

**CAPITAL GROUP
GETIN HOLDING S.A.**

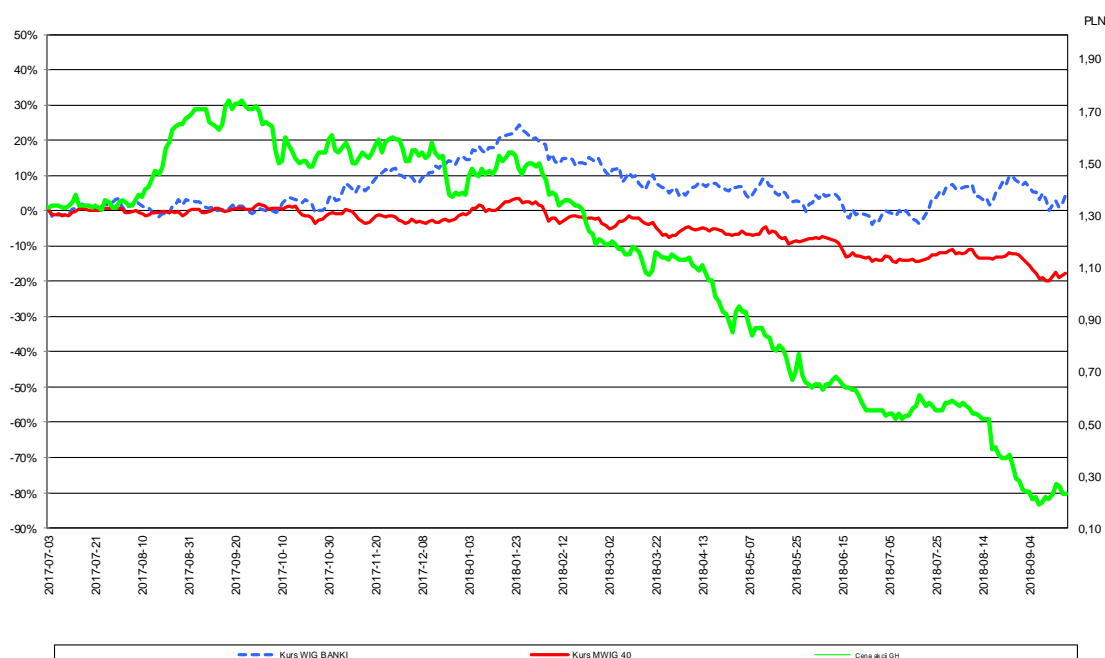
**REPORT ON OPERATIONS OF THE CAPITAL GROUP AND THE ISSUER
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2018**

Wrocław, dated 21 September 2018

1. Operations of the Issuer and Getin Holding Capital Group in H1 2018

a. The main successes and failures of Getin Holding Capital Group in H1 2018

Getin Holding share price:



In H1 2018, Getin Holding carried on pursuing the strategy aimed at the Group's business growth and achieving high return rate from investment of its subsidiaries that provide services in the financial sector. Getin Holding actively affects the strategy and the management of the controlled companies so as to ensure growth of the value of the assets held, their security and to utilize potential synergy opportunities emerging within the Group. The initiatives that it takes have clearly contributed to the Group success in most foreign markets, i.e. in Ukraine, in Romania, or in Russia.

The situation of the Group in Poland has been affected by the events related to GetBack. As a result Idea Bank (Poland), as one of several financial institutions involved in the distribution of GetBack's obligations, suffered considerable share price reduction. The price fell even more after the balance sheet date when Idea Bank (Poland) published the information about impairment loss and provisions. Consequently, the share price of Getin Holding, as the majority shareholder in Idea Bank (Poland), dropped as well.

The provisions and adjustments done by Idea Bank (Poland) and described in p. 2.1. hereinafter which concerned the consolidated and individual results of Idea Bank (Poland) have affected the consolidated result of Getin Holding for H1 2018 proportionally to the share held by Getin Holding in Idea Bank (Poland)

While pursuing the debt reduction the Issuer on 31.01.2018 concluded with Getin International S.A. (the Issuer's subsidiary, controlled in 100%) a debt set-off agreement, whereby the Parties on 31.01.2018 set off the following debt:

- (i) the amount of PLN 217.6 million owed to the Issuer by Getin International due to the compensation for the Issuer, as the sole shareholder in Getin International, in connection with the decrease of the

share capital of Getin International, that was adopted on 10.11.2016 by the Extraordinary General Meeting of Shareholders of Getin International and entered to the KRS Register of Entrepreneurs on 27.07.2017 and

- (ii) the amount of PLN 217.6 million owed to Getin International by the Issuer that comprises PLN 157.4 million loans and PLN 60.3 million debt owed to Getin International by the Issuer pursuant to the agreement dated 05.12.2008 on termination of the contract on sale of share in Carcade.

As at the date of the set-off, all claims arising from the aforementioned debt are deemed to have been satisfied. Consequently, the Issuer reduced its debt by PLN 219.4 million.

b. Description of changes to the Issuer's Capital Group organisation

On 17.01.2018, the increase in the share capital of Getin Investment sp. z o. o. from PLN 70,000 to PLN 130,000 was registered. The increase was effected pursuant to the resolution of the meeting of shareholders dated 12.09.2017.

On 19.03.2018, the Extraordinary General Meeting of Shareholders of Getin Investment Sp. z o. o., based in Wroclaw, the Issuer's subsidiary, in which the Issuer holds 100% stake in the share capital, adopted a resolution concerning winding-up of the company and opening its liquidation. The resolution became effective on the date of its adoption. The opening of the liquidation was reported to the court on 19.03.2018.

The decision on the liquidation was taken due to the fact that Getin Investment Sp. z o. o. had discontinued all business operations. As at the date preceding the liquidation opening date, i.e. 18.03.2018, the balance sheet value of Getin Investment Sp. z o. o. totalled PLN 37,000, and the equity – PLN 24,000

Besides the changes to the structure of companies that belong to segments of Getin Holding Capital Group specified herein below no other changes in the Issuer's structure took place.

The list of consolidated companies is included in item 2.3 of the consolidated financial statement for H1 2018.

c. Description of risks and factors common for the Issuer's Capital Group that in the Issuer's opinion will affect the Capital Group's results in at least next half-year

The business risk range to which Getin Holding Capital Group is exposed largely depends on business cycles in economy. A slump in national economies, where capital investments are being or will be made, may have a negative impact on return on such investments. Fluctuations in the economic situation in markets where the investments are made are currently hardly foreseeable. Getin Holding Group companies adapt their risk management mechanisms to the current economic situation.

In principle, Getin Holding, as a holding company, focuses on its role as a business incubator for start-ups and innovative enterprises. Therefore, the risks and threats include risk related to launching new enterprises.

Furthermore, Getin Holding is exposed to liquidity risk that arises from financing investment assets with debt instruments (bonds) and with loans. The liquidity risk stems from the potential lack of sufficient cash to pay current liabilities or the lack of marketability of assets held by the Issuer or from assuming new liabilities in order to pay current and future liabilities. The liquidity risk is additionally susceptible to market events.

By managing the liquidity risk Getin Holding takes endeavours to prevent cash flow crisis by keeping diversified assets and matching stable financing sources.

Risks to which individual Getin Holding Group companies are exposed, as well as loss of reputation may have a negative impact on performance, generated results and diminishing share price of individual companies.

d. Description of material unusual events or factors that considerably affected Getin Holding Group's financial results

Factors that may influence the Issuer's Capital Group companies may include in particular credit risks, cash flow disruptions or loss of financial liquidity of their clients.

e. Seasonality of the Group's operations in H1 2018

N/A

2. Business operations of Getin Holding Capital Group by segments in H1 2018

2.1 Sector of banking services in Poland

The segment of banking services in Poland within the Issuer's Capital Group in Poland includes Idea Bank Group (Poland) that comprises among others Idea Bank S.A. (that focuses on offering a wide range of loan, savings and deposit products to small and medium-sized companies), Idea Money S.A. (factoring and debt recovery), and Tax Care S.A. (accounting and financial advisory services to small companies). Idea Getin Leasing S.A. (lease of vehicles and machinery) is a company associated with Idea Bank (Poland)

a. Presentation of the segment's financial result for H1 2018

Segment's results:

	kPLN		% Change
	H1 2018	H1 2017	
Net interest income	306 541	410 397	-25,3%
Interest income	528 164	596 334	-11,4%
Interest expense	(221 623)	(185 937)	19,2%
Net fee and commission income	(144 080)	155 665	-
Fee and commission income	195 482	276 072	-29,2%
Fee and commission expense	(339 562)	(120 407)	182,0%
Net operating income	(163 751)	(17 787)	820,6%
Net impairment losses	(158 854)	(144 582)	9,9%
Administrative expenses	(256 833)	(290 218)	-11,5%
Share in net profit of associates	11 632	21 886	-46,9%
Income tax	25 990	(37 965)	-
Net profit	(379 355)	97 396	-

Selected balance sheet items:

	kPLN		% Change
	30.06.2018	30.06.2017	
Balance sheet total	23 873 348	22 843 539	4,5%
Credit and leasing receivables	17 326 596	16 111 363	7,5%
Deposits	19 066 748	16 510 657	15,5%

b. The consequences of changes to the segment structure

In H1 2018, the following changes in the segment structure took place:

On 02.01.2018, the merger of Idea Leasing S.A. and Getin Leasing S.A. was registered. The companies were merged in the procedure envisaged in Art. 492 (1)(1) of the Code of Commercial Companies and Partnerships by transferring all assets of Getin Leasing S.A. to Idea Leasing S.A., without increasing the share capital of the merging company. After the registration, the merging company operates as Idea Getin Leasing S.A.

Before the merger Idea Leasing S.A. held 100% in Getin Leasing S.A.

On 08.03.2018, Idea Bank (Poland) annexed the agreement to sell 100% shares in Tax Care S.A. to Idea Money S.A. and postponed the price payment date till 31.12.2018.

On 20.03.2018, LC Corp BV sold to Getin Noble S.A. 3,040,075 shares in Idea Bank S.A. carrying 3,040,075 votes at General Meetings of Idea Bank, accounting for 3.83% of all votes and 3.88% of the share capital.

After the sale transaction LC Corp BV holds 1,794,103 shares carrying 1,794,103 votes at General Meetings of Idea Bank S.A., accounting for 2.26% of all votes and 2.29% of the share capital.

On 17.05.2018, Idea Investment S.a.r.l. took 49.99% share in MuSE Finance, a company based in GB, for GBP 937,500 (equivalent of PLN 4.6 million). The company's objectives include factoring and electronic money-related services.

c. The main successes and failures of the segment companies in H1 2018

In H1 2018, Idea Bank (Poland) Group made several changes to the estimations of provisions, allowances and adjustments that had a decisive impact on the segments net result. In this scope the Group's result was affected i.a. by the following material one-off events:

- making a provision of 14 million for potential claims of clients arising from the bank's involvement in the process of offering GetBack S.A. bonds;
- making a valuation allowance of PLN 46 million for receivables due from Easydebt Sekuryzacyjny Fundusz Inwestycyjny Zamknięty owned by GetBack S.A.;
- making a provision of PLN 42 million for refunds of commission for investments products with insurance capital fund;
- making a provision of PLN 72 million for refunds of commission for insurance products related to loan contracts;
- making adjustments charging the consolidated and standalone equity as at 31.12.2017 arising from adjustments to income and costs related to insurance products and adjustments to income and costs related to insurance products where delays in contract termination registration were identified;

- Tax Care S.A. goodwill test that revealed revaluation allowance of PLN 144 million, and loss of investment in Open Finance S.A., the associated company.

As a result Idea Bank (Poland) Group reported capital ratios below the rates required by the applicable law, i.e. TCR at 9.77% , and Tier 1 at 8.21%. In consequence, after the balance sheet date, i.e. on 17.08.2018, the parent company set about developing the Capital Protection Plan aiming at restoring the indicators to the rate that allows for meeting the joined buffer requirements. Furthermore, on 24.08.2018, the Idea Bank (Poland) filed with the Financial Supervisory Authority the Capital Protection Plan presenting planned activities aiming at restoring the Bank's and the Group's indicators to the levels required by law regulations. In the opinion of the Idea Bank (Poland) management board, the requirements at the minimum level may be met in 2020. As at the date of the approval hereof the Bank has not received any information whether the Financial Supervisory Authority approved of the Capital Protection Plan.

Liquidity ratios are kept over the regulator's requirements, i.e. NSFR at 135% , and LCR at 162%.

d. Description of risks and factors that in the Issuer's opinion will affect the segment companies' results in at least next half-year

Idea Bank (Poland) operates in Poland, therefore its performance, its financial standing, and growth prospects to a great extent depend on the economic, political, and legislative environment in Poland. Any possible slump in the European economy may have a material negative impact on the condition of entrepreneurs that operate either in the Polish or the European market and who are the bank's main clients. For the operating activities, and also debt recovery related to them, creditworthiness of the bank's clients and their willingness to invest is of the utmost importance.

While running business operations the segment companies, including Idea Bank (Poland), are exposed to risk factors such as credit risks, cash flow disruptions or loss of financial liquidity of their clients.

Furthermore, due to the situation that occurred in Q2 2018 around GetBack S.A., the Group made allowances for receivables related to the aforementioned company. The Bank made allowances of PLN 46 million for payments due from EasyDebt Sekurtyzacyjny Fundusz Inwestycyjny Zamknięty owned by GetBack S.A. amounting to PLN 72 million. Whereas, Idea Money made allowances of PLN 13 million for payments due amounting to PLN 14 million. The bank also decided to make a provision of PLN 14 million for potential claims of clients arising from the Bank's involvement in the process of offering GetBack S.A. bonds. Such potential claims of clients pose also potential reputation risk for Idea Bank Group.

The materialization of reputational risk factors may in turn lead to an increased level of liquidity risk, i.e. the risk of the company not having cash to cover, among others, current and maturing liabilities in the future, which may be caused in particular by the withdrawal of deposits by bank customers.

Another factor that may have a material impact on results generated within at least the following quarter, arises from the agreement executed on 01.08.2018 between Idea Bank S.A. and Getin Noble Bank S.A. on cooperation in the analysis and merger of the banks. Under the agreement both banks shall analyse advantages and costs of the potential merger and take such technical activities as in particular the agreement on the potential merger schedule or structure.

2.2 Segment of banking and debt recovery services Ukraine

The segment of banking and debt recovery services of the Issuer's Capital Group in Ukraine comprises Idea Bank (Ukraine) that offers products and services to individual clients, Gwarant Plus Legal Support (previously SF Gwarant Plus) and Idea Leasing (Ukraine) and New Finance Service Group that comprises New Finance Service and Seret Invest (acquisition, trade and recovery of own and third parties debt and loan and insurance agency).

a. Presentation of the segment's financial result for H1 2018

Segment's result:

	kPLN			kUAH		
	H1 2018	H1 2017	% Change	H1 2018	H1 2017	% Change
Net interest income	66 075	43 260	52,7%	498 930	296 572	68,2%
Interest income	91 333	75 132	21,6%	689 653	515 073	33,9%
Interest expense	(25 258)	(31 872)	-20,8%	(190 722)	(218 501)	-12,7%
Net fee and commission income	17 719	8 681	104,1%	133 796	59 513	124,8%
Fee and commission income	20 797	10 780	92,9%	157 038	73 903	112,5%
Fee and commission expense	(3 078)	(2 099)	46,6%	(23 242)	(14 390)	61,5%
Net operating income	7 092	(1 940)	-	53 551	(13 300)	-
Net impairment losses	(24 397)	(34 727)	-29,7%	(184 221)	(238 074)	-22,6%
Administrative expenses	(32 317)	(22 943)	40,9%	(244 025)	(157 287)	55,1%
Income tax	(6 290)	1 354	-	(47 496)	9 282	-
Net profit	27 882	(6 315)	-	210 536	(43 293)	-

Selected balance sheet items:

	kPLN			kUAH		
	30.06.2018	30.06.2017	% Change	30.06.2018	30.06.2017	% Change
Balance sheet total	554 570	513 185	8,1%	3 897 189	3 603 827	8,1%
Loans and advances	436 039	412 362	5,7%	3 064 223	2 895 801	5,8%
Deposits	428 641	391 026	9,6%	3 012 235	2 745 969	9,7%

b. The consequences of the changes to the segment structure

By virtue of the resolution adopted by the General Meeting of Shareholders dated 01.03.2018 the name and objects of SF Gwarant Plus Sp. z o. o. were changed to Gwarant Legal Support Sp. z o. o., since the company had been deleted from the register of companies allowed to carry out licensed financial operations. Presently the main objects of Gwarant Legal Support include legal services.

c. The main successes and failures of the segment companies in H1 2018

The following factors materially affected the financial result in the reported period:

- the loans sale in H1 2018 in UAH was 53% higher compared to the corresponding period in 2017;
- the net interest margin increased by 11.1 p.p. (from 18.5% in H1 2017 to 29.6% in H1 2018);
- the costs of financing were reduced by 2.7 p.p. (from 14.9% in H1 2017 to 12.2% in H1 2018);
- the discipline and control of administrative expenses allowed for decreasing the C/I rate from 45.6% in H1 2017 to 37.8% at the end of the present period.

In compliance with the newly introduced in H1 2018 IFRS 9 standard, Idea Bank (Ukraine) adjusted its provisions to the applicable regulations. Over the entire reporting period, Idea Bank (Ukraine) met all requirements imposed by the National Bank of Ukraine.

The bank continues to be one of the leaders in the cash loans sector in the Ukrainian banking market.

d. Description of risks and factors that in the Issuer's opinion will affect the sector companies' results in at least next half-year

As regards the Ukrainian market, material factors that may affect performance in the following period include the political situation in the east of Ukraine, and the overall macroeconomic situation that comprises foreign exchange rates to the hryvnia, balance of payments, and the loan from the International Monetary Fund. The risk of escalation of the crisis in eastern Ukraine that may have an adverse impact on the country's financial system. Further escalation of the conflict, plus linking the f/x rates to the IMF financing, may increase the liquidity risk and cause further outflow of funds deposited in the bank. The IMF financing may also be affected by slowing down economic and structural reforms required by the IMF.

Other material factors that may affect performance of Idea Bank Group (Ukraine) include interest rates for loans and deposits in the interbank market and the overall level of liquidity of the Ukrainian banking system.

The financial result generated by Idea Bank (Ukraine) in subsequent reporting periods may be affected by forecast improvement of macroeconomic indicators, including the growth of the Ukrainian GDP and further reduction of the inflation rate, which may have a positive impact on the overall economic situation in the country (in spite of the conflict in the east and the present political situation). Observing the increasing competition in loan products addressed to individual clients and the policy of credit risk assessment by banks imposed by the National Bank of Ukraine, Idea Bank (Ukraine) flexibly adapts to the market conditions.

Idea Bank (Ukraine) is evenly developing its banking activity by boosting efficiency of sales channels and penetrating new sales directions such as *Home Equity*.

The slowing down growth rate of the main business partners of Ukraine (such as China, Russia) may affect Ukraine's balance of payments and its major macroeconomic indicators. The operations of Idea Bank (Ukraine) may also be affected by growing business competition in the banking sector of cash loans, specifically from major banks.

While conducting their operations the segment companies, like other companies from the Issuer's Capital Group, are exposed to risk factors, in particular credit risk, cash flow disruptions or loss of financial liquidity of their clients.

In case of New Finance Services the f/x exchange risk was identified as the major risk factor that may affect the company's operations as regards the amount of liabilities expressed in foreign currencies. Other risk factors that may affect the company's performance include changes in court practice, possible changes in debt recovery regulations.

2.3 Segment of banking services in Belarus

The segment of banking services of the Issuer's Capital Group in Belarus comprises Idea Bank (Belarus), as well as Idea Broker and Idea Finance. The bank offers financial services to individual clients, comprehensive services to companies while specializing in cash loans, loans to SMEs and credit cards.

a. Presentation of the segment's financial result for H1 2018

Segment's result:

	kPLN			kBYN		
	H1 2018	H1 2017	% Change	H1 2018	H1 2017	% Change
Net interest income	21 517	30 969	-30,5%	12 167	14 989	-18,8%
Interest income	37 417	49 763	-24,8%	21 158	24 085	-12,2%
Interest expense	(15 900)	(18 794)	-15,4%	(8 991)	(9 096)	-1,2%
Net fee and commission income	6 517	6 171	5,6%	3 685	2 987	23,4%
Fee and commission income	11 327	10 070	12,5%	6 405	4 874	31,4%
Fee and commission expense	(4 810)	(3 899)	23,4%	(2 720)	(1 887)	44,1%
Net operating income	13 808	14 165	-2,5%	7 808	6 856	13,9%
Net impairment losses	(1 940)	3 409	-	(1 097)	1 650	-
Administrative expenses	(32 971)	(36 231)	-9,0%	(18 644)	(17 536)	6,3%
Income tax	(2 860)	(4 317)	-33,8%	(1 617)	(2 089)	-22,6%
Net profit	4 071	14 166	-71,3%	2 302	6 856	-66,4%

Selected balance sheet items:

	kPLN			kBYN		
	30.06.2018	30.06.2017	% Change	30.06.2018	30.06.2017	% Change
Balance sheet total	711 146	597 863	18,9%	381 046	309 005	23,3%
Loans and advances	475 976	348 541	36,6%	255 037	180 143	41,6%
Deposits	529 768	351 200	50,8%	283 860	181 517	56,4%

b. The consequences of the changes to the segment structure

In H1 2018, no changes in the segment structure took place.

c. The main successes and failures of the segment companies in H1 2018

With the beginning of 2018 Idea Bank (Belarus) started to apply IFRS 9 in financial reporting. In order to switch to IFRS 9 the bank had to develop and implement a new methodology of calculation of provisions for impairment of financial instruments that are exposed to credit risk, hence after switching to IFRS 9 the provisions significantly increased.

Idea Bank (Belarus) reported substantial y-o-y increase in the sales volume which in H1 2018 increased by 20% totalling BYN 132.1 million (compared to BYN 109.8 million in the corresponding period last year).

The bank's loan portfolio increased in H1 2018 by 41.6% in BYN, whereas the deposits portfolio increased by 56.4%. The bank's balance sheet amount increased by 23.3% reaching PLN 381 million.

In the reported period, the results generated by Idea Bank (Belarus) were exposed to great pressure of the regulator that continued cutting down interest rates and released the upper limit of deposits interest rates, which in turn narrowed down the interest rate margin. Furthermore, the Belarusian financial market is currently facing liquidity problems, which makes obtaining financing more difficult downsizing the sales volume. It was the main factor that reduced the net result generated by Idea Bank (Belarus) by 71.3% from PLN 14.2 million in the corresponding period in 2017 to PLN 4.1 million in the present reporting period. Furthermore, in H1 2018, Idea Bank (Belarus) implemented a highly innovative in the Belarusian market online consumer loans system. The bank is planning to start granting online loans by July 2018. Idea Bank (Belarus) recorded a noticeably higher rate of individual clients who deposit their funds in the bank via Internet channels, to 23%.

In negotiations with the European Bank for Reconstruction and Development, that granted the USD denominated credit line to Idea Bank (Belarus) in order to provide financing to small and medium-sized enterprises, Idea Bank (Belarus) agreed that it may repay the obtained funds earlier in order to avoid adverse consequences of the reduction of the USD-denominated deposit rates in Belarus, while keeping the access to the remaining funds within the credit line.

d. Description of risks and factors that in the Issuer's opinion will affect the segment companies' results in at least next half-year

The National Bank of Belarus is consistently pursuing its policy aiming at reduction of loan and deposits interest rates by specifying maximum interest rates, i.e. by means of interfering free market pricing. The overnight rate was reduced in H1 2018 from 12% to 11.5%, and the refinancing rate from 11% to 10%.

Additionally, the National Bank of Belarus introduced a new procedure for limiting interest rates for the USD, EUR and RUB deposits. Since 19.02.2018, the maximum interest rates for deposits in the aforementioned currencies are related to the key interest rates of relevant regulators, namely: US Federal Reserve, European Central Bank, and Russian Federation Central Bank, respectively. For Idea Bank (Belarus) the weakness of the Belarusian economy, to which contribute both low or negative GDP growth, slight foreign currency provisions and high external debt to GDP ratio, may result in the national currency devaluation, which in turn may increase the liquidity risk, and consequently – affect the Group's operations and their performance in the segment.

While conducting their operations the segment companies, like other companies in the banking sector, are exposed to risk factors, in particular credit risks, cash flow disruptions or loss of financial liquidity of their clients. In particular, the National Bank of Belarus, on 29.03.2018 approved the instruction concerning loan making and repayment procedure. One of the material changes is the restriction for the maximum loan burden for individual debtors: the ratio of the total monthly instalments to the monthly income of an individual person should not exceed 40%. This change may in consequence bring about diminishing demand for loans in the entire banking system in Belarus. Also, the aforementioned instruction lifts all restrictions concerning granting loans to clients with overdue debt.

2.4 Segment of lease and financial services in Russia

The lease and financial segment of the Issuer's Capital Group in the Russian Federation comprises Carcade Group and Assets Service Finance. Carcade Group comprises Carcade (lease of vehicles), Centr Karawto, and Carcade Service. Assets Service Finance services the portfolio of overdue receivables.

a. Presentation of the segment's financial result for H1 2018

Segment's result:

Getin Holding S.A. Capital Group
Consolidated Financial Report for the 6-month period ended 30.06.2018
Report on operations of the Capital Group and Issuer

	kPLN			kRUB		
	H1 2018	H1 2017	% Change	H1 2018	H1 2017	% Change
Net interest income	28 403	30 887	-8,0%	480 999	458 377	4,9%
Interest income	63 237	71 575	-11,6%	1 070 906	1 062 206	0,8%
Interes expense	(34 834)	(40 688)	-14,4%	(589 907)	(603 829)	-2,3%
Net fee and comission income	11 118	12 215	-9,0%	188 281	181 276	3,9%
Fee and commission income	11 118	12 215	-9,0%	188 281	181 276	3,9%
Fee and commission expense	-	-	-	-	-	-
Net operating income	21 354	18 015	18,5%	361 626	267 351	35,3%
Net impairment losses	(7 088)	(15 530)	-54,4%	(120 034)	(230 472)	-47,9%
Administrative expenses	(43 904)	(41 533)	5,7%	(743 506)	(616 369)	20,6%
Share in net profit of associates	1 209	382	216,5%	20 474	5 669	261,2%
Income tax	(2 585)	(1 305)	98,1%	(43 776)	(19 367)	126,0%
Net profit	8 507	3 131	171,7%	144 064	46 465	210,0%

Selected balance sheet items:

	kPLN			kRUB		
	30.06.2018	30.06.2017	% Change	30.06.2018	30.06.2017	% Change
Balance sheet total	881 537	837 143	5,3%	14 766 114	13 415 753	10,1%
Finance lease receivables	722 983	603 504	19,8%	12 110 268	9 671 538	25,2%

b. The consequences of the changes to the segment structure

In H1 2018, no changes in the segment structure took place.

c. The main successes and failures of the segment companies in H1 2018

Since the beginning of 2018, Carcade Group manages to keep stable and diversified liquidity as it obtains funds at competitive prices. The increased sale of cars in the Russian market and stabilisation of the banking system liquidity helped Carcade to generate high sales volume, as part of the overall tendency in the retail lease market.

In H1 2018, Carcade generated RUB 8.4 billion sales (equivalent of PLN 497,4 million) recording 68.4% growth compared to the corresponding period in 2017. The COF rate as at the end of H1 2018 stood at 12.3%, compared to 14.9% at the end of H2 2017, while the COR rate at the end of H1 2018 was 2.2% compared to 4.7% to the end of H1 2017.

d. Description of risks and factors that in the Issuer's opinion will affect the segment companies' results in at least next half-year

Restrictions in form of USA sanctions imposed over Russian Federation again exert pressure on the financial market and liquidity of businesses operating in the region. On 06.04.2018, the US Department of Finance imposed new sanctions on several Russian businessmen and major companies.

Therefore it is possible that the Central Bank of the Russian Federation will not only resume but also reverse of the trend of reduction of the key rate in 2018 (i.e. the minimum 1 week interest rate for loans granted by the Central Bank of Russia to commercial banks the maximum rate for deposits accepted by the Central Bank of Russia from commercial banks). The key interest rate determines commercial interest rates for commercial loans and affects the inflation rate and costs of financing, hence the declared reduction may materially affect operations of the Issuer's companies in the Russian Federation in the following period. Another factor that may affect Carcade's financial result is possible postponement of settlement of government subsidies for some of Carcade clients.

Further growth of Carcade depends on ensuring operational financing, and granting access to funds depends on the evaluation of Carcade's portfolio and assets quality. The economic situation in the Russian Federation may affect the demand for lease products. Another factor that may affect the business is potential growth of credit risk.

2.5 Banking and lease services sector in Romania

The segment comprises Idea Bank (Romania), which is a universal bank, Idea Leasing IFN S.A. (leasing services), and Idea Finance IFN S.A., Idea Investment S.A., and Broker Asigurare S.R.L. (the insurance broker). Products and services offered by Idea Bank (Romania) are targeted at individual and small and medium-sized clients.

a. Presentation of the segment's financial result for H1 2018

Segment's result:

	kPLN			kRON		
	H1 2018	H1 2017	% Change	H1 2018	H1 2017	% Change
Net interest income	32 701	24 247	34,9%	35 919	25 909	38,6%
Interest income	49 378	38 770	27,4%	54 238	41 428	30,9%
Interest expense	(16 677)	(14 523)	14,8%	(18 318)	(15 519)	18,0%
Net fee and commission income	13 106	14 604	-10,3%	14 396	15 605	-7,7%
Fee and commission income	16 697	17 267	-3,3%	18 340	18 451	-0,6%
Fee and commission expense	(3 591)	(2 663)	34,8%	(3 944)	(2 846)	38,6%
Net operating income	13 101	9 118	43,7%	14 390	9 743	47,7%
Net impairment losses	(7 636)	(3 677)	107,7%	(8 388)	(3 929)	113,5%
Administrative expenses	(40 980)	(39 604)	3,5%	(45 013)	(42 319)	6,4%
Income tax	(2 091)	(2 296)	-8,9%	(2 297)	(2 453)	-6,4%
Net profit	8 201	2 392	242,9%	9 008	2 556	252,4%

Selected balance sheet items:

	kPLN			kRON		
	30.06.2018	30.06.2017	% Change	30.06.2018	30.06.2017	% Change
Balance sheet total	2 172 731	1 864 558	16,5%	2 321 046	2 011 606	15,4%
Credit and leasing receivables	1 506 277	1 286 512	17,1%	1 609 098	1 387 973	15,9%
Deposits	1 555 377	1 299 357	19,7%	1 661 550	1 401 831	18,5%

b. The consequences of the changes to the segment structure

In H1 2018, the General Meeting of Idea Bank (Romania) resolved to increase its capital and on 20 June 2018, it adopted a resolution on increasing the share capital by RON 11.50 million (equivalent of PLN 10.56 million). As a result the share capital of Idea Bank (Romania) was increased from RON 225.7 million (equivalent of PLN 207.3 million), to RON 237.2 million (equivalent of PLN 217.8 million). All the shares issued by the bank within the increase of the share capital were taken up by the Issuer.

c. The main successes and failures of the segment companies in H1 2018

In H1 2018, Idea Bank (Romania) substantially improved its efficiency, mainly by increasing its sales volume by 15% compared to the corresponding period in 2017. The bank managed to reach the result by keeping sustainable cost policy and expanding its clients base by 14%. As a result the bank improved its net result by 94.2% compared to the corresponding period in 2017.

By diminishing the risk cost and boosting the turnover in H1 2018 Idea Leasing (Romania) managed to reach in H1 2018 the result 36.2% higher than at the end of the corresponding period in 2017, and to increase the lease portfolio by 8%.

In the reported period, Idea Investment S.A. made a significant contribution to the segment's performance – it reported the positive financial result of RON 1.2 million (equivalent PLN 1.1 million) compared to the loss incurred in the corresponding period in 2017.

d. Description of risks and factors that in the Issuer's opinion will affect the segment companies' results in at least next half-year

The forecast Romanian GDP growth may have a positive impact on the national economy in the macroeconomic perspective (other factors that contributed to it include the low inflation rate, low budget deficit and slackened fiscal policy). The forecasts for the Romanian GDP growth for 2018 is 4.4%, and for 2019 – 4.1%, which should translate into improved condition of the economy. Other factors that may affect the bank's performance include the expected increase of interest rates for the local currency and the exchange rate of the local currency to the euro.

In case of Idea Leasing (Romania), the company's performance will be affected by the development of the automotive market and vehicle lease market as well as possible legal and tax changes, as regards in particular the debt buyback options.

In the nearest future the bank's operations may also be affected by possible legal changes concerning the banking and financial sectors (including long-term consequences of changes in regulations concerning consumer bankruptcy and mortgage loans), fiscal policy aiming at cutting down the budget deficit, and the EU economic situation, specifically potential impact of the Greek banking sector on Romanian banks. Operations of Idea Bank (Romania) may be affected by seasonal liquidity risk in the deposit market.

The material risk that may affect the result generated by Idea Bank (Romania) is high changeability of base interest rates. As at 30.06.2018, ROBOR 3M stood at 3.15%, whereas at the end of H1 2017 it was 0.86%. The majority of the bank's loan portfolio is based on floating interest rates. If the present ROBOR interest rates remain unchanged, the bank's portfolio quality in the future may deteriorate.

Another disturbing factor is the possibility of increasing the Romanian economy debt while fulfilling the election promises by the new government.

While conducting their operations the segment companies, like other companies in the banking sector, are exposed to such factors as in particular credit risks, cash flow disruptions or loss of financial liquidity of their clients.

2.6 Segment of financial services in Poland

The segment of financial services rendered the Issuer's Capital Group in Poland comprises M.W. Trade. M.W. Trade focuses on offering financial services to healthcare institutions and local government units. The characteristic feature of this market niche is concentration of demand and supply, which in turn causes dependency of income on the situation in the market environment, in particular as regards changes in legislation and competition.

a. Presentation of the segment's financial result for H1 2018

Segment's result:

	kPLN		% Change
	H1 2018	H1 2017	
Net interest income	6 741	8 773	-23,2%
Interest income	16 511	21 755	-24,1%
Interes expense	(9 770)	(12 982)	-24,7%
Net fee and comission income	(847)	414	-
Fee and commission income	(264)	1 074	-
Fee and commission expense	(583)	(660)	-11,7%
Net operating income	29	278	-89,6%
Net impairment losses	202	-	-
Administrative expenses	(3 103)	(3 083)	0,6%
Income tax	(558)	(1 203)	-53,6%
Net profit	2 464	5 179	-52,4%

Selected balance sheet items:

	kPLN		% Change
	30.06.2018	30.06.2017	
Balance sheet total	361 800	559 133	-35,3%
Other loans and receivables	335 842	538 258	-37,6%

b. The consequences of the changes to the segment structure

In H1 2018, no changes in the segment structure took place.

c. The main successes and failures of the segment companies in H1 2018

The strategic goal of M.W. Trade is to increase the company goodwill by providing within the capital group complex specialised financial services for public units, addressed especially to healthcare institutions and local government units while keeping high operating profitability.

M.W. Trade optimises on an ongoing basis its financing resources, while adapting to the current market situation and its assets portfolio as well as to the sale targets in that market.

The structure of income generated by M.W. Trade depends on the concentration on sale of the main product, i.e. the Hospital Fund or providing direct financing, in the form of loans. The major objects of M.W. Trade include activities aiming at restructuring of debt of medical units and local government units, whereas income generated on other operations is only auxiliary.

The net income generated by the company was lower than the result for the corresponding period in 2017, which was caused mainly by the lower average monthly portfolio which in the discussed period totalled PLN 408 million (compared to PLN 551.4 million in the corresponding period in 2017, which means a 26% decrease).

The sales volume for H1 2018 totalled PLN 16.2 million, i.e. PLN 6.6 million less than in H1 2017, which means a fall by 29%.

The structure of the company's income remains unchanged, M.W. Trade generates income from sale of portfolio products offered to medical entities and to local government units that constitute the lion share of all income. The share of the latter in the reported period amounted to 2.9% of the overall sales volume (compared to 5.8% in H1 2017).

The debt portfolio held by M.W Trade, that includes short and long-term loans, on the last day of the reporting period totalled PLN 337.8 million compared to PLN 543 million generated in the

corresponding period in 2017, which means a decline by 38%, and by 26% compared to the end of 2017.

The company's debt ratio, i.e. the proportion of the total liabilities and provisions to the assets as at 30.06.2018 stood at 76%, which means a fall by 4.5 p.p. compared to rate reported for the end of 2017.

The volume of the balance sheet contracting of M.W. Trade totalled PLN 10.9 million, which means a fall by 95% growth compared to H1 2017 (at the end of H1 2017 it amounted to PLN 229.8 million). In H1 2018, M.W. Trade intermediated in sale of loans worth PLN 5 million, compared to PLN 57.3 million in the corresponding period in 2017.

The sales volume generated in H1 2018 was caused by market conditions, including strong price competition, as well as lower demand for financing due to the payment by the National Health Fund for services exceeding contracted limits accrued over 2017 and 2018 settlement periods, as well as due to higher contracted limits (increased by 7-15% depending on the nature of the public medical unit) compared to contracts concluded with the National Health Fund on old terms.

d. Description of risks and factors that in the Issuer's opinion will affect the segment companies' results in at least next half-year

M.W. Trade is exposed to liquidity risk, i.e. the risk that stems from the lack of sufficient cash to pay current liabilities or/and the lack of marketability of assets or assuming new liabilities in order to pay current and future liabilities. By managing liquidity risk M.W. Trade prevents cash flow crisis, while keeping the portfolio of liquid and diversified assets and matching stable financing sources.

M.W. Trade finances its operations with debt capital, including among others bonds. The company's liabilities result from deferred repayments of acquired debt, contracted loans and credit facilities, issued debt instruments and sold instalments within debt buy-outs. The obligation to pay the aforementioned liabilities and cover costs of the current operations generates current and future negative cash flows. M.W. Trade covers them with positive cash flows from the amounts payable. The amount and complexity of assets and liabilities results in timing mismatch of positive and negative cash flows, which may cause temporary liquidity gaps.

The liquidity risk is also non-symmetric risk that has solely adverse impact on M.W. Trade operations. Liquidity gaps slow down sale, whereas excessive liquidity generates additional costs.

It is expected that the demand will increase in the nearest future. Growing interest in financing investments (securing both own contribution and majority financing) is visible as healthcare units are obliged to comply with the requirements of the Ministry of Health concerning improvement of infrastructure and patients' care. Implementation of individual adaptation schedules have been postponed several times. In 2017, no further prolongation, expected by public healthcare units, was allowed. Negative consequences of failing to adapt units include reduction of contracted funds, and in extreme cases even excluding from so called hospital network. Another factor that affects the demand for M.W. Trade services, that impedes units cash-flow, is the wage pressure. Meeting demands of the medical staff at all levels in face of considerably insufficient funds means a dramatic growth of the hospitals key cost item.

M.W. Trade provides financial services to public sector units. This market is known for high level of concentration and high dependency of income on current situation and changes in the healthcare sector and public finance. Therefore changes that the sector is undergoing will materially affect

operations of MW Trade. It should be emphasized that healthcare sector is a specific sector of the economy. It is highly regulated and highly dependent on changing law regulations. The business risk is symmetrical, since theoretically any changes in the market environment may prove both advantageous and disadvantageous to M.W. Trade. The present form of the sector materially determines M.W Trade operations, affecting the demand for its services, achievable profitability levels and the risk level related to financing healthcare units. Thorough changes of the system may hence cause significant changes in M.W. Trade business affecting all three aforementioned elements. Any possible system reorganization plans raise strong political and public emotions, which additionally adds up to unpredictability of the nature and direction of the changes. At the same time, it is difficult to determine operation and financing models for the public healthcare system in Poland.

Implementation of so called hospital networks in 2017 had no doubt a positive impact on the stability of settlements between healthcare institutions and the National Health Fund (NFZ). The network is a classification of medical units in a system that includes adequate security, profiles in which medical procedures are provided and describes scopes and types of medical procedures. The system covers all units that ensure continuous access to medical services and their complexity. It is the confirmation of the strategy applied by M.W. Trade concerning risk assessment methodology and focusing on major units in a region.

Another factor that affects M.W. Trade's performance is also growing operating cost of healthcare units, mainly labour costs increasing due to the increase of minimal wages. Another factor that may have an impact on the performance of M.W. Trade in the future is increasing debt of local government units incurred to co-finance EU projects and reduction of the local government units' income.

3. Other information concerning Getin Holding Capital Group in H1 2018

a. Information about the ownership structure of significant blocks of shares

The structure of ownership of significant blocks of shares as of the date of publication of Q1 2018 report to the Issuer's knowledge:

SHAREHOLDERS ENTITLED DIRECTLY OR INDIRECTLY TO AT LEAST 5% OF THE TOTAL NUMBER OF VOTES AT THE GENERAL MEETING OF SHAREHOLDERS AS OF THE DATE OF PUBLICATION OF THE REPORT FOR Q1 2018

No.	Shareholder	Number of shares held	Number of votes arising from the shares held	Share in the share capital (%)	Share of votes at GMs (%)
1	Leszek Czarnecki directly and indirectly* including: LC Corp B.V. based in Amsterdam	417 275 107	417 275 107	54.97%	54.97%
	Getin Noble Bank S.A. based in Warsaw	75 831 030	75 831 030	9.99%	9.99%
2	Nationale-Nederlanden Otwarty Fundusz Emerytalny and Nationale-Nederlanden Dobrowolny Fundusz Emerytalny	73 516 574	73 516 574	9.69%	9.69%

*Dr. Leszek Czarnecki holds directly 81,872,327 shares accounting for 10.79% of the share capital and conferring the right to 10.79% votes at GMs and indirectly through his subsidiaries 335,402,780 shares accounting for 44.19% of the share capital and conferring the right to 44.19% votes at GMs. Companies directly and indirectly controlled by Dr. Leszek Czarnecki: LC Corp B.V., based in Amsterdam, which holds 259,389,429 shares accounting for 34.17% of the share capital and conferring the right to 34.17% votes at GMs, Getin Noble Bank S.A., based in Warsaw, which holds 75,831,030 shares accounting for 9.99% of the share capital and conferring the right to 9.99% at GMs, RB Investcom Sp. z o. o., based in Wrocław, which holds 32,922 shares accounting for 0.004% of the share capital and conferring the right to 0.004% votes at GMs, Idea Money S.A., based in Warsaw, which holds 2,521 shares accounting for 0.0003% of the share capital and conferring the right to 0.0003% votes at GMs, Jolanta and Leszek Czarnecki Foundation which holds 119,878 shares accounting for 0.016% of the share capital and conferring the right to 0.016% votes at GMs, and Open Finance Fundusz Inwestycyjny Otwarty Subfundusz Akcji Małych i Średnich Spółek managed by Open Finance TFI S.A. that holds 27,000 shares accounting for 0.0036% of the share capital and conferring 0.0036% votes at GMs.

The structure of ownership of significant blocks of shares as of the date of publication of H1 2018 report to the Issuer's knowledge:

SHAREHOLDERS ENTITLED DIRECTLY OR INDIRECTLY TO AT LEAST 5% OF THE TOTAL NUMBER OF VOTES AT THE GENERAL MEETING OF SHAREHOLDERS AS OF THE DATE OF PUBLICATION OF THE REPORT FOR H1 2018

No.	Shareholder	Number of shares held	Number of votes arising from the shares held	Share in the share capital (%)	Share of votes at GM (%)
1	Leszek Czarnecki directly and indirectly* including: LC Corp B.V. based in Amsterdam	417 275 107	417 275 107	54.97%	54.97%
	Getin Noble Bank S.A. based in Warsaw	75 831 030	75 831 030	9.99%	9.99%

*Dr. Leszek Czarnecki holds directly 81,872,327 shares accounting for 10.79% of the share capital and conferring the right to 10.79% votes at GMs and indirectly through his subsidiaries 335,402,780 shares accounting for 44.19% of the share capital and conferring the right to 44.19% votes at GMs. Companies directly and indirectly controlled by Dr. Leszek Czarnecki: LC Corp B.V., based in Amsterdam, which holds 259,389,429 shares accounting for 34.17% of the share capital and conferring the right to 34.17% votes at GMs, Getin Noble Bank S.A., based in Warsaw, which holds 75,831,030 shares accounting for 9.99% of the share capital and conferring the right to 9.99% at GMs, RB Investcom Sp. z o. o., based in Wrocław, which holds 32,922 shares accounting for 0.004% of the share capital and conferring the right to 0.004% votes at GMs, Idea Money S.A., based in Warsaw, which holds 2,521 shares accounting for 0.0003% of the share capital and conferring the right to 0.0003% votes at GMs, Jolanta and Leszek Czarnecki Foundation which holds 119,878 shares accounting for 0.016% of the share capital and conferring the right to 0.016% votes at GMs, and Open Finance Fundusz Inwestycyjny Otwarty Subfundusz Akcji Małych i Średnich Spółek managed by Open Finance TFI S.A. that holds 27,000 shares accounting for 0.0036% of the share capital and conferring 0.0036% votes at GMs

b. List of changes of the number of shares owned by members of management and supervisory boards

Person	Position	Number of shares held			
		As of the date of publication of H1 2018 report	Increases	Decreases	As of the date of publication of H1 2018 report
Management Board members					
Piotr Kaczmarek	President of Management Board	24 000	-	-	24 000
Krzysztof Jarosław Bielecki	Deputy President of Management Board	0	-	-	0
Izabela Lubczyńska	Member of Management Board	4 518	-	-	4 518
Krzysztof Florczak	Member of Management Board	0	-	-	0
Supervisory Board members					
Leszek Czarnecki	Chairman of Supervisory Board	81 872 327 ¹⁾	-	-	81 872 327 ¹⁾
		335 402 780 ²⁾	-	-	335 402 780 ²⁾
Remigiusz Baliński	Vice-Chairman of Supervisory Board	197 637	-	-	197 637
Marek Grzegorzewicz	Member of Supervisory Board	101 963	-	-	101 963
Adam Maciejewski	Member of Supervisory Board	0	-	-	0

Person	Position	Number of shares held			
		As of the date of publication of H1 2018 report	Increases	Decreases	As of the date of publication of H1 2018 report
Wojciech Kostrzewa	Member of Supervisory Board	0	-	-	0
Stanisław Wlazło	Member of Supervisory Board	0	-	-	0

1) shares directly held by Mr. Leszek Czarnecki.
2) Shares indirectly held by Mr. Leszek Czarnecki.

c. The Management Board's position concerning potential accomplishment of previously published forecasts for the given year and comparison of the data presented in the semi-annual statement to the forecasts

Neither the Issuer nor its subsidiaries published financial forecasts.

d. Information about granting by the Issuer or its subsidiary of a substantial value loan or credit guarantee or a guarantee

In H1 2018, neither the Issuer nor its subsidiaries granted a substantial loan or credit guarantee or a guarantee of the value of at least 10% of the Issuer's equity.

e. Other information the Issuer finds important for assessment of its employment, property, financial situation, financial result and their changes as well as information important for assessment of the Issuer's ability to pay its liabilities

Apart from the events reported hereinabove, in the reported period in the Capital Group there were no events important for assessment of its employment, property, financial situation, financial result and their changes as well as information important for assessment of the Issuer's ability to pay its liabilities.

f. List of material pending court proceedings

In H1 2018, there was no single proceeding concerning Getin Holding or its subsidiaries' liabilities or claims of substantial nature or with value at least equal to 10% of the Issuer's equity. There were no pending proceedings concerning the Issuer's or its subsidiaries' liabilities or claims of substantial nature or with the total value of at least 10% of the Issuer's equity.

g. Information about conclusion by the Issuer or its subsidiary of a single or more transactions with a related entity, if the transaction or transactions were substantial and concluded on terms other than the arm's length principle

In H1 2018, neither the Issuer nor its subsidiaries concluded any substantial transactions with a related entity on terms other than the arm's length principle.

Piotr Kaczmarek
President of Management Board

Krzysztof Jarosław Bielecki
Deputy President of Management Board

Izabela Lubczyńska
Member of Management Board

Krzysztof Florczak
Member of Management Board

Wrocław, dated 21 September 2018

CONTENTS

1. Operations of the Issuer and Getin Holding Capital Group in H1 2018	1
a. The main successes and failures of Getin Holding Capital Group in H1 2018	1
b. The consequences of the changes to the Issuer's structure	2
c. Description of and risks factors common for the Issuer's Capital Group that in the Issuer's opinion will affect the Capital Group's results in at least next half year	2
d. Description of material unusual events or factors that considerably affected Getin Holding Group's financial results ..	2
e. Seasonality of the Group's operations in H1 2018	3
2. Business operations of Getin Holding Capital Group by segments in H1 2018	3
2.1 Segment of banking services in Poland	3
a. Presentation of the segment's financial result for H1 2018	3
b. The consequences of the changes to the Issuer's structure	3
c. The main successes and failures of the segment companies in H1 2018	4
d. List of factors and risks that in the Issuer's opinion will affect performance of the segment companies in at least one half year to come	4
2.2 Segment of banking an debt collection services Ukraine	5
a. Presentation of the segment's financial result for H1 2018	5
b. The consequences of the changes to the Issuer's structure	5
c. The main successes and failures of the segment companies in H1 2018	5
d. List of factors and risks that in the Issuer's opinion will affect performance of the segment companies in at least one half year to come	6
2.3 Segment of banking services in Belarus	7
a. Presentation of the segment's financial result for H1 2018	7
b. The consequences of the changes to the Issuer's structure	7
c. The main successes and failures of the segment companies in H1 2018	8
d. List of factors and risks that in the Issuer's opinion will affect performance of the segment companies in at least one half year to come	8
2.4 Segment of financial and lease services in Russia	9
a. Presentation of the segment's financial result for H1 2018	9
b. The consequences of the changes to the Issuer's structure	9
c. The main successes and failures of the segment companies in H1 2018	9
d. List of factors and risks that in the Issuer's opinion will affect performance of the segment companies in at least one half year to come	10
2.5 Banking and lease services sector in Romania	10
a. Presentation of the segment's financial result for H1 2018	10
b. The consequences of the changes to the Issuer's structure	11
c. The main successes and failures of the segment companies in H1 2018	11
d. List of factors and risks that in the Issuer's opinion will affect performance of the segment companies in at least one half year to come	11
2.6 Segment of financial services in Poland	12
a. Presentation of the segment's financial result for H1 2018	12
b. The consequences of the changes to the Issuer's structure	13
c. The main successes and failures of the segment companies in H1 2018	13
d. List of factors and risks that in the Issuer's opinion will affect performance of the segment companies in at least one half year to come	14
3. Other information concerning Getin Holding Capital Group in H1 2018	15
a. Information about changes of ownership of significant blocks of shares	15
b. List of changes of the number of shares owned by members of management and supervisory boards	16
c. The Management Board's position concerning potential accomplishment of previously published forecasts for the given year and comparison of the data presented in the semi-annual statement to the forecasts	17
d. Information about granting by the Issuer or its subsidiary of a substantial value loan or credit guarantee or a guarantee	17
e. Other information the Issuer finds important for assessment of its employment, property, financial situation, financial result and their changes as well as information important for assessment of the Issuer's ability to pay its liabilities	17
f. List of material pending court proceedings	17
g. Information about conclusion by the Issuer or its subsidiary of a single or more transactions with a related entity, if the transaction or transactions were substantial and concluded on terms other than the arm's length principle	18