GETIN NOBLE
BANK • SPÓŁKA AKCYJNA

GETIN NOBLE BANK S.A. CAPITAL GROUP

Consolidated financial statements

for the year ended 31 December 2013

with the auditor's report

Warsaw, 28 February 2014

SELECTED FINANCIAL DATA

Data from the consolidated income statement	01.01.2013-31.12.2013 PLN thousand	01.01.2012-31.12.2012 (restated) PLN thousand	01.01.2013-31.12.2013 EUR thousand	01.01.2012-31.12.2012 (restated) EUR thousand
Net interest income	1,297,834	1,348,567	308,201	323,118
Net fee and commission income	419,238	620,832	99,558	148,752
Profit before tax	387,995	409,103	92,138	98,022
Net profit	402,484	347,862	95,579	83,348
Net profit attributable to equity holders of the parent	399,725	333,232	94,924	79,843
Total comprehensive income for the period	387,109	200,024	91,928	47,926
Net cash flows	(966,389)	831,201	(229,492)	199,157

Data from the consolidated statement of financial position	31.12.2013 PLN thousand	31.12.2012 (restated) PLN thousand	31.12.2013 EUR thousand	31.12.2012 (restated) EUR thousand
Total assets	63,617,095	58,484,806	15,339,770	14,305,760
Total equity	4,780,455	4,358,568	1,152,695	1,066,134
Equity attributable to equity holders of the parent	4,775,105	4,355,590	1,151,405	1,065,405
Share capital	2,650,143	2,650,143	639,020	648,242
Core capital (Tier 1)	4,251,482	4,059,743	1,025,145	993,039
Supplementary funds (Tier 2)	1,591,105	1,005,718	383,658	246,005
Short-term capital (Tier 3)	25,024	6,129	6,034	1,499

Number of shares	2,650,143,319	2,650,143,319	2,650,143,319	2,650,143,319
Capital adequacy ratio	12.4%	11.5%	12.4%	11.5%

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 2013, i.e. 1 EUR = 4.1472 PLN and as at 31 December 2012, i.e. 1 EUR = 4.0882 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 2013 and 31 December 2012 (1 EUR = 4.2110 PLN and 1 EUR = 4.1736 PLN respectively).

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I. CONSOLIDATED FINANCIAL STATEMENTS

1. CONSOLIDATED INCOME STATEMENT

	Note	01.01.2013-31.12.2013 PLN thousand	01.01.2012-31.12.2012 (restated) PLN thousand
CONTINUED ACTIVITY			
Interest income	II.8	3,816,755	4,391,521
Interest expense	II.8	(2,518,921)	(3,042,954)
Net interest income		**1,297,834**	**1,348,567**
Fee and commission income	II.9	644,124	869,401
Fee and commission expense	II.9	(224,886)	(248,569)
Net fee and commission income		**419,238**	**620,832**
Dividend income	II.10	2,395	3,102
Result on financial instruments measured at fair value through profit or loss	II.11	23,739	(42,487)
Result on other financial instruments	II.12	36,102	166,068
Net foreign exchange gains	II.13	61,763	87,003
Other operating income	II.14	182,847	99,341
Other operating expense	II.14	(136,505)	(91,637)
Net other operating income and expense		**46,342**	**7,704**
Administrative expenses	II.15	(880,050)	(833,840)
Net impairment allowances on financial assets and off-balance sheet provisions	II.16	(624,443)	(975,061)
Operating profit		**382,920**	**381,888**
Share of profits /(losses) of associates		5,075	27,215
Profit before tax		**387,995**	**409,103**
Income tax	II.17	14,489	(61,241)
Net profit		**402,484**	**347,862**
of which attributable to:			
equity holders of the parent		399,725	333,232
non-controlling interests		2,759	14,630
Earnings per share in PLN:	II.18		
basic, for profit for the period attributable to equity holders of the parent		0.15	0.14
diluted, for profit for the period attributable to equity holders of the parent		0.15	0.14

In 2013 and 2012 there were no discontinued operations in the Group.

Details for restatement of comparative data for 2012 are presented in Note II 5.5

2. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	01.01.2013-31.12.2013 PLN thousand	01.01.2012-31.12.2012 (restated) PLN thousand
Net profit for the period		**402,484**	**347,862**
Items that will not be reclassified to profit or loss		**(65)**	**(250)**
Actuarial gains/ (losses)		(80)	(309)
Tax effect related to items that will not be reclassified to profit or loss	II.17	15	59
Items that may be reclassified to profit or loss, of which:		**(15,310)**	**(147,588)**
Exchange differences on translation of foreign operations		(107)	(547)
Valuation of available-for-sale financial assets		(65,780)	20,260
Cash flow hedges	III.7	47,010	(201,638)
Share in other comprehensive income of associates		-	(35)
Tax effect related to items that may be reclassified to profit or loss	II.17	3,567	34,372
Net other comprehensive income		**(15,375)**	**(147,838)**
Total comprehensive income for the period		**387,109**	**200,024**
Attributable to:			
equity holders of the parent		384,350	185,389
non-controlling interests		2,759	14,635

Details for restatement of comparative data for 2012 are presented in Note II 5.5

3. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	31.12.2013 PLN thousand	31.12.2012 (restated) PLN thousand	01.01.2012 (restated) PLN thousand
ASSETS				
Cash and balances with the Central Bank	II.19	2,629,838	2,906,944	2,423,347
Amounts due from banks and financial institutions	II.20	1,379,820	2,104,758	3,313,047
Financial assets held for trading	II.21	5,114	16,115	18,245
Derivative financial instruments	II.22	241,389	182,128	90,026
Loans and advances to customers	II.23	45,353,193	41,998,698	40,713,789
Finance lease receivables	II.24	2,599,201	1,834,441	1,364,098
Financial assets, of which:	II.25	8,871,495	7,199,792	4,542,121
available-for-sale		8,758,290	7,199,792	4,542,121
held-to-maturity		113,205	-	-
Investments in associates	II.27	357,492	386,075	426,384
Intangible assets	II.28	205,034	124,426	134,875
Property, plant and equipment	II.29	323,236	295,324	158,662
Investment properties	II.30	150,806	32,204	36,008
Non-current assets held for sale	II.31	9,449	4,522	1,036
Income tax assets, of which:	II.17	637,076	597,069	463,952
receivables relating to current income tax		8	2,547	7,629
deferred tax assets		637,068	594,522	456,323
Other assets	II.32	853,952	802,310	536,850
TOTAL ASSETS		**63,617,095**	**58,484,806**	**54,222,440**
LIABILITIES AND EQUITY				
Liabilities				
Amounts due to banks and financial institutions	II.33	3,139,509	794,937	579,057
Derivative financial instruments	II.22	481,340	658,019	1,135,555
Amounts due to customers	II.34	51,486,360	50,185,371	47,217,221
Debt securities issued, of which:	II.35	3,158,409	1,965,968	811,673
subordinated debt		1,824,250	1,233,943	400,695
Liabilities relating to current income tax		1,144	1,063	302
Other liabilities	II.36	543,245	500,220	536,888
Provisions	II.37	26,633	20,660	39,449
Total liabilities		**58,836,640**	**54,126,238**	**50,320,145**
Equity attributable to equity holders of the parent		**4,775,105**	**4,355,590**	**3,899,820**
Share capital	II.38	2,650,143	2,650,143	103,060
Retained earnings		(264,257)	(642,248)	(46,206)
Net profit		399,725	333,232	-
Other capital	II.39	1,989,494	2,014,463	3,842,966
Non-controlling interests		**5,350**	**2,978**	**2,475**
Total equity		**4,780,455**	**4,358,568**	**3,902,295**
TOTAL LIABILITIES AND EQUITY		**63,617,095**	**58,484,806**	**54,222,440**

Details for restatement of comparative data for 2012 are presented in Note II 5.5.

4. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	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	Revaluation reserve	Foreign exchange differences	Share based payments-equity component	Other capital reserves			
	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand	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 and cover of previous years losses	-	-	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**

(restated)	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	Share based payments-equity component	Other capital reserves			
	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand
As at 01.01.2012	**103,060**	**278,705**	-	**3,761,854**	**26,699**	**547**	**16,373**	**37,493**	**4,224,731**	**2,475**	**4,227,206**
Adjustments for changes in accounting policies	-	(324,911)	-	-	-	-	-	-	**(324,911)**	-	**(324,911)**
As at 01.01.2012 after adjustment	**103,060**	**(46,206)**	-	**3,761,854**	**26,699**	**547**	**16,373**	**37,493**	**3,899,820**	**2,475**	**3,902,295**
Settlement of the Banks' merger	-	-	-	(6,056,773)	-	-	-	-	**(6,056,773)**	(12,082)	**(6,068,855)**
Comprehensive income for the period	-	-	333,232	-	(147,296)	(547)	-	-	**185,389**	14,635	**200,024**
Appropriation of profit for the previous period	-	(568,131)	-	568,131	-	-	-	-	**-**	-	**-**
Issue of shares	2,547,083	-	-	3,819,317	-	-	-	-	**6,366,400**	-	**6,366,400**
Share issue costs	-	-	-	(5,616)	-	-	-	-	**(5,616)**	-	**(5,616)**
Sale of own shares	-	-	-	3,273	-	-	-	-	**3,273**	-	**3,273**
Sale of shares in a subsidiary	-	1,321	-	-	-	-	-	-	**1,321**	531	**1,852**
Purchase of the non-controlling interests	-	-	-	-	-	-	-	-	-	(1,200)	**(1,200)**
Dividends to the non-controlling interests	-	-	-	-	-	-	-	-	-	(271)	**(271)**
Options to the non-controlling interests	-	(29,232)	-	-	-	-	-	-	**(29,232)**	(1,058)	**(30,290)**
Valuation of the management options	-	-	-	-	-	-	3,897	-	**3,897**	-	**3,897**
Partial execution of the Management Option Scheme	-	-	-	-	-	-	(3,290)	-	**(3,290)**	(52)	**(3,342)**
Reclassification of the Management Option Scheme	-	-	-	-	-	-	(9,599)	-	**(9,599)**	-	**(9,599)**
As at 31.12.2012	**2,650,143**	**(642,248)**	**333,232**	**2,090,186**	**(120,597)**	**-**	**7,381**	**37,493**	**4,355,590**	**2,978**	**4,358,568**

Details for restatement of comparative data for 2012 are presented in Note II 5.5.

5. CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	01.01.2013-31.12.2013 PLN thousand	01.01.2012-31.12.2012 (restated) PLN thousand
Cash flow from operating activities			
Net profit		402,484	347,862
Adjustments:		(3,607,756)	(784,190)
Amortisation and depreciation	II.15	73,883	63,727
Share of (profits)/ losses of associates		(5,075)	(27,215)
Foreign exchange (gains)/ losses		(16,683)	(547)
(Gains)/ losses from investing activities		(130,176)	204,505
Interests and dividends		149,155	62,522
Change in amounts due from banks and financial institutions		53,661	1,555,893
Change in financial assets held for trading		11,001	2,130
Change in derivative financial instruments (assets)		(61,214)	(139,022)
Change in loans and advances to customers		(2,946,090)	(1,438,928)
Change in finance lease receivables		(764,760)	(470,343)
Change in available-for-sale financial instruments		(1,568,701)	(2,641,390)
Change in held to maturity financial instruments		200	-
Change in deferred tax assets		(42,546)	(138,199)
Change in other assets		(51,179)	(265,460)
Change in amounts due to banks and financial institutions		292,669	112,885
Change in derivative financial instruments (liabilities)		(136,648)	(593,943)
Change in amounts due to customers		1,300,989	2,968,150
Change in debt securities issued		192,160	(60,264)
Change in other liabilities		41,186	117,351
Change in provisions		5,748	(19,039)
Other adjustments		(7,951)	(82,846)
Income tax paid		(29,038)	(157,409)
Current tax expense	II.17	31,653	163,252
Net cash flows used in operating activities		**(3,205,272)**	**(436,328)**
Cash flows from investing activities			
Sale of shares in a subsidiary/ associate		155,614	1,032
Sale of intangible assets and property, plant and equipment		2,143	2,943
Dividends received		2,395	3,102
Sale of investments in financial instruments		40,938	-
Acquisition of a subsidiary		(114,267)	(105,006)
Purchase of intangible assets and property, plant and equipment		(302,896)	(181,403)
Purchase of investments in financial instruments		(112,267)	-
Net cash flows used in investing activities		**(328,340)**	**(279,332)**
Cash flows from financing activities			
Proceeds from issue of shares		-	296,000
Proceeds from issue of debt securities		3,159,281	2,522,559
Proceeds from loans taken		1,683,711	102,995
Sale/ (purchase) of own shares		33,965	3,273
Redemption of issued debt securities		(2,159,000)	(1,308,000)
Dividends paid to non-controlling interests		(384)	(271)
Interest paid		(151,550)	(65,624)
Other financial inflows/ (outflows)		1,200	(4,071)
Net cash flows from financing activities		**2,567,223**	**1,546,861**
Net increase/(decrease) in cash and cash equivalents		(966,389)	831,201
Cash and cash equivalents at the beginning of the period		4,017,609	3,186,408
Cash and cash equivalents at the end of the period		**3,051,220**	**4,017,609**

(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 Str. 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:

As at 28.02.2014	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%
ING Otwarty Fundusz Emerytalny	192,352,805	192,352,805	7.26%	7.26%
Other shareholders	981,120,381	981,120,381	37.01%	37.01%
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:

As at 28.02.2014	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. THE MANAGEMENT BOARD AND THE 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	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	Rafał Juszczak
Members of the Supervisory Board	Remigiusz Baliński
	Michał Kowalczewski
	Jacek Lisik

On 29 January 2013 the Polish Financial Supervision Authority approved the appointment of Mr. Krzysztof Rosiński to the President of the Management Board of Getin Noble Bank S.A.

On 7 November 2013 the Supervisory Board of Getin Noble Bank S.A. appointed Mr. Marcin Dec as a Member of the Bank's Management Board with effect from 1 January 2014. On 6 December 2013 Mr. Maurycy Kühn resigned from the position of a Member of the Bank's Management Board with effect from 9 December 2013. In the 12-month period ended 31 December 2013 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:

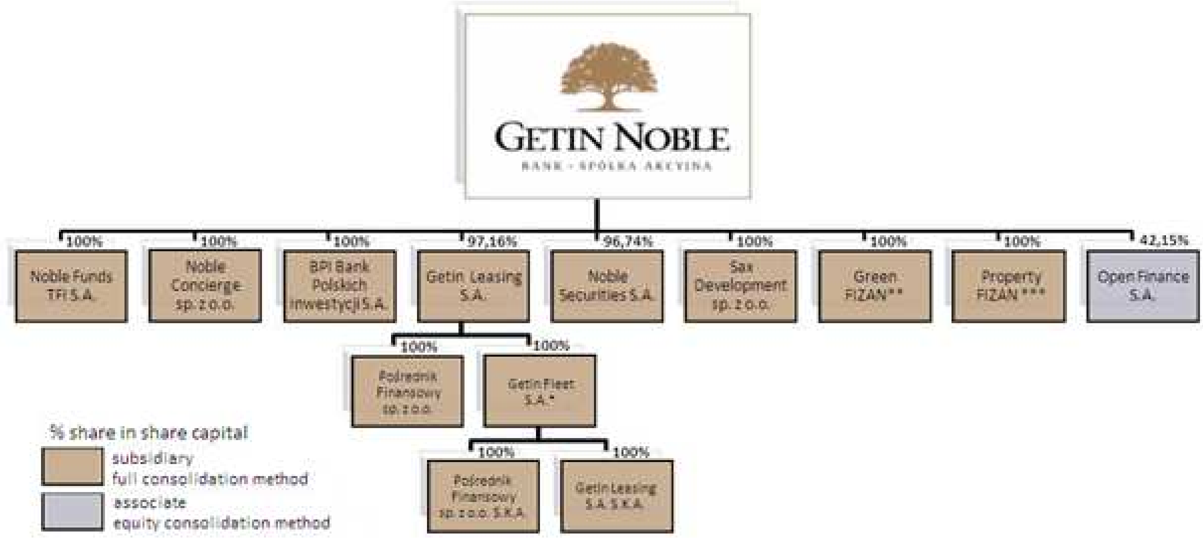
- banking services,
- leasing services and long-term vehicles rental,
- financial intermediary services,
- investment funds,
- brokerage services.

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, mortgage and car 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.

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 an organisational chart of subsidiaries and associated included in the consolidated financial statements of the Getin Noble Bank S.A. Capital Group with information on the nature of the relationships within the Group as at 31 December 2013:



* former Getin Services S.A.

** Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych (Non-public assets closed-end investment fund)

*** Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych (Non-public assets closed-end investment fund); holds 100% share in three special purpose companies: Ettrick Investments sp. z o.o., Redmile Investments sp. z o.o. and Lakeford Investments sp. z o.o.

As at 31 December 2013 and 2012 the Bank's share in the total number of voting rights in its subsidiaries and associates 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 97.26% share in votes as at 31 December 2013 and 2012.

All subsidiaries are consolidated using the full 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. ("SPV") with which the Bank conducted in 2012 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.

3.1. Changes in the Group structure in 2013

Acquisition of Dexia Kommunalkredit Bank Polska S.A.

As a result of the fulfilment of all the conditions precedent contained in the preliminary agreement concluded between Getin Noble Bank S.A. and Dexia Kommunalkredit Bank AG with its registered office in Vienna on 7 November 2012 to acquire 104,000 shares of Dexia Kommunalkredit Bank Polska S.A. („DKBP") with its registered office in Warsaw, with a total nominal value of PLN 104,000,000, which is 100% of the share capital, on 28 March 2013 there was a passage of legal title of DKBP shares to Getin Noble Bank S.A. Purpose of the acquisition, in addition to obtaining an attractive source of financing in the form of funds from the European Investment Bank ("EIB"), is to further strengthen the capital of Getin Noble Bank S.A. The acquired entity operates as a bank subsidiary of Getin Noble Bank S.A. Since April 2013 DKBP operates under new name, which is BPI Bank Polskich Inwestycji S.A.

The purchase price amounted to PLN 57,084 thousand. With the consent of Dexia AG, Getin Holding S.A. joined as a joint and several debtor for liabilities arising from the payment for the DKBP shares and made a cash payment directly to the account of Dexia AG. In order to release from the debt to Getin Holding S.A., Getin Noble Bank S.A. transferred pursuant to art. 453 of the Civil Code, 3,590,182 shares of Open Finance S.A. to Getin

Holding S.A. In view of the fact that the book value of shares in the consolidated statement of financial position (according to the equity method) was lower than their fair value at the date of the transaction, the Group recognised a profit before tax of PLN 3,976 thousand, which has been included in the calculation of the gain on bargain purchase of DKBP as a adjustment of the purchase price specified in the contract.

In connection with the acquisition of DKBP below its fair value, a gain from a bargain purchase was recognised. The following are basic financial figures of Dexia Kommunalkredit Bank Polska S.A. as at the transaction date and the settlement of the acquisition of a subsidiary in accordance with IFRS 3. The result of the settlement has been recognised in the consolidated income statement under "Other operating income".

Settlement of the acquisition of Dexia Kommunalkredit Bank Polska S.A.	PLN thousand
Amounts due from banks	19,896
Loans and advances to customers	408,405
Held-to-maturity financial instruments	42,077
Other assets	696
Total assets	**471,074**
Amounts due to banks	384,768
Other liabilities	1,999
Total liabilities	**386,767**
Fair value of the identifiable net assets as of the acquisition date	**84,307**
Fair value of the consideration transferred as of the acquisition date	**(53,108)**
Gain on a bargain purchase before tax	**31,199**
Income tax *	(9,681)
Gain on a bargain purchase of DKBP after tax	**21,518**
Total transaction costs related to the acquisition	(848)

* The basis for the tax calculation was profit before tax on the settlement of transferring Open Finance S.A. shares to Getin Holding S.A. and the acquisition of Dexia Kommunalkredit Bank Polska S.A. recognised in the standalone financial result of the Bank in the Mount of PLN 50,950 thousand.

Transaction costs incurred in 2012 in the amount of PLN 411 thousand and in 2013 in the amount of PLN 437 thousand were included in 2012 and 2013 respectively as part of the "Administrative expenses" and "Result on other financial instruments" in the consolidated income statement and as part of the "Cash flow from operating activities" in the consolidated statement of cash flows.

As of the acquisition date the gross contractual amounts receivable of loans and advances to customers amounted to PLN 409,254 thousand. The value of loans and advances to customers as of the acquisition date reflects the value of the expected cash flows made based on the best estimates, in accordance with the accounting policies adopted by the Group. The amount of PLN 8,543 thousand of profit of the acquiree since the acquisition date has been included in the consolidated statement of comprehensive income for the reporting period. If the combination had taken place at the beginning of the reporting period, the Group's consolidated net profit would have amounted to PLN 402,994 thousand and revenue from continuing operations would amount to PLN 4,690,721 thousand.

Acquisition of the organised part of a business of DnB Nord Polska S.A.

Due to the fulfilment of all conditions precedent in the preliminary purchase agreement of the organised part of bank business of DnB Nord Polska S.A. („DnB") by Getin Noble Bank S.A., on 24 May 2013 Getin Noble Bank S.A. acquired control of the organised part of a bank business including 37 branches of the bank DnB Nord Polska S.A. along with employees and a portfolio of loans, bank accounts and term deposits of individual clients, small and medium-sized enterprises and housing communities. The primary reasons for the transaction was to strengthen the position of Getin Noble Bank S.A. in a segment of financing housing communities and SMEs, further diversification of the loan portfolio and to improve the risk profile. In addition, the acquired branches have been used in the implementation of the new strategy of the Bank – Getin Up.

The transaction price determined at the date of acquisition of control was PLN 833,878 thousand and establishes fair value of the consideration paid in the calculation of a gain on a bargain purchase. In exchange for liabilities assumed by Getin Noble Bank S.A. in a transaction DnB transferred cash in the amount of PLN 2,230,200 thousand. Mutual claims of Getin Noble Bank S.A. and DnB bank were settled in the net amount as the transfer from DnB of PLN 1,396,322 thousand. The acquired bank branches together with associated in the transaction assets and liabilities meet the definition of the business in light of the provisions of IFRS 3. The transaction was accounted for using the acquisition method.

Getin Noble Bank S.A. reviewed the measured fair value of the acquired assets and liabilities, including customer relationships and loan portfolio, as well as the completeness of liabilities assumed. Due to the negotiation by the Bank's Management Board of a favourable transaction price, fair value of the acquired business exceeded the price paid for it. The gain on bargain purchase in the amount of PLN 37,844 thousand was recognised in "Other operating income" in the consolidated income statement.

The fair value of the identifiable assets and liabilities of the acquired business as at the acquisition date recognised in the Group's consolidated financial statements and the calculation of the gain on bargain purchase are presented in the table below.

Settlement of the acquisition of the organised part of a business of DnB Nord Polska S.A.	PLN thousand
Loans and advances to customers	811,741
Intangible assets	56,707
Property, plant and equipment	10,176
Total assets	**878,624**
Amounts due to customers	2,222,664
Provision for retirement benefits and other employee allowances	1,350
Deferred tax liability	6,902
Other liabilities	6,186
Total liabilities	**2,237,102**
Fair value of the identifiable net assets at the acquisition date	**(1,358,478)**
Net amount transferred (paid by DnB), of which:	**1,396,322**
amount of cash transferred by DnB for the liabilities assumed by GNB	2,230,200
fair value of GNB consideration	(833,878)
Gain on a bargain purchase	**37,844**
Total transaction costs related to the acquisition	(9,540)

Transaction costs incurred in 2012 in the amount of PLN 543 thousand and in 2013 in the amount of PLN 8,997 thousand (including PLN 8,422 thousand of tax on civil law transactions) were included in 2012 and 2013 respectively as part of "Other operating expense" and "Administrative expenses" in the consolidated income statement and as part of the "Cash flow from operating activities" in the consolidated statement of cash flows.

The gross contractual amounts receivable of loans and advances to customers amounted to PLN 831,466 thousand. The value of loans and advances to customers as of the acquisition date reflects the value of the expected cash flows made based on the best estimates, in accordance with the accounting policies adopted by the Group. The Group is not able to estimate the amount of revenue and profit or loss of acquired business since the acquisition date included in the consolidated statement of comprehensive income for the 12-month period ended 31 December 2013 or the impact of the transaction on the income from continuing operations of the Group, if the combination had taken place at the beginning of the reporting period, because acquired business have become an integrated part of the Bank and the separation of its performance from the results of the Bank is not feasible in practice.

Incorporation of Green Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych

On 15 July 2013 Getin Noble Bank S.A. signed an agreement with Noble Funds TFI S.A. to establish and manage Green Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych ("the Fund"). On 17 July 2013 the Bank purchased 100% Series A investment certificates with a nominal value of PLN 43,078 thousand in exchange for the transfer of property rights in form of corporate bonds of the Bank's associate. As at 31 December 2013 the Bank was the only investor in the Fund.

Acquisition of the organised part of a business of DZ Bank Polska S.A.

On 23 August 2013 DZ Bank Polska S.A. and Getin Noble Bank S.A. signed a definite sale agreement of an organised part of a business of DZ Bank Polska S.A. specialising in providing services to the wealthiest individuals to the Getin Noble Bank S.A. Transaction closure took place after fulfilment of all of suspensive conditions, inter alia obtaining the consent of the Polish Financial Supervision Authority, as well as individual customer consents to change the bank. Following the transaction, the Bank took control of the organised part of the bank business comprising mainly assets of private banking customers, including their deposits and current accounts, as well as regularly repaid loans in PLN. The aim of the transaction is to aim at strengthening position of Getin Noble Bank S.A. in the sector of private banking.

The transaction price determined at the date of acquisition of control was PLN 6,154 thousand and establishes fair value of the consideration paid in the calculation of a gain on a bargain purchase. In exchange for liabilities assumed by Getin Noble Bank S.A. in a transaction DZ Bank transferred cash in the amount of PLN 81,054 thousand. Mutual claims of Getin Noble Bank S.A. and DZ Bank were settled in the net amount as the transfer from DZ Bank of PLN 74,900 thousand. The assets acquired in the transaction including receivables, tangible assets and intangible assets as well as liabilities meet the definition of the business in light of the provisions of IFRS 3. The transaction was accounted for using the acquisition method. Getin Noble Bank S.A. reviewed the measured fair value of the acquired assets and liabilities, as well as the completeness of liabilities assumed. Due to the negotiation by the Bank's Management Board of a favourable transaction price, fair value of the acquired business exceeded the price paid for it. The gain on bargain purchase in the amount of PLN 1,257 thousand has been included in "Other operating income" in the consolidated income statement.

The fair value of the identifiable assets and liabilities of the acquired business at the acquisition date recognised in the Group's consolidated financial statements and the calculation of the gain on bargain purchase are presented in the table below.

Settlement of the acquisition of the organised part of a business of Bank Polska S.A.	PLN thousand
Loans and advances to customers	5,561
Intangible assets	2,125
Property, plant and equipment	5
Total assets	**7,691**
Amounts due to customers	81,034
Provision for retirement benefits and other employee allowances	20
Deferred tax liability	280
Total liabilities	**81,334**
Fair value of the identifiable net assets at the acquisition date	**(73,643)**
Net amount transferred (paid by DZ Bank), of which:	**74,900**
amount of cash transferred by DZ Bank for the liabilities assumed by GNB	81,054
fair value of GNB consideration	(6,154)
Gain on a bargain purchase	**1,257**
Total transaction costs related to the acquisition	(852)

Transaction costs incurred in 2013 in the amount of PLN 842 thousand were included as part of “Other operating expense” and „Administrative expenses" in the consolidated income statement and as part of the "Cash flow from operating activities" in the consolidated statement of cash flows.

The gross contractual amounts receivable of loans and advances to customers amounted to PLN 5,561 thousand. The value of loans and advances to customers as of the acquisition date reflects the value of the expected cash flows made based on the best estimates, in accordance with the accounting policies adopted by the Group. The Group is not able to estimate the amount of revenue and profit or loss of acquired business since the acquisition date included in the consolidated statement of comprehensive income for 12-month period ended 31 December 2013 or the impact of the transaction on the income from continuing operations of the Group, if the combination had taken place at the beginning of the reporting period, because acquired business have become an integrated part of the Bank and the separation of its performance from the results of the Bank is not feasible in practice.

Incorporation of Property Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych

On 6 November 2013 Getin Noble Bank S.A. signed an agreement with Noble Funds TFI S.A. to establish and manage Property Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych (“the Fund"). On 14 November 2013 the Bank purchased 100% Series A investment certificates in exchange for the transfer of PLN 16 million cash. As at 31 December 2013 the Bank was the only investor in the Fund. In December 2013 the Property Fund purchased 100% share in three special purpose companies: Ettrick Investments sp. z o.o., Redmile Investments sp. z o.o. and Lakeford Investments sp. z o.o.

4. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements were approved by the Management Board of the parent company on 28 February 2013.

5. 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 ("the Act") as amended and the respective secondary legislation issued on its basis ("Polish accounting standards"), as well as the requirements relating to issuers of securities registered or applying for registration on an official quotations market.

IFRS comprise standards and interpretations accepted by the International Accounting Standards Board 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

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

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.

The financial statements were subject to the audit of the certified auditor acting on behalf of the authorized entity, Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp.k. The audit was conducted in accordance with the Polish law and the national auditing standards issued by the National Council of Statutory Auditors.

5.3. Functional and reporting currency

The 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.

5.4. Changes in the applied standards and interpretations

Standards and interpretations applied for the first time in 2013

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 2012, except for the adoption of new standards and interpretations applicable for annual periods beginning on or after 1 January 2013, as follows:

- Amendments to IFRS 13 *Fair value measurement,* as adopted by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2013),
- Amendments to IFRS 1 *First-time adoption of International Financial Reporting Standards:* Severe hyperinflation and removal of fixed dates for first-time adopters, as adopted by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2013),
- Amendments to IFRS 1 *First-time adoption of International Financial Reporting Standards* – Government grants, as adopted by the EU on 4 March 2013 (effective for annual periods beginning on or after 1 January 2013),
- Amendments to IFRS 7 *Financial instruments: disclosures* – Offsetting financial assets and financial liabilities, as adopted by the EU on 13 December 2012 (effective for annual periods beginning on or after 1 January 2013),
- Amendments to IAS 1 *Presentation of financial statements* – presentation of items of other comprehensive income, as adopted by the EU on 5 June 2012 (effective for annual periods beginning on or after 1 July 2012)

- Amendments to IAS 12 *Income taxes* - Deferred tax: recovery of underlying assets, as adopted by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2013),
- Amendments to IAS 19 *Employee benefits* – amendments to accounting requirements for post-employment benefits, as adopted by the EU on 5 June 2012 (effective for annual periods beginning on or after 1 January 2013),
- Amendments to various standards *Improvements to IFRS (2009-2011 cycle)* – changes made within the procedure for annual improvements to IFRS (IFRS 1, IAS 1, IAS 16, IAS 32 and IAS 34) primarily with a view to removing inconsistencies and clarifying wording, as adopted by the EU on 27 March 2013 (effective for annual periods beginning on or after 1 January 2013).

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:

- 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).

In the reporting period the Group has not early adopted any standard or interpretation that was issued and adopted by the EU, but is not yet effective. The Group estimates that the above standards, interpretations and amendments to standards would not have any significant impact on the financial statements, if it has been adopted by the Group at the reporting date.

5.5. Changes in accounting policies and data presentation – restatement of comparative data

The comparative data for the 12-month period ended 31 December 2012 and as at 31 December 2012 presented in the consolidated financial statements have been restated to reflect the following changes to the accounting policies and changes in the presentation of data that have been made in the current reporting period:

1. Starting from 1 January 2013 the Group has applied the amended IAS 19 *Employee Benefits*. The amended standard requires an entity to include actuarial gains and losses from the valuation of liabilities arising from defined benefit plans in the other comprehensive income, and no longer in profit or loss. The amendments apply retrospectively in accordance with IAS 8 *Accounting policies, changes in accounting estimates and errors*, therefore, the Group restated comparative figures for the year 2012 by adjusting the income statement under "Other operating expenses" and the other comprehensive income by PLN 309 thousand. Deferred tax has been also adjusted accordingly. Due to the immateriality of the adjustment amount, the Group did not recognise the impact of this change as at 1 January 2012 in the consolidated statement of changes in equity.
2. In 2013 the Getin Noble Bank S.A. Group modified the accounting policy on recognition of revenue from sale of insurance products distributed together with the loan products of the Bank.

   In previous years, due to the voluntary use of bancassurance offer by customers, the Group recognised the revenue as a separate income not arising from the requirements concerning related products. Based on carried out analysis of changes in the external environment and taking into account market practices, the Group decided to modify in the second quarter of 2013 the accounting principles for recognition of commissions received from insurance contained in the group insurance agreements, that give rise to further obligations of the Bank to the insurance company. The Group introduced the principle of the revenue recognition according to the degree of completion of the service, i.e. part of the commission was recognised in full at once in revenues, and some settled on a straight line basis for the duration of the insurance contract. This change resulted in a reduction in net fee and commission income for the first half of 2013 by PLN 9,538 thousand and due to the retrospective approach it also decreased the equity (retained earnings) by PLN 49,879 thousand. The Group considers this approach to be consistent with the concepts and principles contained in the International Accounting Standards.

   On 23 December 2013 the Polish Financial Supervision Authority sent to the banks operating in Poland detailed guidance on the approach to accounting principles for recognition of revenue from bancassurance activities, with particular emphasis on the more restrictive definition of related products. Taking into accounts these guidelines, the Group made a further modification of the revenue recognition method for revenues recognised in 2013, as well as in previous years (since 2009).

   Currently, the commission for insurance products distributed by the Bank is recognised as income taking into account the assessment of connection between insurance product and credit product (as described in Note II 6.1), which is distributed together with the insurance product. As a result of the changes the Group currently:

   - defers part of the remuneration due to the risk associated with the returns of part of insurance premiums on early termination of insurance contracts,
   - recognises as upfront revenue upon the sale of the policy from 0% to 14% of remuneration for the sale of insurance products for retail loans (cash loans, instalment loans), from 0% to 25% for mortgages and car loans, while for corporate loans below 10%. The remainder of the revenue is deferred through the economic life of the loan agreement at amortised cost.

   The change in accounting policy of the Group necessitated retrospective restatement in accordance with IAS 8 *Accounting policies, changes in accounting estimates and errors*, therefore, the Group restated the comparative figures for 2012 by adjusting the consolidated income statement under "Interest income" and "Fee and commission income", and the adjustment of the consolidated statement of financial position under

"Loans and advances to customers", "Retained earnings" and deferred income (items recognised in" Other liabilities"). Deferred tax has been also adjusted accordingly.

Changes made in the accounting policies in 2013 (both in the first half and the fourth quarter) for revenue recognition from sale of bancassurance products related to credit products of Getin Noble Bank S.A. resulted in a decrease of the net profit of the Group for the current year by PLN 61,039 thousand, as well as a reduction in the consolidated equity of the Group as at 31 December 2013 by PLN 362,825 thousand, and decrease of the consolidated capital adequacy ratio at the end of 2013 by 0.7 percentage points.

3. In 2013 the Group changed the presentation of impairment losses on financial instruments and transferred net impairment allowances of available-for-sale financial instruments from "Result on other financial instruments" to "Net impairment allowances on financial assets and off-balance sheet provisions". The restatement of comparative data due to the change in presentation had no impact on the net results for the 12-month period ended 31 December 2012.

Total effect of adjustments due to the changes in accounting principles (policies) introduced in 2013 on the comparative figures in the consolidated financial statements is presented below:

Consolidated income statement for the period 01.01.2012 - 31.12.2012	**Getin Noble Bank S.A. Capital Group** PLN thousand	**Adjustments** PLN thousand		**Restated consolidated data** PLN thousand
CONTINUED ACTIVITY				
Interest income	4,290,532	100,989	1)	4,391,521
Interest expense	(3,042,954)	-		(3,042,954)
Net interest income	**1,247,578**	**100,989**		**1,348,567**
Fee and commission income	1,017,506	(148,105)	2)	869,401
Fee and commission expense	(248,569)	-		(248,569)
Net fee and commission income	**768,937**	**(148,105)**		**620,832**
Dividend income	3,102	-		3,102
Result on financial instruments measured at fair value through profit or loss	(42,487)	-		(42,487)
Result on other financial instruments	166,270	(202)	3)	166,068
Net foreign exchange gains	87,003	-		87,003
Other operating income	99,341	-		99,341
Other operating expense	(91,946)	309	4)	(91,637)
Net other operating income and expense	**7,395**	**309**		**7,704**
Administrative expenses	(833,840)	-		(833,840)
Net impairment allowances on financial assets and off-balance sheet provisions	(975,263)	202	3)	(975,061)
Operating profit	**428,695**	**(46,807)**		**381,888**
Share of profits /(losses) of associates	27,215	-		27,215
Profit before tax	**455,910**	**(46,807)**		**409,103**
Income tax	(70,134)	8,893	5)	(61,241)
Net profit	**385,776**	**(37,914)**		**347,862**
of which attributable to:				
equity holders of the parent	371,146	(37,914)		333,232
non-controlling interests	14,630	-		14,630

Consolidated income statement for the period 01.01.2012 - 31.12.2012 (continued)	Getin Noble Bank S.A. Capital Group PLN thousand	Adjustments PLN thousand		Restated consolidated data PLN thousand
Earnings per share in PLN:				
basic, for profit for the period attributable to equity holders of the parent	0.16			0.14
diluted, for profit for the period attributable to equity holders of the parent	0.16			0.14

Consolidated statement of comprehensive income for the period 01.01.2012 - 31.12.2012	Getin Noble Bank S.A. Capital Group PLN thousand	Adjustments PLN thousand		Restated consolidated data PLN thousand
Net profit for the period	**385,776**	**(37,914)**		**347,862**
Items that will not be reclassified to profit or loss	**-**	**(250)**		**(250)**
Actuarial gains/ (losses)	-	(309)	4)	(309)
Tax effect related to items that will not be reclassified to profit or loss	-	59	5)	59
Items that may be reclassified to profit or loss, of which:	**(147,588)**	**-**		**(147,588)**
Exchange differences on translation of foreign operations	(547)	-		(547)
Valuation of available-for-sale financial assets	20,260	-		20,260
Cash flow hedges	(201,638)	-		(201,638)
Share in other comprehensive income of associates	(35)	-		(35)
Tax effect related to items that may be reclassified to profit or loss	34,372	-		34,372
Net other comprehensive income	**(147,588)**	**(250)**		**(147,838)**
Total comprehensive income for the period	**238,188**	**(38,164)**		**200,024**
Attributable to:				
equity holders of the parent	223,553	(38,164)		185,389
non-controlling interests	14,635	-		14,635

Consolidated statement of financial position as at 31.12.2012	Getin Noble Bank S.A. Capital Group PLN thousand	Adjustments PLN thousand		Restated consolidated data PLN thousand
ASSETS				
Cash and balances with the Central Bank	2,906,944	-		2,906,944
Amounts due from banks and financial institutions	2,104,758	-		2,104,758
Financial assets held for trading	16,115	-		16,115
Derivative financial instruments	182,128	-		182,128
Loans and advances to customers	42,393,501	(394,803)	6)	41,998,698
Finance lease receivables	1,834,441	-		1,834,441
Available-for-sale financial assets	7,199,792	-		7,199,792
Investments in associates	386,075	-		386,075
Intangible assets	124,426	-		124,426
Property, plant and equipment	295,324	-		295,324
Investment properties	32,204	-		32,204
Non-current assets held for sale	4,522	-		4,522
Income tax assets, of which:	511,903	85,166		597,069
receivables relating to current income tax	2,547	-		2,547
deferred tax assets	509,356	85,166	7)	594,522
Other assets	802,310	-		802,310
TOTAL ASSETS	**58,794,443**	**(309,637)**		**58,484,806**

Consolidated statement of financial position as at 31.12.2012 (continued)	Getin Noble Bank S.A. Capital Group PLN thousand	Adjustments PLN thousand		Restated consolidated data PLN thousand
LIABILITIES AND EQUITY				
Liabilities				
Amounts due to banks and financial institutions	794,937	-		794,937
Derivative financial instruments	658,019	-		658,019
Amounts due to customers	50,185,371	-		50,185,371
Debt securities issued	1,965,968	-		1,965,968
Liabilities relating to current income tax	1,063	-		1,063
Other liabilities	446,782	53,438	8)	500,220
Provisions	20,660	-		20,660
Total liabilities	**54,072,800**	**53,438**		**54,126,238**
Equity attributable to equity holders of the parent	**4,718,665**	**(363,075)**		**4,355,590**
Share capital	2,650,143	-		2,650,143
Retained earnings	(317,337)	(324,911)	9)	(642,248)
Net profit	371,146	(37,914)		333,232
Other capital	2,014,713	(250)	4),5)	2,014,463
Non-controlling interests	**2,978**	-		**2,978**
Total equity	**4,721,643**	**(363,075)**		**4,358,568**
TOTAL LIABILITIES AND EQUITY	**58,794,443**	**(309,637)**		**58,484,806**

Consolidated statement of financial position as at 01.01.2012	Getin Noble Bank S.A. Capital Group PLN thousand	Adjustments PLN thousand		Restated consolidated data PLN thousand
ASSETS				
Cash and balances with the Central Bank	2,423,347	-		2,423,347
Amounts due from banks and financial institutions	3,313,047	-		3,313,047
Financial assets held for trading	18,245	-		18,245
Derivative financial instruments	90,026	-		90,026
Loans and advances to customers	41,055,562	(341,773)	6)	40,713,789
Finance lease receivables	1,364,098	-		1,364,098
Available-for-sale financial assets	4,542,121	-		4,542,121
Investments in associates	426,384	-		426,384
Intangible assets	134,875	-		134,875
Property, plant and equipment	158,662	-		158,662
Investment properties	36,008	-		36,008
Non-current assets held for sale	1,036	-		1,036
Income tax assets, of which:	387,738	76,214		463,952
receivables relating to current income tax	7,629	-		7,629
deferred tax assets	380,109	76,214	7)	456,323
Other assets	536,850	-		536,850
TOTAL ASSETS	**54,487,999**	**(265,559)**		**54,222,440**

Consolidated statement of financial position as at 01.01.2012 (continued)	Getin Noble Bank S.A. Capital Group PLN thousand	Adjustments PLN thousand		Restated consolidated data PLN thousand
LIABILITIES AND EQUITY				
Liabilities				
Amounts due to banks and financial institutions	579,057	-		579,057
Derivative financial instruments	1,135,555	-		1,135,555
Amounts due to customers	47,217,221	-		47,217,221
Debt securities issued	811,673	-		811,673
Liabilities relating to current income tax	302	-		302
Other liabilities	477,536	59,352	8)	536,888
Provisions	39,449	-		39,449
Total liabilities	**50,260,793**	**59,352**		**50,320,145**
Equity attributable to equity holders of the parent	**4,224,731**	**(324,911)**		**3,899,820**
Share capital	103,060	-		103,060
Retained earnings	278,705	(324,911)	9)	(46,206)
Net profit	-	-		-
Other capital	3,842,966	-		3,842,966
Non-controlling interests	**2,475**	-		**2,475**
Total equity	**4,227,206**	**(324,911)**		**3,902,295**
TOTAL LIABILITIES AND EQUITY	**54,487,999**	**(265,559)**		**54,222,440**

Consolidated statement of changes in equity for the period 01.01.2012 - 31.12.2012	Total equity as at 01.01.2012 PLN thousand	Net profit for the period 01.01.2012-31.12.2012 PLN thousand	Total equity as at 31.12.2012 PLN thousand
Equity presented in the consolidated financial statements for the year ended 31 December 2012	**4,227,206**	**371,146**	**4,721,643**
adjustment due to change in accounting principles for recognition of revenue from insurance	(401,125)	(47,116)	(448,241)
deferred tax on change in accounting principles for recognition of revenue from insurance	76,214	8,952	85,166
adjustment due to change of IAS 19	-	309	-
deferred tax on change of IAS 19	-	(59)	-
Total adjustments	**(324,911)**	**(37,914)**	**(363,075)**
Equity restated taking into account the retrospective change in accounting principles (policies)	**3,902,295**	**333,232**	**4,358,568**

1) Adjustment of interest income due to changes in the insurance revenue recognition resulting from recognition of part of the revenue with the effective interest rate method,
2) Adjustment of fee and commission income due to changes in the insurance revenue recognition resulting from deferred part of the revenue because of the potential returns of commissions in the event of early termination of the insurance contract by the customer and resulting from recognition of part of the revenue with the effective interest rate method,
3) Adjustment of result on other financial instruments due to change in presentation of impairment losses on financial instruments by transferring net impairment allowances to "Net impairment allowances on financial assets and off-balance sheet provisions",
4) Adjustment of other operating expenses due to transfer of actuarial losses from the valuation of liabilities arising from defined benefit plans to the other comprehensive income,
5) Recognition of income tax due to the above adjustments related to changes in the insurance revenue recognition and transfer of actuarial losses,

6) Adjustment of loans and advances to customers due to changes in the insurance revenue recognition resulting from recognition of deferred part of the revenue settled with the effective interest rate method,
7) Recognition of deferred tax assets related to deferred part of the revenue settled over time,
8) Adjustment of other liabilities due to changes in the insurance revenue recognition resulting from deferred part of the remuneration due to the risk associated with the returns of part of insurance premiums,
9) Adjustment of retained earnings due to changes in accounting principles for insurance revenue recognition related to the retrospective effect of this change on the results of previous periods.

5.6. Consolidation rules

The consolidated financial statements comprise the financial statements of Getin Noble Bank S.A. and the Bank's subsidiaries. The financial statements of the subsidiaries have been prepared for the same reporting period as the financial statements of the parent company. To eliminate any differences in accounting policies applied by the Bank and its subsidiaries relevant consolidation adjustments are made.

Subsidiaries

Subsidiaries are entities controlled by the parent, which means that the parent company, directly or indirectly, through its subsidiaries, affects the financial and operating policies of the entity so as to obtain benefits from its activities. Control is presumed when the parent acquires more than half of the voting rights of the entity. Even when more than one half of the voting rights is not acquired, control may be evidenced by power:

- over more than one half of the voting rights by virtue of an agreement with other investors, or
- to govern the financial and operating policies of the entity under a statute or an agreement; or
- to appoint or remove the majority of the members of the board of directors; or
- to cast the majority of votes at a meeting of the board of directors.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date such control ceases.

The process of financial statements consolidation of subsidiaries using the full method involves adding up the individual items of the statement of financial position, the income statement of the parent company and the Bank's subsidiaries in full amount and making appropriate adjustments and eliminations. The carrying value of the shares held by the Bank in subsidiaries and equity of these entities at the time of purchase are eliminated. The following items should be eliminated in full:

- intragroup receivables and liabilities, and other similar accounts of consolidated entities,
- revenues and costs of intragroup transactions,
- gains or losses arising from intragroup transactions, included in the value of assets of the consolidated entities, with the exception of losses that may indicate that an impairment loss should be recognised,
- dividends accrued or paid out by the subsidiaries to the parent company and other entities included in the consolidation,
- intragroup inflows and outflows in the cash flow statement.

Changes in the parent's controlling interests that do not result in loss of control of a subsidiary are accounted for as equity transactions. In such cases, in order to reflect the changes in the interests in the subsidiary the Group adjusts the carrying amount of controlling and non-controlling interests. Any difference between the amount of change in non-controlling interest and the fair value of consideration paid or received are recognised in equity and attributed to owners of the parent.

Investments in associates

Associates are those entities, over which the Group has significant influence but not control over the financial and operating policies, generally accompanying by a shareholding of between 20% to 50% of the voting rights.

Investments in associates are initially recorded at cost and subsequently accounted for using the equity method. The Group's share of the net profit or loss of the associate from the date of acquisition is recognized in the income statement, and its share of changes in other comprehensive income from the date of purchase - in other comprehensive income. The carrying amount of the investment is adjusted for the cumulative change in the components of the equity from the date of purchase. When the Group's share of losses of an associate equals or exceeds its interest in the associate, including any other than unsecured receivables, the Group discontinues recognising its share of further losses, unless the investor has incurred legal or constructive obligations or made payments on behalf of the associate.

Unrealised profits and losses resulting from upstream and downstream transactions between and associate and the Bank and its subsidiaries should be eliminated to the extent of the Group's interest in the associate. However, unrealised losses should not be eliminated to the extent that the transaction provides evidence of an impairment of the asset transferred.

At the end of each reporting period, the Group assesses the existence of circumstances which indicate that the impairment of investments in associates. 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.

5.7. Foreign currency translation

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

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

5.8. 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.

Financial assets available for sale 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.

5.9. 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 recognized in result on financial instruments measured at fair value through profit or loss or, in the case of foreign currency financial derivatives (FX swap, FX forward and CIRS transactions), in “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).

5.10. 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 other financial instruments measured at fair value through profit or loss" – 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". 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.

5.11. 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

In the Getin Noble Bank S.A. Capital Group 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.

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.

5.12. 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.

5.13. 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 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.

5.14. 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 asset	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 5 years
Means of transport	from 2.5 to 5 years
Office equipment, furniture	from 5 to 7 years

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

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.

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

Investment property is 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.

5.16. 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.

5.17. 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.

5.18. Assets held for sale and discontinued operations

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

5.19. 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.

5.20. 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.

5.21. 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”.

5.22. 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 *Employee benefits*, disability/retirement severance pay is provided under termination benefit plans. The current amount of such liabilities as at each reporting date is determined by an independent actuary. The liabilities are equal to discounted payments to be made in the future, taking into account the employee turnover rate, and they relate to the reporting period. Demographic and employee turnover figures are based on historical data.

5.23. 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. The provision is recognised as a liability in “Provisions”.

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. The provision is recognised as a liability in “Provisions”.

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.

5.24. 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.

5.25. 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.

5.26. 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.

5.27. 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.
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.

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.

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.

5.28. Share-based payments

Equity-settled transactions

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

The cost of equity-settled transactions is recognized, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled until the date in which particular employees become entitled to awards ("vesting date"). The cumulative expense 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.

5.29. 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.

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 *Revenue*,
- 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

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

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.

Net foreign exchange gains

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

5.30. 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, 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.

5.31. 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.

5.32. Corporate income tax

Current tax

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

Taxation of limited joint-stock partnerships

Under the law in force until 1 January 2014, joint-stock partnerships ("SKA") are not liable to pay corporate income tax. As a rule, before this date taxation of limited joint-stock partnerships, like other partnerships, takes place at the level of their partners.

According to the amendments to the act, with effect from 1 January 2014 SKA will be subject to corporate income tax. Pursuant to the transitional provisions, the provisions of the Corporate Income Tax Law as introduced by the amending act will be applicable from the first day of the SKA's financial year starting after 31 December 2013.

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.

Analysis of accounting implications, assessment of the economic content and choice of settlement method of the acquisition of Dexia Kommunalkredit Bank Polska S.A.

Based on the analysis of the purchase agreement conditions and the substance of the transaction of purchase of Dexia Kommunalkredit Bank Polska S.A. the management of Getin Noble Bank S.A. adopted the acquisition method to account for this transaction.

The professional judgment of the Bank's management has been used to determine the fair values of individual assets and liabilities acquired in the purchase transaction. The Management Board has assessed the completeness and accuracy of the identified assets acquired and liabilities assumed in a transaction in order to obtain reasonable assurance as to the valuation carried out correctly reflects all the identified elements of the transaction. At the date of transaction settlement the management of the parent company stated that the carrying amount of the individual assets and liabilities of the acquired company corresponds to their fair value.

Analysis of accounting implications, assessment of the economic content and choice of settlement method of the organised part of business of DnB Nord Polska S.A. and the organised part of business of DZ Bank Polska S.A.

In order to determine the accounting effects of the transactions, the Bank's Management Board has analysed the conditions of the purchase agreements. Based on the analysis, the management of Getin Noble Bank S.A. stated that both acquired organised parts of the bank business are businesses within the meaning of IFRS 3 and therefore the acquisition method was used to account for these transactions.

The professional judgment of the management of the Bank has been used to determine the fair value of identified assets acquired and liabilities assumed at the acquisition date. The Management Board has assessed the completeness and accuracy of the identified assets acquired and liabilities assumed in a transaction in order to obtain reasonable assurance as to the valuation carried out correctly reflects all the identified elements of the transaction.

Commissions for insurance

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

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 *Revenue*,
- 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. ("Special Purpose Entity", "SPV") under the provisions of IAS 27 *Consolidated and Separate Financial Statements* and SIC 12 *Consolidation - Special Purpose Entities*. 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 Core Deposit Intangible identified in the acquisition of the organised part of business of DnB Nord Polska S.A. and the organised part of business of DZ Bank Polska S.A.

In the transaction of acquisition of organised parts of the enterprises, the Group identified intangible assets in the form of relationships with deposit customers ("Core Deposit Intangible") that meet the criteria for separate recognition in accordance with IFRS 3.

From the Group 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.

Fair value of other financial instruments

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

Impairment of other tangible fixed assets

At the end of each reporting period the 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. Changes in accounting estimates

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

7. CORRECTION OF PRIOR PERIOD ERRORS

In the 12-month period ended 31 December 2013 the Group did not make any corrections of prior period errors.

8. INTEREST INCOME AND EXPENSE

Interest income	01.01.2013-31.12.2013 PLN thousand	01.01.2012-31.12.2012 (restated) PLN thousand
Related to deposits	38,199	44,787
Related to loans and advances to customers *	2,797,586	2,947,250
Related to available-for-sale and held-to-maturity financial assets	275,906	330,222
Related to derivative financial instruments	482,284	842,926
Related to finance lease	169,517	150,270
Related to obligatory reserve	53,263	76,066
Total	**3,816,755**	**4,391,521**
of which: interest income from impaired financial assets	223,289	226,578
interest income calculated using the effective interest rate in relation to financial assets not measured at fair value through profit or loss	3,334,471	3,548,595

* Comparative data for 2012 have been adjusted by PLN 100,989 thousand due to change in accounting principles for recognition of revenue from insurance – details for restatement are presented in Note II 5.5.

Interest expense	01.01.2013-31.12.2013 PLN thousand	01.01.2012-31.12.2012 PLN thousand
Related to deposits with banks and financial institutions	27,131	25,669
Related to amounts due to customers	2,153,835	2,696,023
Related to derivative financial instruments	147,181	209,098
Related to debt securities issued	164,919	106,788
Related to loans taken	25,812	4,317
Other interest expense	43	1,059
Total	**2,518,921**	**3,042,954**
of which: interest expense calculated using the effective interest rate in relation to financial liabilities not measured at fair value through profit or loss	2,371,740	2,833,856

Net interest income	**1,297,834**	**1,348,567**

9. FEE AND COMMISSION INCOME AND EXPENSE

Fee and commission income	01.01.2013-31.12.2013 PLN thousand	01.01.2012-31.12.2012 (restated) PLN thousand
Related to loans, advances and leases granted	75,086	86,997
Related to bank accounts service, cash and clearing operations	62,456	45,126
Related to payment cards and credit cards	41,931	29,789
Related to investment products	155,667	379,214
Related to insurance products	203,627	232,948
Related to sale of investment funds units and asset management	60,797	40,344
Related to brokerage activities	26,783	31,124
Other fee and commission income	17,777	23,859
Total	**644,124**	**869,401**
of which: income from financial assets and liabilities not measured at fair value through profit or loss	626,347	845,542

* Comparative data for 2012 have been adjusted by PLN -148,105 thousand due to change in accounting principles for recognition of revenue from insurance – details for restatement are presented in Note II 5.5.

Fee and commission expense	01.01.2013-31.12.2013 PLN thousand	01.01.2012-31.12.2012 PLN thousand
Related to loans and advances	10,437	20,501
Related to debit cards and credit cards	45,274	24,197
Related to agency services in sale of loans and leases	3,838	1,380
Related to investments products and deposits	92,731	103,727
Related to insurance products	43,771	64,790
Related to sale of investment funds units and asset management	12,698	8,435
Related to brokerage service	1,938	10,267
Other fee and commission expense *	14,199	15,272
Total	**224,886**	**248,569**
of which: expense from financial assets and liabilities not measured at fair value through profit or loss	210,687	233,297

Net fee and commission income	**419,238**	**620,832**

* "Other fee and commission expense" includes, inter alia, the costs associated with sales promotions for customers of the Bank and other cash settlements.

10.DIVIDEND INCOME

Dividend income	01.01.2013-31.12.2013 PLN thousand	01.01.2012-31.12.2012 PLN thousand
Dividends received from issuers of financial instruments classified as available-for-sale	2,395	3,102
Total	**2 ,395**	**3,102**

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

Result on financial instruments measured at fair value through profit or loss	01.01.2013-31.12.2013 PLN thousand	01.01.2012-31.12.2012 PLN thousand
Derivative instruments *	5,446	(55,608)
Foreign exchange transactions	13,128	5,507
Financial assets held for trading, of which:	5,165	7,614
debt securities	4,835	8,114
equity securities	330	(500)
Total	**23,739**	**(42,487)**

* Loss incurred in 2012 was the result of adverse changes in market factors affecting the valuation of derivatives.

12. RESULT ON OTHER FINANCIAL INSTRUMENTS

Result on other financial instruments	01.01.2013-31.12.2013 PLN thousand	01.01.2012-31.12.2012 (restated) PLN thousand
Available-for-sale financial assets, of which:	33,427	61,257
debt securities	32,027	61,009
equity securities	1,400	248
Investments in subsidiaries and associates *	2,675	104,811
Total	**36,102**	**166,068**

* In 2012 the Group recognised gain on sale of shares in associate – Idea Bank S.A. in the amount of PLN 103,154 thousand.

13. NET FOREIGN EXCHANGE GAINS

Net foreign exchange gains	01.01.2013-31.12.2013 PLN thousand	01.01.2012-31.12.2012 PLN thousand
Exchange differences on translation of foreign currency loans	51,224	82,900
Other exchange differences	10,539	4,103
Total	**61,763**	**87,003**

14. OTHER OPERATING INCOME AND EXPENSE

Other operating income	01.01.2013-31.12.2013 PLN thousand	01.01.2012-31.12.2012 PLN thousand
Rental income	25,490	23,690
Gain from bargain purchase of DKBP and the organised part of the businesses of DnB Nord and DZ Bank *	70,300	-
Recovered legal and debt collection costs	22,719	18,708
Revenues from sales of products and services, goods and materials	8,721	9,680
Gain on sale of non-financial fixed assets	1,261	2,810
Reversal of provisions and impairment allowances on other assets	1,103	5,590
Revenues from lease activities	24,981	20,469
Revenues from brokerage activities	3,624	4,354
Other income **	24,648	14,040
Total	**182,847**	**99,341**

* Detail calculation of gain from a bargain purchase of Dexia Kommunalkredit Bank Polska S.A. and the organised part of business of DnB Nord Polska S.A. and the organised part of business of DZ Bank Polska S.A. are presented in Note II 3.1.

** "Other income" includes, inter alia, revenue from sale of receivables, refund of overpayment made to the PFSA due to the contribution for banks supervision and the VAT refund from a Tax Office.

Other operating expense	01.01.2013-31.12.2013 PLN thousand	01.01.2012-31.12.2012 PLN thousand
Rental costs	24,985	23,012
Cost of products, goods and materials sold	13,180	13,581
Debt collection and monitoring of receivables, including legal costs	45,944	38,827
Recognition of provisions and impairment charges for other assets	10,130	5,142
Costs related to purchase of the organised part of the businesses of DnB Nord and DZ Bank	8,484	-
Loss on sales and disposal costs of fixed assets	474	1,066
Costs related to investment products	17,138	6,075
Other expense	16,170	3,934
Total	**136,505**	**91,637**

Net other operating income and expense	**46,342**	**7,704**

15. ADMINISTRATIVE EXPENSES

Administrative expenses	01.01.2013-31.12.2013 PLN thousand	01.01.2012-31.12.2012 PLN thousand
Employee benefits, of which:	378,142	363,728
salaries	316,125	300,003
employment costs and other employee benefits	59,548	59,632
costs of share-based payments	2,469	4,093
Use of materials and energy	37,745	36,892
External services, of which:	311,752	302,304
marketing and advertising	56,042	62,842
IT services	23,237	23,136
lease and rental	115,643	106,139
security and cash processing services	7,295	8,352
telecommunication and postal services	52,296	51,138
legal and advisory services	7,176	7,223
other external services	50,063	43,474
Other taxes and charges	14,446	13,384
Payments to the Bank Guarantee Fund and the Polish Financial Supervision Authority	54,479	43,704
prudential levy for the Bank Guarantee Fund	4,293	-
Amortisation and depreciation	73,883	63,727
Other expenses	9,603	10,101
Total	**880,050**	**833,840**

16.NET IMPAIRMENT ALLOWANCES ON FINANCIAL ASSETS AND OFF-BALANCE SHEET PROVISIONS

01.01.2013 - 31.12.2013	Loans and advances to customers				Total	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)**
Other increases	849	-	-	-	849	-	2,762	1,702	7	**5,320**
Other decreases	(6,260)	(17,233)	(110,792)	(41,470)	**(175,755)**	(1)	-	(4,076)	-	**(179,832)**
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**

01.01.2012 - 31.12.2012 (restated)	Loans and advances to customers				Total	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	**217,630**	**683,428**	**1,324,975**	**1,451,580**	**3,677,613**	**191**	**1,734**	**59,098**	**1,625**	**3,740,261**
Net change in impairment allowances/ provisions recognised in the income statement	56,339	93,244	676,526	125,527	**951,636**	(192)	(202)	23,730	89	**975,061**
Utilisation - write-offs	(521)	(27,631)	(1,067)	(37,060)	**(66,279)**	-	-	(1,182)	-	**(67,461)**
Utilisation - sale of the portfolio	(18,700)	(42,503)	(25,130)	(189,608)	**(275,941)**	-	-	-	-	**(275,941)**
Other increases	-	-	-	-	-	1	-	-	-	**1**
Other decreases	(8,867)	(10,880)	(129,503)	(21,054)	**(170,304)**	-	-	(56)	-	**(170,360)**
Net other increases/ decreases	(8,867)	(10,880)	(129,503)	(21,054)	**(170,304)**	1	-	(56)	-	**(170,359)**
Impairment allowances/provisions at the end 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**

17.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.

Main components of income tax expense	01.01.2013-31.12.2013 PLN thousand	01.01.2012-31.12.2012 (restated) PLN thousand
Current income tax	**31,653**	**163,252**
Current tax charge	30,219	162,166
Adjustments related to current tax from previous years	1,434	1,086
Deferred income tax	**(46,142)**	**(102,011)**
Related to origination and reversal of temporary differences	(81,458)	(141,324)
Adjustments related to deferred tax from previous years	-	(8,893)
Tax loss from previous years	35,316	48,206
Tax charge in the consolidated income statement	**(14,489)**	**61,241**
Current income tax	**-**	**-**
Deferred income tax	**(3,582)**	**(34,431)**
Related to origination and reversal of temporary differences, of which:	(3,582)	(34,431)
related to available-for-sale financial assets	(12,499)	3,939
related to cash flow hedges	8,932	(38,311)
related to actuarial gains/ losses	(15)	(59)
Tax charge in the consolidated statement of comprehensive income	**(3,582)**	**(34,431)**
Total main components of tax charge	**(18,071)**	**26,810**

The reconciliation of tax calculated at statutory tax rate on pre-tax profit with the effective tax rate calculated by the Group for the year ended 31 December 2013 and 2012 is as follows:

Effective tax rate	01.01.2013-31.12.2013 PLN thousand	01.01.2012-31.12.2012 (restated) PLN thousand
Profit before tax	**387,995**	**409,103**
Tax charge at 19% tax rate	73,719	77,730
Non-taxable income	(5,544)	(6,116)
Non-tax-deductible costs	6,649	(3,037)
Unrecognised tax losses	(4,506)	(6)
Temporary differences between value of tangible fixed assets and net lease investment	(83,796)	-
Other permanent differences	(1,011)	(7,330)
Tax charge in the consolidated income statement	**(14,489)**	**61,241**
Tax charge in the consolidated income statement excluding temporary differences related to leases *	**69,307**	**61,241**
Effective tax rate	**17.86%**	**14.97%**

* Effective tax rate has been calculated excluding the temporary differences between the value of the leased assets and the value of net lease investment in Getin Leasing Spółka Akcyjna S.K.A. ("SKA"). The temporary differences between the value of tangible fixed assets and the value of the net lease investment related

to deductible temporary differences and were recognised in connection with the fact that Getin Leasing Spółka Akcyjna S.K.A. will be subject to the amended Corporate Income Tax Law. SKA will become liable to corporate income tax with effect from 1 November 2015, i.e. from the first financial year starting on or after 1 January 2014. From that moment the temporary differences will be utilised.

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 controls the dividend policy of its subsidiaries and in accordance with current business and financial plans of the Group, profits of limited joint-stock partnerships will not be divided and distributed in the foreseeable future, but will be used for their further development and increasing market competitiveness.

Deferred income tax results from following positions:

	As at 01.01.2013	Changes in the 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 asset	**876,373**	**59,669**	**1,278**	**6,905**	**944,225**
Net deferred tax assets	**594,522**	**46,142**	**3,582**	**(7,178)**	**637,068**

(restated)	As at 01.01.2012	Changes in the period			As at 31.12.2012
		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	53,569	(21,234)	-	-	32,335
Deferred income relating to loans and deposits	74,754	(5,977)	-	-	68,777
Depreciation (fixed assets financed by investment tax relief)	685	(33)	-	-	652
Fees and commissions paid in advance	133,497	35,472	-	-	168,969
Surplus of tax amortisation	4,756	(320)	-	-	4,436
Valuation of available-for-sale financial assets	(172)	-	2,968	-	2,796
Valuation of cash flow hedge	7,334	-	(7,334)	-	-
Other	6,005	(2,119)	-	-	3,886
Deferred tax liability	**280,428**	**5,789**	**(4,366)**	-	**281,851**
Interest on deposits, issue of own securities, derivative instruments and interest on bonds	54,830	77,129	-	-	131,959
Impairment allowances on loans	413,717	50,118	-	-	463,835
Tax loss from previous years	96,412	(48,148)	-	-	48,264
Revenue taxed in advance	90,305	7,927	-	-	98,232
Provisions for expected liabilities and costs	23,591	(9,390)	-	-	14,201
Impairment allowances	1,684	(1,573)	-	-	111
Valuation of available-for-sale financial assets	1,019	-	(971)	-	48
Valuation of cash flow hedge	-	-	30,977	-	30,977
Difference between value of leased assets and net lease investment *	47,819	24,529	-	-	72,348
Other	7,374	7,208	59	1,757	16,398
Deferred tax asset	**736,751**	**107,800**	**30,065**	**1,757**	**876,373**
Net deferred tax assets	**456,323**	**102,011**	**34,431**	**1,757**	**594,522**

* The effect of temporary differences arises from the difference between the value of the leased assets and the value of net investment calculated for lease agreements concluded by entities of Getin Leasing S.A. Group, classified for tax purposes as an operating lease, and for accounting purposes as a finance lease. The item of deferred tax assets has been measured and recognised only to the extent that it is probable that there will be taxable profit and the deductible temporary differences will be utilised in the future.

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 2013 appropriate provisions for recognised and quantifiable tax risk were made.

18. 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.

Basic earnings per share	01.01.2013-31.12.2013	01.01.2012-31.12.2012 (restated)
Net profit attributable to equity holders of the parent (in PLN thousand)	399,725	333,232
Weighted average number of ordinary shares	2,624,491,350	2,361,090,294
Basic earnings per share (in PLN)	**0.15**	**0.14**

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.

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 2013 nor 2012 Getin Noble Bank S.A. did not issue convertible bonds or stock options. Diluted earnings per share is equal to basic earnings per share.

19.CASH AND BALANCES WITH THE CENTRAL BANK

Cash and balances with the Central Bank	31.12.2013 PLN thousand	31.12.2012 PLN thousand
Cash	149,136	154,419
Current account at the Central Bank	2,480,691	2,752,509
Other	11	16
Total	**2,629,838**	**2,906,944**

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 note rediscount rate. As at 31 December 2013 the interest rate was 2.475% (4.05% as at 31 December 2012).

20.AMOUNTS DUE FROM BANKS AND FINANCIAL INSTITUTIONS

Amounts due from banks and financial institutions	31.12.2013 PLN thousand	31.12.2012 PLN thousand
Current accounts	364,823	552,994
Deposits and other receivables	1,015,707	1,551,764
Total	**1,380,530**	**2,104,758**
Impairment allowances	(710)	-
Total net	**1,379,820**	**2,104,758**

Amounts due from banks and financial institutions	31.12.2013 PLN thousand	31.12.2012 PLN thousand
Receivables with variable interest rate	1,140,300	1,394,557
Receivables with fixed interest rate	223,087	697,903
Non-interest bearing receivables	16,433	12,298

Aging structure of receivables by due dates	31.12.2013 PLN thousand	31.12.2012 PLN thousand
Current accounts and overnight deposits	1,195,441	1,952,604
Amounts due with term of maturity:	185,089	152,154
up to 1 month	44,894	142,631
from 1 to 3 months	26,145	41
from 3 months to 1 year	96,881	9,162
from 1 year do 5 years	17,169	320
over 5 years	-	-
Total	**1,380,530**	**2,104,758**
Impairment allowances	(710)	-
Total net	**1,379,820**	**2,104,758**

21.FINANCIAL ASSETS HELD FOR TRADING

Financial assets held for trading	31.12.2013 PLN thousand	31.12.2012 PLN thousand
Equity securities, of which:	201	262
listed	201	262
not listed	-	-
Debt securities, of which issued by:	4,913	15,853
banks and financial entities	1,123	15,853
non-financial entities	3,790	-
Total	**5,114**	**16,115**

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

22.DERIVATIVE FINANCIAL INSTRUMENTS

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

As at 31.12.2013		up to 1 month PLN thousand	from 1 month to 3 months PLN thousand	from 3 months to 1 year PLN thousand	from1 year to 5 years PLN thousand	over 5 years PLN thousand	Total PLN thousand	Fair value negative PLN thousand	Fair value positive PLN thousand
Currency transactions	**Currency swap**	**12,010,577**	**2,765,249**	**182,784**	**-**	**-**	**14,958,610**	**27,862**	**24,585**
	Purchase	6,001,572	1,383,095	92,630	-	-	7,477,297		
	Sale	6,009,005	1,382,154	90,154	-	-	7,481,313		
	CIRS	**-**	**-**	**-**	**33,185,968**	**4,380,630**	**37,566,598**	**444,077**	**202,009**
	Purchase	-	-	-	16,506,736	2,174,575	18,681,311		
	Sale	-	-	-	16,679,232	2,206,055	18,885,287		
	FX/Purchase/Sale	**42,334**	**-**	**-**	**-**	**39,270**	**81,604**	**57**	**618**
	Purchase	21,167	-	-	-	25,933	47,100		
	Sale	21,167	-	-	-	13,337	34,504		
	Options	**-**	**-**	**-**	**10,652**	**-**	**10,652**	**307**	**307**
	Purchase	-	-	-	5,326	-	5,326		
	Sale	-	-	-	5,326	-	5,326		
	Forward	**5,020**	**49,977**	**209,003**	**61,984**	**-**	**325,984**	**3,338**	**2,115**
	Purchase	2,525	24,980	105,442	29,860	-	162,807		
	Sale	2,495	24,997	103,561	32,124	-	163,177		
Interest rate transactions	**Interest rate swap (IRS)**	**-**	**-**	**-**	**-**	**323,912**	**323,912**	**322**	**3,404**
	Purchase	-	-	-	-	161,956	161,956		
	Sale	-	-	-	-	161,956	161,956		
	Forward Rate Agreement (FRA)	**-**	**-**	**562**	**69,564**	**-**	**70,126**	**8**	**-**
	Purchase	-	-	-	-	-	-		
	Sale	-	-	562	69,564	-	70,126		
	Options	**-**	**-**	**-**	**-**	**972,065**	**972,065**	**5,299**	**5,199**
	Purchase	-	-	-	-	485,924	485,924		
	Sale	-	-	-	-	486,141	486,141		
Other transactions	**Index futures**	**1,000**	**-**	**-**	**-**	**-**	**1,000**	**1**	**-**
	Purchase	-	-	-	-	-	-		
	Sale	1,000	-	-	-	-	1,000		
	Index and commodity options	**-**	**-**	**-**	**-**	**61,250**	**61,250**	**-**	**-**
	Purchase	-	-	-	-	30,625	30,625		
	Sale	-	-	-	-	30,625	30,625		
	Index and commodity contracts	**-**	**890**	**-**	**-**	**-**	**890**	**-**	**-**
	Purchase	-	-	-	-	-	-		
	Sale	-	890	-	-	-	890		
	Other	**-**	**-**	**-**	**-**	**40,435**	**40,435**	**69**	**3,152**
	Purchase	-	-	-	-	29,656	29,656		
	Sale	-	-	-	-	10,779	-		
Total		**12,058,931**	**2,816,116**	**392,349**	**33,328,168**	**5,817,562**	**54,413,126**	**481,340**	**241,389**

As at 31.12.2012		up to 1 month PLN thousand	from 1 month to 3 months PLN thousand	from 3 months to 1 year PLN thousand	from1 year to 5 years PLN thousand	over 5 years PLN thousand	Total PLN thousand	Fair value negative PLN thousand	Fair value positive PLN thousand
Currency transactions	**Currency swap**	**1,761,740**	**-**	**249,451**	**67,443**	**-**	**2,078,634**	**13,714**	**3,208**
	Purchase	884,981	-	124,268	35,633	-	1,044,882		
	Sale	876,759	-	125,183	31,810	-	1,033,752		
	CIRS	**-**	**-**	**786,472**	**34,676,625**	**1,422,804**	**36,885,901**	**638,734**	**171,404**
	Purchase	-	-	398,396	17,221,969	643,840	18,264,205		
	Sale	-	-	388,076	17,454,656	778,964	18,621,696		
	FX/Purchase/Sale	**39,118**	**-**	**-**	**-**	**72,123**	**111,241**	**100**	**628**
	Purchase	19,574	-	-	-	34,392	53,966		
	Sale	19,544	-	-	-	37,731	57,275		
	Options	**4,022**	**2,014**	**-**	**32,374**	**-**	**38,410**	**643**	**643**
	Purchase	2,011	1,007	-	16,187	-	19,205		
	Sale	2,011	1,007	-	16,187	-	19,205		
	Forward	**1,228**	**114,605**	**91,284**	**13,316**	**-**	**220,433**	**1,769**	**409**
	Purchase	615	57,510	44,760	6,541	-	109,426		
	Sale	613	57,095	46,524	6,775	-	111,007		
Interest rate transactions	**Interest rate swap (IRS)**	**-**	**-**	**-**	**-**	**60,000**	**60,000**	**-**	**2,282**
	Purchase	-	-	-	-	30,000	30,000		
	Sale	-	-	-	-	30,000	30,000		
	Forward Rate Agreement (FRA)	**-**	**-**	**7,024**	**1,434,973**	**-**	**1,441,997**	**2,297**	**-**
	Purchase	-	-	-	-	-	-		
	Sale	-	-	7,024	1,434,973	-	1,441,997		
	Options	**-**	**-**	**-**	**-**	**37,718**	**37,718**	**178**	**282**
	Purchase	-	-	-	-	18,744	18,744		
	Sale	-	-	-	-	18,974	18,974		
Other transactions	**Index futures**	**-**	**2,621**	**-**	**-**	**-**	**2,621**	**-**	**-**
	Purchase	-	-	-	-	-	-		
	Sale	-	2,621	-	-	-	2,621		
	Index and commodity options	**-**	**-**	**-**	**81,516**	**-**	**81,516**	**77**	**77**
	Purchase	-	-	-	40,758	-	40,758		
	Sale	-	-	-	40,758	-	40,758		
	Index and commodity contracts	**-**	**-**	**-**	**-**	**171,863**	**171,863**	**506**	**3,192**
	Purchase	-	-	-	-	87,869	87,869		
	Sale	-	-	-	-	83,994	83,994		
	Other	**-**	**-**	**-**	**-**	**1,353**	**1,353**	**1**	**3**
	Purchase	-	-	-	-	1,353	1,353		
	Sale	-	-	-	-	-	-		
	Total	**1,806,108**	**119,240**	**1,134,231**	**36,306,247**	**1,765,861**	**41,131,687**	**658,019**	**182,128**

23.LOANS AND ADVANCES TO CUSTOMERS

Loans and advances to customers	31.12.2013 PLN thousand	31.12.2012 (restated) PLN thousand
Loans and advances *	49,171,231	45,500,999
Purchased receivables	362,095	423,695
Payment cards and credit cards receivables	175,246	190,648
Realised guarantees and letters of credit	-	81
Total	**49,708,572**	**46,115,423**
Impairment allowances	(4,355,379)	(4,116,725)
Total net	**45,353,193**	**41,998,698**

* Comparative data for 2012 have been adjusted by PLN -394,803 thousand due to change in accounting principles for recognition of revenue from insurance – details for restatement are presented in Note II 5.5.

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**

31.12.2012 (restated)	Gross value of unimpaired loans PLN thousand	Gross value of impaired loans PLN thousand	Allowances for unimpaired loans PLN thousand	Allowances for impaired loans PLN thousand	Total net PLN thousand
corporate loans	2,741,593	331,947	(31,799)	(214,082)	**2,827,659**
car loans	3,183,009	911,459	(35,738)	(659,920)	**3,398,810**
mortgage loans	31,317,765	3,308,206	(281,509)	(1,564,292)	**32,780,170**
retail loans	2,628,788	1,692,656	(49,193)	(1,280,192)	**2,992,059**
Total	**39,871,155**	**6,244,268**	**(398,239)**	**(3,718,486)**	**41,998,698**

Aging structure of loans and advances to customers by due dates	31.12.2013 PLN thousand	31.12.2012 (restated) PLN thousand
Loans and advances to customers with due date:	,	,
up to 1 month	6,599,705	5,622,566
from 1 month to 3 months	778,826	652,728
from 3 months to 1 year	3,194,617	2,809,477
from 1 year to 5 years	10,090,113	8,676,265
over 5 years	29,045,311	28,354,387
Total	**49,708,572**	**46,115,423**
Impairment allowances	(4,355,379)	(4,116,725)
Total net	**45,353,193**	**41,998,698**

Structure of loans and advances to customers by type of debtor	31.12.2013 PLN thousand	31.12.2012 (restated) PLN thousand
Loans and advances to customers, of which:		
local government units	951,073	266,828
financial institutions other than banks	138,022	150,741
non-financial institutions other than natural persons	6,720,942	5,498,899
natural persons	37,543,156	36,082,230
Total	**45,353,193**	**41,998,698**

Loans and advances to customers	31.12.2013 PLN million	31.12.2012 (restated) PLN million
The value of loans and advances with fixed interest rate	1,285	1,329
% of the total loans and advances portfolio	2.81%	3.14%

In 2013 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 193,386 thousand.

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 for a term from 2 to 7 years.

The amount of gross lease investment and minimal lease payments relating to financial lease were as follows:

Finance lease receivables as at 31.12.2013	Gross lease investment PLN thousand	Present value of minimum lease payments PLN thousand
Gross lease receivables:		
up to 1 year	1,260,535	1,086,573
from 1 year to 5 years	1,754,475	1,583,532
over 5 years	39,366	36,708
Total gross	**3,054,376**	**2,706,813**
Unrealised financial income	(347,556)	
Net lease investment	**2,706,820**	**2,706,813**
including not guaranteed residual values attributable to lessor	*267,677*	
Present value of minimum lease payments	**2,706,820**	**2,706,813**
Impairment allowances	(107,619)	
Total net	**2,599,201**	

Finance lease receivables as at 31.12.2012	Gross lease investment PLN thousand	Present value of minimum lease payments PLN thousand
Gross lease receivables:		
up to 1 year	936,512	778,541
from 1 year to 5 years	1,289,894	1,133,725
over 5 years	3,907	3,765
Total gross	**2,230,313**	**1,916,031**
Unrealised financial income	(314,282)	
Net lease investment	**1,916,031**	**1,916,031**
including not guaranteed residual values attributable to lessor	*151,008*	
Present value of minimum lease payments	**1,916,031**	**1,916,031**
Impairment allowances	(81,590)	
Total net	**1,834,441**	

31.12.2013	Gross value of unimpaired receivables PLN thousand	Gross value of impaired receivables PLN thousand	Allowances for unimpaired receivables PLN thousand	Allowances for impaired receivables PLN thousand	Total net PLN thousand
Finance lease receivables	2,534,763	172,057	(5,549)	(102,070)	**2,599,201**

31.12.2012	Gross value of unimpaired receivables PLN thousand	Gross value of impaired receivables PLN thousand	Allowances for unimpaired receivables PLN thousand	Allowances for impaired receivables PLN thousand	Total net PLN thousand
Finance lease receivables	1,789,494	126,537	(4,527)	(7, 063)	**1,834,441**

Liabilities arising from finance leases

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

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

Finance lease liabilities as at 31.12.2013	Gross lease investment (minimum payments) PLN thousand	Present value of minimum lease payments PLN thousand
Lease liabilities:		
up to 1 year	111	110
from 1 year to 5 years	20,218	19,614
Total gross	**20,329**	**19,724**
Unrealised finance income	(606)	
Net lease investment	**19,723**	
Present value of minimum lease payments	**19,723**	

Finance lease liabilities as at 31.12.2012	Gross lease investment (minimum payments) PLN thousand	Present value of minimum lease payments PLN thousand
Lease liabilities:		
up to 1 year	429	428
from 1 year to 5 years	29,379	28,040
Total gross	**29,808**	**28,468**
Unrealised finance income	(1,340)	
Net lease investment	**28,468**	
Present value of minimum lease payments	**28,468**	

Liabilities arising from operating lease – the Group as lessee

Operating lease contracts, in which the Group's companies are lessees, concern mainly rental and lease of properties and movables used within normal business activity. In accordance with contracts concluded, leased object, during the whole term of the contract, remains used by company. In exchange for obtained rights for using of leased object, company is obliged to make lease payments in the amounts and terms described in lease contracts. All contracts are concluded on an arm's length basis.

As at 31 December 2013 and 2012 future minimum payments arising from irrevocable operating leases are as follows:

Future minimum payments arising from irrevocable operating leases	31.12.2013 PLN thousand	31.12.2012 PLN thousand
Payments due from the balance sheet date:		
up to 1 year	58,524	51,901
from 1year to 5 years	106,192	95,157
over 5 years	11,310	12,607
Total	**176,026**	**159 665**

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 2013, as well as in 2012, there were no significant contingent lease fees or irrevocable subleasing contracts

25.AVAILABLE-FOR-SALE AND HELD-TO-MATURITY FINANCIAL ASSETS

Available-for-sale financial assets	31.12.2013 PLN thousand	31.12.2012 PLN thousand
Available-for-sale debt securities	**8,759,832**	**7,193,254**
issued by central banks	3,699,168	4,298,224
issued by banks and other financial entities	84,579	77,947
issued by non- financial entities	41,431	96,805
issued by the State Treasury	4,934,654	2,720,278
Impairment allowances	**(5,801)**	**(202)**
issued by non- financial entities	(5,801)	(202)
Total available-for-sale debt securities net	**8,754,031**	**7,193,052**
Available-for-sale equity securities	**10,928**	**8,070**
issued by banks and other financial entities	2,281	2,271
issued by non- financial entities	8,647	5,799
Impairment allowances	**(6,669)**	**(1,330)**
issued by non- financial entities	(6,669)	(1,330)
Total available-for-sale equity securities net	**4,259**	**6,740**
Total available-for-sale financial assets	**8,758,290**	**7,199,792**

Change in available-for-sale financial assets	31.12.2013 PLN thousand	31.12.2012 PLN thousand
Net value at the beginning of the period	**7,199,792**	**4,542,121**
Increases	242,778,734	257,865,250
Decreases	(241,179,817)	(255,203,385)
Impairment allowances	(8,176)	202
Fair value changes	(32,243)	(4,396)
Net value at the end of the period	**8,758,290**	**7,199,792**

Held-to-maturity financial assets	31.12.2013 PLN thousand	31.12.2012 PLN thousand
Held-to-maturity financial assets	**113,205**	**-**
issued by banks and other financial entities	40,934	-
issued by local government units	72,271	-
Impairment allowances	**-**	**-**
Total held-to-maturity financial assets net	**113,205**	**-**

Change in held-to-maturity financial assets	31.12.2013 PLN thousand	31.12.2012 PLN thousand
Net value at the beginning of the period	**-**	**-**
Increases	112,267	-
Decreases	-	-
Impairment allowances	-	-
Accrued interest and eir adjustments	938	-
Net value at the end of the period	**113,205**	-

Debt securities by maturity as at 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
Available-for-sale financial assets	**3,731,118**	**2,808**	**50,784**	**4,092,513**	**882,609**	**8,759,832**
issued by central banks	3,699,168	-	-	-	-	**3,699,168**
issued by banks and other financial entities	-	955	136	36,225	47,263	**84,579**
issued by non-financial entities	6,267	1,853	117	33,194	-	**41,431**
issued by the State Treasury	25,683	-	50,531	4,023,094	835,346	**4,934,654**
Impairment allowances	**(5,051)**	**-**	**-**	**(750)**	**-**	**(5,801)**
Total available-for-sale financial assets net	**3,726,067**	**2,808**	**50,784**	**4,091,763**	**882,609**	**8,754,031**
Held-to-maturity financial assets	**78**	**-**	**1,495**	**50,574**	**61,058**	**113,205**
issued by banks and other financial entities	-	-	949	39,985	**-**	**40,934**
issued by local government units	78	-	546	10,589	61,058	**72,271**
Impairment allowances	-	-	-	-	**-**	**-**
Total held-to-maturity financial assets net	**78**	**-**	**1,495**	**50,574**	**61,058**	**113,205**

Debt securities by maturity as at 31.12.2012	up to 1 month PLN thousand	over 1 month to 3 months PLN thousand	over 3 months to 1 year PLN thousand	over 1 year to 5 years PLN thousand	over 5 years PLN thousand	Total PLN thousand
Available-for-sale financial assets	**4,298,224**	**46,643**	**38,863**	**1,077,779**	**1,731,745**	**7,193,254**
issued by central banks	4,298,224	-	-	-	-	**4,298,224**
issued by banks and other financial entities	-	-	-	77,947	-	**77,947**
issued by non-financial entities	-	46,643	38,863	11,299	-	**96,805**
issued by the State Treasury	-	-	-	988,533	1,731,745	**2,720,278**
Impairment allowances	-	(202)	-	-	-	**(202)**
Total available-for-sale financial assets net	**4,298,224**	**46,441**	**38,863**	**1,077,779**	**1,731,745**	**7,193,052**

26. ASSETS PLEDGED AS SECURITY

Type of assets pledged as security	Carrying amount of assets pledged as security	
	31.12.2013 PLN thousand	31.12.2012 PLN thousand
Available-for-sale financial assets:		
Treasury bonds as collateral for Guaranteed Deposit Protection Funds of the Bank Guarantee Fund	307,574	290,147
Treasury bonds as collateral for loans received *	2,651,676	240,636
Treasury bonds as collateral in a repo agreement *	644,222	-
Total	**3,603,472**	**530,783**

* Details regarding loans received and repo agreements in 2013 are described in Note II.33 Amounts due to banks.

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

The carrying value of the Getin Noble Bank S.A. investments in associates (i.e. cost adjusted with the share of change in the net assets) as at 31 December 2013 and 2012 is presented in the table below:

Investments in associates	31.12.2013 PLN thousand	31.12.2012 PLN thousand
Open Finance S.A.	357,492	386,075
Total	**357,492**	**386,075**

Change in investment in associates	01.01.2013-31.12.2013 PLN thousand	01.01.2012-31.12.2012 PLN thousand
At the beginning of the period	**386,075**	**426,384**
Purchase/ (sale) of shares	(53,107)	(93,587)
Share of profit/ (loss) *	24,524	60,433
Distributions received from an investee	-	(7,155)
At the end of the period	**357,492**	**386,075**

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

Selected information on the associate as at 31 December 2013 and for the 12-month period ended 31 December 2013 are presented below:

Entity	Total assets PLN thousand	Total liabilities PLN thousand	Revenues PLN thousand	Net profit PLN thousand	% share
Open Finance S.A.*	639,659	219,574	440,274	56,186	42.15%

* Financial data of Open Finance S.A. Capital Group.

The fair value of the investment in Open Finance S.A., for which there are published price quotations amounted to PLN 389,467 thousand as at 31 December 2013.

28.INTANGIBLE ASSETS

Intangible assets	31.12.2013 PLN thousand	31.12.2012 PLN thousand
Patents and licenses	64,581	54,284
Goodwill	51,307	51,307
Other intangible assets *	56,736	1,993
Capital expenditure on intangible assets	32,410	16,842
Total	**205,034**	**124,426**

* In 2013 Getin Noble Bank S.A. recognised an intangible asset in the form of relationships with deposit customers ("Core Deposit Intangible") in the amount of PLN 58,807 thousand, 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 carrying value of the customer relationships as at 31 December 2013 amounted to PLN 54,909 thousand.

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 2013 is 96 months for the relationships identified in the acquisition of an organised part of a business of DnB Nord Polska S.A. and 100 months for the relationships identified in the acquisition of an organised part of a business of DZ Bank Polska S.A.

Goodwill in the amount of PLN 51,307 thousand 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 of assets*.

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 3,671 million as of 31 December 2013),
- 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 9.46%, 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 2013. As at 31 December 2013 no impairment was identified with respect to goodwill.

Change in intangible assets for the year ended 31.12.2013	**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**

Change in intangible assets for the year ended 31.12.2012	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 01.01.2012	**133,166**	**76,776**	**6,893**	**8,922**	**225,757**
Increases, of which:	18,974	-	561	11,167	**30,702**
Purchase	16,604	-	561	10,280	**27,445**
Transfer of capital expenditures	2,360	-	-	-	**2,360**
Other increases	10	-	-	887	**897**
Decreases, of which:	(209)	(25,469)	(75)	(3,247)	**(29,000)**
Liquidation and sale	(191)	-	-	(887)	**(1,078)**
Transfer of capital expenditures	-	-	-	(2,360)	**(2,360)**
Sale of subsidiaries	-	-	(74)	-	**(74)**
Other decreases *	(18)	(25,469)	(1)	-	**(25,488)**
Gross value as at 31.12.2012	**151,931**	**51,307**	**7,379**	**16,842**	**227,459**
Amortisation as at 01.01.2012	**71,211**	-	**3,300**	**-**	**74,511**
Increases, of which:	12,387	-	416	-	**12,803**
Amortisation charge for the period	12,373	-	416	-	**12,789**
Other increases	14	-	-	-	**14**
Decreases, of which:	(513)	-	(44)	-	**(557)**
Liquidation and sale	(513)	-	-	-	**(513)**
Sale of subsidiaries	-	-	(39)	-	**(39)**
Other decreases	-	-	(5)	-	**(5)**
Amortisation as at 31.12.2012	**83,085**	**-**	**3,672**	**-**	**86,757**
Impairment allowances as at 01.01.2012	**14,652**	-	**1,719**	-	**16,371**
Increases	-	-	-	-	**-**
Decreases	(90)	**-**	(5)	-	**(95)**
Impairment allowances as at 31.12.2012	**14,562**	**-**	**1,714**	**-**	**16,276**
Carrying value as at 01.01.2012	**47,303**	**76,776**	**1,874**	**8,922**	**134,875**
Carrying value as at 31.12.2012	**54,284**	**51,307**	**1,993**	**16,842**	**124,426**

* In 2012 the goodwill from the valuation of the put option for the non-controlling interests in Noble Funds TFI S.A. of PLN 25,469 thousand was derecognised due to the execution of this option.

29.PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment	31.12.2013 PLN thousand	31.12.2012 PLN thousand
Land and buildings	191,027	79,270
Plant and machinery	71,176	74,971
Vehicles	19,333	24,845
Other tangible fixed assets, including equipment	16,160	8,723
Assets under construction	25,540	107,515
Total	**323,236**	**295,324**

Change in property, plant and equipment for the year ended 31.12.2013	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**

Change in property, plant and equipment for the year ended 31.12.2012	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 01.01.2012	**163 333**	**151 426**	**39 898**	**26 098**	**9 284**	**390 039**
Increases, of which:	38 326	46 975	13 387	3 836	106 611	**209 135**
Purchase	13 406	42 610	12 363	3 565	106 611	**178 555**
Transfer from investment properties	21 823	174	-	-	-	**21 997**
Transfer from assets under construction	2 959	4 051	-	123	-	**7 133**
Other increases	138	140	1 024	148	-	**1 450**
Decreases, of which:	(905)	(7 793)	(7 484)	(552)	(7 158)	**(23 892)**
Liquidation and sale	(905)	(7 749)	(7 411)	(544)	-	**(16 609)**
Transfer from assets under construction	-	-	-	-	(7 133)	**(7 133)**
Other decreases	-	(44)	(73)	(8)	(25)	**(150)**
Gross value as at 31.12.2012	**200 754**	**190 608**	**45 801**	**29 382**	**108 737**	**575 282**
Depreciation as at 01.01.2012	**93 814**	**96 119**	**19 449**	**17 912**	**-**	**227 294**
Increases, of which:	18 633	22 100	7 394	3 014	-	**51 141**
Depreciation charge for the period	18 114	21 938	7 238	2 948	-	**50 238**
Transfer from investment properties	486	63	-	-	-	**549**
Other increases	33	99	156	66	-	**354**
Decreases, of which:	(841)	(5 149)	(5 887)	(527)	-	**(12 404)**
Liquidation and sale	(841)	(5 109)	(5 847)	(522)	-	**(12 319)**
Other decreases	-	(40)	(40)	(5)	-	**(85)**
Depreciation as at 31.12.2012	**111 606**	**113 070**	**20 956**	**20 399**	**-**	**266 031**
Impairment allowances as at 01.01.2012	**113**	**2 553**	-	**195**	**1 222**	**4 083**
Increases	9 765	16	-	75	-	**9 856**
Decreases	-	(2)	-	(10)	-	**(12)**
Impairment allowances as at 31.12.2012	**9 878**	**2 567**	**-**	**260**	**1 222**	**13 927**
Carrying value as at 01.01.2012	**69 406**	**52 754**	**20 449**	**7 991**	**8 062**	**158 662**
Carrying value as at 31.12.2012	**79 270**	**74 971**	**24 845**	**8 723**	**107 515**	**295 324**

30. INVESTMENT PROPERTIES

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

In 2013 the Bank intensified its efforts to take over the real estates in exchange for a partial/ total debt reduction under the loan granted by the Bank. As a result, in 2013 the Bank took over land, residential buildings and commercial premises with a total value of PLN 104,611 thousand. The acquisition of the properties followed mainly by individual agreements between the Bank and debtors, the Bank initiated also processes to take over the properties of the unsuccessful enforcement proceedings. The Bank intends to continue the policy in 2014, both in terms of voluntary acquisitions of real estates, and as a result of ineffective enforcement proceedings.

The fair value of investment properties estimated as at 31 December 2013 amounted to PLN 153,162 thousand (PLN 33,757 thousand as at 31 December 2012).

Investment properties	01.01.2013-31.12.2013 PLN thousand	01.01.2012-31.12.2012 PLN thousand
Gross value at the beginning of the period	**32,946**	**46,364**
Increases, of which:	119,699	10,131
purchase	115,725	10,103
transfer from non-current assets held for sale	3,974	28
Decreases, of which:	-	(23,549)
transfer to property, plant and equipment	-	(21,997)
transfer to non-current assets held for sale	-	(1,552)
Gross value at the end of the period	**152,645**	**32,946**
Depreciation at the beginning of the period	**742**	**591**
Depreciation charge for the period	1,097	700
Transfer to property, plant and equipment	-	(549)
Depreciation at the end of the period	**1,839**	**742**
Impairment allowances at the beginning of the period	**-**	**9,765**
Increases	-	-
Decreases	-	(9,765)
Impairment allowances at the end of the period	**-**	**-**
Carrying value at the beginning of the period	**32,204**	**36,008**
Carrying value at the end of the period	**150,806**	**32,204**

In 2013 and 2012 the following amounts of income and expenses related with investment properties were recognised in the consolidated income statement:

Investment properties	31.12.2013 PLN thousand	31.12.2012 PLN thousand
Rental income from investment properties	413	107
Direct operating expenses related to investment properties, which generated rental income in the period	347	68
Direct operating expenses related to investment properties, which did not generate rental income in the period	212	37

31. NON-CURRENT ASSETS HELD FOR SALE

The value of non-current assets held for sale as at 31 December 2013 and 2012 includes real estates. The Group actively seeks to sell these real estates and their expected period of sale is one year.

Non-current assets held for sale	01.01.2013-31.12.2013 PLN thousand	01.01.2012-31.12.2012 PLN thousand
Value at the beginning of the period	**4,522**	**1,036**
Increases, of which:	8,962	3,520
capital expenditure/purchase	8,962	1,968
transfer from investment properties	-	1,552
Decreases, of which:	(4,035)	(34)
transfer to investment properties	(3,974)	(28)
transfer to property, plant and equipment	(61)	-
sale and liquidation	-	(6)
Value at the end of the period	**9,449**	**4,522**

32. OTHER ASSETS

Other assets	31.12.2013 PLN thousand	31.12.2012 PLN thousand
Receivables from sundry debtors, of which:	807,231	747,801
tax, subsidies and social insurance receivables	75,269	45,321
payment cards settlements	15,682	17,044
other receivables	716,280	685,436
Accrued expenses	13,484	17,131
Income to be received	30,503	34,907
Recourses and guarantee deposits	9,577	9,340
Other assets	5,519	2,361
Total	**866,314**	**811,540**
Impairment allowances	(12,362)	(9,230)
Total net	**853,952**	**802,310**

Impairment allowances for other assets losses	01.01.2013-31.12.2013 PLN thousand	01.01.2012-31.12.2012 PLN thousand
Impairment allowances at the beginning of the period	**9,230**	**10,791**
Increases recognised in the income statement	2,757	1,660
Decreases recognised in the income statement	(185)	(586)
Other increases	562	3,600
Other decreases	(2)	(6,235)
Impairment allowances at the end of the period	**12,362**	**9,230**

33. AMOUNTS DUE TO BANKS AND FINANCIAL INSTITUTIONS

Amounts due to banks and financial institutions	31.12.2013 PLN thousand	31.12.2012 PLN thousand
Current accounts	261	235
Deposits of other banks and financial institutions	447,363	585,993
Loans and advances received	2,146,183	204,384
Repurchase agreements (repo)	544,842	-
Other amounts due to banks	860	4,325
Total	**3,139,509**	**794,937**

In 2013 Getin Noble Bank S.A. entered into further loan agreements with the European Investment Bank with a total nominal value of EUR 350 million to finance lending and leasing activities to small and medium-sized enterprises and the financing of local government units.

In addition, on 6 June 2013 Getin Noble Bank S.A. entered into an agreement for financing from Banc of America Securities Limited based in London. Under the agreement, the Bank received a loan of EUR125 million, which was granted for a period of three years.

The Group raises funds through the sale of financial instruments subject to repurchase agreements in the future at a predetermined price (repo). In 2013 Getin Noble Bank S.A. entered into a long-term repo agreement acquiring in return funds to refinance foreign currency loans. The subject of repo transactions are available-for-sale Treasury bonds. In respect of this transaction as at 31 December 2013 the Group recognised a liability resulting from the repurchase clause in the amount of PLN 544,842 thousand.

Amounts due to banks and financial institutions	31.12.2013 PLN thousand	31.12.2012 PLN thousand
Amounts due with variable interest rate	2,702,942	3,413
Amounts due with fixed interest rate	367,946	745,569
Non-interest bearing liabilities	68,621	45,955

Structure of amounts due to banks and financial institutions by maturity	31.12.2013 PLN thousand	31.12.2012 PLN thousand
Current liabilities	50,721	235
Term liabilities with due date:	3,088,788	794,702
up to 1 month	37,586	133,757
from 1 month to 3 months	5,390	85,894
from 3 months to 1 year	395,382	2,752
from 1 year to 5 years	2,173,554	572,299
over 5 years	476,876	-
Total	**3,139,509**	**794,937**

34. AMOUNTS DUE TO CUSTOMERS

Amounts due to customers	31.12.2013 PLN thousand	31.12.2012 PLN thousand
Amounts due to corporate entities	**9,636,722**	**9,369,265**
Current accounts and overnight deposits	1,701,407	873,377
Term deposits	7,935,315	8,495,888
Amounts due to budgetary entities	**2,342,485**	**1,915,527**
Current accounts and overnight deposits	1,058,319	1,129,977
Term deposits	1,284,166	785,550
Amounts due to natural persons	**39,507,153**	**38,900,579**
Current accounts and overnight deposits	5,911,960	2,687,010
Term deposits	33,595,193	36,213,569
Total	**51,486,360**	**50,185,371**

Structure of amounts due to customers by maturity	31.12.2013 PLN thousand	31.12.2012 PLN thousand
Current accounts and overnight deposits	8,671,686	4,690,364
Term liabilities with due date:	42,814,674	45,495,007
up to 1 month	9,141,328	9,992,513
from 1 month to 3 months	12,044,624	16,816,408
from 3 months to 6 months	10,042,990	9,073,786
from 6 months to 1 year	4,821,462	5,097,190
from 1 year to 5 years	5,109,076	2,812,884
over 5 years	1,655,194	1,702,226
Total	**51,486,360**	**50,185,371**

Amounts due to customers	31.12.2013 PLN thousand	31.12.2012 PLN thousand
Amounts due with variable interest rate	9,827,146	5,420,350
Amounts due with fixed interest rate	41,059,199	44,151,962
Non-interest bearing liabilities	600,015	613,059

35.DEBT SECURITIES ISSUED

Debt securities issued	31.12.2013 PLN thousand	31.12.2012 PLN thousand
Bonds issue, of which:	3,126,055	1,942,135
subordinated bonds	1,797,675	1,210,656
other bonds	1,328,380	731,479
Interest, of which:	32,354	23,833
on subordinated bonds	26,575	23,287
on other bonds	5,779	546
Total	**3,158,409**	**1,965,968**

Debt securities issued	31.12.2013 PLN thousand	31.12.2012 PLN thousand
Amounts due with variable interest rate	2,403,639	1,503,657
Amounts due with fixed interest rate	722,416	438,478
Non-interest bearing liabilities	32,354	23,833

Structure of debt securities issued by maturity	31.12.2013 PLN thousand	31.12.2012 PLN thousand
Debt securities issued with maturity date:		
up to 1 month	173,203	39,871
from 1 month to 3 months	331,260	361,987
from 3 months to 1 year	266,207	3,798
from 1 year to 5 years	1,487,064	499,245
over 5 years	900,675	1,061,067
Total	**3,158,409**	**1,965,968**

During the 12-month period ended 31 December 2013, 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 Tranche PP2-VII	2013-02-28	2020-02-28	75,000	75,000
Getin Noble Bank Bonds Tranche PP2-VIII	2013-03-28	2020-03-30	69,356	69,356
Getin Noble Bank Bonds Tranche PP2-IX	2013-04-26	2020-04-27	45,009	45,009
Getin Noble Bank Bonds Tranche PP3-I	2013-06-05	2020-06-05	42,694	42,694
Getin Noble Bank Bonds Tranche PP3-II	2013-07-10	2020-07-10	148,576	148,576
Getin Noble Bank Bonds Tranche PP3-III	2013-08-28	2020-08-28	50,000	50,000
Getin Noble Bank Bonds Tranche PP3-IV	2013-08-28	2020-08-28	15,000	15,000
Getin Noble Bank Bonds Tranche PP3-V	2013-10-07	2020-10-07	35,000	35,000
Getin Noble Bank Bonds Tranche PP3-VI	2013-11-07	2020-11-09	50,000	50,000
Getin Noble Bank Bonds Tranche PP3-VII	2013-11-29	2020-11-30	40,397	40,397
Getin Noble Bank Bonds Tranche PP3-VIII	2013-12-19	2020-12-21	24,249	24,249
Total subordinated bonds			**595,281**	**595,281**
Getin Noble Bank Bonds Tranche 01/2013	2013-01-18	2013-04-18	500	50,000
Getin Noble Bank Bonds Tranche 02/2013	2013-01-29	2013-04-30	450	45,000
Getin Noble Bank Bonds Tranche 03/2013	2013-02-04	2013-05-08	750	75,000
Getin Noble Bank Bonds Tranche 04/2013	2013-02-12	2013-05-14	1,290	129,000
Getin Noble Bank Bonds Tranche 05/2013	2013-02-20	2013-05-22	750	75,000
Getin Noble Bank Bonds Tranche 06/2013	2013-02-20	2013-05-22	900	90,000
Getin Noble Bank Bonds Tranche 07/2013	2013-03-05	2013-06-05	750	75,000

Type of securities issued (continued)	Issue date	Redemption date	Number of securities	Nominal value PLN thousand
Getin Noble Bank Bonds Tranche 08/2013	2013-03-05	2013-06-05	350	35,000
Getin Noble Bank Bonds Tranche 09/2013	2013-03-15	2013-06-14	750	75,000
Getin Noble Bank Bonds Tranche 10/2013	2013-03-26	2013-06-26	150	15,000
Getin Noble Bank Bonds Tranche 11/2013	2013-03-28	2016-03-29	30	15,000
Getin Noble Bank Bonds Tranche 12/2013	2013-04-09	2015-04-07	70	35,000
Getin Noble Bank Bonds Tranche 13/2013	2013-04-12	2013-10-14	300	30,000
Getin Noble Bank Bonds Tranche 14/2013	2013-04-12	2013-07-12	450	45,000
Getin Noble Bank Bonds Tranche 15/2013	2013-04-18	2013-07-18	150	15,000
Getin Noble Bank Bonds Tranche 16/2013	2013-04-30	2013-07-30	350	35,000
Getin Noble Bank Bonds Tranche 17/2013	2013-04-30	2013-10-30	300	30,000
Getin Noble Bank Bonds Tranche 18/2013	2013-05-08	2013-11-08	750	75,000
Getin Noble Bank Bonds Tranche 19/2013	2013-05-10	2015-05-11	150	15,000
Getin Noble Bank Bonds Tranche 20/2013	2013-05-10	2015-05-11	80	8,000
Getin Noble Bank Bonds Tranche 21/2013	2013-05-14	2013-11-14	700	70,000
Getin Noble Bank Bonds Tranche 22/2013	2013-05-14	2013-08-14	650	65,000
Getin Noble Bank Bonds Tranche 23/2013	2013-05-15	2016-05-16	80	40,000
Getin Noble Bank Bonds Tranche 24/2013	2013-05-22	2013-11-22	800	80,000
Getin Noble Bank Bonds Tranche 25/2013	2013-05-22	2013-08-22	400	40,000
Getin Noble Bank Bonds Tranche 26/2013	2013-05-22	2013-11-22	200	20,000
Getin Noble Bank Bonds Tranche 27/2013	2013-05-22	2013-08-22	500	50,000
Getin Noble Bank Bonds Tranche 28/2013	2013-06-05	2013-09-05	650	65,000
Getin Noble Bank Bonds Tranche 29/2013	2013-06-05	2013-12-05	850	85,000
Getin Noble Bank Bonds Tranche 30/2013	2013-06-14	2013-09-13	400	40,000
Getin Noble Bank Bonds Tranche 31/2013	2013-06-14	2013-12-13	350	35,000
Getin Noble Bank Bonds Tranche 32/2013	2013-06-20	2016-06-14	70	7,000
Getin Noble Bank Bonds Tranche 33/2013	2013-06-26	2013-10-14	150	15,000
Getin Noble Bank Bonds Tranche 34/2013	2013-07-12	2013-10-11	450	45,000
Getin Noble Bank Bonds Tranche 35/2013	2013-07-18	2013-10-30	150	15,000
Getin Noble Bank Bonds Tranche 36/2013	2013-07-30	2013-10-30	400	40,000
Getin Noble Bank Bonds Tranche 37/2013	2013-08-14	2013-11-14	550	55,000
Getin Noble Bank Bonds Tranche 38/2013	2013-08-22	2013-11-29	400	40,000
Getin Noble Bank Bonds Tranche 39/2013	2013-09-05	2013-12-05	500	50,000
Getin Noble Bank Bonds Tranche 40/2013	2013-09-13	2013-12-05	100	10,000
Getin Noble Bank Bonds Tranche 41/2013	2013-09-13	2013-12-20	600	60,000
Getin Noble Bank Bonds Tranche 42/2013	2013-10-11	2014-01-10	450	45,000
Getin Noble Bank Bonds Tranche 43/2013	2013-10-14	2014-01-15	400	40,000
Getin Noble Bank Bonds Tranche 44/2013	2013-10-30	2014-01-30	200	20,000
Getin Noble Bank Bonds Tranche 45/2013	2013-11-04	2014-01-30	650	65,000
Getin Noble Bank Bonds Tranche 46/2013	2013-11-14	2014-02-14	700	70,000
Getin Noble Bank Bonds Tranche 47/2013	2013-11-14	2014-02-14	500	50,000
Getin Noble Bank Bonds Tranche 48/2013	2013-11-22	2014-02-21	500	50,000
Getin Noble Bank Bonds Tranche 49/2013	2013-11-22	2014-02-21	500	50,000
Getin Noble Bank Bonds Tranche 50/2013	2013-11-29	2014-02-28	250	25,000
Getin Noble Bank Bonds Tranche 51/2013	2013-12-05	2014-03-05	700	70,000
Getin Noble Bank Bonds Tranche 52/2013	2013-12-05	2014-06-05	1,200	120,000
Getin Noble Bank Bonds Tranche 53/2013	2013-12-13	2014-12-15	650	65,000
Total other bonds			**24,920**	**2,564,000**
Total			**620,201**	**3,159,281**

Type of redeemed securities	Issue date	Redemption date	Number of securities	Nominal value PLN thousand
Getin Noble Bank Bonds Tranche 20/2012	2012-10-18	2013-01-18	400	40,000
Getin Noble Bank Bonds Tranche 21/2012	2012-11-20	2013-02-20	1,000	100,000
Getin Noble Bank Bonds Tranche 22/2012	2012-11-22	2013-02-20	800	80,000
Getin Noble Bank Bonds Tranche 23/2012	2012-12-04	2013-03-05	950	95,000
Getin Noble Bank Bonds Tranche 07/2012	2012-03-16	2013-03-15	200	20,000
Getin Noble Bank Bonds Tranche 24/2012	2012-12-14	2013-03-15	500	50,000
Getin Noble Bank Bonds Tranche 1/2013	2013-01-18	2013-04-18	500	50,000
Getin Noble Bank Bonds Tranche 2/2013	2013-01-29	2013-04-30	450	45,000
Getin Noble Bank Bonds Tranche 3/2013	2013-02-04	2013-05-08	750	75,000
Getin Noble Bank Bonds Tranche 4/2013	2013-02-12	2013-05-14	1,290	129,000
Getin Noble Bank Bonds Tranche 5/2013	2013-02-20	2013-05-22	750	75,000
Getin Noble Bank Bonds Tranche 6/2013	2013-02-20	2013-05-22	900	90,000
Getin Noble Bank Bonds Tranche 7/2013	2013-03-05	2013-06-05	750	75,000
Getin Noble Bank Bonds Tranche 8/2013	2013-03-05	2013-06-05	350	35,000
Getin Noble Bank Bonds Tranche 9/2013	2013-03-15	2013-06-14	750	75,000
Getin Noble Bank Bonds Tranche 10/2013	2013-03-26	2013-06-26	150	15,000
Getin Noble Bank Bonds Tranche 14/2013	2013-04-12	2013-07-12	450	45,000
Getin Noble Bank Bonds Tranche 15/2013	2013-04-18	2013-07-18	150	15,000
Getin Noble Bank Bonds Tranche 16/2012	2013-04-30	2013-07-30	350	35,000
Getin Noble Bank Bonds Tranche 22/2013	2013-05-14	2013-08-14	650	65,000
Getin Noble Bank Bonds Tranche 25/2013	2013-05-22	2013-08-22	400	40,000
Getin Noble Bank Bonds Tranche 27/2013	2013-05-22	2013-08-22	500	50,000
Getin Noble Bank Bonds Tranche 28/2013	2013-06-05	2013-09-05	650	65,000
Getin Noble Bank Bonds Tranche 30/2013	2013-06-14	2013-09-13	400	40,000
Getin Noble Bank Bonds Tranche 34/2013	2013-07-12	2013-10-11	450	45,000
Getin Noble Bank Bonds Tranche 13/2013	2013-04-12	2013-10-14	300	30,000
Getin Noble Bank Bonds Tranche 33/2013	2013-06-26	2013-10-14	150	15,000
Getin Noble Bank Bonds Tranche 17/2013	2013-04-30	2013-10-30	300	30,000
Getin Noble Bank Bonds Tranche 35/2013	2013-07-18	2013-10-30	150	15,000
Getin Noble Bank Bonds Tranche 36/2013	2013-07-30	2013-10-30	400	40,000
Getin Noble Bank Bonds Tranche 18/2013	2013-05-08	2013-11-08	750	75,000
Getin Noble Bank Bonds Tranche 21/2013	2013-05-14	2013-11-14	700	70,000
Getin Noble Bank Bonds Tranche 37/2013	2013-08-14	2013-11-14	550	55,000
Getin Noble Bank Bonds Tranche 24/2013	2013-05-22	2013-11-22	800	80,000
Getin Noble Bank Bonds Tranche 26/2013	2013-05-22	2013-11-22	200	20,000
Getin Noble Bank Bonds Tranche 38/2013	2013-08-22	2013-11-29	400	40,000
Getin Noble Bank Bonds Tranche 29/2013	2013-06-05	2013-12-05	850	85,000
Getin Noble Bank Bonds Tranche 39/2013	2013-09-05	2013-12-05	500	50,000
Getin Noble Bank Bonds Tranche 40/2013	2013-09-13	2013-12-05	100	10,000
Getin Noble Bank Bonds Tranche 31/2013	2013-06-14	2013-12-13	350	35,000
Getin Noble Bank Bonds Tranche 41/2013	2013-09-13	2013-12-20	600	60,000
Total			**21,590**	**2,159,000**

On 10 December 2013 Getin Noble Bank S.A. purchased 11 pieces of own bonds serie 9/2011 and 4 pieces of own bonds serie 8/2011. The basis for the purchase of bonds were the acquisition agreements concluded between the Bank and the bondholders. The bonds were purchased by the Bank for redemption. The average unit purchase price amounted to PLN 91,054.70 for bonds serie 9/2011 and PLN 91,550.30 for bonds serie 8/2011.

On 26 March 2013 the Supervisory Board of Getin Noble Bank S.A. approved a new Public Bond Issue Programme (“the Programme") adopted by the Management Board, under which bonds are issued in many series to a maximum amount of PLN 750 million. The bonds are introduced to the alternative trading system Catalyst organised by the Warsaw Stock Exchange.

In the 12-month period of 2013 the Polish Financial Supervision Authority approved the inclusion in the supplementary funds the amount of PLN 611,648 thousand acquired by Getin Noble Bank S.A. through the bonds issue of series PP2-V, PP2-VII to PP2-IX and PP3-I to PP3-VII.

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

Other liabilities	31.12.2013 PLN thousand	31.12.2012 (restated) PLN thousand
Interbank settlements	34,457	35,890
Sundry debtors, of which:	211,586	183,230
statutory liabilities	48,077	75,133
payment cards settlements	3,015	2,327
other	160,494	105,770
Lease liabilities	19,723	28,468
Accruals	44,172	42,312
Deferred income *	80,762	71,419
Liabilities related to brokerage activities	4,342	6,892
Liabilities related to leasing activities	43,909	26,404
Liabilities arising from valuation of the option schemes	7,280	11,024
Other liabilities	97,014	94,581
Total	**543,245**	**500,220**

* Comparative data for 2012 have been adjusted by PLN 53,438 thousand due to change in accounting principles for recognition of revenue from insurance – details for restatement are presented in Note II 5.5.

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 01.01.2013	**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/ (decreases)	-	-	1,529	7	1,536
Balance as at 31.12.2013	**-**	**4,304**	**15,909**	**6,420**	**26,633**

	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 01.01.2012	**23,695**	**4,242**	**9,887**	**1,625**	**39,449**
Recognition/ actualisation	-	-	3,791	5,308	9,099
Utilisation	(16,890)	(7)	(1,045)	-	(17,942)
Reversal	(4,450)	-	(186)	(5,219)	(9,855)
Other increases/ (decreases)	-	-	(91)	-	(91)
Balance as at 31.12.2012	**2,355**	**4,235**	**12,356**	**1,714**	**20,660**

Provision for employee benefits	31.12.2013 PLN thousand	31.12.2012 PLN thousand
Provision for retirement benefits	1,326	991
Provision for unused holidays leave	14,583	11,365
Total	**15,909**	**12,356**

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.

Reconciliation of the present value of the defined benefit obligation	01.01.2013-31.12.2013 PLN thousand
Present value of the obligation at the beginning of the period	**991**
Total expense recognised in the income statement, of which:	**178**
Current service cost	139
Past service cost	-
Interest cost	39
Total expense recognised in the other comprehensive income, of which:	79
Actuarial (gains)/ losses due to ex post adjustments of assumptions	666
Actuarial (gains)/ losses due to changes in demographic variables	(542)
Actuarial (gains)/ losses due to changes in financial variables	(45)
Benefits paid	(35)
Effect of acquisition of an organised part of DnB Nord Polska	113
Present value of the obligation at the end of the period	**1,326**
Present value of the short-term obligation	**113**
Present value of the long-term obligation	**1,213**

The future payments of employee benefits have been discounted with 4.4% discount rate, ie. at the level of yield of the safest long-term securities listed on the Polish capital market at the date of valuation. Effect of increase/ decrease in the discount rate on the change in the provision for retirement benefits is presented in the table below:

Estimated change in provision	31.12.2013	
	+0.25 pp.	-0.25 pp.
Provision for retirement benefits	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 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 PLN thousand
serie A	bearer ordinary shares	1.00 PLN	40,000,000	40,000
serie B	bearer ordinary shares	1.00 PLN	23,000,000	23,000
serie C	bearer ordinary shares	1.00 PLN	6,000,000	6,000
serie D	bearer ordinary shares	1.00 PLN	9,510,000	9,510
serie E	bearer ordinary shares	1.00 PLN	11,000,000	11,000
serie F	bearer ordinary shares	1.00 PLN	4,000,000	4,000
serie G	bearer ordinary shares	1.00 PLN	9,550,000	9,550
serie H	bearer ordinary shares	1.00 PLN	2,142,465,631	2,142,466
serie I	bearer ordinary shares	1.00 PLN	144,617,688	144,618
serie J	bearer ordinary shares	1.00 PLN	200,000,000	200,000
serie K	bearer ordinary shares	1.00 PLN	60,000,000	60,000
Total			**2,650,143,319**	**2,650,143**

On 12 July 2013 Noble Securities S.A. made a settlement of the acquisition of own shares by Getin Noble Bank S.A. Brokerage house has acquired over-the-counter in its own name and on behalf of the Bank 59,090,909 shares at a price of PLN 2.20 per share, which represents 2.23% of the share capital of the Bank.

The reason and purpose of the acquisition of own shares by Getin Noble Bank S.A. was to realign the market price of the Bank's shares. In addition the purchase of own shares enables the possibility to settle a consideration for any further acquisition with own shares, and to fulfil the commitments arising from the agreements concluded between the Bank and the participants of the Management Share Option Scheme and the obligations of the Bank to pay part of remuneration to employees covered by the "Policy of the variable components of remuneration of the management at Getin Noble Bank S.A. " in the form of financial instruments.

In the third quarter of 2013 the Bank sold 5,176,671 own shares to the Management Share Option Scheme participants in order to fulfil its obligations arising from the agreements concluded between the Bank and the Scheme participants. The transaction was carried out outside a regulated market.

On 30 December 2013 the Bank sold 53,914,238 own shares. The transaction took place on the secondary market, outside a regulated market under the share purchase agreement concluded between the Bank and Getin Holding S.A.

As at 31 December 2013 and 2012 the Bank did not hold any own shares.

39.OTHER CAPITAL

Other capital	31.12.2013 PLN thousand	31.12.2012 (restated) PLN thousand
Reserve capital	2,084,585	2,090,186
Revaluation reserve, of which:	(135,865)	(120,597)
valuation of available-for-sale financial assets	(41,568)	11,712
cash flow hedge	(93,982)	(132,059)
actuarial gains/ (losses)	(315)	(250)
Foreign exchange differences	(107)	-
Share-based payments - equity component	-	7,381
Other capital reserves	40,881	37,493
Total	**1,989,494**	**2,014,463**

Change in revaluation reserve for available-for-sale financial assets	01.01.2013-31.12.2013 PLN thousand	01.01.2012-31.12.2012 PLN thousand
Balance at the beginning of the period	**11,712**	**(4,569)**
valuation (amount recognised in revaluation reserve)	(46,996)	34,940
impairment allowance (amount removed from revaluation reserve, recognised in the income statement)	2,087	-
sale/ redemption (amount removed from revaluation reserve, recognised in the income statement)	(8,371)	(18,659)
Balance at the end of the period	**(41,568)**	**11,712**

40.DIVIDENDS PAID AND PROPOSED

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

On 12 June 2013 the General Shareholders Meeting of Getin Noble Bank S.A. decided to allocate the Bank's profit for the year 2012 in the full amount of PLN 310,957 thousand to cover undivided net loss of Getin Noble Bank S.A. from previous years resulting from the Get Bank S.A. losses incurred in previous years. As of the date of these financial statements the Management Board of the Bank does not recommend payment of a dividend from the profit of 2013.

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.

Contingent liabilities granted	31.12.2013 PLN thousand	31.12.2012 PLN thousand
Financial	2,448,799	3,366,992
Guarantees	115,224	271,597
Total	**2,564,023**	**3,638,589**

Contingent liabilities granted	31.12.2013 PLN thousand	31.12.2012 PLN thousand
Contingent financial liabilities granted	**2,448,799**	**3,366,992**
to financial entities	1,003	1,261,078
to non-financial entities	2,095,502	1,829,919
to budgetary entities	352,294	275,995
Guarantees granted	**115,224**	**271,597**
to financial entities	10,777	1,320
to non-financial entities	103,359	35,543
to budgetary entities	1,088	234,734

Contingent liabilities received	31.12.2013 PLN thousand	31.12.2012 PLN thousand
Financial	250,000	102,205
Guarantees	456,702	258,585
Total	**706,702**	**360,790**

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 liabilities

The fair value was calculated for loans with a fixed payment schedule. For contracts where such payments have not been defined (eg. 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:

As at 31.12.2013	Carrying amount PLN thousand	Fair value PLN thousand
ASSETS:		
Cash and balances with the Central Bank	2,629,838	2,629,838
Amounts due from banks and financial institutions	1,379,820	1,379,820
Loans and advances to customers	45,353,193	45,011,186
Finance lease receivables	2,599,201	2,634,015
Held-to-maturity financial assets	113,205	112,588
LIABILITIES:		
Amounts due to banks and financial institutions	3,139,509	3,139,509
Amounts due to customers	51,486,360	51,789,184
Debt securities issued	3,158,409	3,162,815

As at 31.12.2012 (restated)	Carrying amount PLN thousand	Fair value PLN thousand
ASSETS:		
Cash and balances with the Central Bank	2,906,944	2,906,944
Amounts due from banks and financial institutions	2,104,758	2,104,758
Loans and advances to customers	41,998,698	41,080,878
Finance lease receivables	1,834,441	1,859,355
LIABILITIES:		
Amounts due to banks and financial institutions	794,937	794,937
Amounts due to customers	50,185,371	50,348,008
Debt securities issued	1,965,968	1,965,968

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 debt securities which fair value is determined using internal valuation models.

The carrying amounts of financial instruments at fair value by 3 hierarchy levels as at 31 December 2013 and 2012 are presented below:

As at 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**

As at 31.12.2012	Level 1 PLN thousand	Level 2 PLN thousand	Level 3 PLN thousand	Total PLN thousand
ASSETS:				
Financial assets held for trading	1,617	-	14,498	**16,115**
Derivative financial instruments	-	182,128	-	**182,128**
Available-for-sale financial assets	2,720,967	4,298,224	180,601	**7,199,792**
LIABILITIES:				
Derivative financial instruments	-	658,019	-	**658,019**

In the 12-month period ended 31 December 2013 and 2012 there were no movements between level 1 and level 2 of the fair value hierarchy, neither any instrument was moved from level 1 or level 2 to level 3 of fair value hierarchy.

In 2013 the Group changed the technique of fair value measurement of available-for-sale debt securities for which there exists no active market. In the opinion of the Group the valuation models decribed below give better fair value for these financial instruments than the current approach of valuation at amortised cost.

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 .

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.

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%) amounted to PLN 120,037 thousand. In case of upward shift of risk margins by 25 basis points the fair value decreases by PLN 1,024 thousand, in case of downward shift of risk margins by 25 basis points the fair value increases by PLN 1,036 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 Controlling and Market Risk 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. SOCIAL ASSETS AND COMPANY SOCIAL BENEFITS FUND LIABILITIES

The act of 4 March 1994 on the Company Social Benefits Fund with later amendments assumes that the Company Social Benefits Fund is created by employers employing above 20 employees on a full-time basis. The 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 2013 and 2012 amounted to PLN 0.

	01.01.2013-31.12.2013 PLN thousand	01.01.2012-31.12.2012 PLN thousand
Allowances for the Fund during the reporting period	3,502	6,293

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.

	31.12.2013 PLN thousand	31.12.2012 PLN thousand
Cash and balances with the Central Bank	2,629,838	2,906,944
Current amounts due from banks	361,331	551,820
Short term deposits in banks	60,051	558,845
Total	**3,051,220**	**4,017,609**

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

Year ended 31.12.2013	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	724,938	53,661	671,277	1)
Change in derivative financial instruments (assets)	(59,261)	(61,214)	1,953	2)
Change in loans and advances to customers	(3,354,495)	(2,946,090)	(408,405)	3)
Change in available-for-sale financial assets	(1,558,498)	(1,568,701)	10,203	4)
Change in held-to-maturity financial assets	(113,205)	200	(113,405)	5)
Change in other assets	(51,642)	(51,179)	(463)	6)
Change in amounts due to banks and financial institutions	2,344,572	292,669	2,051,903	7)
Change in derivative financial instruments (liability)	(176,679)	(136,648)	(40,031)	8)
Change in debt securities issued	1,192,441	192,160	1,000,281	9)
Change in other liabilities	43,025	41,186	1,839	10)
Change in provisions	5,973	5,748	225	11)

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 loans and advances to customers” includes the opening balance of acquired subsidiary,
4) “Change in available-for-sale financial assets” does not include valuation of financial assets recognised in revaluation reserve,
5) Change arising from the purchase of financial instruments was excluded from “Change in held-to-maturity financial assets” and presented in investment activities,
6) “Change in other assets” includes the opening balance of acquired subsidiary,

7) 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; it includes also the opening balance of acquired subsidiary,
8) "Change in derivative financial instruments (liabilities)" does not include the valuation of cash flow hedge recognised in revaluation reserve,
9) 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,
10) "Change in other liabilities" includes the opening balance of acquired subsidiary,
11) „Change in provisions" does not include actuarial gains/ (losses) recognised in the revaluation reserve and includes the opening balance of acquired subsidiary.

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 Property FIZAN. The segment assets include assets of Noble Funds TFI S.A., Sax Development sp. z o.o. and Property FIZAN.

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.

01.01.2013 - 31.12.2013	Banking 1) PLN thousand	Financial intermediary PLN thousand	Asset and fund management PLN thousand	Adjustments PLN thousand		Total PLN thousand
Revenues						
external	*4,613,979*	*39,868*	*61,612*	*(31,310)*		*4,684,149*
internal	*334,652*	*15,998*	*4,427*	*(355,077)*		*-*
Total segment revenues	**4,948,631**	**55,866**	**66,039**	**(386,387)**	2)	**4,684,149**
Profit before tax						
external	*359,426*	*19,145*	*30,918*	*(21,494)*		*387,995*
internal	*21,859*	*20,956*	*(1,562)*	*(41,253)*		*-*
Segment profit / (loss) before tax	**381,285**	**40,101**	**29,356**	**(62,747)**	3)	**387,995**
Segment assets as at 31.12.2013	**66,833,588**	**240,170**	**183,897**	**(3,640,560)**	4)	**63,617,095**

1) 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.
2) Income presented in segments does not include consolidation adjustments and eliminations.
3) Profit before tax presented in segments does not include consolidation adjustments and eliminations.
4) Assets presented in segments do not include consolidation adjustments and eliminations.

01.01.2012 - 31.12.2012 (restated)	Banking 1) PLN thousand	Financial intermediary PLN thousand	Asset and fund management PLN thousand	Adjustments PLN thousand		Total PLN thousand
Revenues						
external	*5,551,062*	*40,319*	*41,043*	*31,455*		*5,663,879*
internal	*185,725*	*26,230*	*1,436*	*(213,391)*		*-*
Total segment revenues	**5,736,787**	**66,549**	**42,479**	**(181,936)**	2)	**5,663,879**
Profit before tax						
external	*322,511*	*32,898*	*21,565*	*32,129*		*409,103*
internal	*5,157*	*53,906*	*(3,471)*	*(55,592)*		*-*
Segment profit / (loss) before tax	**327,668**	**86,804**	**18,094**	**(23,463)**	3)	**409,103**
Segment assets as at 31.12.2012	**60,928,925**	**255,316**	**164,508**	**(2,863,943)**	4)	**58,484,806**

1) Banking segment income includes interest income amounting to PLN 4,523,310 thousand. Profit before tax also includes interest expense amounting to PLN 3,207,304 thousand.
2) Income presented in segments does not include consolidation adjustments and eliminations.
3) Profit before tax presented in segments does not include consolidation adjustments and eliminations.
4) Assets presented in segments do not include consolidation adjustments and eliminations.

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 1.2.

31.12.2013	Statement of financial position						
	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:	**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**

31.12.2012	Statement of financial position						
	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:	**-**	**79,024**	**228,680**	**2,434,483**	**5,021**	**-**	**-**
Entities of Open Finance S.A. Group	-	79,024	228,680	2,434,483	5,021	-	-
Entities related by the parent:	**186,633**	**51,860**	**228,179**	**693,230**	**4,571**	**824**	**143,517**
Entities of Getin Holding S.A. Group	156,623	40	225,738	374,027	4,328	657	23,033
Entities of LC Corp B.V. and LC Corp S.A. Group	30,004	51,820	2,441	314,425	25	167	120,468
Other entities	6	-	-	4,778	218	-	16
Members of the Management Board and the Supervisory Board of Getin Noble Bank S.A.	**5,201**	**-**	**20,160**	**9,014**	**-**	**17**	**684**

01.01.2013-31.12.2013	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**	**-**

01.01.2012-31.12.2012	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:	**403,583**	**186,817**	**739**	**11,524**	**7,155**
Entities of Open Finance S.A. Group	403,583	186,817	739	11,524	7,155
Entities related by the parent:	**49,280**	**50,411**	**24,470**	**43,938**	**-**
Entities of Getin Holding S.A. Group	46,366	37,517	5,344	37,239	-
Entities of LC Corp B.V. and LC Corp S.A. Group	2,894	12,164	9,901	6,652	-
Other entities	20	730	9,225	47	-
Members of the Management Board and the Supervisory Board of Getin Noble Bank S.A.	**83**	**522**	**-**	**175**	**-**

Other transactions with related parties

On 28 March 2013 Getin Noble Bank S.A. transferred pursuant to art. 453 of the Civil Code, 3,590,182 shares of its associate Open Finance S.A. to Getin Holding S.A. The transaction was connected with the settlement of the acquisition of Dexia Kommunalkredit Bank Polska S.A. by Getin Noble Bank S.A. as described in Note II 3.1.

In the third quarter of 2013 the Bank sold 5,176,671 own shares to the Management Share Option Scheme participants in order to fulfil its obligations arising from the agreements concluded between the Bank and the Scheme participants. The transaction was carried out outside a regulated market.

On 30 December 2013 the Bank sold all of the 53,914,238 purchased own shares with a nominal value of PLN 1.00 each to Getin Holding S.A. at a price of PLN 2.83 per share. The shares sold represent 2.0344% of the share capital of the Bank and give the right to 53,914,238 votes at the General Meeting of the Bank. The transaction took place on the secondary market, outside a regulated market under the share purchase agreement concluded between the Bank and Getin Holding S.A.

In the Group operate option schemes for the management of the Bank and its subsidiaries. The Management Share Option Scheme for certain members of the Management Board and the Supervisory Board of Getin Noble Bank S.A. is described below, along with the remuneration of the Bank's senior management.

Under the options granted by Getin Noble Bank S.A. to Earchena Investments Ltd., in which Mr. Czcibor Dawid (President of the Management Board of a subsidiary Noble Securities S.A.) owns 100% of shares, the unrealised call option for 34,947 shares of Noble Securities S.A. expired in 2013. Earchena Investments Ltd. is entitled to call upon the Bank to repurchase its shares (put option) within the period from 1 August 2014 to 31 August 2016. In case no put option is performed, the Bank will be entitled to demand that the company should sell its shares (repurchase option). The program has been classified as a cash-settled share-based payment transaction, pursuant to IFRS 2. As at 31 December 2013 the Bank recognised the obligation to repurchase the shares of Noble Securities S.A. in the amount of PLN 1,118 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 2013 the Group recognised costs related to valuation of the program in the amount of PLN 877 thousand in correspondence with the liabilities.

Remuneration of the Management Board and the Supervisory Board of the parent entity and its subsidiaries

Remuneration and other benefits of the Bank's Management Board and Supervisory Board	01.01.2013-31.12.2013 PLN thousand	01.01.2012-31.12.2012 PLN thousand
Krzysztof Rosiński		
Short-term employee benefits	1,290	2,550
Share-based payments	1,403	1,295
Karol Karolkiewicz		
Short-term employee benefits	730	866
Share-based payments	27	33
Maurycy Kühn (until 09.12.2013)		
Short-term employee benefits	1,835	1,762
Krzysztof Spyra		
Short-term employee benefits	791	773
Radosław Stefurak		
Short-term employee benefits	1,512	2,306
Share-based payments	27	33
Maciej Szczechura		
Short-term employee benefits	945	926
Share-based payments	27	33
Grzegorz Tracz		
Short-term employee benefits	1,266	1,227
Marcin Dec (from 01.01.2012 to 31.05.2012)		
Short-term employee benefits	-	150
Radosław Radowski (from 01.01.2012 to 31.05.2012)		
Short-term employee benefits	-	393
Grzegorz Słoka (from 01.01.2012 to 20.06.2012)		
Short-term employee benefits	-	689
Leszek Czarnecki		
Share-based payments	835	1,713
Remigiusz Baliński		
Share-based payments	8	16
Michał Kowalczewski		
Short-term employee benefits	46	19
Jacek Lisik		
Short-term employee benefits	46	19
Total	**10,788**	**14,803**

* Amounts for 2012 are sums of the Getin Noble Bank S.A. Management Board member remuneration and the remuneration of the Get Bank S.A. Management Board members until the Banks merger, and for the period from 1 June 2012 – remuneration of the Management Board of merged Getin Noble Bank S.A.

The Management Board salaries paid in 2013, but perceived as costs for 2012, was presented in remunerations for 2012.

In the short-term employee benefits are also included the variable components of remuneration arising from the Bank's current remuneration policy for the senior management, the payment of which is deferred in time, but it is a cost of this year.

The Management Share Option Scheme for members of the senior management of the Bank

Certain members of the Management Board and the Supervisory Board of Getin Noble Bank S.A. participate in the Management Share Option Scheme whose terms include, among the others, the Banks financial status in the years 2011-2013, as well as exercise of the Scheme Members of any managerial functions by the end of years preceding the benefit pay outs. The Scheme is settled in three tranches and has been classified as a cash-settled share-based payment transaction, pursuant to IFRS 2.

In the third quarter of 2013 the Bank settled benefits for members of the Supervisory Board for the first tranche and benefits of all participants of the second tranche.. As part of the Scheme the Bank entered into agreements to sale its own shares, based on which the Scheme participants acquired 5,176,671 shares of the Bank at a price of PLN 1,00 per share. The transaction was made over the counter. In addition, the valuation of the exercised Scheme options in the amount of PLN 6,212 thousand was transferred from liabilities and recognised as an increase in the Bank's equity. Due to the measurement of unrealised third tranche of the Management Share Option Scheme as at 31 December 2013 the Bank recognised a liability of PLN 5,285 thousand. The fair value of the options is measured at the reporting date with the Black-Scholes model.

Benefits for the senior management of the Bank arising from the variable components of remuneration

The variable components of remuneration of the members of the Management Board of Getin Noble Bank S.A. are accounted for in a transparent manner ensuring effective realisation of the Policy of Variable Components of Remuneration adopted in Getin Noble Bank S.A. The amount of the variable components of remuneration is based on the appraisal of the work performance 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 Bank's cost of risk, cost of capital and liquidity risk in long-term perspective.

The primary financial criterion determining the amount of variable components of remuneration is consolidated net profit, and the main non-financial criterion is approval of the Bank's financial statements by the Annual General Meeting of Shareholders.

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

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

Remuneration of members of the subsidiaries Management Boards	**01.01.2013-31.12.2013 PLN thousand**	**01.01.2012-31.12.2012 PLN thousand**
The subsidiaries Management Boards:		
Short-term employee benefits	10,054	7,268
Share-based payments	-	196
Total	**10,054**	**7,464**

In 2013 and 2012 the Group's subsidiaries did not pay remuneration to members of the Supervisory Boards.

Remuneration of members of the Bank's Management Board due to their functions in governing bodies of subsidiaries and associates	01.01.2013-31.12.2013 PLN thousand	01.01.2012-31.12.2012 PLN thousand
Krzysztof Rosiński		
Short-term employee benefits	225	-
Marcin Dec		
Short-term employee benefits	90	-
Karol Karolkiewicz		
Short-term employee benefits	160	-
Maurycy Kühn		
Short-term employee benefits	153	608
Krzysztof Spyra		
Short-term employee benefits	981	130
Krzysztof Stefurak		
Short-term employee benefits	153	-
Maciej Szczechura		
Short-term employee benefits	52	27
Grzegorz Tracz		
Short-term employee benefits	12	12
Total	**1,826**	**777**

47. REMUNERATION OF THE AUDITOR

The table below presents remuneration of entity entitled to audit financial statements, Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k., paid or due for the year ended 31 December 2013 and 2012 divided into types of services in net values:

Type of service	01.01.2013-31.12.2013 PLN thousand	01.01.2012-31.12.2012 PLN thousand
Statutory audit of the annual financial statements	386	386
Other certifying services, including the review of the financial statements	279	355
Total	**665**	**741**

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 2013 and 2012 was as follows:

Number of employees	31.12.2013	31.12.2012
In persons	6,417	6,402
In full-time equivalents	6,148.7	5,916.8

49. SUBSEQUENT EVENTS

After 31 December 2013 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

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

The objective of asset and liability management policy is to optimize the structure of the balance sheet and off-balance sheet to achieve the assumed proportion of income in relation to the risk incurred. The Management Boards of the Group entities are responsible for managing risk at the strategic level. For the purpose of operational risk they established 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.

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

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 the 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 realisation 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:

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

Credit risk units in individual business areas of the Bank

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

Internal Audit Department

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

Credit risk management strategies and processes

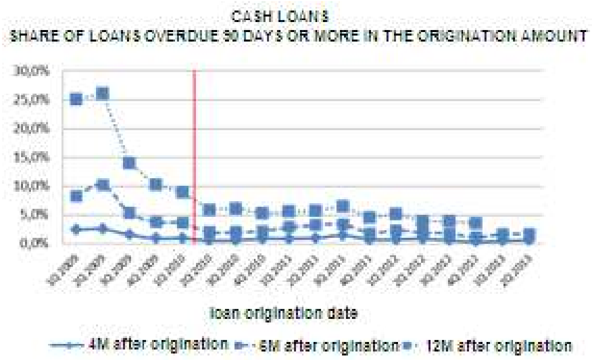
The Bank has developed “Credit Strategy and Policy” and “Credit Exposures Risk Management Strategy and Policy”, which define policies, guidelines and recommendations relating to credit activities. These documents serve also as a basic instrument for the realization of a selected strategy towards credit risk.

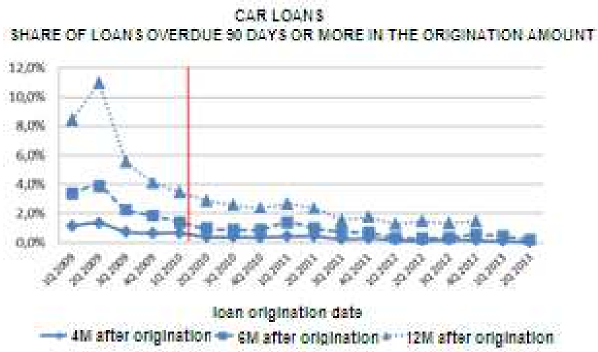
The policy towards credit risk is subject to review and adjustment taking into account both: external regulations (the PFSA resolutions) and to macroeconomic factors, which may, in the Bank’s opinion, have influence on credit risk increase.

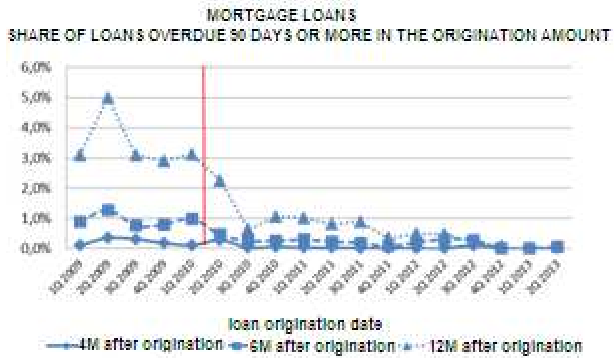
In particular, since 2010 the Bank since continuously monitors the credit risk of lending activities and constantly modifies processes/ credit products adapting them to changing market realities. In 2010 and 2011 the most important actions taken by the Bank to reduce the risk were to withdraw the whole offers or banking products with high credit risk. In 2012 the Bank, on the basis of the risk assessment, tightened the rules for granting loans which are the most vulnerable to the adverse macroeconomic changes – particularly in terms of corporate loans in the construction industry or mortgage loans (among others by limiting sale of currency mortgage loans). In 2013, in addition to further improvement of the quality of loans through changes in products/ processes, the Bank carried out some organizational changes – created the Credit Decision Division (centralization of decision-making process) and the Credit Risk Committee, which has a significant impact on improving credit risk management process in the Bank.

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.

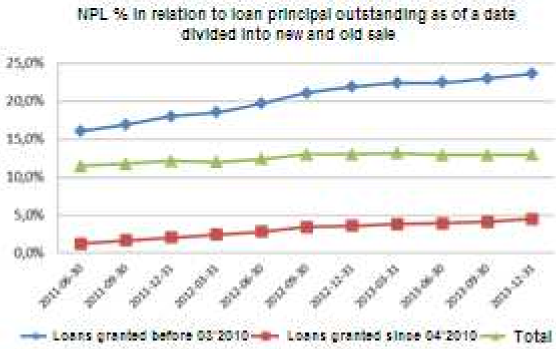
Differences in the level of repayment of major credit products in recent years are shown in the following charts – there is significantly noticeable improvement in the quality of sales in 2010 and its maintenance in subsequent years.



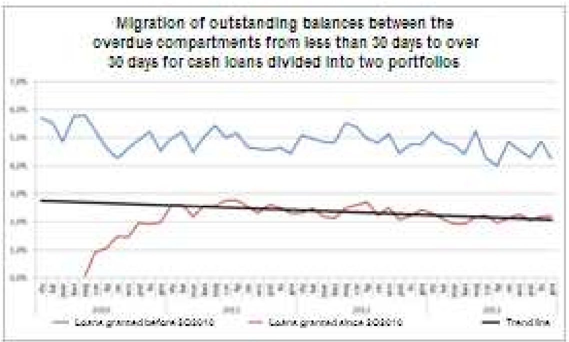


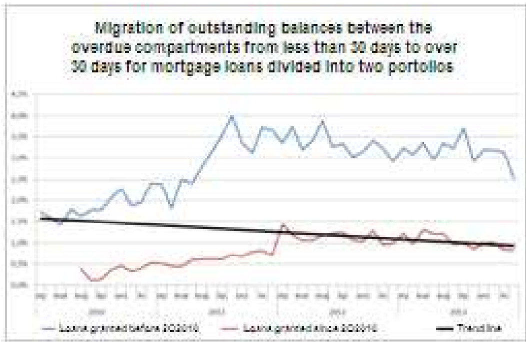


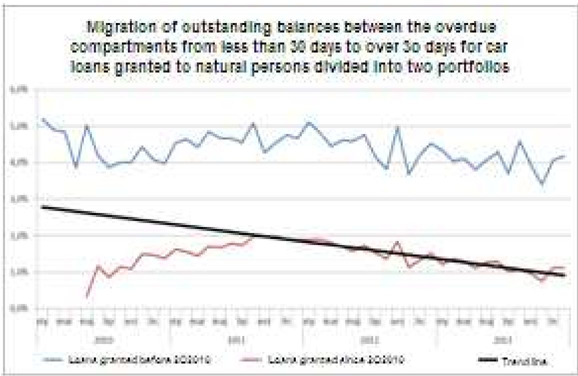
Improvement in the quality of newly generated credit portfolio is also noticeable at the level of the NPL ratio (*Non-Performing Loans*) – sales generated after the merger of the Banks has a much lower level of credit risk.

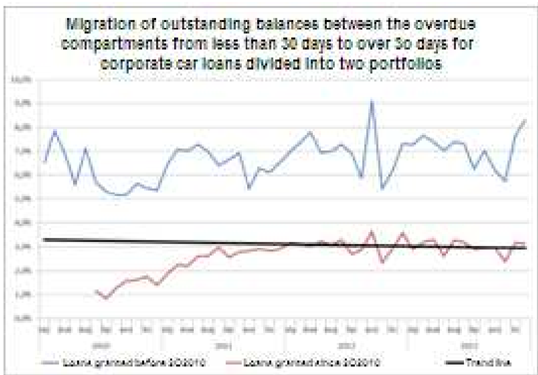


In addition, improving the quality of loans – particularly in comparison with the quality of loans granted before 2010 is clearly noticeable also in the monthly level of migration of balances overdue less than 30 days to the higher categories of delays. Results of analyzes for major Bank's products are 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, installment plan, credit cards),
- 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. Each department has a separate acceptance centre which is responsible for evaluation and acceptance of particular loan applications (since 2013 they are clustered in a separate Credit Decision Area).

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 centers. The Bank's Credit Committee located in the Bank's headquarters is responsible for credit decisions exceeding the authorization limits granted to the Credit Committees in the acceptance centers. Credit decisions of the highest rank are made by the Bank's Management Board. Any changes to the decision making procedure must be approved by the Bank's Management Board.

Getin Noble Bank 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 and car loans),
- 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 and installment plans) 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 2013 (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 decrease 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 decrease 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 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 basis points 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.

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

Collaterals for consumer loans are: property value decrease insurance policy, loss of job insurance policy and company bankruptcy insurance policy and personal collaterals (e.g. guarantee of a third party in the form of own promissory note or civil warranty). The repayment of installment plan is the transfer of title to the credited goods.

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.

The renegotiation of the terms of repayment of loans

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,

(data in PLN thousand)

- 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.

The structure of the Group's loan portfolio as at 31 December 2013 and 2012 is presented in the following tables. Percentage share in loan portfolio presented in the tables below is calculated based on nominal values.

Structure of the loan portfolio	% share in portfolio	
	31.12.2013	31.12.2012 (restated)
Loans granted to natural persons:	78.46	85.41
car loans	2.68	3.43
Instalment loans	0.92	0.70
housing, construction and mortgage loans	65.95	72.41
other loans	8.91	8.87
Corporate loans	21.54	14.59
Total	**100.00**	**100.00**

Concentration by geographical segments of the market	% share in portfolio	
	31.12.2013	31.12.2012 (restated)
Administration regions of Poland:		
Dolnośląskie	10.44	9.81
Kujawsko-Pomorskie	3.95	3.65
Lubelskie	3.06	2.98
Lubuskie	2.32	2.20
Łódzkie	5.40	5.36
Małopolskie	6.52	6.52
Mazowieckie	24.97	26.17
Opolskie	1.78	1.78
Podkarpackie	2.41	2.22
Podlaskie	1.32	1.25
Pomorskie	7.85	7.84
Śląskie	11.19	11.30
Świętokrzyskie	1.42	1.32
Warmińsko-Mazurskie	3.03	2.95
Wielkopolskie	8.09	7.96
Zachodniopomorskie	4.92	4.94
Resident of a foreign country	1.33	1.75
Total	**100.00**	**100.00**

Concentration by industry	% share in portfolio	
	31.12.2013	31.12.2012 (restated)
Agriculture and hunting	0.30	0.18
Mining	0.06	0.04
Manufacturing	1.57	1.03
Electricity and gas industry	0.13	0.01
Construction industry	2.07	2.86
Wholesale and retail	4.00	3.01
Transport, warehouse management and communication	2.93	1.88
Financial brokerage	0.41	0.40
Real estate management	2.85	1.40
Public administration	1.44	0.35
Other sections	5.78	3.43
Natural persons	78.46	85.41
Total	**100.00**	**100.00**

Maximum exposure to credit risk as of 31 December 2013 and 2012 without taking into account accepted collaterals and other factors improving loan quality is presented below:

Maximum exposure to credit risk	31.12.2013 PLN thousand	31.12.2012 (restated) PLN thousand
Cash and balances with the Central Bank (except for cash)	2,480,702	2,752,525
Amounts due from banks and financial institutions	1,379,820	2,104,758
Financial assets held for trading	5,114	16,115
Derivative financial instruments	241,389	182,128
Loans and advances to customers	45,353,193	41,998,698
Finance lease receivables	2,599,201	1,834,441
Available-for-sale financial assets	8,758,290	7,199,792
Held-to-maturity financial assets	113,205	-
Other assets	788,299	723,652
Total financial assets	**61,719,213**	**56,812,109**
Guarantee liabilities	115,224	271,597
Contingent liabilities	2,448,799	3,366,992
Total off-balance sheet liabilities	**2,564,023**	**3,638,589**
Total exposure to credit risk	**64,283,236**	**60,450,698**

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

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

Impaired loans and advances assessed individually	31.12.2013 PLN thousand	31.12.2012 (restated) PLN thousand
Corporate loans	134,416	111,620
Car loans	418	253
Mortgage loans	1,561,981	1,317,599
Retail loans	1,769	1,550
Total	**1,698,584**	**1,431,022**

	31.12.2013 PLN million	31.12.2012 (restated) PLN million
Value of collateral used for calculating impairment allowance for loans individually significant	740	459

	01.01.2013-31.12.2013 PLN thousand	01.01.2012-31.12.2012 (restated) PLN thousand
Value of assets possessed in exchange for debts	113,574	12,070

Credit quality of financial assets, which are neither overdue nor impaired as at 31 December 2013 and 2012:

Credit quality of financial assets as at 31.12.2013	Current and not impaired	Overdue and not impaired			Overdue and impaired	Interest	Impairment allowances (including IBNR)	Total
		Overdue by less than 1 month	Overdue by 1 to 2 months	Overdue by 2 to 3 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 banks and other financial institutions	40,934	-	-	-	**-**	-	**-**	**40,934**
issued by local government units	72,271	-	-	-	**-**	-	**-**	**72,271**
Total	**47,957,627**	**5,887,895**	**1,148,651**	**462,303**	**6,895,063**	**333,462**	**(4,476,178)**	**58,208,823**

Credit quality of financial assets as at 31.12.2012 (restated)	Current and not impaired	Overdue and not impaired			Overdue and impaired	Interest	Impairment allowances (including IBNR)	Total
		Overdue by less than 1 month	Overdue by 1 to 2 months	Overdue by 2 to 3 months				
	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand
Amounts due from banks and financial institutions	**2,092,460**	**-**	**-**	**-**	**-**	**12,298**	**-**	**2,104,758**
Financial assets held for trading	**16,115**	**-**	**-**	**-**	**-**	**-**	**-**	**16,115**
Loans and advances to customers, of which:	**32,287,381**	**5,944,300**	**863,167**	**480,860**	**6,210,552**	**329,163**	**(4,116,725)**	**41,998,698**
corporate loans	2,081,455	525,990	43,602	67,519	331,128	23,846	(245,881)	**2,827,659**
car loans	2,605,182	448,120	77,472	32,623	910,349	20,722	(695,658)	**3,398,810**
mortgage loans	25,286,139	4,747,047	701,266	357,675	3,279,964	253,880	(1,845,801)	**32,780,170**
retail loans	2,314,605	223,143	40,827	23,043	1,689,111	30,715	(1,329,385)	**2,992,059**
Finance lease receivables	**1,455,889**	**279,797**	**44,430**	**9,108**	**126,807**	**-**	**(81,590)**	**1,834,441**
Available-for-sale financial assets, of which:	**7,199,166**	**-**	**-**	**-**	**2,158**	**-**	**(1,532)**	**7,199,792**
issued by central banks	4,298,224	-	-	-	-	-	-	**4,298,224**
issued by banks and other financial institutions	80,218	-	-	-	-	-	-	**80,218**
issued by non-financial institutions	100,446	-	-	-	2,158	-	(1,532)	**101,072**
issued by the State Treasury	2,720,278	-	-	-	-	-	-	**2,720,278**
Total	**43,051,011**	**6,224,097**	**907,597**	**489,968**	**6,339,517**	**341,461**	**(4,199,847)**	**53,153,804**

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

Organizational units of operational risk management include:

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

In all divisions and at all levels of the Bank's organizational structure the following groups of units, persons and functions, which are executed at three following levels are to be distinguished:

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

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

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

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

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

Operational risk management 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 representing the level of Bank's exposure to operational risk, also called the Bank's sensitivity to operational risk;
- aggregated volume of actual losses.

Policies and strategies related to mitigation of operational risk

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

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

- outsourcing of 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 2013, 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, M, T) and the recommendations of the Polish Bank Association and the Polish Chamber of Insurance (including bancassurance I and III recommendations).

In addition, Getin Noble Bank S.A. undertook preparatory activities related to the implementation of recommendations D and S of the Polish Financial Supervision Authority and CRD IV / CRR, in particular, the Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, amending Regulation (EU) No 648/2012 (EU OJ L dated 27.06.2013).

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 is the optimisation of the structure of the statement of financial position and off-balance sheet in order to preserve the adopted relation of profit to the risk undertaken.

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.

The primary source of foreign exchange risk position of the Group is Getin Noble Bank S.A. Monitoring the level of risk within the Group is carried out by periodic measurements of risk on a consolidated basis.

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

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

Sensitivity analysis for currency risk

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

VAR (1D, 99.9%)	31.12.2013 PLN thousand	31.12.2012 PLN thousand
Currency risk	526	188

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 2013 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 0.78%.

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

The Controlling and Market Risk Department submits monthly reports to the Assets and Liabilities Committee on the 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, by individual classes of assets, liabilities and off-balance sheet liabilities:

Currency exposure as at 31.12.2013	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
ASSETS								
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**
LIABILITIES								
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**
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)**

Currency exposure as at 31.12.2012 (restated)	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
ASSETS								
Cash and balances with the Central Bank	2,272,359	606,245	6,778	18,221	3,340	-	1	**2,906,944**
Amounts due from banks and financial institutions	793,617	651,047	349,043	250,041	20,568	11,801	28,641	**2,104,758**
Loans and advances to customers	25,823,772	1,708,682	13,918,330	64,604	-	387,943	95,367	**41,998,698**
Finance lease receivables	1,797,139	37,146	156	-	-	-	-	**1,834,441**
Other assets	9,639,009	30	-	76	-	-	850	**9,639,965**
TOTAL ASSETS	**40,325,896**	**3,003,150**	**14,274,307**	**332,942**	**23,908**	**399,744**	**124,859**	**58,484,806**
LIABILITIES								
Amounts due to banks and financial institutions	794,121	-	-	816	-	-	-	**794,937**
Amounts due to customers	47,605,795	1,581,092	206,127	768,725	22,514	81	1,037	**50,185,371**
Other liabilities	3,118,811	1,269	19,489	1,298	725	573	3,765	**3,145,930**
TOTAL LIABILITIES	**51,518,727**	**1,582,361**	**225,616**	**770,839**	**23,239**	**654**	**4,802**	**54,126,238**
EQUITY	**4,358,568**	-	-	-	-	-	-	**4,358,568**
TOTAL LIABILITIES AND EQUITY	**55,877,295**	**1,582,361**	**225,616**	**770,839**	**23,239**	**654**	**4,802**	**58,484,806**
NET EXPOSURE	**(15,551,399)**	**1,420,789**	**14,048,691**	**(437,897)**	**669**	**399,090**	**120,057**	**-**
OFF-BALANCE SHEET ITEMS								
Assets	17,149,498	294,856	1,128,633	750,003	10,515	252,035	64,908	**19,650,448**
Liabilities	2,022,353	1,711,973	15,158,004	321,671	10,576	651,691	182,380	**20,058,648**
GAP	**(424,254)**	**3,672**	**19,320**	**(9,565)**	**608**	**(566)**	**2,585**	**(408,200)**

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 reports concerning this risk on a monthly basis.

Interest rate risk management consists in minimizing the risk of negative impact of changes in market interest rates on the Bank's financial standing by establishing and ensuring compliance with the limits set for acceptable interest rate risk and conducting periodic analyses examining the level of interest rate risk and the sensitivity of the profit and loss account to changes in interest rates.

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

- analyzing the breakdowns of assets and liabilities and off-balance sheet items sensitive to changes in interest rates by currency and repricing dates,
- analyzing the basis risk, profitability curve risk and customer option risk,
- testing sensitivity of the financial result to interest rate (the EaR method),
- analyzing the value at risk of the 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.

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:

	31.12.2013		31.12.2012	
	EaR (+/- 25 bp) PLN thousand	VAR (1D, 99.9%) PLN thousand	EaR (+/- 25 bp) PLN thousand	VAR (1D, 99.9%) PLN thousand
Interest rate risk	23,041	17,803	22,372	10,361

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 overestimation. Lease assets are based on variable rate of interest with the possibility of its overestimation in case of WIBOR 3M change (for agreements denominated in PLN) or LIBOR 3M (for CHF denominated agreements). They are also financed by liabilities with variable rate of interest, being subject to analogical principles of interest rate overestimation. 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 2013 and 2012 in accordance to the criterion of the interest rate exposure. The carrying amount of financial instruments with fixed interest has been split into division to groups of instruments held to maturity date of these instruments. The carrying amount of instruments with variable rate of interest is presented according to contractual dates of repricing. A'vista liabilities (savings and current accounts) which have no specified maturity date and bear variable interest rate have been presented in the shortest term of repricing, i.e. up to 1 month. Other assets and liabilities (including accrued interest, other assets and interest-free liabilities) are presented as interest-free assets/ liabilities.

Allocation of assets and liabilities and off-balance sheet items according to the criterion of interest rate risk as at 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
ASSETS							
Cash and balances with the Central Bank	2,480,572	-	-	-	-	149,266	**2,629,838**
Amounts due from banks and financial institutions	1,225,179	38,189	99,822	197	-	16,433	**1,379,820**
Loans and advances to customers	20,967,104	21,693,362	1,850,518	517,681	17,411	307,117	**45,353,193**
Finance lease receivables	2,585,821	-	-	-	-	13,380	**2,599,201**
Financial instruments: available-for-sale, held-to-maturity and held for trading	6,287,539	51,827	163,234	2,369,162	-	4,847	**8,876,609**
Other assets						2,778,434	**2,778,434**
TOTAL ASSETS	**33,546,215**	**21,783,378**	**2,113,574**	**2,887,040**	**17,411**	**3,269,477**	**63,617,095**
LIABILITIES							
Amounts due to banks and financial institutions	88,192	2,652,930	329,765	-	-	68,622	**3,139,509**
Amounts due to customers	21,391,173	10,294,867	13,307,874	4,585,823	1,306,608	600,015	**51,486,360**
Debt securities issued	313,931	1,709,750	1,039,040	63,334	-	32,354	**3,158,409**
Other liabilities						1,052,362	**1,052,362**
TOTAL LIABILITIES	**21,793,296**	**14,657,547**	**14,676,679**	**4,649,157**	**1,306,608**	**1,753,353**	**58,836,640**
EQUITY	**-**	**-**	**-**	**-**	**-**	**4,780,455**	**4,780,455**
TOTAL LIABILITIES AND EQUITY	**21,793,296**	**14,657,547**	**14,676,679**	**4,649,157**	**1,306,608**	**6,533,808**	**63,617,095**
Balance sheet gap	**11,752,919**	**7,125,831**	**(12,563,105)**	**(1,762,117)**	**(1,289,197)**	**(3,264,331)**	**-**
OFF-BALANCE SHEET ITEMS							
Interest rate transactions:							
Receivables	12,664,288	8,413,111	5,192,440	657,069	218,775	112,707	**27,258,390**
Liabilities	12,830,500	8,530,287	5,206,021	656,653	127,672	83,123	**27,434,256**
Off-balance sheet gap	**(166,212)**	**(117,176)**	**(13,581)**	**416**	**91,103**	**29,584**	**(175,866)**
Total gap	**11,586,707**	**7,008,655**	**(12,576,686)**	**(1,761,701)**	**(1,198,094)**	**(3,234,747)**	**(175,866)**

Allocation of assets and liabilities and off-balance sheet items according to the criterion of interest rate risk as at 31.12.2012 (restated)	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
ASSETS							
Cash and balances with the Central Bank	2,752,312	-	-	-	-	154,632	**2,906,944**
Amounts due from banks and financial institutions	2,083,471	-	8,989	-	-	12,298	**2,104,758**
Finance lease receivables	19,768,661	19,213,560	2,138,597	502,754	9,030	366,096	**41,998,698**
Finance lease receivables	1,826,427	-	-	-	-	8,014	**1,834,441**
Financial instruments: available-for-sale and held for trading	6,297,309	95,233	92,611	2,415	722,143	6,196	**7,215,907**
Other assets	-	-	-	-	-	2,424,058	**2,424,058**
TOTAL ASSETS	**32,728,180**	**19,308,793**	**2,240,197**	**505,169**	**731,173**	**2,971,294**	**58,484,806**
LIABILITIES							
Amounts due to banks and financial institutions	134,333	289,601	831	324,217	-	45,955	**794,937**
Amounts due to customers	19,112,716	14,862,790	11,673,095	2,628,627	1,295,674	612,469	**50,185,371**
Debt securities issued	39,199	1,021,636	816,739	64,561	-	23,833	**1,965,968**
Other liabilities	-	-	-	-	-	1,179,962	**1,179,962**
TOTAL LIABILITIES	**19,286,248**	**16,174,027**	**12,490,665**	**3,017,405**	**1,295,674**	**1,862,219**	**54,126,238**
EQUITY	**-**	**-**	**-**	**-**	**-**	**4,358,568**	**4,358,568**
TOTAL LIABILITIES AND EQUITY	**19,286,248**	**16,174,027**	**12,490,665**	**3,017,405**	**1,295,674**	**6,220,787**	**58,484,806**
Balance sheet gap	**13,441,932**	**3,134,766**	**(10,250,468)**	**(2,512,236)**	**(564,501)**	**(3,249,493)**	**-**
OFF-BALANCE SHEET ITEMS							
Interest rate transactions:							
Receivables	7,610,898	10,283,334	1,491,254	25,852	35,959	203,151	**19,650,448**
Liabilities	7,870,193	10,441,483	1,527,149	8,161	7,809	203,853	**20,058,648**
Off-balance sheet gap	**(259,295)**	**(158,149)**	**(35,895)**	**17,691**	**28,150**	**(702)**	**(408,200)**
Total gap	**13,182,637**	**2,976,617**	**(10,286,363)**	**(2,494,545)**	**(536,351)**	**(3,250,195)**	**(408,200)**

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.

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 and the Polish Financial Supervision Authority.

Medium- and long-term liquidity risk management lies within the competence of the Management Board, whereas current and short-term liquidity risk management is the responsibility of the Treasury Department. The consulting role in process of liquidity risk management is performed by the Assets and Liabilities Committee, which monitors the level of liquidity risk on a monthly basis, based on information prepared by the Controlling and Market Risk Department.

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

- supervisory liquidity norms,
- gap analysis, i.e. an analysis of the mismatch between the maturities of assets and liabilities, which covers all balance sheet items by maturity, under contractual and real-terms scenarios,
- analysis of liquidity ratios within specific time horizons by maturity, under contractual and real-terms scenarios,
- selected balance sheet ratios,
- the Bank's sensitivity to funds outflow.
- LCR and NSFR ratios.

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

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

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

Additionally, the Bank has a special procedure in case of a significant rise in liquidity risk, i.e. 'The contingency plan for sustaining liquidity in Getin Noble Bank S.A. in critical situations'. In the Plan there are set out, inter alia, signs of deterioration in the liquidity position of the Bank, the so-called warning and crisis states, which are designed to indicate in advance the potential risks. The monitoring is done on a daily basis.

During the reporting period the Bank kept supervisory liquidity measures on the required by the Polish Financial Supervision Authority level. Supervisory liquidity measures as at 31 December 2013 and 2012 are presented below:

Supervisory liquidity measures		Minimum value	Value as at 31.12.2013	Value as at 31.12.2012
M1	Short-term liquidity gap (in PLN million)	0.00	3,813	5,715
M2	Short-term liquidity factor	1.00	1.38	1.83
M3	Ratio of coverage of non-liquidity assets with own funds	1.00	3.39	3.41
M4	Coverage ratio of non- liquid assets and limited liquidity assets with own funds and stable external funds	1.00	1.18	1.18

The analysis of undiscounted financial liabilities by contractual maturity dates as at 31 December 2013 and 2012 is presented below:

Financial liabilities by contractual maturity dates (undiscounted) as at 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	**18,155,135**	**12,510,715**	**16,127,398**	**9,998,593**	**3,936,422**	**60,728,263**

Financial liabilities by contractual maturity dates (undiscounted) as at 31.12.2012	Up to 1 month PLN thousand	Over 1 month to 3 months PLN thousand	Over 3 months to 1 year PLN thousand	Over 1 year to 5 years PLN thousand	Over 5 years PLN thousand	Total PLN thousand
Amounts due to banks and financial institutions	134,437	88,374	8,246	623,480	-	**854,537**
Derivative financial instruments	10,639	32,335	152,928	461,346	771	**658,019**
Amounts due to customers	14,711,328	16,973,199	14,514,038	2,970,648	2,548,306	**51,717,519**
Debt securities issued	40,000	369,468	88,616	884,155	1,156,477	**2,538,716**
Total	**14,896,404**	**17,463,376**	**14,763,828**	**4,939,629**	**3,705,554**	**55,768,791**

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. Moreover, the Bank acquired funding from the interbank market, by finalising bank loan agreements in the amount of EUR 125 million – the purpose of the transaction was the acquisition of long-term sources of financing, and repurchase agreement transaction secured by treasury bonds, as a result of which the Bank acquired CHF 150 million. The purpose of the agreement was to diversify sources of financing in foreign currency and to improve the liquidity of the Bank.

6. RISK RELATED TO DERIVATIVES

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

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

Credit risk related to derivatives is the potential cost of signing new contract on the original terms, in case that the other part of agreement does not 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 2013, amounts to PLN -93,981 thousand. Cash flows relating to hedged transactions will be realised from 1 January 2014 to 23 September 2019, i.e. to maturity date of the longest CIRS transaction.

The maturity dates of CIRS hedging transactions (in nominal value) as at 31 December 2013 and 2012 are as follows:

31.12.2013	Up to 1 month	Over 1 month to 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Total
	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand
Receivables	150,250	659,730	2,744,564	10,481,821	1,534,275	**15,570,640**
Liabilities	169,080	676,320	2,941,992	10,525,208	1,521,720	**15,834,320**

31.12.2012	Up to 1 month	Over 1 month to 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Total
	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand	PLN thousand
Receivables	-	962,100	3,817,662	9,091,160	341,940	**14,212,862**
Liabilities	-	982,172	3,920,670	9,433,440	338,680	**14,674,962**

The fair value of cash flow hedging instruments as at 31 December 2013 and 2012 is presented below. As the fair value of the hedging instrument its carrying value is given.

	31.12.2013 PLN thousand	31.12.2012 PLN thousand
CIRS - positive valuation	110,857	108,523
CIRS - negative valuation	(444,077)	(637,785)

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

Comprehensive income from cash flow hedge	01.01.2013-31.12.2013 PLN thousand	01.01.2012-31.12.2012 PLN thousand
Accumulated comprehensive income at the beginning of the period (gross)	**(163,036)**	**38,602**
Gains/(losses) on hedging instrument	315,084	1,483,334
Amount transferred from other comprehensive income to income statement, of which:	(268,074)	(1,684,972)
interest income	(306,537)	(576,410)
gains/(losses) on foreign exchange	38,463	(1,108,562)
Accumulated comprehensive income at the end of the period (gross)	**(116,026)**	**(163,036)**
Tax effect	**22,045**	**30,977**
Accumulated comprehensive income at the end of the period (net)	**(93,981)**	**(132,059)**
Ineffective cash flow hedges recognised through profit and loss	**14,905**	**62,618**
Effect on other comprehensive income in the period (gross)	**47,010**	**(201,638)**
Deferred tax on cash flow hedge	**(8,932)**	**38,311**
Effect on other comprehensive income in the period (net)	**38,078**	**(163,327)**

Starting from June 2013 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 2013 is presented in the following table:

	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	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:

	01.01.2013 - 31.12.2013	
	Of the hedging instrument PLN thousand	Of the hedged item PLN thousand
Gains	-	3,334
Losses	3,064	-
Total	**3,064**	**3,334**

In 2013 the Group recognised in interest expense the amount of PLN 308 thousand due to amortisation of changes in the fair value of the hedged item.

8. CAPITAL MANAGEMENT

The main aim of capital management in the Getin Noble Bank S.A. Capital Group is to maintain appropriate credit rating and secure capital ratios, assure safe continuation of operating activity 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 2013 and 2012 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 set strategic goals. 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 2013 the capital adequacy ratio of Getin Noble Bank S.A. and the Capital Group maintained at a safe level above 12%.

Within preferred capital structure, Getin Noble Bank S.A. assumes to maintain the structure with prevailing share of the core capital (Tier 1), which is essential to meet the requirements specified in the Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, effective from 1 January 2014.

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).

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 Decree of the Ministry of Finance of 18 November 2009 on the scope and detailed rules of calculation of total capital requirement. 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 2013 the company had share capital amounting to PLN 62,234 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 49,526 thousand. Moreover, as at 31 December 2013 the company determined total capital requirement (requirement due to so-called I Pillar) amounting to PLN 35,483 thousand, calculated internal capital (requirement due to so-called II Pillar) amounting to PLN 39,701 thousand and had supervised capital level of PLN 45,803 thousand. The level of supervised capital of Noble Securities S.A. as at 31 December 2013 was higher than the total capital requirement and internal capital, 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 2013 the Company had equity amounting to PLN 28,776 thousand, which significantly exceeded the level required by the act on investment funds. As at 31 December 2013 minimal regulatory equity level of TFI amounted to PLN 3,354 thousand.

9. CAPITAL ADEQUACY RATIO

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

As at 31 December 2013 and 2012, the capital adequacy ratio and own funds being the basis for the calculation of the ratio were calculated pursuant to the following regulations:

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

	31.12.2013 PLN thousand	31.12.2012 (restated) PLN thousand
Core capital (Tier 1)	**4,251,482**	**4,059,743**
Share capital	2,650,143	2,650,143
Reserve capital	2,084,585	2,090,186
Other capital reserves	40,881	37,493
Non-controlling interests	5,350	2,978
Audited profit for the period	162,334	238,859
Deductions:	**(691,811)**	**(959,916)**
Intangible assets	(205,034)	(124,426)
Unrealised losses on available-for-sale financial assets	(43,667)	(205)
Retained earnings	(264,257)	(642,248)
Equity investments in financial entities	(178,746)	(193,037)
Exchange differences on translation of foreign operations	(107)	-
Supplementary funds (Tier 2)	**1,591,105**	**1,005,718**
Subordinated debt recognised as supplementary funds	1,767,793	1,186,981
Unrealised gains on available-for-sale financial assets	2,058	11,775
Deductions:	**(178,746)**	**(193,038)**
Equity investments in financial entities	(178,746)	(193,038)
Short-term capital (Tier 3)	**25,024**	**6,129**
TOTAL OWN FUNDS AND SHORT-TERM CAPITAL	**5,867,611**	**5,071,590**
Capital requirements for:		
Credit risk	3,493,382	3,263,310
Counterparty credit risk	828	1,326
Operating risk	275,860	258,329
Interest rate risk	673	326
Other risks	23,523	4,477
TOTAL CAPITAL REQUIREMENTS	**3,794,266**	**3,527,768**
CAPITAL ADEQUACY RATIO	**12.4%**	**11.5%**

The capital adequacy ratio as at 31 December 2012 has been recalculated on the basis of restated comparative data (details of restatement are presented in Note II 5.5). The capital adequacy ratio calculated on the basis of data from the approved consolidated financial statements for the year 2012 was 12.2%.

The concentration risk and the related capital requirement are calculated based on the provisions of the above resolutions. As at 31 December 2013 and 2012, 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.

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

Krzysztof Rosiński	- President of the Management Board	………………………………
Marcin Dec	- Member of the Management Board	………………………………
Karol Karolkiewicz	- Member of the Management Board	………………………………
Krzysztof Spyra	- Member of the Management Board	………………………………
Radosław Stefurak	- Member of the Management Board	………………………………
Maciej Szczechura	- Member of the Management Board	………………………………
Grzegorz Tracz	- Member of the Management Board	………………………………

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

Barbara Kruczyńska-Nurek	- Chief Accountant Director of the Bank	………………………………

Warsaw, 28 February 2014