 thousand and were presented as an increase of balance sheet investment value within the Noble Securities S.A. corresponding with the liabilities.

On 10 October 2012 Getin Noble Bank S.A. purchased from RB Investcom sp. z o.o. 50 shares of Sax Development Sp. z o.o. with its registered office in Wrocław, with a nominal value of PLN 100 each, representing 100% of the company's share capital. On 22 October 2012 the Management Board of the Bank adopted a resolution to increase the company's share capital by PLN 10 million through the issue of 100 thousand of new shares with a nominal value of PLN 100 each. By way of a share capital increase of Sax Development Sp. z o.o., Getin Noble Bank S.A. acquired 100 thousand of new shares for the amount of PLN 105 million in cash.

In 2012 the Bank recognized costs of PLN 820 thousand in the employee benefits and other capital reserves related to the Management Option Scheme granted to Mr. Krzysztof Rosiński, being the President of the Management Board of Getin Noble Bank S.A. as at 30 September 2012. On the basis of the agreement concluded on 18 November 2009, Mr. Krzysztof Rosiński was granted 1,000,000 shares of Getin Holding S.A. The right to dispose these shares was limited and depended on conditions such as being a President of the Getin Noble Bank Management Board and the Bank's financial situation in 2010-2011. As a result of the fulfillment of all conditions contained in the contract, repurchase option of shares granted by Getin Holding S.A. expired and the share pledge was released.



The Bank has its own Managerial Option Program whose terms include, among the others, the Banks financial status in the years 2011-2013, as well as exercise of the Program Members of any managerial functions by the end of years preceding the benefit pay outs. Program is settled in three instalments. Due to the merger of Getin Noble Banks and Get Bank SA, as of the merger date the Resolution of Extraordinary Shareholders' Meeting of Getin Noble Bank dated 30 March 2011 concerning issuance of subscription warrants, became invalid, which resulted in the reassignment, in 2012, from a Program previously qualified as a share payment settled within the capital instruments into the one settled as a share payment transaction settled in cash. Due to the valuation of Managerial Option Program for the 12-month period ended 31 December 2012 the bank recognized the amount of PLN 3,077 thousand presented in expenses and other liabilities. Additionally, on 27 June 2012 the Getin Noble Bank S.A. Management Board adopted a resolution concerning agreement on settling the 1st MOP benefit tranche (excluding the Management Board members) in cash. Based on this resolution in July of 2012 agreements were concluded with program participants, followed by Bank's payment of PLN 3,939 thousand in their favor. The amount of PLN 3,290 thousand was realized from other capitals (share-based payments – capital component), while the surplus in the amount of PLN 649 thousand encumbered the current period. Option fair value is measured as of the balance sheet date with the use of Black-Scholes model. During the Program duration period, due to Bank merger, shares of Getin Noble Bank S.A. were replaced by the merged Banks' shares exchanged with accordance to a proper exchange parity (explained in detail in note II.1). To maintain the conformity with the previous Incentive Program, the valuation parameters in the hereby document have been presented in relation to the Bank pre-merger values. The table below presents the option settlement parameters for the 2nd tranche, as well as the amounts assumed for the option fair value calculation within the 3rd tranche:

	II tranche	III tranche
Expected volatility ratio	n/a	38.53%
Risk-free interest rate	n/a	3.37%
Expected duration (in years)	exercised	1
Option valuation in accordance with Black-Scholes model (in PLN)	3.32	3.35
Exercise price (in PLN)	1.00	1.00
Number of shares	904,148	1,172,087

*Remuneration of the Bank's Management Board*

Remuneration and other benefits for members of the Bank's Management Board	01.01.2012-31.12.2012 PLN thousand	01.01.2011-31.12.2011 (restated) PLN thousand
<b>Krzysztof Rosiński</b>		
Short-term employee benefits	2,550	1,816
Share-based payments	294	2 897*
<b>Maurycy Kühn</b>		
Short-term employee benefits	1,762	3,486
<b>Krzysztof Spyra</b>		
Short-term employee benefits	773	2,041
<b>Radosław Stęfurak</b>		
Short-term employee benefits	2,306	2,090
<b>Grzegorz Tracz</b>		
Short-term employee benefits	1,227	2,272
<b>Maciej Szczechura</b>		
Short-term employee benefits	926	1,251
<b>Karol Karolkiewicz</b>		
Short-term employee benefits	866	1,027
<b>Marcin Dec (until 31.05.2012)</b>		
Short-term employee benefits	150	70
<b>Radosław Radowski (until 31.05.2012)</b>		
Short-term employee benefits	393	199
<b>Grzegorz Słoka (until 20.06.2012)</b>		
Short-term employee benefits	689	448
<b>Total</b>	<b>11,936</b>	<b>17,597</b>

\* In 2011 here was presented valuation of the Management OptionProgram for shares in Getin Holding S.A. related to the financial results of Getin Noble Bank S.A. in 2010-2011 included in the cost of the Bank. As at the date of approval of the financial statements of the Bank for the year 2011 repurchase option shares granted by Getin Holding S.A. expired and the pledge on these shares was released.

The table presents the total of Getin Noble Bank S.A. Management Board member salaries, as well as the salaries of Get Bank S.A. Management Board members up until the Bank merger, and for the period beginning on 1 June 2012 – salaries of the Management Board of merged Getin Noble Bank S.A. Salaries of the Management Board of Get Bank S.A. for 2011 encompasses the period beginning on 1 June 2011, i.e. since the purchase of Getin Holding S.A.

The Management Board salaries paid in 2012, but perceived as costs for 2011, was presented in remunerations for 2011.

Remuneration and other benefits for members of the Bank's Supervisory Board	01.01.2012-31.12.2012 PLN thousand	01.01.2011-31.12.2011 (restated) PLN thousand
<b>Michał Kowalczewski</b>		
Short-term employee benefits	19	-
<b>Jacek Lisik</b>		
Short-term employee benefits	19	-
<b>Total</b>	<b>38</b>	<b>-</b>

Some of the members of the Management Board and the Supervisory Board of the Bank are participants of the Management Options Program described above. The amounts recognized in the Bank's expenses in 2012 and 2011 relating to the valuation of the granted warrants, which execution depends on the fulfillment of required conditions in future (both financial and legal ones) have been presented in the table below:

Valuation of warrants granted to Members of the Bank's Management Board and Supervisory Board	01.01.2012-31.12.2012 PLN thousand	01.01.2011-31.12.2011 PLN thousand
<b>Management Board:</b>		
Krzysztof Rośniński	1,001	3,123
Karol Karolkiewicz	33	103
Radosław Stefurak	33	103
Maciej Szczechura	33	103
<b>Total</b>	<b>1,100</b>	<b>3,432</b>
<b>Supervisory Board:</b>		
Leszek Czarnecki	1,713	5,343
Radosław Boniecki	-	51
Remigiusz Baliński	16	51
Michał Kowalczewski	-	51
Dariusz Niedośpiel	-	51
<b>Total</b>	<b>1,729</b>	<b>5,547</b>

#### 45. INFORMATION ABOUT THE AUDITORS REMUNERATION

Entity authorized to audit the financial statements of the Bank for the year ended 31 December 2012 is Deloitte Polska Sp. z o.o. Sp. k. (former Deloitte Audyt Sp. z o.o.). Entity authorized to audit the financial statements of Get Bank S.A. and Getin Noble Bank S.A. for the year ended 31 December 2011 was Ernst & Young Audit sp. z o.o.

The table below presents remuneration of entity entitled to audit financial statements paid or due for the year ended 31 December 2012 and 2011 split into types of services in net values:

Type of service	01.01.2012-31.12.2012 PLN thousand	01.01.2011-31.12.2011 PLN thousand
Audit of financial statements	386	678
Certifying services, including the review of the financial statements	355	270
Other services	-	547
<b>Total</b>	<b>741</b>	<b>1,495</b>

Amounts for 2011 are sum for Ernst & Young Audit sp. z o.o. remuneration of Get Bank S.A. and Getin Noble Bank S.A. The amounts for 2012 includes also the remuneration of Ernst & Young Audit sp. z o.o. for the review of the condensed financial data of Getin Noble Bank S.A.

#### 46. THE EMPLOYMENT

The employment in the Bank as at 31 December 2012 and 2011 was as follows:

Number of employees	31.12.2012	31.12.2011 (restated)
In persons	6,124	5,904
In full-time equivalents	5,655.6	5,297.6

Data for 2011 are sum of number of employees of Get Bank S.A. and Getin Noble Bank S.A..

#### 47. SUBSEQUENT EVENTS

On 23 January 2013 the Polish Financial Supervision Authority approved the inclusion in the supplementary funds of the Bank the PP2-V series bonds issued on 21 December 2012.

In January and February 2013 were met all conditions precedent in the preliminary purchase agreement of an organised bank business of DnB Nord S.A. ("ZORG") by Getin Noble Bank S.A. related to the need for approvals of the administrative bodies for the transaction and obtaining a positive interpretation of the tax law. Under the agreement, as at the date of preparation of these consolidated financial statements necessary to complete the transaction remains the fulfillment of the following conditions:

- obtaining permits of the branch lessors to change the lessee for a number specified in the agreement,
- obtaining consents of the major of the ZORG customers to transfer to Getin Noble Bank S.A. a loan portfolio forming part of a bank business of DnB Nord S.A., deposits and active bank accounts.

On 12 February 2013 the Polish Financial Supervision Authority acknowledged no legal basis to oppose the planned direct purchase by Mr Leszek Czarnecki, via Getin Noble Bank S.A., the shares of Dexia Kommunalkredit Bank Polska S.A. in the amount resulting in exceeding 50% of votes at the General Meeting.

After 31 December 2012, there were no other events which were not disclosed in these financial statements which may significantly impact the future financial results of Getin Noble Bank S.A.

### III. RISK MANAGEMENT IN THE BANK

Getin Noble Bank S.A., carrying out its operational activity, is subject to the following key risks: credit risk, liquidity risk, market (including interest rate and currency risk), solvency risk and operational 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 Board of the Bank is responsible for managing risk at the strategic level. For the purpose of operational risk it established committees, responsible for particular risk areas: the Credit and Advisory Committee, the Asset and Liability Management 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.

The Bank takes into account the market regulations and requirements of supervisory authorities, especially Polish Financial Supervision Authority regulations. The corporate governance concerning financial risk management policies is performed by the Supervisory Board.

#### 1. CREDIT RISK

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

Credit risk management in the Bank 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 loan portfolio 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.

#### *Structure and organization of credit risk management unit*

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

##### Supervisory Board

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

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. Credit Committee of the Bank reviews all aspects relating to credit risk of current transactions.

#### Advisory Committee of the Bank

Advisory Committee of the Bank constitutes 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. Advisory Committee of the Bank does not have decision-making power.

#### 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 Management Board, consists of three departments:

1. Department of Credit Risk Management is responsible for credit risk management at every stage of credit process in the Bank.
2. 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.
3. 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 formal "Credit Strategy and Policy" and "Credit Exposures Risk Management Strategy and Policy", which define policies, guidelines and recommendations relating to credit activities. These documents serve also as a basic instrument for the realization of a selected strategy towards credit.

The policy towards credit risk is subject to review and adjustment taking into account, both: external regulations (PFSA resolutions) and to macroeconomic factors, which may, in the Bank's opinion, have influence on credit risk increase. In 2012, the Bank, on a basis of the aforementioned risk assessment, tightened its lending conditions for loans which were exposed to negative macroeconomic changes – in particular loans for corporate of construction industry as well as mortgage loans (limitations in foreign currency mortgage loans).

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 and credit card loans),
- servicing small and medium-sized enterprises and public entities.

Within above mentioned areas procedures for particular credit products exist in the Bank. In order to ensure the objectivity of credit risk assessment in the Bank, within the structure of trading divisions, the sale process (gaining customers) has been separated from the evaluation and acceptance of customer's credit risk. Each department has a separate acceptance centre which 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 Credit Committees, operating in the acceptance centers. 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 centers. 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 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 and car loans),
- for small and medium-sized enterprises – the assessment includes simplified analysis or ratio analysis.

Scoring system applied by the Bank (for cash and car loans) assesses credit worthiness of individual persons by analyzing 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 clients) 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 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 industry risk, determines maximum concentration limits for particular industries,
- 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 loss provisions created by the Bank,
- perform stress tests for particular types of products,
- 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 concentration and limits for major loan exposures. The Bank limits the concentration of exposure to individual clients and capital groups. The Management Board 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 2012, only exposure to GNB Auto Plan sp. z o.o. due to securitization transactions (described in Note II.21) and to the group of entities related to the Bank by the parent exceeds 10% of the Bank's own funds.

### *Risk management on currency and currency indexed loans*

The Bank 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 backed loan portfolio the Bank analyzes also the impact of foreign exchange rates on the value of collaterals. Twice a year (under the "S" Recommendation, an action on an annual basis is required), the Bank carries out stress test concerning the effect of exchange rate risk of borrower on credit risk incurred by the Bank.

These tests are conducted on the assumption that the value of Polish zloty will decrease by 50% compared to other currencies, both for car and mortgage loans (the requirement of the "S" Recommendation is 30%) and under the assumption that the decrease 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 test concerning the effect of fluctuations in interest rates on the quality of credit risk portfolio are conducted on the



assumption that interest rates will increase by 50% for car loans and retail loans and by 500 base points for mortgage loans (the S Recommendation requires the increase of 400b.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.

*Principles for using collateral and policies 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, 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 most liquid forms i.e. in the forms 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 the 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.

During 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: property value decrease insurance policy, loss of job insurance policy and company bankruptcy 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.

Percentage share in loan portfolio presented in the tables below is calculated based on nominal values.

Structure of Bank's loan portfolio	% share in portfolio	
	31.12.2012	31.12.2011
Loans granted to natural persons	80.79	83.81
- car loans	3.24	4.11
- retail loans	0.67	0.24
- housing, construction and mortgage loans	68.48	71.03
- other	8.40	8.43
Corporate loans	19.21	16.19
<b>Total</b>	<b>100.00</b>	<b>100.00</b>

Industry concentration risk	% share in portfolio	
	31.12.2012	31.12.2011
Agriculture and hunting	0.26	0.22
Mining	0.07	0.06
Production activity	1.51	1.32
Electricity and gas industry	0.02	0.09
Construction industry	3.20	2.78
Wholesale and retail	3.79	3.70
Transport, warehouse management and communication	2.77	2.45
Financial brokerage	1.55	0.82
Real estate service	1.38	1.17
Public administration	0.33	0.02
Other sections	4.33	3.56
Natural persons	80.79	83.81
<b>Total</b>	<b>100.00</b>	<b>100.00</b>

Geographical concentration risk	% share in portfolio	
	31.12.2012	31.12.2011
<b>Administration regions of Poland (voivodeships):</b>		
Dolnośląskie	9.69	9.62
Kujawsko-Pomorskie	3.65	3.45
Lubelskie	2.98	2.99
Lubuskie	2.20	2.14
Łódzkie	5.32	5.29
Małopolskie	6.56	6.54
Mazowieckie	26.56	26.86
Opolskie	1.77	1.76
Podkarpackie	2.28	2.21
Podlaskie	1.29	1.22
Pomorskie	7.73	7.77
Śląskie	11.26	11.42
Świętokrzyskie	1.36	1.25
Warmińsko-Mazurskie	2.95	2.81
Wielkopolskie	7.89	7.72
Zachodniopomorskie	4.86	4.90
Headquarters outside Polish territory	1.65	2.05
<b>Total</b>	<b>100.00</b>	<b>100.00</b>

Maximum exposure to credit risk as of 31 December 2012 and 2011 without taking into account accepted collaterals and other factors improving loan quality is presented below.

Maximum exposure to credit risk	31.12.2012 PLN thousand	31.12.2011 PLN thousand
<b>Financial assets:</b>		
Cash and balances with the Central Bank	2,752,525	2,225,947
Amounts due from banks and financial institutions	1,966,330	3,275,019
Derivative financial instruments	178,350	88,112
Loans and advances to customers	44,947,400	42,599,847
Available for sale financial assets	7,454,653	4,541,547
Other assets	623,207	396,106
<b>Total financial assets</b>	<b>57,922,465</b>	<b>53,126,578</b>
Guarantee liabilities	272,597	10,985
Contingent liabilities	3,373,777	2,040,708
<b>Total off-balance sheet liabilities</b>	<b>3,646,374</b>	<b>2,051,693</b>
<b>Total exposure to credit risk</b>	<b>61,568,839</b>	<b>55,178,271</b>

For capital adequacy purposes, as part of the policy concerning application and valuation of loan collateral and collateral management, the Bank uses the most liquid collaterals such as bank deposits or debt securities issued by the NBP or the Polish government. As part of risk reduction techniques, the Bank uses the most liquid collaterals, valued on a monthly basis using the effective interest rate method.

Gross value of impaired loans and advances assessed individually is presented below:

Impaired loans and advances assessed individually	31.12.2012 PLN thousand	31.12.2011 PLN thousand
Corporate loans	111,620	108,516
Car loans	253	635
Mortgage loans	1,317,599	944,739
Retail loans	1,550	1,560
<b>Total</b>	<b>1,431,022</b>	<b>1,055,450</b>

	31.12.2012 PLN million	31.12.2011 PLN million
Value of collateral used for calculating impairment allowance for loans individually significant	459	308

	01.01.2012- 31.12.2012 PLN thousand	01.01.2011- 31.12.2011 PLN thousand
Value of assets (real estate) possessed in exchange for debts	12,070	19,733

Credit quality of financial assets, which are neither overdue nor impaired as at 31 December 2012 and 2011:

**GETIN NOBLE BANK S.A.**

Financial statements for the year ended 31 December 2012

(data in PLN thousand)



As at 31.12.2012	Current	Overdue but not impaired			Overdue impaired	Interest	Impairment allowances (including IBNR)	Total
	PLN thousand	up to 1 month PLN thousand	from 1 to 2 months PLN thousand	from 2 to 3 months PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand
<b>Amounts due from banks and financial institutions</b>	<b>1,953,886</b>	<b>74</b>	<b>57</b>	<b>15</b>	<b>-</b>	<b>12,298</b>	<b>-</b>	<b>1,966,330</b>
<b>Loans and advances to customers</b>	<b>34,370,272</b>	<b>6,586,022</b>	<b>991,346</b>	<b>510,299</b>	<b>6,282,807</b>	<b>323,459</b>	<b>(4,116,805)</b>	<b>44,947,400</b>
corporate loans	3,697,227	1,151,968	171,781	89,448	347,718	18,142	(245,961)	5,230,323
car loans	2,618,017	448,120	77,472	32,623	912,785	20,722	(695,658)	3,414,081
mortgage loans	25,673,262	4,762,791	701,266	365,185	3,306,419	253,880	(1,845,801)	33,217,002
retail loans	2,381,766	223,143	40,827	23,043	1,715,885	30,715	(1,329,385)	3,085,994
<b>Financial instruments</b>	<b>7,454,027</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,158</b>	<b>-</b>	<b>(1,532)</b>	<b>7,454,653</b>
issued by central banks	4,298,224	-	-	-	-	-	-	4,298,224
issued by other banks	27	-	-	-	-	-	-	27
issued by other financial institutions	305,671	-	-	-	-	-	-	305,671
issued by non financial institutions	129,827	-	-	-	2,158	-	(1,532)	130,453
issued by the State Treasury	2,720,278	-	-	-	-	-	-	2,720,278
<b>Total</b>	<b>43,778,185</b>	<b>6,586,096</b>	<b>991,403</b>	<b>510,314</b>	<b>6,284,965</b>	<b>335,757</b>	<b>(4,118,337)</b>	<b>54,368,383</b>

As at 31.12.2011 (restated)	Current	Overdue but not impaired			Overdue impaired	Interest	Impairment allowances (including IBNR)	Total
	PLN thousand	up to 1 month PLN thousand	from 1 to 2 months PLN thousand	from 2 to 3 months PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand
<b>Amounts due from banks and financial institutions</b>	<b>3,265,099</b>	<b>376</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,736</b>	<b>(192)</b>	<b>3,275,019</b>
<b>Available for sale financial assets</b>	<b>8,045</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,045</b>
<b>Loans and advances to customers</b>	<b>34,953,407</b>	<b>3,988,983</b>	<b>984,528</b>	<b>571,521</b>	<b>5,479,290</b>	<b>300,168</b>	<b>(3,678,050)</b>	<b>42,599,847</b>
corporate loans	2,774,176	658,521	46,364	18,454	310,315	13,023	(218,067)	3,602,786
car loans	2,653,346	447,683	84,347	36,973	886,056	23,807	(683,428)	3,448,784
mortgage loans	27,293,109	2,689,487	812,789	492,899	2,497,718	232,390	(1,324,975)	32,693,417
retail loans	2,232,776	193,292	41,028	23,195	1,785,201	30,948	(1,451,580)	2,854,860
<b>Financial instruments</b>	<b>4,540,755</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,167</b>	<b>-</b>	<b>(1,375)</b>	<b>4,541,547</b>
issued by central banks	2,453,116	-	-	-	-	-	-	2,453,116
issued by other banks	27	-	-	-	-	-	-	27
issued by other financial institutions	7,370	-	-	-	-	-	-	7,370
issued by non financial institutions	67,519	-	-	-	2,167	-	(1,375)	68,311
issued by the State Treasury	2,012,723	-	-	-	-	-	-	2,012,723
<b>Total</b>	<b>42,767,306</b>	<b>3,989,359</b>	<b>984,528</b>	<b>571,521</b>	<b>5,481,457</b>	<b>309,904</b>	<b>(3,679,617)</b>	<b>50,424,458</b>

## 2. OPERATIONAL RISK

### *Definition and purpose of operational risk management*

Operational risk – it is the 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 Bank realizes 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 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, including 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 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 Security and Operational Risk Department and Operational Risk Committee.

The leading role in operational risk management is fulfilled by the Getin Noble Bank S.A. 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 - namely Operational Risk Committee, which performs consulting services in the process of operational risk management

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

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

Operational risk management in the Bank constitutes 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 performed banking activities, providing to clients 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;
- Including characteristics of rules already applied in the Bank as well as being in the development phase and planned in the future.

Operational risk measurement and reporting system in place in the Bank is supported by appropriate software dedicated to operational risk management.

The operational risk reporting system includes reports prepared for internal management and external supervisory purposes.

The Management and supervisory reporting is based on assumptions resulting from:

- guidelines included in 'M' Recommendation;
- supervisory regulations concerning the rules and methods for announcing qualitative and quantitative information on capital adequacy by banks;
- COREP supervisory reporting rules for operational risk.

The reporting system covers various types of reports, in particular:

- operational risk reports presenting the risk profile;
- reports on the measures undertaken in order to mitigate operational risk;
- efficiency of methods mitigating operational risk.

Operational risk reporting is composed of:

- current reporting - recording data on events and operational losses and profile and changes of operational risk;
- periodic processing and distribution of data, gathered in risk monitoring process in form of quarterly and half-year reports;
- documenting and flow of data (reports) on operational risk.

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 representing 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 Bank'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 the 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.

Crucial 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 of the Bank.

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

### 3. COMPLIANCE RISK

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

- creating the image of the Group companies 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 the Bank 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, Bank's Management Board and Supervisory Board.

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

## 4. 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 Bank 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 is the optimization of the structure of balance sheet and off-balance sheet in order to preserve the adopted relation of profit to the risk undertaken. On the strategic level, the Bank's Management Board is responsible for market risk management.

### 4.1. 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.

Operational management of currency risk lies within the competence of the Treasury Department, whereas the supervision over compliance with limits and prudence norms is the responsibility of the Assets and Liabilities Committee. Calculation of the Bank's exposure to currency risk and of the capital requirement for that risk to be covered is performed on a daily basis and reported to the Bank's Management Board and to the Bank's Management as a part of management information.

The Bank has adopted the so called basic method of calculating capital requirements relating to currency risk exposure. The capital requirement related to currency risk is calculated as 8% of total currency position in absolute terms.

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

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

#### *Analysis of currency risk sensitivity*

Getin Noble Bank prepares on a daily basis sensitivity analysis for the currency risk:

PLN thousand	31.12.2012	31.12.2011
	VAR (1D, 99,9%)	VAR (1D, 99,9%)
currency risk	200	459

VaR consists of test, with 99.9% probability, of maximal amount of loss on foreign exchange position, which the Bank may incur in one day, assuming normal market conditions. However, this measurement does not express absolute maximal loss on which the Bank 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 position risk in another moment.

During the reporting period, the currency risk was on the level which did not require to maintain capital for its coverage. The Controlling and Market Risk Department submits monthly reports to the Assets and Liabilities Committee on the foreign exchange result and currency risk management, including the Bank's positions in the individual currencies and compliance with the limits set for open currency positions.

The tables below show the currency exposure, by individual classes of assets, liabilities and off-balance sheet liabilities:



**GETIN NOBLE BANK S.A.**

Financial statements for the year ended 31 December 2012  
(data in PLN thousand)



As at 31.12.2012	CURRENCY							Total PLN thousand
	PLN PLN thousand	EUR PLN thousand	CHF PLN thousand	USD PLN thousand	GBP PLN thousand	JPY PLN thousand	Inne PLN thousand	
<b>ASSETS</b>								
Cash and balances with the Central Bank	2,272,355	606,245	6,778	18,221	3,340	-	1	<b>2,906,940</b>
Amounts due from banks and financial institutions	655,698	651,047	349,043	250,041	20,568	11,801	28,132	<b>1,966,330</b>
Loans and advances to customers	28,736,260	1,744,773	13,918,453	64,604	-	387,943	95,367	<b>44,947,400</b>
Other	9,366,555	30	-	76	-	-	850	<b>9,367,511</b>
<b>TOTAL ASSETS</b>	<b>41,030,868</b>	<b>3,002,095</b>	<b>14,274,274</b>	<b>332,942</b>	<b>23,908</b>	<b>399,744</b>	<b>124,350</b>	<b>59,188,181</b>
<b>LIABILITIES</b>								
Amounts due to banks and financial institutions	793,888	-	-	816	-	-	-	<b>794,704</b>
Amounts due to customers	48,532,138	1,581,406	206,127	770,432	22,514	81	1,037	<b>51,113,735</b>
Other	2,710,261	1,269	19,489	1,298	725	573	3,765	<b>2,737,380</b>
<b>TOTAL LIABILITIES</b>	<b>52,036,287</b>	<b>1,582,675</b>	<b>225,616</b>	<b>772,546</b>	<b>23,239</b>	<b>654</b>	<b>4,802</b>	<b>54,645,819</b>
<b>EQUITY</b>	<b>4,542,362</b>	-	-	-	-	-	-	<b>4,542,362</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>56,578,649</b>	<b>1,582,675</b>	<b>225,616</b>	<b>772,546</b>	<b>23,239</b>	<b>654</b>	<b>4,802</b>	<b>59,188,181</b>
<b>NET EXPOSURE</b>	<b>(15,547,781)</b>	<b>1,419,420</b>	<b>14,048,658</b>	<b>(439,604)</b>	<b>669</b>	<b>399,090</b>	<b>119,548</b>	<b>-</b>
<b>OFF-BALANCE SHEET ITEMS</b>								
Assets	17,120,301	246,166	1,128,599	691,764	752	252,035	64,809	<b>19,504,426</b>
Liabilities	2,022,631	1,666,223	15,157,970	255,081	1,504	651,690	182,206	<b>19,937,305</b>
<b>GAP</b>	<b>(450,111)</b>	<b>(637)</b>	<b>19,287</b>	<b>(2,921)</b>	<b>(83)</b>	<b>(565)</b>	<b>2,151</b>	<b>(432,879)</b>

**GETIN NOBLE BANK S.A.**

Financial statements for the year ended 31 December 2012  
(data in PLN thousand)



As at 31.12.2011	CURRENCY							Total PLN thousand
	PLN PLN thousand	EUR PLN thousand	CHF PLN thousand	USD PLN thousand	GBP PLN thousand	JPY PLN thousand	Inne PLN thousand	
<b>ASSETS</b>								
Cash and balances with the Central Bank	2,335,268	48,482	3,342	32,454	3,794	-	2	<b>2,423,342</b>
Amounts due from banks and financial	372,295	1,877,641	118,672	846,743	29,883	2,964	26,821	<b>3,275,019</b>
Loans and advances to customers	24,024,944	1,830,423	16,000,208	115,597	-	493,957	134,718	<b>42,599,847</b>
Other	5,966,020	5	-	-	66	-	-	<b>5,966,091</b>
<b>TOTAL ASSETS</b>	<b>32,698,527</b>	<b>3,756,551</b>	<b>16,122,222</b>	<b>994,794</b>	<b>33,743</b>	<b>496,921</b>	<b>161,541</b>	<b>54,264,299</b>
<b>LIABILITIES</b>								
Amounts due to banks and financial institutions	577,415	-	-	1,641	1	-	-	<b>579,057</b>
Amounts due to customers	45,114,828	1,180,858	138,671	767,056	34,041	63	468	<b>47,235,985</b>
Other	2,325,041	4,222	23,139	186	-	727	2,815	<b>2,356,130</b>
<b>TOTAL LIABILITIES</b>	<b>48,017,284</b>	<b>1,185,080</b>	<b>161,810</b>	<b>768,883</b>	<b>34,042</b>	<b>790</b>	<b>3,283</b>	<b>50,171,172</b>
<b>EQUITY</b>	<b>4,093,127</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,093,127</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>52,110,411</b>	<b>1,185,080</b>	<b>161,810</b>	<b>768,883</b>	<b>34,042</b>	<b>790</b>	<b>3,283</b>	<b>54,264,299</b>
<b>NET EXPOSURE</b>	<b>(19,411,884)</b>	<b>2,571,471</b>	<b>15,960,412</b>	<b>225,911</b>	<b>(299)</b>	<b>496,131</b>	<b>158,258</b>	<b>0</b>
<b>OFF-BALANCE SHEET ITEMS</b>								
Assets	18,422,142	45,493	101,552	31,799	-	-	10,610	<b>18,611,596</b>
Liabilities	288,660	2,617,175	16,041,021	257,176	-	506,061	166,218	<b>19,876,311</b>
<b>GAP</b>	<b>(1,278,402)</b>	<b>(211)</b>	<b>20,943</b>	<b>534</b>	<b>(299)</b>	<b>(9,930)</b>	<b>2,650</b>	<b>(1,264,715)</b>

#### 4.2. 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 Bank conducts activities aiming to decrease the influence of the aforementioned changes on financial result. The interest rate risk is managed by the Management Board of the Bank, which receives and analyzes reports concerning this risk on a monthly basis.

Interest rate risk management consists in minimizing the risk of negative impact of changes in market interest rates on the Bank's financial standing 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.

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

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

##### *Sensitivity analysis for interest rate risk*

Getin Noble Bank S.A. prepares sensitivity analysis for interest rate risk at least on a monthly basis:

PLN thousand	31.12.2012		31.12.2011	
	EaR (+/- 25 pb)	VAR (1D, 99,9%)	EaR (+/- 25 pb)	VAR (1D, 99,9%)
interest rate	22,246	10,369	21,808	6,363

EaR means the potential change of the interest result of the Bank (sensitivity of profit or loss) for the next 12 months in the case of change in the interest rates by 25 base points (parallel shift of yield curve).

VaR consists in examining, with 99.9% probability, the value of the maximum loss that the Bank may incur on one day on the valuation of the portfolio, assuming normal market conditions. However, this value does not present the total absolute maximum loss on which the Bank 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 position risk in other moment.

The table below shows assets and liabilities and off-balance sheet liabilities of the Bank classified as of 31 December 2012 and 2011 in accordance to the criterion of the interest rate exposure. The carrying amount of financial instruments with fixed interest has been split into division to groups of instruments held to maturity date of these instruments. The carrying amount of instruments with variable rate of interest is presented according to contractual dates of repricing. A'vista liabilities (savings and current accounts) which have no specified maturity date and bear variable interest rate have been presented in the shortest term of repricing, i.e. up to 1 month. Other assets and liabilities (including accrued interest, other assets and interest-free liabilities) are presented as interest-free assets/liabilities.

**GETIN NOBLE BANK S.A.**

Financial statements for the year ended 31 December 2012  
(data in PLN thousand)



As at 31.12.2012	up to 1 month PLN thousand	Over 1 month to 3 months PLN thousand	Over 3 months to 1 year PLN thousand	Over 1 year to 5 years PLN thousand	Over 5 years PLN thousand	Non-interest bearing assts/liabilities PLN thousand	Total PLN thousand
<b>ASSETS</b>							
Cash and balances with the Central Bank	2,752,308	-	-	-	-	154,632	<b>2,906,940</b>
Amounts due from banks and financial institutions	1,945,043	-	8,989	-	-	12,298	<b>1,966,330</b>
Loans and advances to customers	22,513,484	19,389,266	2,157,706	507,246	9,110	370,588	<b>44,947,400</b>
Available for sale financial assets	6,325,538	79,446	319,060	2,270	722,143	6,196	<b>7,454,653</b>
Other	-	-	-	-	-	1,912,858	<b>1,912,858</b>
<b>TOTAL ASSETS</b>	<b>33,536,373</b>	<b>19,468,712</b>	<b>2,485,755</b>	<b>509,516</b>	<b>731,253</b>	<b>2,456,572</b>	<b>59,188,181</b>
<b>LIABILITIES</b>							
Amounts due to banks and financial institutions	134,100	289,601	831	324,217	-	45,955	<b>794,704</b>
Amounts due to customers	19,057,254	15,840,807	11,673,095	2,628,627	1,295,674	618,278	<b>51,113,735</b>
Debt securities issued	39,307	1,023,601	523,660	64,561	-	23,287	<b>1,674,416</b>
Other	-	-	-	-	-	1,062,964	<b>1,062,964</b>
<b>TOTAL LIABILITIES</b>	<b>19,230,661</b>	<b>17,154,009</b>	<b>12,197,586</b>	<b>3,017,405</b>	<b>1,295,674</b>	<b>1,750,484</b>	<b>54,645,819</b>
<b>EQUITY</b>						<b>4,542,362</b>	<b>4,542,362</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>19,230,661</b>	<b>17,154,009</b>	<b>12,197,586</b>	<b>3,017,405</b>	<b>1,295,674</b>	<b>6,292,846</b>	<b>59,188,181</b>
<b>Balance Sheet Gap</b>	<b>14,305,712</b>	<b>2,314,703</b>	<b>(9,711,831)</b>	<b>(2,507,889)</b>	<b>(564,421)</b>	<b>(3,836,274)</b>	<b>-</b>
<b>OFF-BALANCE SHEET ITEMS</b>							
Receivables	7,610,899	10,283,334	1,491,254	25,852	35,959	79,537	<b>19,526,835</b>
Liabilities	7,870,192	10,441,483	1,527,149	8,161	7,809	79,508	<b>19,934,302</b>
<b>Off-Balance Sheet Gap</b>	<b>(259,293)</b>	<b>(158,149)</b>	<b>(35,895)</b>	<b>17,691</b>	<b>28,150</b>	<b>29</b>	<b>(407,467)</b>
<b>Gap, total</b>	<b>14,046,419</b>	<b>2,156,554</b>	<b>(9,747,726)</b>	<b>(2,490,198)</b>	<b>(536,271)</b>	<b>(3,836,245)</b>	<b>(407,467)</b>

**GETIN NOBLE BANK S.A.**

Financial statements for the year ended 31 December 2012

(data in PLN thousand)



As at 31.12.2011 (restated)	up to 1 month	Over 1 month to 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Non-interest bearing assts/liabilities	Total
	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand
<b>ASSETS</b>							
Cash and balances with the Central Bank	2,219,804	-	-	-	-	203,538	<b>2,423,342</b>
Amounts due from banks and financial institutions	3,242,464	39	13,857	-	-	18,659	<b>3,275,019</b>
Loans and advances to customers	22,474,381	16,851,828	2,720,226	119,652	20,420	413,340	<b>42,599,847</b>
Available for sale financial assets	3,335,568	20,437	317,815	297,838	567,104	10,830	<b>4,549,592</b>
Other	-	-	-	-	-	1,416,499	<b>1,416,499</b>
<b>TOTAL ASSETS</b>	<b>31,272,217</b>	<b>16,872,304</b>	<b>3,051,898</b>	<b>417,490</b>	<b>587,524</b>	<b>2,062,866</b>	<b>54,264,299</b>
<b>LIABILITIES</b>							
Amounts due to banks and financial institutions	95,051	104,594	25,956	329,409	-	24,047	<b>579,057</b>
Amounts due to customers	15,027,254	14,677,098	15,329,464	1,670,434	268,009	263,726	<b>47,235,985</b>
Debt securities issued	79,973	347,663	314,391	-	64,526	5,120	<b>811,673</b>
Other	-	-	-	-	-	1,544,457	<b>1,544,457</b>
<b>TOTAL LIABILITIES</b>	<b>15,202,278</b>	<b>15,129,355</b>	<b>15,669,811</b>	<b>1,999,843</b>	<b>332,535</b>	<b>1,837,350</b>	<b>50,171,172</b>
<b>EQUITY</b>	-	-	-	-	-	<b>4,093,127</b>	<b>4,093,127</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>15,202,278</b>	<b>15,129,355</b>	<b>15,669,811</b>	<b>1,999,843</b>	<b>332,535</b>	<b>5,930,477</b>	<b>54,264,299</b>
<b>Balance Sheet Gap</b>	<b>16,069,939</b>	<b>1,742,949</b>	<b>(12,617,913)</b>	<b>(1,582,353)</b>	<b>254,989</b>	<b>(3,867,611)</b>	-
<b>OFF-BALANCE SHEET ITEMS</b>							
Receivables	6,925,944	11,192,167	403,426	22,666	-	67,688	<b>18,611,891</b>
Liabilities	7,474,759	11,883,296	385,799	64,474	-	67,688	<b>19,876,016</b>
<b>Off-Balance Sheet Gap</b>	<b>(548,815)</b>	<b>(691,129)</b>	<b>17,627</b>	<b>(41,808)</b>	-	-	<b>(1,264,125)</b>
<b>Gap, total</b>	<b>15,521,124</b>	<b>1,051,820</b>	<b>(12,600,286)</b>	<b>(1,624,161)</b>	<b>254,989</b>	<b>(3,867,611)</b>	<b>(1,264,125)</b>

## 5. LIQUIDITY RISK

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

The main objective of liquidity risk management is to minimize the risk of losing the long-term, medium-term and short-term liquidity by execution of, among other, the following goals:

- Maintaining desired balance sheet structure,
- Ensuring accessibility to external finance sources,
- Compliance with resolutions, recommendations and acts of NBP and PFSA.

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, which monitors the level of liquidity risk on a monthly basis, based on information prepared by the Controlling and Market Risk Department.

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

- supervisory liquidity norms,
- 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,
- the Bank's sensitivity to funds outflow.

The gap ratios, the level of liquid assets, selected balance sheet ratios and the level of use of liquidity limits (including compliance with liquidity norms) are monitored on a daily basis. Moreover, forecasts of liquidity levels for the next periods are prepared and the assessment of probability of deteriorating liquidity situation (the scenario analysis) is made.

To ensure the required level of liquidity, the Bank creates the structure of assets and liabilities in line with the accepted internal limits and the NBP's recommendations, for this purpose the Bank:

- maintains liquidity reserves in safe and liquid financial assets,
- has a possibility of using the additional sources of financing such as lombard loan and technical loan with the NBP,
- a stable level of core deposits and equity are the main sources of financing of Bank's lending activities.

Additionally, the Bank has a special procedure in case of a significant rise in liquidity risk, i.e. 'The contingency plan for sustaining liquidity in Getin Bank S.A. in critical situations'.

During the reporting period the Bank kept supervisory liquidity measures on the required by the Polish Financial Supervision Authority level, whereas the level of M1 and M4 measures increased in 2012. Supervisory liquidity measures as at 31 December 2012 and 31 December 2011 are presented below

Supervisory liquidity measures		Minimum value	Value as at 31.12.2012	Value as at 31.12.2011
M1	Short-term liquidity gap (in PLN million)	0.00	5,715	3,563
M2	Short-term liquidity factor	1.00	1.83	2.01
M3	Ratio of coverage of non-liquidity assets with own funds	1.00	3.41	4.19
M4	Coverage ratio of non-liquid assets and limited liquidity assets with own funds and stable external funds	1.00	1.18	1.14

The analysis of undiscounted financial liabilities by contractual maturity dates as at 31 December 2012 and 2011 is presented below:

Balance sheet items as at 31.12.2012	Up to 1 month PLN thousand	Over 1 month to 3 months PLN thousand	Over 3 months to 1 year PLN thousand	Over 1 year to 5 years PLN thousand	Over 5 years PLN thousand	TOTAL PLN thousand
<b>Financial liabilities:</b>						
Amounts due to banks and financial institutions	134,203	88,374	8,247	623,480	-	<b>854,304</b>
Derivative financial instruments	10,639	32,335	152,928	461,346	179	<b>657,427</b>
Amounts due to customers	14,698,525	17,060,239	14,814,798	3,888,549	2,644,155	<b>53,106,266</b>
Debt securities issued	40,000	369,468	73,403	558,247	1,158,487	<b>2,199,605</b>
<b>Total</b>	<b>14,883,367</b>	<b>17,550,416</b>	<b>15,049,376</b>	<b>5,531,622</b>	<b>3,802,821</b>	<b>56,817,602</b>

Balance sheet items as at 31.12.2011	Up to 1 month PLN thousand	Over 1 month to 3 months PLN thousand	Over 3 months to 1 year PLN thousand	Over 1 year to 5 years PLN thousand	Over 5 years PLN thousand	TOTAL PLN
<b>Financial liabilities:</b>						
Amounts due to banks and financial institutions	95,016	4,753	32,670	517,767	-	<b>650,206</b>
Derivative financial instruments	6,338	19,276	102,614	1,007,128	-	<b>1,135,356</b>
Amounts due to customers	12,903,959	15,501,646	16,574,559	2,471,661	466,217	<b>47,918,042</b>
Debt securities issued	1,323	255,655	142,430	209,189	446,974	<b>1,055,571</b>
<b>Total</b>	<b>13,006,636</b>	<b>15,781,330</b>	<b>16,852,273</b>	<b>4,205,745</b>	<b>913,191</b>	<b>50,759,175</b>

In 2012 Getin Noble Bank S.A. participated in research prepared by the Basel Committee on Banking Supervision and consisting in calculation of liquidity ratios as referred to in the Basel Committee resolution. The results concerning the new standard obtained in the research were more than satisfactory.

## 6. RISK RELATED TO DERIVATIVES

Basic types of risk related to derivative financial instruments are market risk and credit risk. At initial recognition derivative financial instruments usually are of zero or low market value. This is due to the fact, that no initial net investment or proportionally low investment is required in comparison to other sorts of agreements with similar reactions on changes of market conditions.

Derivative financial instruments gain positive or negative value with changes of specific interest rate, price of securities, commodity price, exchange rate, credit classification, credit index or other market parameter. As a result, held derivatives become more or less profitable to instruments with the same residual maturity date, which are available on the market.

Credit risk related to derivatives is the potential cost of signing new contract on the original terms, in case that the other part of agreement does not fulfill its obligation. To estimate the potential value of replacement the Bank uses the same methods, as in case of incurred market risk. To control the level of taken credit risk, the Bank evaluates the other part of agreements, using the same methods as those for credit decision making.

The Bank concludes transactions related to derivative financial instruments with domestic and foreign banks. Transactions are concluded within the credit limits allocated to particular institutions.

On the basis of adopted procedure of bank's financial status evaluation, the Bank determines the limits of maximal exposure for banks. The percentage limits of particular types of transactions are determined within these limits.

## 7. HEDGE ACCOUNTING

The Bank applies cash flow hedge 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. During the hedge period the Bank assesses the effectiveness of hedge relationship. The change of fair value of hedging instruments is recognized in revaluation reserve in the amount of effective part of hedge. Ineffective part of hedge is recognized in the profit or loss account.

Effective part recognized in revaluation reserve after the date of redesignation of hedge relationship is subject to gradual reclassification (amortization in profit or loss account), in accordance with the schedule developed by the Bank, until the maturity term of initial portfolio.

The value of effective change in fair value of hedging instruments, presented in revaluation reserve as at 31 December 2012, amounts to PLN -132,059 thousand. Cash flows relating to hedged transactions will be realized from 1 January 2013 to 14 February 2018, i.e. to maturity date of the longest CIRS transaction.

The maturity dates of CIRS hedging transactions as at 31 December 2012 and 2011 are as follows:

31.12.2012	Up to 1 month	Over 1 month to 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Total
	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand
Receivables	-	962,100	3,817,662	9,433,100	14,212,862
Liabilities	-	982,172	3,920,670	9,772,120	14,674,962

31.12.2011 (restated)	Up to 1 month	Over 1 month to 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Total
	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand
Receivables	-	183,945	1,348,775	12,803,180	14,335,900
Liabilities	-	181,665	1,362,488	13,897,372	15,441,525

The fair value of cash flow hedging instruments as at 31 December 2012 and 2011 is presented below:

	31.12.2012	31.12.2011 (restated)
	PLN thousand	PLN thousand
CIRS - positive valuation	108,523	67,179
CIRS - negative valuation	(637,785)	(952,598)

The change in fair value of cash flow hedge recognized in revaluation reserve is presented below:



Comprehensive income from cash flow hedge	01.01.2012- 31.12.2012 PLN thousand	01.01.2011- 31.12.2011 (restated) PLN thousand
<b>Accumulated comprehensive income at the beginning of the period (gross)</b>	<b>38,601</b>	<b>(53,494)</b>
Gains/(losses) on hedging instrument	1,483,334	(1,163,466)
Amount transferred from other comprehensive income to income statement, of which:	(1,684,971)	1,255,561
interest income	(576,410)	(433,214)
gains/(losses) on foreign exchange	(1,108,561)	1,688,775
<b>Accumulated comprehensive income at the end of the period (gross)</b>	<b>(163,036)</b>	<b>38,601</b>
<b>Tax effect</b>	<b>30,977</b>	<b>(7,334)</b>
<b>Accumulated comprehensive income at the end of the period (net)</b>	<b>(132,059)</b>	<b>31,267</b>
<b>Ineffective cash flow hedges recognised through profit and loss</b>	<b>62,618</b>	<b>59,415</b>
<b>Effect on other comprehensive income in the period (gross)</b>	<b>(201,637)</b>	<b>92,095</b>
<b>Deferred tax on cash flow hedge</b>	<b>38,311</b>	<b>(17,498)</b>
<b>Effect on other comprehensive income in the period (net)</b>	<b>(163,326)</b>	<b>74,597</b>

## 8. CAPITAL MANAGEMENT

The main aim of capital management of the Bank is to maintain appropriate credit rating and secure capital ratios, assure safe continuation of operating activity of the Bank and increase value for its shareholders.

Getin Noble Bank 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 set strategic goals. In order to maintain an optimal level and structure of own funds as well as to maintain the capital adequacy ratio at least on the level required the Bank uses available methods and means – share issue, retention of net profit and issue of subordinated bonds.

Within preferred capital structure, Getin Noble Bank assumes to maintain the structure with prevailing share of own funds (Tier 1).

In 2012, efforts were made to raise the capital adequacy ratio above 12% (including appropriation of profit for 2011 to reserve capital, the issuance of J-series and K-series shares as well as issuance of subordinated bonds of a total value of PLN 788,943 thousand). As a result the ratio increased from 10.5% to 12.5% in 2012.

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). Internal capital amounts in Getin Noble Bank to the level similar to capital requirements within Pillar I.

## 9. CAPITAL ADEQUACY RATIO

The measure of capital adequacy is capital adequacy ratio which shows the relationship of equity (after obligatory adjustments) to the risk weighted assets and off-sheet balance items. For the purpose of capital adequacy ratio risk weights are assigned to assets and off-sheet balance items in accordance to among others level of credit risk, market risk, currency risk and interest rate risk.

As at 31 December 2012 and 2011, the capital adequacy ratio and own funds being the basis for the calculation of the ratio were calculated pursuant to the following regulations:

- The Banking Act of 29 August 1997 (Journal of Laws of 2002, No. 72, item 665 with subsequent amendments),
- Resolution No. 76/2010 of the Polish Financial Supervision Authority dated 10 March 2010, on scope and detailed rules of calculating capital requirements for particular types of risk,
- Resolution No. 325/2011 of the Polish Financial Supervision Authority dated 20 December 2011, on other deductions from a bank's core capital, amount thereof, scope and conditions of such deductions from the core capital of a bank, other balance sheet items included in the supplementary capital, the amount and scope thereof, and the conditions of including them in a bank's supplementary capital, deductions from a bank's supplementary capital, the amount and scope thereof and conditions of performing such deductions from the banks' supplementary capital, the scope and manner of taking account of the business of banks conducting their activities in groups in calculating their own funds,
- Resolution No. 208/2011 of the Polish Financial Supervision Authority of 22 August 2011, on the detailed principles and conditions of accounting for exposures in determining compliance with exposure concentration limit and large exposure limit.

	31.12.2012	31.12.2011
	PLN thousand	(restated) PLN thousand
<b>Core capital (Tier 1)</b>	<b>4,351,485</b>	<b>3,692,699</b>
Share capital	2,650,143	103,060
Reserve capital	2,161,631	3,743,341
Other capital reserves	37,493	37,493
Audited profit for the period	213,498	442,951
<b>Deductions:</b>	<b>(711,280)</b>	<b>(634,146)</b>
Intangible assets	(118,663)	(105,139)
Unrealized losses on financial instruments classified as available-for-sale	(205)	(5,251)
Retained earnings	(504,475)	(399,779)
Equity investments in financial entities	(87,937)	(123,977)
<b>Supplementary funds (Tier 2)</b>	<b>1,112,360</b>	<b>276,023</b>
Subordinated liabilities recognized as supplementary funds	1,188,943	400,000
Unrealized gains on financial instruments classified as available-for-sale	11,354	-
<b>Deductions:</b>	<b>(87,937)</b>	<b>(123,977)</b>
Equity investments in financial entities	(87,937)	(123,977)
<b>Short-term capital (Tier 3)</b>	<b>562</b>	<b>2,021</b>
<b>TOTAL OWN FUNDS AND SHORT-TERM CAPITAL</b>	<b>5,464,407</b>	<b>3,970,743</b>
<b>Capital requirements for</b>		
Credit risk	3,268,538	2,828,390
Counterparty credit risk	196	326
Operating risk	236,625	208,072
Interest rate risk	366	730
Other risks	-	965
<b>TOTAL CAPITAL REQUIREMENTS</b>	<b>3,505,725</b>	<b>3,038,483</b>
<b>CAPITAL ADEQUACY RATIO</b>	<b>12.5%</b>	<b>10.5%</b>

The concentration risk and the related capital requirement are calculated based on the provisions of the above resolutions. As at 31 December 2012 and 2011, the portfolio of the Bank did not contain any receivables that could be qualified as exceeding the concentration limits, therefore the Bank estimates the concentration risk to be not significant.

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

Krzysztof Rosiński - President of the Management Board .....

Karol Karolkiewicz - Member of the Management Board .....

Maurycy Kühn - Member of the Management Board .....

Krzysztof Spyra - 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 .....

**Signature of the person responsible for the preparation of the financial statements:**

Barbara Kruczyńska-Nurek - Chief Accountant, Director of the Bank .....

Warsaw, 28 February 2013