GETIN NOBLE BANK S.A. CAPITAL GROUP

Consolidated financial statements

for the year ended 31 December 2014

with the auditor's report

Warsaw, 23 March 2015

Selected financial data

Consolidated income statement	01.01.2014-31.12.2014 PLN thousand	01.01.2013-31.12.2013 PLN thousand	01.01.2014-31.12.2014 EUR thousand	01.01.2013-31.12.2013 EUR thousand
Net interest income	1,430,545	1,297,834	341,476	308,201
Net fee and commission income	437,042	436,299	104,323	103,609
Profit before tax	314,268	387,995	75,017	92,138
Net profit	360,493	402,484	86,051	95,579
Net profit attributable to equity holders of the parent	360,032	399,725	85,941	94,924
Total comprehensive income for the period	332,097	387,109	79,273	91,928
Net cash flows	873,777	(966,389)	208,574	(229,492)

Consolidated statement of financial position	31.12.2014 PLN thousand	31.12.2013 PLN thousand	31.12.2014 EUR thousand	31.12.2013 EUR thousand
Total assets	68,830,650	63,617,095	16,148,711	15,339,770
Total equity	5,111,085	4,780,455	1,199,138	1,152,695
Equity attributable to equity holders of the parent	5,110,894	4,775,105	1,199,093	1,151,405
Share capital	2,650,143	2,650,143	621,764	639,020
Tier capital 1*	4,936,033	4,251,482	1,158,068	1,025,145
Tier capital 2*	1,742,616	1,591,105	408,844	383,658
Total capital ratio/ Capital adequacy ratio *	13.1%	12.4%	13.1%	12.4%
Number of shares	2,650,143,319	2,650,143,319	2,650,143,319	2,650,143,319

* Own funds and capital adequacy ratio as at 31 December 2013 was calculated in accordance with the legal standards applicable until the year-end of 2013, while the total capital ratio as at 31 December 2014 was calculated in accordance with the *Regulation of the European Parliament and of the Council (EU) No 575/2013 of 26 June 2013 on prudential requirements for credit institutions and investment firms* (CRR) applicable from 1 January 2014.

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

- the 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 2014, i.e. 1 EUR = 4.2623PLN and as at 31 December 2013, i.e. 1 EUR = 4.1472 PLN.
- the items of the income statement as well as the items of the statement of cash flows have been converted in accordance with 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 2014 and 31 December 2013 (1 EUR = 4.1893 PLN and 1 EUR = 4.2110 PLN respectively).

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I. CONSOLIDATED FINANCIAL STATEMENTS

1. Consolidated income statement

	Note	01.01.2014-31.12.2014 PLN thousand	01.01.2013-31.12.2013 (restated) PLN thousand
CONTINUED ACTIVITY			
Interest income	II.8	3,595,038	3,816,755
Interest expense	II.8	(2,164,493)	(2,518,921)
Net interest income		**1,430,545**	**1,297,834**
Fee and commission income	II.9	653,620	644,124
Fee and commission expense	II.9	(216,578)	(207,825)
Net fee and commission income		**437,042**	**436,299**
Dividend income	II.10	2,932	2,395
Result on financial instruments measured at fair value through profit or loss and net foreign exchange gains	II.11	109,204	85,502
Result on other financial instruments	II.12	36,848	36,102
Other operating income	II.13	111,200	182,847
Other operating expense	II.13	(171,459)	(154,663)
Net other operating income and expense		**(60,259)**	**28,184**
Administrative expenses	II.14	(923,030)	(878,953)
Net impairment allowances on financial assets and off-balance sheet provisions	II.15	(733,036)	(624,443)
Operating profit		**300,246**	**382,920**
Share of profits of associates	II.27	14,022	5,075
Profit before tax		**314,268**	**387,995**
Income tax	II.16	46,225	14,489
Net profit		**360,493**	**402,484**
Attributable to:			
equity holders of the parent		360,032	399,725
non-controlling interests		461	2,759
Earnings per share in PLN:	II.17		
basic, for profit for the period attributable to equity holders of the parent		0.14	0.15
diluted, for profit for the period attributable to equity holders of the parent		0.14	0.15

In 2014 and 2013 there were no discontinued operations in the Group.

2. Consolidated statement of comprehensive income

	Note	01.01.2014-31.12.2014 PLN thousand	01.01.2013-31.12.2013 PLN thousand
Net profit for the period		**360,493**	**402,484**
Items that will not be reclassified to profit or loss, of which:		**113**	**(65)**
Actuarial gains/ (losses)	II.37	139	(80)
Tax effect related to items that will not be reclassified to profit or loss	II.16	(26)	15
Items that may be reclassified to profit or loss, of which:		**(28,509)**	**(15,310)**
Exchange differences on translation of foreign operations		107	(107)
Valuation of available-for-sale financial assets		37,383	(65,780)
Cash flow hedges	III.7	(72,712)	47,010
Tax effect related to items that may be reclassified to profit or loss	II.16	6,713	3,567
Net other comprehensive income		**(28,396)**	**(15,375)**
Total comprehensive income for the period		**332,097**	**387,109**
Attributable to:			
equity holders of the parent		331,636	384,350
non-controlling interests		461	2,759

3. Consolidated statement of financial position

	Note	31.12.2014 PLN thousand	31.12.2013 PLN thousand
ASSETS			
Cash and balances with the Central Bank	II.18	2,840,583	2,629,838
Amounts due from banks and financial institutions	II.19	2,444,066	1,379,820
Financial assets held for trading	II.20	17,072	5,114
Financial assets measured at fair value through profit or loss	II.21	170,371	-
Derivative financial instruments	II.22	247,327	241,389
Loans and advances to customers	II.23	44,910,379	45,353,193
Finance lease receivables	II.24	3,622,119	2,599,201
Financial assets, of which:	II.25	11,541,669	8,871,495
available-for-sale		11,404,889	8,758,290
held-to-maturity		136,780	113,205
Investments in associates	II.27	370,012	357,492
Intangible assets	II.28	229,001	205,034
Property, plant and equipment	II.29	385,941	323,236
Investment properties	II.30	452,244	150,806
Non-current assets held for sale	II.31	4,494	9,449
Income tax assets, of which:	II.16	716,919	637,076
receivables relating to current income tax		13,215	8
deferred tax assets		703,704	637,068
Other assets	II.32	878,453	853,952
TOTAL ASSETS		**68,830,650**	**63,617,095**
LIABILITIES AND EQUITY			
Liabilities			
Amounts due to banks and financial institutions	II.33	4,822,299	3,139,509
Derivative financial instruments	II.22	742,815	481,340
Amounts due to customers	II.34	53,846,771	51,486,360
Debt securities issued	II.35	3,754,761	3,158,409
of which subordinated debt		2,103,035	1,824,250
Liabilities relating to current income tax		-	1,144
Other liabilities	II.36	527,717	543,245
Provisions	II.37	25,202	26,633
Total liabilities		**63,719,565**	**58,836,640**
Equity attributable to equity holders of the parent		**5,110,894**	**4,775,105**
Share capital	II.38	2,650,143	2,650,143
Retained earnings		93,519	(264,257)
Net profit		360,032	399,725
Other capital	II.39	2,007,200	1,989,494
Non-controlling interests		**191**	**5,350**
Total equity		**5,111,085**	**4,780,455**
TOTAL LIABILITIES AND EQUITY		**68,830,650**	**63,617,095**

Notes disclosed on pages from 10 to 115 are an integral part of the consolidated financial statements.
This is a translation of the consolidated financial statements originally issued in Polish.

4. Consolidated statement of changes in equity

2014	Attributable to equity holders of the parent								Non-controlling interests	Total equity
	Share capital	Retained earnings	Net profit	Other capital				Total		
				Reserve capital	Revaluation reserve	Foreign exchange differences	Other capital reserves			
	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand
As at 01.01.2014	**2,650,143**	**135,468**	**-**	**2,084,585**	**(135,865)**	**(107)**	**40,881**	**4,775,105**	**5,350**	**4,780,455**
Comprehensive income for the period	-	-	360,032	-	(28,503)	107	-	**331,636**	461	**332,097**
Purchase of non-controlling interests in a subsidiary	-	4,153	-	-	-	-	-	**4,153**	(5,335)	**(1,182)**
Distribution of last year profit and cover of previous years losses	-	(46,102)	-	46,102	-	-	-	-	-	-
Dividends for non-controlling interests	-	-	-	-	-	-	-	-	(285)	**(285)**
As at 31.12.2014	**2,650,143**	**93,519**	**360,032**	**2,130,687**	**(164,368)**	**-**	**40,881**	**5,110,894**	**191**	**5,111,085**

2013	Attributable to equity holders of the parent										Non-controlling interests	Total equity
	Share capital	Purchased own shares	Retained earnings	Net profit	Other capital					Total		
					Reserve capital	Revaluati on reserve	Foreign exchange differences	Share based payments	Other capital reserves			
	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand
As at 01.01.2013	**2,650,143**	**-**	**53,809**	**-**	**2,090,186**	**(120,347)**	**-**	**7,381**	**37,493**	**4,718,665**	**2,978**	**4,721,643**
Adjustments for changes in accounting policies	-	-	(362,825)	-	-	(250)	-	-	-	**(363,075)**	-	**(363,075)**
As at 01.01.2013 after adjustment	**2,650,143**	**-**	**(309,016)**	**-**	**2,090,186**	**(120,597)**	**-**	**7,381**	**37,493**	**4,355,590**	**2,978**	**4,358,568**
Comprehensive income for the period	-	-	-	399,725	-	(15,268)	(107)	-	-	**384,350**	2,759	**387,109**
Distribution of last year profit	-	-	44,759	-	(44,759)	-	-	-	-	-	-	-
Transfer of the Management Option Scheme valuation reserve to other capital reserves	-	-	-	-	-	-	-	(7,381)	7,381	-	-	-
Creation of capital reserves for purchase of own shares	-	-	-	-	(126,007)	-	-	-	126,007	-	-	-
Purchase of own shares	-	(130,000)	-	-	130,000	-	-	-	(130,000)	**(130,000)**	-	**(130,000)**
Sale of own shares	-	130,000	-	-	33,965	-	-	-	-	**163,965**	-	**163,965**
Refund of overpayment for the share issue costs in prior years	-	-	-	-	1,200	-	-	-	-	**1,200**	-	**1,200**
Dividends for non-controlling interests	-	-	-	-	-	-	-	-	-	-	(387)	**(387)**
As at 31.12.2013	**2,650,143**	**-**	**(264,257)**	**399,725**	**2,084,585**	**(135,865)**	**(107)**	**-**	**40,881**	**4,775,105**	**5,350**	**4,780,455**

5. Consolidated statement of cash flows

	Note	01.01.2014-31.12.2014 PLN thousand	01.01.2013-31.12.2013 (restated) PLN thousand
Cash flow from operating activities			
Net profit		360,493	402,484
Adjustments:		(143,792)	(3,607,756)
Amortisation and depreciation	II.14	68,194	72,786
Share of (profits)/ losses of associates	II.27	(14,022)	(5,075)
Foreign exchange (gains)/ losses		2,859	(16,683)
(Gains)/ losses from investing activities		10,282	(129,079)
Interests and dividends		207,376	149,155
Change in amounts due from banks and financial institutions		(401,214)	53,661
Change in financial assets held for trading		(11,958)	11,001
Change in derivative financial instruments (assets)		16,020	(61,214)
Change in financial assets measured at fair value through profit or loss		(170,371)	-
Change in loans and advances to customers		442,814	(2,946,090)
Change in finance lease receivables		(1,022,918)	(764,760)
Change in available-for-sale financial instruments		(2,616,318)	(1,568,701)
Change in held to maturity financial instruments		(75)	200
Change in deferred tax assets		(66,635)	(42,546)
Change in other assets		(24,501)	(51,179)
Change in amounts due to banks and financial institutions		738,412	292,669
Change in derivative financial instruments (liabilities)		180,620	(136,648)
Change in amounts due to customers		2,360,411	1,300,989
Change in debt securities issued		44,267	192,160
Change in other liabilities		(15,528)	41,186
Change in provisions		(1,318)	5,748
Other adjustments		144,163	(7,951)
Income tax paid		(28,076)	(29,038)
Current tax expense	II.16	13,724	31,653
Net cash flows used in operating activities		**216,701**	**(3,205,272)**
Cash flows from investing activities			
Sale of shares in a subsidiary/ associate		-	155,614
Sale of intangible assets and property, plant and equipment		7,172	2,143
Sale of investments in financial instruments		12,500	40,938
Dividends received	II.10	2,932	2,395
Acquisition of a subsidiary		(136,230)	(114,267)
Purchase of intangible assets and property, plant and equipment		(476,416)	(302,896)
Purchase of investments in financial instruments		(36,000)	(112,267)
Other investing inflows/ (outflows)		3,724	-
Net cash flows used in investing activities		**(622,318)**	**(328,340)**
Cash flows from financing activities			
Proceeds from issue of debt securities		2,232,381	3,159,281
Proceeds from loans taken		941,626	1,683,711
Redemption of issued debt securities		(1,680,296)	(2,159,000)
Dividends paid to non-controlling interests		(285)	(387)
Sale/ (purchase) of own shares		-	33,965
Interest paid		(214,032)	(151,550)
Other financial inflows/ (outflows)		-	1,203
Net cash flows from financing activities		**1,279,394**	**2,567,223**
Net increase/(decrease) in cash and cash equivalents		873,777	(966,389)
Cash and cash equivalents at the beginning of the period		3,051,220	4,017,609
Cash and cash equivalents at the end of the period		**3,924,997**	**3,051,220**

(data in PLN thousand)

II. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. General information about the Bank

The parent of the Group is Getin Noble Bank S.A. ("the Bank", "the parent", "the Issuer"") with its registered office in Warsaw at Przyokopowa 33, registered pursuant to the decision of the District Court of Warsaw, XII Commercial Department of the National Court Register on 25 April 2008 under entry No. 0000304735. The parent company has been granted with statistical number REGON 141334039.

The ownership structure of significant batches of shares of the parent entity as of the date of these consolidated financial statements according to the information available to the Bank is as follows:

	Number of shares	Number of votes at AGM	% share in share capital	% share in votes at AGM
LC Corp B.V.	1,011,728,750	1,011,728,750	38.18%	38.18%
Leszek Czarnecki (directly)	264,626,609	264,626,609	9.99%	9.99%
ING Otwarty Fundusz Emerytalny	220,000,000	220,000,000	8.30%	8.30%
Getin Holding S.A.	200,314,774	200,314,774	7.56%	7.56%
Aviva Otwarty Fundusz Emerytalny Aviva BZ WBK	174,300,000	174,300,000	6.58%	6.58%
Other shareholders	779,173,186	779,173,186	29.39%	29.39%
Total	**2,650,143,319**	**2,650,143,319**	**100.00%**	**100.00%**

The parent company of the Bank and the Capital Group is Mr. Leszek Czarnecki, who directly and through his subordinated entities has 55.86% 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.	1,011,728,750	1,011,728,750	38.18%	38.18%
Leszek Czarnecki (directly)	264,626,609	264,626,609	9.99%	9.99%
Getin Holding S.A.	200,314,774	200,314,774	7.56%	7.56%
Fundacja Jolanty i Leszka Czarneckich	3,519,273	3,519,273	0.13%	0.13%
RB Investcom sp. z o.o.	101,850	101,850	0.004%	0.004%
Idea Expert S.A.	7,799	7,799	0.0003%	0.0003%
Total	**1,480,299,055**	**1,480,299,055**	**55.86%**	**55.86%**

2. Management and Supervisory Board of the Bank

At the date of approval of these consolidated financial statements, composition of the management and supervisory board of Getin Noble Bank S.A. was as follows:

Management Board of Getin Noble Bank S.A.	
President of the Management Board	Krzysztof Rosiński
Members of the Management Board	Krzysztof Basiaga
	Marcin Dec
	Karol Karolkiewicz
	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	Remigiusz Baliński
Members of the Supervisory Board	Krzysztof Bielecki
	Rafał Juszczak
	Jacek Lisik

With effect from 1 January 2014 Mr. Marcin Dec became a member of the Management Board of the Bank in accordance with a resolution of the Supervisory Board dated 7 November 2013.

On 27 March 2014 the Supervisory Board of the Bank adopted a resolution appointing members of the Management Board remained unchanged for the next joint term of office ending on the date of the General Meeting approving the Bank's financial statements for the year 2016.

On 24 April 2014 the Shareholders General Meeting of the Bank adopted a resolution appointing members of the Supervisory Board remained unchanged for the next joint term of office ending on the date of the General Meeting approving the Bank's financial statements for the year 2016.

On 2 October 2014 Mr. Michał Kowalczewski resigned from membership in the Supervisory Board of the Bank and acting in it as a member of the Supervisory Board with effect from 31 December 2014.

On 9 October 2014 the Extraordinary General Meeting of the Bank's Shareholders resolved to appoint to the Supervisory Board of Getin Noble Bank S.A. Mr. Krzysztof Bielecki as a member of the Supervisory Board with effect from 1 January 2015.

On 12 December 2014 the Supervisory Board of the Bank appointed Mr. Krzysztof Basiaga as a member of the Management Board of the Bank and decided to appoint Mr. Remigiusz Baliński as a Vice-President of the Supervisory Board of the Bank.

In the 12-month period ended 31 December 2014 and until the date of approval of these consolidated financial statements there were no other changes in the composition of the Bank's Management Board and Supervisory Board.

3. Information about the Capital Group

Getin Noble Bank S.A. Capital Group ("the Capital Group", "the Group") consists of Getin Noble Bank S.A. as the parent entity and its subsidiaries. The Bank holds also an investment in an associate.

The entities comprising the Group have been incorporated for an indefinite term.

The Group is active in the following areas of business:

- banking services,
- leasing services and long-term vehicles rental,
- financial intermediary services,
- investment funds,
- brokerage services.

Getin Noble Bank S.A. is a universal bank offering numerous products in the area of financing, saving and investing as well as 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 under the Getin Bank brand, which specialises in sale of cash and car loans, as well as mortgage loans. Getin Bank offers also a number of investment products and deposits, it is also an active player in the segment of financial services dedicated to small and medium-sized enterprises, as well as local government units. Noble Bank represents the private banking segment, which is dedicated to wealthy clients. In addition to standard financial products, Noble Bank offers real estate advisory, legal and tax support, art banking, brokerage and concierge services.

(data in PLN thousand)

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

Presented below is information on subsidiaries included in these consolidated financial statements of the Getin Noble Bank S.A. Capital Group:

	% share in capital/ votes held by the Group	
	31.12.2014	31.12.2013
Noble Securities S.A.	99.74%/ 99.78%	96.74%/ 97.26%
Noble Funds Towarzystwo Funduszy Inwestycyjnych S.A.	100%	100%
Noble Concierge sp. z o.o.	100%	100%
BPI Bank Polskich Inwestycji S.A.	100%	100%
Sax Development sp. z o.o.	100%	100%
Getin Leasing S.A.	100%	97.16%
Getin Leasing S.A. S.K.A.*	100%	100%
Getin Leasing S.A. 2 S.K.A.*	100%	100%
Getin Fleet S.A. *	100%	100%
Pośrednik Finansowy sp. z o.o.*	100%	100%
Pośrednik Finansowy sp. z o.o. S.K.A.*	100%	100%
Pośrednik Finansowy sp. z o.o. 2 S.K.A.*	100%	100%
Green Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych	100%	100%
Property Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych **	100%	100%
LAB sp. z o.o.	100%	-
LAB sp. z o.o. sp. k.	100%	-
Debitum Investment sp. z o.o.	100%	-
Debitum Investment sp. z o.o. sp. k.	100%	-
GNB Auto Plan sp. z o.o.***	0%	0%

* The Bank's indirect subsidiaries through Getin Leasing S.A.

** Property Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych (Non-public assets closed-end investment fund) holds 100% share in 6 special purpose entities.

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

All subsidiaries are consolidated using the full method. The Group holds 42.15% share in the equity of an associate Open Finance S.A., valued with the equity method.

Due to the substance of the relationship between Getin Noble Bank S.A. and a special purpose entity – GNB Auto Plan Sp. z o.o. with which the Bank carried out a securitisation transaction of car loans portfolio, the SPV has been consolidated using the full method, despite the fact that the Group does not hold any equity interest in the entity.

As at 31 December 2014 and 2013 the Bank's share in the total number of voting rights in its subordinated entities was equal to the Bank's share in share capital of the those entities, except for Noble Securities S.A. in which the Bank held 99.78% share in votes as at 31 December 2014 (97.26% as at 31 December 2013).

3.1. Changes in the Capital Group in 2014

On 28 January 2014 Getin Noble Bank S.A. and Getin Leasing S.A. went into an agreement to purchase 214 shares of the company according to the resolution of the Extraordinary Shareholders Meeting of Getin Leasing S.A. dated 18 December 2013 on the squeeze-out of minority shareholders. Price of the acquired shares amounted to PLN 1,181 thousand.

In 2014 as a result of execution a put option, Getin Noble Bank S.A. acquired from the company Earchena Investments Ltd 104,841 shares of Noble Securities S.A. for a total amount of PLN 1,632 thousand.

On 22 July 2014 Property Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych acquired 100% shares in special purpose entities: Breetley Investments sp. z o. o. (currently Suburban Investments Group sp. z o. o.), Gloveree Investments sp. z o. o. (currently Green Croft Development sp. z o. o.) and Shantill Investments sp. z o. o. (currently Środkowo Europejska Grupa Inwestycyjna sp. z o. o.).

On 25 September 2014 the Bank acquired 100% shares in Moline Investments sp. z o. o. (currently Debitum Investment sp. z o. o.) and became a limited partner in Moline Investments sp. z o. o. sp. k. (currenlty Debitum Investment sp. z o. o. sp. k.), in which the general partner is Moline Investments sp. z o. o.

On 7 October 2014 the Bank acquired 100% shares in Channing Investments sp. z o. o. (currently LAB sp. z o. o.) and became a limited partner in Channing Investments sp. z o. o. sp. k. (currently LAB sp. z o. o. sp. k.), in which the general partner is Channing Investments sp. z o. o.

In connection with the entry into force on 1 January 2014 of IFRS 10, the Bank carried out an analysis of the nature of its investments held to identify the entities over which the Bank exercises control. Following the evaluation, there was no need to amend the current structure of the Capital Group.

4. Approval of the consolidated financial statements

These consolidated financial statements were approved by the Management Board of the parent company on 23 March 2015.

5. Significant accounting policies

5.1. Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, and in areas not covered by the above standards in accordance with the Accounting Act of 29 September 1994 as amended and the respective secondary legislation issued on its basis, 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 and the International Financial Reporting Interpretations Committee.

The Group applies "carve out" in IAS 39 endorsed by the European Commission Regulation as described in these consolidated financial statements.

5.2. Basis of preparation

In these financial statement a fair value model was adopted for investment properties and financial instruments measured at fair value through profit or loss, including derivatives and available-for-sale financial instruments, except those when fair value cannot be reliably measured. Other items of financial assets and liabilities (including loans and advances to customers) are recognised at amortised cost less impairment allowances or acquisition cost less impairment allowances.

The consolidated financial statements have been prepared based on the assumption that the Group entities would continue their 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 consolidated financial statements no circumstances were identified which could threaten the continuity of the Group's entities operations.

5.3. Entity entitled to audit financial statements

The entity entitled to audit consolidated financial statements is Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k. with its registered office in Warsaw.

5.4. Functional and reporting currency

These consolidated financial statements are presented in the Polish currency (PLN) and all the figures, unless otherwise stated, are expressed in PLN thousands. Polish zloty is the functional currency of the parent company and the other entities included in the consolidated financial statements and the reporting currency of the consolidated financial statements.

5.5. Changes in the applied standards and interpretations

Standards and interpretations applied for the first time in 2014

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those applied in the preparation of the Group's consolidated financial statements for the year ended 31 December 2013, except for the adoption of new standards and interpretations applicable for annual periods beginning on or after 1 January 2014, as follows:

- 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),
- 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 10 *Consolidated financial statements*, IFRS 11 *Joint arrangements* and IFRS 12 *Disclosure of interest in other entities* – transition guidance, as adopted by the EU on 4 April 2013 (effective for annual periods beginning on or after 1 January 2014),
- Amendments to IFRS 10 *Consolidated financial statements*, IFRS 12 *Disclosure of interest in other entities* and IAS 27 *Separate financial statements – investment entities*, as adopted by the EU on 20 November 2013 (effective for annual periods beginning on or after 1 January 2014),
- 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),

- Amendments to IAS 36 Impairment of Assets – Recoverable amounts disclosures for non-financial assets, as adopted by the EU on 19 December 2013 (effective for annual periods beginning on or after 1 January 2014),
- Amendments to IAS 39 *Financial instruments: recognition and measurement* – Novation of derivatives and continuation of hedge accounting, as adopted by the EU on 19 December 2013 (effective for annual periods beginning on or after 1 January 2014).

Application of the above changes to the standards had no significant impact on the accounting policies of the Group or on its financial position and results of operations.

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:

- Interpretation IFRIC 21 *Levies* (effective for annual periods beginning on or after 17 June 2014).
- Amendments to IAS 19 Employee Benefits - Defined Benefit Plans: Employee Contributions – as adopted by EU on 17 December 2014 (effective for annual periods beginning on or after 1 February 2015),
- Amendments to IFRS Annual Improvements to IFRSs (2010–2012 Cycle) – as adopted by EU on 17 December 2014 (effective for annual periods beginning on or after 1 February 2015),
- Amendments to IFRS Annual Improvements to IFRSs (2011–2013 Cycle) – as adopted by EU on 18 December 2014 (effective for annual periods beginning on or after 1 January 2015).

In the reporting period the Group has not early adopted the above changes to standards or interpretation that were issued but are not yet effective. The Group estimates that the changes to standards and interpretation would not have any significant impact on the financial statements, if they have been adopted by the Group at the reporting date.

5.6. Changes in accounting policies and presentation changes

Change in accounting policy for investment properties

In 2014 the Group changed accounting policies concerning measurement subsequent to initial recognition of investment properties. Prior years the Group applied acquisition cost or manufacturing cost, since this financial year a fair value model is applied. The Group holds investment properties i.a. for its capital appreciation, therefore in the opinion of the Group, change from a cost model to a fair value model results in a more appropriate presentation of investment properties in financial statements.

Due to the change made the comparative data for the 12-month period ended 31 December 2013 presented in these consolidated financial statements have been restated. The change comprise the reversal of depreciation of 2013 of investment properties and recognition of a net loss from the valuation of investment properties at fair value at the end of 2013. Retrospective application of changes in accounting policies had no impact on the net financial results of the Group for 2013.

Item of the consolidated statement of financial position as at 31.12.2013	Data before restatement PLN thousand	Change in accounting policy PLN thousand	Restated data PLN thousand
Investment properties	139,692	-	139,692

Item in the consolidated income statement for the period 01.01.2013 - 31.12.2013	Data before restatement PLN thousand	Change in accounting policy PLN thousand	Restated data PLN thousand
Other operating expense	(136,505)	(1,097)	(137,602)
Administrative expenses	(880,050)	1,097	(878,953)

Presentation change in income statement

The comparative data for the 12-month period ended 31 December 2013 presented in these consolidated financial statements have been restated to reflect the changes in presentation implemented in the current reporting period. Change in presentation relates to transferring the costs of promotions and rewards for customers from "Fee and commission expense" to "Other operating expense".

Item in the consolidated income statement for the period 01.01.2013 - 31.12.2013	Data before restatement PLN thousand	Presentation adjustments PLN thousand	Restated data* PLN thousand
Fee and commission expense	(224,886)	17,061	(207,825)
Other operating expense	(137,602)	(17,061)	(154,663)

* Data reflects both changes in accounting policies and presentation adjustment.

The Group has also made a presentation adjustment by aggregating two lines of income statement: 'Result on financial instruments measured at fair value through profit or loss' and 'Net foreign exchange gains' into one line 'Result on financial instruments measured at fair value through profit or loss and net foreign exchange gains'.

The restatement of comparative data due to the change in presentation had no impact on the Group financial results for 2013.

5.7. Consolidation rules

The consolidated financial statements comprise the financial statements of Getin Noble Bank S.A. as a parent company and its subsidiaries. The financial statements of the Bank and its subsidiaries used in the preparation of the consolidated financial statements shall have the same reporting date. When the end of the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary.

The parent company prepares consolidated financial statements using uniform accounting principles (policies) for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies.

Subsidiaries

The Bank, regardless of the nature of its involvement with an entity (the investee), shall determine whether it is a parent by assessing whether it controls the investee. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Thus, the Bank controls an investee if and only if it has all the following:

a) power over the investee,
b) exposure, or rights, to variable returns from its involvement with the investee, and
c) the ability to use its power over the investee to affect the amount of the investor's returns.

Consolidation of an investee shall begin from the date the investor obtains control of the investee and cease when the investor loses control of the investee.

Consolidated financial statements:

a) combine like items of assets, liabilities, equity, income, expenses and cash flows of the Bank with those of its subsidiaries,
b) offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary,
c) eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, are eliminated in full). IAS 12 applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

The Bank shall attribute the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests. The Bank shall present non-controlling interests in the consolidated statement of financial position within equity, separately from the equity of the owners of the parent. Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary are equity transactions. When the proportion of the equity held by non-controlling interests changes, the Bank shall adjust the carrying amounts of the controlling and non-controlling interests to reflect the changes in their relative interests in the subsidiary. The Bank shall recognise directly in equity any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received, and attribute it to the owners of the parent.

If the Bank loses control of a subsidiary, it shall:

a) derecognise the assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost,
b) derecognise the carrying amount of any non-controlling interests in the former subsidiary at the date when control is lost (including any components of other comprehensive income attributable to them),
c) recognise the fair value of the consideration received, if any, from the transaction, event or circumstances that resulted in the loss of control,
d) recognise if the transaction, event or circumstances that resulted in the loss of control involves a distribution of shares of the subsidiary to owners in their capacity as owners, that distribution,
e) reclassify to profit or loss, or transfer directly to retained earnings the amounts recognised in other comprehensive income in relation to the subsidiary,
f) recognise any investment retained in the former subsidiary at its fair value at the date when control is lost and subsequently accounts for it and for any amounts owed by or to the former subsidiary in accordance with relevant IFRSs,
g) recognise any resulting difference as a gain or loss in profit or loss attributable to the parent.

Investments in associates

Associates are those entities over which the investor has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

Where the Bank holds 20% or more of the voting power (directly or through subsidiaries) on an investee, it will be presumed the Bank has significant influence unless it can be clearly demonstrated that this is not the case. If the holding is less than 20%, the entity will be presumed not to have significant influence unless such influence can be clearly demonstrated. The Bank loses significant influence over an investee when it loses the power to participate in the financial and operating policy decisions of that investee.

With respect to the accounting for investments in associates the Group applies the equity method, under which, on initial recognition the investment in an associate is recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The investor's share of the investee's profit or loss is recognised in the investor's profit or loss, and the investor's other comprehensive income includes the investor's share of the investee's other comprehensive income. If an investor's share of losses of an associate equals or exceeds its interest in the associate, the investor discontinues recognising its share of further losses.

Profits and losses resulting from upstream and downstream transactions between the Bank and its subsidiaries and an associate are recognised in the Group's consolidated statements only to the extent of the unrelated investors' interest in the associate. The Bank's interest in the associate's profit or loss from those transactions is eliminated.

At the end of each reporting period, the Group assesses the existence of circumstances which indicate the impairment of net investment in the associate. If such evidence exists, the Group estimates the recoverable amount, i.e. the value in use of the investment or fair value less costs to sell of an asset, depending on which one is higher. And if the asset carrying amount exceeds its recoverable amount, the Group recognises impairment losses in the income statement.

5.8. 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.

5.9. Financial assets and liabilities

The Group classifies financial assets to the following categories:

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

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

Held-to-maturity investments

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group has the positive intention and ability to hold to maturity other than:

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

Financial assets or liabilities measured 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,
   - 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 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,
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 recognised 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 derecognised from the statement of financial position or impaired when the cumulative gain or loss recognized previously in other comprehensive income is than recognised 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 recognised 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 derecognised from the Group'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 Group 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,
- it is impossible to determine the debtor's property that can be used for execution purposes, and the debtor's address in unknown,
- the claims have become prescribed or written off,
- 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.

A financial liability or part of a financial liability is derecognised by the Group 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 Group'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:

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

After initial recognition, the Group 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 amortised 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.

Available for sale financial assets are measured at fair value. The effects of changes in their fair value are recognised in the other comprehensive income until the asset is derecognised from the statement of financial position or impaired, when the cumulative gain or loss recognised previously in other comprehensive income is than recognised in the income statement. Changes in fair value recognised as other comprehensive income are presented in the statement of comprehensive income. Interest income calculated with the effective interest rate method are recognised in the income statement.

After initial recognition, the Group measures all financial liabilities at amortised 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 fulfil the current obligation under the financial guarantee, taking into account the probability of its realisation;
   - the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with IAS 18.

The Group 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 recognised on a net basis only if the Group holds a valid legal right to offset the recognised amounts and intends to settle the amounts net, or to realize a given asset and settle the liability at the same time.

5.10. 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 trans action and measured at fair value as of the end of the reporting period. The Group 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 recognised in “Result on financial instruments measured at fair value through profit or loss or and net foreign exchange gains”.

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).

5.11. Hedge accounting

The Group has adopted accounting policy for cash flow hedge accounting for hedging interest rate risk in accordance with IAS 39 endorsed by the European Commission Regulation. The “carve out” in accordance with IAS 39 endorsed by the European Commission Regulation enables the Group 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 (with the ability to pay on demand) and adoption of the hedging policy for less than 100% of cash flows. In accordance with

IAS 39 endorsed by the European Commission Regulation, 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 recognised asset or liability, or
- cash flow hedge, securing against cash flow changes which may be attributed to a specific risk related to a recognised asset, liability or forecasted transaction, or
- hedge of a net investment in a foreign entity.

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

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.

Fair value hedge

A fair value hedge is a hedge against changes in the fair value of a recognised asset or liability or an unrecognised future commitment, or an identified portion of such asset, liability or future commitment, that is attributable to a particular risk and could affect profit or loss.

The Group uses hedge for fair value of deposits portfolio in PLN with fixed interest rate against changes in fair value due to the risk of changes in WIBOR benchmark interest rate. Hedging instrument in this kind of hedge portfolio is all or part of a portfolio of IRS. The Bank designates hedging relationships based on sensitivity analysis of the fair value of the hedged portfolio of deposits and portfolio of hedging instruments on the risk of changes in WIBOR benchmark interest rate. This analysis is based on a measures of "BPV" and "duration". The effectiveness of the hedging relationship is measured on a monthly basis.

In the portfolio securities of fair value the interest expense on the hedged part of the portfolio of deposits are adjusted for accrued income and interest expense from hedging IRS transaction for a given reporting period. At the same time the change in fair value of derivative instruments designated as hedging instruments during the period is recognised in the income statement under "Result on financial instruments measured at fair value through profit or loss and net foreign exchange gains" – in the same position as the change in the fair value of the hedged item arising from the hedged kind of risk. Change in fair value of part of deposits portfolio in PLN designated in the period as a hedged item adjusts "Amounts due to customers" in the statement of financial position. Adjustment to the hedged portfolio of deposits is amortised linearly started from the month following the adjustment for the time remaining to maturity of the hedged cash flows. The amount of amortisation adjusts "Interest expense" in the income statement.

Cash flow hedge

The Group hedges the volatility of cash flows for mortgage loans denominated in CHF and EUR using specifically identified float-to-fixed CHF/PLN and EUR/PLN CIRS 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 Group analyses the hedge relationship effectiveness. The ineffective portion of hedge is recognised in the income statement as "The result on financial instruments measured at fair value through profit or loss and net foreign exchange gains".

The effective portion of changes accumulated in the revaluation reserve is gradually reclassified (amortised) to the income statement in accordance with the schedule prepared by the Group until the maturity of the original portfolio.

The Group discontinues hedge accounting if the hedging instrument expires or is sold, terminated or exercised, if the hedge no longer meets the criteria for hedge accounting, or the Group revokes the designation.

5.12. Impairment of financial assets

At the end of each reporting period, the Group estimates whether there is any objective evidence indicating the impairment of any financial asset. If such evidence is identified, the Group 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

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.

If there is objective of evidence impairment of loans and receivables or held-to-maturity investments measured at amortised 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 Group 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 Group, 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 Group adopts the threshold for individually significant exposure at the outstanding balance of the principal of PLN 1 million). The impairment of an individual loan, advance or receivable is recognised 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 debtor resulting in a decrease in credit risk rating;
- permanent lack of contact with a debtor and unknown place of residence of a debtor;
- 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 (restructuring applies to agreements that have returned from overdue by more than 3 months to the highest risk category);
- fraud;

- infection of loan/receivables with the impairment of the loan/receivable granted to the same debtor within the specified product groups;
- the conditions for restructuring have not been met.
- granting the debtor for economic or legal reasons related to financial difficulties of multiple facilities in the form of restructuring.

If impairment was recognised for the assets which are assessed individually but the estimated cash flows do not indicate the need for recording or maintaining impairment allowance, the Group 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 loan and the present value of estimated future cash flows discounted using the initial effective interest rate. In 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 Group 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 principle or interest;
- infection of loan/receivables with the impairment of the loan/receivable granted to the same debtor 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, and historical data relating to overdue, 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. Parameter estimation is made on the basis of historical base of exposures on a monthly basis, while the impact of data inappropriate to the current level of the loan portfolio risk is reduced. For the purpose of CR and RR estimation the Group uses time series of 60 months, while for PD and RestrR estimation the Group uses shorter time series (from 12 to 24 months), which better reflect the current risk of these portfolios. 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 Group regularly verifies the methodology and the assumptions (including division into homogeneous groups of loans) underlying performance parameters.

In addition, in order to estimate an IBNR allowance 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.

For the purposes of calculating provisions for off-balance sheet exposures, the Group estimates the value of the credit conversion factor (CCF) that allows identification of the outflow of funds made available to the customer before the impairment occurs. The Group estimates the CCF for defined homogeneous product groups on historical data.

Held-to-maturity investments

The Group 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 recognised, the previously recognised impairment loss is reversed by adjusting the impairment loss balance. The amount of the reversal is recognised in the profit or loss.

Available-for-sale financial assets

At the end of each reporting period, the Group 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 recognised in profit or loss, is removed from equity and recognised 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 recognised in the financial profit or loss.

5.13. Repo/ reverse repo agreements

Repo and reverse-repo and sell-buy-back and buy-sell back agreements are sale or purchase transactions of securities with the agreement to repurchase or resale them at an specific future date and price.

Repo and sell-buy back agreements are recognised in “Amounts due to banks and financial institutions” when occur. Reverse-repo and buy-sell back agreements are recognised in “Amounts due from banks and financial institutions”.

Repo and reverse repo agreements are measured at amortised cost, and securities which are subject to repo/reverse repo transactions are not derecognised from balance sheet and measured in accordance with principles applicable for particular securities portfolio. The difference between sale and repurchase price is treated as interest income or expense, respectively and is settled over the period of the agreement with an effective interest rate.

5.14. Contingent liabilities

As part of its operations, the Group makes transactions that, at the time of execution, are not recognised 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 Group;
- present obligation that arises from past events but is not recognized because it is not probable that an outflow

(data in PLN thousand)

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 recognised in accordance with IAS 39. Financial assets and financial liabilities are offset and recognised on a net basis only if the Group holds a valid legal right to offset the recognised amounts and intends to settle the amounts net, or to realise a given asset and settle the liability at the same time.

5.15. Property, plant and equipment

Tangible fixed assets are recognised 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 recognised 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 assets	Estimated economic useful life
Investment in third party assets	rental duration - up to 10 years
Buildings	from 40 to 66,6 years
Machinery and technical equipment	from 4 to 14 years
Computer units	from 2 to 10 years
Means of transport	from 2,5 to 5 years
Office equipment, furniture	from 2 to 10 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.

An item of 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 recognised 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 recognised 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 recognised 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 Group 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 recognised as an asset when it is probable that the future economic benefits that are associated with the property will flow to the Group, and the cost of the property can be reliably measured.

An investment property is measured initially at its cost. Transaction costs are included in the initial measurement. After initial recognition property is remeasured at fair value, and gains or losses arising from changes in the fair va lue of investment property are recognised in net profit or loss for the period in which it arises. Fair value of investment properties is recognised in accordance with IFRS13.

Investment property is derecognised 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 recognised 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 Group becomes an investment property, the Group applies rules as for property, plant and equipment 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 recognised at the cost of acquisition or production less amortization and impairment write-downs. Except development work, expenditure on internally generated intangible assets, except for capitalised expenditure on development, is not capitalised and is recognised in the costs of the period in which it was incurred.

The Group assesses whether the useful life of an intangible asset is definite or indefinite. An intangible asset with a definite useful life is amortised 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 2 to 10 years. The core deposit intangible is subject to straight-line amortisation over a period within which according to the assumptions the majority of benefits from the intangible assets is expected to be realised. The period and method of amortisation 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 recognised through a change of, respectively, the period or method of amortisation, and treated as changes of estimates. The amortisation charges for intangible assets with a definite useful life are recognised 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 Group assesses annually whether there impairment triggers have been recognised. 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 recognised in profit or loss when the asset is derecognised.

Core Deposit Intangible

According to IFRS 3, acquired identifiable intangible assets must be recognised separately from goodwill, regardless of whether acquiree had recognised the asset prior to the acquisition transaction occurring or no. As a result of the acquisition by Getin Noble Bank S.A. of the organised part of business the intangible assets fulfilling the criteria for separate recognition in statement of financial position of the Bank were identified – relationships with deposit customers ("Core Deposit Intangible"). From the Bank perspective, it reflects the benefit of cheaper source of finance as the difference between the cost of finance from external sources (i.e. interbank market) and interest cost of acquired current accounts and inflow of non-interest income less respective expenses. Fair value measurement is to determine the present value of future benefits, constituting the difference between the cost of finance from external sources (i.e. interbank market) and interest cost of current accounts estimated for anticipated period of deposit customers retention based on historical customers' behaviour and churn rate.

The core deposit intangible is subject to straight-line amortisation over a period within which according to the assumptions the majority of benefits from the intangible assets is expected to be realised.

Goodwill

Goodwill arising on the business combination 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. After initial recording, goodwill is recognised at cost less any accumulated impairment write-downs. Goodwill is tested for impairment annually if there is an indication that the goodwill may be impaired. Goodwill is not amortised. 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 recognised.

5.18. Business combination of entities not under common control

Business combination units that are not jointly-controlled concerns the combination of separate entities into the single reporting entity. Business combination of units results in the acquisition of control by a parent company over the entities taken over. Business combinations that are not under common control are settled under the acquisition method. The acquisition method captures business combination on the perspective of the entity identified as the acquiring entity. The acquiring entity recognises the acquired assets, liabilities and accepted contingent liabilities including those which were not previously recognised by the acquired entity.

The application of the acquisition method consists in the following:

- identification of the acquiring entity,
- identification of the cost of combination,
- allocation of the cost of the combination on the acquisition date to the acquired assets and accepted liabilities and contingent liabilities.

The acquiring entity determines the cost of combination in the amount equal to the sum of the fair values on the date of exchange of the acquired assets, liabilities taken or assumed, and equity instruments issued by the acquiring entity in return for the control over the acquired entity.

5.19. 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 recognised 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 Group 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 recognised 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 Group 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.

5.20. Impairment of non-financial tangible fixed assets

The carrying amount of particular assets is tested for impairment periodically. If the Group 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.

5.21. Cash and cash equivalents

The Group recognises 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.

5.22. Accrued expense and deferred income

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

Accrued expenses (liabilities) are provisions for the goods and services provided to the Group which are to be paid for in the future reporting periods. These are recognised 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 recognised under "Other liabilities".

5.23. Employee benefits

In accordance with the Polish Labour Code and the Remuneration Policies, the Group'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 Group creates a provision for severance pay to assign the future costs to the periods to which they relate. In accordance with IAS 19, 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.

5.24. Provisions

A provision is recognised when the Group 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 Group creates provisions for:

a) retirement severance pay

   The Group 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 expensed to profit or loss except for actuarial gains and losses that are recognised in the revaluation reserve.

b) unused holidays leave

   The Group creates a provision in the full amount related to unused leave of the Group's employees at the end of the reporting period on the basis of the unused holidays leave balance.

c) other

   The Group 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.

5.25. Leases

The Group as a lessee

Finance lease agreements which transfer substantially all the risks and rewards incident to ownership of the leased asset on the Group are recognised 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 recognised directly in the financial profit or loss. Tangible fixed assets used under finance leases are depreciated over the shorter of the following two periods: the lease term or the estimated life of the asset.

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

The Group as a lessor

The Group recognises 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 recognised 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 Group presents assets under operating leases 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 Group 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 recognised 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.

5.26. Other receivables

Other receivables are recognised at the amount of the payment due, less impairment write-downs. In case 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 recognised in the income statement.

5.27. Other liabilities

Other liabilities are recognised 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 recognised in the income statement.

5.28. Equity

Equity consists of reserves and funds created in accordance with the applicable laws, regulations and the articles of association. The equity consists of share capital, repurchased own shares, retained earnings (undistributed profit or loss from prior years) and other capital.

Share capital

Share capital is recognized at nominal value according to the articles of association and the court register.

Purchased own shares

If an entity acquires own equity instruments, the amount paid for the instruments including all the direct costs related to such acquisition is recognised as a change in equity. The acquired own shares are recognised at the purchase price until the shares are cancelled or disposed.

Retained earnings (undistributed profit or loss from prior years)

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.

Dividends for the 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.

Other capital

a) Reserve capital
   The capital from the sale of shares above par value (share premium) less the direct costs associated with it and created from profit. Reserve capital includes the capital 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, actuarial gains and losses and deferred tax relating to temporary differences

recognised 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 items of the equity described above, in case of acquisition/ combination of entities, apply to the events taking place after obtaining control over the given entity until the day such control is ceased.

5.29. 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 recognised 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 recognised 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 recognised as if the terms had not been modified. Furthermore, an expense is recognised 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 recognised for the award is recognised 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 recognised through profit or loss.

5.30. Revenues

Revenue is recognised in the amount in which it is probable that economic benefits associated with the transaction will flow to the Group and if the amount of income can be measured reliably. By revenue recognition apply the criteria described below.

Net interest income

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

The following financial assets and liabilities the Group measures with amortised cost method:

- loans and advances granted and other receivables - not held for trading,
- financial assets held to maturity,
- financial liabilities not designated, upon initial recognition, 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 Group 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 recognised 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 recognised 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. The commission item is also remuneration for insurance when there is a direct connection between credit product and insurance product. 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.

If it is probable that a loan agreement is executed, the fees and charges for the Group's obligation to execute the agreement are considered as remuneration for continuing involvement in the purchase of the financial instrument, deferred and recognised 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 recognised 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 income also comprises the profit or loss on the interest charged and paid in relation to the derivative CIRS and IRS instruments, as well as SWAP points..

Net fee and commission income

Fees and commissions recognised in the financial profit or loss using the effective interest rate method are recognised in net interest income. Fees and commissions that are recognised over time using the straight-line method or upfront, are recognised 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 Group 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 Group applies the following principles for recognition of commission income relating to offering of insurance products to the Bank's customers:

The Bank offering insurance products to its customers, recognises revenue from insurance services based on professional judgement whether the sale of the insurance is limited to the provision of insurance products or the sale of insurance is linked to the lending product. The assessment is based on the economic content of an offered loan and insurance products sold by the Bank. The aim of the assessment is to distinguish based on the economic content the revenue which account for:

- an integral part of the remuneration for offering extra lending product,
- the remuneration for providing agency services,
- the remuneration for providing additional services after the sale of product.

The assessment whether there is a direct combination is made based on:

- the ability to purchase lending product without insurance product (independence of loan and insurance agreements),
- the correlation between lending margin and the conclusion of the insurance agreement,
- the voluntary of the conclusion the insurance agreement,
- the ability to provide individual policy from any insurance company by the customer without the participation of the Bank,
- assessment of the profitability of lending products based on management reports in regard to result on providing agency services on the sale of insurance products,
- assessment of the share of sales of combined products, i.e. the percentage share of lending products combined with insurance protection to the amount of lending products in the Bank's portfolio,
- level of abandonment and the amount of commissions returned,
- renewed insurance agreements after the initial period of the agreement.

Under the assessment the Group may conclude:

- the existence of direct combination which results in the recognition of remuneration for offering insurance products under the amortized cost method using the effective interest rate method in interest income,
- no direct combination which results in the recognition of remuneration for offering insurance products in commission income in accordance with IAS 18,
- the existence of the combined lending and insurance product, resulting in the allotment of recognised remuneration for offering insurance products allocating the fair value of lending product and the fair value of an insurance product sold in conjunction with these lending product.

If combined product is identified, the remuneration for the sale of insurance product is allotted and recognised as a part of amortized cost of lending product and as commission income related to agency services. Allotment is made according to the ratio of the fair value of the lending product and the fair value of agency services in relation to the sum of these two values.

Fair value measurement is based on market data, having regard:

- for insurance product – market prices and other relevant information generated by identical or comparable market transactions,
- for lending product – an income approach to calculate the present value of the future cash flows.

If the Bank performs activities or services related to the insurance product, or if the performance of such activities is likely, the commission for the agency services (in accordance with fair value allotment) is recognised in accordance with IAS 18 for the duration of the insurance contract according to the degree of completion of the service or activity.

In addition, the Bank estimates the share of commission that will be returned (e.g. due to the termination of the insurance contract by the customer, prepayments or other) in the periods after the sale of an insurance product. The estimated part of commission is deferred up to the value of expected returns.

Revenues from intermediary services of financial products

The Group recognises revenues and the allocated to them costs associated with the intermediary services of financial products based on invoices issued and estimates made. The amount of the revenue is determined as the fair value of the payment received or due. In accordance with IAS 18, the revenue from the intermediary in sale of a given financial product is recognized in statement of comprehensive income when the following conditions have been met:

- the entity has transferred to the buyer significant risks and rewards of ownership of the product (through the customer's submission of application form for loan/investment/insurance product required by the relevant bank/financial institution),
- the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the products sold,
- the amount of revenue can be measured reliably.

Result on financial instruments measured at fair value through profit or loss and net foreign exchange gains

Result on financial instruments measured at fair value through profit or loss and net foreign exchange gains comprises profits and losses from fair value measurement of held-for-trading financial assets and liabilities, financial assets and liabilities initially recognised as financial instruments measured at fair value through profit or loss and derivatives, as well as gains and losses arising from the purchase/disposal of foreign currencies and from the translation of assets and liabilities denominated in foreign currencies at the average NBP exchange rate for a given currency prevailing the balance sheet date.

Result on other financial instruments

Result on other financial instruments comprises of realised gains and losses from disposal of financial assets classified as available-for-sale and held-to-maturity.

5.31. Other operating income and expense

Other operating income and expense comprises income and expenses not related directly to the banking activities of the Group. These include, in particular, the result from sale and disposal of fixed assets, net gains/losses from fair value adjustments of investment properties, income from sale of other services, penalties and fines received and paid, as well as expense relating to the debt collection activities and court fees. Moreover, in other operating income the Group recognises also a gain on bargain purchase from the business combinations in accordance with IFRS 3.

5.32. Dividends

Dividend income is recognised 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.

5.33. Corporate income taxi

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 reporting date.

Deferred tax

For the purposes of financial reporting, deferred tax is provided calculated, using the liability method, on temporary differences arising as 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 recognised 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 recognised 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 utilised 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 recognised 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 utilised.

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 realisation of the deferred tax asset. A deferred tax asset that was not recognised is re-assessed as at the end of each reporting period and is recognised to the amount which corresponds to the probability of generating taxable income in the future in order to utilise that asset.

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

Income tax concerning items recognised directly in other comprehensive income or in equity is recognised directly in other comprehensive income or in equity, respectively. The Group 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.

6. Significant values based on professional judgement and estimates

6.1. Professional judgement

In process of applying accounting principles (policies) to the following issues the most important was management's professional judgment apart from accounting estimates.

Commissions for insurance

The Group applies the following principles for revenue recognition from commissions received for offering the Bank's customers insurance products:

The Bank offering insurance products to its customers, recognises revenue from insurance services based on professional judgement whether the sale of the insurance is limited to the provision of insurance products or the sale of insurance is linked to the lending product. The assessment is based on the economic content of an offered loan and insurance products sold by the Bank. The aim of the assessment is to distinguish based on the economic content the revenue which account for:

- an integral part of the remuneration for offering extra lending product,
- the remuneration for providing agency services,
- the remuneration for providing additional services after the sale of product.

The assessment whether there is a direct combination is made based on:

- the ability to purchase lending product without insurance product (independence of loan and insurance agreements),
- the correlation between lending margin and the conclusion of the insurance agreement,
- the voluntary of the conclusion the insurance agreement,
- the ability to provide individual policy from any insurance company by the customer without the participation of the Bank,
- assessment of the profitability of lending products based on management reports in regard to result on providing agency services on the sale of insurance products,
- assessment of the share of sales of combined products, i.e. the percentage share of lending products combined with insurance protection to the amount of lending products in the Bank's portfolio,
- level of abandonment and the amount of commissions returned,
- renewed insurance agreements after the initial period of the agreement.

Under the assessment the Group may conclude:

- the existence of direct combination which results in the recognition of remuneration for offering insurance products under the amortized cost method using the effective interest rate method in interest income,
- no direct combination which results in the recognition of remuneration for offering insurance products in commission income in accordance with IAS 18,
- the existence of the combined lending and insurance product, resulting in the allotment of recognised remuneration for offering insurance products allocating the fair value of lending product and the fair value of an insurance product sold in conjunction with these lending product.

If combined product is identified, the remuneration for the sale of insurance product is allotted and recognised as a part of amortized cost of lending product and as commission income related to agency services. Allotment is made according to the ratio of the fair value of the lending product and the fair value of agency services in relation to the sum of these two values. Fair value measurement is based on market data, having regard:

- for insurance product – market prices and other relevant information generated by identical or comparable market transactions,
- for lending product – an income approach to calculate the present value of the future cash flows.

If the Bank performs activities or services related to the insurance product, or if the performance of such activities is likely, the commission for the agency services (in accordance with fair value allotment) is recognised in accordance with IAS 18 for the duration of the insurance contract according to the degree of completion of the service or activity.

In addition, the Bank estimates the share of commission that will be returned (e.g. due to the termination of the insurance contract by the customer, prepayments or other) in the periods after the sale of an insurance product. The estimated part of commission is deferred up to the value of expected returns.

Classification of lease contracts

The Group 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 Group 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.

Consolidation of the Special Purpose Entity

In connection with the transaction of securitisation of the Getin Noble Bank S.A. car loans carried out in December 2012, the Bank performed an analysis of the risks, benefits and the business sense of the special purpose entity, GNB Auto Plan Sp. z o.o. (SPV) under the provisions of IFRS 10. On the basis of the conclusions, it was stated that the substance of the relationship between the SPV and the Bank indicates that the SPV is controlled by the Bank. Therefore, the SPV has been consolidated using the full method, despite the fact that the Group does not hold any equity interest in the entity.

6.2. Uncertainty of estimates

While preparing financial statements in accordance with IFRS, the Group 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 Group'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 Group, 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 Group include:

Impairment of loans and advances

At the end of each reporting period, the Group assesses whether there is any objective evidence that a financial asset or a group of assets is impaired. The Group 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 unfavourable 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 investment properties

The Group estimates the fair value of investment properties. Estimation reflects market conditions and is made based on a current valuation of properties.

Impairment of other tangible fixed assets

At the end of each reporting period the Group 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 Group may receive in respect of any asset and other factors. While estimating the fair value less costs to sell, the Group uses available market data or independent appraisals, which in principle are also based on estimates.

Valuation of provisions for retirement benefits

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 Group 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 Group 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 Group'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).

Items of deferred tax assets

The Group 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 Group 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. Change in accounting estimates

In current reporting period the Group did not change the areas for which estimates were made.

7. Correction of prior period errors

In the 12-month period ended 31 December 2014 the Group did not make any corrections of prior period errors.

8. Net interest income

	01.01.2014-31.12.2014 PLN thousand	01.01.2013-31.12.2013 PLN thousand
Interest income related to:		
loans and advances to customers and finance lease	2,869,961	2,967,103
amounts due from banks and financial institutions	32,622	38,199
available-for-sale and held-to-maturity financial assets	290,426	275,906
derivative financial instruments	356,425	482,284
obligatory reserve	45,604	53,263
Total interest income	**3,595,038**	**3,816,755**
of which: interest income from impaired financial assets	228,400	223,289
interest income calculated using the effective interest rate in relation to financial assets not measured at fair value through profit or loss	3,238,613	3,334,471
Interest expense related to:		
amounts due to customers	1,758,889	2,153,835
amounts due to banks and financial institutions	83,619	52,986
derivative financial instruments	130,620	147,181
debt securities issued	191,365	164,919
Total interest expense	**2,164,493**	**2,518,921**
of which: interest expense calculated using the effective interest rate in relation to financial liabilities not measured at fair value through profit or loss	2,033,873	2,371,740
Net interest income	**1,430,545**	**1,297,834**

9. Net fee and commission income

	01.01.2014-31.12.2014 PLN thousand	01.01.2013-31.12.2013 (restated) PLN thousand
Fee and commission income related to:		
loans, advances and leases granted	73,372	79,878
bank accounts service	65,017	62,456
payment cards and credit cards	50,192	45,212
investment products and asset management	214,685	216,835
insurance products	203,999	210,565
brokerage activities	42,990	26,783
other fee and commission income	3,365	2,395
Total fee and commission income	**653,620**	**644,124**
Fee and commission expense related to:		
loans, advances and leases granted	16,874	17,879
payment cards and credit cards	42,198	33,240
investment and deposit products and asset management	117,169	106,737
insurance products *	23,295	43,081
brokerage activities	10,067	1,938
other fee and commission expense	6,975	4,950
Total fee and commission expense	**216,578**	**207,825**
Net fee and commission income	**437,042**	**436,299**

* In 2014 the Group changed rules of recording commission returns due to customer cancellation of insurance – so far it was presented as the commission expense, and starting from 2014 it reduces commission income from insurance products.

10. Dividend income

	01.01.2014-31.12.2014 PLN thousand	01.01.2013-31.12.2013 PLN thousand
Dividends received from issuers of financial instruments classified as available-for-sale	2,932	2,395
Total dividend income	**2,932**	**2,395**

11. Result on financial instruments measured at fair value through profit or loss and net foreign exchange gains

	01.01.2014-31.12.2014 PLN thousand	01.01.2013-31.12.2013 PLN thousand
Result on financial instruments measured at fair value through profit or loss, of which:	50,238	10,611
debt securities	5,627	4,835
equity securities	4,688	330
derivative instruments	39,923	5,446
Exchange differences on translation of foreign currency loans	39,559	51,224
Other exchange differences	19,407	23,667
Total result on financial instruments measured at fair value through profit or loss and net foreign exchange gains	**109,204**	**85,502**

12. Result on other financial instruments

	01.01.2014-31.12.2014 PLN thousand	01.01.2013-31.12.2013 PLN thousand
Result on debt securities	34,291	32,027
Result on equity securities	2,557	4,075
Total result on other financial instruments	**36,848**	**36,102**

13. Net other operating income and expense

	01.01.2014-31.12.2014 PLN thousand	01.01.2013-31.12.2013 (restated) PLN thousand
Other operating income:		
rental income	14,415	25,490
gain from bargain purchase of Dexia Kommunalkredit Bank Polska S.A. and the organised part of the DnB Nord business	-	70,300
recovered legal and debt collection costs	18,992	22,719
revenues from sales of products and services, goods and materials	6,790	8,721
Revenues from sale of receivables	8,978	3,076
revenues from lease activities	38,735	24,981
revenues from brokerage activities	4,886	3,624
other income	18,404	23,936
Total other operating income	**111,200**	**182,847**

Other operating expense:		
rental costs	12,229	24,985
cost of products, goods and materials sold	13,469	13,180
debt collection and monitoring of receivables, including legal costs	52,549	45,944
recognition of provisions and impairment charges for other assets	17,634	10,130
costs related to purchase of the organised part of the DnB Nord and DZ Bank	-	8,484
costs related to investment products	10,406	17,138
costs of promotions and rewards for customers	29,684	17,061
net loss from fair value adjustments of investment properties	10,336	1,097
other expense	25,152	16,644
Total other operating expense	**171,459**	**154,663**
Net other operating income and expense	**(60,259)**	**28,184**

14. Administrative expenses

	01.01.2014-31.12.2014 PLN thousand	01.01.2013-31.12.2013 (restated) PLN thousand
Employee benefits	402,621	378,142
salaries	337,047	316,125
employment costs and other employee benefits	63,673	59,548
costs of management option schemes	1,901	2,469
Use of materials and energy	33,451	37,745
External services, of which:	330,894	311,752
marketing and advertising	69,003	56,042
IT services	26,284	23,237
lease and rental	124,810	115,643
security and cash processing services	6,815	7,295
telecommunication and postal services	45,850	52,296
legal and advisory services	8,907	7,176
other external services	49,225	50,063
Other taxes and charges	10,558	14,446
Payments to the Bank Guarantee Fund and the Polish Financial Supervision Authority	68,881	54,479
Amortisation and depreciation	68,194	72,786
Other expenses	8,431	9,603
Total administrative expenses	**923,030**	**878,953**

15. Net impairment allowances on financial assets and off-balance sheet provisions

2014	Loans and advances to customers				Total loans and advances	Amounts due from banks	Available-for-sale financial assets	Finance lease receivables	Off-balance sheet provisions	Total
	corporate	car	mortgage	retail						
	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand
Impairment allowances/provisions at the beginning of the period	**282,881**	**753,762**	**1,883,899**	**1,434,837**	**4,355,379**	**710**	**12,470**	**107,619**	**6,420**	**4,482,598**
Net change in impairment allowances/ provisions recognised in the income statement	77,941	51,931	376,077	190,971	**696,920**	170	126	37,670	(1,850)	**733,036**
Utilisation - write-offs	(4,084)	(23,309)	(53,370)	(9,218)	**(89,981)**	-	(10)	(5,123)	-	**(95,114)**
Utilisation - sale of the portfolio	(14,047)	(263,953)	(287,504)	(667,668)	**(1,233,172)**	-	-	-	-	**(1,233,172)**
Net other increases/ (decreases)	(11,377)	(11,708)	(89,471)	(43,604)	**(156,160)**	-	-	(1,126)	-	**(157,286)**
Impairment allowances/provisions at the end of the period	**331,314**	**506,723**	**1,829,631**	**905,318**	**3,572,986**	**880**	**12,586**	**139,040**	**4,570**	**3,730,062**

2013	Loans and advances to customers				Total loans and advances	Amounts due from banks	Available-for-sale financial assets	Finance lease receivables	Off-balance sheet provisions	Total
	corporate	car	mortgage	retail						
	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand
Impairment allowances/provisions at the beginning of the period	**245,881**	**695,658**	**1,845,801**	**1,329,385**	**4,116,725**	**-**	**1,532**	**81,590**	**1,714**	**4,201,561**
Net change in impairment allowances/ provisions recognised in the income statement	60,135	110,194	176,381	233,234	**579,944**	711	8,176	30,913	4,699	**624,443**
Utilisation - write-offs	(2,675)	(5,929)	(9,489)	(12,376)	**(30,469)**	-	-	(2,510)	-	**(32,979)**
Utilisation - sale of the portfolio	(15,049)	(28,928)	(18,002)	(73,936)	**(135,915)**	-	-	-	-	**(135,915)**
Net other increases/ (decreases)	(5,411)	(17,233)	(110,792)	(41,470)	**(174,906)**	(1)	2,762	(2,374)	7	**(174,512)**
Impairment allowances/provisions at the end of the period	**282,881**	**753,762**	**1,883,899**	**1,434,837**	**4,355,379**	**710**	**12,470**	**107,619**	**6,420**	**4,482,598**

16. Income tax

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 later amendments.

For purposes of financial reporting, 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.

	01.01.2014-31.12.2014 PLN thousand	01.01.2013-31.12.2013 PLN thousand
Consolidated income statement		
Current income tax	13,724	31,653
Current tax charge	10,798	30,219
Adjustments related to current tax from previous years	2,926	1,434
Deferred income tax	(59,949)	(46,142)
Related to origination and reversal of temporary differences	(47,350)	(81,458)
Adjustments related to deferred tax from previous years	(344)	-
Utilisation of tax loss from previous years	1,499	35,316
Tax loss from previous years	(13,754)	-
Tax charge/(benefit) in the consolidated income statement	**(46,225)**	**(14,489)**
Consolidated statement of comprehensive income		
Current income tax	-	-
Deferred income tax	(6,687)	(3,582)
Related to origination and reversal of temporary differences, of which:	(6,687)	(3,582)
related to available-for-sale financial assets	7,102	(12,499)
related to cash flow hedges	(13,815)	8,932
related to actuarial gains/ losses	26	(15)
Tax charge/(benefit) in the consolidated statement of comprehensive income	**(6,687)**	**(3,582)**
Total main components of tax charge/ (benefit)	**(52,912)**	**(18,071)**

Significant impact on the tax benefit recognised in the consolidated income statement for the year 2014 have deductible temporary differences between the value of leased fixed assets and the value of the net investment in the lease in the amount of PLN 121,677 thousand, and between the book value and tax value of lease receivables in the amount of PLN 2,582 thousand arising in leasing companies operating as limited joint-stock partnerships (SKA).

Deductible temporary differences are recognised in SKA in connection with the fact that the limited joint-stock partnerships began to apply the amended Act on income tax from legal persons. SKA operating in the Group will be liable to pay income tax in the IV quarter of 2015, i.e. from the first financial year starting after 1 January 2014. From that moment the temporary differences will be subject to utilisation.

The Group did not recognise deferred tax liability for potential payment of a dividend by SKA, which results from the fact that the Bank as the parent company of the Group controls the dividend policy of its subsidiaries and in accordance with current business and financial plans of the Group, profits of SKA will not be divided and distributed in the foreseeable future, but will be used for their further development and increasing market competitiveness.

	01.01.2014-31.12.2014 PLN thousand	01.01.2013-31.12.2013 PLN thousand
Profit before tax	**314,268**	**387,995**
Tax charge at 19% tax rate	59,711	73,719
Non-taxable income	(9,947)	(5,544)
Non-tax-deductible costs	26,072	6,649
Unrecognised tax losses	-	(4,506)
Temporary differences due to deferred tax calculation in SKA leasing companies	(124,259)	(83,796)
Other permanent differences	2,198	(1,011)
Tax charge in the consolidated income statement	**(46,225)**	**(14,489)**
Adjustment of temporary differences due to deferred tax calculation in SKA leasing companies	124,259	83,796
Tax charge in the consolidated income statement after the adjustment of temporary differences due to deferred tax calculation in SKA leasing companies	**78,034**	**69,307**
Effective tax rate	**24.83%**	**17.86%**

	As at 01.01.2014	Changes in period		As at 31.12.2014
		Recognised in the income statement	Recognised in other comprehensive income	
	PLN thousand	PLN thousand	PLN thousand	PLN thousand
Deferred income relating to securities and derivatives	35,103	5,022	-	40,125
Deferred income relating to loans and deposits	64,011	4,994	-	69,005
Depreciation (fixed assets financed by investment tax relief)	619	(33)	-	586
Fees and commissions paid in advance	190,716	(90,587)	-	100,129
Surplus of tax amortisation	7,413	4,943	-	12,356
Valuation of available-for-sale financial assets	489	-	836	1,325
Provision for non-tax deductible amortisation of intangible assets acquired within an organised part of a business	6,901	(672)	-	6,229
Other	1,905	571	-	2,476
Deferred tax liability	**307,157**	**(75,762)**	**836**	**232,231**
Interest on deposits, issue of own securities, derivative instruments and interest on bonds	153,321	(11,432)	-	141,889
Impairment allowances on loans	428,806	(62,940)	-	365,866
Tax loss from previous years	17,621	(1,498)	-	16,123
Tax loss from current year	-	13,754	-	13,754
Revenue taxed in advance	105,785	(72,434)	-	33,351
Provisions for expected liabilities and costs	12,483	3,126	-	15,609
Valuation of available-for-sale financial assets	10,240	-	(6,266)	3,974
Valuation of cash flow hedge	22,045	-	13,815	35,860
Difference between value of leased assets and net lease investment	170,197	110,867	-	281,064
Other	23,727	4,744	(26)	28,445
Deferred tax assets	**944,225**	**(15,813)**	**7,523**	**935,935**
Net deferred tax assets	**637,068**	**59,949**	**6,687**	**703,704**

	As at 01.01.2013	Change in period			As at 31.12.2013
		Recognised in the income statement	Recognised in other comprehensive income	Acquisition/ sale of entities	
	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand
Deferred income relating to securities and derivatives	32,335	1,239	-	1,529	35,103
Deferred income relating to loans and deposits	68,777	(5,182)	-	416	64,011
Depreciation (fixed assets financed by investment tax relief)	652	(33)	-	-	619
Fees and commissions paid in advance	168,969	21,549	-	198	190,716
Surplus of tax amortisation	4,436	2,977	-	-	7,413
Valuation of available-for-sale financial assets	2,796	-	(2,307)	-	489
Provision for non-tax deductible amortisation of intangible assets acquired within an organised part of a business	-	(281)	-	7,182	6,901
Other	3,886	(6,742)	3	4,758	1,905
Deferred tax liability	**281,851**	**13,527**	**(2,304)**	**14,083**	**307,157**
Interest on deposits, issue of own securities, derivative instruments and interest on bonds	131,959	20,839	-	523	153,321
Impairment allowances on loans	463,835	(35,029)	-	-	428,806
Tax loss from previous years	48,264	(35,145)	-	4,502	17,621
Revenue taxed in advance	98,232	6,413	-	1,140	105,785
Provisions for expected liabilities and costs	14,201	(2,051)	-	333	12,483
Impairment allowances	111	(111)	-	-	-
Valuation of available-for-sale financial assets	48	-	10,192	-	10,240
Valuation of cash flow hedge	30,977	-	(8,932)	-	22,045
Difference between value of leased assets and net lease investment	72,348	97,849	-	-	170,197
Other	16,398	6,904	18	407	23,727
Deferred tax assets	**876,373**	**59,669**	**1,278**	**6,905**	**944,225**
Net deferred tax assets	**594,522**	**46,142**	**3,582**	**(7,178)**	**637,068**

Tax settlements and other areas of operations under regulations 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 Group’s tax settlements may by increased by additional tax liability. In the opinion of the Group, as at 31 December 2014 appropriate provisions for recognised and quantifiable tax risk were made.

17. Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing a net profit for the period attributable to ordinary shareholders of the parent company by weighted average number of ordinary shares issued within the given period.

Weighted average number of shares for 2013 was adjusted by the number of ordinary shares repurchased by the Bank during the period multiplied by a time-weighting factor.

	01.01.2014-31.12.2014	01.01.2013-31.12.2013
Net profit attributable to equity holders of the parent (in PLN thousand)	360,032	399,725
Weighted average number of ordinary shares	2,650,143,319	2,624,491,350
Basic earnings per share (in PLN)	**0.14**	**0.15**

Diluted earnings per share

The diluted earnings per share is calculated by dividing net profit for the period attributable to the ordinary owners of the parent by the weighted average of issued ordinary shares outstanding during the period adjusted with the weighted average of the ordinary shares which would be issued as a result of the conversion of all dilutive potential equity instruments into the ordinary shares.

Neither in the 12-month period ended 31 December 2014 nor 2013 Getin Noble Bank S.A. did not issue convertible bonds or stock options. Diluted earnings per share is equal to basic earnings per share.

18. Cash and balances with the Central Bank

	31.12.2014 PLN thousand	31.12.2013 PLN thousand
Cash	173,780	149,136
Current account at the Central Bank	2,666,792	2,480,691
Other	11	11
Total cash and balances with the Central Bank	**2,840,583**	**2,629,838**

During the day, the Bank may use funds on the current account at the Central Bank to carry out current money settlements, however, it 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 NBP reference rate. As at 31 December 2014 the interest rate was 1.8% (2.475% as at 31 December 2013 that is 0.9 of the NBP rediscount rate).

19. Amounts due from banks and financial institutions

	31.12.2014 PLN thousand	31.12.2013 PLN thousand
Current accounts	2,373,479	364,823
Deposits and other receivables	71,467	1,015,707
Total amounts due from banks and financial institutions	**2,444,946**	**1,380,530**
Impairment allowances	(880)	(710)
Total amounts due from banks and financial institutions net	**2,444,066**	**1,379,820**

	31.12.2014 PLN thousand	31.12.2013 PLN thousand
Receivables with variable interest rate	2,391,533	1,154,044
Receivables with fixed interest rate	52,533	225,776
Total amounts due from banks and financial institutions net	**2,444,066**	**1,379,820**

	31.12.2014 PLN thousand	31.12.2013 PLN thousand
Current accounts and overnight deposits	2,373,479	1,195,441
Amounts due with term of maturity:	71,467	185,089
up to 1 month	49,980	44,894
from 1 to 3 months	1,206	26,145
from 3 months to 1 year	290	96,881
from 1 year do 5 years	19,991	17,169
Total amounts due from banks and financial institutions	**2,444,946**	**1,380,530**
Impairment allowances	(880)	(710)
Total amounts due from banks and financial institutions net	**2,444,066**	**1,379,820**

20. Financial assets held for trading

	31.12.2014 PLN thousand	31.12.2013 PLN thousand
Equity securities, of which:	135	201
listed	135	201
not listed	-	-
Debt securities, of which issued by:	16,937	4,913
banks and financial entities	4,540	1,123
non-financial entities	12,397	3,790
Total assets held for trading	**17,072**	**5,114**

Fair value of shares of listed companies was determined on the basis of published quotations from active market.

21. Financial assets at fair value through profit or loss

	31.12.2014 PLN thousand	31.12.2013 PLN thousand
Shares and stocks in other entities, of which:	170,371	-
not listed	170,371	-
Total financial assets at fair value through profit or loss	**170,371**	**-**

Financial assets at fair value through profit or loss are only financial assets that were classified in this category on initial recognition.

Shares and stocks in other not listed entities include a package of 858,334 ordinary registered shares of Towarzystwo Ubezpieczeń Europa S.A. (TU Europa), with a total nominal value of PLN 3,433 thousand, representing a total of 9.08% of the share capital and entitling to a total of 9.08% of votes at the general meeting of shareholders.

The fair value of the TU Europa shares on 31 December 2014 was based on the valuation prepared by an independent contractor specializing in this type of service. The valuation used a combination of three methods:

- index method based on the Price/Earnings ratio in a number of retrospective and prospective comparisons,
- index method based on the Price/Book value ratio, where the ratio was fixed for the comparison group as at 31 December 2014,
- income method assuming modeling of the entity's profits in the coming years and its ability to pay out dividends on the assumption of maintaining an appropriate level of solvency margin.

22. Derivative financial instruments

In the table below are presented nominal values of underlying instruments and fair value of derivative financial instruments according to their maturity:

	31.12.2014	up to 1 month	from 1 to 3 months	from 3months to 1 year	from 1 year to 5 years	over 5 years	Total	Fair value	
								assets	liabilities
		PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand
Currency transactions	**Currency swap**	**13,976,496**	**44,897**	**391,816,**	**110,494**	**-**	**14,523,703**	**74,622**	**46,670**
	Purchase	7,000,441	21,928	198,353	55,426	-	**7,276,148**		
	Sale	6,976,055	22,969	193,463	55,068	-	**7,247,555**		
	CIRS	**-**	**314,135**	**9,447,883**	**16,260,095**	**13,009,236**	**39,031,349**	**87,303**	**675,519**
	Purchase	-	136,900	4,626,658	8,009,159	6,504,618	**19,277,335**		
	Sale	-	177,235	4,821,225	8,250,936	6,504,618	**19,754,014**		
	FX/Purchase/Sale	**43**	**5**	**76,022**	**-**	**32,362**	**108,432**	**1,113**	**199**
	Purchase	43	5	28,666	-	28,452	**57,166**		
	Sale	-	-	47,356	-	3,910	**51,266**		
	Forward	**166,800**	**94,566**	**111,537**	**-**	**-**	**372,903**	**20,882**	**11,494**
	Purchase	83,076	46,049	61,914	-	-	**191,039**		
	Sale	83,724	48,517	49,623	-	-	**181,864**		
Interest rate transactions	**Interest rate swap (IRS)**	**-**	**-**	**57,384**	**98,544**	**298,922**	**454,850,**	**21,811**	**2,800**
	Purchase			28,692	49,272	149,461	**227,425**		
	Sale			28,692	49,272	149,461	**227,425**		
	Options	**-**	**-**	**-**	**677,184**	**841,944**	**1,519,128**	**5,815**	**5,857**
	Purchase	-	-	-	338,486	420,972	**759,458**		
	Sale	-	-	-	338,698	420,972	**759,670**		
Other transactions	**Index and commodity contracts**	**2,252**	**3,378**	**57,175**	**-**	**856**	**63,661**	**3,107**	**267**
	Purchase	1,654	317	31,991	-	41	**34,003**		
	Sale	598	3,061	25,184	-	815	**29,658**		
	Share options	**-**	**-**	**-**	**-**	**165,658**	**165,658**	**31,580**	**-**
	Purchase	-	-	-	-	165,658	**165,658**		
	Sale	-	-	-	-	-	**-**		
	Other	**346**	**844**	**1,305**	**-**	**-**	**2,495**	**1,094**	**9**
	Purchase	346	844	641	-	-	**1,831**		
	Sale	-	-	664	-	-	**664**		
	Total derivative financial instruments	**14,145,937**	**457,825**	**10,143,122**	**17,146,317**	**14,348,978**	**56,242,179**	**247,327**	**742,815**

	31.12.2013	up to 1 month	from 1 to 3 months	from 3months to 1 year	from 1 year to 5 years	over 5 years	Total	Fair value	
								assets	liabilities
		PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand
Currency transactions	**Currency swap**	**14,729,031**	**103,033**	**126,546**	**-**	**-**	**14,958,610**	**24,585**	**27,862**
	Purchase	7,360,816	52,561	63,920	-	-	**7,477,297**		
	Sale	7,368,215	50,472	62,626	-	-	**7,481,313**		
	CIRS	**319,330**	**1,404,315**	**5,686,556**	**24,044,407**	**6,111,990**	**37,566,598**	**202,009**	**444,077**
	Purchase	150,250	696,005	2,744,564	12,034,497	3,055,995	**18,681,311**		
	Sale	169,080	708,310	2,941,992	12,009,910	3,055,995	**18,885,287**		
	FX/Purchase/Sale	**42,334**	**-**	**-**	**-**	**39,270**	**81,604**	**618**	**57**
	Purchase	21,167	-	-	-	25,933	**47,100**		
	Sale	21,167	-	-	-	13,337	**34,504**		
	Options	**2,664**	**5,326**	**2,662**	**-**	**-**	**10,652**	**307**	**307**
	Purchase	1,332	2,663	1,331	-	-	**5,326**		
	Sale	1,332	2,663	1,331	-	-	**5,326**		
	Forward	**78,898**	**47,022**	**200,064**	**-**	**-**	**325,984**	**2,115**	**3,338**
	Purchase	39,020	23,488	100,299	-	-	**162,807**		
	Sale	39,878	23,534	99,765	-	-	**163,177**		
Interest rate transactions	**Interest rate swap (IRS)**	**-**	**-**	**-**	**133,912**	**190,000**	**323,912**	**3,404**	**322**
	Purchase	-	-	-	66,956	95,000	**161,956**		
	Sale	-	-	-	66,956	95,000	**161,956**		
	Forward Rate Agreement (FRA)	**52,809**	**17,236**	**81**	**-**	**-**	**70,126**	**-**	**8**
	Purchase	-	-	-	-	-	**-**		
	Sale	52,809	17,236	81	-	-	**70,126**		
	Options	**-**	**-**	**-**	**122,167**	**849,898**	**972,065**	**5,199**	**5,299**
	Purchase	-	-	-	61,083	424,841	**485,924**		
	Sale	-	-	-	61,084	425,057	**486,141**		
Other transactions	**Index futures**	**1,000**	**-**	**-**	**-**	**-**	**1,000**	**-**	**1**
	Purchase	-	-	-	-	-	**-**		
	Sale	1,000	-	-	-	-	**1,000**		
	Index and commodity options	**17,166**	**28,542**	**15,542**	**-**	**-**	**61,250**	**-**	**-**
	Purchase	8,583	14,271	7,771	-	-	**30,625**		
	Sale	8,583	14,271	7,771	-	-	**30,625**		
	Index and commodity contracts	**-**	**890**	**-**	**-**	**-**	**890**	**-**	**-**
	Purchase	-	-	-	-	-	**-**		
	Sale	-	890	-	-	-	**890**		
	Other	**-**	**-**	**-**	**-**	**40,435**	**40,435**	**3,152**	**69**
	Purchase	-	-	-	-	29,656	**29,656**		
	Sale	-	-	-	-	10,779	**-**		
	Total derivative financial instruments	**15,243,232**	**1,606,364**	**6,031,451**	**24,300,486**	**7,231,593**	**54,413,126**	**241,389**	**481,340**

23. Loans and advances to customers

	31.12.2014 PLN thousand	31.12.2013 PLN thousand
Loans and advances	47,966,926	49,171,231
Purchased receivables	364,081	362,095
Payment cards and credit cards receivables	152,358	175,246
Total loans and advances to customers	**48,483,365**	**49,708,572**
Impairment allowances	(3,572,986)	(4,355,379)
Total loans and advances to customers net	**44,910,379**	**45,353,193**

31.12.2014	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	4,804,486	550,985	(35,319)	(295,995)	**5,024,157**
car loans	2,738,079	648,605	(26,553)	(480,170)	**2,879,961**
mortgage loans	30,651,166	4,179,642	(134,143)	(1,695,488)	**33,001,177**
retail loans	3,627,218	1,283,184	(62,105)	(843,213)	**4,005,084**
Total	**41,820,949**	**6,662,416**	**(258,120)**	**(3,314,866)**	**44,910,379**

31.12.2013	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	4,681,583	382,732	(34,298)	(248,583)	**4,781,434**
car loans	3,024,913	946,700	(38,218)	(715,544)	**3,217,851**
mortgage loans	32,006,501	3,659,150	(137,250)	(1,746,649)	**33,781,752**
retail loans	3,246,421	1,760,572	(58,241)	(1,376,596)	**3,572,156**
Total	**42,959,418**	**6,749,154**	**(268,007)**	**(4,087,372)**	**45,353,193**

	31.12.2014 PLN thousand	31.12.2013 PLN thousand
Loans and advances to customers with due date:		
up to 1 month	5,335,989	6,599,705
from 1 month to 3 months	781,203	778,826
from 3 months to 1 year	2,958,780	3,194,617
from 1 year to 5 years	10,470,649	10,090,113
over 5 years	28,936,744	29,045,311
Total loans and advances to customers	**48,483,365**	**49,708,572**
Impairment allowances	(3,572,986)	(4,355,379)
Total loans and advances to customers net	**44,910,379**	**45,353,193**

	31.12.2014 PLN million	31.12.2013 PLN million
The value of loans and advances with fixed interest rate	828	1,285
% of the total loans and advances portfolio	1.84%	2.81%

	31.12.2014 PLN thousand	31.12.2013 PLN thousand
Loans and advances to customers, of which:		
local government units	1,094,499	951,073
financial institutions other than banks	419,233	138,022
non-financial institutions other than natural persons	6,575,288	6,720,942
natural persons	36,821,359	37,543,156
Total loans and advances to customers net	**44,910,379**	**45,353,193**

In 2014 Getin Noble Bank SA sold its loan receivables, which consisted of impaired loans and receivables written off in the books of the Bank. The nominal value of the portfolio being subject to assignment agreements amounted in total to PLN 1.8 billion.

24. Finance and operating lease

Finance lease receivables

Getin Noble Bank S.A. Group conducts lease activity through entities of Getin Leasing S.A. Group. Leased assets are mainly means of transport, equipment, machines and equipment, professional as well as medical equipment. The lease contracts are concluded in PLN and EUR for a term from 2 to 7 years.

	Minimum lease payments		Present value of minimum lease payments	
	31.12.2014 PLN thousand	31.12.2013 PLN thousand	31.12.2014 PLN thousand	31.12.2013 PLN thousand
Gross lease receivables:	**4,201,013**	**3,054,376**	**3,761,159**	**2,706,820**
up to 1 year	1,695,778	1,260,535	1,472,707	1,086,580
from 1 year to 5 years	2,388,261	1,754,475	2,176,792	1,583,532
over 5 years	116,974	39,366	111,660	36,708
Unrealised financial income	(439,854)	(347,556)		
Present value of minimum lease payments	**3,761,159**	**2,706,820**	**3,761,159**	**2,706,820**
Impairment allowances	(139,040)	(107,619)		
Total finance lease receivables net	**3,622,119**	**2,599,201**		

Not guaranteed residual values attributable to lessor as at 31 December 2014 mounted to PLN 330,390 thousand (PLN 267,677 thousand as at 31 December 2013).

	31.12.2014 PLN thousand	31.12.2013 PLN thousand
Gross value of unimpaired receivables	3,567,246	2,534,763
Gross value of impaired receivables	193,913	172,057
Allowances for unimpaired receivables	(6,581)	(5,549)
Allowances for impaired receivables	(132,459)	(102,070)
Total finance lease receivables net	**3,622,119**	**2,599,201**

Liabilities arising from finance leases

The Group uses part of the computer equipment under finance leases. After the end of the lease the Group has the right to acquire the object of leasing, provided that it has fulfilled all obligations to the lessor. If the Group does not exercise the option to purchase the leased asset, it is required to return it to the lessor. The lease agreements do not provide for the possibility of extending the period of the lease. There are no other restrictions. There are no contingent rents.

	Minimum lease payments		Present value of minimum lease payments	
	31.12.2014 PLN thousand	31.12.2013 PLN thousand	31.12.2014 PLN thousand	31.12.2013 PLN thousand
Lease liabilities:	**9,064**	**20,329**	**8,964**	**19,723**
up to 1 year	7,293	111	7,230	110
from 1 year to 5 years	1,771	20,218	1,734	19,613
Future financial burden	(100)	(606)		
Present value of minimum lease payments	**8,964**	**19,723**		

As at 31 December 2014 the net carrying value of fixed assets used under finance leases amounted to PLN 14,503 thousand (PLN 14,517 thousand at 31 December 2013).

Liabilities arising from operating lease – the Group as lessee

Operating lease agreements in which the Group is the lessee, lease relate to property and movable property used by the Group in the normal course of operations. According to the agreements for the duration of the lease agreement the leased asset is used by the Group. In exchange for the acquired rights to use of the leased asse, the Ggroup is required to make lease payments in the amounts and on the dates specified in the lease agreements. Some contracts provide for the possibility of renewal or purchase options.

	31.12.2014 PLN thousand	31.12.2013 PLN thousand
Payments due from the balance sheet date:		
up to 1 year	54,142	58,524
from 1year to 5 years	79,648	106,192
over 5 years	9,246	11,310
Total future minimum payments arising from irrevocable operating leases	**143,036**	**176,026**

Lease payments arising from operating leases are recognised as costs in the income statement on a straight-line basis during the lease term. Both in 2014, as well as in 2013, there were no significant contingent lease fees or irrevocable subleasing contracts

Operating lease agreements - Group as lessor

The Group earns income from renting business premises and residential investment property held and long-term rental of vehicles. These agreements are treated as operating lease. These agreements do not provide for contingent fees incurred by the lessee, from the provisions of the lease agreements do not arise limitations. Agreements are concluded mainly for a specified period, with the possibility of renewal or purchase the object of the contract.

	31.12.2014 PLN thousand	31.12.2013 PLN thousand
Payments due from the balance sheet date:		
up to 1 year	18,105	608
from 1year to 5 years	3,661	365
Total future minimum payments arising from irrevocable operating leases	**21,766**	**973**

25. Financial assets

Available-for sale financial assets

	31.12.2014 PLN thousand	31.12.2013 PLN thousand
Available-for-sale debt securities	**11,304,511**	**8,759,832**
issued by central banks	3,299,621	3,699,168
issued by banks and other financial entities	123,628	84,579
issued by non- financial entities	71,879	41,431
issued by the State Treasury	7,809,383	4,934,654
Impairment allowances	**(5,051)**	**(5,801)**
issued by non- financial entities	(5,051)	(5,801)
Total available-for-sale debt securities net	**11,299,460**	**8,754,031**
Available-for-sale equity securities	**112,964**	**10,928**
issued by banks and other financial entities	103,231	2,281
issued by non- financial entities	9,733	8,647
Impairment allowances	**(7,535)**	**(6,669)**
issued by non- financial entities	(7,535)	(6,669)
Total available-for-sale equity securities net	**105,429**	**4,259**
Total available-for-sale financial assets	**11,404,889**	**8,758,290**

	01.01.2014-31.12.2014 PLN thousand	01.01.2013-31.12.2013 PLN thousand
Available-for-sale financial assets at the beginning of the period	**8,758,290**	**7,199,792**
Increases	274,834,389	242,778,734
Decreases	(272,227,537)	(241,179,817)
Impairment allowances	(126)	(8,176)
Fair value changes	39,873	(32,243)
Available-for-sale financial assets at the end of the period	**11,404,889**	**8,758,290**

	31.12.2014 PLN thousand	31.12.2013 PLN thousand
Available-for-sale financial assets with maturity date:	11,304,511	8,759,832
up to 1 month	3,355,531	3,731,118
from 1 to 3 months	3,294	2,808
from 3 months to 1 year	166,094	50,784
from 1 year to 5 years	6,837,464	4,092,513
over 5 years	942,128	882,609
Equity securities of uncertain maturity	112,964	10,928
Total available-for-sale financial assets net	**11,417,475**	**8,770,760**
Impairment allowances	(12,586)	(12,470)
Total available-for-sale financial assets net	**11,404,889**	**8,758,290**

Held-to-maturity financial assets

	31.12.2014 PLN thousand	31.12.2013 PLN thousand
Held-to-maturity financial assets	**136,780**	**113,205**
issued by banks and other financial entities	40,923	40,934
issued by local government units	95,857	72,271
Impairment allowances	-	-
Total held-to-maturity financial assets net	**136,780**	**113,205**

	01.01.2014-31.12.2014 PLN thousand	01.01.2013-31.12.2013 PLN thousand
Held-to-maturity financial assets at the beginning of the period	**113,205**	**-**
Increases	36,000	112,267
Decreases	(12,500)	-
Impairment allowances	-	-
Accrued interest and eir adjustments	75	938
Held-to-maturity financial assets at the end of the period	**136,780**	**113,205**

	31.12.2014 PLN thousand	31.12.2013 PLN thousand
Held-to-maturity financial assets with maturity date:	136,780	113,205
up to 1 month	71	78
from 1 to 3 months	-	-
from 3 months to 1 year	1,098	1,495
from 1 year to 5 years	57,843	50,574
over 5 years	77,768	61,058
Total held-to-maturity financial assets	**136,780**	**113,205**
Impairment allowances	-	-
Total held-to-maturity financial assets net	**136,780**	**113,205**

26. Assets pledged as security

	Carrying amount of assets pledged as security	
	31.12.2014 PLN thousand	31.12.2013 PLN thousand
Available-for-sale financial assets:		
Treasury bonds as collateral for Guaranteed Deposit Protection Funds of the Bank Guarantee Fund	328,723	307,574
Treasury bonds as collateral for loans received	3,609,568	2,651,676
Treasury bonds as collateral in a repo agreement	1,644,426	644,222
Treasury bonds as collateral for receivables repayment	22,923	-
Total assets pledged as security	**5,605,640**	**3,603,472**

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 (BFG), Getin Noble Bank S.A. maintains 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.

27. Investments in associates

Information on associates of the Group are the following:

	% share in share capital and rights to votes by the Group	
	31.12.2014	**31.12.2013**
Open Finance S.A.	42.15%	42.15%

Open Finance S.A. is consolidated in the consolidated financial statements with equity method.

	01.01.2014-31.12.2014 PLN thousand	01.01.2013-31.12.2013 PLN thousand
Investments in associates at the beginning of the period	**357,492**	**386,075**
Purchase/ (sale) of shares	-	(53,107)
Share of profit/ (loss) *	12,520	24,524
Investments in associates at the end of the period	**370,012**	**357,492**

* Share of profit of associates included in the consolidated income statement was adjusted for the elimination of the Bank's share of unrealised gains on transactions between the Bank and entities of Open Finance S.A. Group.

Presented below is a summary of the financial data of the associate. The amounts shown come from the consolidated financial statements of the Open Finance S.A. Capital Group prepared in accordance with IFRS.

	31.12.2014 PLN thousand	31.12.2013 PLN thousand
Non-current assets	496,977	459,873
Current assets	201,020	179,786
Current liabilities	190,651	75,458
Non-current liabilities	54,570	144,116

	01.01.2014-31.12.2014 PLN thousand	01.01.2013-31.12.2013 PLN thousand
Sales revenues	348,366	440,274
Net profit *	29,700	56,186
Total comprehensive income *	29,700	56,186

* Attributable to equity holders of the parent

The fair value of the investment in Open Finance S.A., for which there are published price quotations amounted to PLN 60,482 thousand as at 31 December 2014.

Test for impairment of investment in associate Open Finance S.A.

In order to verify whether there was impairment of investment in associate in accordance with IAS 36, the carrying value of the investment is compared to its recoverable amount, which is the higher of fair value less costs to sell and value in use. The value in use of investment was estimated based on the expected results of the Open Finance S.A. Capital Group based on the budgets approved by management. Cash flow projections were developed for the three-year planning period, and then assumed the residual value in the form of a real constant flow based on the results in the third period of the forecast.

Assumed discount rate based on the cost of equity of Open Finance S.A. calculated using the beta indicator for comparable companies. The discount rate was increased due to the existing uncertainty as to maintain the current level of risk-free interest rate and in order to take into account the risk of non-compliance with the company's financial forecasts. Besides flows arising from the profit forecast of the Open Finance S.A. Group, also an analysis of the synergy business of associate with Getin Noble Bank S.A. The financial effects of the identified areas of synergies have been estimated and discounted with cost of equity of the Bank.

The recoverable amount of the investment in the associate was the value of cash flows discounted at the above assumptions, plus the balance of cash and assets in the consolidated statement of financial position of the Open Finance S.A. Capital Group. By comparing this value with the value of the recoverable amount of the investment, it is concluded that on 31 December 2014 there is no impairment of investment in associate.

28. Intangible assets

	31.12.2014 PLN thousand	31.12.2013 PLN thousand
Patents and licenses	84,800	64,581
Goodwill	51,307	51,307
Other intangible assets	49,895	56,736
Capital expenditure on intangible assets	42,999	32,410
Total intangible assets	**229,001**	**205,034**

Getin Noble Bank S.A. recognises an intangible asset in the form of relationships with deposit customers ("Core Deposit Intangible"), which have been identified and measured in the acquisition of an organised part of a business of DnB Nord Polska S.A. and DZ Bank Polska S.A. The relationships with customers reflect the benefits of obtaining a cheaper source of finance of the Bank activities and are measured at present value of future benefits as the difference between the cost of finance obtained from external sources and the interest cost of the acquired current accounts including estimated customer behaviour.

The core deposit intangible is subject to straight-line amortisation over a period of 103 months, i.e. the period within which according to the assumptions the majority of benefits from the intangible assets is expected to be realised. The remaining amortisation period from the end of 2014 is 84 months for the relationships identified in the acquisition of an organised part of a business of DnB Nord Polska S.A. and 88 months for the relationships identified in the acquisition of an organised part of a business of DZ Bank Polska S.A.

Goodwill was recognised upon the acquisition of Bank Przemysłowy S.A. in Łódź. The Group 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 recognised 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 3,770 million as of 31 December 2014),
- forecasted statement of financial position and income statement for the period covered by forecast,
- assumptions included in the Bank's budget,
- analysis of variances between the previously 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 8.02%, which includes the risk-free rate, risk premium, low capitalization premium and specific risk premium.

The carrying amount of goodwill amounted to PLN 51,307 thousand as at 31 December 2014 and no impairment was identified with respect to goodwill.

2014	Patents and licenses PLN thousand	Goodwill PLN thousand	Other intangible assets PLN thousand	Capital expenditures on intangible assets PLN thousand	Total PLN thousand
Gross value as at 01.01.2014	**180,368**	**51,307**	**66,698**	**32,410**	**330,783**
Increases, of which:	35,101	-	557	22,467	**58,125**
purchase	23,999	-	495	22,467	**46,961**
transfer of capital expenditures	11,102	-	62	-	**11,164**
Decreases, of which:	(41)	-	(39)	(11,878)	**(11,958)**
liquidation and sale	(41)	-	(39)	-	**(80)**
transfer of capital expenditures	-	-	-	(11,164)	**(11,164)**
other decreases	-	-	-	(714)	**(714)**
Gross value as at 31.12.2014	**215,428**	**51,307**	**67,216**	**42,999**	**376,950**
Amortisation as at 01.01.2014	**99,075**	-	**8,248**	-	**107,323**
Increases, of which:	14,870	-	7,367	-	**22,237**
amortisation charge for the period	14,870	-	7,367	-	**22,237**
Decreases, of which:	(29)	-	(8)	-	**(37)**
liquidation and sale	(29)	-	(8)	-	**(37)**
Amortisation as at 31.12.2014	**113,916**	**-**	**15,607**	**-**	**129,523**
Impairment allowances as at 01.01.2014	**16,712**	-	**1,714**	-	**18,426**
Increases	-	-	-	-	**-**
Decreases	-	-	-	-	**-**
Impairment allowances as at 31.12.2014	**16,712**	**-**	**1,714**	**-**	**18,426**
Carrying value as at 01.01.2014	**64,581**	**51,307**	**56,736**	**32,410**	**205,034**
Carrying value as at 31.12.2014	**84,800**	**51,307**	**49,895**	**42,999**	**229,001**

2013	Patents and licenses PLN thousand	Goodwill PLN thousand	Other intangible assets PLN thousand	Capital expenditures on intangible assets PLN thousand	Total PLN thousand
Gross value as at 01.01.2013	**151,931**	**51,307**	**7,379**	**16,842**	**227,459**
Increases, of which:	28,529	-	59,338	20,140	**108,007**
purchase	24,615	-	59,069	20,140	**103,824**
transfer of capital expenditures	3,878	-	-	-	**3,878**
acquisition of subsidiaries	36	-	269	-	**305**
Decreases, of which:	(92)	-	(19)	(4,572)	**(4,683)**
liquidation and sale	(92)	-	(19)	-	**(111)**
transfer of capital expenditures	-	-	-	(3,878)	**(3,878)**
other decreases	-	-	-	(694)	**(694)**
Gross value as at 31.12.2013	**180,368**	**51,307**	**66,698**	**32,410**	**330,783**
Amortisation as at 01.01.2013	**83,085**	-	**3,672**	-	**86,757**
Increases, of which:	16,063	-	4,595	-	**20,658**
amortisation charge for the period	15,584	-	4,420	-	**20,004**
acquisition of subsidiaries	30	-	166	-	**196**
other increases	449	-	9	-	**458**
Decreases, of which:	(73)	-	(19)	-	**(92)**
liquidation and sale	(73)	-	(19)	-	**(92)**
Amortisation as at 31.12.2013	**99,075**	**-**	**8,248**	**-**	**107,323**
Impairment allowances as at 01.01.2013	**14,562**	-	**1,714**	-	**16,276**
Increases	2,150	-	-	-	**2,150**
Decreases	-	-	-	-	-
Impairment allowances as at 31.12.2013	**16,712**	**-**	**1,714**	**-**	**18,426**
Carrying value as at 01.01.2013	**54,284**	**51,307**	**1,993**	**16,842**	**124,426**
Carrying value as at 31.12.2013	**64,581**	**51,307**	**56,736**	**32,410**	**205,034**

29. Property, plant and equipment

	31.12.2014 PLN thousand	31.12.2013 PLN thousand
Land and buildings	187,904	191,027
Plant and machinery	81,156	71,176
Vehicles	84,414	19,333
Of which cars in long-term rental	81,216	2,087
Other tangible fixed assets, including equipment	20,073	16,160
Assets under construction	12,394	25,540
Total property, plant and equipment	**385,941**	**323,236**

2014	Land and buildings PLN thousand	Plant and machinery PLN thousand	Vehicles PLN thousand	Other tangible fixed assets PLN thousand	Assets under construction PLN thousand	Total PLN thousand
Gross value as at 01.01.2014	**318,359**	**211,105**	**43,426**	**38,717**	**26,594**	**638,201**
Increases, of which:	16,951	30,610	75,465	9,381	7,431	**139,838**
purchase	9,497	23,365	67,990	8,601	7,431	**116,884**
transfer from investment properties	482	-	-	-	-	**482**
transfer from assets under construction	6,972	7,206	5,765	99	-	**20,042**
other increases	-	39	1,710	681	-	**2,430**
Decreases, of which:	(10,119)	(7,396)	(6,178)	(1,686)	(20,600)	**(45,979)**
liquidation and sale	(6,832)	(7,357)	(6,178)	(1,579)	(24)	**(21,970)**
transfer to investment properties	(3,287)	-	-	-	-	**(3,287)**
transfer from assets under construction	-	-	-	-	(20,042)	**(20,042)**
other decreases	-	(39)	-	(107)	(534)	**(680)**
Gross value as at 31.12.2014	**325,191**	**234,319**	**112,713**	**46,412**	**13,425**	**732,060**
Depreciation as at 01.01.2014	**115,948**	**137,380**	**24,093**	**22,297**	**-**	**299,718**
Increases, of which:	16,487	20,582	9,036	5,421	-	**51,526**
depreciation charge for the period	16,487	20,582	9,036	5,421	-	**51,526**
Decreases, of which:	(5,693)	(7,347)	(4,830)	(1,639)	-	**(19,509)**
liquidation and sale	(5,433)	(7,315)	(4,830)	(1,520)	-	**(19,098)**
transfer to investment properties	(260)	-	-	-	-	**(260)**
other decreases	-	(32)	-	(119)	-	**(151)**
Depreciation as at 31.12.2014	**126,742**	**150,615**	**28,299**	**26,079**	**-**	**331,735**
Impairment allowances as at 01.01.2014	**11,384**	**2,549**	**-**	**260**	**1,054**	**15,247**
Increases	-	-	-	-	-	**-**
Decreases	(839)	(1)	-	-	(23)	**(863)**
Impairment allowances as at	**10,545**	**2,548**	**-**	**260**	**1,031**	**14,384**
Carrying value as at 01.01.2014	**191,027**	**71,176**	**19,333**	**16,160**	**25,540**	**323,236**
Carrying value as at 31.12.2014	**187,904**	**81,156**	**84,414**	**20,073**	**12,394**	**385,941**

2013	Land and buildings PLN thousand	Plant and machinery PLN thousand	Vehicles PLN thousand	Other tangible fixed assets PLN thousand	Assets under construction PLN thousand	Total PLN thousand
Gross value as at 01.01.2013	**200,754**	**190,608**	**45,801**	**29,382**	**108,737**	**575,282**
Increases, of which:	129,664	22,500	2,768	11,668	24,127	**190,727**
purchase	25,958	19,823	2,360	11,422	24,127	**83,690**
acquisition through business combination	-	381	228	222	-	**831**
transfer from non-current assets held for sale	61	-	-	-	-	**61**
transfer from assets under construction	103,645	2,296	-	24	-	**105,965**
other increases	-	-	180	-	-	**180**
Decreases, of which:	(12,059)	(2,003)	(5,143)	(2,333)	(106,270)	**(127,808)**
liquidation and sale	(12,059)	(2,003)	(5,141)	(2,333)	(298)	**(21,834)**
transfer from assets under construction	-	-	-	-	(105,965)	**(105,965)**
other decreases	-	-	(2)	-	(7)	**(9)**
Gross value as at 31.12.2013	**318,359**	**211,105**	**43,426**	**38,717**	**26,594**	**638,201**
Depreciation as at 01.01.2013	**111,606**	**113,070**	**20,956**	**20,399**	**-**	**266,031**
Increases, of which:	15,808	26,248	7,288	4,177	-	**53,521**
depreciation charge for the period	15,808	25,917	7,047	4,010	-	**52,782**
acquisition through business combination	-	331	228	167	-	**726**
other increases	-	-	13	-	-	**13**
Decreases, of which:	(11,466)	(1,938)	(4,151)	(2,279)	-	**(19,834)**
liquidation and sale	(11,466)	(1,938)	(4,151)	(2,279)	-	**(19,834)**
Depreciation as at 31.12.2013	**115,948**	**137,380**	**24,093**	**22,297**	**-**	**299,718**
Impairment allowances as at 01.01.2013	**9,878**	**2,567**	**-**	**260**	**1,222**	**13,927**
Increases	1,506	11	-	-	-	**1,517**
Decreases	-	(29)	-	-	(168)	**(197)**
Impairment allowances as at 31.12.2013	**11,384**	**2,549**	**-**	**260**	**1,054**	**15,247**
Carrying value as at 01.01.2013	**79,270**	**74,971**	**24,845**	**8,723**	**107,515**	**295,324**
Carrying value as at 31.12.2013	**191,027**	**71,176**	**19,333**	**16,160**	**25,540**	**323,236**

30. Investment properties

Investment properties are lands without or with buildings and premises being a separate property, which the Group purchased or acquired in exchange for a partial/total debt reduction under the loan/advance granted, and which are held to earn rentals or for capital appreciation. There are no limitations in realization of the future economic benefits from investment properties and rights to transfer the related income and profits.

As at 31 December 2014 the Group has contractual obligations to purchase investment properties in amount of PLN 3,625 thousand, but the Group has not any contractual obligations to purchase, construct, or develop investment property or for repairs, maintenance or enhancements. There are no restrictions on the realisability of investment property or the remittance of income and proceeds of disposal.

The Group applies a fair value model for investment properties under which after initial recognition investment properties are measured at fair value, and gains or losses arising from a change in the fair value are recognised in profit or loss.

The fair value of investment properties as at 31 December 2014 was measured based on the valuation carried out on that day by independent valuers and Real Estate Valuation Unit in Getin Noble Bank S.A., which are skilled to make investment properties valuation, as well as experienced in such valuations made in locations were assets of the Group are situated. The valuation of the investment properties was carried out by reference to market prices of similar properties using the average price adjustment method or pair comparison in comparative approach. In case of lack of transactions concerning similar properties, the value of a property was specified by investment method in accordance with income approach, straight capitalisation technique. Estimating the fair value of properties, most favourable and best use approach was used (what is the valid use of these properties).

Fair value of investment properties was classified at level 2 of fair value hierarchy.

	01.01.2014-31.12.2014 PLN thousand	01.01.2013-31.12.2013 (restated) PLN thousand
Fair value of investment properties at the beginning of the period	**150,806**	**32,204**
Increases, of which:	318,714	119,699
purchase of property	309,265	115,725
transfer from non-current assets held for sale	9,449	3,974
Decreases, of which:	(6,940)	-
sale of property	(1,966)	-
transfer to non-current assets held for sale	(4,494)	-
transfer to property, plant and equipment	(480)	-
Net gain/ (loss) on fair value adjustments	(10,336)	(1,097)
Fair value of investment properties at the end of the period	**452,244**	**150,806**

In 2014 and 2013 the following amounts of income and expenses related with investment properties were recognised in the consolidated income statement:

	01.01.2014-31.12.2014 PLN thousand	01.01.2013-31.12.2013 PLN thousand
Rental income from investment properties	3,191	413
Direct operating expenses related to investment properties, which generated rental income in the period	838	347
Direct operating expenses related to investment properties, which did not generate rental income in the period	1,456	212

31. Non-current assets held for sale

Non-current assets held for sale as at 31 December 2014 and 2013 are properties not used by the Group which are expected to be disposed in one year.

	01.01.2014-31.12.2014 PLN thousand	01.01.2013-31.12.2013 PLN thousand
Non-current assets held for sale at the beginning of the period	**9,449**	**4,522**
Increases, of which:	4,494	8,962
capital expenditure/purchase	-	8,962
transfer from investment properties	4,494	-
Decreases, of which:	(9,449)	(4,035)
transfer to investment properties	(9,449)	(3,974)
transfer to property, plant and equipment	-	(61)
Non-current assets held for sale at the end of the period	**4,494**	**9,449**

32. Other assets

	31.12.2014 PLN thousand	31.12.2013 PLN thousand
Receivables from sundry debtors, of which:	808,523	807,231
tax, subsidies and social insurance receivables	99,420	75,269
payment cards settlements	3,956	15,682
other receivables	705,147	716,280
Accrued expenses	38,997	13,484
Income to be received	33,544	30,503
Recourses and guarantee deposits	7,370	9,577
Other assets	9,953	5,519
Total other assets	**898,387**	**866,314**
Impairment allowances	(19,934)	(12,362)
Total other assets net	**878,453**	**853,952**

	01.01.2014-31.12.2014 PLN thousand	01.01.2013-31.12.2013 PLN thousand
Impairment allowances at the beginning of the period	**12,362**	**9,230**
Increases recognised in the income statement	8,879	2,757
Decreases recognised in the income statement	(1,431)	(185)
Other increases	359	562
Other decreases	(235)	(2)
Impairment allowances at the end of the period	**19,934**	**12,362**

33. Amounts due to bank and financial institutions

	31.12.2014 PLN thousand	31.12.2013 PLN thousand
Current accounts	17,598	261
Deposits of other banks and financial institutions	157,722	447,363
Loans and advances received	3,107,792	2,146,183
Repurchase agreements (repo)	1,538,207	544,842
Other amounts due to banks	980	860
Total amounts due to banks and financial institutions	**4,822,299**	**3,139,509**

In 2014 Getin Noble Bank S.A. entered into further loan agreements with the European Investment Bank with a total nominal value of EUR 250 million to finance lending and leasing activities to small and medium-sized enterprises.

The Group also raises funds through the sale of financial instruments subject to repurchase agreements in the future at a predetermined price (repo). The subject of repo transactions are available-for-sale Treasury bonds. In respect of this transactions as at 31 December 2014 the Group recognised a liability resulting from the repurchase clause in the amount of PLN 1,538,207 thousand.

	31.12.2014 PLN thousand	31.12.2013 PLN thousand
Amounts due with variable interest rate	3,696,511	2,763,341
Amounts due with fixed interest rate	1,125,788	376,168
Total amounts due to banks and financial institutions	**4,822,299**	**3,139,509**

	31.12.2014 PLN thousand	31.12.2013 PLN thousand
Current liabilities	101,141	50,721
Term liabilities with due date:	4,721,158	3,088,788
up to 1 month	1,013,307,	37,586
from 1 month to 3 months	44,521	5,390
from 3 months to 1 year	128,368	395,382
from 1 year to 5 years	3,057,945,	2,173,554
over 5 years	477,017	476,876
Total amounts due to banks and financial institutions	**4,822,299**	**3,139,509**

34. Amounts due to customers

	31.12.2014 PLN thousand	31.12.2013 PLN thousand
Amounts due to corporate entities	**10,936,428**	**9,636,722**
current accounts and overnight deposits	1,869,392	1,701,407
term deposits	9,067,036	7,935,315
Amounts due to budgetary entities	**2,757,360**	**2,342,485**
current accounts and overnight deposits	1,336,607,	1,058,319
term deposits	1,420,753	1,284,166
Amounts due to natural persons	**40,152,983**	**39,507,153**
current accounts and overnight deposits	5,232,220	5,911,960
term deposits	34,920,763	33,595,193
Total amounts due to customers	**53,846,771**	**51,486,360**

	31.12.2014 PLN thousand	31.12.2013 PLN thousand
Amounts due with variable interest rate	9,103,544	10,124,003
Amounts due with fixed interest rate	44,715,422	41,327,012
Non-interest bearing liabilities	27,805	35,345
Total amounts due to customers	**53,846,771**	**51,486,360**

	31.12.2014 PLN thousand	31.12.2013 PLN thousand
Current accounts and overnight deposits	8,438,219	8,671,686
Term liabilities with due date:	45,408,552	42,814,674
up to 1 month	9,331,010	9,141,328
from 1 month to 3 months	13,473,766	12,044,624
from 3 months to 6 months	10,892,621	10,042,990
from 6 months to 1 year	7,679,402	4,821,462
from 1 year to 5 years	2,453,423	5,109,076
over 5 years	1,578,330	1,655,194
Total amounts due to customers	**53,846,771**	**51,486,360**

35. Debt securities issued

	31.12.2014 PLN thousand	31.12.2013 PLN thousand
Debt securities issued, of which:	3,718,231	3,126,055
subordinated bonds	2,072,766	1,797,675
other bonds	1,623,704	1,328,380
bank securities	21,761	-
Interest, of which:	36,530	32,354
on subordinated bonds	30,269	26,575
on other bonds	6,133	5,779
on bank securities	128	-
Total debt securities issued	**3,754,761**	**3,158,409**

	31.12.2014 PLN thousand	31.12.2013 PLN thousand
Debt securities issued with maturity date:		
up to 1 month	68,959	173,203
from 1 month to 3 months	235,478	331,260
from 3 months to 1 year	642,709	266,207
from 1 year to 5 years	1,959,012	1,487,064
over 5 years	848,603	900,675
Total debt securities issued	**3,754,761**	**3,158,409**

	31.12.2014 PLN thousand	31.12.2013 PLN thousand
Amounts due with variable interest rate	3,173,632	2,435,993
Amounts due with fixed interest rate	581,129	722,416
Total debt securities issued	**3,754,761**	**3,158,409**

In 2014 the following issues and redemptions of bonds were made by Getin Noble Bank S.A.:

Type of securities issued	Issue date	Redemption date	Number of securities	Nominal value PLN thousand
Getin Noble Bank Bonds PP3-IX	2014-02-14	2021-02-15	100,000	100,000
Getin Noble Bank Bonds PP3-X	2014-03-12	2021-03-12	80,000	80,000
Getin Noble Bank Bonds PP3-XI	2014-04-07	2021-04-07	81,583	81,583
Total subordinated bonds			**261,583**	**261,583**
Getin Noble Bank Bonds 1/2014	2014-01-10	2014-04-10	500	50,000
Getin Noble Bank Bonds 2/2014	2014-01-10	2014-07-10	500	50,000
Getin Noble Bank Bonds 3/2014	2014-01-10	2015-01-09	200	20,000
Getin Noble Bank Bonds 4/2014	2014-01-15	2014-07-15	400	40,000
Getin Noble Bank Bonds 5/2014	2014-01-16	2015-01-21	400	40,000
Getin Noble Bank Bonds 6/2014	2014-01-16	2014-07-15	450	45,000
Getin Noble Bank Bonds 7/2014	2014-01-30	2014-07-30	500	50,000
Getin Noble Bank Bonds 8/2014	2014-01-30	2014-04-30	200	20,000
Getin Noble Bank Bonds 9/2014	2014-02-14	2014-08-14	700	70,000
Getin Noble Bank Bonds 10/2014	2014-02-14	2014-05-16	500	50,000
Getin Noble Bank Bonds 11/2014	2014-02-21	2014-05-21	300	30,000
Getin Noble Bank Bonds 12/2014	2014-02-21	2014-08-21	700	70,000
Getin Noble Bank Bonds 13/2014	2014-02-28	2014-08-28	250	25,000
Getin Noble Bank Bonds 14/2014	2014-03-05	2014-06-13	500	50,000

(data in PLN thousand)

Getin Noble Bank Bonds 15/2014	2014-03-05	2014-09-05	300	30,000
Getin Noble Bank Bonds 16/2014	2014-04-10	2014-07-25	350	35,000
Getin Noble Bank Bonds 17/2014	2014-04-10	2014-10-10	350	35,000
Getin Noble Bank Bonds 18/2014	2014-04-30	2014-08-07	400	40,000
Getin Noble Bank Bonds 19/2014	2014-05-16	2014-09-12	300	30,000
Getin Noble Bank Bonds 20/2014	2014-05-16	2014-11-14	200	20,000
Getin Noble Bank Bonds 21/2014	2014-05-21	2014-09-19	300	30,000
Getin Noble Bank Bonds GNB14001	2014-06-30	2017-06-30	35,000	350,000
Getin Noble Bank Bonds GNB14002	2014-07-10	2014-10-10	400	40,000
Getin Noble Bank Bonds GNB14003	2014-07-18	2017-07-18	6,500	65,000
Getin Noble Bank Bonds GNB14004	2014-07-30	2014-10-30	300	30,000
Getin Noble Bank Bonds GNB14005	2014-08-05	2014-11-05	550	55,000
Getin Noble Bank Bonds GNB14006	2014-08-14	2015-08-14	350	35,000
Getin Noble Bank Bonds GNB14007	2014-08-14	2015-02-16	450	45,000
Getin Noble Bank Bonds GNB14008	2014-08-21	2014-11-21	400	40,000
Getin Noble Bank Bonds GNB14009	2014-08-21	2015-02-20	300	30,000
Getin Noble Bank Bonds GNB14010	2014-08-28	2015-02-27	800	80,000
Getin Noble Bank Bonds GNB14011	2014-09-05	2015-03-05	300	30,000
Getin Noble Bank Bonds GNB14012	2014-09-19	2015-03-19	300	30,000
Getin Noble Bank Bonds GNB14013	2014-10-10	2015-04-10	700	70,000
Getin Noble Bank Bonds GNB14014	2014-10-30	2015-04-30	300	30,000
Getin Noble Bank Bonds GNB14015	2014-11-05	2015-05-05	250	25,000
Getin Noble Bank Bonds GNB14016	2014-11-18	2015-05-18	400	40,000
Getin Noble Bank Bonds GNB14017	2014-11-25	2015-05-25	300	30,000
Getin Noble Bank Bonds GNB14018	2014-12-19	2017-12-19	10,000	100,000
Total other bonds			**65,900**	**1,955,000**
Total			**327,483**	**2,216,583**

Type of redeemed securities	Issue date	Redemption date	Number of securities	Nominal value tys. zł
Getin Noble Bank Bonds 42/2013	2013-10-11	2014-01-10	450	45,000
Getin Noble Bank Bonds 43/2013	2013-10-14	2014-01-15	400	40,000
Getin Noble Bank Bonds 44/2013	2013-10-30	2014-01-30	200	20,000
Getin Noble Bank Bonds 45/2013	2013-11-04	2014-01-30	650	65,000
Getin Noble Bank Bonds 46/2013	2013-11-14	2014-02-14	700	70,000
Getin Noble Bank Bonds 47/2013	2013-11-14	2014-02-14	500	50,000
Getin Noble Bank Bonds 48/2013	2013-11-22	2014-02-21	500	50,000
Getin Noble Bank Bonds 49/2013	2013-11-22	2014-02-21	500	50,000
Getin Noble Bank Bonds 50/2013	2013-11-29	2014-02-28	250	25,000
Getin Noble Bank Bonds 51/2013	2013-12-05	2014-03-05	700	70,000
Getin Noble Bank Bonds 52/2013	2013-12-05	2014-06-05	1,200	120,000
Getin Noble Bank Bonds 1/2014	2014-01-10	2014-04-10	500	50,000
Getin Noble Bank Bonds 8/2014	2014-01-30	2014-04-30	200	20,000
Getin Noble Bank Bonds 10/2014	2014-02-14	2014-05-16	500	50,000
Getin Noble Bank Bonds 11/2014	2014-02-21	2014-05-21	300	30,000
Getin Noble Bank Bonds 14/2014	2014-03-05	2014-06-13	500	50,000
Getin Noble Bank Bonds 2/2014	2014-01-10	2014-07-10	500	50,000
Getin Noble Bank Bonds 4/2014	2014-01-15	2014-07-15	400	40,000
Getin Noble Bank Bonds 6/2014	2014-01-16	2014-07-15	450	45,000
Getin Noble Bank Bonds 16/2014	2014-04-10	2014-07-25	350	35,000
Getin Noble Bank Bonds 7/2014	2014-01-30	2014-07-30	500	50,000
Getin Noble Bank Bonds 18/2014	2014-04-30	2014-08-07	400	40,000

(data in PLN thousand)

Getin Noble Bank Bonds 9/2014	2014-02-14	2014-08-14	700	70,000
Getin Noble Bank Bonds 12/2014	2014-02-21	2014-08-21	700	70,000
Getin Noble Bank Bonds 13/2014	2014-02-28	2014-08-28	250	25,000
Getin Noble Bank Bonds 15/2014	2014-03-05	2014-09-05	300	30,000
Getin Noble Bank Bonds 19/2014	2014-05-16	2014-09-12	300	30,000
Getin Noble Bank Bonds 21/2014	2014-05-21	2014-09-19	300	30,000
Getin Noble Bank Bonds 17/2014	2014-04-10	2014-10-10	350	35,000
Getin Noble Bank Bonds GNB14002	2014-07-10	2014-10-10	400	40,000
Getin Noble Bank Bonds GNB14004	2014-07-30	2014-10-30	300	30,000
Getin Noble Bank Bonds GNB14005	2014-08-05	2014-11-05	550	55,000
Getin Noble Bank Bonds 20/2014	2014-05-16	2014-11-14	200	20,000
Getin Noble Bank Bonds GNB14008	2014-08-21	2014-11-21	400	40,000
Getin Noble Bank Bonds 53/2013	2013-12-13	2014-12-15	650	65,000
Total			**16,050**	**1,605,000**

On 28 April 2014 the Supervisory Board of Getin Noble Bank S.A. approved a Public Subordinated Bond Issue Programme adopted by the Management Board. The bonds will be issued in several series to a maximum amount of PLN 750 million, they will be dematerialised securities in bearer form and will be introduced to the alternative trading system Catalyst organised by the Warsaw Stock Exchange. On 11 June 2014 the Polish Financial Supervision Authority approved the issue prospectus drawn up by the Bank.

On 12 June 2014 the Supervisory Board of Getin Noble Bank S.A. adopted a resolution on the consent to change the functioning debt issue program, established under the issue agreement and the dealership agreement concluded on 20 October 2005 by the Bank and BRE Bank S.A. (currently mBank S.A.). As part of the adopted amendments the value of the functioning Issue Programme has been increased to PLN 2 billion, the maturity of the securities has been clarified and nominal value of newly issued bonds has been established as PLN 1 thousand or a multiple of this amount.

On 7 July 2014 the Supervisory Board of Getin Noble Bank S.A. approved a Public Bond Issue Programme adopted by the Management Board. The bonds will be issued in several series in a public offering pursuant to art. 9 item 1 of the Bonds Act to a maximum amount of PLN 1,5 billion, they will be dematerialised securities in bearer form and will be introduced to the alternative trading system Catalyst organised by the Warsaw Stock Exchange. On 12 August 2014 the Polish Financial Supervision Authority approved the issue prospectus drawn up by the Bank.

In June 2014 the Bank's subsidiary – Getin Leasing S.A. issued bonds with a total value of PLN 15.8 million under the Bond Issue Programme with a value of not more than PLN 300 million.

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

36. Other liabilities

	31.12.2014 PLN thousand	31.12.2013 PLN thousand
Interbank settlements	19,297	34,457
Sundry debtors, of which:	212,436	211,586
statutory liabilities	45,661	48,077
payment cards settlements	15,504	3,015
other	151,271	160,494
Lease liabilities	8,964	19,723
Accruals	44,146	44,172
Deferred income	119,688	80,762
Liabilities related to brokerage activities	8,066	4,342
Liabilities related to leasing activities	30,534	43,909
Liabilities arising from valuation of the option schemes	2,266	7,280
Other liabilities	82,320	97,014
Total other liabilities	**527,717**	**543,245**

37. Provisions

	Restructuring provision PLN thousand	Provision for litigation PLN thousand	Provision for employee benefits PLN thousand	Provision for issued commitments and guarantees PLN thousand	Total PLN thousand
Balance as at 01.01.2014	**-**	**4,304**	**15,909**	**6,420**	**26,633**
Recognition/ actualisation	5,017	1,553	2,142	11,450	**20,162**
Utilisation	(4,623)	(2,030)	(1,206)	-	**(7,859)**
Reversal	-	-	(434)	(13,300)	**(13,734)**
Balance as at 31.12.2014	**394**	**3,827**	**16,411**	**4,570**	**25,202**

In accordance with IAS 37 the Group recognised in the statement of financial position a provision for future liabilities resulting from restructuring of employment in Getin Noble Bank S.A. The provision was created on the basis of the employment reorganisation plan in connection with realisation of the Bank's strategy and adapting its structure to the current market situation.

	Restructuring provision PLN thousand	Provision for litigation PLN thousand	Provision for employee benefits PLN thousand	Provision for issued commitments and guarantees PLN thousand	Total PLN thousand
Balance as at 01.01.2013	**2,355**	**4,235**	**12,356**	**1,714**	**20,660**
Recognition/ actualisation	-	70	3,634	6,339	**10,043**
Utilisation	(1,703)	(1)	(1,344)	-	**(3,048)**
Reversal	(652)	-	(266)	(1,640)	**(2,558)**
Other increases	-	-	1,529	7	**1,536**
Balance as at 31.12.2013	**-**	**4,304**	**15,909**	**6,420**	**26,633**

	31.12.2014 PLN thousand	31.12.2013 PLN thousand
Provision for retirement benefits	1,334	1,326
Provision for unused holidays leave	15,077	14,583
Total provision for employee benefits	**16,411**	**15,909**

Provision for retirement benefits is created individually for each employee on the basis of an actuarial valuation performed by an independent actuary. The basis for calculation of provisions is the expected amount of retirement benefit, that the Group is obliged to pay pursuant to the remuneration policy. The recognised provisions are equal to the discounted payments to be made in the future, taking into account staff turnover and relate to the period ending at the reporting date. Presented below are changes in a provision for future employee benefits:

	01.01.2014-31.12.2014 PLN thousand	01.01.2013-31.12.2013 PLN thousand
Present value of the obligation at the beginning of the period	**1,326**	**991**
Total expense recognised in the income statement, of which::	223	177
current service cost	171	138
interest cost	52	39
Total expense recognised in the other comprehensive income, of which:	(139)	80
actuarial (gains)/ losses due to ex post adjustments of assumptions	(408)	667
actuarial (gains)/ losses due to changes in demographic variables	13	(542)
actuarial (gains)/ losses due to changes in financial variables	256	(45)
Benefits paid	(76)	(35)
Effect of acquisition of an organised part of DnB Nord Polska	-	113
Present value of the obligation at the end of the period	**1,334**	**1,326**
Present value of the short-term obligation	**184**	**113**
Present value of the long-term obligation	**1,150**	**1,213**

The future payments of employee benefits have been discounted with 2.7% discount rate, i.e. at the level of yield of the safest long-term securities listed on the Polish capital market as at 31 December 2014 (4.4% as at 31 December 2013). Effect of increase/ decrease in the discount rate on the change in the provision for retirement benefits is presented in the table below:

	31.12.2014		31.12.2013	
	+0.25 pp.	-0.25 pp.	+0.25 pp.	-0.25 pp.
Provision for retirement benefits	1,375	1,285	1,366	1,290

The provision for unused holidays leave is created individually for each employee based on the number of unused vacation days per employee.

38. Share capital

Share capital of Getin Noble Bank S.A. amounted to PLN 2,650,143,319 and consisted of 2,650,143,319 bearer ordinary shares with nominal value of PLN 1.00 each. The Bank's shares are listed on the Warsaw Stock Exchange.

Serie	Type of shares	Nominal value of 1 share	Number of shares	Nominal value total PLN thousand
serie A	bearer ordinary shares	PLN 1.00	40,000,000	40,000
serie B	bearer ordinary shares	PLN 1.00	23,000,000	23,000
serie C	bearer ordinary shares	PLN 1.00	6,000,000	6,000
serie D	bearer ordinary shares	PLN 1.00	9,510,000	9,510
serie E	bearer ordinary shares	PLN 1.00	11,000,000	11,000
serie F	bearer ordinary shares	PLN 1.00	4,000,000	4,000
serie G	bearer ordinary shares	PLN 1.00	9,550,000	9,550
serie H	bearer ordinary shares	PLN 1.00	2,142,465,631	2,142,466
serie I	bearer ordinary shares	PLN 1.00	144,617,688	144,618
serie J	bearer ordinary shares	PLN 1.00	200,000,000	200,000
serie K	bearer ordinary shares	PLN 1.00	60,000,000	60,000
Total			**2,650,143,319**	**2,650,143**

39. Other capital

	31.12.2014 PLN thousand	31.12.2013 PLN thousand
Reserve capital	2,130,687	2,084,585
Revaluation reserve, of which:	(164,368)	(135,865)
valuation of available-for-sale financial assets	(11,288)	(41,569)
cash flow hedge	(152,878)	(93,981)
actuarial gains/ (losses)	(202)	(315)
Foreign exchange differences	-	(107)
Other capital reserves	40,881	40,881
Total other capital	**2,007,200**	**1,989,494**

	01.01.2014-31.12.2014 PLN thousand	01.01.2013-31.12.2013 PLN thousand
Revaluation reserve for available-for-sale financial assets at the beginning of the period	**(41,569)**	**11,712**
Increase/ (decrease) due to remeasurement	38,412	(46,996)
Accumulated (profit)/ loss transferred to income statement due to impairment	-	2,087
Accumulated (profit)/ loss transferred to income statement due to sale/ redemption	(8,131)	(8,372)
Revaluation reserve for available-for-sale financial assets at the end of the period	**(11,288)**	**(41,569)**

40. Dividends paid and proposed

In the reporting period the parent entity did not pay or declare any dividends.

On 24 April 2014 the General Shareholders Meeting of Getin Noble Bank S.A. decided to allocate the Bank’s full profit for the year 2013 to cover undivided net loss of the Bank from previous years arising from an adjustment of retained earnings made in the financial statements for 2013 due to the change in accounting policy. In accordance with the dividend policy, the Management Board does not recommend the payment of dividends from the Bank's profit earned in 2014.

41. Contingent liabilities

The Bank has commitments to grant loans. These commitments comprise approved but not fully utilised 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 recognised 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 recognised in the Bank's statement of financial positions under "Provisions" and in the income statement.

	31.12.2014 PLN thousand	31.12.2013 PLN thousand
Financial contingent liabilities granted	**1,934,915**	**2,448,799**
to financial entities	42,561	1,003
to non-financial entities	1,809,312	2,095,502
to budgetary entities	83,042	352,294
Guarantees granted	**168,569**	**115,224**
to financial entities	12,368	10,777
to non-financial entities	110,765	103,359
to budgetary entities	45,436	1,088
Total contingent liabilities granted	**2,103,484**	**2,564,023**

	31.12.2014 PLN thousand	31.12.2013 PLN thousand
Financial	406,558	250,000
Guarantees	304,461	456,702
Total contingent liabilities received	**711,019**	**706,702**

42. Fair value of financial assets and liabilities

The fair value is the price that would be obtained for the sale of an asset or paid to transfer a liability in a transaction carried out in the normal manner between market participants at the measurement date. For many financial instruments their market values are not available, therefore fair values are estimated using various valuation techniques. The fair value of financial assets and liabilities was measured using a model based on estimates of present value of future cash flows by discounting cash flows using market interest rates.

For certain classes of assets and liabilities due to the lack of expected significant differences between the carrying value and fair value, due to their characteristics, it was assumed that the carrying amount is in line with their fair value.

The principal methods and assumptions used in estimating the fair value of financial assets and liabilities that in the consolidated statement of financial position are not stated at fair value are as follows:

Cash and balances with the Central Bank

Due to the short-term nature of these assets it is assumed that the carrying value is consistent with the fair value.

Amounts due from banks and financial institutions

The amounts due from banks consist primarily of deposits concluded in the interbank market and securities for derivatives transactions (CIRS). Deposits made in the interbank market are fixed-rate short-term deposits. For this reason, it was assumed that the fair value of amounts due from banks is equal to their book value.

Loans and advances to customers and finance lease receivables

The fair value was calculated for loans with a fixed payment schedule. For contracts where such payments have not been defined (e.g. bank overdraft), it is assumed that the fair value is equal to the carrying value. Similar assumption is accepted for payments due and the agreements with the impairment.

In order to calculate the fair value, based on the information recorded in transactional systems, for each loan agreement a schedule of principal and interest cash flows is identified, which are grouped by type of interest rate, start date, type of product and the currency in which the agreement is performed. So established cash flows were discounted using rates which take into account the current margins for each product type. In the case of foreign currency loans for which there is no adequate new loans trial in the period considered, a margins are established as for loans in PLN adjusted for historical differences between the margins for loans in PLN and in foreign currencies. Comparison of the amount of cash flows associated with the agreement discounted with the interest with its book value, determines the difference between the fair value and the carrying amount. Identifying right interest rate to discount the cash flow is based on the currency of the agreement, the product and date of the cash flow.

Amounts due to banks and financial institutions

It is assumed that the fair value of deposits from other banks and floating-rate loans taken out in the interbank market is their carrying amount.

Amounts due to customers

The fair value was calculated for fixed-rate deposits with a fixed maturity. For demand deposits, it is assumed that the fair value is equal to their book value. In order to calculate the fair value on the basis of data from transactional systems future principal and interest cash flows are determined, which are grouped according to the currency of the period of the original deposit, the nature of the product and date of cash flows. The calculated cash flows are discounted with interest rate constructed as the sum of the market rate of the yield curve for each currency and deposits and completion date profit margins on deposits run in the final month of the period. The margin is calculated by comparing interest rates on deposits granted in the last month with market interest. The discounting period is defined as the difference between the end of the deposit (the accepted accuracy of the calendar month) and the date on which the report is presented. Calculated in this way, the discounted value is compared to the carrying value, with the result that we get the difference between the carrying value and fair value of the portfolio of contracts taken to the calculation.

Debt securities issued

It was assumed that the fair value of issued bonds that are not traded on an active market is their carrying amount. The fair value of debt securities listed on the Catalyst bond market was estimated on the basis of market quotations.

Due to the fact that for the majority of financial assets and liabilities carried at amortised cost (other than those described in detail above) using the effective interest rate the period of the next revaluation does not exceed 3 months, the carrying value of these items is not materially different from their fair values.

Presented below is a summary of the carrying amounts and fair values of financial assets and liabilities:

	31.12.2014		31.12.2013	
	Carrying amount PLN thousand	Fair value PLN thousand	Carrying amount PLN thousand	Fair value PLN thousand
ASSETS				
Cash and balances with the Central Bank	2,840,583	2,840,583	2,629,838	2,629,838
Amounts due from banks and financial institutions	2,444,066	2,444,066	1,379,820	1,379,820
Loans and advances to customers	44,910,379	44,097,018	45,353,193	45,011,186
Finance lease receivables	3,622,119	3,672,926	2,599,201	2,634,015
Held-to-maturity financial assets	136,780	132,923	113,205	112,588
LIABILITIES				
Amounts due to banks and financial institutions	4,822,299	4,822,299	3,139,509	3,139,509
Amounts due to customers	53,846,771	54,311,577	51,486,360	51,789,184
Debt securities issued	3,754,761	3,743,295	3,158,409	3,162,815

The Group classifies the individual financial assets and liabilities measured and presented in the financial statements 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. To this category the Group classifies available-for-sale debt and equity financial assets for which there exists an active market and a portfolio of liquid debt and equity securities of Brokerage House traded on a regulated market.

Level 2

Financial assets and liabilities measured using techniques based on market quotations directly observed or other information based on market quotations. To this category the Group classifies debt and equity securities of limited liquidity in the portfolio of Brokerage House traded on a regulated market, available-for-sale the NBP bills valued on the basis of the reference curve, investment certificates valued at the price announced by the fund and derivatives.

Level 3

Financial assets and liabilities measured using techniques based quotations which cannot be directly observed on the market. To this category the Group classifies shares and equity instruments that are not traded on a regulated market, valued at cost less impairment losses and financial assets which fair value is determined using internal valuation models.

The carrying amounts of financial instruments at fair value by 3 hierarchy levels are presented below:

31.12.2014	Level 1 PLN thousand	Level 2 PLN thousand	Level 3 PLN thousand	Total PLN thousand
ASSETS				
Financial assets held for trading	476	-	16,596	**17,072**
Financial assets at fair value through profit or loss	-	-	170,371	**170,371**
Derivative financial instruments	-	215,747	31,580	**247,327**
Available-for-sale financial assets	7,811,165	3,300,351	293,373	**11,404,889**
LIABILITIES				
Derivative financial instruments	-	742,815	-	**742,815**

31.12.2013	Level 1 PLN thousand	Level 2 PLN thousand	Level 3 PLN thousand	Total PLN thousand
ASSETS				
Financial assets held for trading	724	1,201	3,189	**5,114**
Derivative financial instruments	-	241,389	-	**241,389**
Available-for-sale financial assets	4,936,158	3,699,340	122,792	**8,758,290**
LIABILITIES				
Derivative financial instruments	-	481,340	-	**481,340**

In 2014 and 2013 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.

Valuation techniques and inputs when measuring fair value of financial assets and liabilities classified at level 2 and 3 of the fair value hierarchy are as follows:

Derivative financial instruments

Option transactions characterised by a non-linear values profile are measured on the basis of valuation models (Black, 76, replication model, Bachelier model, Monte Carlo simulation) with parameters corresponding to the valued instruments. The market inputs in this case are foreign exchange rates, index levels, volatility surfaces of the option strategies and data allowing the construction of discount curves.

Other derivatives of the linear nature are valued based on discounted cash flow model using the discount curves and projection curves, generated on the basis of market quotations for financial instruments. Discount curves are constructed according to the concept of discounting on the basis of the cost of security, using OIS rates, SWAP points quotations, FRA transactions, IRS, tenor basis swaps and CCBS credit. In addition, for the instruments based on a variable interest rate curve the projection curve is constructed, based on quotations of FRA transactions, IRS and the appropriate reference indices.

Valuation of the put option on held shares portfolio, classified at level 3 of the fair value hierarchy, is made with the Black-Scholes model using the current market parameters and the fair value of the shares derived from the valuation of the company. The fair value of the option amounted to PLN 23,575 thousand. If share value increases by 1%, the fair value of the option will be reduced by PLN 543 thousand, if share value drops by 1%, the value of the option will increase by PLN 552 thousand.

The NBP bills

The measurement is based on the reference curve, constructed on the basis of short-term interbank deposits.

Shares and equity instruments without quoted market price

The Group considers the best measure of fair value of shares and equity instruments that do not have a quoted market price in an active market to be the cost less any impairment losses.

Shares classified as financial assets at fair value through profit or loss are valued based on a valuation made by an independent entity specialising in this type of service. The valuation is carried out using the income method and the indicator method based on market indicators (P/E and BV) of a group of comparable companies. Each of these methods are granted equal weight.

Corporate bonds

Measurement of available-for-sale debt securities categorised within Level 3 of the fair value hierarchy is based on a discounted cash flow model, and the discount rate for unrealised cash flows is based on market discount rate determined from the zero-coupon curve plus a risk premium, appropriate for a given security. The risk premium as an unobservable input on the market, is calculated by an entity providing services of corporate bonds placement. Depending on the type of paper and the issuer, the premium is calculated as:

- The issue margin for securities issued in the last six months, if the issuer is not affiliated with the Bank,
- adjusted margin of other securities of the same issuer,
- adjusted margin of securities of other issuer (group of issuers) similar in its characteristics to the issuer of the measured securities.

The fair value of securities measured in accordance with the above valuation model (using margins in the range of 1% to 4.5%) amounted to PLN 190,451 thousand. In case of upward shift of risk margins by 25 basis points the fair value decreases by PLN 991 thousand, in case of downward shift of risk margins by 25 basis points the fair value increases by PLN 1,000 thousand.

Principles for the measurement of corporate securities are included in the procedure introduced by the Resolution of the Management Board of the Bank. The measurement is made in the Bank's transaction system based on the prices calculated by the Market Risk and Valuation Department – a unit responsible for the valuation of financial instruments in the Bank. The unit price of the securities is estimated periodically on the basis of the discounted cash flow model as described above.

43. Company Social Benefits Fund

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 Group 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 Group has compensated the Fund's assets with its liabilities to the Fund as these assets do not account for separate assets of the Group. As a result of the above, net balance of settlements with the Fund as at 31 December 2014 and 2013 amounted to PLN 0.

	01.01.2014-31.12.2014 PLN thousand	01.01.2013-31.12.2013 PLN thousand
Allowances for the Fund during the reporting period	5,620	3,502

44. Additional notes to the statement of cash flows

For the purpose of the consolidated 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 Group entities, covering actions aimed at generating profit but not constituting investment or financial activity. The Group 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 – comprise 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.

	31.12.2014 PLN thousand	31.12.2013 PLN thousand
Cash and balances with the Central Bank	2,840,583	2,629,838
Current amounts due from banks	1,084,287	361,331
Short term deposits in banks	127	60,051
Total cash and cash equivalents	**3,924,997**	**3,051,220**

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

2014	Change in statement of financial position PLN thousand	Statement of cash flows PLN thousand	Difference PLN thousand	
Change in amounts due from banks and financial institutions	(1,064,246)	(401,214)	(663,032)	1)
Change in derivative financial instruments (assets)	(5,938)	16,020	(21,958)	2)
Change in available-for-sale financial assets	(2,646,599)	(2,616,318)	(30,281)	3)
Change in held-to-maturity financial assets	(23,575)	(75)	(23,500)	4)
Change in amounts due to banks and financial institutions	1,682,790	738,412	944,378	5)
Change in derivative financial instruments (liability)	261,475	180,620	80,855	6)
Change in debt securities issued	596,352	44,267	552,085	7)
Change in provisions	(1,431)	(1,318)	(113)	8)

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 is 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 recognised in revaluation reserve,
3) “Change in available-for-sale financial assets” does not include valuation of financial assets recognised in revaluation reserve,
4) Change arising from the purchase of financial instruments was excluded from “Change in held-to-maturity financial assets” and presented in investment activities,
5) Change arising from the long term loan received was excluded from “Change in amounts due to banks and financial institutions” and presented in financial activities,
6) “Change in derivative financial instruments (liabilities)” does not include the valuation of cash flow hedge recognised in revaluation reserve,
7) Change arising from the issue and redemption of long-term securities (bonds and deposit certificates) was excluded from “Change in debt securities issued” and presented in financing activities,

8) „Change in provisions" does not include actuarial gains/ (losses) recognised in the revaluation reserve.

45. Information on operating segments

The following reporting operating segments occur within the Group:

Banking

The scope of Group's activities covered by this segment is providing banking services and conducting business activity in the area of: accepting cash deposits payable on demand or on maturity date, running the deposit accounts, running other bank accounts, granting loans, issuing and confirming bank guarantees and opening and confirming letters of credit, issuing bank securities, running banking cash settlements, granting cash loans, cheque and bill of exchange operations and operations relating to warrants, issuing payment cards and carrying out operations with the use of these cards, term financial operations, purchases and sales of cash debts, safeguarding of items and securities and providing safe boxes, running purchase and sale of foreign currencies, granting and confirming guarantees, performing ordered activities, connected with the issue of securities, intermediary in monetary transfers and settlements in foreign exchange transactions. The Group conducts its activity in this segment throughout the country, provides private banking services - current accounts for individual customers, savings accounts, deposits, consumer and mortgage loans, term deposits, both in zlotys and foreign currencies.

This segment contains also leasing activity including lease of vehicles, machinery and equipment as well as fleet management and concierge services.

The segment's income includes all income recognised by Getin Noble Bank S.A., BPI Bank Polskich Inwestycji S.A., Getin Leasing S.A. Group, Noble Concierge sp. z o.o. and GNB Auto Plan sp. z o.o., as well as Green FIZAN. Assets of this segment comprise assets of Getin Noble Bank S.A., BPI Bank Polskich Inwestycji S.A., Getin Leasing S.A. Group, Noble Concierge sp. z o.o. and GNB Auto Plan sp. z o.o., as well as Green FIZAN.

Financial intermediary

The scope of Group's activities covered by this segment is providing services related to financial intermediation - loans, savings, investment intermediation, as well as personal finance include legal information, experts advices, banking offers comparison.

In this segment the Group also conducts brokerage activities associated with the securities and commodities, provides services in the preparation of investment analysis, financial analysis and other recommendations of a general nature relating to transactions in financial instruments.

The segment's income includes all income recognised by Noble Securities S.A. In the financial intermediary segment's income the share in profits of associate Open Finance S.A. is also included. Assets of the segment include assets of Noble Securities S.A.

Asset and fund management

The scope of this segment is placing cash collected by means of public offering of unit fund, advising with respect to securities transactions, managing securities portfolios on demand, creating and managing investment funds, as well as rental services and property management.

The segment's income includes income recognised by Noble Funds TFI S. A., Sax Development sp. z o. o. and entities of Property FIZAN Group. The segment assets include assets of Noble Funds TFI S. A., Sax Development sp. z o. o. and entities of Property FIZAN Group.

None of operating segments of the Group was combined with other segment in order to create the above reporting operating segments.

The Management Board monitors separately operational results of segments in order to make decisions relating to allocation of resources, assessment of results of such allocation and the results of activities. The basis for the assessment of the financial performance is pre-tax profit or loss. Income tax is monitored on the Group's entities level.

Transaction costs used in transactions between operating segments are established on the arm's length basis, similar to the transactions with unrelated third parties. Amounts of revenues, profit before tax and total assets presented in segments does not include consolidation adjustments and eliminations.

2014	Banking PLN thousand	Financial intermediary PLN thousand	Asset management PLN thousand	Consolidation adjustments PLN thousand	Total PLN thousand
Revenues of segments					
external	4,284,369	58,393	52,213	4,703	**4,399,678**
internal	469,773	8,275	8,582	(486,630)	-
Total revenues of segments	**4,754,142**	**66,668**	**60,795**	**(481,927)**	**4,399,678**
Profit before tax of segments					
external	258,873	41,020	4,785	9,590	**314,268**
internal	114,285	(6,994)	1,242	(108,533)	-
Total profit/ (loss) of segments	**373,158**	**34,026**	**6,027**	**(98,943)**	**314,268**
Segments assets as at 31.12.2014	**73,240,970**	**912,080**	**396,416**	**(5,718,816)**	**68,830,650**

Banking segment income includes interest income amounting to PLN 3,900,141 thousand. Profit before tax also includes interest expense amounting to PLN 2,492,843 thousand.

2013	Banking PLN thousand	Financial intermediary PLN thousand	Asset management PLN thousand	Consolidation adjustments PLN thousand	Total PLN thousand
Revenues of segments					
external	4,613,979	39,868	61,612	(31,310)	**4,684,149**
internal	334,652	15,998	4,427	(355,077)	-
Total revenues of segments	**4,948,631**	**55,866**	**66,039**	**(386,387)**	**4,684,149**
Profit before tax of segments					
external	359,426	19,145	30,918	(21,494)	**387,995**
internal	21,859	20,956	(1,562)	(41,253)	-
Total profit/ (loss) of segments	**381,285**	**40,101**	**29,356**	**(62,747)**	**387,995**
Segments assets as at 31.12.2013	**66,833,588**	**240,170**	**183,897**	**(3,640,560)**	**63,617,095**

Banking segment income includes interest income amounting to PLN 4,086,115 thousand. Profit before tax also includes interest expense amounting to PLN 2,815,384 thousand.

46. Related party transactions

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

The consolidated financial statements comprise financial statements of Getin Noble Bank S.A. and the financial statements of subsidiaries mentioned in the note II 1.3.

31.12.2014	Statement of financial position						Off-balance sheet
	Assets – loans and purchased receivables PLN thousand	Assets – financial instruments PLN thousand	Assets – other receivables PLN thousand	Liabilities – deposits PLN thousand	Liabilities – other PLN thousand	Impairment allowances PLN thousand	Financial liabilities and guarantees granted PLN thousand
Associates:	**-**	**54,882**	**6,235**	**7,519**	**124**	**-**	**-**
Entities of Open Finance S.A. Group	-	54,882	6,235	7,519	124	-	-
Entities related by the parent:	**207,983**	**61,142**	**204,454**	**343,269**	**5,040**	**534**	**6,555**
Entities of Getin Holding S.A. Group	10,617	61,142	204,321	80,534	5,040	27	6,505
Entities of LC Corp B.V. and LC Corp S.A. Group	197,357	-	130	260,090	-	507	42
Other entities	9	-	3	2,645	-	-	8
Members of the Management Board and the Supervisory Board of Getin Noble Bank S.A.	**1,177**	**-**	**-**	**4,757**	**-**	**3**	**1,568**

2014	Income statement				
	Interest and commission income PLN thousand	Interest and commission expense PLN thousand	Other purchases PLN thousand	Other sale PLN thousand	Dividend income PLN thousand
Associates:	**5,545**	**52,025**	**2,309**	**2,073**	**-**
Entities of Open Finance S.A. Group	5,545	52,025	2,309	2,073	-
Entities related by the parent:	**40,141**	**37,244**	**36,442**	**24,767**	**-**
Entities of Getin Holding S.A. Group	31,197	33,208	8,301	24,710	-
Entities of LC Corp B.V. and LC Corp S.A. Group	8,926	4,013	20,905	44	-
Other entities	18	23	7,236	13	-
Members of the Management Board and the Supervisory Board of Getin Noble Bank S.A.	**30**	**270**	**-**	**334**	**-**

31.12.2013	Statement of financial position						Off-balance sheet
	Assets – loans and purchased receivables PLN thousanc	Assets – financial instruments PLN thousand	Assets – other receivables PLN thousand	Liabilities – deposits PLN thousand	Liabilities – other PLN thousanc	Impairment allowances PLN thousand	Financial liabilities and guarantees granted PLN thousand
Associates:	**6,529**	**74,848**	**263,758**	**2,812,149**	**6,342**	**35**	**-**
Entities of Open Finance S.A. Group	6,529	74,848	263,758	2,812,149	6,342	35	-
Entities related by the parent:	**191,237**	**15,232**	**335,952**	**260,098**	**20,719**	**944**	**2,892**
Entities of Getin Holding S.A. Group	43,217	38	333,936	56,167	20,238	308	2,674
Entities of LC Corp B.V. and LC Corp S.A. Group	148,011	15,194	2,016	202,229	-	635	60
Other entities	9	-	-	1,702	481	1	158
Members of the Management Board and the Supervisory Board of Getin Noble Bank S.A.	**1,077**	**-**	**6,160**	**8,303**	**-**	**6**	**1,650**

2013	Income statement				
	Interest and commission income PLN thousand	Interest and commission expense PLN thousand	Other purchases PLN thousand	Other sale PLN thousand	Dividend income PLN thousand
Associates:	**209,506**	**350,146**	**2,041**	**8,738**	**-**
Entities of Open Finance S.A. Group	209,506	350,146	2,041	8,738	-
Entities related by the parent:	**49,196**	**39,374**	**42,867**	**231,688**	**-**
Entities of Getin Holding S.A. Group	39,956	31,725	8,260	230,872	-
Entities of LC Corp B.V. and LC Corp S.A. Group	9,222	7,590	23,562	605	-
Other entities	18	59	11,045	211	-
Members of the Management Board and the Supervisory Board of Getin Noble Bank S.A.	**89**	**394**	**-**	**177**	**-**

Other transactions with related parties

On 20 March 2014 Getin Noble Bank S.A. entered into an agreement requiring Getin Holding S.A. to sell 858,334 ordinary registered shares of Towarzystwo Ubezpieczeń Europa S.A., with a total nominal value of PLN 3,433 thousand, representing a total of 9.08% of the share capital and entitling to a total of 9.08% of votes at the general meeting of shareholders for a total price of PLN 165,658 thousand. The settlement of the transaction and transfer of shares took place on 8 April 2014. At the same time, on 8 April 2014 the Bank and Getin Holding S.A. went into agreement under which the Bank has established to Getin Holding S.A. a registered pledge on the shares with the right exercise of their right to vote to the pledged amount of EUR 50,015 thousand. In addition, Getin Noble Bank S.A. has a put option to sell these shares. The option valuation is recognised in the 'Result on financial instruments at fair value through profit or loss and net foreign exchange gains’ in the income statement and as “Derivative financial instruments" in the statement of financial position.

In 2014 in the Group operated option schemes for the management of the Bank and its subsidiaries.

In the first half of 2014 the Bank settled the last tranche of the Management Share Option Scheme for some Members of the Management Board and the Supervisory Board. The settlement was in cash.

In 2014 as a result of execution a put option, Getin Noble Bank S.A. acquired from the company Earchena Investments Ltd 104,841 shares of Noble Securities S.A. for a total amount of PLN 1,632 thousand.

In 2013 the Group introduced an incentive program for members of the Supervisory Board and the Management Board of a subsidiary Getin Fleet S.A. If the program participants meet the conditions of the option in the years 2017-2019, they will be entitled to acquire shares of the company representing 30% of the share capital. In each of the three subsequent years the program participants will acquire 1/3 of their share at a price of PLN 1.00, but the total price for the shares may not be higher than 20% of the book value of the company. At the same time, participants have the right to call Getin Leasing S.A. to repurchase shares held by them (exit option) within 30 days after the purchase of their share. If the exit option is not executed, Getin Leasing S.A. has the right to call the program participants to sell shares (repurchase option). The program has been classified as a cash-settled share-based payment transaction, pursuant to IFRS 2. In 2014 the Group recognised costs related to valuation of the program in the amount of PLN 1,389 thousand in correspondence with the liabilities.

Remuneration of the Management Board and the Supervisory Board of the Bank

	01.01.2014-31.12.2014 PLN thousand	01.01.2013-31.12.2013 PLN thousand
Management Board of the Bank	**10,578**	**9,853**
Short-term employee benefits	6,143	6,164
Share-based payments	4,435	3,689
Supervisory Board of the Bank	**236**	**935**
Short-term employee benefits	236	92
Share-based payments	-	843
Total remuneration of the Management Board and the Supervisory Board of the Bank	**10,814**	**10,788**

Short-term employee benefits include salaries, bonuses and other benefits, also provisions for employee benefits, that are expense during financial year and are to be settled within twelve months of the end of the period, as well as variable components of remuneration resulting from the 'Benefits for the management of the Bank' policy described below, which are to be paid in the following year.

Share-based payments include amounts in respect of the Management Option Scheme, rights to shares and deferred remuneration component awarded in the form of financial instrument, ie. the phantom shares, according to the principles described below.

In 2014 and 2013 no post-employment benefits nor termination benefits were paid.

Benefits for the management of the Bank resulting from variable components of remuneration

The variable components of remuneration of Members of the Management Board of Getin Noble Bank S.A. are accounted in a transparent manner ensuring effective realization of adopted in Getin Noble Bank S.A. policy - the Policy of the variable components of remuneration. The amount of the variable components of remuneration is determined based on the appraisal of work in 3-years horizon and the financial results of the Bank. The financial results of the bank used in determining the variable components of remuneration embrace the cost of the Bank risk, cost of capital and liquidity risk in long-term perspective.

The financial criterion determining the variable components of remuneration is consolidated net profit, and the non-financial criterion is approval of Financial Statements of the Bank on Annual General Meeting.

Payment of the variable components of remuneration granted for particular year is deferred in accordance with the principles below:

- 50% of variable components of remuneration for particular year (hereinafter referred to as 'Y') is being paid in following year (Y+1) in accordance with principles regarding way and payment date, including 3-year appraisal period, adopted by the Bank;
- 10% of variable components of remuneration for particular year 'Y' are financial instruments (phantom shares entitling to cash payment in an amount correlated with the market price of shares of the Bank) in following year (Y+1), in accordance with principles regarding way and payment date, including 3-year appraisal period, adopted by the Bank;
- 40% of variable components of remuneration for particular year 'Y' is paid in arrears in equal installments in financial instruments (phantom shares entitling to cash payment in an amount correlated with the market price of shares of the Bank) in following three years, i.e. Y+2, Y+3, Y+4, including 3-year appraisal period.

The variable remuneration is paid in the form of financial instruments (phantom shares) and is so called Share Option package in the form of a cash payment, the amount of which depends on the price of the shares of the Bank, ie. the average of closing prices of the Bank's shares on the WSE in Warsaw of 90 calendar days prior to the implementation of a particular tranche.

47. Remuneration of the auditor

The table below presents remuneration of entity entitled to audit financial statements paid or due for the year ended 31 December 2014 and 2013 split into types of services in net values:

	01.01.2014-31.12.2014 PLN thousand	01.01.2013-31.12.2013 PLN thousand
Statutory audit of the annual financial statements	386	386
Other certifying services, including the review of the financial statements	997	279
Total remuneration of the auditor	**1,383**	**665**

The remuneration does not include the statutory audits of standalone financial statements of the Bank's subsidiaries.

48. Employment

The number of employees in the Group as at 31 December 2014 and 2013 was as follows:

	31.12.2014	31.12.2013
Employment in persons	6,179	6,417
Employment in full-time equivalents	5,877.1	6,148.7

49. Subsequent events

Sale of shares of Getin Leasing S.A.

On 30 January 2015 Getin Noble Bank S.A. entered into agreement with Getin Holding S.A. of sale of 3,712 shares of Getin Leasing S.A., which accounted for 49.28% of share capital and 49.28% of votes at Annual General Meeting of Getin Leasing S.A. Under the agreement, the total price of the sale of shares amounted to PLN 172,491 thousand and consists of the price of the shares and the amount of PLN 7,779 thousand for the deferred payment granted by the Bank to Getin Holding S.A. Buyer may request to withdraw from the contract or the proportional reduction in the price, if disclosed, within 3 months from the date of the transaction, that the amount of net equity of Getin Leasing S.A. Group is less by 5% or more of the amount of net equity included in the contract.

The impact of the appreciation of the Swiss Franc at CHF loan portfolio

On 15 January 2015 the Swiss National Bank abandon the EUR/CHF minimum exchange rate. Following this decision the Swiss Franc soared against Euro and Polish zloty. At the same time the Swiss National Bank lowered the interest rate to -0.75%, thus decreased CHF LIBOR. Due to the rapid appreciation of the CHF and the fact that about 0.5 million of households in Poland have mortgages denominated in Swiss Franc, on 20 January 2015 a meeting of the Financial Stability Committee with the participation of banks with the highest credit exposure in CHF was held, in which the Committee confirmed that the Polish banking sector is stable and resistant to currency shock.

Thinking of clients having mortgages indexed to or denominated in CHF, Getin Noble Bank S.A. introduced a "CHF Help" program. Package of facilities for borrowers is direct response for the currency market turmoil resulting from the Swiss National Bank decision.

Under the „CHF Help" program the Bank undertook the following activities:

- while calculating loan instalments for customers who have their liabilities in CHF took into account the negative LIBOR rate, however in accordance with applicable regulations and legal opinions, the loan interest rate cannot be less than zero;
- introduced a simplified procedure for suspending payment of principal installment for 3 months, free of charge for the preparation of the annex, taking advantage from the proposal does not involve the extension of the crediting period or the need to verify the value of the loan collateral;
- temporarily reduced by more than half the level of the spread on CHF;
- introduced a procedure under which borrowers having their liability in CHF are allowed to change the collateral in the form of real estate to the other accepted by the Bank, maintaining no higher than the current LTV level and the possibility of temporary collateral on cash;
- enabled borrowers commission-free conversion of the loan in CHF to PLN at the average rate of NBP, and abandon the need of re-verification of the value of a loan collateral, all costs related to the formal preparation of a currency conversion procedure (annex charges, commissions, costs of updating the entries in the book of eternal) are covered by the Bank.

Due to the above described changes, after revaluation of base LIBOR rates, the loan installments should not be higher than the loan installments of the end of December 2014.

Presented below is the structure and the quality of mortgage loans denominated in and indexed to Swiss Franc as at 31 December 2014:

31.12.2014	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 value PLN thousand
mortgage loans	11,762,462	1,113,045	(69,186)	(208,206)	**12,598,115**

Loans denominated to or indexed in CHF account for 26% of the total loan portfolio of the Bank. More than 99.9% of the mortgage loans in CHF was granted prior to 2009. At present Getin Noble Bank S.A. does not grant the loans in Swiss Franc. The portfolio of loans denominated in or indexed to CHF decreases steadily.

In the structure of loans in CHF approximately 82% were indexed loans.

Change in CHF rate surged the value of the balance of loans expressed in PLN – at the rate CHF/PLN on 28 February 2015 (3.8919) the gross balance of loans expressed in PLN rose approximately by PLN 1.3 billion. This increase would reduce the estimated level of total capital ratio by approx. 0.3 pp., without causing a breach of the required minimum levels of capital adequacy ratio.

Currency position on mortgages denominated in CHF is hedged primarily through derivatives (CIRS) as part of a global currency position management in in the Getin Noble Bank S.A. Group. Detailed information about currency risk management are included in note III.4.1.

On 9 March 2015 the Warsaw District Court dismissed the suit filed against Getin Noble Bank S.A. by a group of holders of Swiss Franc loans. In the verdict the Court agreed with representatives of the Bank, that the situation of each member of the group that filed the suit was heterogeneous and their agreements were formulated differently, therefore on the legal basis it is not possible to to enforce claims against the Bank in the context of a group. Moreover the Court stated that, under terms of contracts, it is outside the ability of the Bank to set foreign exchange rates. The court's decision may be appealed to a higher court.

After 31 December 2014 there were no events which were not disclosed in these financial statements which may significantly impact the future financial results of the Getin Noble Bank S.A. Capital Group.

III. RISK MANAGEMENT IN THE GROUP

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

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

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

1. Credit risk

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

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

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

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

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

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

Structure and organization of credit risk management unit

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

Supervisory Board of the Bank

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

Management Board of the Bank

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

Credit Committee of the Bank

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

Advisory Committee of the Bank

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

Credit Risk Committee

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

Credit Risk Division of the Bank

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

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

Credit risk units in individual business areas of the Bank

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

Internal Audit Department

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

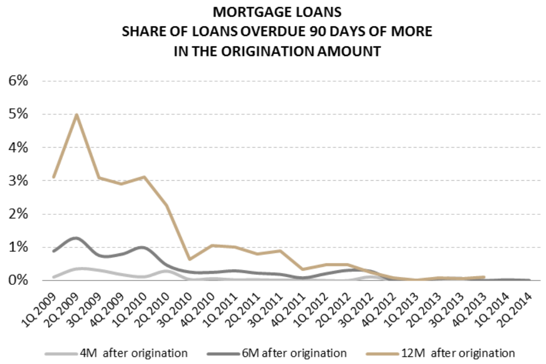
Credit risk management strategies and processes

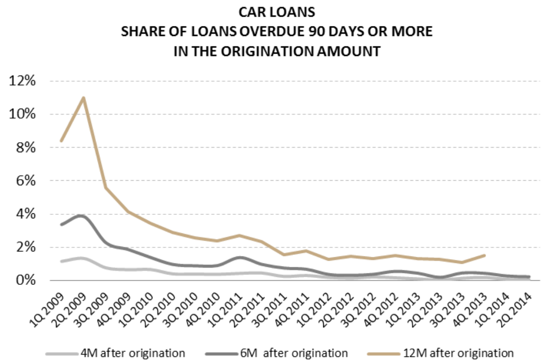
The Bank has developed Credit strategy and policy and Credit exposures risk management strategy and policy, which define rules, guidelines and recommendations relating to credit activities. These documents serve also as a basic instrument for the realization of a selected strategy towards credit risk.

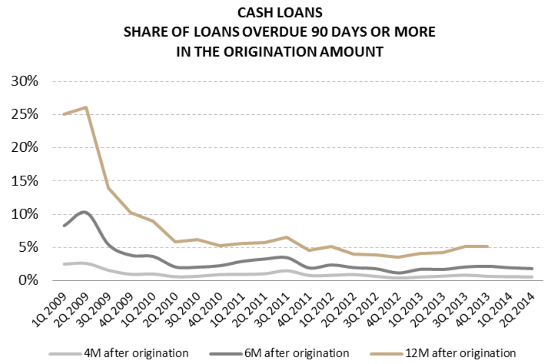
The policy towards credit risk is subject to review and adjustment taking into account both: external regulations (the PFSA resolutions) and to macroeconomic factors, which may, in the Bank's opinion, have influence on credit risk increase. In particular, since 2010 the Bank since continuously monitors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

In 2014 the Bank made amendments to the Strategy and risk management policy of mortgage-secured credit exposures arising from the guidelines of the revised S Recommendation. The Bank continues its policy of limiting sale of foreign currency loans by ensuring full compliance of currency exposure with client's currency income to the newly granted loans secured by mortgages for retail customers. In addition, the Bank imposed further restrictions on lending to customers in segments with increased risk in mortgage loans, and for loans granted for purposes related to the business activity the Bank expanded the scope of economic analysis to assess the forecasts.

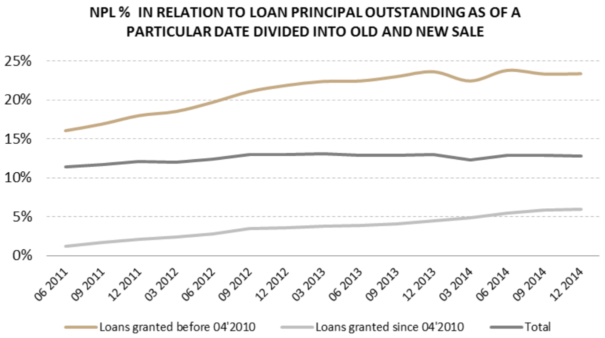
The actions undertaken by the Bank have measurable impact on maintaining levels of risk within the "risk appetite" approved by the Management Board and the Supervisory Board. Differences in the level of repayment of major credit products in recent years are shown in the following charts – there is significantly noticeable improvement in the quality of sales in 2010 and its maintenance in subsequent years.



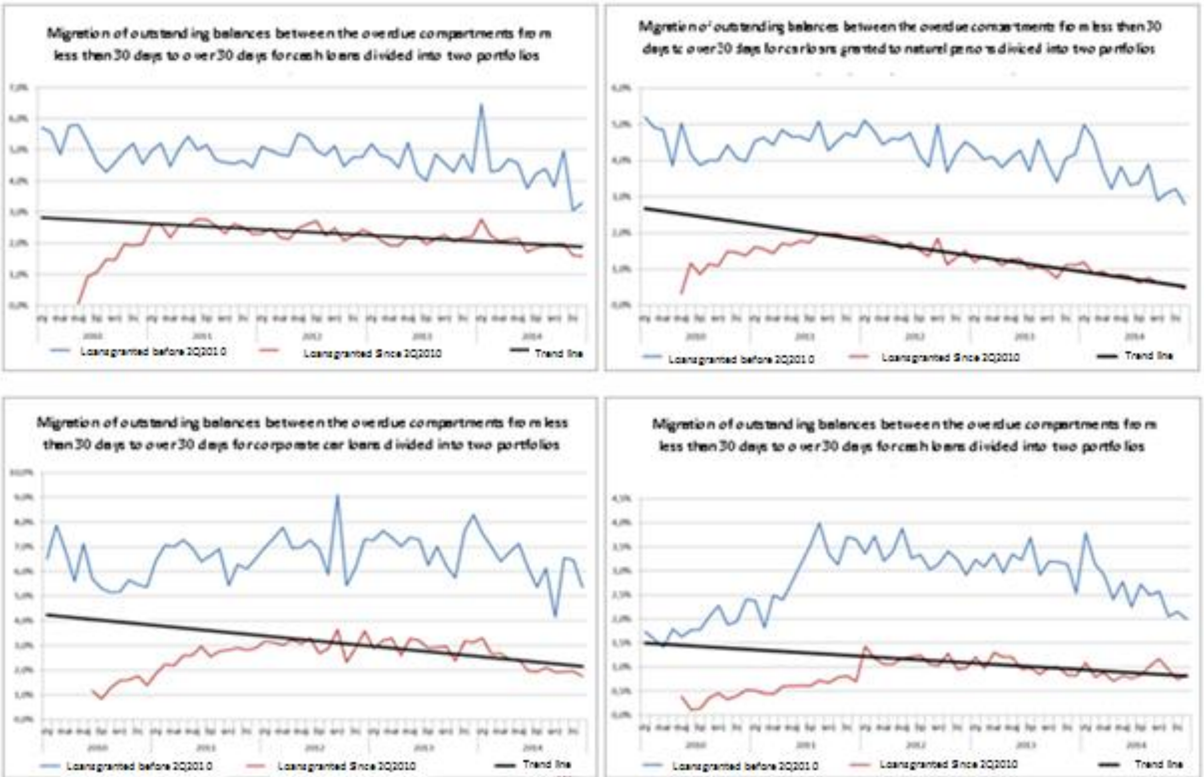




Improvement in the quality of newly generated credit portfolio is also noticeable at the level of the NPL ratio (Non-Performing Loans) – sales generated after the merger of the Banks has a much lower level of credit risk.



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



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

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

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

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

The procedure of making credit decisions is approved by the Bank's Management Board. Credit authorization limits are granted to the Bank's staff on an individual basis, depending on their skills, experience as well as the functions fulfilled. Credit decisions which exceed the authorization limits granted to the Bank's individual employees are made by the Credit Committees, operating in the acceptance centres. The Bank's Credit Committee located in the Bank's headquarters is responsible for credit decisions exceeding the authorization limits granted to the Credit Committees in the acceptance 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 S.A. applies internal regulations which enable determination of the level and appetite for the credit risk that arises from granting a loan to the particular client (or from providing the client with other services giving rise to credit risk). Creditworthiness is evaluated, both at the stage of loan granting and monitoring, in the following manner:

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

Scoring system used by the Bank (for cash loans, car loans, credit cards and debt limits in a current account) assesses credit worthiness of individual persons by 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 exposure concentration risk including: industry risk (to determine maximum exposure concentration limits for particular industries), exposure concentration risk to individual entity and groups of related entities (to monitor so-called large exposures),
- perform an assessment of the financial standing of banks-counterparties, determine maximum concentration limits for particular banks,
- perform an on-going monitoring of major exposures and the limits set forth for mortgage loans,
- verify the accuracy and adequacy of the loan 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 of the Bank established the concentration limit at more restrictive level that 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 2014 (except the exposure to the Government and the Central Bank) only exposure 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

Getin Noble Bank S.A. systematically analyzes the effect of changes in foreign exchange rates and interest rates on credit risk incurred in the area of car, mortgage and retail loans. The impact of the currency risk on the quality of foreign currency and indexed loans is analyzed, and for mortgage 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 tests 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 depreciate by 50% compared to other currencies, both for car and mortgage loans (the requirement of the Recommendation is 30%) and under the assumption that the depreciation in the exchange rate will continue for the period of 12 months.

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

The Bank analyzes the effect of changes in interest rates on credit risk incurred by the Bank. Stress tests concerning the effect of fluctuations in interest rates on the quality of credit risk portfolio are conducted on the assumption that interest rates will increase by 50% for car loans and retail loans and by 500 b.p. for mortgage loans (the S Recommendation requires the increase of 400 b.p.) and under the assumption that the increase in interest rate will continue for the period of 12 months. The Bank also analyzes the influence of changes of unemployment rate on credit risk in the above mentioned portfolios.

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 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.

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

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

Collaterals such as: mortgage established on the property with priority of satisfaction, registered pledge (on the property of the enterprise or total assignment of the enterprise property right of the borrower or registered pledge on the personal property of the borrower or the company's management) or cash deposit or pledge on funds on the trust account are one of corporate loans collaterals. Last but not least personal collaterals are important (blank promissory note or civil surety ship, guarantee of a third party in the form of own promissory note or civil warranty) and assignment of receivables.

Restructuring practices

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

The restructuring involves changing the terms of the loan repayment, which are individually set to each contract. These changes may relate in particular to:

- repayment period,
- loan schedule,
- interest rate,
- inflows of recognition order,
- collaterals.

As a result of restructuring annex and its timely servicing, the debt becomes not due. An element of the restructuring process is to assess the ability of the debtor to fulfil the conditions included in the restructuring annex (debt repayment on the scheduled dates). Open restructured agreement are subject to ongoing monitoring.

In 2014 after the entry into force of the CRR Regulation, for the purpose of calculating capital requirements the Bank introduced the definition of CRR restructuring. The CRR restructuring is the restructuring of borrower commitment made by the Bank, resulting in a reduction of financial obligations as a result of a redemption of a substantial part of principal, interest, fees or deferring repayment or payment. The Bank renegotiates contracts with debtors who find themselves in financial difficulties and are not able to meet the original terms of the loan agreement.

Assessment of ability of a debtor to meet the conditions referred to in the restructuring annex (debt repayment on fixed dates) is an element of the restructuring process. The Bank providing facilities to the customer (restructuring) makes appropriate entries in the system, which allows the identification of the restructured loan portfolio. As a result of signing and timely service of a restructuring annex for exposures classified as impaired, an obligation after a period of quarantine loses the status of restructuring exposure and is classified and healed exposure/ timely regulated.

In addition to individually significant exposures being subject to repeated restructuring, these exposures cannot return to the healed exposure in case of regular service of the restructuring annex.

The following tables present the CRR restructured exposures as at 31 December 2014:

31.12.2014	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 value PLN thousand
Restructured exposures	922,579	1,234,912	(19,196)	(320,465)	1,817,830

Restructured exposures – by geographical segments 31.12.2014	Gross value PLN thousand	Allowances, including IBNR PLN thousand	Total net value PLN thousand
Poland	2,107,901	(335,418)	**1,772,483**
Other countries	49,590	(4,243)	**45,347**
Total	**2,157,491**	**(339,661)**	**1,817,830**

Restructured exposures – by type of debtor 31.12.2014	Gross value PLN thousand	Allowances, including IBNR PLN thousand	Total net value PLN thousand
Loans and advances to:			
local government units	65	(35)	**30**
financial institutions other than banks	5,441	(1,161)	**4,280**
non-financial institutions other than natural persons	281,588	(60,212)	**221,376**
natural persons	1,870,397	(278,253)	**1,592,144**
Total	**2,157,491**	**(339,661)**	**1,817,830**

Restructured exposures – by type of debt 31.12.2014	Gross value PLN thousand	Allowances, including IBNR PLN thousand	Total net value PLN thousand
corporate loans	115,641	(23,401)	**92,240**
car loans	39,817	(13,282)	**26,535**
mortgage loans	1,950,039	(291,628)	**1,658,411**
retail loans	51,994	(11,350)	**40,644**
Total	**2,157,491**	**(339,661)**	**1,817,830**

Restructured exposures – by due dates 31.12.2014	Gross value PLN thousand	Allowances, including IBNR PLN thousand	Total net value PLN thousand
not overdue and overdue up to 30 days	1,356,942	(68,517)	**1,288,425**
overdue over 30 days to 90 days	275,395	(35,297)	**240,098**
overdue over 90 days	525,154	(235,847)	**289,307**
Total	**2,157,491**	**(339,661)**	**1,817,830**

(data in PLN thousand)

The Bank's results of the asset quality review and stress test in 2014

In 2014 Getin Noble Bank S.A. participated in stress test coordinated by the European Central Bank, as well as in asset quality review (AQR) coordinated by the Polish Financial Supervision Authority. The results of both analysis indicate that Getin Noble Bank S.A. has successfully endured the most important and the most rigorous stress test, i.e. adverse scenario of the stress test. Historical slight capital shortage indicated in the baseline scenario (0.1%) has been already supplemented with a surplus (+0.9%) by increasing the Bank's capital by PLN 258 million, that is a full amount of the profit the first half of the year. Actions taken in 2014 to further strengthen the capital, including retaining all the profit for 2013 in the Bank, as well as the current profits mean that if similar tests were conducted now, the Bank would have passed successfully each test scenario.

The structure of the Group's loan portfolio as at 31 December 2014 and 2013 is presented in the following tables. Percentage share in loan portfolio presented in the tables below is calculated based on nominal values.

	% share in portfolio	
	31.12.2014	31.12.2013
Dolnośląskie	11.06	10.44
Kujawsko-Pomorskie	4.01	3.95
Lubelskie	3.14	3.06
Lubuskie	2.35	2.32
Łódzkie	5.25	5.40
Małopolskie	6.59	6.52
Mazowieckie	24.81	24.97
Opolskie	1.78	1.78
Podkarpackie	2.38	2.41
Podlaskie	1.32	1.32
Pomorskie	7.8	7.85
Śląskie	10.97	11.19
Świętokrzyskie	1.38	1.42
Warmińsko-Mazurskie	3.06	3.03
Wielkopolskie	8.08	8.09
Zachodniopomorskie	4.83	4.92
Resident of a foreign country	1.19	1.33
Total	**100.00**	**100.00**

	% share in portfolio	
	31.12.2014	31.12.2013
Agriculture and hunting	0.32	0.30
Mining	0.07	0.06
Manufacturing	1.80	1.57
Electricity and gas industry	0.10	0.13
Construction	2.89	2.07
Wholesale and retail	4.54	4.00
Transport, warehouse management and communication	3.37	2.93
Financial brokerage	1.02	0.41
Real estate management	2.98	2.85
Public administration	1.44	1.44
Other sections	5.17	5.78
Natural persons	76.30	78.46
Total	**100.00**	**100.00**

	% share in portfolio	
	31.12.2014	31.12.2013
Loans granted to natural persons:	76.30	78.46
car loans	2.08	2.68
instalment loans	0.87	0.92
housing, construction and mortgage loans	64.18	65.95
other loans	9.17	8.91
Corporate loans	23.70	21.54
Total	**100.00**	**100.00**

Maximum exposure to credit risk as of 31 December 2014 and 2013 without taking into account accepted collaterals and other factors improving loan quality is presented below:

	31.12.2014 PLN thousand	31.12.2013 PLN thousand
Cash and balances with the Central Bank (except for cash)	2,666,803	2,480,702
Amounts due from banks and financial institutions	2,444,066	1,379,820
Financial assets held for trading	17,072	5,114
Financial assets at fair value through profit or loss	170,371	-
Derivative financial instruments	247,327	241,389
Loans and advances to customers	44,910,379	45,353,193
Finance lease receivables	3,622,119	2,599,201
Available-for-sale financial assets	11,404,889	8,758,290
Held-to-maturity financial assets	136,780	113,205
Other assets	791,577	788,299
Total financial assets	**66,411,383**	**61,719,213**
Guarantee liabilities	168,569	115,224
Contingent liabilities	1,934,915	2,448,799
Total off-balance sheet liabilities	**2,103,484**	**2,564,023**
Total exposure to credit risk	**68,514,867**	**64,283,236**

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:

	31.12.2014 PLN thousand	31.12.2013 PLN thousand
Corporate loans	247,116	134,416
Car loans	302	418
Mortgage loans	2,384,350	1,561,981
Retail loans	30,436	1,769
Total impaired loans and advances assessed individually	**2,662,204**	**1,698,584**

Value of collateral used for calculating impairment allowance for loans individually significant as at 31 December 2014 amounted to PLN 1,2 billion (PLN 0.7 billion as at 31 December 2013).

Value of assets possessed in exchange for debts in 2014 amounted to PLN 242,821 thousand (PLN 113,574 thousand in 2013).

Credit quality of financial assets as at 31 December 2014 and 2013 is presented below:

31.12.2014	Current and not impaired	Overdue and not impaired			Overdue and impaired	Interest	Impairment allowances (including IBNR)	Total
		less than 1 month	from 1 to 2 months	over 2 months				
	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand
Amounts due from banks and financial institutions	2,434,744	-	-	-	-	10,202	(880)	**2,444,066**
Financial assets held for trading	17,072	-	-	-	-	-	-	**17,072**
Financial assets at fair value through profit or loss	170,371	-	-	-	-	-	-	**170,371**
Loans and advances to customers, of which:	35,391,339	4,868,259	858,310	414,196	6,608,162	343,099	(3,572,986)	**44,910,379**
corporate loans	4,162,362	516,344	34,914	64,862	548,511	28,478	(331,314)	**5,024,157**
car loans	2,390,437	274,243	42,482	19,817	648,271	11,434	(506,723)	**2,879,961**
mortgage loans	25,526,753	3,864,864	733,274	299,166	4,132,422	274,329	(1,829,631)	**33,001,177**
retail loans	3,311,787	212,808	47,640	30,351	1,278,958	28,858	(905,318)	**4,005,084**
Finance lease receivables	3,146,197	371,492	42,671	6,819	193,980	-	(139,040)	**3,622,119**
Available-for-sale financial assets, of which:	11,403,747	-	-	-	13,728	-	(12,586)	**11,404,889**
issued by central banks	3,299,621	-	-	-	-	-	-	**3,299,621**
issued by banks and other financial institutions	226,860	-	-	-	-	-	-	**226,860**
issued by non-financial institutions	67,883	-	-	-	13,728	-	(12,586)	**69,025**
issued by the State Treasury	7,809,383	-	-	-	-	-	-	**7,809,383**
Held-to-maturity financial assets, of which:	136,780	-	-	-	-	-	-	**136,780**
issued by financial institutions	40,923	-	-	-	-	-	-	**40,923**
issued by local government units	95,857	-	-	-	-	-	-	**95,857**
Total financial assets	**52,700,250**	**5,239,751**	**900,981**	**421,015**	**6,815,870**	**353,301**	**(3,725,492)**	**62,705,676**

31.12.2013	Current and not impaired	Overdue and not impaired			Overdue and impaired	Interest	Impairment allowances (including IBNR)	Total
		less than 1 month	from 1 to 2 months	over 2 months				
	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand
Amounts due from banks and financial institutions	1,369,463	-	-	-	-	11,067	(710)	**1,379,820**
Financial assets held for trading	5,114	-	-	-	-	-	-	**5,114**
Loans and advances to customers, of which:	35,565,104	5,558,586	1,099,398	454,298	6,708,791	322,395	(4,355,379)	**45,353,193**
corporate loans	4,007,852	563,266	51,831	29,103	381,082	31,181	(282,881)	**4,781,434**
car loans	2,554,101	358,497	66,657	30,256	946,183	15,919	(753,762)	**3,217,851**
mortgage loans	26,085,506	4,419,194	930,520	363,094	3,624,473	242,864	(1,883,899)	**33,781,752**
retail loans	2,917,645	217,629	50,390	31,845	1,757,053	32,431	(1,434,837)	**3,572,156**
Finance lease receivables	2,148,196	329,309	49,253	8,005	172,057	-	(107,619)	**2,599,201**
Available-for-sale financial assets, of which:	8,756,545	-	-	-	14,215	-	(12,470)	**8,758,290**
issued by central banks	3,699,168	-	-	-	-	-	-	**3,699,168**
issued by banks and other financial institutions	86,860	-	-	-	-	-	-	**86,860**
issued by non-financial institutions	35,863	-	-	-	14,215	-	(12,470)	**37,608**
issued by the State Treasury	4,934,654	-	-	-	-	-	-	**4,934,654**
Held-to-maturity financial assets, of which:	113,205	-	-	-	-	-	-	**113,205**
issued by financial institutions	40,934	-	-	-	-	-	-	**40,934**
issued by local government units	72,271	-	-	-	-	-	-	**72,271**
Total financial assets	**47,957,627**	**5,887,895**	**1,148,651**	**462,303**	**6,895,063**	**333,462**	**(4,476,178)**	**58,208,823**

2. Operational risk

Definition and purpose of operational risk management

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

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

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

Structure and organization of the operational risk management unit

The process of operational risk management is actively contributed by:

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

Organizational units of operational risk management include:

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

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

- the first, basic level – units and persons dealing with operational risk management in their everyday activities;
- the second, supervisory level – people holding managerial positions, performing functional control;
- the third, superior level – functioning in centralized form, which main function is operational risk management. It is realized by people fulfilling tasks of separated operational risk management unit, which is part of Operational Risk Management Department and Operational Risk Committee.

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

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

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

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

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

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

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

The operational risk reporting system in the Bank includes reports prepared for internal management and external supervisory purposes. The management and supervisory reporting is based on assumptions resulting from the guidelines included in the M Recommendation, supervisory regulations concerning the rules and methods for announcing qualitative and quantitative information on capital adequacy by banks, as well as 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 for the level of Bank's exposure to operational risk, also called the Bank's sensitivity to operational risk;
- aggregated volume of actual losses.

Policies and strategies related to mitigation of operational risk

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

- development and implementation of business continuity plans (including contingency plans) to ensure the organization's ability to continue operations at a defined level;
- insurance against the effects of errors or operational events which are not easily predictable and may give rise to significant financial consequences;
- outsourcing of activities.

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

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.

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 Group entities to comply with the provisions of the law, internal regulations, adopted standards, including ethical standards. Strategic goal of compliance risk management is:

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

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

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

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

Main changes in the legal environment in 2014, to which the Group was required to adapt concerned changes and amendments to the law, in particular the prudential recommendation of the Polish Financial Supervision Authority (including recommendations J and S). In addition, the Bank has already started preparatory activities related to the implementation of recommendations D and U of the Polish Financial Supervision Authority and FATCA (Foreign Account Tax Compliance Act).

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

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.

Current management of currency risk is within the competence of the Treasury Department, which monitors the level of open currency position resulting from the Bank's activities related in particular to service of the Bank's customers, and deals in cash in the interbank market thus limiting the Bank's exposure to currency risk, as well as in derivatives within the granted limits. The effectiveness of risk management is evaluated on the basis of the level of use of the adopted limits on exposure to risk. Additionally, in order to hedge the currency risk, the Bank applies the cash flow hedge accounting and hedges against changes in cash flows for mortgage loan portfolio denominated in CHF and EUR with separated portfolio explicitly determined CIRS float-to-fixed CHF/PLN and EUR/PLN hedging transactions and cash flow hedge of PLN deposits portfolio with separated from real CIRS transactions explicitly determined portfolio of IRS fixed-to-float hedging transactions.

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

The capital requirement related to currency risk is calculated as 8% of total currency position in absolute terms. 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.

Sensitivity analysis for currency risk

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

VAR (1D, 99.9%)	31.12.2014 PLN thousand	31.12.2013 PLN thousand
Currency risk	299	526

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

As at 31 December 2014 the share of total currency position (sum of long positions or net short positions in individual currencies – depending on which of these sums is higher) in the regulatory own funds of the Group amounted to 0.4% (0.78% as at 31 December 2013).

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

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

The tables below show the currency exposure of the Group as at 31 December 2014 and 2013, by individual classes of assets, liabilities and off-balance sheet liabilities:

31.12.2014	CURRENCY							Total
	PLN PLN thousand	EUR PLN thousand	CHF PLN thousand	USD PLN thousand	GBP PLN thousand	JPY PLN thousand	Other PLN thousand	PLN thousand
Cash and balances with the Central Bank	2,634,505	179,474	8,570	15,574	2,458	2	-	**2,840,583**
Amounts due from banks and financial institutions	1,205,023	1,109,409	31,450	89,287	4,206	1,337	3,354	**2,444,066**
Loans and advances to customers	30,317,579	1,475,221	12,762,220	65,758	2	289,599	-	**44,910,379**
Finance lease receivables	3,399,325	222,794	-	-	-	-	-	**3,622,119**
Other assets	15,004,597	8,713	-	101	-	-	92	**15,013,503**
Total assets	**52,561,029**	**2,995,611**	**12,802,240**	**170,720**	**6,666**	**290,938**	**3,446**	**68,830,650**
Amounts due to banks and financial institutions	3,458,401	820,293	532,619	10,986	-	-	-	**4,822,299**
Amounts due to customers	51,002,782	1,558,268	235,763	1,021,594	26,358	242	1,764	**53,846,771**
Other liabilities	5,029,688	9,128	8,828	1,731	166	198	756	**5,050,495**
Total liabilities	**59,490,871**	**2,387,689**	**777,210**	**1,034,311**	**26,524**	**440**	**2,520**	**63,719,565**
Total equity	**5,111,085**	-	-	-	-	-	-	**5,111,085**
Total liabilities and equity	**64,601,956**	**2,387,689**	**777,210**	**1,034,311**	**26,524**	**440**	**2,520**	**68,830,650**
NET EXPOSURE	**(12,040,927)**	**607,922**	**12,025,030**	**(863,591)**	**(19,858)**	**290,498**	**926**	**-**
OFF-BALANCE SHEET ITEMS								
Assets	18,675,230	2,421,377	4,042,026	2,944,201	22,963	11,856	68,474	**28,186,127**
Liabilities	7,094,275	3,010,143	16,051,354	2,071,621	2,290	304,732	68,592	**28,603,007**
GAP	**(459,972)**	**19,156**	**15,702**	**8,989**	**815**	**(2,378)**	**808**	**(416,880)**

31.12.2013	CURRENCY							Total
	PLN	EUR	CHF	USD	GBP	JPY	Other	
	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand
Cash and balances with the Central Bank	2,350,688	255,016	6,542	15,425	2,164	3	-	**2,629,838**
Amounts due from banks and financial institutions	422,924	654,475	51,710	187,868	25,582	2,728	34,533	**1,379,820**
Loans and advances to customers	30,108,441	1,739,428	13,126,283	58,530	-	298,377	22,134	**45,353,193**
Finance lease receivables	2,453,001	146,200	-	-	-	-	-	**2,599,201**
Other assets	11,654,918	42	-	83	-	-	-	**11,655,043**
Total assets	**46,989,972**	**2,795,161**	**13,184,535**	**261,906**	**27,746**	**301,108**	**56,667**	**63,617,095**
Amounts due to banks and financial institutions	1,942,424	688,968	508,116	1	-	-	-	**3,139,509**
Amounts due to customers	48,634,733	1,656,362	221,277	943,110	27,409	266	3,203	**51,486,360**
Other liabilities	4,196,199	500	11,935	51	-	206	1,880	**4,210,771**
Total liabilities	**54,773,356**	**2,345,830**	**741,328**	**943,162**	**27,409**	**472**	**5,083**	**58,836,640**
Total equity	**4,780,455**	-	-	-	-	-	-	**4,780,455**
Total liabilities and equity	**59,553,811**	**2,345,830**	**741,328**	**943,162**	**27,409**	**472**	**5,083**	**63,617,095**
NET EXPOSURE	**(12,563,839)**	**449,331**	**12,443,207**	**(681,256)**	**337**	**300,636**	**51,584**	**-**
OFF-BALANCE SHEET ITEMS								
Assets	18,941,469	2,387,781	2,990,933	2,877,553	7,295	4,350	49,009	**27,258,390**
Liabilities	6,594,559	2,810,705	15,424,999	2,200,219	658	305,538	97,578	**27,434,256**
GAP	**(216,929)**	**26,407**	**9,141**	**(3,922)**	**6,974**	**(552)**	**3,015**	**(175,866)**

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 Group conducts activities aiming to decrease the influence of the adverse changes on financial result. The interest rate risk is managed by the Management Board of Getin Noble Bank S.A., which receives and analyses monthly reports concerning this risk on a global basis and weekly information regarding the level of risk exposure for trading portfolio.

Interest rate risk management consists in minimizing the risk of negative impact of changes in market interest rates on the Group's financial standing 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 and entering into transactions limiting exposure to risk (derivatives, sale/ purchase of securities with a fixed coupon).

The effectiveness of risk management is evaluated on the basis of the level of use of the adopted limits on exposure to risk. Monitoring of interest rate risk is conducted, among others, by:

- 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 Group'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.

Repricing gap calculation, the value at risk (VaR) and EaR measures for the Bank is carried out in the Market Risk and Liquidity Analysis System (SARRP).

Sensitivity analysis for interest rate risk

Sensitivity analysis for interest rate risk is made at least once a month for the exposure of the Bank and quarterly for the exposure of the Group:

	31.12.2014		31.12.2013	
	EaR (+/- 25 b.p.) PLN thousand	VAR (1D, 99.9%) PLN thousand	EaR (+/- 25 b.p.) PLN thousand	VAR (1D, 99.9%) PLN thousand
Interest rate risk	21,779	18,852	23,041	17,803

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

VaR consists in examining, with 99.9% probability, the value of the maximum loss that the Bank/ Group 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 Group is exposed. VaR is the measure describing the risk level in particular moment in time, reflecting position in particular moment, which may not reflect the Group's position risk in other moment.

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

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

- +/- 100 basis points,
- +/- 200 basis points,
- different nature of the yield curve changes,
- only shifts in PLN rate +/- 200 basis points,
- only shifts in CHF rate +/- 100 basis points.

Interest rate risk in leasing activities is eliminated by obtaining financing (sale of receivables) with correlated principles of interest rate changes. Lease assets are based on variable rate of interest with the possibility of its change in case of WIBOR 3M change (for agreements denominated in PLN) or LIBOR 3M (for EUR denominated agreements), they are also financed by liabilities with variable rate of interest, being subject to analogical principles of interest rate changes. Interest rates on leasing products are adjusted in proportion to change in interest rate of liabilities.

The table below presents assets and liabilities and off-balance sheet items of the Group classified as of 31 December 2014 and 2013 in accordance to the criterion of the interest rate exposure. The carrying amount of financial instruments with fixed interest has been split into 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 interest rate 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 are presented as interest-free assets/ liabilities.

31.12.2014	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 assets/ liabilities PLN thousand	Total PLN thousand
BALANCE SHEET ITEMS							
Cash and balances with the Central Bank	2,666,810	-	-	-	-	173,773	**2,840,583**
Amounts due from banks and financial institutions	2,422,580	16,563	4,923	-	-	-	**2,444,066**
Loans and advances to customers	21,361,599	21,714,392	1,500,119	293,882	40,387	-	**44,910,379**
Finance lease receivables	3,622,119	-	-	-	-	-	**3,622,119**
Financial assets held for trading and at fair value through profit or loss	-	17,072	-	-	-	170,371	**187,443**
Financial instruments: available-for-sale and held-to-maturity	7,544,197	106,579	262,125	3,524,709	-	104,059	**11,541,669**
Other assets	-	-	-	-	-	3,284,391	**3,284,391**
Total assets	**37,617,305**	**21,854,606**	**1,767,167**	**3,818,591**	**40,387**	**3,732,594**	**68,830,650**
Amounts due to banks and financial institutions	1,114,004	3,681,117	27,178	-	-	-	**4,822,299**
Amounts due to customers	19,377,022	12,832,741	17,759,689	2,552,801	1,296,713	27,805	**53,846,771**
Debt securities issued	287,613	1,750,484	1,710,526	6,138	-	-	**3,754,761**
Other liabilities	-	-	-	-	-	1,295,734	**1,295,734**
Total liabilities	**20,778,639**	**18,264,342**	**19,497,393**	**2,558,939**	**1,296,713**	**1,323,539**	**63,719,565**
Equity	**-**	**-**	**-**	**-**	**-**	**5,111,085**	**5,111,085**
Total liabilities and equity	**20,778,639**	**18,264,342**	**19,497,393**	**2,558,939**	**1,296,713**	**6,434,624**	**68,830,650**
BALANCE SHEET GAP	**16,838,666**	**3,590,264**	**(17,730,226)**	**1,259,652**	**(1,256,326)**	**(2,702,030)**	**-**
OFF-BALANCE SHEET ITEMS							
Interest rate transactions:							
Receivables	5,450,129	7,416,392	1,789,353	2,424,086	166,227	10,939,940	**28,186,127**
Liabilities	5,679,437	7,723,478	1,830,855	2,484,325	69,280	10,815,632	**28,603,007**
OFF-BALANCE SHEET GAP	**(229,308)**	**(307,086)**	**(41,502)**	**(60,239)**	**96,947**	**124,308**	**(416,880)**
TOTAL GAP	**16,609,358**	**3,283,178**	**(17,771,728)**	**1,199,413**	**(1,159,379)**	**(2,577,722)**	**(416,880)**

31.12.2013	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 assets/ liabilities PLN thousand	Total PLN thousand
BALANCE SHEET ITEMS							
Cash and balances with the Central Bank	2,480,702	-	-	-	-	149,136	**2,629,838**
Amounts due from banks and financial institutions	1,239,947	38,649	101,025	199	-	-	**1,379,820**
Loans and advances to customers	21,110,054	21,841,264	1,863,135	521,210	17,530	-	**45,353,193**
Finance lease receivables	2,599,201	-	-	-	-	-	**2,599,201**
Financial assets held for trading	-	5,114	-	-	-	-	**5,114**
Financial instruments: available-for-sale and held-to-maturity	6,288,367	46,720	163,255	2,369,474	-	3,679	**8,871,495**
Other assets	-	-	-	-	-	2,778,434	**2,778,434**
Total assets	**33,718,271**	**21,931,747**	**2,127,415**	**2,890,883**	**17,530**	**2,931,249**	**63,617,095**
Amounts due to banks and financial institutions	90,163	2,712,212	337,134	-	-	-	**3,139,509**
Amounts due to customers	21,628,544	10,409,106	13,455,548	4,636,711	1,321,107	35,344	**51,486,360**
Debt securities issued	317,180	1,727,446	1,049,794	63,989	-	-	**3,158,409**
Other liabilities	-	-	-	-	-	1,052,362	**1,052,362**
Total liabilities	**22,035,887**	**14,848,764**	**14,842,476**	**4,700,700**	**1,321,107**	**1,087,706**	**58,836,640**
Equity	**-**	**-**	**-**	**-**	**-**	**4,780,455**	**4,780,455**
Total liabilities and equity	**22,035,887**	**14,848,764**	**14,842,476**	**4,700,700**	**1,321,107**	**5,868,161**	**63,617,095**
BALANCE SHEET GAP	**11,682,384**	**7,082,983**	**(12,715,061)**	**(1,809,817)**	**(1,303,577)**	**(2,936,912)**	**-**
OFF-BALANCE SHEET ITEMS							
Interest rate transactions:							
Receivables	5,298,414	8,026,963	2,762,423	657,069	218,775	10,294,746	**27,258,390**
Liabilities	5,456,485	8,140,469	2,750,503	656,653	127,672	10,302,474	**27,434,256**
OFF-BALANCE SHEET GAP	**(158,071)**	**(113,506)**	**11,920**	**416**	**91,103**	**(7,728)**	**(175,866)**
TOTAL GAP	**11,524,313**	**6,969,477**	**(12,703,141)**	**(1,809,401)**	**(1,212,474)**	**(2,944,640)**	**(175,866)**

5. Liquidity risk

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

Strategy of liquidity risk management in Getin Noble Bank S.A. Strategy is defined in the Bank's activities Strategy approved by the Supervisory Board of the Bank. The main source of the Group's liquidity risk is Getin Noble Bank S.A. Monitoring the level of risk within the Group is carried out by periodic measurements of risk for the Group on a consolidated basis.

The main objective of liquidity risk management in the Bank 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 the National Bank of Poland, the Polish Financial Supervision Authority and Capital requirements regulation (CRR).

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 reports prepared by the Market Risk and Valuation 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.
- LCR and NSFR ratios.

Calculations of supervisory liquidity norms and liquidity gap are carried out in the Market Risk and Liquidity Analysis System (SARRP). The gap ratios, 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 and reported to the Management Board of the Bank.

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 National Bank of Poland,
- is operationally ready to apply to the NBP for refinancing loan,
- a stable level of core deposits and equity are the main sources of financing of Bank's lending activities.

The effectiveness of liquidity risk management (including its hedging) is evaluated on the basis of the level of use of the adopted limits on exposure to risk.

Additionally, the Bank has a procedure in case of a significant rise in liquidity risk, i.e. The procedure for contingency plan for sustaining liquidity in Getin Noble Bank S.A. in critical situations. In this Procedure there are set out so called warning and crisis states, which are designed to indicate in advance the potential risks. The monitoring is done on a daily basis. In case of the Bank's liquidity-threatening situation, the Management Board and the Assets and Liabilities Committee are informed of the occurrence of the hazard.

During the reporting period the Bank kept supervisory liquidity measures on the level required by the Polish Financial Supervision Authority. Supervisory liquidity measures of Getin Noble Bank S.A. are presented below:

		Minimum value	Value as at	
			31.12.2014	31.12.2013
M1	Short-term liquidity gap (in PLN million)	0.00	4,264	3,813
M2	Short-term liquidity factor	1.00	1.4	1.38
M3	Ratio of coverage of non-liquidity assets with own funds	1.00	2.54	3.39
M4	Coverage ratio of non- liquid assets and limited liquidity assets with own funds and stable external funds	1.00	1.21	1.18

The analysis of undiscounted financial liabilities by contractual maturity dates is presented below:

31.12.2014	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
Amounts due to banks and financial institutions	1,114,544	53,597	164,386	3,171,859	496,372	**5,000,758**
Derivative financial instruments	39,289	47,436	230,032	387,164	38,894	**742,815**
Amounts due to customers	17,791,163	13,546,912	18,878,332	2,628,488	2,366,976	**55,211,871**
Debt securities issued	73,577	250,010	760,942	2,410,402	897,107	**4,392,038**
Total financial liabilities	**19,018,573**	**13,897,955**	**20,033,692**	**8,597,913**	**3,799,349**	**65,347,482**

31.12.2013	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
Amounts due to banks and financial institutions	88,307	16,997	433,579	2,308,872	516,512	**3,364,267**
Derivative financial instruments	47,330	21,528	221,038	185,866	5,578	**481,340**
Amounts due to customers	17,839,301	12,107,747	15,119,816	5,505,774	2,434,245	**53,006,883**
Debt securities issued	180,197	364,443	352,965	1,998,081	980,087	**3,875,773**
Total financial liabilities	**18,155,135**	**12,510,715**	**16,127,398**	**9,998,593**	**3,936,422**	**60,728,263**

Customer deposits are the main source of financing lending activities of the Group; the net loans to amounts due to customers ratio does not exceed 100%. Retail deposits predominate within the stable sources of funding, while stable deposits of corporate customers are in addition to general base of the stable sources of funding. In 2013 Getin Noble Bank S.A. continued issues of long-term securities, which accounted for an additional source of financing lending activities – in 2014 the Bank acquired PLN 262 million by issue of subordinated bonds and PLN 515 million by issue of 3-year securities. Moreover, the Bank acquired funding from the interbank market, by entering into bank loan agreements for the term of 4 years in the amount of PLN 774 million and EUR 40 million.

6. Risks 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 fulfil 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 Group entities conclude 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 Group entities determine the limits of maximal exposure for banks. The percentage limits of particular types of transactions are determined within these limits.

7. Hedge accounting

In the Group only Getin Noble Bank S.A. applies the hedge accounting and hedges against changes in cash flows for mortgage loan portfolio denominated in CHF and EUR with separated portfolio explicitly determined CIRS float-to-fixed CHF/PLN and EUR/PLN hedging transactions and cash flow hedge of PLN deposits portfolio with separated from real CIRS transactions explicitly determined portfolio of IRS fixed-to-float hedging transactions. During the hedge period the Bank assesses the effectiveness of hedge relationship. The change of fair value of hedging instruments is recognised in revaluation reserve in the amount of effective part of hedge. Ineffective part of hedge is recognised in the income statement.

Effective part recognised 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 2014, amounts to PLN -152,879 thousand. Cash flows relating to hedged transactions will be realised from 1 January 2015 to 15 December 2020, i.e. to maturity date of the longest CIRS transaction.

The maturity dates of CIRS hedging transactions (in nominal value) as at 31 December 2014 and 2013 are as follows:

31.12.2014	Receivables PLN thousand	Liabilities PLN thousand
Maturity dates of CIRS hedging transactions:		
up to 1 month	-	-
over 1 month to 3 months	136,900	177,235
over 3 months to 1 year	4,276,657	4,466,755
over 1 year to 5 years	7,640,044	7,963,276
over 5 years	3,203,721	3,278,848
Total CIRS hedging transactions	**15,257,322**	**15,886,114**

31.12.2013	Receivables PLN thousand	Liabilities PLN thousand
Maturity dates of CIRS hedging transactions:		
up to 1 month	150,250	169,080
over 1 month to 3 months	659,730	676,320
over 3 months to 1 year	2,744,564	2,941,992
over 1 year to 5 years	10,481,821	10,525,208
over 5 years	1,534,275	1,521,720
Total CIRS hedging transactions	**15,570,640**	**15,834,320**

The fair value of cash flow hedging instruments as at 31 December 2014 and 2013 is presented below. As the fair value of the hedging instrument its carrying value is given.

	31.12.2014 PLN thousand	31.12.2013 PLN thousand
CIRS - positive valuation	945	11, 857
CIRS - negative valuation	(665,611)	(444,077)

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

	01.01.2014-31.12.2014 PLN thousand	01.01.2013-31.12.2013 PLN thousand
Accumulated comprehensive income at the beginning of the period (gross)	**(116,026)**	**(163,036)**
Gains/(losses) on hedging instrument	(429,607)	315,084
Amount transferred from other comprehensive income to income statement, of which:	356,895	(268,074)
interest income	(231,383)	(306,537)
gains/(losses) on foreign exchange	588,278	38,463
Accumulated comprehensive income at the end of the period (gross)	**(188,738)**	**(116,026)**
Tax effect	35,860	22,045
Accumulated comprehensive income at the end of the period (net)	**(152,878)**	**(93,981)**
Ineffective cash flow hedges recognised through profit and loss	**(17,413)**	**14,905**
Effect on other comprehensive income in the period (gross)	**(72,712)**	**47,010**
Deferred tax on cash flow hedge	13,815	(8,932)
Effect on other comprehensive income in the period (net)	**(58,897)**	**38,078**

Getin Noble Bank S.A. applies fair value hedge accounting. The Bank uses hedge of fair value of the PLN deposits portfolio based on a fixed rate against changes in fair value due to the risk of changes in a benchmark interest rate WIBOR.

Hedging instrument is a part or all of the cash flows arising from IRS transactions concluded by the Bank. The Bank designates hedging relationships based on sensitivity analysis of the fair value of the hedged portfolio of deposits and portfolio of hedging instruments to the risk of changes in a benchmark interest rate WIBOR. This analysis is based on a measure of "BPV" and "duration". The effectiveness of the hedging relationship is measured on a monthly basis.

Fair value of IRS transactions designated as hedging instruments under fair value hedge of PLN fixed-rate deposits against interest rate risk as at 31 December 2014 and 2013 is presented in the following table:

	31.12.2014 PLN thousand	31.12.2013 PLN thousand
Fair value of IRS transactions constituting accounting hedges under the fair value hedge of retail customer deposits against interest rate risk	15,352	1,563

During the reporting period, the Bank recognised the following amounts arising from changes in the fair value of the hedging instrument and the hedged item:

	01.01.2014 - 31.12.2014		01.01.2013 - 31.12.2013	
	Of the hedging instrument	Of the hedged item	Of the hedging instrument	Of the hedged item
	PLN thousand	PLN thousand	PLN thousand	PLN thousand
Gains	13,789	-	-	3,334
Losses	-	(12,847)	(3,064)	-
Total	**13,789**	**(12,847)**	**(3,064)**	**3,334**

8. Capital management

The primary objective of capital management strategy in the Getin Noble Bank S.A. Capital Group is to have an adequate level of capital hedging the taken risk, which would allow for safe operation of the Bank and other Group entities and increase value for its shareholders. The capital is managed at the level of individual entities of the Group and management control is exercised by the functions of the supervisory boards of these entities. In the 12-month period ended 31 December 2014 and 2013 no significant changes in principles, rules and processes applied in this area were implemented.

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

In order to maintain an optimal level and structure of own funds the Bank uses available methods and means – share issue, retention of net profit and issue of subordinated bonds, thus ensuring the capital adequacy ratio at the required level. In 2014 the capital adequacy ratios maintained at a safe level, that is total capital ratio was above 12% and Tier 1 capital ratio was over 9%..

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

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

Noble Securities S.A., as a brokerage house, is obliged to maintain capital requirements in accordance with the Act of 29 July 2005 on financial instrument trading and the CRR Regulation on prudential requirements for credit institutions and investment firms. The company controls financial liquidity and capital adequacy ratios. On a regular basis all significant financial information, including information regarding to financial liquidity and capital adequacy, is submitted to the Supervisory Board of Noble Securities S.A. Information regarding to level of supervised capital is submitted, in form of report (on a monthly or current basis) to the Polish Financial Supervision Authority. As at 31 December 2014 the company had equity amounting to PLN 48,365 thousand. Statutory minimal registered capital (sum of paid share capital, supplementary capital, undivided profit for previous years, reserve capitals excluding revaluation reserve, decreased by loss from previous years) of Noble Securities S.A. amounts to PLN 3,083 thousand. Moreover, as at 31 December 2014 the company has set the total risk exposure in the amount of PLN 451,810 thousand, calculated total capital requirement (requirement due to so-called II Pillar) amounting to PLN 39,772 thousand and had own funds and Tier 1 capital level of PLN 43,873 thousand. As at 31 December 2014 the company had not any additional Tier 1 capital and Tier 2 capital. The level of own funds of Noble Securities S.A. as at 31 December 2014 was higher than internal capital, Tier 1 core capital ratio was higher than 4.5%, Tier 1 capital ratio was higher than 6%, total capital ratio was higher than 8% , which means that the company complied with requirements regarding to capital adequacy.

The control of equity in Noble Funds TFI S.A. is carried out on a current basis based on provisions of the act on investment funds. The amount of minimal equity of TFI depends on the scope of company activities, the level of assets managed, the value of incurred total expenses and the value of variable distribution expenses. As at 31 December 2014 the Company had equity amounting to PLN 20,796 thousand, which significantly exceeded the level required by the act on investment funds. As at 31 December 2014 minimal regulatory equity level of TFI amounted to PLN 3,416 thousand.

9. Capital ratio

As at 31 December 2014 the capital ratio was calculated in accordance with the *Regulation of the European Parliament and of the Council (EU) No 575/2013 of 26 June 2013 on prudential requirements and investment firms* (CRR).

Until the date of publication of these financial statements so-called "national options" on the determination of own funds and capital requirements under the CRR Regulation have not been implemented in the Polish legal system. After analyzing the provisions of the CRR Regulation and the Banking Law Draft published on 6 November 2014, which sets out the applicable percentages for derogations applicable in the interim period, the Group has adopted a precautionary approach, considering justifiable only in one case to use the percentage published in the Draft in respect of the residual amount of deferred tax assets based on future profitability. It should be taken into account that in the case of publication of appropriate guidelines for the so-called "national options', the capital adequacy ratio of the Group as at 31 December 2014 would differ from the ratio presented in these financial statements.

	31.12.2014 PLN thousand
Tier 1 capital	4,936,033
Tier 2 capital	1,742,616
TOTAL OWN FUNDS	**6,678,649**
TOTAL CAPITAL REQUIREMENTS	**4,089,447**
CAPITAL RATIOS	
Tier 1 capital ratio	9.7%
Total capital ratio	13.1%

The capital adequacy ratio as at 31 December 2013 amounted to 12.4% and was calculated in accordance with the regulations applicable to the end of 2013.

Total capital ratio as at the end of December 2014 was higher by 0.7 pp. compared to December 2013. Own funds increased in this period by 14%, mainly as a result of the decision of the Annual General Meeting of Shareholders of Getin Noble Bank S.A. to retain all the Bank's profit for 2013 in an equity, as well as the consent of the Polish Financial Supervision Authority to include in own funds amounts of subordinated bonds series PP3-IX, PP3-X and PP3-XI and the net profit of the prudentially consolidated Getin Noble Bank S.A. Group for the first half of 2014 verified by the auditor.

As at 31 December 2014 and 2013 the portfolio of the Group did not contain any receivables that could be qualified as exceeding the concentration limits, therefore the Group estimates the concentration risk to be not significant.

Prudential consolidation

Getin Noble Bank S.A. carries out a prudential consolidation of institutions and financial institutions that are its subsidiaries (as defined in Article 4 paragraph 1 of the CRR) in connection with the obligation to apply the requirements on a consolidated basis in accordance with the provisions of Part One, Title II, Chapter 2 of the CRR.

Prudentially consolidated financial data have been prepared in accordance with the Group's accounting policies, which have been applied in the consolidated financial statements of the Getin Noble Bank S.A. Group for the year ended 31 December 2014 prepared in accordance with International Financial Reporting Standards as adopted by the EU, meeting the requirements of Article 24 of the CRR on the valuation of assets and off-balance sheet items.

The following subsidiaries of Getin Noble Bank S.A. are prudentially consolidated using full consolidation method:

- institutions: BPI Bank Polskich Inwestycji S.A. and Noble Securities S.A.,
- financial institutions: Noble Funds TFI S.A. and entities of the Getin Leasing S.A. Group.

Other subsidiaries of the Bank do not meet the definition of institution or financial institution. In the Getin Noble Bank S.A. Capital Group there are no ancillary services undertakings which would be subject to prudential consolidation in accordance with Article 18 paragraph 8 of the CRR.

Under Article 18 paragraph 5 of the CRR the competent authorities shall determine whether and how consolidation is to be carried out in the case of participations or capital ties other than those referred to in Article 18 paragraphs 1 and 2 of the CRR. Until the date of these financial data, regulations in this respect have not been taken and published by the competent authorities. In the case of the Getin Noble Bank S.A. Group this applies to the recognition in the prudential consolidation of associate Open Finance S.A., which in the consolidated financial statements of the Group is valued with the equity method. Due to the lack of guidance in this regard, the Bank adopted a conservative approach and did not include the financial data of the associate under the equity method in the prudential consolidation. It should be taken into account that in the case of the publication of the relevant guidelines, prudentially consolidated profit of the Group for the year ended 31 December 2014 would differ from the profit presented in this financial information.

Presented below is the consolidated income statement under the prudential consolidation prepared in order to qualify the consolidated profit for the own funds calculation of the capital ratio at the consolidated level in accordance with Article 26 paragraph 26 of the CRR.

	01.01.2014-31.12.2014 PLN thousand	01.01.2013-31.12.2013 PLN thousand
Interest income	3,641,921	3,856,464
Interest expense	(2,221,062)	(2,572,879)
Net interest income	**1,420,859**	**1,283,585**
Fee and commission income	654,889	645,168
Fee and commission expense	(216,700)	(207,948)
Net fee and commission income	**438,189**	**437,220**
Dividend income	3,466	2,395
Result on financial instruments measured at fair value through profit or loss and net foreign exchange gains	109,208	85,502
Result on other financial instruments	36,848	87,052
Other operating income	104,580	172,120
Other operating expense	(151,384)	(145,225)
Net other operating income and expense	**(46,804)**	**26,895**
Administrative expenses	(928,191)	(882,189)
Net impairment allowances on financial assets and off-balance sheet provisions	(733,101)	(624,443)
Operating profit	**300,474**	**416,017**
Profit before tax	**300,474**	**416,017**
Income tax	46,714	17,222
Net profit	**347,188**	**433,239**
Attributable to:		
equity holders of the parent	346,727	430,480
non-controlling interests	461	2,759

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

___________________	___________________
Krzysztof Rosiński	Krzysztof Basiaga
President of the Management Board	*Member of the Management Board*
___________________	___________________
Marcin Dec	Karol Karolkiewicz
Member of the Management Board	*Member of the Management Board*
___________________	___________________
Krzysztof Spyra	Radosław Stefurak
Member of the Management Board	*Member of the Management Board*
___________________	___________________
Maciej Szczechura	Grzegorz Tracz
Member of the Management Board	*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, 23 March 2015