



# GETIN NOBLE

BANK • SPÓŁKA AKCYJNA

## **GETIN NOBLE BANK S.A. CAPITAL GROUP**

Consolidated quarterly report  
for the 9-month period ended 30 September 2016

Warsaw, 9 November 2016

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# GETIN NOBLE BANK S.A. CAPITAL GROUP

Interim condensed consolidated financial statements for the 9-month period  
ended 30 September 2016  
(data in PLN thousand)



## I. INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 1. Interim consolidated income statement

|  | Note  | 01.07.2016-<br>30.09.2016<br>(unaudited)<br>PLN thousand | 01.01.2016-<br>30.09.2016<br>(unaudited)<br>PLN thousand | 01.07.2015-<br>30.09.2015<br>(unaudited)<br>PLN thousand | 01.01.2015-<br>30.09.2015<br>(unaudited)<br>PLN thousand |
|--|-------|--|--|--|--|
| <b>CONTINUED ACTIVITY</b>  |       |  |  |  |  |
| Interest income  | II.8  | 681,102  | 2,082,555  | 723,406  | 2,255,418  |
| Interest expense   | II.8  | (352,239)  | (1,104,634)  | (422,747)  | (1,398,860)  |
| <b>Net interest income</b>   |       | <b>328,863</b>   | <b>977,921</b>   | <b>300,659</b>   | <b>856,558</b>   |
| Fee and commission income  | II.9  | 76,330   | 230,648  | 131,514  | 414,891  |
| Fee and commission expense   | II.9  | (47,394)   | (140,947)  | (49,401)   | (148,800)  |
| <b>Net fee and commission income</b>   |       | <b>28,936</b>  | <b>89,701</b>  | <b>82,113</b>  | <b>266,091</b>   |
| Dividend income  |       | 53   | 11,472   | 42   | 14,119   |
| Result on financial instruments measured at fair value through profit or loss and net foreign exchange gains |       | 10,867   | 31,899   | 14,574   | 30,447   |
| Result on other financial instruments  |       | 16,443   | 36,046   | (375)  | 12,274   |
| Result on investments in subsidiaries, associates and joint ventures   | II.10 | -  | 45,420   | -  | 134,646  |
| Other operating income   | II.11 | 15,290   | 45,195   | 11,842   | 48,406   |
| Other operating expense  | II.11 | (36,633)   | (96,752)   | (27,420)   | (91,358)   |
| <b>Net other operating income and expense</b>  |       | <b>(21,343)</b>  | <b>(51,557)</b>  | <b>(15,578)</b>  | <b>(42,952)</b>  |
| Administrative expenses  | II.12 | (207,856)  | (646,771)  | (220,899)  | (709,249)  |
| Net impairment allowances on financial assets and off-balance sheet provisions                               | II.13 | (188,325)  | (477,659)  | (127,802)  | (323,155)  |
| <b>Operating profit</b>  |       | <b>(32,362)</b>  | <b>16,472</b>  | <b>32,734</b>  | <b>238,779</b>   |
| Share of profits of associates   |       | 4,407  | (10,520)   | 3,527  | 8,142  |
| Share of profits of joint ventures   |       | -  | 304  | 12,246   | 21,618   |
| Tax on certain financial institutions  |       | -  | (38,273)   | -  | -  |
| <b>Profit before tax</b>   |       | <b>(27,955)</b>  | <b>(32,017)</b>  | <b>48,507</b>  | <b>268,539</b>   |
| Income tax   | II.14 | 2,344  | (9,532)  | (7,525)  | (18,790)   |
| <b>Net profit</b>  |       | <b>(25,611)</b>  | <b>(41,549)</b>  | <b>40,982</b>  | <b>249,749</b>   |
| Attributable to:   |       |  |  |  |  |
| equity holders of the parent   |       | (26,545)   | (43,681)   | 40,982   | 239,570  |
| non-controlling interests  |       | 934  | 2,132  | -  | 10,179   |
| <i>Weighted average number of shares *</i>   |       | <i>883,381,106</i>                                       | <i>883,381,106</i>                                       | <i>883,381,106</i>                                       | <i>883,381,106</i>                                       |
| Earnings per share in PLN:   |       |  |  |  |  |
| basic, for profit/(loss) for the period attributable to equity holders of the parent                         |       | (0.03)   | (0.05)   | 0.05   | 0.27   |
| diluted, for profit/(loss) for the period attributable to equity holders of the parent                       |       | (0.03)   | (0.05)   | 0.05   | 0.27   |

\* Weighted average number of shares for all reporting periods was presented after a share consolidation with a ratio of 3:1. Weighted average number of share before share consolidation was 2,650,143,319 shares.

## GETIN NOBLE BANK S.A. CAPITAL GROUP

Interim condensed consolidated financial statements for the 9-month period  
ended 30 September 2016  
(data in PLN thousand)



### 2. Interim consolidated statement of comprehensive income

|  | Note  | 01.07.2016-<br>30.09.2016<br>(unaudited)<br>PLN thousand | 01.01.2016-<br>30.09.2016<br>(unaudited)<br>PLN thousand | 01.07.2015-<br>30.09.2015<br>(unaudited)<br>PLN thousand | 01.01.2015-<br>30.09.2015<br>(unaudited)<br>PLN thousand |
|--|-------|--|--|--|--|
| <b>Net profit/(loss) for the period</b>                                |       | <b>(25,611)</b>  | <b>(41,549)</b>  | <b>40,982</b>  | <b>249,749</b>   |
| <b>Items that may be reclassified to profit or loss, of which:</b>     |       | <b>(29,539)</b>  | <b>7,417</b>   | <b>(25,083)</b>  | <b>(21,929)</b>  |
| Valuation of available-for-sale financial assets                       |       | (35,291)   | (12,970)   | 18,735   | (9,174)  |
| Cash flow hedges   | II.20 | (1,179)  | 22,127   | (49,703)   | (17,899)   |
| Tax effect related to items that may be reclassified to profit or loss | II.14 | 6,931  | (1,740)  | 5,885  | 5,144  |
| <b>Net other comprehensive income</b>                                  |       | <b>(29,539)</b>  | <b>7,417</b>   | <b>(25,083)</b>  | <b>(21,929)</b>  |
| <b>Total comprehensive income for the period</b>                       |       | <b>(55,150)</b>  | <b>(34,132)</b>  | <b>15,899</b>  | <b>227,820</b>   |
| Attributable to:   |       |  |  |  |  |
| equity holders of the parent   |       | (56,084)   | (36,264)   | 15,899   | 217,641  |
| non-controlling interests  |       | 934  | 2,132  | -  | 10,179   |

## GETIN NOBLE BANK S.A. CAPITAL GROUP

Interim condensed consolidated financial statements for the 9-month period  
ended 30 September 2016  
(data in PLN thousand)



### 3. Interim consolidated statement of financial position

|  | Note  | 30.09.2016<br>(unaudited)<br>PLN thousand | 31.12.2015<br>PLN thousand |
|--|-------|---|----------------------------|
| <b>ASSETS</b>  |       |   |                            |
| Cash and balances with the Central Bank                        |       | 2,727,331                                 | 2,724,472                  |
| Amounts due from banks and financial institutions              |       | 987,185                                   | 2,294,916                  |
| Financial assets held for trading                              |       | 10,550                                    | 17,870                     |
| Financial assets measured at fair value through profit or loss |       | 161,882                                   | 166,817                    |
| Derivative financial instruments                               |       | 116,914                                   | 168,911                    |
| Loans and advances to customers                                | II.15 | 46,889,992                                | 49,225,014                 |
| Financial assets, of which:                                    |       | 14,842,306                                | 12,695,546                 |
| available-for-sale   |       | 14,662,169                                | 12,541,224                 |
| held-to-maturity   |       | 180,137                                   | 154,322                    |
| Investments in associates                                      | II.16 | 321,989                                   | 347,112                    |
| Investments in joint ventures                                  | II.17 | -   | 172,338                    |
| Intangible assets  |       | 279,269                                   | 268,547                    |
| Property, plant and equipment                                  |       | 278,715                                   | 307,678                    |
| Investment properties  |       | 709,270                                   | 695,152                    |
| Non-current assets held for sale                               |       | 421,069                                   | 439,432                    |
| Income tax assets, of which:                                   |       | 326,367                                   | 336,030                    |
| receivables relating to current income tax                     |       | 5,012                                     | 4,031                      |
| deferred tax assets  |       | 321,355                                   | 331,999                    |
| Other assets   |       | 704,884                                   | 896,634                    |
| <b>TOTAL ASSETS</b>  |       | <b>68,777,723</b>                         | <b>70,756,469</b>          |
| <b>LIABILITIES AND EQUITY</b>                                  |       |   |                            |
| <b>Liabilities</b>   |       |   |                            |
| Amounts due to banks and financial institutions                |       | 2,705,954                                 | 3,828,812                  |
| Derivative financial instruments                               |       | 1,209,408                                 | 1,520,459                  |
| Amounts due to customers                                       | II.18 | 55,710,466                                | 55,726,221                 |
| Debt securities issued   |       | 3,701,624                                 | 4,093,061                  |
| of which subordinated debt                                     |       | 2,351,853                                 | 2,133,337                  |
| Other liabilities  |       | 240,803                                   | 401,006                    |
| Deferred tax liabilities                                       |       | 1,164                                     | -                          |
| Provisions   | II.19 | 24,028                                    | 23,063                     |
| <b>Total liabilities</b>                                       |       | <b>63,593,447</b>                         | <b>65,592,622</b>          |
| <b>Equity attributable to equity holders of the parent</b>     |       |   |                            |
| Share capital  |       | 2,411,630                                 | 2,650,143                  |
| Retained earnings  |       | 170,918                                   | 78,878                     |
| Net profit/(loss)  |       | (43,681)                                  | 44,166                     |
| Other capital  |       | 2,638,957                                 | 2,390,655                  |
| <b>Non-controlling interests</b>                               |       | <b>6,452</b>                              | <b>5</b>                   |
| <b>Total equity</b>  |       | <b>5,184,276</b>                          | <b>5,163,847</b>           |
| <b>TOTAL LIABILITIES AND EQUITY</b>                            |       | <b>68,777,723</b>                         | <b>70,756,469</b>          |

## GETIN NOBLE BANK S.A. CAPITAL GROUP

Interim condensed consolidated financial statements for the 9-month period ended 30 September 2016  
(data in PLN thousand)



### 4. Interim consolidated statement of changes in equity

| 2016<br>(unaudited)   | Attributable to equity holders of the parent |                   |              |                 |                     |                        | Total        | Non-controlling interests | Total equity |
|---|--|-------------------|--------------|-----------------|---------------------|------------------------|--------------|---------------------------|--------------|
|   | Share capital                                | Retained earnings | Net profit   | Other capital   |                     |                        |              |                           |              |
|   |  |                   |              | Reserve capital | Revaluation reserve | Other capital reserves |              |                           |              |
| PLN thousand  | PLN thousand                                 | PLN thousand      | PLN thousand | PLN thousand    | PLN thousand        | PLN thousand           | PLN thousand | PLN thousand              |              |
| As at 01.01.2016  | 2,650,143                                    | 123,044           | -            | 2,470,570       | (120,796)           | 40,881                 | 5,163,842    | 5                         | 5,163,847    |
| Comprehensive income for the period                               | -  | -                 | (43,681)     | -               | 7,417               | -                      | (36,264)     | 2,132                     | (34,132)     |
| Reduction of the share capital of the parent company              | (238,513)                                    | -                 | -            | -               | -                   | 238,513                | -            | -                         | -            |
| Distribution of last year profit                                  | -  | (2,372)           | -            | 2,372           | -                   | -                      | -            | -                         | -            |
| Sale of non-controlling interests in a subsidiary Noble Funds TFI | -  | 50,246            | -            | -               | -                   | -                      | 50,246       | 4,315                     | 54,561       |
| As at 30.09.2016  | 2,411,630                                    | 170,918           | (43,681)     | 2,472,942       | (113,379)           | 279,394                | 5,177,824    | 6,452                     | 5,184,276    |

On 25 February 2016 the Financial Supervision Authority approved the changes to the Banks' Articles of Association as regard the reduction the share capital by the amount of PLN 238,513 thousand, from the amount of PLN 2,650,143 thousand to the amount of PLN 2,411,630 thousand by reduction of the nominal value of one share from PLN 1.00 to PLN 0.91. Sums resulting from the share capital reduction were transferred to a separate reserve fund.

| 2015<br>(unaudited)                                   | Attributable to equity holders of the parent |                   |              |                 |                     |                        | Total        | Non-controlling interests | Total equity |
|---|--|-------------------|--------------|-----------------|---------------------|------------------------|--------------|---------------------------|--------------|
|   | Share capital                                | Retained earnings | Net profit   | Other capital   |                     |                        |              |                           |              |
|   |  |                   |              | Reserve capital | Revaluation reserve | Other capital reserves |              |                           |              |
| PLN thousand  | PLN thousand                                 | PLN thousand      | PLN thousand | PLN thousand    | PLN thousand        | PLN thousand           | PLN thousand | PLN thousand              |              |
| As at 01.01.2015                                      | 2,650,143                                    | 453,551           | -            | 2,130,687       | (164,368)           | 40,881                 | 5,110,894    | 191                       | 5,111,085    |
| Adjustments for changes in accounting policies        | -  | (35,093)          | -            | -               | -                   | -                      | (35,093)     | -                         | (35,093)     |
| As at 01.01.2015 after adjustment                     | 2,650,143                                    | 418,458           | -            | 2,130,687       | (164,368)           | 40,881                 | 5,075,801    | 191                       | 5,075,992    |
| Comprehensive income for the period                   | -  | -                 | 239,570      | -               | (21,929)            | -                      | 217,641      | 10,179                    | 227,820      |
| Distribution of last year profit                      | -  | (339,883)         | -            | 339,883         | -                   | -                      | -            | -                         | -            |
| Purchase of non-controlling interests in a subsidiary | -  | (197)             | -            | -               | -                   | -                      | (197)        | (181)                     | (378)        |
| Sale of non-controlling interests in a subsidiary     | -  | 70,220            | -            | -               | -                   | -                      | 70,220       | 74,451                    | 144,671      |
| Settlement of loss of control over a subsidiary       | -  | (69,720)          | -            | -               | -                   | -                      | (69,720)     | (84,635)                  | (154,355)    |
| As at 30.09.2015                                      | 2,650,143                                    | 78,878            | 239,570      | 2,470,570       | (186,297)           | 40,881                 | 5,293,745    | 5                         | 5,293,750    |

## GETIN NOBLE BANK S.A. CAPITAL GROUP

Interim condensed consolidated financial statements for the 9-month period ended 30 September 2016

(data in PLN thousand)



### 5. Interim consolidated statement of cash flows

|  | Note  | 01.01.2016-<br>30.09.2016<br>(unaudited)<br>PLN thousand | 01.01.2015-<br>30.09.2015<br>(unaudited)<br>PLN thousand |
|--|-------|--|--|
| <b>Cash flow from operating activities</b>                               |       |  |  |
| Net profit   |       | (41,549)   | 249,749  |
| Adjustments:   |       | 944,604  | 223,581  |
| Amortisation and depreciation  | II.12 | 62,367   | 54,115   |
| Share of (profits)/ losses of associates                                 |       | 10,520   | (8,142)  |
| Share of (profits)/ losses of joint ventures                             | II.17 | (304)  | (21,618)   |
| (Gains)/ losses from investing activities                                |       | 43,717   | 90,609   |
| Interests and dividends  |       | 179,052  | 136,407  |
| Change in amounts due from banks and financial institutions              |       | 1,143,498  | (728,344)  |
| Change in financial assets held for trading                              |       | 7,320  | 6,138  |
| Change in derivative financial instruments (assets)                      |       | 52,418   | 46,376   |
| Change in financial assets measured at fair value through profit or loss |       | 4,935  | (86)   |
| Change in loans and advances to customers                                |       | 2,335,022  | (848,865)  |
| Change in available-for-sale financial instruments                       |       | (2,131,451)  | (778,965)  |
| Change in held to maturity financial instruments                         |       | (14,610)   | (1,274)  |
| Change in deferred tax assets  |       | 10,644   | 4,649  |
| Change in other assets   |       | 191,750  | (276,396)  |
| Change in non-current assets held for sale                               |       | 11,553   | -  |
| Change in amounts due to banks and financial institutions                |       | (578,383)  | (877,872)  |
| Change in derivative financial instruments (liabilities)                 |       | (293,549)  | 761,445  |
| Change in amounts due to customers                                       |       | (15,755)   | 2,636,679  |
| Change in debt securities issued   |       | 10,568   | (11,253)   |
| Change in other liabilities  |       | (160,203)  | 16,849   |
| Change in provisions   |       | 2,129  | (3,381)  |
| Other adjustments  |       | 74,247   | 24,026   |
| Income tax paid  |       | (448)  | (6,220)  |
| Current tax expense  | II.14 | (533)  | 8,704  |
| <b>Net cash flows from operating activities</b>                          |       | <b>902,955</b>   | <b>473,330</b>   |
| <b>Cash flows from investing activities</b>                              |       |  |  |
| Sale of shares in a subsidiary , associate and joint venture             |       | 157,434  | 25   |
| Sale of intangible assets and property, plant and equipment              |       | 60,014   | 10,015   |
| Sale of investments in financial instruments                             |       | -  | 50,000   |
| Dividends received   |       | 11,472   | 14,077   |
| Purchase of shares in a subsidiary                                       |       | -  | (85,414)   |
| Purchase of intangible assets and property, plant and equipment          |       | (145,040)  | (300,832)  |
| Purchase of investments in financial instruments                         |       | (11,205)   | (67,403)   |
| Interest received on investments in financial instruments                |       | 2,334  | 1,405  |
| <b>Net cash flows used in investing activities</b>                       |       | <b>75,009</b>  | <b>(378,127)</b>   |
| <b>Cash flows from financing activities</b>                              |       |  |  |
| Proceeds from issue of debt securities                                   |       | 220,000  | 463,000  |
| Proceeds from loans taken  |       | -  | 107,060  |
| Redemption of issued debt securities                                     |       | (622,005)  | (1,075,767)  |
| Repayment of loans   |       | (544,475)  | -  |
| Interest paid  |       | (192,858)  | (151,889)  |
| <b>Net cash flows used in financing activities</b>                       |       | <b>(1,139,338)</b>                                       | <b>(657,596)</b>   |
| <b>Net increase/(decrease) in cash and cash equivalents</b>              |       | <b>(161,374)</b>   | <b>(562,393)</b>   |
| Cash and cash equivalents at the beginning of the period                 |       | 3,088,854  | 3,924,997  |
| <b>Cash and cash equivalents at the end of the period</b>                |       | <b>2,927,480</b>   | <b>3,362,604</b>   |



## GETIN NOBLE BANK S.A. CAPITAL GROUP

Interim condensed consolidated financial statements for the 9-month period ended 30 September 2016

(data in PLN thousand)



## II. NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 1. General information about the Bank

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

On 21 September 2016 the District Court of Warsaw, XII Commercial Department of the National Court Register ('Court') made an entry concerning the registration of the consolidation of the shares of Getin Noble Bank S.A. The Court registered the shares consolidation by combining every 3 ordinary bearer shares of a nominal value of PLN 0.91 each, into one share of the new nominal value amounting to PLN 2.73, so that the exchange ratio was set as 3:1. Following this registration, the share capital of the Bank amounts to PLN 2,411,630 thousand and is divided into 883,381,106 shares of series A with a nominal value of PLN 2.73 each. The first quotation of the shares after the consolidation took place on 4 October 2016.

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

|  | Number of shares after share consolidation | Number of votes at AGM | % share in share capital | % share in votes at AGM |
|--|--|------------------------|--------------------------|-------------------------|
| LC Corp B.V.   | 337,237,517                                | 337,237,517            | 38.18%                   | 38.18%                  |
| Leszek Czarnecki (directly)  | 88,208,870                                 | 88,208,870             | 9.99%                    | 9.99%                   |
| Nationale-Nederlanden Otwarty Fundusz Emerytalny (former ING Otwarty Fundusz Emerytalny) | 60,000,000                                 | 60,000,000             | 6.79%                    | 6.79%                   |
| Getin Holding S.A.   | 66,771,592                                 | 66,771,592             | 7.56%                    | 7.56%                   |
| Aviva Otwarty Fundusz Emerytalny Aviva BZ WBK  | 44,181,000                                 | 44,181,000             | 5.00%                    | 5.00%                   |
| Other shareholders   | 286,982,127                                | 286,982,127            | 32.48%                   | 32.48%                  |
| <b>Total</b>   | <b>883,381,106</b>                         | <b>883,381,106</b>     | <b>100.00%</b>           | <b>100.00%</b>          |

The parent company of the Bank and the Capital Group is Mr. Leszek Czarnecki, who directly and through his subordinated entities has 55.86% share in Getin Noble Bank S.A. Data on the shares held by Mr. Leszek Czarnecki and its subordinated entities are presented in the following table:

|                                       | Number of shares after share consolidation | Number of votes at AGM | % share in share capital | % share in votes at AGM |
|---------------------------------------|--|------------------------|--------------------------|-------------------------|
| LC Corp B.V.                          | 337,237,517                                | 337,237,517            | 38.18%                   | 38.18%                  |
| Leszek Czarnecki (directly)           | 88,208,870                                 | 88,208,870             | 9.99%                    | 9.99%                   |
| Getin Holding S.A.                    | 66,771,592                                 | 66,771,592             | 7.56%                    | 7.56%                   |
| Fundacja Jolanty i Leszka Czarneckich | 1,173,091                                  | 1,173,091              | 0.13%                    | 0.13%                   |
| RB Investcom sp. z o.o.               | 33,950                                     | 33,950                 | 0.004%                   | 0.004%                  |
| Idea Expert S.A.                      | 2,600                                      | 2,600                  | 0.0003%                  | 0.0003%                 |
| <b>Total</b>                          | <b>493,427,620</b>                         | <b>493,427,620</b>     | <b>55.86%</b>            | <b>55.86%</b>           |

## GETIN NOBLE BANK S.A. CAPITAL GROUP

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(data in PLN thousand)



## 2. Management and Supervisory Board of the Bank

At the date of approval of these interim condensed 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 |
| Vice President of the Management Board | Artur Klimczak     |
| Members of the Management Board        | Krzysztof Basiaga  |
|  | Marcin Dec         |
|  | Karol Karolkiewicz |
|  | Radosław Stefański |
|  | Maciej Szczuchura  |

### Supervisory Board of Getin Noble Bank S.A.

|   |                     |
|---|---------------------|
| President of the Supervisory Board      | dr Leszek Czarnecki |
| Vice President of the Supervisory Board | Remigiusz Baliński  |
| Members of the Supervisory Board        | Krzysztof Bielecki  |
|   | Mariusz Grendowicz  |
|   | Jacek Lisik         |

Mr. Grzegorz Tracz resigned from the position of Member of the Management Board of the Getin Noble Bank S.A. with effect from 7 June 2016.

In the 9-month period ended 30 September 2016 and until the date of approval of these interim condensed 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,
- 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 customer deposits, as well as in sale of retail loans. Getin Bank offers also a number of investment products, it is also an active player in the segment of financial services dedicated to corporate clients, as well as local government units. Noble Bank represents the private banking segment, which is dedicated to wealthy clients.

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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. 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.

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

|  | % share in capital/<br>votes held by the Group |            |
|--|--|------------|
|  | 30.09.2016                                     | 31.12.2015 |
| Noble Securities S.A.  | 100%   | 100%       |
| Noble Funds Towarzystwo Funduszy Inwestycyjnych S.A.                         | 70.03%   | 100%       |
| Noble Concierge sp. z o. o.  | 100%   | 100%       |
| BPI Bank Polskich Inwestycji S.A.  | 100%   | 100%       |
| Sax Development sp. z o. o.  | 100%   | 100%       |
| Property Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych <sup>1)</sup> | 100%   | 100%       |
| ProEkspert sp. z o. o. /former LAB sp. z o.o./                               | 100%   | 100%       |
| LAB sp. z o.o. sp. k.  | 100%   | 100%       |
| Debtor Niestandaryzowany Sekurytyzacyjny Fundusz Inwestycyjny Zamknięty      | 100%   | 100%       |
| GNB Leasing Plan DAC <sup>2)</sup>   | 0%   | 0%         |

<sup>1)</sup> Property Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych (Non-public assets closed-end investment fund) holds 100% share in 9 special purpose entities.

<sup>2)</sup> Special purpose entity (SPV), with which the Bank carried out a securitisation transaction; the Group does not hold any equity interest in the entity.

All subsidiaries are consolidated using the full method.

The Group holds 42.15% share in the equity of an associate Open Finance S.A. valued with the equity method.

Due to the substance of the relationship between Getin Noble Bank S.A. and a special purpose entity – GNB Leasing Plan DAC with which the Bank carried out a securitization transaction, the entity has been consolidated using the full method, despite the fact that the Group does not hold any equity interest in the entity

As at 30 September 2016 the Bank's share in the total number of voting rights in its subordinated entities was equal to the Bank's share in share capital of the those entities.

### 3.1. Changes in the Capital Group in the first 9 months of 2016

#### *Sale of shares of Getin Leasing S.A.*

On 10 February 2016 Getin Noble Bank S.A. signed an agreement with LC Corp B.V. to sell 50.72% of owned shares in Getin Leasing S.A. Closing of the transaction took place on 29 February 2016, thus as at 30 September 2016 the Group has no investment in joint venture. The final price agreed by the parties amounted to PLN 180 million.

#### *Sale of shares of Noble Funds TFI S.A.*

On 29 April 2016 the Bank completed the sale transaction of 3 packages of 9993 shares of Noble Funds TFI S.A. each constituting 29.97% of its share capital.

*Final settlement of the securitization transaction*

In April 2016 the Bank made a final settlement and closed the securitization transaction of the portfolio of car loans, carried out in December 2012 with the special purpose entity – GNB Auto Plan Sp. z o.o. Transaction was settled in accordance with the approved plan, bonds issued by the company were redeemed, loans and securitization liabilities fully settled.

## 4. Approval of the consolidated financial statements

These interim condensed consolidated financial statements were approved by the Management Board of the parent company on 9 November 2016.

## 5. Significant accounting policies

### 5.1. Statement of compliance

These interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, in particular in accordance with IAS 34, and in areas not covered by the above standards in accordance with the Accounting Act of 29 September 1994 as amended and the respective secondary legislation issued on its basis, as well as the requirements relating to issuers of securities registered or applying for registration on an official quotations market..

IFRS comprise standards and interpretations accepted by the International Accounting Standards Board and the International Financial Reporting Interpretations Committee.

The Group applies "carve out" in IAS 39 endorsed by the European Commission Regulation as described in the consolidated financial statements of the Group for the 12-month period ended 31 December 2015.

### 5.2. Basis of preparation

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

These interim condensed 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 interim condensed consolidated financial statements no circumstances were identified which could threaten the continuity of the Group's entities operations.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2015.

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### 5.3. Functional and reporting currency

The interim condensed 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 2016*

The accounting policies adopted in the preparation of the interim condensed consolidated and standalone financial statements are consistent with those applied in the preparation of the Group's consolidated financial statements and the Bank's financial statements for the year ended 31 December 2015, except for the adoption of new standards and interpretations applicable for annual periods beginning on or after 1 January 2016:

- Amendments to IAS 19 Employee Benefits - Defined Benefit Plans: Employee Contributions – as adopted by the EU on 17 December 2014 (effective for annual periods beginning on or after 1 February 2015),
- Amendments to IFRS Annual Improvements to IFRSs (2010–2012 Cycle) - as adopted by the EU on 17 December 2014 (effective for annual periods beginning on or after 1 February 2015),
- Amendments to IAS 16 Property, plant and equipment and IAS 41 Agriculture - as adopted by the EU on 23 November 2015 (effective for annual periods beginning on or after 1 January 2016),
- Amendments to IFRS 11 Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations - as adopted by the EU on 24 November 2015 (effective for annual periods beginning on or after 1 January 2016),
- Amendments to IAS 16 Property, plant and equipment and IAS 38 Intangible assets – Clarification of acceptable methods of depreciation and amortisation – as adopted by the EU on 2 December 2015 (effective for annual periods beginning on or after 1 January 2016),
- Amendments to IFRS Annual Improvements to IFRSs 2012-2014 Cycle – as adopted by the EU on 15 December 2015 (effective for annual periods beginning on or after 1 January 2016),
- Amendments to IAS 1 – Presentation of the financial statements – Disclosure Initiative – as adopted by the EU on 18 December 2015 (effective for annual periods beginning on or after 1 January 2016),
- Amendments to IAS 27 Separate Financial Statements – Equity Method in Separate Financial Statements – as adopted by the EU on 18 December 2015 (effective for annual periods beginning on or after 1 January 2016),
- Amendments to IFRS 10, IFRS 12 and IAS 28 – *Investment Entities – Applying the Consolidation Exception*, as adopted by the EU on 22 September 2016 (effective for annual periods beginning on or after 1 January 2016).

Application of the above changes to the standards had no significant impact on the accounting policies of the Group and the Bank or on its financial position and results of operations, except for amendments to IAS 27 on the separate financial statements of the Bank.

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

As at 9 November 2016 there were no standards and interpretations published and adopted by the EU, but not yet effective.

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### *New standards and amendments to existing standards issued by the International Accounting Standards Board (IASB), but not yet adopted by the EU*

IFRS as adopted by the EU do not differ significantly from the regulations issued by the IASB, with the exception of the following new standards and amendments to standards, which as at 9 November 2016 have not yet been adopted by the EU (following effective dates refer to the standards in the full version):

- IFRS 9 *Financial Instruments* – effective for annual periods beginning on or after 1 January 2018,
- IFRS 14 *Regulatory Deferral Accounts* – effective for annual periods beginning on or after 1 January 2016; The European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard,
- IFRS 15 *Revenue from contracts with customers* and subsequent changes – effective for annual periods beginning on or after 1 January 2018,
- IAS 16 *Leases* – effective for annual periods beginning on or after 1 January 2019,
- Amendments to IFRS 10 *Consolidated Financial Statements*, IFRS 12 *Disclosure of Interests in Other Entities* and IAS 28 *Investments in Associates and Joint Ventures* – Investment Entities: Applying the Consolidation Exception; effective for annual periods beginning on or after 1 January 2016,
- Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures* – Sales or contributions of assets between an investor and its associate/joint venture and subsequent changes; the effective date of the amendments to these standards is deferred indefinitely until the research project on the equity method has been concluded,
- Amendments to IAS 7 *Statement of Cash Flows* – Disclosure initiative; effective for annual periods beginning on or after 1 January 2017,
- Amendments to IAS 12 *Income tax* – Recognition of Deferred Tax Assets for Unrealised Losses; effective for annual periods beginning on or after 1 January 2017,
- Amendments to IFRS 2 *Share-based Payment* – Classification and Measurement of Share-based Payment Transactions; effective for annual periods beginning on or after 1 January 2018,
- Amendments to IFRS 4, Applying IFRS 9 *Financial Instruments* with IFRS 4 *Insurance Contracts*; effective for annual periods beginning on or after 1 January 2018.

The Group and the Bank estimates that except for IFRS 9, the above standards and amendments to standards would not have significant impact on the financial statements of the Bank and the Group, if it has been adopted by the Group and the Bank at the reporting date. The Bank took actions to implement IFRS 9, impact of first-time adoption of the new standard on the financial statements of the Group and the Bank is to be significant, but its reliable estimate is not possible.

At the same time, hedge accounting for financial assets and liabilities remain besides the regulations adopted by the EU, because its principles have not been approved for use in the EU.

The Group and the Bank estimates that the adoption of hedge accounting of the portfolio of financial assets and liabilities under IAS 39 *Financial Instruments: Recognition and Measurement* would not have any significant impact on the consolidated and standalone financial statements, if it has been adopted at the reporting date.

In the reporting period the Group and the Bank have not early adopted the above changes to standards. The Group and the Bank estimates that the changes to standards would not have any significant impact on the financial statements, if they have been adopted at the reporting date.

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### 5.5. Selected accounting policies

The Group's accounting policies were presented in the annual consolidated financial statements of the Getin Noble Bank S.A. Capital Group for the year ended 31 December 2015 which was approved and published on 18 March 2016 and is available on the website: <http://gnb.pl/>.

Presented below are some of the accounting policies applied by the Group:

#### *Consolidation rules*

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

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

#### *Subsidiaries*

The Bank, regardless of the nature of its involvement with an entity (the investee), shall determine whether it is a parent by assessing whether it controls the investee.

An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

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

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

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

Consolidated financial statements:

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

The Bank shall attribute the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests. The Bank shall present non-controlling interests in the consolidated statement

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

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

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

### *Investments in associates and joint ventures*

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

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

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. A joint control is the contractually agreed sharing of control of an agreement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

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



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

At the end of each reporting period, the Group assesses the existence of circumstances which indicate the impairment of net investment in the associate or the joint venture. 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.

#### *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.

## 6. Significant values based on professional judgement and 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).

#### *Impairment of loans and advances to customers*

The value of loan portfolio of the Group is periodically assessed whether any indicators of impairment exist and what is the level of impairment allowances in accordance with IAS 39. 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. 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 the first nine months of 2016 Getin Noble Bank S.A. has changed the methodology taking into account the IRB project in progress. An important component of the new model is the extension of the historical data and the number of attributes used to estimation based on the work conducted under the IRB project. The change mainly concerned default identification and effective default recovery, and thus the estimation of the portfolio parameters (i.a. transition to quantitative matrices, revision of methodology of parameters estimation to new default indications as well as introduction of deeper structure of portfolios for the purposes of estimation of recovery rate and cure rate to make them better suited to credit risk. Following

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these changes models used for calculation of write-downs have been updated. Due to the complex and multifaceted nature of the changes and the adaptation to the IT systems, the reliable estimate of their impact on impairment allowances as at 30 September 2016 is not possible on the date of this report.

### *Commissions for insurance*

The Group 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. 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.

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.

### *Fair value of financial assets and liabilities*

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.

### *Items of deferred tax assets*

Component of deferred tax asset has been estimated and recognized 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.

## 7. Correction of prior period errors

In the 9-month period ended 30 September 2016 the Group did not make any corrections of prior period errors

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### 8. Net interest income

|   | 01.01.2016-<br>30.09.2016<br>(unaudited)<br>PLN thousand | 01.01.2015-<br>30.09.2015<br>(unaudited)<br>PLN thousand |
|---|--|--|
| Interest income related to:   |  |  |
| loans and advances to customers and finance lease   | 1,703,238  | 1,842,973  |
| amounts due from banks and financial institutions   | 4,998  | 13,020   |
| available-for-sale and held-to-maturity financial assets                                    | 183,540  | 165,588  |
| derivative financial instruments  | 169,943  | 211,771  |
| obligatory reserve  | 20,836   | 22,066   |
| <b>Total interest income</b>  | <b>2,082,555</b>   | <b>2,255,418</b>   |
| Interest expense related to:  |  |  |
| amounts due to customers  | 981,029  | 1,204,298  |
| amounts due to banks and financial institutions, including derivative financial instruments | (524)  | 76,767   |
| debt securities issued  | 124,129  | 117,795  |
| <b>Total interest expense</b>   | <b>1,104,634</b>   | <b>1,398,860</b>   |
| <b>Net interest income</b>  | <b>977,921</b>   | <b>856,558</b>   |

### 9. Net fee and commission income

|  | 01.01.2016-<br>30.09.2016<br>(unaudited)<br>PLN thousand | 01.01.2015-<br>30.09.2015<br>(unaudited)<br>PLN thousand |
|--|--|--|
| Fee and commission income related to:                |  |  |
| loans, advances and leases                           | 21,266   | 38,613   |
| bank accounts service                                | 27,699   | 36,916   |
| payment cards and credit cards                       | 35,098   | 30,603   |
| investment products and asset management             | 73,093   | 136,342  |
| insurance products                                   | 49,514   | 150,103  |
| brokerage activities                                 | 22,688   | 19,856   |
| other fee and commission income                      | 1,290  | 2,458  |
| <b>Total fee and commission income</b>               | <b>230,648</b>   | <b>414,891</b>   |
| Fee and commission expense related to:               |  |  |
| loans, advances and leases                           | 7,488  | 13,150   |
| payment cards and credit cards                       | 34,542   | 31,306   |
| investment and deposit products and asset management | 78,577   | 80,144   |
| insurance products                                   | 7,337  | 9,206  |
| brokerage activities                                 | 5,689  | 9,154  |
| other fee and commission expense                     | 7,314  | 5,840  |
| <b>Total fee and commission expense</b>              | <b>140,947</b>   | <b>148,800</b>   |
| <b>Net fee and commission income</b>                 | <b>89,701</b>  | <b>266,091</b>   |

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(data in PLN thousand)



### 10. Result on investments in subsidiaries, associates and joint ventures

During 9-month period of 2016 the Bank sold 50.72% of shares of Getin Leasing S.A. and 29.97% of shares of Noble Funds Towarzystwo Funduszy Inwestycyjnych S.A.

Presented below is the settlement of a Group's result on sale of the shares of Getin Leasing S.A.:

| Result on sale of the shares in joint venture | 01.01.2016-30.09.2016<br>PLN thousand |
|---|---------------------------------------|
| Revenue from sale of shares                   | 180,043                               |
| Shares sold valued under the equity method    | (134,602)                             |
| Transaction costs                             | (21)                                  |
| <b>Profit before tax</b>                      | <b>45,420</b>                         |
| Income tax *                                  | (5,690)                               |
| <b>Net profit</b>                             | <b>39,730</b>                         |

\* in line "income tax" was settled a provision for deferred income tax recognized in 2015

Sale of shares of Noble Funds TFI did not result in a loss of control over the subsidiary and the difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration received was recognised directly in equity and attributed to the owners of the parent.

### 11. Net other operating income and expense

|  | 01.01.2016-30.09.2016<br>(unaudited)<br>PLN thousand | 01.01.2015-30.09.2015<br>(unaudited)<br>PLN thousand |
|--|--|--|
| Other operating income:  |  |  |
| rental income  | 6,221  | 6,691  |
| recovered legal and debt collection costs                            | 6,217  | 4,249  |
| revenues from sales of products and services                         | 10,202   | 8,941  |
| gain on sale of non-financial fixed assets                           | 3,045  | 1,040  |
| revenues from lease activities                                       | -  | 13,445   |
| revenues from brokerage activities                                   | 4,611  | 3,450  |
| other income   | 14,899   | 10,590   |
| <b>Total other operating income</b>                                  | <b>45,195</b>  | <b>48,406</b>  |
| Other operating expense:   |  |  |
| rental costs   | 2,165  | 2,943  |
| cost of products and services sold                                   | 8,803  | 10,446   |
| debt collection and monitoring of receivables, including legal costs | 26,634   | 29,261   |
| recognition of provisions and impairment charges for other assets    | 13,626   | 5,494  |
| costs related to investment products                                 | 1,839  | 2,481  |
| costs of promotions and rewards for customers                        | 13,076   | 21,382   |
| fair value measurement of investment property                        | 17,035   | 8,306  |
| other expense  | 13,574   | 11,045   |
| <b>Total other operating expense</b>                                 | <b>96,752</b>  | <b>91,358</b>  |
| <b>Net other operating income and expense</b>                        | <b>(51,557)</b>                                      | <b>(42,952)</b>                                      |

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(data in PLN thousand)



### 12. Administrative expenses

|  | 01.01.2016-<br>30.09.2016<br>(unaudited)<br>PLN thousand | 01.01.2015-<br>30.09.2015<br>(unaudited)<br>PLN thousand |
|--|--|--|
| Employee benefits  | 292,039  | 293,300  |
| Use of materials and energy  | 15,885   | 21,885   |
| External services, of which  | 177,377  | 230,997  |
| marketing and advertising  | 19,148   | 51,951   |
| IT services  | 28,729   | 23,979   |
| lease and rental   | 76,761   | 84,652   |
| security and cash processing services  | 4,543  | 5,078  |
| telecommunication and postal services  | 21,909   | 28,585   |
| legal and advisory services  | 6,299  | 7,631  |
| other external services  | 19,988   | 29,121   |
| Other taxes and charges  | 7,860  | 6,328  |
| Payments to the Bank Guarantee Fund and the Polish Financial Supervision Authority | 85,015   | 94,824   |
| Amortisation and depreciation  | 62,367   | 54,115   |
| Other expenses   | 6,228  | 7,800  |
| <b>Total administrative expenses</b>   | <b>646,771</b>   | <b>709,249</b>   |

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

| 2016<br>unaudited  | Loans and advances to customers |              |              |              | Total loans and<br>advances | Amounts due<br>from banks | Available-for-<br>sale financial<br>assets | Off-balance<br>sheet<br>provisions | Investments in<br>associates | Total     |
|--|---------------------------------|--------------|--------------|--------------|-----------------------------|---------------------------|--|------------------------------------|------------------------------|-----------|
|  | corporate                       | car          | mortgage     | retail       |                             |                           |  |                                    |                              |           |
|  | PLN thousand                    | PLN thousand | PLN thousand | PLN thousand |                             |                           |  |                                    |                              |           |
| Impairment allowances/ provisions as at 01.01.2016                                 | 248,744                         | 185,270      | 1,351,978    | 586,130      | 2,372,122                   | 1,101                     | 11,379                                     | 2,865                              | -                            | 2,387,467 |
| Net change in impairment allowances/ provisions recognised in the income statement | 41,961                          | 17,992       | 235,365      | 171,217      | 466,535                     | (657)                     | (1,175)                                    | 2,156                              | 10,800                       | 477,659   |
| Utilisation - write-offs   | (4,117)                         | (239)        | (10,229)     | (3,887)      | (18,472)                    | -                         | -  | -                                  | -                            | (18,472)  |
| Utilisation - sale of the portfolio  | (5,995)                         | (18,611)     | (148)        | (62,895)     | (87,649)                    | -                         | -  | -                                  | -                            | (87,649)  |
| Net other increases/ (decreases)   | (8,745)                         | (6,867)      | (55,689)     | (28,196)     | (99,497)                    | -                         | -  | -                                  | -                            | (99,497)  |
| Impairment allowances/ provisions as at 30.09.2016                                 | 271,848                         | 177,545      | 1,521,277    | 662,369      | 2,633,039                   | 444                       | 10,204                                     | 5,021                              | 10,800                       | 2,659,508 |

| 2015<br>unaudited  | Loans and advances to customers |              |              |              | Total loans and<br>advances | Amounts due<br>from banks | Available-for-<br>sale financial<br>assets | Finance lease<br>receivables | Off-balance sheet<br>provisions | Total     |
|--|---------------------------------|--------------|--------------|--------------|-----------------------------|---------------------------|--|------------------------------|---------------------------------|-----------|
|  | corporate                       | car          | mortgage     | retail       |                             |                           |  |                              |                                 |           |
|  | PLN thousand                    | PLN thousand | PLN thousand | PLN thousand |                             |                           |  |                              |                                 |           |
| Impairment allowances/ provisions as at 01.01.2015                                 | 331,314                         | 506,723      | 1,829,631    | 905,318      | 3,572,986                   | 880                       | 12,586                                     | 139,040                      | 4,570                           | 3,730,062 |
| Net change in impairment allowances/ provisions recognised in the income statement | 25,407                          | (23,467)     | 210,692      | 100,975      | 313,607                     | 327                       | -  | 11,171                       | (1,950)                         | 323,155   |
| Utilisation - write-offs   | (8,459)                         | (77,901)     | (4,920)      | (111,349)    | (202,629)                   | -                         | -  | (571)                        | -                               | (203,200) |
| Utilisation - sale of the portfolio  | (94,291)                        | (221,499)    | (32,648)     | (366,412)    | (714,850)                   | -                         | -  | -                            | -                               | (714,850) |
| Net other increases/ (decreases)   | (6,296)                         | (4,335)      | (48,715)     | (9,085)      | (68,431)                    | 1                         | -  | (149,640)                    | -                               | (218,070) |
| Impairment allowances/ provisions as at 30.09.2015                                 | 247,675                         | 179,521      | 1,954,040    | 519,447      | 2,900,683                   | 1,208                     | 12,586                                     | -                            | 2,620                           | 2,917,097 |

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### 14. Income tax

Current income tax is calculated according to Polish tax regulations. The basis of calculation is the pre-tax accounting profit adjusted for non-deductible costs, non-taxable income and other income and expenses changing the tax base as defined in the Act on Corporate Income Tax of 15 February 1992 with later amendments. For purposes of financial reporting, deferred tax is calculated using the liability method in respect of temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

|   | 01.01.2016-<br>30.09.2016<br>(unaudited)<br>PLN thousand | 01.01.2015-<br>30.09.2015<br>(unaudited)<br>PLN thousand |
|---|--|--|
| <b>Consolidated income statement</b>                                    |  |  |
| Current income tax  | (533)  | 8,704  |
| Current tax charge  | (510)  | 5,745  |
| Adjustments related to current tax from previous years                  | (23)   | 2,959  |
| Deferred income tax   | 10,065   | 10,086   |
| Related to origination and reversal of temporary differences            | 4,656  | 104,501  |
| Adjustments related to deferred tax from previous years                 | -  | 478  |
| Utilisation of tax loss from previous years                             | 6,324  | -  |
| Tax loss from current year  | (915)  | (94,893)   |
| <b>Tax charge in the consolidated income statement</b>                  | <b>9,532</b>   | <b>18,790</b>  |
| <b>Consolidated statement of comprehensive income</b>                   |  |  |
| Current income tax  | -  | -  |
| Deferred income tax   | 1,740  | (5,144)  |
| Related to origination and reversal of temporary differences, of which: | 1,740  | (5,144)  |
| related to available-for-sale financial assets                          | (2,464)  | (1,743)  |
| related to cash flow hedges   | 4,204  | (3,401)  |
| <b>Tax charge in the consolidated statement of comprehensive income</b> | <b>1,740</b>   | <b>(5,144)</b>   |
| <b>Total main components of tax charge</b>                              | <b>11,272</b>  | <b>13,646</b>  |

|                                   | 30.09.2016<br>(unaudited)<br>PLN thousand | 31.12.2015<br>PLN thousand |
|-----------------------------------|---|----------------------------|
| Deferred tax assets               | 513,662                                   | 567,315                    |
| Deferred tax liability            | 193,471                                   | 235,316                    |
| <b>Net deferred tax assets</b>    | <b>321,355</b>                            | <b>331,999</b>             |
| <b>Net deferred tax liability</b> | <b>1,164</b>                              | <b>-</b>                   |

The deferred tax asset due to the current year tax loss amounted to PLN 915 thousand as at 30 September 2016. It is expected to be utilised within the terms in accordance with the provisions of the law on income tax from legal persons.

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(data in PLN thousand)



### 15. Loans and advances to customers

|  | 30.09.2016<br>unaudited<br>PLN thousand | 31.12.2015<br>PLN thousand |
|--|---|----------------------------|
| Loans and advances                         | 43,986,227                              | 45,909,845                 |
| Purchased receivables                      | 5,450,006                               | 5,600,442                  |
| Payment cards and credit cards receivables | 86,798                                  | 86,849                     |
| <b>Total</b>                               | <b>49,523,031</b>                       | <b>51,597,136</b>          |
| Impairment allowances                      | (2,633,039)                             | (2,372,122)                |
| <b>Total, net</b>                          | <b>46,889,992</b>                       | <b>49,225,014</b>          |

| 30.09.2016<br>unaudited | Gross value of<br>unimpaired loans | Gross value of<br>impaired loans | Allowances for<br>unimpaired loans<br>and advances | Allowances for<br>impaired loans<br>and advances | Total net         |
|-------------------------|------------------------------------|----------------------------------|--|--|-------------------|
| corporate loans         | 9,345,158                          | 765,589                          | (18,429)   | (253,419)  | 9,838,899         |
| car loans               | 1,927,053                          | 327,644                          | (7,074)  | (170,471)  | 2,077,152         |
| mortgage loans          | 27,453,966                         | 4,733,340                        | (41,148)   | (1,480,129)                                      | 30,666,029        |
| retail loans            | 3,706,269                          | 1,264,012                        | (43,911)   | (618,458)  | 4,307,912         |
| <b>Total</b>            | <b>42,432,446</b>                  | <b>7,090,585</b>                 | <b>(110,562)</b>                                   | <b>(2,522,477)</b>                               | <b>46,889,992</b> |

| 31.12.2015      | Gross value of<br>unimpaired loans | Gross value of<br>impaired loans | Allowances for<br>unimpaired loans<br>and advances | Allowances for<br>impaired loans<br>and advances | Total net         |
|-----------------|------------------------------------|----------------------------------|--|--|-------------------|
| corporate loans | 9,763,059                          | 826,844                          | (15,620)   | (233,124)  | 10,341,159        |
| car loans       | 2,366,684                          | 357,589                          | (9,268)  | (176,002)  | 2,539,003         |
| mortgage loans  | 28,883,623                         | 4,473,842                        | (46,252)   | (1,305,726)                                      | 32,005,487        |
| retail loans    | 3,747,721                          | 1,177,774                        | (41,348)   | (544,782)  | 4,339,365         |
| <b>Total</b>    | <b>44,761,087</b>                  | <b>6,836,049</b>                 | <b>(112,488)</b>                                   | <b>(2,259,634)</b>                               | <b>49,225,014</b> |

During 9-month period of 2016 2016 Getin Noble Bank S.A. sold receivables, which consisted of both impaired loans, receivables written off from the Bank's accounts, as well as the portfolio of loans without impairment. The nominal value of portfolio covered by the assignment agreements totalled to PLN 902 million (the carrying amount of the portfolio amounted to PLN 806 million, of which PLN 755 million was the portfolio of unimpaired lease receivables).

#### CHF loans

Presented below is the information about the portfolio and the quality of mortgage loans denominated to and indexed in CHF:

| 30.09.2016<br>(unaudited) | Gross value of<br>unimpaired loans<br>PLN thousand | Gross value of<br>impaired loans<br>PLN thousand | Allowances for<br>unimpaired loans<br>and advance<br>PLN thousand | Allowances for<br>impaired loans and<br>advances<br>PLN thousand | Total net<br>PLN thousand |
|---------------------------|--|--|---|--|---------------------------|
| mortgage loans            | 11,072,761   | 1,788,349  | (29,067)  | (304,219)  | <b>12,527,824</b>         |

  

| 31.12.2015     | Gross value of<br>unimpaired loans<br>PLN thousand | Gross value of<br>impaired loans<br>PLN thousand | Allowances for<br>unimpaired loans<br>and advance<br>PLN thousand | Allowances for<br>impaired loans and<br>advances<br>PLN thousand | Total net<br>PLN thousand |
|----------------|--|--|---|--|---------------------------|
| mortgage loans | 11,614,974   | 1,767,117  | (30,303)  | (271,740)  | <b>13,080,048</b>         |



*Forbearance*

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

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

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

Restructuring of loan exposure includes activities such as:

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

The Bank renegotiates contracts with debtors who find themselves in financial difficulties and are not able to meet the original terms of the loan agreement. Assessment of ability of a debtor to meet the conditions referred to in the restructuring annex (debt repayment on fixed dates) is an element of the restructuring process. The Bank providing facilities to the customer (forbearance) makes appropriate entries in the system, which allows the identification of the restructured loan portfolio. Restructured exposures are covered by the monitoring process. The debt after at least two years of quarantine period, in which at least half of the period it was regularly serviced, loses the status of restructured exposure and is known to be healed exposure / timely settled.

For the purposes of the calculation of impairment allowances in accordance with IAS 39 and IAS 37 the Bank also introduced a definition of restructured exposure as the exposure that has been restructured and that is during a probable

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restructuring. The exposure is considered to be restructured until a probable restructuring, which is a minimum 12 months from the date of restructuring. If the exposure is not being repaid in a timely manner, a probable restructuring period is extended. Each time through a process of restructuring the Bank performs an impairment test to assess whether there has been a loss of cash flows associated with the restructuring. If this test indicates a significant impairment loss, the exposure is treated as impaired exposure.

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

The following are data for the restructured exposures recognised in the calculation of impairment allowances in accordance with IAS 39 and IAS 37:

| Restructured exposures<br>30.09.2016<br>(unaudited) | Gross value of<br>unimpaired loans | Gross value of<br>impaired loans | Allowances for<br>unimpaired loans<br>and advances | Allowances for<br>impaired loans<br>and advances | Total net        |
|---|------------------------------------|----------------------------------|--|--|------------------|
|   | PLN thousand                       | PLN thousand                     | PLN thousand                                       | PLN thousand                                     | PLN thousand     |
| Loans and advances:                                 |                                    |                                  |  |  |                  |
| assessed individually                               | 409,884                            | 1,501,605                        | (4,575)  | (508,466)  | 1,398,448        |
| assessed collectively                               | 303,812                            | 1,528,341                        | (11,387)   | (588,122)  | 1,232,644        |
| <b>Total</b>  | <b>713,696</b>                     | <b>3,029,946</b>                 | <b>(15,962)</b>                                    | <b>(1,096,588)</b>                               | <b>2,631,092</b> |

| Restructured exposures<br>31.12.2015 | Gross value of<br>unimpaired loans | Gross value of<br>impaired loans | Allowances for<br>unimpaired loans<br>and advances | Allowances for<br>impaired loans<br>and advances | Total net        |
|--------------------------------------|------------------------------------|----------------------------------|--|--|------------------|
|                                      | PLN thousand                       | PLN thousand                     | PLN thousand                                       | PLN thousand                                     | PLN thousand     |
| Loans and advances:                  |                                    |                                  |  |  |                  |
| assessed individually                | 443,874                            | 1,457,036                        | (6,922)  | (443,580)  | 1,450,408        |
| assessed collectively                | 548,823                            | 1,634,968                        | (22,131)   | (567,617)  | 1,594,043        |
| <b>Total</b>                         | <b>992,697</b>                     | <b>3,092,004</b>                 | <b>(29,053)</b>                                    | <b>(1,011,197)</b>                               | <b>3,044,451</b> |

| Restructured exposures – geographical structure<br>30.09.2016 (unaudited) | Gross value      | Allowances<br>including IBNR | Total net value  |
|---|------------------|------------------------------|------------------|
|   | PLN thousand     | PLN thousand                 | PLN thousand     |
| Poland  | 3,692,274        | (1,096,279)                  | 2,595,995        |
| Ireland   | 19,748           | (6,548)                      | 13,200           |
| Great Britain   | 14,889           | (6,564)                      | 8,325            |
| Other countries   | 16,731           | (3,159)                      | 13,572           |
| <b>Total</b>  | <b>3,743,642</b> | <b>(1,112,550)</b>           | <b>2,631,092</b> |

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| Restructured exposures – geographical structure<br>31.12.2015 | Gross value      | Allowances<br>including IBNR | Total net value  |
|---|------------------|------------------------------|------------------|
|   | PLN thousand     | PLN thousand                 | PLN thousand     |
| Poland  | 3,980,863        | (1,025,650)                  | 2,955,213        |
| Great Britain   | 66,955           | (6,795)                      | 60,160           |
| Ireland   | 20,096           | (5,146)                      | 14,950           |
| Other countries   | 16,787           | (2,659)                      | 14,128           |
| <b>Total</b>  | <b>4,084,701</b> | <b>(1,040,250)</b>           | <b>3,044,451</b> |

| Restructured exposures – by type of debtor<br>30.09.2016 (unaudited) | Gross value      | Allowances<br>including IBNR | Total net value  |
|--|------------------|------------------------------|------------------|
|  | PLN thousand     | PLN thousand                 | PLN thousand     |
| Loans and advances:  |                  |                              |                  |
| financial institutions other than banks                              | 10,457           | (4,506)                      | 5,951            |
| non-financial institutions other than natural persons                | 574,745          | (216,159)                    | 358,586          |
| natural persons  | 3,153,269        | (891,828)                    | 2,261,441        |
| local government units   | 5,171            | (57)                         | 5,114            |
| <b>Total</b>   | <b>3,743,642</b> | <b>(1,112,550)</b>           | <b>2,631,092</b> |

| Restructured exposures – by type of debtor<br>31.12.2015 | Gross value      | Allowances<br>including IBNR | Total net value  |
|--|------------------|------------------------------|------------------|
|  | PLN thousand     | PLN thousand                 | PLN thousand     |
| Loans and advances:                                      |                  |                              |                  |
| financial institutions other than banks                  | 14,991           | (7,953)                      | 7,038            |
| non-financial institutions other than natural persons    | 674,990          | (225,243)                    | 449,747          |
| natural persons  | 3,387,044        | (806,922)                    | 2,580,122        |
| local government units                                   | 7,676            | (132)                        | 7,544            |
| <b>Total</b>   | <b>4,084,701</b> | <b>(1,040,250)</b>           | <b>3,044,451</b> |

| Restructured exposures – by type of loan<br>30.09.2016 (unaudited) | Gross value      | Allowances<br>including IBNR | Total net value  |
|--|------------------|------------------------------|------------------|
|  | PLN thousand     | PLN thousand                 | PLN thousand     |
| corporate loans  | 208,329          | (60,100)                     | 148,229          |
| car loans  | 140,562          | (78,827)                     | 61,735           |
| mortgage loans   | 3,024,995        | (811,173)                    | 2,213,822        |
| retail loans   | 369,756          | (162,450)                    | 207,306          |
| <b>Total</b>   | <b>3,743,642</b> | <b>(1,112,550)</b>           | <b>2,631,092</b> |

| Restructured exposures – by type of loan<br>31.12.2015 | Gross value      | Allowances<br>including IBNR | Total net value  |
|--|------------------|------------------------------|------------------|
|  | PLN thousand     | PLN thousand                 | PLN thousand     |
| corporate loans  | 215,854          | (66,911)                     | 148,943          |
| car loans  | 204,033          | (92,557)                     | 111,476          |
| mortgage loans   | 3,237,373        | (707,318)                    | 2,530,055        |
| retail loans   | 427,441          | (173,464)                    | 253,977          |
| <b>Total</b>   | <b>4,084,701</b> | <b>(1,040,250)</b>           | <b>3,044,451</b> |

| Restructured exposures - by overdue<br>30.09.2016 (unaudited) | Gross value      | Allowances<br>including IBNR | Total net value  |
|---|------------------|------------------------------|------------------|
|   | PLN thousand     | PLN thousand                 | PLN thousand     |
| not overdue and overdue up to 30 days                         | 1,492,647        | (130,181)                    | 1,362,466        |
| overdue over 30 to 90 days                                    | 319,270          | (42,581)                     | 276,689          |
| overdue over 90 days  | 1,931,725        | (939,788)                    | 991,937          |
| <b>Total</b>  | <b>3,743,642</b> | <b>(1,112,550)</b>           | <b>2,631,092</b> |

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| Restructured exposures - by overdue<br>31.12.2015 | Gross value      | Allowances<br>including IBNR | Total net value  |
|---|------------------|------------------------------|------------------|
|   | PLN thousand     | PLN thousand                 | PLN thousand     |
| not overdue and overdue up to 30 days             | 1,867,340        | (120,150)                    | 1,747,190        |
| overdue over 30 to 90 days                        | 478,090          | (63,954)                     | 414,136          |
| overdue over 90 days                              | 1,739,271        | (856,146)                    | 883,125          |
| <b>Total</b>                                      | <b>4,084,701</b> | <b>(1,040,250)</b>           | <b>3,044,451</b> |

## 16. Investments in associates

Information on associates of the Group are the following:

|                   | % share in share capital and rights to votes<br>by the Group |            |
|-------------------|--|------------|
|                   | 30.09.2016   | 31.12.2015 |
| Open Finance S.A. | 42.15%   | 42.15%     |

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

|   | 01.01.2016-<br>30.09.2016<br>unaudited | 01.01.2015-<br>30.09.2015<br>unaudited<br>restated |
|---|--|--|
|   | PLN thousand                           | PLN thousand                                       |
| <b>Investments in associates at the beginning of the period</b> | <b>347,112</b>                         | <b>370,012</b>                                     |
| Share of profit/ (loss) *                                       | (14,323)                               | 9,515  |
| Adjustments for changes in accounting policies                  | -                                      | (35,093)   |
| Impairment allowances   | (10,800)                               | -  |
| <b>Investments in associates at the end of the period</b>       | <b>321,989</b>                         | <b>344,434</b>                                     |

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

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

|                         | 30.09.2016<br>unaudited | 31.12.2015   |
|-------------------------|-------------------------|--------------|
|                         | PLN thousand            | PLN thousand |
| Non-current assets      | 489,702                 | 524,951      |
| Current assets          | 126,943                 | 110,922      |
| Current liabilities     | 124,238                 | 128,241      |
| Non-current liabilities | 123,570                 | 110,162      |

|                              | 01.01.2016-<br>30.09.2016<br>unaudited | 01.01.2015-<br>30.09.2015<br>unaudited |
|------------------------------|--|--|
|                              | PLN thousand                           | PLN thousand                           |
| Sales revenues               | 266,482                                | 273,502                                |
| Net profit *                 | (47,164)                               | 22,574                                 |
| Total comprehensive income * | (47,164)                               | 22,574                                 |

\* Attributable to equity holders of the parent.

The fair value of the investment in Open Finance S.A., for which there are published price quotations amounted to PLN 37,114 thousand as at 30 September 2016.

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### 17. Investments in joint ventures

On 10 February 2016 Getin Noble Bank S.A. signed an agreement with LC Corp. BV to sell 50.72% of owned shares in Getin Leasing S.A. Closing of the transaction took place on 29 February 2016, thus as at 30 September 2016 the Group has no investment in joint venture.

|   | 01.01.2016-<br>30.09.2016<br>PLN thousand |
|---|---|
| <b>Investments in joint ventures at the beginning of the period</b> | <b>172,338</b>                            |
| Share of profit/ (loss)   | 304                                       |
| Dividend paid   | (38,040)                                  |
| Sale of shares  | (134,602)                                 |
| <b>Investments in joint ventures at the end of the period</b>       | <b>-</b>                                  |

### 18. Amounts due to customers

|  | 30.09.2016<br>unaudited<br>PLN thousand | 31.12.2015<br>PLN thousand |
|--|---|----------------------------|
| <b>Amounts due to corporate entities</b> | <b>7,683,811</b>                        | <b>8,875,920</b>           |
| current accounts and overnight deposits  | 1,593,581                               | 1,659,689                  |
| term deposits                            | 6,090,230                               | 7,216,231                  |
| <b>Amounts due to budgetary entities</b> | <b>4,317,784</b>                        | <b>3,175,828</b>           |
| current accounts and overnight deposits  | 1,562,357                               | 1,286,456                  |
| term deposits                            | 2,755,427                               | 1,889,372                  |
| <b>Amounts due to natural persons</b>    | <b>43,708,871</b>                       | <b>43,674,473</b>          |
| current accounts and overnight deposits  | 6,857,139                               | 6,040,340                  |
| term deposits                            | 36,851,732                              | 37,634,133                 |
| <b>Total amounts due to customers</b>    | <b>55,710,466</b>                       | <b>55,726,221</b>          |

|   | 30.09.2016<br>unaudited<br>PLN thousand | 31.12.2015<br>PLN thousand |
|---|---|----------------------------|
| Current accounts and overnight deposits | 10,013,077                              | 8,986,485                  |
| Term liabilities with due date:         | 45,697,389                              | 46,739,736                 |
| up to 1 month                           | 9,208,723                               | 12,276,000                 |
| from 1 month to 3 months                | 14,313,512                              | 11,639,112                 |
| from 3 months to 6 months               | 11,486,153                              | 12,036,247                 |
| from 6 months to 1 year                 | 5,529,255                               | 6,574,090                  |
| from 1 year to 5 years                  | 3,829,025                               | 2,694,373                  |
| over 5 years                            | 1,330,721                               | 1,519,914                  |
| <b>Total amounts due to customers</b>   | <b>55,710,466</b>                       | <b>55,726,221</b>          |

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### 19. Provisions

| 2016<br>unaudited           | Restructuring<br>provision | Provision for<br>litigation | Provision for<br>employee benefits | Provision for<br>issued<br>commitments and<br>guarantees | Total        |
|-----------------------------|----------------------------|-----------------------------|------------------------------------|--|--------------|
|                             | PLN thousand               | PLN thousand                | PLN thousand                       | PLN thousand   | PLN thousand |
| Provisions as at 01.01.2016 | -                          | 4,477                       | 15,721                             | 2,865  | 23,063       |
| Recognition/ actualisation  | 3,247                      | 2,359                       | 608                                | 5,332  | 11,546       |
| Utilisation                 | (3,009)                    | (1,600)                     | (708)                              | -  | (5,317)      |
| Reversal                    | -                          | -                           | (2,088)                            | (3,176)  | (5,264)      |
| Provisions as at 30.09.2016 | 238                        | 5,236                       | 13,533                             | 5,021  | 24,028       |

| 2015<br>unaudited           | Restructuring<br>provision | Provision for<br>litigation | Provision for<br>employee benefits | Provision for<br>issued<br>commitments and<br>guarantees | Total        |
|-----------------------------|----------------------------|-----------------------------|------------------------------------|--|--------------|
|                             | PLN thousand               | PLN thousand                | PLN thousand                       | PLN thousand   | PLN thousand |
| Provisions as at 01.01.2015 | 394                        | 3,827                       | 16,411                             | 4,570  | 25,202       |
| Recognition/ actualisation  | -                          | 733                         | 660                                | 2,226  | 3,619        |
| Utilisation                 | (155)                      | -                           | (782)                              | -  | (937)        |
| Reversal                    | (239)                      | (350)                       | (1,296)                            | (4,176)  | (6,061)      |
| Other decreases             | -                          | -                           | (606)                              | -  | (606)        |
| Provisions as at 30.09.2015 | -                          | 4,210                       | 14,387                             | 2,620  | 21,217       |

### 20. 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 30 September 2016, amounts to PLN -88,632 thousand. Cash flows relating to hedged transactions will be realised from 1 October 2016 to 24 February 2021, i.e. to maturity date of the longest CIRS transaction.

The maturity dates of CIRS hedging transactions (in nominal value) as at 30 September 2016 and 31 December 2015 are as follows:

| unaudited                                    | 30.09.2016                  |                             |
|--|-----------------------------|-----------------------------|
|  | Receivables<br>PLN thousand | Liabilities<br>PLN thousand |
| Maturity dates of CIRS hedging transactions: |                             |                             |
| over 3 months to 1 year                      | 1,899,111                   | 2,069,704                   |
| over 1 year to 5 years                       | 9,484,111                   | 10,444,714                  |
| Total CIRS hedging transactions              | 11,383,222                  | 12,514,418                  |

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|  | 31.12.2015                  |                             |
|--|-----------------------------|-----------------------------|
|  | Receivables<br>PLN thousand | Liabilities<br>PLN thousand |
| Maturity dates of CIRS hedging transactions: |                             |                             |
| up to 1 month                                | 370,110                     | 390,348                     |
| over 1 month to 3 months                     | 448,800                     | 590,910                     |
| over 3 months to 1 year                      | 3,294,016                   | 3,494,687                   |
| over 1 year to 5 years                       | 7,136,212                   | 8,154,558                   |
| Over 5 years                                 | 193,865                     | 196,970                     |
| <b>Total CIRS hedging transactions</b>       | <b>11,443,003</b>           | <b>12,827,473</b>           |

The fair value of cash flow hedging instruments as at 30 September 2016 and 31 December 2015 is presented below. As the fair value of the hedging instrument its carrying value is given.

|                           | 30.09.2016<br>unaudited<br>PLN thousand | 31.12.2015<br>PLN thousand |
|---------------------------|---|----------------------------|
| CIRS - positive valuation | 4,745                                   | 12,424                     |
| CIRS - negative valuation | (1,162,147)                             | (1,450,010)                |

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

|   | 01.01.2016-<br>30.09.2016<br>unaudited<br>PLN thousand | 01.01.2015-<br>30.09.2015<br>unaudited<br>PLN thousand |
|---|--|--|
| <b>Accumulated comprehensive income at the beginning of the period (gross)</b>    | <b>(131,550)</b>                                       | <b>(188,738)</b>                                       |
| Gains/(losses) on hedging instrument  | 96,291   | (1,126,930)  |
| Amount transferred from other comprehensive income to income statement, of which: | (74,164)   | 1,109,031  |
| interest income   | (177,529)  | (159,137)  |
| gains/(losses) on foreign exchange  | 103,365  | 1,268,168  |
| <b>Accumulated comprehensive income at the end of the period (gross)</b>          | <b>(109,423)</b>                                       | <b>(206,637)</b>                                       |
| Tax effect  | 20,791   | 39,261   |
| <b>Accumulated comprehensive income at the end of the period (net)</b>            | <b>(88,632)</b>  | <b>(167,376)</b>                                       |
| <b>Ineffective cash flow hedges recognised through profit and loss</b>            | <b>(2,073)</b>   | <b>14,358</b>  |
| <b>Effect on other comprehensive income in the period (gross)</b>                 | <b>22,127</b>  | <b>(17,899)</b>  |
| Deferred tax on cash flow hedge   | (4,204)  | 3,401  |
| <b>Effect on other comprehensive income in the period (net)</b>                   | <b>17,923</b>  | <b>(14,498)</b>  |

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 30 September 2016 and 31 December 2015 is presented in the following table:

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|   | 30.09.2016<br>unaudited<br>PLN thousand | 31.12.2015<br>PLN thousand |
|---|---|----------------------------|
| Fair value of IRS transactions constituting accounting hedges under the fair value hedge of retail customer deposits against interest rate risk | 12,330                                  | 13,212                     |

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:

| unaudited    | 01.01.2016 - 30.09.2016                   |                                    | 01.01.2015 - 30.09.2015                   |                                    |
|--------------|---|------------------------------------|---|------------------------------------|
|              | Of the hedging instrument<br>PLN thousand | Of the hedged item<br>PLN thousand | Of the hedging instrument<br>PLN thousand | Of the hedged item<br>PLN thousand |
| Gains        | -   | -                                  | -   | 1,590                              |
| Losses       | 883                                       | 1,171                              | 3,057                                     | -                                  |
| <b>Total</b> | <b>883</b>                                | <b>1,171</b>                       | <b>3,057</b>                              | <b>1,590</b>                       |

Since 1 January 2016 to 30 September 2016 the Bank recognized amortization of changes in the fair value of the hedged item in the amount of PLN 1,028 thousand and since 1 January 2015 to 30 September 2015 in the amount of PLN 2,725 thousand.

## 21. Seasonality of operations

There are not any significant seasonal fluctuation factors in the Group activities and thus the presented results of the Group are not subject to significant fluctuations during the year.

## 22. Issue, redemption and repurchase of securities

During the 9-month period ended 30 September 2016, 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<br>PLN thousand |
|--------------------------------|------------|-----------------|----------------------|-------------------------------|
| Getin Noble Bank Bonds PP5-II  | 2016-03-31 | 2023-03-31      | 35,000               | 35,000                        |
| Getin Noble Bank Bonds PP5-III | 2016-04-29 | 2023-04-28      | 35,000               | 35,000                        |
| Getin Noble Bank Bonds PP5-IV  | 2016-05-31 | 2023-05-31      | 50,000               | 50,000                        |
| Getin Noble Bank Bonds PP5-V   | 2016-07-28 | 2023-07-28      | 60,000               | 60,000                        |
| Getin Noble Bank Bonds PP5-VI  | 2016-08-31 | 2023-08-31      | 40,000               | 40,000                        |
| <b>Total</b>                   |            |                 | <b>220,000</b>       | <b>220,000</b>                |

| Type of redeemed securities     | Issue date | Redemption date | Number of securities | Nominal value<br>PLN thousand |
|---------------------------------|------------|-----------------|----------------------|-------------------------------|
| Getin Noble Bank Bonds GNB15012 | 2015-07-10 | 2016-01-11      | 535                  | 53,500                        |
| Getin Noble Bank Bonds SP-I     | 2015-03-23 | 2016-01-28      | 2,082                | 2,082                         |
| Getin Noble Bank Bonds SP-I     | 2015-03-23 | 2016-02-11      | 3,882                | 3,882                         |
| Getin Noble Bank Bonds GNB15016 | 2015-11-25 | 2016-02-25      | 150                  | 15,000                        |
| Getin Noble Bank Bonds SP-I     | 2015-03-23 | 2016-03-10      | 711                  | 711                           |
| Getin Noble Bank Bonds GNB14001 | 2014-06-30 | 2016-03-11      | 1,089                | 10,890                        |
| Getin Noble Bank Bonds 32/2013  | 2013-06-20 | 2016-03-18      | 70                   | 7,000                         |
| Getin Noble Bank Bonds 11/2013  | 2013-03-28 | 2016-03-29      | 30                   | 15,000                        |
| Getin Noble Bank Bonds GNB15016 | 2015-10-13 | 2016-04-12      | 150                  | 15,000                        |
| Getin Noble Bank Bonds SP-I     | 2015-03-23 | 2016-05-06      | 1,067                | 1,067                         |



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|                                 |            |            |               |                |
|---------------------------------|------------|------------|---------------|----------------|
| Getin Noble Bank Bonds 23/2013  | 2013-05-15 | 2016-05-16 | 80            | 40,000         |
| Getin Noble Bank Bonds GNB14001 | 2014-06-30 | 2016-05-19 | 52            | 520            |
| Getin Noble Bank Bonds GNB14001 | 2014-06-30 | 2016-05-24 | 83            | 830            |
| Getin Noble Bank Bonds GNB14001 | 2014-06-30 | 2016-05-27 | 1,641         | 16,410         |
| Getin Noble Bank Bonds GNB14001 | 2014-06-30 | 2016-06-02 | 10,639        | 106,390        |
| Getin Noble Bank Bonds GNB14018 | 2014-12-19 | 2016-06-02 | 5,000         | 50,000         |
| Getin Noble Bank Bonds SP-I     | 2015-03-23 | 2016-06-02 | 268           | 268            |
| Getin Noble Bank Bonds GNB14003 | 2014-07-18 | 2016-06-02 | 6,500         | 65,000         |
| Getin Noble Bank Bonds GNB14001 | 2014-06-30 | 2016-06-06 | 2,361         | 23,610         |
| Getin Noble Bank Bonds GNB14001 | 2014-06-30 | 2016-06-08 | 1,739         | 17,390         |
| Getin Noble Bank Bonds GNB14001 | 2014-06-30 | 2016-06-14 | 5,005         | 50,050         |
| Getin Noble Bank Bonds SP-I     | 2015-03-23 | 2016-06-14 | 90            | 90             |
| Getin Noble Bank Bonds GNB14001 | 2014-06-30 | 2016-06-17 | 1,500         | 15,000         |
| Getin Noble Bank Bonds SP-I     | 2015-03-23 | 2016-06-17 | 878           | 878            |
| Getin Noble Bank Bonds GNB14001 | 2014-06-30 | 2016-06-22 | 2,065         | 20,650         |
| Getin Noble Bank Bonds SP-I     | 2015-03-23 | 2016-06-22 | 353           | 353            |
| Getin Noble Bank Bonds GNB14001 | 2014-06-30 | 2016-06-24 | 100           | 1,000          |
| Getin Noble Bank Bonds GNB14001 | 2014-06-30 | 2016-06-28 | 1,499         | 14,990         |
| Getin Noble Bank Bonds SP-I     | 2015-03-23 | 2016-06-29 | 249           | 249            |
| Getin Noble Bank Bonds SP-I     | 2015-03-23 | 2016-07-01 | 444           | 444            |
| Getin Noble Bank Bonds GNB14001 | 2014-06-30 | 2016-07-01 | 565           | 5,650          |
| Getin Noble Bank Bonds SP-I     | 2015-03-23 | 2016-07-06 | 535           | 535            |
| Getin Noble Bank Bonds SP-I     | 2015-03-23 | 2016-07-08 | 750           | 750            |
| Getin Noble Bank Bonds SP-I     | 2015-03-23 | 2016-07-13 | 539           | 539            |
| Getin Noble Bank Bonds SP-I     | 2015-03-23 | 2016-07-18 | 543           | 543            |
| Getin Noble Bank Bonds GNB14001 | 2014-06-30 | 2016-07-18 | 23            | 230            |
| Getin Noble Bank Bonds SP-I     | 2015-03-23 | 2016-07-20 | 107           | 107            |
| Getin Noble Bank Bonds SP-I     | 2015-03-23 | 2016-08-03 | 427           | 427            |
| Getin Noble Bank Bonds GNB14001 | 2014-06-30 | 2016-08-04 | 12            | 120            |
| Getin Noble Bank Bonds GNB14001 | 2014-06-30 | 2016-08-09 | 36            | 360            |
| Getin Noble Bank Bonds SP-I     | 2015-03-23 | 2016-08-09 | 71            | 71             |
| Getin Noble Bank Bonds GNB14001 | 2014-06-30 | 2016-08-12 | 51            | 510            |
| Getin Noble Bank Bonds GNB14001 | 2014-06-30 | 2016-08-17 | 8             | 80             |
| Getin Noble Bank Bonds SP-I     | 2015-03-23 | 2016-08-24 | 35            | 35             |
| Getin Noble Bank Bonds SP-I     | 2015-03-23 | 2016-08-25 | 35            | 35             |
| Getin Noble Bank Bonds SP-I     | 2015-03-23 | 2016-09-06 | 83            | 83             |
| Getin Noble Bank Bonds GNB14001 | 2014-06-30 | 2016-09-08 | 50            | 500            |
| Getin Noble Bank Bonds SP-I     | 2015-03-23 | 2016-09-13 | 63            | 63             |
| Getin Noble Bank Bonds GNB14001 | 2014-06-30 | 2016-09-15 | 50            | 500            |
| Getin Noble Bank Bonds GNB14001 | 2014-06-30 | 2016-09-16 | 37            | 370            |
| Getin Noble Bank Bonds SP-I     | 2015-03-23 | 2016-09-20 | 35            | 35             |
| Getin Noble Bank Bonds SP-I     | 2015-03-23 | 2016-09-23 | 295           | 295            |
| <b>Total</b>                    |            |            | <b>54,662</b> | <b>560,092</b> |

On 21 March 2016 the Bank asked the Polish Financial Supervision Authority for acceptance of the “Plan of sustained profitability improvement” within the meaning of Article 142 of the Polish Banking Law Act. This fact, in accordance with Issue Terms of Coupon Bonds, entitles bondholders to written request for earlier redemption of bonds at nominal value specified in Issue Terms plus interest accrued to the date of earlier redemption. Therefore the Bank redeemed bonds in the amount of PLN 402 million as at 9 November 2016. The remaining amount that may be requested for earlier redemption is maximum PLN 129 million (of nominal value).

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### 23. Dividends paid and proposed

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

On 18 April 2016 the General Shareholders Meeting of Getin Noble Bank S.A. decided to allocate the Bank's full profit for the year 2015 to increase the reserve capital.

### 24. Contingent liabilities

The Group 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 Group issues guarantees and letters of credit which serve as security in case the Group's customers will discharge their liabilities towards third parties. The Group 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 Group 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 statement of financial positions under "Provisions" and in the income statement.

|   | 30.09.2016<br>/unaudited/<br>PLN thousand | 31.12.2015<br>PLN thousand |
|---|---|----------------------------|
| <b>Financial contingent liabilities granted</b> | <b>2,317,995</b>                          | <b>2,096,910</b>           |
| to financial entities                           | 195,644                                   | 187,454                    |
| to non-financial entities                       | 1,636,591                                 | 1,856,147                  |
| to budgetary entities                           | 485,760                                   | 53,309                     |
| <b>Guarantees granted</b>                       | <b>165,479</b>                            | <b>170,405</b>             |
| to financial entities                           | 4,997                                     | 5,039                      |
| to non-financial entities                       | 154,411                                   | 158,467                    |
| to budgetary entities                           | 6,071                                     | 6,899                      |
| <b>Total contingent liabilities granted</b>     | <b>2,483,474</b>                          | <b>2,267,315</b>           |

|  | 30.09.2016<br>/unaudited/<br>PLN thousand | 31.12.2015<br>PLN thousand |
|--|---|----------------------------|
| Financial                                    | 70,000                                    | 300,000                    |
| Guarantees                                   | 278,941                                   | 356,154                    |
| <b>Total contingent liabilities received</b> | <b>348,941</b>                            | <b>656,154</b>             |

### 25. 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.

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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*

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

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

### *Amounts due to banks and financial institutions*

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

### *Amounts due to customers*

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

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### 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:

|   | 30.09.2016                      |                            | 31.12.2015                      |                            |
|---|---------------------------------|----------------------------|---------------------------------|----------------------------|
|   | Carrying amount<br>PLN thousand | Fair value<br>PLN thousand | Carrying amount<br>PLN thousand | Fair value<br>PLN thousand |
| <b>ASSETS</b>                                     |                                 |                            |                                 |                            |
| Cash and balances with the Central Bank           | 2,727,331                       | 2,727,331                  | 2,724,472                       | 2,724,472                  |
| Amounts due from banks and financial institutions | 987,185                         | 987,185                    | 2,294,916                       | 2,294,916                  |
| Loans and advances to customers                   | 46,889,992                      | 44,873,617                 | 49,225,014                      | 47,376,279*                |
| Held-to-maturity financial assets                 | 180,137                         | 177,455                    | 154,322                         | 152,265                    |
| <b>LIABILITIES</b>                                |                                 |                            |                                 |                            |
| Amounts due to banks and financial institutions   | 2,705,954                       | 2,705,954                  | 3,828,812                       | 3,828,812                  |
| Amounts due to customers                          | 55,710,466                      | 56,410,779                 | 55,726,221                      | 56,355,527                 |
| Debt securities issued                            | 3,701,624                       | 3,461,400                  | 4,093,061                       | 3,818,010                  |

\* The methodology for fair value measurement of the portfolio of loans and advances applied by the Group involving the identified cash flows discounted with interest rates taking into account the current margins for the type of product, resulted in an increase in credit spreads had a negative impact on the valuation of the portfolio at fair value. In the Group's opinion the current margins reflect the best currently existing market conditions, but at the same time their growth causes a decrease in the fair value of the "old" loan portfolio.

The Group classifies the individual 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

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, derivatives as well as investment properties.

#### Level 3

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

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The carrying amounts of financial instruments at fair value by 3 hierarchy levels as at 30 September 2016 and 31 December 2015 are presented below:

| 30.09.2016<br>unaudited  | Level 1<br>PLN thousand | Level 2<br>PLN thousand | Level 3<br>PLN thousand | Total<br>PLN thousand |
|--|-------------------------|-------------------------|-------------------------|-----------------------|
| <b>ASSETS</b>  |                         |                         |                         |                       |
| Financial assets held for trading                              | 1,806                   |                         | 8,744                   | 10,550                |
| Financial assets measured at fair value through profit or loss |                         |                         | 161,882                 | 161,882               |
| Derivative financial instruments                               |                         | 74,881                  | 42,033                  | 116,914               |
| Available-for-sale financial assets                            | 10,233,064              | 4,106,904               | 322,201                 | 14,662,169            |
| <b>LIABILITIES</b>   |                         |                         |                         |                       |
| Derivative financial instruments                               |                         | 1,209,408               |                         | 1,209,408             |

| 31.12.2015   | Level 1<br>PLN thousand | Level 2<br>PLN thousand | Level 3<br>PLN thousand | Total<br>PLN thousand |
|--|-------------------------|-------------------------|-------------------------|-----------------------|
| <b>ASSETS</b>  |                         |                         |                         |                       |
| Financial assets held for trading                              | 1,764                   | -                       | 16,106                  | 17,870                |
| Financial assets measured at fair value through profit or loss | -                       | -                       | 166,817                 | 166,817               |
| Derivative financial instruments                               | -                       | 129,075                 | 39,836                  | 168,911               |
| Available-for-sale financial assets                            | 8,482,523               | 3,799,477               | 259,224                 | 12,541,224            |
| <b>LIABILITIES</b>   |                         |                         |                         |                       |
| Derivative financial instruments                               | -                       | 1,520,459               | -                       | 1,520,459             |

In the 9-month period of 2016 and 2015 there were no movements between level 1 and level 2 of the fair value hierarchy, neither any asset or liability was moved from level 1 or level 2 to level 3 of fair value hierarchy.

As at 30 September 2016 fair value of investment properties in the amount of PLN 709,270 thousand was classified within level 3 of fair value hierarchy.

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

### *Derivative financial instruments*

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

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

Valuation of the put option on held shares portfolio, classified at level 3 of the fair value hierarchy, is made with the Black-Scholes model using the current market parameters and the fair value of the shares derived from the valuation of the company. The fair value of the option amounted to PLN 42,033 thousand. If share value increases by 1%, the fair value of

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the option will be reduced by PLN 614 thousand, if share value drops by 1%, the value of the option will increase by PLN 623 thousand.

### *The NBP bills*

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

### *Shares and equity instruments without quoted market price*

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

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

### *Corporate bonds*

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

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

The fair value of securities measured in accordance with the above valuation model (using margins in the range of 0.59% to 4.29%) amounted to PLN 285,000 thousand. In case of upward shift of risk margins by 25 basis points the fair value decreases by PLN 2,034 thousand, in case of downward shift of risk margins by 25 basis points the fair value increases by PLN 2,052 thousand.

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

### *Investment properties*

The fair value of investment properties as at 30 September 2016 was measured based on the valuation carried out on that day by independent valuers and Real Estate Valuation Unit in Getin Noble Bank S.A., which are skilled to make investment properties valuation, as well as experienced in such valuations made in locations where assets of the Group are situated. The valuation of the investment properties was carried out by reference to market prices of similar properties using the average price adjustment method or pair comparison in comparative approach. In case of lack of transactions concerning similar properties, the value of a property was specified by investment method in accordance with income approach, straight capitalisation technique. Estimating the fair value of properties, most favourable and best use approach was used (what is the valid use of these properties).

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## 26. Capital ratio

As at 30 September 2016 the capital ratio was calculated in accordance with the Regulation of the European Parliament and of the Council (EU) No 575/2013 of 26 June 2013 on prudential requirements and investment firms (CRR).

|                                   | 30.09.2016       | 31.12.2015       |
|-----------------------------------|------------------|------------------|
|                                   | PLN thousand     | PLN thousand     |
| Tier 1 capital                    | 5,042,230        | 5,054,315        |
| Tier 2 capital                    | 1,389,089        | 1,472,065        |
| <b>TOTAL OWN FUNDS</b>            | <b>6,431,319</b> | <b>6,526,380</b> |
| <b>TOTAL CAPITAL REQUIREMENTS</b> | <b>3,240,922</b> | <b>3,643,222</b> |
| <b>CAPITAL RATIOS</b>             |                  |                  |
| Tier 1 capital ratio              | 12.4%            | 11.1%            |
| Total capital ratio               | 15.9%            | 14.3%            |

On 22 October 2015 the Polish Financial Supervision Authority (KNF) announced the banks introducing the additional security buffer increasing requirements for capital ratios by 1.25 percentage points.

The Polish Financial Supervision Authority on the basis of an assessment in accordance with Article 39 paragraph 1 of the Act of 5 August 2015 on macro-prudential oversight of the financial system and crisis management in the financial sector imposed on Getin Noble Bank S.A. on an individual and consolidated basis a buffer of other systemically important institution in the amount 0.25% of the total risk exposure calculated in accordance with Article 92 paragraph 3 of the EU Regulation No. 575/2013.

On 20 October 2016, Getin Noble Bank S.A. received from the Polish Financial Supervision Authority the decision recommending that the Bank should maintain an additional capital requirement in order to secure the risk arising from foreign currency mortgage loans to households at the level of 1.89 p.p. above the level of Total capital ratio (TCR). Additional capital requirement should consist of at least 75% of Tier 1 (equivalent of 1,42 p.p.) and of at least 56% of core Tier I capital (equivalent of 1,06 p.p.).

It means that, as at the date of publication of this report, the minimum capital ratios taking into account the additional capital requirement recommended by the Commission are as follows:

- Tier 1 Capital ratio T1= 11.92%
- Total capital ratio TCR= 15.39%

As at 30 September 2016 the Group achieved the required level of capital ratios.

## 27. 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,

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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 concierge services, and until 31 March 2015 leasing activity including lease of vehicles, machinery and equipment as well as fleet management.

The segment's income includes all income recognised by Getin Noble Bank S.A., BPI Bank Polskich Inwestycji S.A., Noble Concierge sp. z o.o. and GNB Auto Plan sp. z o.o., GNB Leasing Plan DAC, as well as Getin Leasing S.A. Group for the first quarter of 2015. Assets of this segment comprise assets of Getin Noble Bank S.A., BPI Bank Polskich Inwestycji S.A., Noble Concierge sp. z o.o. and GNB Leasing Plan DAC.

### *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. and ProEkspert sp. z o.o. 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. and ProExpert sp. z o.o

### *Asset 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., entities of Property FIZAN Group and Debtor NS FIZ. The segment assets include assets of Noble Funds TFI S. A., Sax Development sp. z o. o., entities of Property FIZAN Group and DEBTOR NS FIZ.

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

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

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



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| 01.01.2016 - 30.09.2016<br>unaudited    | Banking           | Financial<br>intermediary | Asset<br>management | Consolidation<br>adjustments | Total             |
|---|-------------------|---------------------------|---------------------|------------------------------|-------------------|
|   | PLN thousand      | PLN thousand              | PLN thousand        | PLN thousand                 | PLN thousand      |
| <b>Revenues of segments</b>             |                   |                           |                     |                              |                   |
| External                                | 2,519,290         | 44,852                    | 50,689              | 5,096                        | <b>2,619,927</b>  |
| Internal                                | 210,465           | 13,432                    | 9,191               | (233,088)                    | -                 |
| <b>Total revenues of segments</b>       | <b>2,729,755</b>  | <b>58,284</b>             | <b>59,880</b>       | <b>(227,992)</b>             | <b>2,619,927</b>  |
| <b>Profit before tax of segments</b>    |                   |                           |                     |                              |                   |
| External                                | 109,228           | 11,713                    | 8,194               | (161,152)                    | <b>(32,017)</b>   |
| Internal                                | 69,530            | 3,928                     | (1,965)             | (71,493)                     | -                 |
| <b>Total profit/ (loss) of segments</b> | <b>178,758</b>    | <b>15,641</b>             | <b>6,229</b>        | <b>(232,645)</b>             | <b>(32,017)</b>   |
| <b>Segments assets as at 30.09.2016</b> | <b>71,677,547</b> | <b>459,289</b>            | <b>1,224,510</b>    | <b>(4,583,623)</b>           | <b>68,777,723</b> |

Banking segment income includes interest income amounting to PLN 2,190,913 thousand, and Profit before tax also includes interest expense amounting to PLN 1,236,271 thousand.

| 01.01.2015 - 30.09.2015<br>unaudited    | Banking           | Financial<br>intermediary | Asset<br>management | Consolidation<br>adjustments | Total             |
|---|-------------------|---------------------------|---------------------|------------------------------|-------------------|
|   | PLN thousand      | PLN thousand              | PLN thousand        | PLN thousand                 | PLN thousand      |
| <b>Revenues of segments</b>             |                   |                           |                     |                              |                   |
| External                                | 3,021,877         | 31,729                    | 64,369              | (3,684)                      | <b>3,114,291</b>  |
| Internal                                | 155,314           | 9,111                     | 5,911               | (170,336)                    | -                 |
| <b>Total revenues of segments</b>       | <b>3,177,191</b>  | <b>40,840</b>             | <b>70,280</b>       | <b>(174,020)</b>             | <b>3,114,291</b>  |
| <b>Profit before tax of segments</b>    |                   |                           |                     |                              |                   |
| External                                | 235,901           | 34,152                    | 18,805              | (20,319)                     | <b>268,539</b>    |
| Internal                                | 15,731            | (1,247)                   | (7,729)             | (6,755)                      | -                 |
| <b>Total profit/ (loss) of segments</b> | <b>251,632</b>    | <b>32,905</b>             | <b>11,076</b>       | <b>(27,074)</b>              | <b>268,539</b>    |
| <b>Segments assets as at 30.09.2015</b> | <b>71,743,569</b> | <b>424,267</b>            | <b>592,837</b>      | <b>(1,840,650)</b>           | <b>70,920,023</b> |

Banking segment income includes interest income amounting to PLN 1,615,707 thousand, and Profit before tax also includes interest expense amounting to PLN 1,078,218 thousand.

## 28. Related party transactions

The Getin Noble Bank S.A. Capital Group understands related party as the Group's associates 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 3.

Related entities, within its operations, hold current accounts in Getin Noble Bank S.A., on which they carry out clearing operations and deposit cash on term deposits.

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

- transactions are concluded in accordance with accepted by the Bank rules and conditions
- the assessment of reliability of related entities, is based on rules applicable during the assessment of creditworthiness of the Bank's other customers
- the rules for funding transactions hedge are in accordance with the instruction of legal hedge applicable in the Bank
- the Bank applies general rules of monitoring of payments and rules of termination of agreements and receivables collection.

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

All of transactions between the Bank and its related parties, except agreements described below, resulted from operating activities of the Bank.

### *Sale of shares of Getin Leasing S.A.*

On 10 February 2016 Getin Noble Bank S.A. signed an agreement with LC Corp. BV to sell 50.72% of owned shares in Getin Leasing S.A. Closing of the transaction took place on 29 February 2016, thus as at 30 September 2016 the Group has no investment in joint venture. The final price agreed by the parties amounted to PLN 180 million.

### *The sale of shares of Noble Funds TFI S.A.*

On 29 April 2016 the Bank completed the sale transaction of 3 packages of 9993 shares of Noble Funds TFI S.A. each constituting 29.97% of its share capital, two of which were sold to related parties: Open Finance S.A. and RB Investcom.

### *Final settlement of the securitization transaction*

In April the Bank made a final settlement and closed the securitization transaction of the portfolio of car loans, carried out in December 2012 with the special purpose entity – GNB Auto Plan Sp. z o.o.

### *Sale of portfolio of receivables*

In the first 9 months of 2016 the Bank sold to Idea Bank S.A. the portfolio of unimpaired lease receivables at the nominal value of PLN 660 million.

## 29. Events having a significant impact on the Group's operations

In the first quarter of 2016 the Bank implemented a new strategy of Getin Noble Bank for the years 2016-2018, which was presented with the announcement of the results for 2015. The new Strategy envisages the continuation of Getin Up strategy adopted in 2012, through the construction of a viable and effective universal bank with sustainable and recurring sources of income. Among the main pillars of the new Strategy are the following:

- reduction in the perspective of three years the premium cost of deposits in relation to the market for approx. 60 bps,
- transformation of service network based on a new segmentation of Customers, divided into three main segments: retail Getin, Noble Personal Banking for Customers premium and Noble Private Banking for affluent customers,
- implementation of the new digital strategy with a particular emphasis on the development of mobile banking, which further development will ensure the possibility of carrying out all banking operations on the smartphone, as well as provide the highest satisfaction with ease of use and the possibility to contact the Bank through the application,
- maintaining leadership position in the automotive segment and the continuation of cooperation with the Getin Leasing Group, which will cover both the purchase of receivables, as well as intermediation in the sale of car loans,
- further organic growth in the local government sector and maintaining position among the leaders in financing developers.

In preparing the new strategy, the Management Board took into account the current results of the Bank, as well as the risk of periodic balance sheet loss caused by additional external burdens, and made the decision, approved by the Supervisory Board to submit to the Polish Financial Supervision Authority a request for approval of the "Plan for a sustainable improvement in profitability", which meets the requirements of Article. 142 of the Banking Law. In the opinion of the Management Board the transformation of Getin Noble Bank defined this way, providing for the reconstruction of retail banking, maintaining a leading position in the automotive segment, as well as the digitization of services, will contribute to

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the sustainable growth of the Bank's business efficiency and thus will improve its profitability.

By letter dated 13 June 2016 PFSA requested to complete/verify the submitted Plan. The completed Plan approved by the Management Board and Supervisory Board was submitted to Polish Financial Supervision Authority on 11 August.

On 23 September 2016 PFSA approved the "Plan for a sustainable improvement in profitability for 2016-2019", stating that full implementation of the assumptions adopted in the Plan creates opportunities for the structural improvement of the situation of the Bank, including risk reduction.

### *Tax on certain financial institutions*

Since February 2016 banks are payers of tax calculated on total assets decreased by PLN 4 billion and the amount of own funds and purchased government bonds; this tax is not considered to be deductible for the corporate income tax. Net profit of the Bank is debited by the amount of PLN 38.3 million of the tax on certain financial institutions. According to the Act on tax on certain financial institutions dated 15 January 2016, the bank concerned remediated in accordance with Article 142 of the Banking Law is exempt from the tax on financial institutions. As a result of "Plan for a sustainable improvement in profitability" submitted to the Polish Financial Supervision Authority in March 2016, the Bank is exempt from payment of the tax on financial institutions.

### *Final allocation of the settlement of the Visa Europe Limited*

In the second quarter of 2016 was finalized the acquisition of the Visa Europe Limited by Visa Inc. As a result of the settlement the Group received:

- 1/ EUR 3.7 million in cash, PLN 16.4 million as translated at the exchange rate from 21.06.2016
- 2/ 1.357 VISA Inc. preferred Series C shares. The preferred shares will be converted into ordinary shares of Visa Inc to 2028. The conversion factor of preferred shares into ordinary shares may be decreased depending on the current and potential litigation, in which one of the parties will be Visa Inc.
- 3/ Deferred payment of EUR 0.3 million paid in second quarter of 2019.

The Bank measures fair value of preferred shares taking into account the risk of restricted transferability of shares as well as the risk of decrease of conversion factor. The preferred shares are classified as available-for-sale financial assets. On the date of settlement of the transaction the valuation of these shares amounted to PLN 4.5 million.

### *Merger*

On 9 August 2016 the Management Board and the Supervisory Board expressed a positive opinion on the intention to commence work on the merger process of a subsidiary Noble Funds Towarzystwo Funduszy Inwestycyjnych S.A. with Open Finance Towarzystwo Funduszy Inwestycyjnych S.A. On 24 August 2016 the plan of merger of Noble Funds Towarzystwo Funduszy Inwestycyjnych S.A. with Open Finance Towarzystwo Funduszy Inwestycyjnych S.A. with its registered office in Warsaw was signed. The merger will take place, pursuant to Article 492 paragraph 1 point 1 of Code of Commercial Companies, by transferring all assets of the Acquired Company to the Acquiring Company (merger by acquisition) with a simultaneous increase of the share capital of Noble Funds TFI through a new share issue, which Noble Funds TFI will give to the shareholders of Open Finance TFI. Following the merger, the shareholders of Open Finance TFI will become shareholders of Noble Funds TFI on the date of merger, i.e. on the day the merger is recorded in the register appropriate for the seat of Noble Funds TFI. In connection with the merger, the shareholders of Open Finance TFI in exchange for shares in Open Finance TFI will be awarded shares of Noble Funds TFI in the following ratio: for 63.8174931 (sixty-three and 8174931/10000000) shares in Open Finance TFI with a nominal value of PLN 1 (one) each, 1 (one) share of Noble Funds TFI with a nominal value of PLN 5 (five) will be awarded.

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It is expected that the transaction will be finalized in the first half of 2017. In connection with the planned transaction, the Bank expects a loss of control over the merged entity

### 30. Subsequent events

On 10 October 2016 the Bank received the decision of the Polish Financial Supervision Authority on the identification of Getin Noble Bank as other systemically important institution and impose on the Bank (consolidated and standalone) a buffer in the amount equivalent to 0.25% of the total risk exposure calculated in accordance with Article 92 paragraph 3 of the EU Regulation No. 575/2013.

On 20 October 2016 Getin Noble Bank S.A. received from the Polish Financial Supervision Authority a decision with recommendation to maintain additional capital requirement to cover the risk arising from foreign currency mortgage loans to households at a level of 1.89 p.p. over the value of the total capital ratio (TCR). Additional capital requirement should consist of at least 75% of Tier I capital (which corresponds to a capital requirement at the level of 1.42 p.p.) and at least 56% of the core Tier I capital (which corresponds to a capital requirement at the level of 1.06 p.p.). So far, the Bank pursued the recommendation of the PFSA concerning the maintenance of own funds to cover the additional capital to cover the risk arising from foreign currency mortgage loans to households amounting to 2.03 p.p., which should consist of at least 75% of Tier I capital (corresponding to 1.52 pp).

On 28 October 2016 the Bank received a notification from the Bank Guarantee Fund of the guarantee condition fulfilment for Spółdzielczy Bank in Nadarzyn and that Getin Noble Bank S.A. has to make the mandatory deposit in the amount of PLN 7.7 million intended for the payment for guaranteed depositors of Spółdzielczy Bank in Nadarzyn.

After 30 September 2016 there were no other events which were not disclosed in these financial statements which may significantly impact the financial results of the Getin Noble Bank S.A. Capital Group for the 9-month period ended 30 September 2016 as well as its the future financial results.

## GETIN NOBLE BANK S.A. CAPITAL GROUP

Interim condensed consolidated financial statements for the 9-month period  
ended 30 September 2016

(data in PLN thousand)



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

\_\_\_\_\_  
Krzysztof Rosiński  
*President of the Management Board*

\_\_\_\_\_  
Artur Klimczak  
*Vice President of the Management Board*

\_\_\_\_\_  
Krzysztof Basiaga  
*Member of the Management Board*

\_\_\_\_\_  
Marcin Dec  
*Member of the Management Board*

\_\_\_\_\_  
Karol Karolkiewicz  
*Member of the Management Board*

\_\_\_\_\_  
Radosław Stefurak  
*Member of the Management Board*

\_\_\_\_\_  
Maciej Szczechura  
*Member of the Management Board*

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

\_\_\_\_\_  
Beata Kisielewska  
*Director of Accounting Department*

Warsaw, 9 November 2016

**GETIN NOBLE BANK S.A.**Interim condensed standalone financial statements for the 9-month period  
ended 30 September 2016

(data in PLN thousand)

**III. INTERIM CONDENSED STANDALONE FINANCIAL STATEMENTS****1. Interim standalone income statement**

|  | Note | 01.07.2016-<br>30.09.2016<br>unaudited<br>PLN thousand | 01.01.2016-<br>30.09.2016<br>unaudited<br>PLN thousand | 01.07.2015-<br>30.09.2015<br>restated<br>unaudited<br>PLN thousand | 01.01.2015-<br>30.09.2015<br>restated<br>unaudited<br>PLN thousand |
|--|------|--|--|--|--|
| <b>CONTINUED ACTIVITY</b>  |      |  |  |  |  |
| Interest income  |      | 685,642  | 2,106,600  | 726,216  | 2,257,223  |
| Interest expense   |      | (366,106)  | (1,157,059)  | (433,576)  | (1,432,076)  |
| <b>Net interest income</b>   |      | <b>319,536</b>   | <b>949,541</b>   | <b>292,640</b>   | <b>825,147</b>   |
| Fee and commission income  |      | 52,412   | 161,858  | 109,793  | 347,192  |
| Fee and commission expense   |      | (39,521)   | (118,267)  | (40,705)   | (125,629)  |
| <b>Net fee and commission income</b>   |      | <b>12,891</b>  | <b>43,591</b>  | <b>69,088</b>  | <b>221,563</b>   |
| Dividend income  |      | 4,386  | 82,139   | 2,691  | 31,727   |
| Result on financial instruments measured at fair value through profit or loss and net foreign exchange gains |      | 8,848  | 23,548   | 7,705  | 18,512   |
| Result on other financial instruments  |      | 16,443   | 35,615   | 3,883  | 16,530   |
| Result on investments in subsidiaries, associates and joint ventures   | IV.2 | -  | 209,603  | -  | 131,188  |
| Other operating income   |      | 9,314  | 30,966   | 8,384  | 23,510   |
| Other operating expense  |      | (22,192)   | (74,022)   | (16,016)   | (66,723)   |
| <b>Net other operating income and expense</b>  |      | <b>(12,878)</b>  | <b>(43,056)</b>  | <b>(7,632)</b>   | <b>(43,213)</b>  |
| Administrative expenses  |      | (194,416)  | (605,692)  | (209,897)  | (660,102)  |
| Net impairment allowances on financial assets and off-balance sheet provisions                               |      | (191,029)  | (496,879)  | (127,830)  | (309,185)  |
| <b>Operating profit</b>  |      | <b>(36,219)</b>  | <b>198,410</b>   | <b>30,648</b>  | <b>232,167</b>   |
| Share in profits (losses) of associates under the equity method  |      | 4,407  | (10,520)   | 3,527  | 8,142  |
| Tax on certain financial institutions  |      | -  | (38,273)   | -  | -  |
| <b>Profit before tax</b>   |      | <b>(31,812)</b>  | <b>149,617</b>   | <b>34,175</b>  | <b>240,309</b>   |
| Income tax   |      | 5,354  | (31,777)   | (6,743)  | (50,207)   |
| <b>Net profit</b>  |      | <b>(26,458)</b>  | <b>117,840</b>   | <b>27,432</b>  | <b>190,102</b>   |

Details for restatement of comparative data for 2015 are presented in Note IV 1.1.

**GETIN NOBLE BANK S.A.**Interim condensed standalone financial statements for the 9-month period  
ended 30 September 2016

(data in PLN thousand)

**2. Interim standalone statement of comprehensive income**

|  | 01.07.2016-<br>30.09.2016 | 01.01.2016-<br>30.09.2016 | 01.07.2015-<br>30.09.2015 | 01.01.2015-<br>30.09.2015 |
|--|---------------------------|---------------------------|---------------------------|---------------------------|
| Note   | unaudited                 | unaudited                 | restated<br>unaudited     | restated<br>unaudited     |
|  | PLN thousand              | PLN thousand              | PLN thousand              | PLN thousand              |
| <b>Net profit for the period</b>                                       | <b>(26,458)</b>           | <b>117,840</b>            | <b>27,432</b>             | <b>190,102</b>            |
| <b>Items that may be reclassified to profit or loss, of which:</b>     | <b>(29,309)</b>           | <b>7,686</b>              | <b>(25,087)</b>           | <b>(21,933)</b>           |
| Valuation of available-for-sale financial assets                       | (35,005)                  | (12,638)                  | 18,730                    | (9,179)                   |
| Cash flow hedges   | (1,179)                   | 22,127                    | (49,703)                  | (17,899)                  |
| Tax effect related to items that may be reclassified to profit or loss | 6,875                     | (1,803)                   | 5,886                     | 5,145                     |
| <b>Net other comprehensive income</b>                                  | <b>(29,309)</b>           | <b>7,686</b>              | <b>(25,087)</b>           | <b>(21,933)</b>           |
| <b>Total comprehensive income for the period</b>                       | <b>(55,767)</b>           | <b>125,526</b>            | <b>2,345</b>              | <b>168,169</b>            |

## GETIN NOBLE BANK S.A.

Interim condensed standalone financial statements for the 9-month period ended 30 September 2016

(data in PLN thousand)



### 3. Interim standalone statement of financial position

|  | Note | 30.09.2016<br>unaudited<br>PLN thousand | 31.12.2015<br>restated<br>PLN thousand | 1.01.2015<br>restated<br>PLN thousand |
|--|------|---|--|---------------------------------------|
| <b>ASSETS</b>  |      |   |  |                                       |
| Cash and balances with the Central Bank                        |      | 2,727,316                               | 2,724,460                              | 2,840,565                             |
| Amounts due from banks and financial institutions              |      | 826,230                                 | 2,008,466                              | 1,410,839                             |
| Financial assets measured at fair value through profit or loss |      | 161,882                                 | 166,817                                | 170,371                               |
| Derivative financial instruments                               |      | 107,243                                 | 159,074                                | 242,013                               |
| Loans and advances to customers                                |      | 47,623,146                              | 50,455,467                             | 49,114,356                            |
| Financial assets, of which:                                    |      | 14,523,225                              | 12,390,902                             | 11,328,004                            |
| available-for-sale   |      | 14,343,088                              | 12,236,580                             | 11,232,147                            |
| held-to-maturity   |      | 180,137                                 | 154,322                                | 95,857                                |
| Investments in subsidiaries, associates and joint ventures     | IV.2 | 1,351,438                               | 1,321,746                              | 858,682                               |
| Intangible assets  |      | 271,639                                 | 264,055                                | 219,983                               |
| Property, plant and equipment                                  |      | 174,047                                 | 202,371                                | 190,619                               |
| Investment properties  |      | 425,855                                 | 478,585                                | 378,531                               |
| Non-current assets held for sale                               |      | 26,293                                  | 19,432                                 | 4,494                                 |
| Income tax assets, of which:                                   |      | 303,322                                 | 335,920                                | 374,609                               |
| receivables relating to current income tax                     |      | 5,012                                   | 4,031                                  | 13,215                                |
| deferred tax assets  |      | 298,310                                 | 331,889                                | 361,394                               |
| Other assets   |      | 622,859                                 | 1,235,094                              | 731,464                               |
| <b>TOTAL ASSETS</b>  |      | <b>69,144,495</b>                       | <b>71,762,389</b>                      | <b>67,864,530</b>                     |
| <b>LIABILITIES AND EQUITY</b>                                  |      |   |  |                                       |
| <b>Liabilities</b>   |      |   |  |                                       |
| Amounts due to banks and financial institutions                |      | 2,334,721                               | 3,457,657                              | 4,451,229                             |
| Derivative financial instruments                               |      | 1,207,051                               | 1,519,279                              | 742,340                               |
| Amounts due to customers                                       |      | 55,766,770                              | 55,812,803                             | 53,092,293                            |
| Debt securities issued   |      | 2,487,234                               | 2,829,820                              | 3,313,904                             |
| of which subordinated debt                                     |      | 2,342,948                               | 2,124,286                              | 2,092,427                             |
| Other liabilities  |      | 2,117,365                               | 3,037,409                              | 1,179,955                             |
| Provisions   |      | 22,128                                  | 21,721                                 | 23,355                                |
| <b>Total liabilities</b>                                       |      | <b>63,935,269</b>                       | <b>66,678,689</b>                      | <b>62,803,076</b>                     |
| <b>Equity</b>  |      |   |  |                                       |
| Share capital  |      | 2,411,630                               | 2,650,143                              | 2,650,143                             |
| Retained earnings  |      | 235,992                                 | 224,325                                | 581,764                               |
| Net profit   |      | 117,840                                 | 12,786                                 | -                                     |
| Other capital  |      | 2,443,764                               | 2,196,446                              | 1,829,547                             |
| <b>Total equity</b>  |      | <b>5,209,226</b>                        | <b>5,083,700</b>                       | <b>5,061,454</b>                      |
| <b>TOTAL LIABILITIES AND EQUITY</b>                            |      | <b>69,144,495</b>                       | <b>71,762,389</b>                      | <b>67,864,530</b>                     |

Details for restatement of comparative data for 2015 are presented in Note IV 1.1.



#### 4. Interim standalone statement of changes in equity

| 2016<br>unaudited                              | Share capital    | Retained earnings | Net profit     | Other capital    |                     |                        | Total equity     |
|--|------------------|-------------------|----------------|------------------|---------------------|------------------------|------------------|
|  |                  |                   |                | Reserve capital  | Revaluation reserve | Other capital reserves |                  |
|  |                  |                   |                | PLN thousand     | PLN thousand        | PLN thousand           |                  |
| <b>As at 01.01.2016</b>                        | <b>2,650,143</b> | <b>1,119</b>      | <b>-</b>       | <b>2,277,449</b> | <b>(121,574)</b>    | <b>40,571</b>          | <b>4,847,708</b> |
| Adjustments for changes in accounting policies | -                | 235,992           | -              | -                | -                   | -                      | 235,992          |
| <b>As at 01.01.2016 after adjustment</b>       | <b>2,650,143</b> | <b>237,111</b>    | <b>-</b>       | <b>2,277,449</b> | <b>(121,574)</b>    | <b>40,571</b>          | <b>5,083,700</b> |
| Comprehensive income for the period            | -                | -                 | 117,840        | -                | 7,686               | ,                      | 125,526          |
| Reduction of the share capital                 | (238,513)        | -                 | -              | -                | -                   | 238,513                | -                |
| Distribution of last year profit               | -                | (1,119)           | -              | 1,119            | -                   | -                      | -                |
| <b>As at 30.09.2016</b>                        | <b>2,411,630</b> | <b>235,992</b>    | <b>117,840</b> | <b>2,278,568</b> | <b>(113,888)</b>    | <b>279,084</b>         | <b>5,209,226</b> |

On 25 February 2016 the Financial Supervision Authority approved the changes to the Banks' Articles of Association as regard the reduction the share capital by the amount of PLN 238,513 thousand, from the amount of PLN 2,650,143 thousand to the amount of PLN 2,411,630 thousand by reduction of the nominal value of one share from PLN 1.00 to PLN 0.91. Sums resulting from the share capital reduction were transferred to a separate reserve fund.

| 2015<br>unaudited                   | Share capital    | Retained earnings | Net profit     | Other capital    |                     |                        | Total equity     |
|-------------------------------------|------------------|-------------------|----------------|------------------|---------------------|------------------------|------------------|
|                                     |                  |                   |                | Reserve capital  | Revaluation reserve | Other capital reserves |                  |
|                                     |                  |                   |                | PLN thousand     | PLN thousand        | PLN thousand           |                  |
| <b>As at 01.01.2015</b>             | <b>2,650,143</b> | <b>322,347</b>    | <b>-</b>       | <b>1,955,102</b> | <b>(166,126)</b>    | <b>40,571</b>          | <b>4,802,037</b> |
| Comprehensive income for the period | -                | -                 | 181,960        | -                | (21,933)            | -                      | 160,027          |
| Distribution of last year profit    | -                | (322,347)         | -              | 322,347          | -                   | -                      | -                |
| <b>As at 30.09.2015</b>             | <b>2,650,143</b> | <b>-</b>          | <b>181,960</b> | <b>2,277,449</b> | <b>(188,059)</b>    | <b>40,571</b>          | <b>4,962,064</b> |

## 5. Interim standalone statement of cash flows

|  | 01.01.2016-<br>30.09.2016<br>Note<br>(unaudited)<br>PLN thousand | 01.01.2015-<br>30.09.2015<br>(unaudited<br>restated)<br>PLN thousand |
|--|--|--|
| <b>Cash flow from operating activities</b>                               |  |  |
| Net profit   | 117,840  | 190,102  |
| Adjustments:   | 763,362  | 701,441  |
| Amortisation and depreciation  | 58,481   | 49,588   |
| Share of (profits)/ losses of associates                                 | 10,520   | (8,142)  |
| (Gains)/ losses from investing activities                                | (112,161)  | (7,040)  |
| Interests and dividends  | 40,657   | 103,825  |
| Change in amounts due from banks and financial institutions              | 1,168,672  | (729,794)  |
| Change in derivative financial instruments (assets)                      | 52,252   | 52,356   |
| Change in financial assets measured at fair value through profit or loss | 4,935  | (86)   |
| Change in loans and advances to customers                                | 2,832,321  | (932,988)  |
| Change in available-for-sale financial instruments                       | (2,116,745)  | (733,859)  |
| Change in held to maturity financial instruments                         | (14,610)   | (2,197)  |
| Change in deferred tax assets  | 33,579   | 41,710   |
| Change in other assets   | 612,235  | (215,642)  |
| Change in amounts due to banks and financial institutions                | (578,461)  | (877,903)  |
| Change in derivative financial instruments (liabilities)                 | (294,726)  | 760,208  |
| Change in amounts due to customers                                       | (46,033)   | 3,198,323  |
| Change in debt securities issued   | (2,494)  | (5,919)  |
| Change in other liabilities  | (920,044)  | (20,332)   |
| Change in provisions   | 407  | (3,443)  |
| Other adjustments  | 35,558   | 22,149   |
| Income tax paid  | (981)  | (866)  |
| Current tax expense  | -  | 3,351  |
| <b>Net cash flows from operating activities</b>                          | <b>881,202</b>   | <b>883,401</b>   |
| <b>Cash flows from investing activities</b>                              |  |  |
| Sale of shares in a subsidiary, associate and joint ventures             | 157,434  | 47,419   |
| Sale of intangible assets and property, plant and equipment              | 100,464  | 9,808  |
| Sale of investments in financial instruments                             | -  | 10,000   |
| Dividends received   | 82,139   | 31,727   |
| Acquisition of shares in a subsidiary                                    | (107,651)  | (85,399)   |
| Purchase of intangible assets and property, plant and equipment          | (105,728)  | (182,379)  |
| Purchase of investments in financial instruments                         | (11,205)   | (67,403)   |
| Interest received on investments in financial instruments                | 2,334  | 1,405  |
| <b>Net cash flows used in investing activities</b>                       | <b>117,787</b>   | <b>(234,822)</b>   |
| <b>Cash flows from financing activities</b>                              |  |  |
| Proceeds from issue of debt securities                                   | 220,000  | 463,000  |
| Proceeds from loans taken  | -  | 107,060  |
| Repayment of loans   | (544,475)  | -  |
| Redemption of issued debt securities                                     | (560,092)  | (777,300)  |
| Interest paid  | (125,130)  | (136,957)  |
| <b>Net cash flows used in financing activities</b>                       | <b>(1,009,697)</b>   | <b>(344,197)</b>   |
| Net increase/(decrease) in cash and cash equivalents                     | (10,708)   | 304,382  |
| Cash and cash equivalents at the beginning of the period                 | 2,757,246  | 2,908,960  |
| <b>Cash and cash equivalents at the end of the period</b>                | <b>2,746,538</b>   | <b>3,213,342</b>   |

## **IV. NOTES TO INTERIM CONDENSED STANDALONE FINANCIAL STATEMENTS**

### **1. Basis of preparation**

The interim condensed standalone financial statements of Getin Noble Bank S.A. have been prepared for the 6-month period ended 30 September 2016 and include the comparative data for the 9-month period ended 30 September 2015 and as at 31 December 2015.

The interim condensed standalone financial statements have been prepared in accordance with the International Financial Reporting Standards ('IFRS') adopted by the EU, in particular in accordance with IAS 34.

Accounting policies used to prepare the interim condensed standalone financial statements are consistent with those that were used to prepare the Bank's annual financial statements for the year ended 31 December 2015 except for new standards and interpretations relating to reporting periods beginning on or after 1 January 2016 described in the note II 5.4 of the Getin Noble Bank Group's interim condensed consolidated financial statements presented in this report.

On 1 January 2016 the Bank changed the accounting rules (policies) on the recognition of investments in associates in connection with the entry into force of the revised IAS 27. As a result, investments in associates recognized at cost so far, after the change are recognized under the equity method, under which, on initial recognition the investment is recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The investor's share of the investee's profit or loss is recognised in the investor's profit or loss, and the investor's other comprehensive income includes the investor's share of the investee's other comprehensive income. If an investor's share of losses of an associate equals or exceeds its interest in the associate or joint venture, the investor discontinues recognising its share of further losses.

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

At the end of each reporting period, the Bank will assess the existence of circumstances indicating the impairment of net investment in the associate. If such evidence exists, the Bank will estimate 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 Bank recognises impairment losses in the income statement.

Change in accounting policy is applied retrospectively in accordance with IAS 8, therefore, the Bank adjusted the opening balance of the carrying value of investments in associates as well as equity, as if the amended rules (policy) had always been applied. Restatement of comparative data is presented in the note IV. 1.1.

Moreover, the accounting policies used to prepare the financial statements of the Bank are the same as used for the purpose of preparing the Getin Noble Bank Group's consolidated financial statements except for the valuation of subsidiaries valued at cost.

The interim condensed standalone financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Getin Noble Bank S.A. financial statements for the year ended 31 December 2015.

These interim condensed standalone financial statements has been approved by the Management Board of the Bank on 9 November 2016. The Bank as a parent company prepared also the consolidated financial statements of Getin Noble Bank S.A. Capital Group that were approved on 9 November 2016.

## 1.1. Changes in accounting policies – restatement of comparative data

Accounting policies were presented in the financial statements of the Getin Noble Bank S.A. for the year ended 31 December 2015 which was approved on 18 March 2016 and is available on the website <http://gnb.pl/>.

Since 1 January 2016 the Bank changed the accounting policies on the recognition of investments in associates in connection with the entry into force of the revised IAS 27.

The comparative data for the 9-month period ended 30 September 2015 presented in these interim condensed standalone financial statements have been restated to present changes in accounting policies and presentation changes introduced by the Bank in 2016.

### *Change in accounting policy*

In connection with the entry into force of the revised IAS 27 Separate Financial Statements, since 1 January 2016 the Bank changed the accounting policies on the recognition of investments in associates. Until 31 December 2015 investments in associates in the separate financial statements were measured at cost. Since 1 January 2016 with respect to the accounting for investments in associates the Bank applies the equity method as defined in IAS 28.

Change in accounting policy is applied retrospectively in accordance with IAS 8, therefore, the Bank adjusted the opening balance of the carrying value of investments in associates as well as equity, as if the amended rules (policy) had always been applied. In the opinion of the Bank application of the equity method for valuation of investments in associates will better reflect the value of those investments in the financial statements of the Bank – making the presentation more useful and reliable, moreover the change ensures coherent approach to the valuation of investments in associates in separate financial statements of the Bank and in the consolidated financial statements of the Getin Noble Bank S.A. Capital Group.

The impact of changes in accounting policies on comparative data presented in these interim condensed financial statements, are presented below:

### *Presentation change of comparative data for the period of 1.01.2015-30.09.2015 and as at 31.12.2015.*

| Item in the standalone income statement<br>for the period of 01.01.2015 - 30.09.2015 | Data before restatement |              | Restated data |
|--|-------------------------|--------------|---------------|
|  | PLN thousand            | PLN thousand | PLN thousand  |
| Share in profits (losses) of associates under the equity method                      | -                       | 8,142        | 8,142         |

### *Presentation change of comparative data in statement of financial position as at 31.12.2015r.*

| Statement of financial position<br>as at 31. 12. 2015      | Data before restatement |              | Restated data |
|--|-------------------------|--------------|---------------|
|  | PLN thousand            | PLN thousand | PLN thousand  |
| Loans and advances to customers                            | 50,519,167              | (63,700)     | 50,455,467    |
| Investments in subsidiaries, associates and joint ventures | 1,013,776               | 307,970      | 1,321,746     |
| Amounts due to customers                                   | 55,804,525              | 8,278        | 55,812,803    |
| Retained earnings  | -                       | 224,325      | 224,325       |
| Net profit   | 1,119                   | 11,667       | 12,786        |

## GETIN NOBLE BANK S.A.

Interim condensed standalone financial statements for the 9-month period  
ended 30 September 2016  
(data in PLN thousand)



Presentation change of comparative data in statement of financial position as at 1.01.2015r. (opening balance)

| Statement of financial position<br>as at 01. 01. 2015      | Data before<br>restatement |              | Restated<br>data |
|--|----------------------------|--------------|------------------|
|  | PLN thousand               | PLN thousand | PLN thousand     |
| Loans and advances to customers                            | 49,174,999                 | (60,643)     | 49,114,356       |
| Investments in subsidiaries, associates and joint ventures | 527,814                    | 330,868      | 858,682          |
| Amounts due to customers                                   | 53,081,485                 | 10,808       | 53,092,293       |
| Retained earnings  | 322,347                    | 259,417      | 581,764          |

## 2. Investments in subsidiaries, associates and joint ventures

Getin Noble Bank S.A. owns shares in the following subordinated entities:

| 30.09.2016   | The percentage<br>share / Voting<br>rights held by the<br>Bank | Gross value<br>PLN thousand | Impairment<br>allowances<br>PLN thousand | Carrying value<br>PLN thousand |
|--|--|-----------------------------|--|--------------------------------|
|  | Noble Funds Towarzystwo Funduszy Inwestycyjnych S.A.           | 70.03%                      | 44,174                                   |                                |
| Noble Concierge sp. z o. o.  | 100%   | 469                         |  | 469                            |
| Noble Securities S.A.  | 100%   | 41,742                      |  | 41,742                         |
| Sax Development sp. z o. o.  | 100%   | 105,005                     |  | 105,005                        |
| BPI Bank Polskich Inwestycji S.A.  | 100%   | 57,084                      |  | 57,084                         |
| Property Fundusz Inwestycyjny Zamknięty Aktywów<br>Niepublicznych          | 100%   | 374,997                     | (19,700)                                 | 355,297                        |
| ProExpert Sp. z o. o.  | 100%   | 13                          |  | 13                             |
| LAB Sp. z o.o. sp.k.   | 100%   | 13                          |  | 13                             |
| Debtor Niestandaryzowany Sekurytyzacyjny Fundusz<br>Inwestycyjny Zamknięty | 100%   | 425,652                     |  | 425,652                        |
| <b>Total investments in subsidiaries</b>                                   |  | <b>1,004,149</b>            | <b>(19,700)</b>                          | <b>1,029,449</b>               |
| Open Finance S.A.  | 42.15%   | 332,789                     | (10,800)                                 | 321,989                        |
| <b>Total investments in associates</b>                                     |  | <b>332,789</b>              | <b>(10,800)</b>                          | <b>321,989</b>                 |
| <b>Total investment in subordinated entities</b>                           |  | <b>1,381,938</b>            | <b>(30,500)</b>                          | <b>1,351,438</b>               |

On 10 February 2016 Getin Noble Bank S.A. signed an agreement with LC Corp. BV to sell 50.72% of owned shares in Getin Leasing S.A. Closing of the transaction took place on 29 February 2016.

Presented below is the settlement of a Bank's result on sale of the shares of Getin Leasing S.A.:

|                              | 01.01.2016-<br>30.09.2016<br>PLN thousand |
|------------------------------|---|
| Revenue from sales of shares | 180,043                                   |
| Book value of shares sold    | (14,235)                                  |
| Transaction costs            | (202)                                     |
| <b>Profit before tax</b>     | <b>165,606</b>                            |
| Income tax                   | (31,465)                                  |
| <b>Net profit</b>            | <b>134,141</b>                            |

On 29 April 2016 the Bank completed the sale transaction of 3 packages of 9993 shares of Noble Funds TFI S.A. each constituting 29.97% of its share capital for a total amount of PLN 63 million. Following the transaction the Bank recognised profit before tax in the amount of PLN 44 million.

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Presented below is the settlement of a Bank's result on sale of the shares of Noble Funds Towarzystwo Funduszy Inwestycyjnych S.A.

| Sale of shares of Noble Funds Towarzystwo Funduszy Inwestycyjnych S.A |  | 01.01.2016-<br>30.09.2016<br>PLN thousand |
|---|--|---|
| Revenue from sales of shares  |  | 62,931                                    |
| Book value of shares sold   |  | (18,902)                                  |
| Transaction costs   |  | (31)                                      |
| <b>Profit before tax</b>  |  | <b>43,998</b>                             |
| Income tax  |  | (8,360)                                   |
| <b>Net profit</b>   |  | <b>35,638</b>                             |

### 3. Seasonality of operations

There are not any significant seasonal fluctuation factors in the Bank activities and thus the presented results of the Bank are not subject to significant fluctuations during the year.

### 4. Dividends paid and proposed

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

On 18 April 2016 the General Shareholders Meeting of Getin Noble Bank S.A. decided to allocate the Bank's full profit for the year 2015 to increase the reserve capital.

### 5. Capital ratio

As at 30 September 2016 the capital ratio was calculated in accordance with the Regulation of the European Parliament and of the Council (EU) No 575/2013 of 26 June 2013 on prudential requirements and investment firms (CRR).

|                                   | 30.09.2016       | 31.12.2015<br>restated |
|-----------------------------------|------------------|------------------------|
|                                   | PLN thousand     | PLN thousand           |
| Tier 1 capital                    | 5,016,277        | 4,899,158              |
| Tier 2 capital                    | 1,389,089        | 1,472,065              |
| <b>TOTAL OWN FUNDS</b>            | <b>6,405,366</b> | <b>6,371,223</b>       |
| <b>TOTAL CAPITAL REQUIREMENTS</b> | <b>3,216,976</b> | <b>3,607,207</b>       |
| <b>CAPITAL RATIOS</b>             |                  |                        |
| Tier 1 capital ratio              | 12.5%            | 10.9%                  |
| Total capital ratio               | 15.9%            | 14.1%                  |

On 22 October 2015 the Polish Financial Supervision Authority (KNF) announced the banks introducing the additional security buffer increasing requirements for capital ratios by 1.25 percentage points.

The Polish Financial Supervision Authority on the basis of an assessment in accordance with Article 39 paragraph 1 of the Act of 5 August 2015 on macro-prudential oversight of the financial system and crisis management in the financial sector imposed on Getin Noble Bank S.A. on an individual and consolidated basis a buffer of other systemically important institution in the amount 0.25% of the total risk exposure calculated in accordance with Article 92 paragraph 3 of the EU Regulation No. 575/2013.

On 20 October 2016, Getin Noble Bank S.A. received from the Polish Financial Supervision Authority the decision recommending that the Bank should maintain an additional capital requirement in order to secure the risk arising from foreign currency mortgage loans to households at the level of 1.89 p.p. above the level of Total capital ratio (TCR). Additional capital requirement should consist of at least 75% of Tier 1 (equivalent of 1,42 p.p.) and of at least 56% of core Tier I capital (equivalent of 1,06 p.p.).

It means that, as at the date of publication of this report, the minimum capital ratios taking into account the additional capital requirement recommended by the Commission are as follows:

- Tier 1 Capital ratio T1= 11.92%
- Total capital ratio TCR= 15.39%

As at 30 September 2016 the Bank achieved the required level of capital ratios.

## 6. Related party transactions

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

Related entities, within its operations, hold current accounts in Getin Noble Bank S.A., on which they carry out clearing operations and deposit cash on term deposits. Within loan activities to related parties, the Bank applies standard loan conditions:

- transactions are concluded in accordance with accepted by the Bank rules and conditions,
- the assessment of reliability of related entities, is based on rules applicable during the assessment of creditworthiness of the Bank's other customers,
- the rules for funding transactions hedge are in accordance with the instruction of legal hedge applicable in the Bank,
- the Bank applies general rules of monitoring of payments and rules of termination of agreements and receivables collection.

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

All of transactions between the Bank and its related parties, except agreements described below, resulted from operating activities of the Bank.

### *Sale of shares of Getin Leasing S.A.*

On 10 February 2016 Getin Noble Bank S.A. signed an agreement with LC Corp. BV to sell 50.72% of owned shares in Getin Leasing S.A. Closing of the transaction took place on 29 February 2016, thus as at 30 September 2016 the Group has no investment in joint venture. The final price agreed by the parties amounted to PLN 180 million.

### *Sale of shares of Noble Funds TFI S.A.*

On 29 April 2016 the Bank completed the sale transaction of 3 packages of 9993 shares of Noble Funds TFI S.A. each constituting 29.97% of its share capital, two of which were sold to related parties: Open Finance S.A. and RB Investcom.

### *Final settlement of the securitization transaction*

In April the Bank made a final settlement and closed the securitization transaction of the portfolio of car loans, carried out in December 2012 with the special purpose entity – GNB Auto Plan Sp. z o.o.

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(data in PLN thousand)



### *Sale of portfolio of receivables*

In the first 9 months of 2016 the Bank sold to Idea Bank S.A. the portfolio of unimpaired lease receivables at the nominal value of PLN 660 million.

## 7. Other additional information

Other additional information, relevant to the proper assessment of the financial position and results of the Bank are described in interim condensed consolidated financial statements of Getin Noble Bank S.A. Capital Group, which is part of this report.

## 8. Subsequent events

On 10 October 2016 the Bank received the decision of the Polish Financial Supervision Authority on the identification of Getin Noble Bank as other systemically important institution and impose on the Bank (consolidated and standalone) a buffer in the amount equivalent to 0.25% of the total risk exposure calculated in accordance with Article 92 paragraph 3 of the EU Regulation No. 575/2013.

On 28 October 2016 the Bank received a notification from the Bank Guarantee Fund of the guarantee condition fulfilment for Spółdzielczy Bank in Nadarzyn and that Getin Noble Bank S.A. has to make the mandatory deposit in the amount of PLN 7.7 million intended for the payment for guaranteed depositors of Spółdzielczy Bank in Nadarzyn.

On 20 October 2016 Getin Noble Bank S.A. received from the Polish Financial Supervision Authority a decision with recommendation to maintain additional capital requirement to cover the risk arising from foreign currency mortgage loans to households at a level of 1.89 p.p. over the value of the total capital ratio (TCR). Additional capital requirement should consist of at least 75% of Tier I capital (which corresponds to a capital requirement at the level of 1.42 p.p.) and at least 56% of the core Tier I capital (which corresponds to a capital requirement at the level of 1.06 p.p.). So far, the Bank pursued the recommendation of the PFSA concerning the maintenance of own funds to cover the additional capital to cover the risk arising from foreign currency mortgage loans to households amounting to 2.03 p.p., which should consist of at least 75% of Tier I capital (corresponding to 1.52 pp).

After 30 September 2016 there were no events which were not disclosed in these financial statements which may significantly impact the financial results of Getin Noble Bank S.A. for the 9-month period ended 30 September 2016 as well as the future financial results of the Bank.



## GETIN NOBLE BANK S.A.

Interim condensed standalone financial statements for the 9-month period  
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(data in PLN thousand)



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

\_\_\_\_\_  
Krzysztof Rosiński  
*President of the Management Board*

\_\_\_\_\_  
Artur Klimczak  
*Vice President of the Management Board*

\_\_\_\_\_  
Krzysztof Basiaga  
*Member of the Management Board*

\_\_\_\_\_  
Marcin Dec  
*Member of the Management Board*

\_\_\_\_\_  
Karol Karolkiewicz  
*Member of the Management Board*

\_\_\_\_\_  
Radosław Stefurak  
*Member of the Management Board*

\_\_\_\_\_  
Maciej Szczechura  
*Member of the Management Board*

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

\_\_\_\_\_  
Beata Kisielewska  
*Director of Accounting Department*

Warsaw, 9 November 2016

## V. DIRECTORS' REPORT OF THE CAPITAL GROUP AND THE ISSUER

### Selected financial data

| Consolidated income statement                                  | 01.07.2016-<br>30.09.2016 | 01.01.2016-<br>30.09.2016 | 01.07.2015-<br>30.09.2015 | 01.01.2015-<br>30.09.2015 |
|--|---------------------------|---------------------------|---------------------------|---------------------------|
|  | unaudited<br>PLN thousand | unaudited<br>PLN thousand | unaudited<br>PLN thousand | unaudited<br>PLN thousand |
| Net interest income  | 328,863                   | 977,921                   | 300,659                   | 856,558                   |
| Net fee and commission income                                  | 28,936                    | 89,701                    | 82,113                    | 266,091                   |
| Profit (loss) before tax                                       | (27,955)                  | (32,017)                  | 48,507                    | 268,539                   |
| Net profit (loss)  | (25,611)                  | (41,549)                  | 40,982                    | 249,749                   |
| Net profit (loss) attributable to equity holders of the parent | (26,545)                  | (43,681)                  | 40,982                    | 239,570                   |
| Total comprehensive income for the period                      | (55,150)                  | (34,132)                  | 15,899                    | 227,820                   |

| Consolidated income statement                                  | 01.07.2016-<br>30.09.2016 | 01.01.2016-<br>30.09.2016 | 01.07.2015-<br>30.09.2015 | 01.01.2015-<br>30.09.2015 |
|--|---------------------------|---------------------------|---------------------------|---------------------------|
|  | unaudited<br>EUR thousand | unaudited<br>EUR thousand | unaudited<br>EUR thousand | unaudited<br>EUR thousand |
| Net interest income  | 75,682                    | 223,842                   | 71,462                    | 205,978                   |
| Net fee and commission income                                  | 6,659                     | 20,532                    | 19,517                    | 63,987                    |
| Profit (loss) before tax                                       | (6,433)                   | (7,329)                   | 11,529                    | 64,576                    |
| Net profit (loss)  | (5,894)                   | (9,510)                   | 9,741                     | 60,057                    |
| Net profit (loss) attributable to equity holders of the parent | (6,109)                   | (9,998)                   | 9,741                     | 57,610                    |
| Total comprehensive income for the period                      | (12,692)                  | (7,813)                   | 3,779                     | 54,784                    |

| Consolidated statement of financial position | 30.09.2016                | 31.12.2015                | 30.09.2016                | 31.12.2015                |
|--|---------------------------|---------------------------|---------------------------|---------------------------|
|  | unaudited<br>PLN thousand | unaudited<br>PLN thousand | unaudited<br>EUR thousand | unaudited<br>EUR thousand |
| Loans and advances to customers              | 46,889,992                | 49,225,014                | 10,874,302                | 11,551,100                |
| Total assets                                 | 68,777,723                | 70,756,469                | 15,950,307                | 16,603,653                |
| Amounts due to customers                     | 55,710,466                | 55,726,221                | 12,919,867                | 13,076,668                |
| Total equity                                 | 5,184,276                 | 5,163,847                 | 1,202,290                 | 1,211,744                 |
| Tier 1 capital                               | 5,042,230                 | 5,054,315                 | 1,169,348                 | 1,186,041                 |
| Tier 2 capital                               | 1,389,089                 | 1,472,065                 | 322,145                   | 345,434                   |
| Total capital ratio                          | 15.9%                     | 14.3%                     | 15.9%                     | 14.3%                     |
| Number of shares                             | 883,381,106               | 883,381,106               | 883,381,106               | 883,381,106               |

## GETIN NOBLE BANK S.A. CAPITAL GROUP

Directors' Report of the Capital Group and the Issuer for the 9-month period ended 30 September 2016



| Standalone income statement               | 01.07.2016-<br>30.09.2016 | 01.01.2016-<br>30.09.2016 | 01.07.2015-<br>30.09.2015 | 01.01.2015-<br>30.09.2015 |
|---|---------------------------|---------------------------|---------------------------|---------------------------|
|   | unaudited<br>PLN thousand | unaudited<br>PLN thousand | unaudited<br>PLN thousand | unaudited<br>PLN thousand |
| Net interest income                       | 319,536                   | 949,541                   | 292,640                   | 825,147                   |
| Net fee and commission income             | 12,891                    | 43,591                    | 69,088                    | 221,563                   |
| Profit before tax                         | (31,812)                  | 149,617                   | 34,175                    | 240,309                   |
| Net profit                                | (26,458)                  | 117,840                   | 27,432                    | 190,102                   |
| Total comprehensive income for the period | (55,767)                  | 125,526                   | 2,345                     | 168,169                   |

| Standalone income statement               | 01.07.2016-<br>30.09.2016 | 01.01.2016-<br>30.09.2016 | 01.07.2015-<br>30.09.2015 | 01.01.2015-<br>30.09.2015 |
|---|---------------------------|---------------------------|---------------------------|---------------------------|
|   | unaudited<br>EUR thousand | unaudited<br>EUR thousand | unaudited<br>EUR thousand | unaudited<br>EUR thousand |
| Net interest income                       | 73,536                    | 217,346                   | 69,556                    | 198,424                   |
| Net fee and commission income             | 2,967                     | 9,978                     | 16,421                    | 53,280                    |
| Profit before tax                         | (7,321)                   | 34,247                    | 8,123                     | 57,787                    |
| Net profit                                | (6,089)                   | 26,973                    | 6,520                     | 45,714                    |
| Total comprehensive income for the period | (12,834)                  | 28,732                    | 557                       | 40,440                    |

| Standalone statement of financial position | 30.09.2016                | 31.12.2015                | 30.09.2016                | 31.12.2015                |
|--|---------------------------|---------------------------|---------------------------|---------------------------|
|  | unaudited<br>PLN thousand | unaudited<br>PLN thousand | unaudited<br>EUR thousand | unaudited<br>EUR thousand |
| Loans and advances to customers            | 47,623,146                | 50,455,467                | 11,044,329                | 11,839,837                |
| Total assets                               | 69,144,495                | 71,762,389                | 16,035,365                | 16,839,702                |
| Amounts due to customers                   | 55,766,770                | 55,812,803                | 12,932,924                | 13,096,985                |
| Total equity                               | 5,209,226                 | 5,083,700                 | 1,208,077                 | 1,192,937                 |
| Tier 1 capital                             | 5,016,277                 | 4,899,158                 | 1,163,330                 | 1,149,632                 |
| Tier 2 capital                             | 1,389,089                 | 1,472,065                 | 322,145                   | 345,434                   |
| Total capital ratio                        | 15.9%                     | 14.1%                     | 15.9%                     | 14.1%                     |
| Number of shares                           | 883,381,106               | 883,381,106               | 883,381,106               | 883,381,106               |

The selected financial figures comprising the basic items of the consolidated and standalone 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 30 September 2016, i.e. 1 EUR = 4.3120 PLN and as at 31 December 2015, i.e. 1 EUR = 4.2615 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 3- and 9-month period ended 30 September 2016 and 2015 (1 EUR = 4.3453 PLN, 1 EUR = 4.3688 PLN and 1 EUR = 4.2073 PLN, 1 EUR = 4.1585 PLN respectively).

## 1. Financial results and financial position of the Capital Group and the Issuer after 9 month of 2016

In the first 9 months of 2016 Getin Noble Bank has been implementing and pursuing a new strategy for the years 2016-2018 and "Plan of a sustained improvement in profitability", reported to the PFSa in March 2016, which meets the requirements of Article 142 of the Banking Law. On 23 September 2016 the Polish Financial Supervision Authority sent a letter to Getin Noble Bank S.A. in which it announced the acceptance of the objectives of the Plan.

The Group successfully performs the assumptions of the new Strategy, including a reconstruction of retail banking, maintaining a leading position in the automotive segment, as well as the digitization of services, which will contribute to the sustainable growth of the Bank's business efficiency and thus improve its profitability. The main actions taken in the third quarter 2016 include:

- reduction the premium cost of deposits in relation to the market – the Bank is gradually reducing the margin paid for the acquisition of new deposits,
- transformation of service network based on a new segmentation of customers – implementation of initiatives arising from the product strategies, trimmed the portfolio of products offered in individual segments, optimization of the sales network, increase in service quality, optimizing internal and external communications, the development of mobile banking,
- continuation of cooperation with the Getin Leasing Group, which will cover both the purchase of receivables, as well as intermediation in the sale of car loans,
- development of business in the local government sector – the value of new loan agreements signed in the first 9 months of 2016 with this sector increased compared to the same period of 2015 by 9%.

One of the main objectives pursued in the three quarters of 2016 within the implementation of the Getin Noble Bank S.A. strategy was a gradual continuation of the program to strengthen the capital position of the Bank in accordance with the guidelines of the Polish Financial Supervision Authority. As at 30 September 2016 the Bank maintained a surplus above the required levels of capital ratios in accordance with the recommendations of the Polish Financial Supervision Authority:

|                      | Required ratio<br>30.09.2016 |              | Achieved ratio<br>30.09.2016 |              |
|----------------------|------------------------------|--------------|------------------------------|--------------|
|                      | standalone                   | consolidated | standalone                   | consolidated |
| Tier 1 capital ratio | 11.77%                       | 11.76%       | 12.47%                       | 12.45%       |
| Total capital ratio  | 15.28%                       | 15.26%       | 15.93%                       | 15.88%       |

In the third quarter of 2016 the Getin Noble Bank Group achieved negative net financial result in the amount of PLN 25.6 million, and cumulatively for the 9-month period of 2016 years a loss of PLN 41.5 million. The net result of the third quarter was lower than that obtained in the second quarter by PLN 27.9 million, which is associated primarily with higher by PLN 56.1 million level of impairment losses on assets.

The total assets of the Group as at the end of September 2016 amounted to PLN 68.8 billion and was lower by PLN 2.0 billion (i.e. by 2.8%) compared to the end of December 2015. The biggest change in assets occurred in value of loans and advances to customers (decrease compared to the end of 2015 by PLN 2.3 billion, i.e. 4.7%), which was primarily the result of actions aimed at reducing risk-weighted assets .

Key elements of the financial result of the Getin Noble Bank S.A. Capital Group in the first 9 months of 2016:

- net interest income amounted to PLN 977.9 million and was higher than in the comparable period of 2015 by PLN 121.4 million (i.e. 14.2%). The increase in net interest income was primarily due to the decrease in interest expense by 21.0% (i.e. PLN 294.2 million), while the drop in interest income by PLN 172.9 million (i.e. 7.7%);
- net fee and commission income amounted to PLN 89.7 million and was lower than the result achieved in the same period of 2015 by PLN 176.4 million (i.e. 66.3%). The decrease is primarily due to obtaining a significantly lower commission income from the sale of insurance and investment products, as well as a temporary self-restraint in terms of sales activities (actions aimed at reducing the capital requirement for credit risk in order to strengthen the capital position of the Bank);
- the result on other financial instruments amounted to PLN 36.0 million and was higher than that achieved in the same period of 2015 by PLN 23.8 million (i.e. 193.7%). In June 2016 the Bank recognized a profit of PLN 22.4 million from the conversion transaction of VISA EUROPE shares on VISA INC;
- in the first half of 2016 Getin Noble Bank S.A. conducted a sale transaction of 50.72% of its shares in Getin Leasing S.A. – the net result of the Group in this respect amounted to PLN 39.7 million;
- administrative expenses of the Group amounted to PLN 646.8 million and decreased compared to the same period of 2015 by PLN 62.5 million, i.e. 8.8%. Reduction in costs is a result of the implemented cost optimization activities under the Program of sustained improvement in the profitability;
- allowances for impairment of financial assets in the amount of PLN 477.7 million were higher compared to the same period last year by PLN 154.5 million, i.e. by 47.8%; in 2015 the Bank realized higher volume of sales of loan portfolios, which resulted in a favourable outcome to the level of impairment allowances compared to the same period of 2016; in the third quarter of 2016 the increase in allowances charged to the income statement was higher than in the second quarter of 2016 by PLN 56.1 million – increase in the level of allowances related mainly to cash loans; in the third quarter of 2016 the Group did not carry out the sale of the loan portfolio and did not realize the positive effects thereof;
- the Group's financial result for the 9-month period of 2016 included a share of negative result of an associate (Open Finance) in the amount of PLN -14.3 million and additionally created write-off in the amount of PLN 10.8 million for the investment in the entity;
- the Group paid tax on certain financial institutions in the amount of PLN 38.3 million;
- value of credit sales during the first 9 months of 2016 was PLN 5.5 billion and was lower by 24% compared to the same period last year. This decrease was mainly due to restriction on sales of loans in connection with the optimization of the risk-weighted assets, in order to achieve the expected levels of the Group's capital adequacy;
- outstanding balance of loans and advances to customers fell in the first 9 months of 2016 by PLN 2.3 billion to the level of PLN 46.9 billion, which is mostly the result of optimization of credit sales and a sale of active loans and purchased loans held in the portfolio. The carrying value of loans and receivables sold by Getin Noble Bank in the first 9 months of 2016 amounted to PLN 806 million.

#### *Impaired loans*

Within the defined indicators of impairment, the Group recognises a condition associated with delays in repayment of more than 3 months, the so-called hard indicators (e.g. swindling of a loan/ credit, termination of the credit agreement, significant financial difficulties of a borrower that lower the counterparty risk categories, customer's death) and the so-

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called soft indicators (e.g. obtaining an information about financial problems of a borrower, job loss, income reduction, not paying debts to other institutions, unknown place of resident or non-disclosure of client assets, loan is disputed by the debtor in court, exposure is in quarantine, another exposure of the same client infecting with impairment within the defined product groups, significant deterioration in results of the assessment scoring, debt restructuring resulting in loss of cash flows).

Currently defined evidence of impairment are not identical with the occurrence of permanent delay in the repayment of the exposure and largely relate to exposures that are and will be repaid regularly and exposure will pay off in full at maturity. The grading of such exposures significantly increases the volume of exposures in the so-called impairment, while their coverage with the write-offs, taking into account the actual risk of default, is significantly lower than other exposures in default. This fact has a direct impact on reducing the total coverage ratio for impaired loans.

| 30.09.2016  | Gross value       | Allowance        | Coverage ratio |
|---|-------------------|------------------|----------------|
| <b>Corporate loans</b>                                    | <b>10,110,747</b> | <b>271,848</b>   | <b>2.7%</b>    |
| <b>Non-impaired loans</b>                                 | 9,345,158         | 18,429           | 0.2%           |
| <b>Impaired loans</b>                                     | 765,589           | 253,419          | 33.1%          |
| overdue 90+   | 412,876           | 234,231          | 56.7%          |
| <i>of which up to 2 years of quantitative default</i>     | 185,467           | 95,633           | 52%            |
| <i>of which from 2 to 4 years of quantitative default</i> | 147,673           | 71,375           | 48%            |
| <i>of which from 4 to 6 years of quantitative default</i> | 46,048            | 36,776           | 80%            |
| <i>of which over 6 years of quantitative default</i>      | 33,688            | 30,447           | 90%            |
| hard evidence of impairment                               | 293,199           | 17,370           | 5.9%           |
| soft evidence of impairment                               | 59,514            | 1,818            | 3.1%           |
| <b>Car loans</b>  | <b>2,254,697</b>  | <b>177,545</b>   | <b>7.9%</b>    |
| <b>Non-impaired loans</b>                                 | 1,927,053         | 7,074            | 0.4%           |
| <b>Impaired loans</b>                                     | 327,644           | 170,471          | 52.0%          |
| overdue 90+   | 257,348           | 160,992          | 62.6%          |
| <i>of which up to 2 years of quantitative default</i>     | 154,344           | 85,080           | 55%            |
| <i>of which from 2 to 4 years of quantitative default</i> | 66,423            | 45,199           | 68%            |
| <i>of which from 4 to 6 years of quantitative default</i> | 22,890            | 17,907           | 78%            |
| <i>of which over 6 years of quantitative default</i>      | 13,691            | 12,806           | 94%            |
| hard evidence of impairment                               | 34,017            | 4,623            | 13.6%          |
| soft evidence of impairment                               | 36,279            | 4,856            | 13.4%          |
| <b>Mortgage loans</b>                                     | <b>32,187,306</b> | <b>1,521,277</b> | <b>4.7%</b>    |
| <b>Non-impaired loans</b>                                 | 27,453,966        | 41,148           | 0.1%           |
| <b>Impaired loans</b>                                     | 4,733,340         | 1,480,129        | 31.3%          |
| overdue 90+   | 2,725,614         | 1,284,745        | 47.1%          |
| <i>of which up to 2 years of quantitative default</i>     | 1,266,731         | 406,125          | 32%            |
| <i>of which from 2 to 4 years of quantitative default</i> | 631,345           | 333,115          | 53%            |
| <i>of which from 4 to 6 years of quantitative default</i> | 634,421           | 401,721          | 63%            |
| <i>of which over 6 years of quantitative default</i>      | 193,117           | 143,784          | 74%            |
| hard evidence of impairment                               | 845,034           | 123,836          | 14.7%          |
| soft evidence of impairment                               | 1,162,692         | 71,548           | 6.2%           |

|  |                   |                  |              |
|--|-------------------|------------------|--------------|
| <b>Retail loans</b>                                | <b>4,970,281</b>  | <b>662,369</b>   | <b>13.3%</b> |
| <b>Non-impaired loans</b>                          | 3,706,269         | 43,911           | 1.2%         |
| <b>Impaired loans</b>                              | 1,264,012         | 618,458          | 48.9%        |
| overdue 90+  | 918,584           | 564,182          | 61.4%        |
| of which up to 2 years of quantitative default     | 689,724           | 386,273          | 56%          |
| of which from 2 to 4 years of quantitative default | 144,988           | 101,080          | 70%          |
| of which from 4 to 6 years of quantitative default | 41,275            | 34,950           | 85%          |
| of which over 6 years of quantitative default      | 42,597            | 41,879           | 98%          |
| hard evidence of impairment                        | 77,528            | 11,791           | 15.2%        |
| soft evidence of impairment                        | 267,900           | 42,485           | 15.9%        |
| <b>Total</b>                                       | <b>49,523,031</b> | <b>2,633,039</b> | <b>5.3%</b>  |

## 2. Factors and events, especially unusual events, significantly affecting financial results

Due to the significant external burdens, which were not related to the Bank's direct operations, and significantly contributed to the net profit of the fourth quarter of 2015, in March 2016 Getin Noble Bank applied to the Polish Financial Supervision Authority for the acceptance of "Plan of sustained improvement in profitability" within the meaning of Article 142 of the Banking Law. On 9 August 2016 the Bank's Management Board and the Supervisory Board approved the revised "Plan of sustained improvement in profitability", which was on 11 August 2016 submitted to the Polish Financial Supervision Authority. On 23 September 2016 the Polish Financial Supervision Authority sent a letter to Getin Noble Bank S.A. in which it announced the acceptance of the objectives of the Plan.

### *Regulatory environment*

- Tax from certain financial institutions – since February 2016 banks are subject to a tax calculated on total assets decreased by PLN 4 billion and the value of own funds and purchased government bonds; this tax is not considered deductible for the corporate income tax; in the period not yet covered by "Plan of sustained improvement in profitability", i.e. in the first quarter of 2016, the Group was charged PLN 38.3 million of tax from certain financial institutions, which has been recognized in the income statement.
- contribution to the Bank Guarantee Fund – in 2016 total fees for BFG have increased compared to 2015 – from 0.239% to 0.246% of the total risk exposure.

### *Sale of shares in Getin Leasing S.A.*

On 10 February 2016 Getin Noble Bank S.A. signed an agreement with LC Corp B.V. to sell 50.72% of owned shares in Getin Leasing S.A. As at 30 September 2016 the Group has no investments in joint ventures.

The Group's financial result for the 9-month period of 2016 includes the net profit arising from the sale of Getin Leasing S.A. in the amount of PLN 39.7 million.

### *Sale of shares in Noble Funds TFI S.A.*

On 29 April 2016 the Bank completed the sale transaction of 3 packages of 9993 shares of Noble Funds Towarzystwo Funduszy Inwestycyjnych S.A. each constituting 29.97% of its share capital. The final price agreed by the parties was PLN 63 million. The transaction had no impact on the net financial result of the Getin Noble Bank S.A. Capital Group.

*Capital adequacy*

An important element that has an impact on the Bank's financial result in 2016 was the improvement of the capital base in order to achieve the levels of capital ratios in the amount expected by the Polish Financial Supervision Authority.

The expected value of capital ratios takes into account:

- value of the conservation buffer of 1.25 p.p. in terms of capital ratio based on Tier 1 capital ratio (CET 1) and the total capital ratio (TCR) applicable in that amount from 1 January to 31 December 2016 – resulting from the provisions of the Act of 5 August 2015 on macro-prudential oversight of the financial system and crisis management in the financial system,
- individual additional capital requirements in terms of the Bank's own funds to cover risks associated with the portfolio of foreign currency mortgage loans to households; on the basis of an individual recommendation of the PFSA dated 23 October 2015, by the end of September 2016 applicable additional offsets amounted to: 2.03 p.p. for the total capital ratio (TCR), and 1.52 p.p. for the level of Tier I capital (CET 1) in terms of standalone figures. On 18 October 2016 the PFSA sent a letter to the Bank, where it recommended to maintain an additional capital requirement at the level of 1.89 p.p. over the value of the total capital ratio and 1.42 p.p. over the value of capital ratio Tier I – a change of individual additional capital requirements was based on the assessment of internal capital adjustment to the scale of risk existing in the GNB activity.

Ratios required on a consolidated basis to achieve from 30 June 2016 and applicable as at 30 September 2016 were the following:

- Tier 1 capital ratio (CET 1): 11.76%,
- total capital ratio (TCR): 15.26%.

Performing the capital plan designed to meet the expected requirements, the Group at the end of September 2016 achieved the capital adequacy ratios (both on a consolidated basis and at the Bank's standalone level) above the levels expected by the Polish Financial Supervision Authority.

The ratios for the Group at the end of September 2016 amounted to:

- Tier 1 capital ratio (CET 1): 12.4%,
- total capital ratio (TCR): 15.9%.

*Currency market*

At the turn of 2015 and 2016 significant changes in the exchange rate of PLN against EUR were observed. The EUR/PLN exchange rate on 21 January 2016 reached the maximum level of 4.4987 over the four years preceding that date.

In the second quarter of 2016 the banking sector in Poland was affected by the turmoil in the financial markets. Particularly dynamic was the end of the half-year, which brought significant changes in exchange rates strengthened by the result of a referendum in the UK (Brexit). Victory of supporters to leave the EU by the Great Britain resulted in large movements on the major currencies and the Polish zloty lost decisively to the major currencies, including the Swiss franc. In the following weeks systematic up for the losses by the Polish currency was observed, to which helped the interventions carried out by the European central banks, Swiss Central Bank and the Bank of England. As at the end of September 2016 the exchange rates were 4.3120 for EUR, 3.9802 for CHF and 3.8558 for USD.

Exchange rate for GBP gradually reduced – as at 30 September 2016 it amounted to 4.9962. At the date of publication of this report, GBP exchange rate reached its lowest level since the beginning of 2014 and amounted to 4.7275 on 11 October.



*Other events*

In the 9-month period of 2016 Getin Noble Bank S.A. sold receivables, which consisted of both impaired loans, receivables written off from the Bank's accounts, as well as the portfolio of loans without impairment. The nominal value of the portfolio covered by the assignment agreements totalled to PLN 901.8 million, their carrying value was PLN 805.9 million (of which over 90% was non-impaired portfolio of lease receivables disposed for the purpose of improving capital ratios). All transactions were completed in the first half of the year – in the third quarter the Bank did not carry out any sale of receivables.

The Bank is gradually achieving one of the key strategic objectives, i.e. to reduce the cost of funding and the distance to the comparative banks. Cost of financing is steadily falling, as well as the difference to the average cost of the peer group of Polish banks is reducing. The first 9 months of 2016 was a period with the reported decline in interest rates on new deposits and the entire deposit base. It is so important, because the Bank increased in the first months of the year the balance of deposits – in the context of potential additional short-term liquidity needs related to, among others, increased volatility on exchange rates resulting from the referendum in the UK (Brexit) and making public the information about the entry into Plan of Reorganization. In 9-month period of 2016 the outstanding balance of amounts due to customers decreased by PLN 15.8 million (i.e. by 0.03%), and the decrease in financing costs directly translates into a decrease in interest expense arising from customer deposits.

### 3. Awards and recognitions received

In September 2016 Getin Bank took first place in the prestigious ranking of Newsweek Friendly Bank, winning in the category of "bank for Kowalski". Experts who evaluated the traditional banking, appreciated the kindness, commitment and competence of advisors and effectiveness to perform basic operations. Getin Bank was also awarded in the category "Internet Banking", taking third place. In this area it was assessed ease of navigation through the site, the effectiveness of the channels of contact with the bank and transaction system, as well as new services and functionalities. Newsweek Friendly Bank is the most prestigious ranking of the quality of banking services in Poland. First place in the category of traditional banking is promotion of Getin Bank by 13 positions compared to last year's ranking.

Getin Noble Bank was also on the top in the ranking of banks, prepared by the Polish Association of Developers. This is the fourth consecutive edition of the statement, in which Getin was recognised as the best bank crediting housing investments. Developers distinguished Getin Noble Bank for speed in processing of applications, compliance with the initial conditions, flexibility and partner-like approach to the borrowers. The ranking was based on surveys conducted among member companies of the PAD that assessed banks in terms of cooperation in the field of financing and service. The results were announced in September 2016.

In the third quarter of 2016 products offered by the Bank repeatedly occupied the leading position in the prestigious rankings organized by independent financial products comparison website – TotalMoney.pl. In September 2016 Getin UP Free has been recognized as the best personal account for students. The assessed criteria included, among others, card fee, the cost of withdrawals from all ATMs in the country and bonuses for customers. The Getin Bank's offer for youth customers was unrivaled.

Getin Bank was also at the top of the car loans rankings. In July and August 2016 the Bank's offer was ranked first in both to loans for the purchase of new and used cars. Experts appreciated low total cost of loans and attractive financing conditions. The high position of Getin Bank is thanks to low interest rates and credit costs, as well as favourable monthly

installments. In the September edition of the ranking the Bank remained on the podium, taking first place in category of new cars and second place among the offers for used cars.

Getin Bank was among the leaders in the ranking of the best cash loans for holidays. The awarded offer took second place in the ranking for the external customer, i.e. one that does not yet have a personal account or credit products in Getin Bank. Top place in the standing is thanks to attractive financing conditions and low total cost of a loan.

#### 4. Assessment of financial creditworthiness - ratings

On February 2016 Fitch Ratings informed on reduction of Long-term foreign currency IDR from 'BB' to 'BB-' and National Long-Term Rating from 'BBB(pol)' to 'BBB-(pol)'. Viability Rating was downgraded from 'bb' to 'bb-'. These changes was driven primarily by the introduction of new tax burdens in the form of bank tax. Current ratings of the Bank from Fitch Ratings:

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

On 2 November 2016 Moody's Investors Service announced maintaining the current level of the following ratings of the Bank and reducing prospects for Long-term deposits rating from stable to negative.

| Moody's Investor Service            | rating | outlook  |
|-------------------------------------|--------|----------|
| Baseline credit assessment          | b1     | -        |
| Adjusted baseline credit assessment | b1     | -        |
| Counterparty risk assessment        | Ba1    | -        |
| Long-term deposit rating            | Ba2    | negative |

#### 5. Factors that in the Issuer's opinion will affect its financial results within at least next quarter, including description of main threats and risks

Further results generated by the Capital Group will depend on both internal and external factors.

The Bank's operations will focus on the objectives and tasks set out in the Strategy for the years 2016-2018 and Plan of sustained improvement in profitability.

##### *Regulatory environment*

In October 2016 the Polish Parliament directed the President's bill on the principles of reimbursement of certain debts arising from loans and credit agreements (i.e. the spreads) for further work in the Public Finance Committee. It applies to foreign currency loan agreements entered into from 1 July 2000 to 26 August 2011, that is until the entry of "antispread act". Possible implementation of law changes is a risk of additional burden for the Bank, and its scale will be possible to submit after determining the final shape of the act.

##### *Capital adequacy*

- On 8 August 2016 the Bank has received information that the Polish Financial Supervision Authority, as part of its administrative proceedings in order to identify Getin Noble Bank as other systemically important institution, on the

basis of an assessment performed in accordance with Article 39 paragraph 1 of the Act of 5 August 2015 on macro-prudential oversight of the financial system and crisis management in the financial sector decided to ask the Financial Stability Committee to express an opinion on the identification of the Bank as other systemically important institution and impose on the Bank a buffer in the amount equivalent to 0.25% of the total risk exposure calculated in accordance with Article 92 paragraph 3 of the EU Regulation No. 575/2013.

On 17 August 2016 the Bank was informed about the decision, in which the Committee expressed a positive opinion on identification of Getin Noble Bank S.A. by the PFSA as other systemically important institution and imposition on the Bank by the PFSA (consolidated and standalone) a buffer of other systemically important institution in the amount equivalent to 0.25%.

On 5 October 2016 the PFSA sent a letter to the Bank with a decision about identification of GNB S.A. as other systemically important institution and imposition on the Bank an additional buffer of 0.25 p.p. (consolidated and standalone). The buffer is valid from the date of issue of the decision, i.e. from October 2016.

- On 18 October 2016 the PFSA sent a letter to the Bank, where it recommended to Getin Noble Bank S.A. maintaining own funds to cover the additional capital requirement to cover the risk arising from foreign currency mortgage loans to households at a level of 1.89 p.p. over the value of the total capital ratio, which should consist of at least 75% of Tier I capital (which corresponds to a capital requirement at the level of 1.42 p.p. over the value of Tier I capital ratio, referred to in Art. 92 paragraph 1 point b of the EU Regulation 575/2013 of 25 June 2013 on prudential requirements for credit institutions and investment firms). These are levels lower than those applicable to the Bank until the end of September 2016 based on the decision of the PFSA dated 23 October 2015.

Considering the decisions of the PFSA received in October 2016 in terms of additional capital buffers, the required levels of ratios effective from October 2016 are the following:

- Tier 1 capital ratio (CET 1): 11.92%,
- total capital ratio (TCR): 15.39%.

#### *Foreign exchange and financial market*

The Bank has a significant portfolio of foreign currency and CHF-indexed loans and therefore is sensitive to fluctuations in the exchange rate of the currency. Potential changes in exchange rates in the future might unfavourably affect the Bank's financial results and the level of capital adequacy.

A further decrease in interest rates may adversely affect the financial results and the level of customers' propensity to save in banks for, among other things, investing their savings in investment funds managed by TFI.

In case of competitors' activities of increasing the offered interest rates of customer deposits, the need to adjust pricing to the competition banks will adversely affect the financial results of the Group.

The favourable situation in the economy, including the good financial standing of companies and further reduction of the unemployment rate will positively affect the quality of loan portfolios.

#### *Other events*

- On 20 October 2016 the Polish Financial Supervision Authority decided to suspend the activity of Bank Spółdzielczy in Nadarzyn. On 28 October 2016 the Bank received a notification from the Bank Guarantee Fund of the obligation to pay for the BGF amount allocated for the payment of guaranteed depositors of Bank Spółdzielczy in Nadarzyn.

According to the resolution of the BGF Board the amount of compulsory payment of Getin Noble Bank S.A. is PLN 7.7 million. Possible further events of a similar nature may have a negative impact on the Group's earnings.

- Activities of the Group companies (in particular Noble Securities S.A. and Noble Funds TFI S.A.) are strongly linked with the sentiment prevailing on both the Polish and foreign markets. Unfavourable attitude of customers to invest in the capital market and lower margins due to significant competition among brokerage houses and investment companies, may have a negative impact on the operations and financial results of companies. In the case of recovery on the Stock Exchange it can be expected to improve the results obtained from the brokerage business.
- On 9 August 2016 the Management Board and the Supervisory Board expressed a positive opinion on the intention to commence work on the merger process of a subsidiary Noble Funds Towarzystwo Funduszy Inwestycyjnych S.A. with Open Finance Towarzystwo Funduszy Inwestycyjnych S.A. On 24 August 2016 the plan of merger of Noble Funds Towarzystwo Funduszy Inwestycyjnych S.A. with Open Finance Towarzystwo Funduszy Inwestycyjnych S.A. with its registered office in Warsaw was signed. The merger will take place, pursuant to Article 492 paragraph 1 point 1 of Code of Commercial Companies, by transferring all assets of the Acquired Company to the Acquiring Company (merger by acquisition) with a simultaneous increase of the share capital of Noble Funds TFI through a new share issue, which Noble Funds TFI will give to the shareholders of Open Finance TFI. Following the merger, the shareholders of Open Finance TFI will become shareholders of Noble Funds TFI on the date of merger, i.e. on the day the merger is recorded in the register appropriate for the seat of Noble Funds TFI. In connection with the merger, the shareholders of Open Finance TFI in exchange for shares in Open Finance TFI will be awarded shares of Noble Funds TFI in the following ratio: for 63.8174931 (sixty-three and 8174931/10000000) shares in Open Finance TFI with a nominal value of PLN 1 (one) each, 1 (one) share of Noble Funds TFI with a nominal value of PLN 5 (five) will be awarded.

It is expected that the transaction will close in the first half of 2017. In connection with the planned transaction the Bank expects a loss of control over the merged entity.

## 6. Holdings of shares of the Issuer, or rights to them by managing and supervising persons and the changes that occurred in the period from the previous quarterly report

Holdings of shares of Getin Noble Bank S.A. by Members of the Management Board and Supervisory Board after consolidation in a ratio of 3:1 as at the date of these consolidated quarterly report and changes that occurred in the period from the previous quarterly report are the following:

| Members of the Supervisory and Management Board | Number of the Bank shares on the own account as at the submission date of the report for the year 2015 | Purchase/ (sale) of shares in the reporting period | Number of the Bank shares on the own account as at the submission date of the report for I half of 2016 |
|---|--|--|---|
| Leszek Czarnecki <sup>1)</sup>                  | 88,208,870   | -  | 88,208,870  |
| Remigiusz Baliński                              | 173,844  | -  | 173,844   |
| Krzysztof Rosiński                              | 703,525  | -  | 703,525   |
| Marcin Dec                                      | 124,921  | -  | 124,921   |
| Karol Karolkiewicz                              | 25,579   | -  | 25,579  |
| Radosław Stefurak                               | 42,105   | -  | 42,105  |
| Maciej Szczechura                               | 7,646  | -  | 7,646   |

<sup>1)</sup> To the best knowledge of Mr. Leszek Czarnecki, President of the Supervisory Board, his subordinate entities holds the following shares of the Bank: LC Corp B.V. – 337,237,517 shares, Getin Holding S.A. – 66,771,592 shares, Fundacja Jolanty i Leszka Czarneckich – 1,173,091 shares, RB Investcom Sp. z o.o. – 33,950 shares, Idea Expert S.A. – 2,600 shares.

## 7. Other information

### 7.1. The Management Board's explanation of the differences between actual financial results and previously published forecasts

Getin Noble Bank S.A. did not publish forecasts for 2016.

### 7.2. The Issuer's or Issuer's subsidiaries' significant related party transactions concluded on other than arm's length basis

In the 9-month period of 2016 there were no significant related party transactions concluded on other than arm's length basis by the Issuer or its subsidiaries.

### 7.3. Information on significant transactions of purchase or sale of property, plant and equipment

In the 9-month period of 2016 in the Group there were no significant transaction of purchase or sale of property, plant and equipment. As at 30 September 2016 there were no significant commitments due to the purchase of property, plant and equipment.

### 7.4. Information on impairment allowances for financial assets, property, plant and equipment, intangible assets and other assets, as well as reversals of such allowances

The amount of impairment allowances as at 30 September 2016 is presented in the table below:

|   | 30.09.2016       | 31.12.2015       |
|---|------------------|------------------|
|   | PLN thousand     | PLN thousand     |
| Amounts due from banks and financial institutions | 444              | 1,101            |
| Loans and advances to customers                   | 2,633,039        | 2,372,122        |
| Available-for-sale financial assets               | 10,204           | 11,379           |
| Intangible assets                                 | 16,681           | 16,681           |
| Property, plant and equipment                     | 12,678           | 13,827           |
| Non-current assets held for sale                  | 6,063            | -                |
| Other assets                                      | 24,669           | 23,092           |
| <b>Total impairment allowances for assets</b>     | <b>2,703,778</b> | <b>2,438,202</b> |

In the 9-month period of 2016 the Group reversed write-downs for impairment of other assets in the amount of PLN 190 thousand.

### 7.5. Information on changes in economic and business conditions, which have a significant impact on the fair value of financial assets and financial liabilities of the entity

In the 9-month period of 2016 there were no significant changes in economic and business conditions, which would have a significant impact on the fair value of financial assets and financial liabilities of the entity, regardless of whether those assets and liabilities are recognized at fair value or adjusted purchase price (amortized cost).

## **7.6. Information on significant legal proceedings relating to liabilities or receivables of the Issuer, as well as on significant legal settlements**

No single legal proceeding concerning liabilities or receivables of the Issuer or Issuer's subsidiaries which value would amount to at least 10% of own funds of the Issuer, occurs in the Getin Noble Bank S.A. Group.

There are also no two or more proceedings concerning liabilities or receivables, which total value constitutes at least 10% of the Issuer's own funds.

## **7.7. Information on suretyships of loans and guarantees granted by the Issuer's or Issuer's subsidiaries' exceeding 10% of the Issuer's equity**

In the 9-month period of 2016 the Issuer or Issuer's subsidiaries neither guaranteed credit or loans nor granted guarantees – in total to one entity or subordinate of this entity, if the total value of existing guarantees accounts for at least 10% of the Issuer's equity.

## **7.8. Information on failure to repay a loan or a breach of significant provisions of the loan agreement in respect of which there were no corrective action taken until the end of the reporting period**

In the 9-month period of 2016 in the Getin Noble Bank S.A. Capital Group there was no situation of failure to repay a loan or a breach of significant provisions of loan agreement in respect of which there were no corrective action taken until the end of the reporting period.

## **7.9. For financial instruments measured at fair value – information about changing the way (method) it is determined**

In the 9-month period of 2016 in the Getin Noble Bank S.A. Capital Group there were no changes in valuation rules for financial instruments.

## **7.10. Information on the changes in the classification of financial assets as a result of changes of the objective or use of these assets**

In the 9-month period of 2016 based on internal analysis of the horizon of maintaining investments in the portfolio, the Getin Noble Bank S.A. Group reclassified municipal bonds of the nominal value of PLN 13.8 million from available-for-sale portfolio to the held-to-maturity.

## **7.11. Other information which is in opinion of the Issuer, significant for the assessment of its human resources, economic and financial situation, financial results and their changes, as well as information significant for the assessment of its ability to settle its liabilities**

The Getin Noble Bank S.A. Capital Group entities settle their liabilities on time. No significant changes relating to assessment of companies ability to settle their liabilities were identified.

## 8. Statements of the Management Board

### Truth and fairness of the presented financial statements

According to the best knowledge of the Bank's Management Board, financial data for the 9-month period of 2016 and comparative data presented in the interim condensed standalone financial statements of Getin Noble Bank S.A. and in the interim condensed consolidated financial statements of Getin Noble Bank S.A. Capital Group were prepared in accordance with International Financial Reporting Standards adopted by the EU and reflect truly and fairly the economic and financial situation of the Bank and the Capital Group as well as their financial result.

The Director's report of the Capital Group and the Issuer for the 9-month period of 2016 includes true picture of the Capital Group and Getin Noble Bank S.A. development, achievements and situation, including the description of main threats and risks.

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

\_\_\_\_\_  
Krzysztof Rosiński  
*President of the Management Board*

\_\_\_\_\_  
Artur Klimczak  
*Vice President of the Management Board*

\_\_\_\_\_  
Krzysztof Basiaga  
*Member of the Management Board*

\_\_\_\_\_  
Marcin Dec  
*Member of the Management Board*

\_\_\_\_\_  
Karol Karolkiewicz  
*Member of the Management Board*

\_\_\_\_\_  
Radosław Stefurak  
*Member of the Management Board*

\_\_\_\_\_  
Maciej Szczechura  
*Member of the Management Board*

Warsaw, 9 November 2016