

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

**REPORT ON OPERATIONS OF THE CAPITAL GROUP AND ISSUER
FOR Q3 2020**

(Consolidated Quarterly Report for the 9-month period ended 30.09.2020)

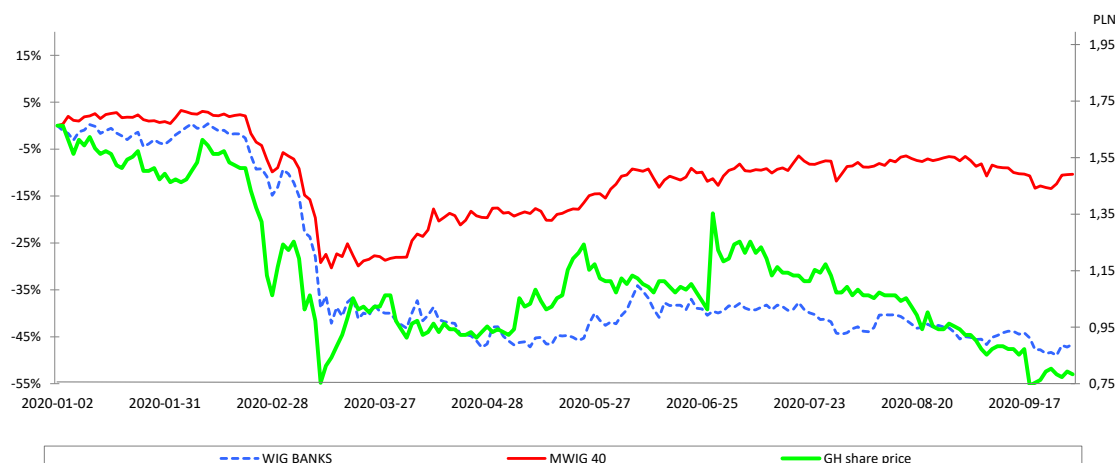
Wrocław, dated 10 November 2020

1. Operations of the Issuer and Getin Holding Capital Group in Q3 2020

a. The main successes and failures of Getin Holding Capital Group in Q3 2020

Stock price

Getin Holding S.A. stock price and its % change v. WIG BANKI & MWIG40 % changes



Steps aimed at selling assets in Belarus

On 08.07.2020, in connection with getting indicative offers to purchase shares in Idea Bank S.A. (Belarus), the Management Board of Getin Holding S.A. decided to take steps aiming at potential sale of all shares held by the Company in the bank. The Management Board allowed offeres to carry out due diligence in the bank. As at the date of drawing up this financial statements the sale process had not been completed.

Acquisition of shares in Idea Getin Leasing S.A.

On 27.07.2020, the Issuer signed with Idea Bank S.A. (Poland) and LC Corp B. V. based in Amsterdam a letter of intent whereby the Company and the bank expressed their intent to take steps aiming at closing a transaction of selling by the bank 25% shares in Idea Getin Leasing S.A. to the Issuer with participation of LC Corp B.V.

The parties agreed among others the following assumptions:

- the share purchase price will be agreed based on prepared valuations;
- the share purchase payment will be deferred for the period of 36 months from the transaction closing date;
- to secure payment of the purchase price the Issuer will among others pledge shares in selected foreign subsidiaries, in the amount corresponding to maximum 9.99% of share capital of a given company;
- if Getin Holding S.A. fails to satisfy the claim for payment of the share purchase price from the pledged assets, the bank will have the right to satisfy the claim from future profits (dividends) from shares in Idea Leasing S.A. payable to the Issuer and LC Corp B.V.;
- the parties intend to close the transaction by 31.12.2020.

The transaction aims among others at meeting by the Issuer, as the bank controlling company, its investor obligations to enhance the bank's capital position and solvency rate.

Proceedings of the Financial Supervision Authority

On 24.08.2020, the Issuer was notified of starting by the Financial Supervision Authority administrative proceedings pursuant to Art. 25n(5a) of the Act dated 29 August 1997 the Banking Law in connection with the suspicion/possibility of failing to satisfy after 21.04.2018 the obligation specified in Art. 25h(3) of the Banking Law, made by the Company on 10.05.2011 in connection with the intention of taking up directly shares in Idea Bank S.A. (Poland) concerning the obligation to keep satisfactory and stable levels of the bank liquidity, capitals and solvency ratios. The Company moved that the proceedings be discontinued as there are no legal grounds for it, and prepared a written justification.

Coronavirus SARS-CoV-2

The key factor that affected the business environment in all markets where Getin Holding Capital Group operated in the discussed period in 2020 was the pandemic of SARS-CoV-2 coronavirus that rocked most of the world economies. The effects of the pandemic will influence both financial results in the subsequent quarters and decisions concerning the shape and rules for the Group business operations.

The nature of the Company's operations allows for nearly 90% of all tasks to be carried out remotely, which allowed for implementing hybrid (home-/office-bound) work for all employees, with no risk of disrupting current projects and other processes essential for the Company's operations, such as assets management or current reporting, both internal and external. The management model in Getin Holding assumes remote cooperation with use of modern ICT solutions.

The hybrid work model has proved very efficient in the Company so far.

Potential risks may occur in case of regulatory changes caused by further negative development of the situation and necessary reactions of relevant authorities in the areas of the Group operations. The main risks that Getin Holding may potentially face include restrictions in payment of dividends by subsidiary companies, which may cause disruptions in financial flows on the Company level.

The SARS-CoV-2 pandemic is present in all markets where Getin Holding operates. The scale of the pandemic varies from country to country, and so does reaction of local authorities, their recommendations and restrictions imposed on various economic sectors. The Group companies are implementing regulations adequate to such restrictions covering work organisation changes and special procedures that ensure uninterrupted workflow in the pandemic. The common element is making it possible for as many Getin Holding Group employees as possible to work at home so as to assure the highest possible level of security and mitigate risk of spreading the virus and ensuring uninterrupted processes in each organisation.

Getin Holding management board expects that the adverse economic consequences will affect all markets where the Group operates and will come down to lower demand for financial services, especially loans, therefore generating lower net interest and fee and commission incomes.

In the reported period 2020, due to COVID-19 the Group companies disclosed additional loan portfolio impairment loss, which was a result of diminishing loan repayment discipline. Adding to the increased credit risk, the Group's profitability will also suffer from reduced interest rates in individual markets. The Group is striving to keep the (diminishing) profitability of working assets by gradual reduction of costs of raising capital and further deeper reorganisation and restructuring processes in Idea Bank Group (Poland).

At the same time, the management board of Getin Holding S.A. indicates the risk of failure to accomplish planned business goals. The risk may concern internal factors related to reforming restructuring of Idea Bank Group (Poland) and the impact of highly changeable market business cycles on achieved financial results. The outbreak of the SARS-CoV-2 coronavirus pandemic brought about unrecalled changeability and concerns about the condition of the economy and foundations for further economic growth, both globally and locally.

The aforementioned factors will affect performance and equity of the Group companies, which may in turn materialize the risk that some of them may fail to comply with capital requirements.

The ultimate impact on Getin Holding Capital Group operations cannot be at the present moment precisely measured or evaluated. The Company's management board is monitoring the market environment adapting its operations to current situation.

b. Description of and risks factors common for the Issuer's Capital Group that in the Issuer's opinion will affect the results in at least one quarter to come

The Issuer forecasts that the subsequent periods the following factors will affect the Issuer's and the Group's consolidated results:

- the SARS-CoV-2 pandemic related situation, its impact on income, liquidity and the quality of credit portfolios and capital requirements;
- the regulatory risk related to non-compliance with capital requirements by Idea Bank Group (Poland), possibility of initiating compulsory restructuring;
- the reputation risk; the impact of the potential loss of reliability in one area on other markets, investment valuation or potential capital acquisition in local markets;
- the market situation (global and local); macroeconomic indicators in economies (affecting present or future Group investments/disinvestments) that affect return on investment; hardly predictable fluctuations in economic markets;
- the Group companies adaptability of the risk management mechanisms to existing market trends;
- the unique nature of the business activity of Getin Holding S.A.; the parent company is exposed to start-up risk or risks related to assess disinvestment;
- the liquidity risk resulting from financing investment assets with debt instruments and loans; potentially insufficient funds to pay liabilities or lack of marketability of assets to raise funds or assume new liabilities to pay debt;
- the portfolio concentration – the majority interest in Idea Bank (Poland) as the lion share of the Issuer's portfolio.

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

Besides those specified herein and in the financial statements of Getin Holding Capital Group S.A. for the nine-month period ended on 30.09.2020, in Q3 2020 there occurred no other factors or events of unusual nature that had a material impact on the financial results generated by Getin Holding Group in the reporting period.

d. Seasonality of the Group's operations

Getin Holding Capital Group does not identify material seasonality in its operations.

e. The consequences of changes to the Issuer and the Issuer's Capital Group structure

On 02.11.2020, the Extraordinary General Meeting of Getin International S.A. decided to unwind the company and start its liquidation.

Furthermore, in Q3 2020, there were no changes or any consequences thereof in the structures of the Issuer or Getin Holding S.A. Group, other than the ones reported in section 2 hereof.

2. Business operations of Getin Holding Capital Group by territorial segments in Q3 2020

Presentation of business operations of Getin Holding Capital Group by territorial segments.

2.1 Sector of banking services in Poland

The segment of banking services of the Issuer's Capital Group in Poland in Q3 2020 comprised among others:

- Idea Bank S. A. – a bank for small and medium-sized companies that offers a wide range of loans and deposits addressed to the sector of small and medium-sized enterprises;
- Idea Money S. A. – operating in the factoring and debt collection for companies; (as a result of signing on 26.06.2020 by Idea Bank (Poland) an agreement with the Jolanta and Leszek Czarnecky Foundation and Idea Getin Leasing S. A. concerning sale of 65% shares in Idea Money S.A., Idea Bank Group on 30.09.2020 classified assets and liabilities of Idea Money S.A. as intended for sale);
- Idea Getin Leasing S.A. – specialising in lease of vehicles and machinery (an associated company);
- Development System sp. z o.o., a company that sells and administrates property located in Sky Tower in Wrocław;
- Open Finance S. A., a company that provides financial consultancy, offers individual clients products of several banks, investment funds and insurance companies (an associated company); (in connection with the planned sale of Idea Money S.A. that holds 17.22% shares in Open Finance S.A., the company was classified in the balance sheet of Idea Bank Group (Poland) as at 30.09.2020 as fixed assets intended for sale);
- Idea Box Alternatywna Spółka Inwestycyjna S.A. – a business incubator for selected financial ventures (an associated company); (on 30.07.2020, sold to Mr. Leszek Czarnecki).

Idea Bank Group (Poland) addresses its products to small and medium-sized enterprises, as well as sole proprietors.

Idea Bank Group (Poland) focuses on providing among others the following services:

- loans and credit facilities;
- bank guarantees, letters of credit;
- deposits;
- bank accounts;
- financial brokerage and advisory and consultation services in financial matters;
- other financial services related to insurance and pension funds;
- leasing;
- factoring;
- real estate trade;
- trading in securities;
- managing securitised debt of securitisation funds.

Idea Bank S.A. (Poland) caters for current entrepreneurs' needs for financing business and growth, it reflects current trends in the market of corporate loans. Another goal of Idea Bank (Poland) is to support resourceful individuals starting with business.

Products offered by the bank are distributed through a network of traditional branches as well as through complex, technologically advanced Internet platforms and mobile banking, and through financial brokers.

The underlying concept of the business run by Idea Bank (Poland) Group is the idea of 'Entrepreneur for Entrepreneurs' that emphasises understanding of clients needs and developing relevant products

that meet their current needs and expectations and lead to building long-term relations with clients. The segment has been growing along with its clients offering them financial products adequate for the stage of their business development.

a. Presentation of the segment's financial result after three quarters of 2020

Segment's performance:

	kPLN		% Change
	9M 2020	9M 2019	
Net interest income	363 531	419 773	-13,4%
Interest income	542 667	807 683	-32,8%
Interes expense	(179 136)	(387 910)	-53,8%
Net fee and comission income	10 685	26 674	-59,9%
Fee and commission income	49 487	78 840	-37,2%
Fee and commission expense	(38 802)	(52 166)	-25,6%
Net operating income	(23 511)	(91 270)	-74,2%
Net impairment losses	(194 981)	(188 142)	3,6%
Administrative expenses	(174 630)	(242 348)	-27,9%
Share in net profit (loss) of associates	(4 243)	4 440	-
Income tax	32 599	27 786	17,3%
Net profit (loss) on continued operations	9 450	(43 087)	-
Net profit (loss) on discontinued operations	(1 499)	(28 889)	-94,8%
Net profit (loss)	7 951	(71 976)	-

Selected balance sheet items:

	kPLN		% Change
	30.09.2020	31.12.2019	
Balance sheet total	15 072 888	17 323 307	-13,0%
Credit and leasing receivables	11 943 302	13 423 675	-11,0%
Deposits	13 852 838	15 508 490	-10,7%

Key financial performance indicators:

no.	Financial performance indicator	Value of the ratio as at Q3 2020	Value of the ratio as at Q3 2019	Change	Method for calculating the ratio
1	ROA Return on assets	0,08%	-0,29%	0,37 p.p.	$(\text{Net profit} / [(\text{Total assets at the end of the current period} + \text{Total assets at the end of the previous year})/2]) * (4/3)$
2	ROE	7,84%	-36,41%	44,25 p.p.	$(\text{Net profit} / [(\text{Total equity at the end of the current period} + \text{Total equity at the end of the previous year})/2]) * (4/3)$
3	NIM Net interest margin	3,15%	3,00%	0,15 p.p.	$(\text{Net interest income} / [(\text{Total interest-earning assets at the end of the current period} + \text{Total interest-earning assets at the end of the previous year})/2]) * (4/3)$
4	COF Cost of financing	1,51%	2,72%	-1,21 p.p.	$(\text{Interest expenses} / [(\text{Total interest-bearing liabilities at the end of the current period} + \text{Total interest-bearing liabilities at the end of the previous year})/2]) * (4/3)$
5	COR Cost of risk	2,05%	1,63%	0,42 p.p.	$(\text{Net impairment result on loans, advances and leasing receivables} / [(\text{Total receivables from loans, advances, leasing at the end of the current period} + \text{Total receivables from loans, advances and leasing at the end of the previous year})/2]) * (4/3)$
6	C/I Cost-to-income ratio	49,79%	68,23%	-18,44 p.p.	General administrative expenses / net operating income

In 2019, the bank carried out complex restructuring that included deep reductions of operating costs and changes in the business model and scale; the bank reduced and stabilised the cost of risk and transformed its business and organization, including the sales network. The restructuring activities undertaken by the sector aim at improving profitability and redirecting the group to the growth path. Thanks to those changes the banking sector in Poland closed the period of 3 quarters of 2020 with a net profit amounting nearly to PLN 8.0 million (incl. PLN 9.5 million generated by continued business) compared to the net loss of PLN 72.0 million incurred in the corresponding period last year (among others in connection with reduced operating costs and lower interest costs).

The net interest income generated by Idea Bank Group (Poland) after 3 quarters of 2020 totalled PLN 363.5 million being 13.4% lower than in the compared period, to which contributed mainly the lower interest income which in turn was caused by reduction of the NBP interest rates by the Monetary Policy Council in Q2 2020 and the diminishing loan portfolio. The decline was partially mitigated by a substantial reduction (by 53.8%) of interest costs.

The net commission and fee income earned on banking activity in Poland totalled PLN 10.7 million (compared to the loss of PLN 26.7 million in the previous year).

After 3 quarters of 2020, the loss incurred on other net operating income and costs totalled PLN 23.5 million compared to PLN 91.3 million in the corresponding year in 2019 (which means a reduction by 74.2%).

The sector of banking services in Poland is deeply cutting operating costs, also by the reorganisation of its outlets network. As a consequence, a substantial fall (27.9%) of the operating costs in the banking sector was reported, from PLN 242.3 million to PLN 174.6 million year over year. In the restructuring process in 2020 the segment substantially reduced the employee benefits, rental and lease costs and promotion campaign costs. As a result, the y/o/y costs of Idea Bank Group (Poland) were substantially reduced from 68.23% at the end of Q3 2019 to 49.8% as at the balance sheet date.

As at 30.09.2020, the segment's loan portfolio diminished by 11.0% to PLN 11.9 billion, whereas the deposit portfolio dropped (by 10.7%) to PLN 13.9 billion, which is the outcome of matching the deposit portfolio to the diminishing loan portfolio. The balance sheet total of Idea Bank S.A. Group (Poland) as at the end of the reported period totalled PLN 15.1 billion. The main reason for the reduction of the balance sheet total in assets were lower receivables from clients caused among others by lower sale of loans.

In spite of the pandemic crisis Idea Bank Group (Poland) improved its NIM. As at 30.09.2020, it stood at 3.15% (compared to 3.00% reported in Q3 2019). Similarly, the cost level reflected positive trends visible in the segment, dropping by 18.44 p.p. to 49.79%.

The TCR for Idea Bank (Poland) calculated in accordance with the binding CRR/CRD IV regulations as at the balance sheet date was 2.51% (and for Idea Bank Group (Poland) – 0.78%), while Tier 1 equity ratio reached 2.3% (and for Idea Bank Group (Poland) – 0,32%).

The main aim of all restructuring activities taken by authorities of Idea Bank (Poland) is lying foundations for long-lasting, stable profitability of the bank and the group. Thanks to consistently implemented voluntary reforms the Group closed another quarter with a profit. Accomplishing foundations for permanent profitability is necessary to protect the bank's low capital base. The ability to generate sustainable income is also a decisive factor in recovery and keeping trust for the bank in the medium- and long-time horizon.

b. The main successes and failures of the segment companies in Q3 2020

Idea Bank S.A. has been consistently implementing its recovery strategy adopted in 2019. Thanks to the earlier initiated restructuring process the bank's authorities were prepared to take further difficult decisions in the pandemic situation. Flexibility and ability to optimise business operations allowed to offer SME clients modern and cost-effective products.

The onset of the pandemic forced the bank to accelerate its organisational changes, such as investment in the process of services automation and digitalisation, or implementation of new models of cooperation both with clients and among staff members. The bank went to partially remote working model.

Simultaneously, in Q3 the Idea Bank (Poland) team was working to present the regulator a precise plan of recovery of capital ratios and sustainable profitability. Its implementation would be tantamount with the completion of the voluntary recovery process. On 16.10.2020, the document was presented to the Financial Supervision Authority.

Since H2 2019 the bank has been repeatedly reporting positive financial results and have gradually been improving its capital ratios, while being open to negotiations with potential investors.

Implementation of the bank's strategy, that may be described as 'through profitability to capital', aims at reaching profitability in a secure manner. Additional complex solutions and internal regulations have been introduced that put protection of the client's interest as a priority.

Since the beginning of its business activity Idea Bank (Poland) specializes in providing service to owners of micro and small companies. In the discussed period, the bank took up several initiatives to streamline processes, improve its customer service and ensure compliance with law regulations. At the same time, the bank adapted its loans price policy taking into account changes in reference interest rates and risk factors related to the COVID-19 pandemic, offering among others – just like the entire financial sector – its clients so called 'credit holidays' for repayment of principal instalments.

In spite of a difficult market situation in the reported period the bank is acquiring new clients. In February 2020, the bank initiated sale of accounts to companies with the use of courier process.

In the period of freezing up the economy, corporate clients could use a very convenient iPOS terminal. This solution is a combination of a sale application, cash register and payment terminal for cashless transactions (including payment cards and BLIK). Moreover, in cooperation with Planet Pay the bank offers standard payment terminals. During the pandemic the bank's corporate clients could use reliable Planet Pay products – telephone orders of mobile payment terminals delivered 'to the door'. That solution perfectly provided for needs of companies that had to adapt quickly to the lockdown conditions.

Deposit products offered by the bank in 2020 proved attractive both to the existing and potential clients of the bank. The bank competed in the market offering cost-effective and available products (e.g. to clients who do not have a checking account). Within strategic changes of client service channels the bank continued the process of increasing the significance of remote channels (mostly the Internet and mobile banking) in deposits acquisition. Simultaneously, the bank took steps to withdraw servicing term deposits in traditional branches.

The number of users of Idea Cloud and mobile applications in the reported period remained constant. The bank also launched development of a new mobile application. There were implemented a few projects that made the use of the bank's services on the Internet and mobile applications substantially easier for clients.

In Q3 2020, the following material events occurred in Idea Bank Group (Poland):

- On 07.07.2020, the Extraordinary General Meeting of Shareholders of Idea Bank (Poland) adopted a resolution on increasing the company's registered capital by the amount not lower than PLN 20 million and not higher than PLN 150 million by issuing not less than 10,000,000 and not more than 75,000,000 shares with the face value of PLN 2 each, offered in closed subscription within public offering.
- On 10.07.2020, the bank received the UOKIK's decisions concerning the bank's unfair market practices and practices that breach collective interests of consumers, in the case of recognizing agreement templates used by the bank as abusive and in the case of the bank's practices that breach collective interests of consumers. Details concerning regulatory proceedings are reported in note 2.31 to the Consolidated Financial Statement of Getin Holding Capital Group for the 9-month period ended on 30.09.2020.
- On 17.07.2020 the bank received the decision of the Financial Supervision Authority (KNF) dated 16.07.2020 whereby the KNF refused to approve an updated Recovery Schedule for Idea Bank (Poland) Capital Group adopted by the bank's supervisory board in November 2019. The KNF called the bank to submit a new recovery schedule within three months from the date of receipt of the decision.
- On 24.07.2020, in execution of the Term Sheet provisions dated 26.06.2020, Idea Money S.A. prematurely bought out bearer bonds that had been issued by Idea Expert S.A. (presently Idea Money S.A.) worth PLN 101.3 million.
- On 27.07.2020, the bank signed with the Issuer and LC Corp BV a letter of intent concerning taking steps to sell by the bank to the Issuer, and with participation of LC Corp BV, 25% shares in Idea Getin Leasing S.A. The parties intend to agree terms and conditions for the transaction and to close it by 31.12.2020.
- On 30.07.2020, in execution of the Term Sheet, the Jolanta and Leszek Czarnecki Foundation and Idea Getin Leasing S.A. concluded an agreement to sell shares in Idea Money S.A.
- On 30.07.2020, the bank sold Mr. Leszek Czarnecki all shares held in Idea Box Alternatywna Spółka Inwestycyjna S.A., accounting for 40.05% of the company's share capital.
- On 13.08.2020, the bank signed with Getin Noble Bank S.A. a letter of intent concerning taking steps to sell by the bank to Getin Noble Bank S.A. lease and loan receivables with the gross nominal value not exceeding PLN 2.0 billion, that had been previously purchased by the bank from Idea Getin Leasing S.A. or Idea Getin

Leasing S.A. capital group companies. The parties intend to complete the transition of selling all receivables by 31.12.2020.

- On 13.08.2020, the Bank Guarantee Fund as a trustee of the bank, submitted to a relevant court an objection to resolutions adopted by the bank's management and supervisory boards concerning giving consent to selling shares in Idea Money S.A. and changing terms and conditions of issuing bonds held by the bank that had been issued by Idea Expert S.A. (presently Idea Money S.A.). As a result, the condition precedent set forth in the sale agreement dated 30.07.2020 was not satisfied.
- On 20.08.2020, Idea Money S.A. received an inspection report from the tax inspection concerning compliance with CIT law in 2018. In the opinion of the inspection authorities the difference in the due tax for the year 2018 to be paid by the company totals PLN 150,5 million. On 01.09.2020, the management board of Idea Money S.A. made a decision not to correct its CIT-8 tax return form on the income generated (loss incurred) in 2018. At the end of September 2020, the company was informed that the tax authorities had decided to transform the completed tax inspection to tax litigation.
- On 03.09.2020, the bank filed in the KNF a motion to dismiss the Bank Guarantee Fund from the function of the trustee of the bank due to improper performance of the function by the Fund. The motion filed by the bank covered also a demand to appoint by the KNF another person (individual or legal) that would actually realize the objectives of a trustee, if in the KNF's opinion the appointment of a trustee is grounded, and a potential motion to the BGF demanding that the BGF take actual efforts to improve the bank's situation and fulfil its tasks as the trustee of the bank, if the BGF remains the trustee of the bank.
- On 03.09.2020, the bank concluded with the Jolanta and Leszek Czarnecky and LC Corp BV an agreement to sell shares in Idea Money S.A. The bank was obliged to sell 3,234,948 IM shares (accounting for 30% shares in IM) to the JLC Foundation for the total price of PLN 1.5 and 3,774,107 IM shares (accounting for 35% of IM shares) to LC Corp, for the total price of PLN 1.75. The agreement was concluded under the condition precedent that the trustee of the bank raises no objections.
- On the same date, i.e. 03.09.2020, the bank, Idea Money S.A. and Idea Getin Leasing S.A. concluded an agreement concerning mutual cooperation in scope of acquiring by IM cash receivables from IGL, which will result in expanding the IM business model to a new business line generating additional income to IM from operating activities. Under the agreement IGL shall cooperate with IM for 10 years in offering IM on pre-emptive basis receivables from the product offered by IGL under the name 'loan', and IM shall acquire such receivables. Under the agreement the bank was to provide IGL financing for the new business line and buy receivables directly from IGL or indirectly from IM. The agreement was concluded under the condition precedent that the trustee of the bank raises no objections.
- On 17.09.2020, the Bank Guarantee Fund lodged with the relevant court an objection to resolutions adopted by the bank's management and supervisory boards concerning giving consent to selling shares in Idea Money S.A. and starting cooperation between the bank, IGL, and IM in buying cash receivables from IGL. As a result the condition precedent set forth in the sale agreement dated 03.09.2020 was not satisfied, and the mutual cooperation agreement did not become effective.
- On 22.09.2020, the bank's management board decided about suspending the public offering of not less than 10,000,000 and not more than 75,000,000 ordinary bearer shares with the nominal value of PLN 2 each.
- On the same date, i.e. on 22.09.2020, the bank's management board adopted a resolution about issuing of not less than 12,500,000 and not more than 50,000,000 ordinary bearer shares with the nominal value of PLN 2 each in order to increase the bank's share capital by the amount not lower than PLN 25 million and not higher than PLN 100 million. At the same time, the Bank Guarantee Fund informed that it would not raise objections to that resolution. On 23.09.2020, the General Meeting of Shareholders of Idea Bank (Poland) was convened to decide in that matter.
- On 25.09.2020, Idea Bank (Poland) received a motion from the Financial Supervision Authority (KNF) addressed to the bank's General Meeting of Shareholders demanding that Mr. Leszek Czarnecki, member of

the supervisory board, holding the function of chairman of the bank's supervisory board, be dismissed in connection with the failure to satisfy requirements set forth in Art. 22aa of the Banking Law. In the justification the KNF referred to its information concerning the pending proceedings in the case of offering by Idea Bank (Poland) bonds of GetBack S.A., in which the relevant prosecutor decided to press charges against Mr. Leszek Czarnecki, as chairman of the bank's supervisory board. Hence, the KNF decided that there had been premises for the failure to satisfy by the chairman of the bank's supervisory board requirements to guarantee fulfilling properly duties vested in him and honesty, reliability and independence of judgement while holding the function.

- On the same date, i.e. on 25.09.2020, the bank received also the KNF's notification about starting *ex officio* administrative proceedings to suspend Mr. Leszek Czarnecki in holding the function of chairman of the bank's supervisory board until the Issuer's General Meeting adopts a relevant resolution.
- On 30.09.2020, the bank concluded with GNB an annex to a letter of intent, whereby the bank and GNB confirmed their intent to have the bank sell a debt portfolio to GNB by 31.12.2020, at the same time the parties changed the deadline for agreeing terms and conditions for the transaction and signing the agreement to sell the debt portfolio from 30.09.2020 to 31.11.2020.

After the balance sheet date the following material events occurred in Idea Bank Group (Poland):

- On 20.10.2020, the Extraordinary General Meeting of Idea Bank S.A. resolved to increase the bank's share capital by PLN 100 million PLN by issuing new O-series shares in private placement while disapplying pre-emptive rights.
- On 16.10.2020, the Bank filed a new Recovery Schedule with the Financial Supervision Authority.
- On 28.10.2020, responding to the letter of the Financial Supervisory Authority concerning dismissing Mr. Leszek Czarnecki from the bank's supervisory board, the Extraordinary General Meeting of Idea Bank S.A. approved the positive result of the repeated suitability assessment of Mr. Leszek Czarnecki made by the bank's Remuneration and Appointments Committee, in accordance with the applicable in the bank Policy of Assessment of Qualifications of Members of the Supervisory and Management Bodies and Individuals Holding Key Positions in Idea Bank S.A., and resolved not to dismiss Mr. Leszek Czarnecki from the bank's supervisory board.
- On 30.09.2020, the bank lodged through the Financial Supervision Authority to the Regional Administrative Court an appeal against the Financial Supervision Authority's decision dated 29.09.2020 refusing to initiate proceedings concerning removing the Bank Guarantee Fund from the position of the bank's trustee or changing the trustee. The appeal grounds indicated breaching of substantive law regulations by their incorrect interpretation consisting in assumption that proceedings concerning removing or changing a trustee must be initiated *ex officio*, and may not be initiated upon a motion, as well as breaching administrative law regulations that had a material impact on the decision issued in the case. Specifically, the bank moved that the decision be overruled in full and that the Financial Supervision Authority be obliged to issue a decision concerning initiation of administrative proceedings to remove or change the bank's trustee.

c. List of factors and risks that in the Issuer's opinion will affect performance of the segment companies in at least one quarter to come

In the Issuer's opinion, the following factors will affect performance of the banking segment in Poland in the subsequent periods:

- the SARS-CoV-2 pandemic crisis and 'freezing' the economy; a downward trend in the banking sector;
- the economic, political and legal situation in Poland: growing unemployment and inflation rates, lower GDP and interest rates;
- ability to raise capital by Idea Bank (Poland) or merge with another bank;
- the credit risk – clients in default of loan repayment;
- the risk related to deteriorating quality of the loan portfolio;

- the market risk and uncertainty as to interest rates, f/x rates and prices of securities and other financial instruments held by Idea Bank (Poland) Group that may differ from those existing on the disclosure date, which may cause unexpected profit or loss on such items;
- the liquidity risk, i.e. the risk of incurring loss due to mandatory change of held assets to cash or cash equivalents in a situation of limited or no ability to finance held assets and timely payment of liabilities;
- the client risk due to credit revaluation of derivatives, i.e. the risk is identified with the credit risk of financial clients with whom the bank makes transactions of selling CVA financial instruments;
- the risk of concentration of major exposure to single clients or groups of clients;
- the interest rate risk that depends on the floating net interest income in limits that do not jeopardise the financial plan and the bank's capital adequacy, mitigating possible loss due to changes in market interest rates to acceptable level by shaping structure of both balance sheet and off-balance sheet items;
- the fx risk that depends on keeping the fx position within limits that do not require keeping capital requirements within regulatory capital requirements;
- the operational risk arising from incurring possible loss resulting from irrelevant or unreliable processes within the organisation, staff members and systems or external events that includes also compliance risk;
- the risk of models, i.e. the risk of incurring loss as a result of making wrong business decisions based on the models used in the bank;
- the risk of investments in subsidiaries;
- the risk related to derivatives,
- the risks arising from non-compliance with the capital adequacy requirements resulting from the need to keep the equity of the bank and Idea Bank (Poland) Group at the level not lower than established regulatory requirements;
- the need to raise capital;
- the reputation risk;
- instigating proceedings by the Polish financial regulator KNF;
- the decision of the Office for Competition and Consumer Protection imposing on Idea Bank (Poland) S.A. the obligation to pay damages to consumers who bought GetBack bonds from the bank;
- the possibility of launching the compulsory resolution;
- the downturn tenancy in European markets;
- the clients readiness to invest;
- the potential threat of withdrawing deposits;
- the risk related to the loan portfolio quality;
- the compliance risk.

d. The consequences of the changes to the segment structure

On 31.01.2020, Idea Getin Leasing S.A. purchased 100% shares in Idea Fleet S.A. from Idea SPV sp. z o. o. (99.99% shares) and from Idea Bank S.A. (one share).

On 30.07.2020, Idea Bank (Poland) sold Mr. Leszek Czarnecki all shares held in Idea Box ASI S.A., i.e. 608,418 shares accounting for 40.05% of share capital of that company and 40.05% of all votes in the company.

On 18.08.2020, Mr. Leszek Czarnecki sold LC Corp BV all shares held in Idea Getin Leasing S.A., i.e. 3,525 shares accounting for 12.5% of share capital in that company and 12.5% of all votes in the company. Consequently, presently the company shareholders include Idea Bank (Poland) (with a 49.99% interest) and LC Corp BV (with a 50.01% interest).

A detailed description of the operations of Idea Bank Capital Group S.A. is available in the publicly available company's report for the 9-month period ended on 30.09.2020.

2.2 Segment of banking services in Ukraine

The segment of banking services of the Issuer Capital Group in Ukraine is represented by:

- Idea Bank S.A. (Ukraine) that offers banking products and services addressed to individual and legal clients, and
- New Finance Service sp. z o. o. that purchases, trades in and collects debt, provides loan and insurance agency services.

Idea Bank (Ukraine) offers retail products and services to individual clients. The main products offered by the bank comprise cash loans, credit and debit cards, deposits, and current accounts. Idea Bank (Ukraine) offers a complex range of services for individual clients while continuing the development of complex Internet banking services.

Idea Bank (Ukraine) addresses also its services to enterprises: loans, credit facilities, deposits and cash and settlement services.

The bank channels its sale through its own branches network, the Internet and through partner banks (agents), as well as through New Finance Services sp. z o. o.

New Finance Services sp. z o. o. offers loans in partner banks and insurance agency services (through its own points of sale).

a. Presentation of the segment's financial result after 3 quarters of 2020

	kPLN			kUAH		
	9M 2020	9M 2019	% Change	9M 2020	9M 2019	% Change
Net interest income	151 655	153 987	-1,5%	1 030 965	1 046 265	-1,5%
Interest income	214 845	209 238	2,7%	1 460 537	1 421 668	2,7%
Interest expense	(63 190)	(55 251)	14,4%	(429 572)	(375 403)	14,4%
Net fee and commission income	37 889	57 855	-34,5%	257 573	393 096	-34,5%
Fee and commission income	51 572	66 599	-22,6%	350 591	452 507	-22,5%
Fee and commission expense	(13 683)	(8 744)	56,5%	(93 018)	(59 411)	56,6%
Net operating income	5 155	5 398	-4,5%	35 044	36 677	-4,5%
Net impairment losses	(86 730)	(65 932)	31,5%	(589 599)	(447 975)	31,6%
Administrative expenses	(70 378)	(63 862)	10,2%	(478 436)	(433 911)	10,3%
Income tax	(6 657)	(15 955)	-58,3%	(45 255)	(108 406)	-58,3%
Net profit (loss)	30 934	71 491	-56,7%	210 292	485 746	-56,7%

Selected balance sheet items:

	kPLN			kUAH		
	30.09.2020	31.12.2019	% Change	30.09.2020	31.12.2019	% Change
Balance sheet total	657 585	877 769	-25,1%	4 817 473	5 479 207	-12,1%
Loans and advances	516 085	665 328	-22,4%	3 780 842	4 153 109	-9,0%
Deposits	508 344	667 768	-23,9%	3 724 132	4 168 340	-10,7%

The segment's key financial performance indicators:

no.	Financial performance indicator	Value of the ratio as at Q3 2020	Value of the ratio as at Q3 2019	Change	Method for calculating the ratio
1	ROA Return on assets	5,37%	12,89%	-7,52 p.p.	$(\text{Net profit} / ((\text{Total assets at the end of the current period} + \text{Total assets at the end of the previous year})/2)) * (4/3)$
2	ROE	30,76%	76,44%	-45,67 p.p.	$(\text{Net profit} / ((\text{Total equity at the end of the current period} + \text{Total equity at the end of the previous year})/2)) * (4/3)$
3	NIM Net interest margin	28,17%	29,69%	-1,52 p.p.	$(\text{Net interest income} / ((\text{Total interest-earning assets at the end of the current period} + \text{Total interest-earning assets at the end of the previous year})/2)) * (4/3)$
4	COF Cost of financing	13,87%	12,52%	1,35 p.p.	$(\text{Interest expenses} / ((\text{Total interest-bearing liabilities at the end of the current period} + \text{Total interest-bearing liabilities at the end of the previous year})/2)) * (4/3)$
5	COR Cost of risk	19,58%	15,49%	4,08 p.p.	$(\text{Net impairment result on loans, advances and leasing receivables} / ((\text{Total receivables from loans, advances, leasing at the end of the current period} + \text{Total receivables from loans, advances and leasing at the end of the previous year})/2)) * (4/3)$
6	C/I Cost-to-income ratio	36,15%	29,40%	6,75 p.p.	General administrative expenses / net operating income

In 3 quarters of 2020, the Ukrainian segment reported the net profit of PLN 30.9 million and it was 56.7% lower than in the corresponding period in 2019.

The main factor that directly translated to the financial results of the Ukrainian sector was 'freezing' the economy caused by the SARS-CoV-2 pandemic, i.e. lockdown and other related curbs imposed by the Ukrainian government to mitigate the pandemic that slowed down business. Business activity of individuals and companies was drastically restricted. The demand for the Group's products and services offered in the Ukrainian market diminished, the sales volume dropped, and the loan portfolio deteriorated as a result of diminishing loan repayment discipline.

The Ukrainian sector kept the net interest income at nearly the same level as in the corresponding period in 2019, i.e. PLN 151.7 million.

Whereas the net fees and commissions income dropped y/o/y by 34.5%, from PLN 57.9 million to PLN 37.9 million generated in three quarters of 2020. The factors that contributed to the fall include lower demand for products offered by the bank, and higher costs incurred by the bank to double its operational online turnover, which proportionally increased costs of those processes.

Compared to the three quarters of 2019, the bank increased its impairment loss from PLN 65.9 million to PLN 86.7 million, which reflected the coronavirus pandemic situation having an adverse impact on the loan portfolio quality.

In the reported period the operating costs of the banking sector increased y/o/y by 10.2%, from PLN 63.9 million to PLN 70.4 million. The reason for the increase of costs, in spite of strict control of administrative expenses, was considerable expansion of the Group in Ukraine in 2019.

The segment's loan portfolio after three quarters of 2020 diminished 22.4% to PLN 516.1 million, whereas the deposit portfolio decreased (by 23.9%) to PLN 508.3 million. The balance sheet total as at the end of the reported period was PLN 657.6 million.

The segment's result expressed in ratios was influenced by the worse economic situation in Ukraine. The net interest margin (NIM) generated in the reported period reached 28.17%, and it was 1.52 p.p. lower than a year before, with the cost of financing (COF) of 13.87% (compared to 12.52% at the end of the corresponding period). The cost of risk (COR) as at the balance sheet date stood at 19.58%, which means that it was 4.08 p.p. higher than in the corresponding period. The C/I ratio stood at 36.15%, and it was 6.75 p.p. higher than in the previous year.

b. The main successes and failures of the segment companies in Q3 2020

In spite of the adverse situation in the market, Idea Bank (Ukraine) has been working to implement new online banking solutions, which had a positive impact on the segment's operations in the period when part of direct sale points of New Finance Services remained closed.

The new model of communication with clients established by O.Bank and a mobile banking application, with no need for the clients to appear in traditional branches, played a major role in the time of the pandemic. Ultimately, O.Bank will ensure access to a full range of banking products and services of the Ukrainian bank from Getin Holding Group. The growth strategy of Idea Bank (Ukraine) aims at constant improvement of its efficiency and focusing on sale through remote channels using its new platform created from scratch by the bank for O.Bank. Ultimately, the bank's strategy assumes also expansion to the smart segment and reaching a new group of clients with a lower risk profile.

Idea Bank (Ukraine) keeps its high rating in the assets verification and assessment of the capital adequacy carried out by the National Bank of Ukraine based on the analysis of emergency scenarios (tests in adverse macroeconomic scenarios). The bank conforms also with established liquidity standards and assessment requirements for credit risk.

The Ukrainian sector remains profitable and regularly pays dividends. In 3 quarters of 2020, Idea Bank (Ukraine) and New Finance Service paid the Issuer nearly PLN 55.0 million dividends.

c. List of factors and risks that in the Issuer's opinion will affect performance of the segment companies in at least one quarter to come

The main factor that the Ukrainian sector struggles with, like the global economy, is the SARS-CoV-2 pandemic. The government 'froze' the market introducing lockdown and other curbs to fight the pandemic. It is estimated that macroeconomic indicators of the national economy will deteriorate. According to forecasts for 2020, the Ukraine's GDP is to reach 7%, and the inflation rate – 11.6%. It is expected that the unemployment rate will grow and wages will diminish, which may have an adverse impact on the quality and level of debt servicing by clients. There is observable devaluation of the hryvnia and substantial fluctuations in foreign exchange rates (which determines liquidity of the country banking system).

During the pandemic the market still observes large dependency of the economic stability and macroeconomic indicators on the cooperation with the International Monetary Fund. It is correlated with the country's ability to pay its obligations and the f/x rate stability.

As a consequence of the pandemic crisis the Ukrainian sector is exposed to the risk of diminishing demand for products and services offered by the group (diminishing sales volume) and deteriorating quality of the portfolio and worsening debt repayment discipline. Those risks may in turn cause lower commission and fees income and increased provisions due to deteriorating financial situation of debtors and higher unemployment rate.

Other material factors that shape the performance of the Ukrainian sector include interbank interest rates for loans and deposits, as well as interest rates established by the Ukrainian Central Bank, and the overall level of liquidity of the Ukrainian banking system.

The operations of Idea Bank (Ukraine) may also be affected by growing business competition in the banking sector of retail cash loans and deposits, specifically from major banks.

A vital factor that determines the business cycle in Ukraine in the nearest future is the local government election run on 25.10.2020 (presently the situation is stable), and the armed conflict in eastern Ukraine.

Nevertheless, Idea Bank (Ukraine) growth strategy aims at maintaining its highly efficient business model and enhancing its stability (while optimising operational costs), as well as at keeping its leader's position in the market.

To implement the assumptions Idea Bank (Ukraine) in the future periods is going to continue to:

- boost its sales efficiency, specifically through online channels;
- improve the quality of the customer service;
- optimise business processes;
- further enhance the risk management process.

Media reports from September 2020 referring to the Regional Prosecutor's Office in Warsaw issuing a decision concerning charging Mr. Leszek Czarnecki, chairman of supervisory board of idea Bank S.A. (Poland) in Warsaw, and setting by the District Court for Warsaw-Śródmieście a date for a pre-arrest hearing in the case of Mr. Leszek Czarnecki, a shareholder indirectly controlling the Issuer, have an impact on the reputation risk of the Issuer as a holding company for credit institutions. On 05.10.2020, the National Bank of Ukraine, within the framework of monitoring compliance with local law requirements for shareholders of controlling shareholders of banks, requested the Company for information within the scope of monitoring business reputation. Getin Holding S.A. responded to the request on 15.10.2020.

d. The consequences of the changes to the segment structure

In Q3 2020, no material changes in the segment structure took place.

2.3 Segment of banking services in Belarus

The segment of banking services of the Issuer Capital Group in Belarus in Q3 2020 comprised:

- Idea Bank S.A. (Belarus), a universal bank that offers financial services to individual clients, comprehensive services to companies while specializing in cash loans, loans to SMEs and credit cards, and
- Idea Broker sp. z o.o. – a financial broker.

Idea Bank S.A. (Belarus) focuses on providing services to individual clients and small and medium-sized enterprises.

The bank is methodically developing its loan products addressed to individual clients, while being one of the leaders of the retail banking sector in Belarus. The bank has been successfully enhancing its market position in the segment of credit cards while expanding its transactional banking services in cooperation with international payment institutions in the local market.

Services offered by Idea Bank S.A. (Belarus) are supplemented by a wide range of services addressed to business.

The bank's main goal is to expand the Internet banking services.

Getin Holding S.A. Capital Group
Consolidated Quarterly Report for the 9-month period ended 31.09.2020
Report on operations of the Capital Group and Issuer for Q3 2020

a. Presentation of the segment's financial result after three quarters of 2020

Segment's performance:

	kPLN			kBYN		
	9M 2020	9M 2019	% Change	9M 2020	9M 2019	% Change
Net interest income	21 355	30 763	-30,6%	13 053	16 739	-22,0%
Interest income	54 738	64 580	-15,2%	33 457	35 141	-4,8%
Interest expense	(33 383)	(33 817)	-1,3%	(20 404)	(18 401)	10,9%
Net fee and commission income	3 520	10 689	-67,1%	2 151	5 816	-63,0%
Fee and commission income	14 034	19 972	-29,7%	8 578	10 868	-21,1%
Fee and commission expense	(10 514)	(9 283)	13,3%	(6 426)	(5 051)	27,2%
Net operating income	38 236	27 246	40,3%	23 371	14 826	57,6%
Net impairment losses	(5 994)	(3 824)	56,7%	(3 664)	(2 081)	76,1%
Administrative expenses	(42 179)	(46 933)	-10,1%	(25 781)	(25 538)	0,9%
Income tax	(4 592)	(5 266)	-12,8%	(2 807)	(2 865)	-2,0%
Net profit (loss)	10 346	12 675	-18,4%	6 324	6 897	-8,3%

Selected balance sheet items:

	kPLN			kBYN		
	30.09.2020	31.12.2019	% Change	30.09.2020	31.12.2019	% Change
Balance sheet total	726 390	919 036	-21,0%	493 941	510 434	-3,2%
Loans and advances	495 711	630 389	-21,4%	337 081	350 119	-3,7%
Deposits	530 503	709 111	-25,2%	360 739	393 841	-8,4%

Key financial performance indicators:

no.	Financial performance indicator	Value of the ratio as at Q3 2020	Value of the ratio as at Q3 2019	Change	Method for calculating the ratio
1	ROA Return on assets	1,68%	1,97%	-0,30 p.p.	$(\text{Net profit} / [(\text{Total assets at the end of the current period} + \text{Total assets at the end of the previous year})/2]) * (4/3)$
2	ROE	9,90%	10,56%	-0,66 p.p.	$(\text{Net profit} / [(\text{Total equity at the end of the current period} + \text{Total equity at the end of the previous year})/2]) * (4/3)$
3	NIM Net interest margin	3,73%	5,20%	-1,47 p.p.	$(\text{Net interest income} / [(\text{Total interest-earning assets at the end of the current period} + \text{Total interest-earning assets at the end of the previous year})/2]) * (4/3)$
4	COF Cost of financing	6,55%	6,52%	0,03 p.p.	$(\text{Interest expenses} / [(\text{Total interest-bearing liabilities at the end of the current period} + \text{Total interest-bearing liabilities at the end of the previous year})/2]) * (4/3)$
5	COR Cost of risk	1,42%	0,89%	0,53 p.p.	$(\text{Net impairment result on loans, advances and leasing receivables} / [(\text{Total receivables from loans, advances, leasing at the end of the current period} + \text{Total receivables from loans, advances and leasing at the end of the previous year})/2]) * (4/3)$
6	C/I Cost-to-income ratio	66,83%	68,32%	-1,48 p.p.	General administrative expenses / net operating income

The net income generated by the Group in Belarus after 3 quarters of 2020 totalled PLN 10.3 million, which means a fall by 18.4% compared the performance generated after 3 quarters of 2019.

The net interest income generated by Idea Bank Group (Belarus) in the reported period totalled PLN 21.4 million being 30.6% lower y/o/y.

The net fee and commission income generated by the segment after 3 quarters of 2020 totalled PLN 3.5 million, being 67.1% lower than in the corresponding year in the previous year.

The result generated on other operating activities totalled PLN 38.2 million and it was 40.3% higher than in the corresponding period in the previous year. It was the effect of taking by the bank

advantage of the BYN devaluation which allowed for boosting sales and increasing the fx transactions margin.

The bank's loan portfolio as at the end of Q3 2020 totalled PLN 495.7 million being 21.4% lower than in the end of 2019. The deposits acquired by the bank as at the balance sheet date totalled PLN 530.5 million, reporting a 25.2% decline compared to 31.12.2019.

The net interest margin (NIM) in the reporting period fell y/o/y (3.73% v. 5.20%), to which contributed both the pandemic situation and new regulatory changes in the Belarusian market, i.e. limits imposed by the National Bank of Belarus that in result caused substantial reduction of the spread between permitted interest rates for local currency loans and deposits. The costs of financing rate remained nearly unchanged (6.55% v. 6.52%).

b. The main successes and failures of the segment companies in Q3 2020

The banking sector in Belarus was paralysed not only by the SARS-CoV-2 pandemic, but also as a result of the difficult political situation in the country.

Having implemented in previous periods advanced digitalisation processes in its sale areas Idea Bank (Belarus), as one of a few in the local market, successfully implemented home bound work for most of its employees. Putting for years the emphasis on the development of remote communication with clients and expanding its portfolio of products offered in the transactional system allowed the bank to keep during the lockdown uninterrupted processes and operations of all business lines. The few COVID-19 cases that appeared in the reported period among the bank's employees did not interrupt its continuity.

The economic situation in Belarus has substantially slowed down processes of transforming the bank's business model from traditional to online banking. Before the pandemic the bank had been intensively reorganising its sales network by reducing the number of branches and intensifying the Internet banking functionalities. The increased demand for remote services and more available mobile devices in the pandemic-stricken local market confirm that the strategy selected by the bank was correct.

The internet bank clients have an access to foreign exchange services on the NEMBO platform and to consumer finance services. Those services was addressed predominantly to clients of online shops (individual clients). The product's main advantage is the quick verification procedure and credit decision. The process (including the client's identification and personal data verification) goes only online (by interbank identification system) and does not require any paperwork.

At the same time, before the pandemic broke out the bank had offered standard loans and credit cards through its online channels, which saved formalities and visits at the bank's branch, yet offering such products is now substantially limited. While implementing the digitalisation strategy Idea Bank (Belarus) intends to increase in future periods the share of online sale in the total sales volume.

The economic situation in the Belarusian banking sector has nearly stopped sale of the local currency loans. Whereas the demand for foreign currencies increased, which caused outflow of deposits. Idea Bank (Belarus) was affected by results of that tendency in the beginning of Q2 2020, when it had temporary liquidity problems and insufficient funds to run its operational activity. In subsequent months the bank resumed its operations. In September, in the period of particular political and economic instability in Belarus, when most businesses in the sector suspended sale of loans, the bank that the outflow of deposits slowed down. Yet, the bank still strives with cyclical liquidity gaps. Responding to temporary lack of funds Idea Bank (Belarus):

- takes steps to make loan interest rates more attractive;
- limited sale of local currency loans to individual clients, focusing on the most profitable products sold through Internet channels (including foreign currency exchange);
- suspended sale of the local currency loans to legal persons.

c. List of factors and risks that in the Issuer's opinion will affect performance of the segment companies in at least one quarter to come

In the Issuer's opinion, the following factors will affect performance of the banking segment in Belarus in the subsequent periods:

- the SARS-CoV-2 coronavirus pandemic and additional regulations imposed on the financial sector;
- the political situation after the presidential elections and its social and political effects;
- the market paralysis of any local currency loan activity;
- the potential transaction of selling Belarus based assets by the Issuer;
- the introduction of new limits by the National Bank of Belarus (estimated standard risk indicators) – this new regulation caused significant reduction of the spread between the maximum permitted local currency loan interest rate and deposit interest rate;
- further reduction of the local currency interest margin;
- the amendment introduced by the regulator in January 2020 prohibiting including in loan agreements any provisions that would allow for changing the agreed loan interest rate by banks;
- the amendment introduced by the regulator in January 2020 capping the maximum commission paid by Internet shops to banks crediting purchases in such shops;
- the local currency liquidity deficit in the banking system (determining the cost of funding in rouble);
- the GDP low dynamics and recession as a result of the pandemic;
- meagre foreign currencies reserves;
- high external debt compared to the GDP;
- the rouble devaluation;
- growing liquidity and credit risk;
- the credit risk, risk of clients losing financial liquidity;
- the limits for maximum loan burden for individual debtors imposed by the National Bank of Belarus – reduced the effective demand for the bank's products;
- lifting the restrictions concerning granting loans to clients with overdue debt;
- high dependency of the Belarusian economy on the economic situation in the Russian markets (e.g. possible sanctions imposed on the Russian federation).

d. The consequences of the changes to the segment structure

In Q3 2020, no changes in the segment structure took place.

2.4 Banking and lease services sector in Romania

In Q3 2020, the segment of financial services of the Issuer Capital Group in Romania was represented by:

- Idea Bank S.A. (Romania) – providing services to individual clients and small and medium-sized enterprises, offering loans (e.g. the *Selfie* consumer loan or the *Mortgage* loan), deposits (also through the Internet platform dedicated to saving products called *Idea::WebDepo*), payment and credit cards, as well as several cash and settlement services and bancassurance products;
- Idea Leasing IFN S.A.– offering lease of movable property (including loans) for small and medium-sized enterprises;
- Idea Finance IFN S.A. – providing financial lease services;
- Idea Investment S.A. – providing business consultancy services;
- Idea Broker de Asigurare sp. z o.o. – an insurance broker;
- Idea Credite de Consum sp. z o.o.– a financial agent.

a. Presentation of the segment's financial result after 3 quarters of 2020

Segment's performance:

	kPLN			kRON		
	9M 2020	9M 2019	% Change	9M 2020	9M 2019	% Change
Net interest income	52 910	53 763	-1,6%	57 564	59 202	-2,8%
Interest income	83 724	84 876	-1,4%	91 089	93 462	-2,5%
Interest expense	(30 814)	(31 113)	-1,0%	(33 525)	(34 260)	-2,1%
Net fee and commission income	26 362	20 964	25,7%	28 681	23 085	24,2%
Fee and commission income	33 666	28 615	17,7%	36 628	31 510	16,2%
Fee and commission expense	(7 304)	(7 651)	-4,5%	(7 947)	(8 425)	-5,7%
Net operating income	21 076	22 675	-7,1%	22 930	24 969	-8,2%
Net impairment losses	(13 764)	(12 775)	7,7%	(14 975)	(14 067)	6,5%
Administrative expenses	(71 450)	(70 592)	1,2%	(77 735)	(77 733)	0,0%
Income tax	(3 793)	(2 653)	43,0%	(4 127)	(2 921)	41,3%
Net profit (loss)	11 341	11 382	-0,4%	12 339	12 533	-1,6%

Selected balance sheet items:

	kPLN			kRON		
	30.09.2020	31.12.2019	% Change	30.09.2020	31.12.2019	% Change
Balance sheet total	2 563 253	2 317 423	10,6%	2 758 856	2 603 554	6,0%
Credit and leasing receivables	1 730 967	1 515 675	14,2%	1 863 057	1 702 814	9,4%
Deposits	2 011 198	1 769 922	13,6%	2 164 673	1 988 453	8,9%

Key financial performance indicators:

no.	Financial performance indicator	Value of the ratio as at Q3 2020	Value of the ratio as at Q3 2019	Change	Method for calculating the ratio
1	ROA Return on assets	0,62%	0,65%	-0,03 p.p.	$(\text{Net profit} / [(\text{Total assets at the end of the current period} + \text{Total assets at the end of the previous year})/2])^{(4/3)}$
2	ROE	7,71%	8,71%	-1,00 p.p.	$(\text{Net profit} / [(\text{Total equity at the end of the current period} + \text{Total equity at the end of the previous year})/2])^{(4/3)}$
3	NIM Net interest margin	3,04%	3,23%	-0,19 p.p.	$(\text{Net interest income} / [(\text{Total interest-earning assets at the end of the current period} + \text{Total interest-earning assets at the end of the previous year})/2])^{(4/3)}$
4	COF Cost of financing	1,86%	1,95%	-0,09 p.p.	$(\text{Interest expenses} / [(\text{Total interest-bearing liabilities at the end of the current period} + \text{Total interest-bearing liabilities at the end of the previous year})/2])^{(4/3)}$
5	COR Cost of risk	1,13%	1,09%	0,04 p.p.	$(\text{Net impairment result on loans, advances and leasing receivables} / [(\text{Total receivables from loans, advances, leasing at the end of the current period} + \text{Total receivables from loans, advances and leasing at the end of the previous year})/2])^{(4/3)}$
6	C/I Cost-to-income ratio	71,20%	72,47%	-1,27 p.p.	General administrative expenses / net operating income

The net result generated in the Romanian segment after Q3 of 2020 totalled PLN 11.3 million, and in spite of curbs imposed by the government due to the SARS-CoV-2 pandemic (such as e.g. reduction of interest rates, and consequently – lower NIM) it remained at the same level compared to the net income generated in the corresponding period in the previous year.

The net interest income generated by the Romanian segment slightly (by 1.6%) diminished compared to the aggregated result in the corresponding period totalling PLN 52.9 million, due to the pandemic situation, but also due to the reduction of interest rates by the National Bank of Romania.

The net fees and commission income generated by the segment in the reported period increased by 25.7% y/o/y reaching nearly PLN 26.4 million, mainly due to lower costs of cash transactions (which was caused by lower volumes of fx transactions), as well as increasing income generated on the Internet banking transactions, resulting from progressing digitalisation of services and products offered by the segment. A major factor that contributed to the performance of the sector was a limited volume of foreign currency transactions as a result of closing borders, and also government recommendations to postpone repayment of loan instalments by clients.

The loan and lease receivables in the segment as at the end Q3 2020 totalled PLN 1.7 billion, which means a growth by 14.2% compared to the value of the portfolio at the end of 2019. The deposits collected as at 30.09.2020 totalled PLN 2.0 billion, growing by 13.6% compared to 31.12.2019.

In the reported period the net interest margin (NIM) stood at 3.04% v. 3.23%, with the dropping cost of financing (COF) to 1.86% v. 1.95% in the corresponding period in the previous year. The cost of risk rate (COR) at the end of Q3 2020 was 1.13% being 0.04 p.p. higher than in the previous year.

b. The main successes and failures of the segment companies in Q3 2020

On 16.03.2020, the President of Romania announced the state of emergency because of the threat of the COVID-19 pandemic. Part of the economy was ‘frozen’. The anti-pandemic measures will have an impact on the segment's performance in the following periods.

On 17.05.2020, the Romanian government started to thaw the economy. The Romanian Group reacted to the loosening more quickly than its competition, which translated to positive result generated in June 2020. In June 2020, the segment resumed full scale operations.

The Romanian segment operates through a network of several branches and lease points, as well as through agents, whose operations in the pandemic were substantially limited (before the state of emergency for the expansion of the infrastructure of the traditional sale network combined with optimisation and introduction of new arrangement of the already existing infrastructure).

Corporate authorities took their best efforts to ensure that as many employees as possible could work from home. At the same time the implemented and constantly developing systems of electronic access to products and services offered by the Group companies allowed to keep uninterrupted operations of all business lines in that difficult time for the Romanian economy. For the entire time of the pandemic the liquidity and capital adequacy ratios of Idea Bank (Romania) have remained at required levels.

In Q3 2020, the state of emergency/alert (and related restrictions) had a major impact on abilities of building the loan portfolio by Idea Bank (Romania), including consumer loans (*Selfie*) and mortgage loans, or loans offered to small and medium-sized companies, and it also hindered the potential of building the lease portfolio by the Group in Romania. The segment keeps stable results and a strong market position.

Idea Bank (Romania) continued to cooperate with eMAG, the largest Internet shop in Romania. eMAG clients get a quick access to products offered by the bank (credit lines) in simplified procedures.

In the competitive local market, the strategic directions for the bank's growth focus on improving efficiency and enhancing its market position by product diversification (innovations: Internet banking, electronic signature or *Idea::WebDepo*), improving quality of the customer service and expanding cooperation with agents.

The authorities of the Group in Romania responded to the pandemic by:

- ensuring continuous customer service in extraordinary circumstances;
- looking for new business opportunities;
- developing and offering solutions to clients who need restructuring of loan repayment schedules because of curbs imposed on their business activity.

After the balance sheet date, 10.11.2020, the Issuer's Management Board decided to take steps to potentially selling all shares in Idea Bank S.A. (Romania) held by the Company, hired the international investment bank Rothschild & Co and signed with Rothschild & Co Polska sp. z o.o. an exclusive financial consulting agreement.

c. List of factors and risks that in the Issuer's opinion will affect performance of the segment companies in at least one quarter to come

The segment's main strategic goal is to ensure business efficiency by enhancing its market position and expanding its product range while improving quality of the customer service and cooperation with business partners. With this end in view the Romanian segment takes several endeavours aiming at sustainable growth of the institution and increasing its profitability and expanding the customer base.

In Q3 2020, Idea Bank (Romania), in spite of the pandemic, continued the digitalisation project that allows to sell a wide range of services and products online, to use an electronic signature. The final version of the Internet banking will be one of the most innovative in the Romanian market. Digital sale systems, in spite of the difficult situation, ensured stable performance of the segment.

Like in other markets, the main factor that determined the shape of the Romanian sector business will be consequences of freezing the economy related to the SARS-CoV-2 pandemic and subsequently related decisions of governmental authorities. Due to the introduction of the state of emergency by the Romanian government the segment is required to increase provisions due to worsening quality of the loan portfolio. Additionally, the Romanian government by an extraordinary order introduced a very liberal system of postponing repayment of loan instalments for businesses suffering consequences of COVID-19. Idea Bank (Romania) implemented that solution for clients who need help because their businesses had been 'frozen'.

The segment's operations will also be affected by possible legal changes concerning banking and financial sectors (long-term consequences of changes in regulations on consumer bankruptcy and mortgage loans), fiscal policy aiming at reduction of the budget deficit, and the EU economic situation. In the perspective of the following periods, with the present fiscal policy, the bank expects diminishing growth of the loan portfolio and of the overall level of deposits vested in the bank. Another factor that may have an impact on business results generated by Idea Bank (Romania) will be base interest rates that influence the net interest income.

Similarly, the debt/income ratio regulation introduced by the National Bank of Romania may affect the future loan portfolio in the local market.

While conducting their operations the segment companies are exposed to credit risk, such as among others cash flow disruptions or loss of financial liquidity of their clients, which during the pandemic becomes even more important.

Results of Idea Leasing IFN (Romania) depend on the direction of the development of the automotive and lease markets. The sector may also be affected by possible legal or fiscal changes, specifically as regards buying out debt. For Idea Leasing (Romania), another crucial issue is ensuring continuous financing for the company's core operations.

Furthermore, in Q3 2020 two investigations were carried out by state institutions with the participation of Idea Leasing IFN S.A., specified herein below.

In 2019, the State Tax Administration Agency (STAA) started an inspection in the company. The agency had been provided with relevant documentation of the company's advertising campaigns. The inspection implied the risk of changing the qualification of marketing costs and imposing additional tax dues on the company, and possibly penalties. The investigation was closed on 11.02.2020. The company raised objections to the investigation report. At the same time the Romanian parliament has been discussing the question of imposing a tax on marketing instruments that are the subject of the case. On 06.11 2020, the authority informed about the inspection on 07.12.2020. In the event of negative decisions the company will appeal against it because the company worked on the basis of STAA's interpretations.

Furthermore, in 2019, the company received a report from the Romanian Competition Protection Agency (Romanian Consiliul Concurentei) concerning the investigation that had been carried out since November 2017. The authority verified all entities operating in the Romanian financial lease market (including the Romanian Leasing Association). The agency presented a suspicion of breaching principles of fair competition in the sector. The company authorities initiated a legal proceedings. A team of lawyers drew up formal comments clarifying and explanatory comments refuting the charges. On 25.02.2020, in connection with reservations expressed by the entire lease sector in Romania, the plenum of the Competition Protection Agency decided to refer the statement of reservations to the investigation team that deals with the case with a request for supplementing the

analysis. The deadline for issuing a new report is not regulated by law. The proceeding may be pending for several years and end with, depending on the result of investigation, an opportunity to filing by the company (and other Romania based lease companies) reservations to the new report or the case discontinuation by the Competition Protection Agency imposing no sanctions on the entire sector. The final report delivered to the company on 28.10. 2020 will be discussed at a parliamentary session on 03.12.2020. The company creates a reserve in the event of possible sanctions against it. However, the companies under the investigation intend to appeal against possible negative decisions of the Romanian competition authority.

d. The consequences of the changes to the segment structure

In Q3 2020, the following changes in the segment structure took place:

- On 07.05.2020, the General Meeting of Idea Finance IFN S.A. agreed for a temporary suspension of its operations for 3 years, i.e. from 01.06.2020 to 31.05.2023. The decision was officially registered in the relevant register on 05.06.2020.
- On 18.06.2020, the General Meeting of Idea Credit de Consum S.R.L agreed for the liquidation of the company. On 01.07.2020, the afore decision was officially registered. ON 20.07.2020, the resolution was published in the Journal of Laws. On 19.10.2020, the company's liquidation process was finalised by its registration in the relevant commercial register.
- On 02.09.2020, the share capital of Idea Bank (Romania) was increased by RON 10.0 million by issuing 100 million new shares, to RON 252.0 million.

2.5 Segment of financial services in Poland

The segment of financial services of the Issuer's Capital Group in Poland is represented by M.W. Trade S.A. The company's specialises in restructuring debt of public units and offering complex financial services. The typical feature of this niche market is concentration of demand and supply, which in turn leads to dependency of the company on the market situation, specifically on changes in legislation and activities of competitors. Operating in the medical sector M.W. Trade suffered the consequences of the pandemic most directly of all Group companies.

a. Presentation of the segment's financial result after 3 quarters of 2020

	kPLN		% Change
	9M 2020	9M 2019	
Net interest income	1 784	3 556	-49,8%
Interest income	3 373	10 924	-69,1%
Interes expense	(1 589)	(7 368)	-78,4%
Net fee and comission income	(291)	170	-
Fee and commission income	(236)	411	-
Fee and commission expense	(55)	(241)	-77,2%
Net operating income	(18)	(3)	500,0%
Net impairment losses	(409)	282	-
Administrative expenses	(2 758)	(3 339)	-17,4%
Income tax	(1 904)	(2 766)	-31,2%
Net profit (loss)	(3 596)	(2 100)	71,2%

Selected balance sheet items:

	kPLN		% Change
	30.09.2020	31.12.2019	
Balance sheet total	107 329	138 868	-22,7%
Loans and receivables	90 852	104 225	-12,8%

Key financial performance indicators:

no.	Financial performance indicator	Value of the ratio as at Q3 2020	Value of the ratio as at Q3 2019	Change	Method for calculating the ratio
1	ROA Return on assets	-3,89%	-1,23%	-2,67 p.p.	$(\text{Net profit} / [(\text{Total assets at the end of the current period} + \text{Total assets at the end of the previous year})/2]) * (4/3)$
2	ROE	-6,65%	-3,35%	-3,31 p.p.	$(\text{Net profit} / [(\text{Total equity at the end of the current period} + \text{Total equity at the end of the previous year})/2]) * (4/3)$
3	NIM Net interest margin	1,97%	2,12%	-0,15 p.p.	$(\text{Net interest income} / [(\text{Total interest-earning assets at the end of the current period} + \text{Total interest-earning assets at the end of the previous year})/2]) * (4/3)$
4	COF Cost of financing	4,24%	6,86%	-2,62 p.p.	$(\text{Interest expenses} / [(\text{Total interest-bearing liabilities at the end of the current period} + \text{Total interest-bearing liabilities at the end of the previous year})/2]) * (4/3)$
5	COR Cost of risk	0,56%	-0,19%	0,75 p.p.	$(\text{Net impairment result on loans, advances and leasing receivables} / [(\text{Total receivables from loans, advances, leasing at the end of the current period} + \text{Total receivables from loans, advances and leasing at the end of the previous year})/2]) * (4/3)$
6	C/I Cost-to-income ratio	186,98%	89,69%	97,30 p.p.	General administrative expenses / net operating income

After 3 quarters of 2020, the segment of financial services in Poland generated a negative net result of nearly PLN 3.6 million, which means a fall compared to the previous year when it reported a loss of PLN 2.1 million.

The following events and factors contributed to the loss:

- making by the company provisions for the expected loss due to debt unpaid by dissolved gmina Ostrowice (negative result exceeding PLN 0.4 million).
- substantially limited possibilities of new transactions (agency in selling loans of Getin Holding Group bank) being the effect of the SARS-CoV-2 coronavirus;
- adjustments to the net commission and fees income from agency services due to premature repayment of a secured loan (minus PLN 0.3 million);
- making revaluation allowances for a deferred tax asset that was a result of 2016-2017 tax loss (in connection with no settlement with the State Treasury) and other temporary differences (the amount of PLN 1.7 reduced the value of the deferred tax asset and PLN 0.5 million increased the deferred tax provisions; the total PLN 2.1 was carried to the financial result for 2020).

In the discussed period, M.W. Trade S.A. reported a lower income on sale which resulted mainly from lower value of the average monthly debt portfolio that in Q3 2020 amounted to PLN 97.5 million (compared to PLN 218.5 million in the corresponding period in the previous year, which means a reduction by 55%) and no planned commission income generated from selling loans.

The aggregated expenses incurred by the company in 3 quarters of 2020 amounted to PLN 4.4 million, i.e. 60% less than in the corresponding period in the previous year. The lower total expenses resulted predominantly from diminishing portfolio financing costs (that fell by 78.4%) and administrative costs (that fell by 17.4%).

In the discussed period, as assumed, and similarly to 3 quarters of 2019, the company generated no balance sheet contracting. Whereas substantially limited by the SARS-CoV-2 pandemic sale of loans did not bring about any off-balance sheet contracting.

The company's loan portfolio as at 30.09.2020 totalled PLN 90.9 million compared to PLN 104.2 million year at the end of 2019.

The balance sheet total of the financial services segment in Poland as at the end of the discussed period fell by 22.7% compared to the end of 2019 (from PLN 138.9 million at 31.12.2019 to PLN 107.3.7million on 30.09.2020).

In the reported period the net interest margin (NIM) stood at 1.97% v. 2.12%, with the reduced cost of financing (COF) to 4.24% v. 6.86% in the corresponding period in the previous year. The cost of risk (COR) at the end of Q3 2020 was 0.6% being 0.75 p.p. higher than in the previous year.

The debt ratio of M.W. Trade, i.e. the proportion of total liabilities and provisions to balance sheet total as at 30.09.2020 stood at 43% (which means an increase by 2.3 p.p. compared to rate reported for the end of 2019). The debt ratio increased because of the dividend paid in the presented period.

b. The main successes and failures of the segment companies in Q3 2020

The key factors that affected the company's performance in Q3 2020 included the following events:

- Operating in the medical sector, the company was directly affected by the effects of the pandemic. Because of the government recommendations concerning the crisis caused by the SARS-CoV-2 pandemic the company had to cease any personal contacts between its representatives with clients - public healthcare units, and the company had to restrict its operations to remote work and contacts only. During the pandemic medical centres changed their priorities. Hospitals faced huge organisational and personnel challenges, the National Health Fund recommended that they cease planned procedures.

Some institutions decided to postpone preparation of their financial reports for 2019 that are the key source of information for credit analysis when offering agency services by the company.

Those circumstances had and will have a negative impact on contracting and commission income, and therefore on the financial results generated by the company. Also potential problems with repayment of dues by the medical sector are difficult to assess.

In May 2020, hospitals started to thaw planned procedures in medical units.

In June 2020, the Company felt first positive effects of loosening restrictions in the public healthcare sector. Until October contacts with many potential clients were made directly, which allowed for collecting documents and filing loan applications with banks while providing agency services. Yet, the second wave of the pandemic forced the sales team to curb its field activities, again.

At the same time, on 01.07.2020, the National Healthcare Fund (NFZ) provided medical units with additional support amounting to 3% of the value of invoices paid by the NFZ outside the lump sum, to support the coming back to providing normal procedures.

- On 09.04.2020, the company received a statement of the West Pomerania Governor concerning evasion of legal consequences of agreements concluded in 2016 by the company with Gmina Ostrowice in which it recognised its debt of PLN 35.4 million towards the company.

The West Pomerania Governor's statement is in the company's opinion entirely groundless, and furthermore ineffective. According to the Act dated 05.07.2018 on special solutions concerning Gmina Ostrowice in West Pomerania (the Special Act), the State Treasury represented by the

West Pomerania Governor assumed the debts of the liquidated Gmina. That solution was to relieve the neighbouring Gminas that inherited assets that had belonged to Gmina Ostrowice. The Special Act was passed because of the Gmina's high debt that could not perform its tasks resulting from law regulations. The company appealed against the Governor's decision.

On 22.06.2020, in response to the objections expressed by the company, the company was informed by the Attorney General of the Treasury, about a lawsuit lodged by the State Treasury, represented by the West Pomerania Governor, dated 31.03.2020, to establish invalidity of mediation agreements from 2016, and about the notification of the State Treasury represented by the West Pomerania Governor dated 31.03.2020 about suspicion of committing a crime consisting of attempting to obtain under false pretences payment of funds from the State Treasury by claiming by the company debts that were nonexistent and to which the company was not entitled to. The company filed a response in which it presented its standpoint concerning the arguments of the State Treasury.

Presently, it is not possible to precisely specify the date when the entire debt of the liquidated Gmina Ostrowice will be repaid.

After the court's final and binding decision concerning the charges that will result in the West Pomerania Governor's obligation to pay the incriminated amount, the provision for the expected loss shall be reversed.

On 16.09.2020, the company was informed about setting the date for a court hearing concerning the afore specified liabilities to the company for 16.02.2021.

In connection with the pending court proceedings and no certainty that the debt will be repaid by Gmina Ostrowice in 2020, and hence impossibility to settle the deferred corporate tax asset of the expected amount of PLN 1.7 million that originated from the tax loss incurred in years 2016 - 2020, the company authorities decided to release the asset.

The asset increases the income tax reported in the financial report of M.W. Trade for the 9-month period ended on 30 September 2020, and hence it decreases the company's net result.

In the Issuer's opinion, the key information for the evaluation of the impact on the financial result of M.W. Trade is the business risk, strictly related to its market environment, where the company operates, the activity of other market players (including competition) and external factors that shape the market.

The company recorded a material negative impact of the SARS-CoV-2 pandemic on its operations and financial performance in form of no income from loan brokerage. On the one hand there is a limited demand for the services offered by the company in medical institutions, on the other – the imposed restrictions made any face-face contact with potential clients in medical centres impossible. This key impediment for a long time made, and again it makes it impossible to finalize processed applications prolonging the already complex loan issuing process and highly limiting possibilities of realizing new projects when hospitals struggle with extraordinary operational and personnel problems.

Whereas the uncertainty caused by the coronavirus in financial markets may cause destabilisation of the banking sector and introduce a negative tendency in its willingness to finance the healthcare sector.

Because of the pandemic any development and implementation of new business concepts for the company growth or changing its profile are limited.

The factor that influences credit risk remains the network of hospitals formed by the Minister of Health, i.e. the system of ensuring elementary hospital care that aims to ensure a wide access to healthcare services. The network of hospitals established the classification of medical units in a system that ensures adequate protection system: profiles in which procedures are provided and scopes and types of services refunded by the National Health Fund. The system covers all units that ensure uninterrupted access to medical services and their complexity. For the company it is the confirmation of the applied by it strategy concerning risk assessment methodology and focusing on major units in a region. According to the regulations, entities that are part of the network of hospitals will be redefined next year – new scopes and values of contracts with the National Health Fund will be specified. The approach to the contract calculation method is unknown.

Furthermore, the company is exposed to the risk of delays in debt servicing by public entities that it cooperates with. Shifts in positive cash flows or lack of such cash flows may cause that the company periodically may have no cash to pay its current dues. The company's liabilities result from deferred repayments of purchased debts, contracted loans and credit facilities and issued debt instruments. Discharge of the aforementioned liabilities and covering costs of current activity generates current and future negative cash flows. The company covers them from positive cash flows from its receivables portfolio or new liabilities, if necessary. 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 company mitigates the risk by allocating concentration limit with each client and keeping adequate cash for the assets portfolio that is a liquidity buffer for the company. The possibility of intercompany transactions facilitates better matching of assets and liabilities, which gives the company an opportunity to enhance its liquidity buffer. It is hardly foreseeable how long the National Health Fund will be financing hospitals in 100% of contracted amounts in spite of the no actual performance of contracted procedures and the lump sum. Non-performance of specific procedures during the coronavirus pandemic does not mean that hospitals do not have to pay substantial costs of their operating, such as personnel salaries.

On 01.04.2020, became retroactively effective from 14.03.2020 amendments to Art. 59(2) of the Act on therapeutic activities prolonging deadlines for making a decision about liquidation of a medical unit in cases specified by law. Implementation of the said regulations was to ensure additional protection for hospitals during the pandemic. For some of founders the regulations allowed to postpone for next 12 months the obligation to liquidate a unit that was required by previous regulations.

In spite of all macroeconomic changes, in Q3 2020 the company did not face any material payment problems in balance sheet exposure and it is fully capable to continue its operations, both in the scope of servicing the balance sheet and off-balance sheet portfolio, and has full operational capability and competences to continue its operations in providing loan brokerage services.

Furthermore, the following factors will have a material impact on the company's performance:

- the market conditions, including robust price competition;
- the situation in the financial market in Poland;
- refinancing the sector by the National Health Fund (NFZ);
- very strong wage pressure in the public healthcare sector with limited resources of medical staff in Poland;
- implementation of individual adaptation programmes by medical units;
- new definition of the network of hospitals and changes of hospitals supervision;

- outcomes of sanitary inspections at medical centres concerning safety and hygiene for patients;
- increased total debt of medical units, increasing need for revolving credit among suppliers and healthcare entities.

Critical success factors and factors that will ensure achievement of the company's strategic goals:

- the experience and expertise in the market of financing healthcare entities (knowledge base concerning hospitals and their financial standing);
- the access to financing and services offered by Getin Holding Capital Group companies;
- providing services responding to the market demand;
- the ability to develop mix of services ensuring higher added value to clients;
- good relations with clients throughout the country (also providers of services and goods to healthcare entities);
- stabilization and 'thawing' business and the development of the pandemic situation in Poland.

External factors that materially affect the company's growth:

- the liquidity situation of the medical sector units related to medical procedures contracted by the National Health Fund (NFZ) and the amount of funds from health insurance contributions;
- changing the way of settlement of public hospitals with the NFZ (or other funds responsible for financing healthcare system under the supervision of the Minister of Health), including settlements during and after the pandemic crisis;
- successful resumption of planned procedures financed outside the lump sum by hospitals;
- functioning of the network of hospitals;
- the new legislative solution in connection with the sentence of the Constitutional Tribunal that revokes the obligation of founders to cover negative results of medical units;
- sanitary and infrastructural requirements of the Ministry of Health forcing healthcare units to incur substantial investment outlays, and increasing their operating costs;
- growing hospital personnel wage pressure at each level, expectation of substantial pay rise, growing tensions between hospital staff and managers, real possibilities of providing sufficient personnel for hospital departments;
- liquidity of suppliers of hospitals;
- the situation in financial markets and cost of external financing and its availability;
- competition in the market;
- implementation of legal restrictions for trading in hospital debt that will affect the sale structure of products directly financing the medical sector;
- the level of debt of local government units caused by higher investment expenses incurred in the EU-co financed projects;
- statutory changes regulating operations of local government units, level of their income and expenses;
- potential statutory changes, administrative decisions reshaping solutions in health service;
- successful resumption of relations with medical units after their adaptation to the pandemic situation

c. The consequences of the changes to the segment structure

In Q3 2020, no material changes in the segment structure took place.

A detailed description of the operations of M.W. Trade S.A. is available in the published company's report for the 9-month period ended on 30.09.2020.

3. Other information concerning Getin Holding Capital Group in Q3 2020

a. Information about changes of ownership of significant blocks of shares

Structure of ownership of significant blocks of shares as of the date of filing the H1 2020 report and as of the date of hereof, to the Issuer's knowledge:

SHAREHOLDERS ENTITLED DIRECTLY OR INDIRECTLY TO AT LEAST 5% OF THE TOTAL NUMBER OF VOTES AT THE GENERAL MEETINGS OF SHAREHOLDERS OF GETIN HOLDING S.A. AS OF THE DATE OF FILING H1 2020 REPORT AND AS AT THE DATE OF FILING THIS REPORT		
Shareholder	Number of shares held/ number of votes arising from shares held (pcs.)	% share in the share capital / votes at GMs (pcs.)
*Leszek Czarnecki directly and indirectly**, including among others:	104 316 454	54.97%
LC Corp B.V. based in Amsterdam	64 845 032	34.17%
Getin Noble Bank S.A. based in Warsaw	18 957 758	9.99%

*to the Issuer's knowledge, Mr. Leszek Czarnecki holds:

- directly 20,468,082 shares accounting for 10.79% of the share capital (% of all votes at the company's GMs), and
 - indirectly, through subsidiary companies – 83,848,372 shares accounting for 44.18% of the share capital (% of all votes at the company's GMs);
- the companies controlled by Mr. Leszek Czarnecki that hold shares in Getin Holding S.A. include:
- LC Corp B.V. based in Amsterdam and Getin Noble Bank S.A. based in Warsaw, whose interest is presented hereinabove;
 - RB Investcom sp. z o. o. based in Wrocław holding 8,231 shares accounting for 0.004% of the share capital (% of all votes at the company's GMs);
 - Idea Money S.A. based in Warsaw holding 631 shares accounting for 0.0003% of the share capital (% of all votes at the company's GMs);
 - Jolanta and Leszek Czarnecki's Foundation holding 29,970 shares accounting for 0.016% of the share capital (% of all votes at the company's GMs);
 - Open Finance Fundusz Inwestycyjny Otwarty Subfundusz Akcji Małych i Średnich Spółek (managed by Open Finance TFI S.A.) holding 6,750 shares accounting for 0.0036% of the share capital (% of all votes at the company's GMs)

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

Number of shares held by members of management and supervisory boards of getin Holding S.A. from the date of filing the H1 2020 report to the date hereof, to the Issuer's knowledge:

Person	Position	as of the date of publication of H12020 report (pcs.)	change	as of the date of publication of Q32020 report (pcs.)
Piotr Kaczmarek	President of Management Board	6 000	-	6 000
Krzysztof Jarosław Bielecki	Deputy President of Management Board	0	-	0
Izabela Lubczyńska	Member of Management Board	1 130	-	1 130
Krzysztof Florczak	Member of Management Board	0	-	0
Leszek Czarnecki	Chairman of Supervisory Board	20 468 082 ¹⁾	-	20 468 082 ¹⁾
		83 848 372 ²⁾	-	83 848 372 ²⁾
Remigiusz Baliński	Vice Chairman of Supervisory Board	49 410	-	49 410
Bogdan Frąckiewicz	Member of Supervisory Board	0	-	0
Adam Maciejewski	Member of Supervisory Board	0	-	0
Stanisław Wlazło	Member of Supervisory Board	0	-	0

c. The management board's position concerning the probability of meeting previously published forecasts for the given year

Getin Holding Capital Group companies did not publish any financial forecasts for Q3 2020.

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

In Q3 2020, neither the Issuer nor its subsidiaries granted a substantial value loan or credit guarantee or a guarantee.

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

In the reported period in Getin Holding Capital Group there occurred 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 or administrative proceedings (including those concerning liabilities or debts)

In Q3 2020, there were pending no material proceedings other than described in section 1 (Getin Holding S. A. v. Financial Supervision Authority), 2 (Idea Leasing (Romania)/KAAS i RCC, M.W. Trade S.A. v. State Treasury represented by the West Pomerania Governor), hereof, and in Note 2.31. to the Consolidated Financial Statements of Getin Holding Capital Group for the 9-month period ended on 30.09.2020 (Idea Bank S.A. (Poland)).

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

In Q3 2020, Getin Holding Capital Group companies concluded no substantial transactions with a related entity on terms other than the arm's length principle.

Wrocław, dated 10 November 2020

Piotr Kaczmarek
President of Management
Board

Krzysztof Jarosław Bielecki
Deputy President of
Management Board

Izabela Lubczyńska
Member of Management
Board

CONTENTS

1. Operations of the Issuer and Getin Holding Capital Group in Q3 2020	1
a. The main successes and failures of Getin Holding Capital Group in Q3 2020	1
b. Description of and risks factors common for the Issuer's Capital Group that in the Issuer's opinion will affect the results in at least one quarter to come	3
c. Description of material unusual events or factors that considerably affected Getin Holding Group's financial results	3
d. Seasonality of the Group's operations	3
e. The consequences of changes to the Issuer and the Issuer's Capital Group structure	3
2. Business operations of Getin Holding Capital Group by territorial segments in Q3 2020	5
2.1 Sector of banking services in Poland	5
a. Presentation of the segment's financial result after three quarters of 2020	6
b. The main successes and failures of the segment companies in Q3 2020	8
c. List of factors and risks that in the Issuer's opinion will affect performance of the segment companies in at least one quarter to come	11
d. The consequences of the changes to the segment structure	12
2.2 Segment of banking services in Ukraine	13
a. Presentation of the segment's financial result after 3 quarters of 2020	13
b. The main successes and failures of the segment companies in Q3 2020	15
c. List of factors and risks that in the Issuer's opinion will affect performance of the segment companies in at least one quarter to come	15
d. The consequences of the changes to the segment structure	16
2.3 Segment of banking services in Belarus	16
a. Presentation of the segment's financial result after three quarters of 2020	17
b. The main successes and failures of the segment companies in Q3 2020	18
c. List of factors and risks that in the Issuer's opinion will affect performance of the segment companies in at least one quarter to come	19
d. The consequences of the changes to the segment structure	19
2.4 Banking and lease services sector in Romania	19
a. Presentation of the segment's financial result after 3 quarters of 2020	20
b. The main successes and failures of the segment companies in Q3 2020	21
c. List of factors and risks that in the Issuer's opinion will affect performance of the segment companies in at least one quarter to come	22
d. The consequences of the changes to the segment structure	24
2.5 Segment of financial services in Poland	24
a. Presentation of the segment's financial result after 3 quarters of 2020	24
b. The main successes and failures of the segment companies in Q3 2020	26
c. The consequences of the changes to the segment structure	29
3. Other information concerning Getin Holding Capital Group in Q3 2020	31
a. Information about changes of ownership of significant blocks of shares	31
b. List of changes of the number of shares held by members of management and supervisory boards	31
c. The management board's position concerning the probability of meeting previously published forecasts for the given year	31
d. Information about granting by the Issuer or its subsidiary of a substantial value loan or credit guarantee or a guarantee	31
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	32
f. List of material pending court or administrative proceedings (including those concerning liabilities or debts)	32
g. Information about conclusion by the Issuer or its subsidiary of a single or more transactions with a related entity, if such a transaction or transactions were material and concluded on terms other than the arm's length principle	32