Building a better working world

Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością sp. k.
Rondo ONZ 1
00-124 Warszawa

+48 (0) 22 557 70 00
+48 (0) 22 557 70 01
www.ey.com/pl

INDEPENDENT AUDITOR'S REPORT ON THE AUDIT

To Shareholders Meeting and Supervisory Board of Getin Noble Bank S.A.

Audit report on the annual financial statements

Opinion

We have audited the annual financial statements of Getin Noble Bank Spółka Akcyjna (the 'Bank') located in Warsaw at Przyokopowa 33 Street, containing: the income statement and the statement of comprehensive income for the period from 1 January 2018 to 31 December 2018, the statement of financial position as at 31 December 2018, the statement of changes in equity, the statement of cash flows for the period from 1 January 2018 to 31 December 2018 and notes to the financial statements, including a summary of significant accounting policies and other explanatory notes (the 'financial statements').

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Bank as at 31 December 2018 and its financial performance and its cash flows for the period from 1 January 2018 to 31 December 2018 in accordance with required applicable rules of International Accounting Standards, International Financial Reporting Standards approved by the European Union and the adopted accounting policies,

- are in respect of the form and content in accordance with legal regulations governing the Bank and the Bank's Statute,

- have been prepared based on properly maintained accounting records, in accordance with chapter 2 of the Accounting Act dated 29 September 1994 (the 'Accounting Act').

The opinion is consistent with the additional report to the Audit Committee issued on 25 April 2019.

Basis for opinion

We conducted our audit in accordance with the International Standards on Auditing in the version adopted as the National Auditing Standards by the National Council of Statutory Auditors ("NAS") and pursuant to the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Oversight (the 'Act on Statutory Auditors') and the Regulation (EU) No. 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC (the 'Regulation 537/2014'). Our responsibilities under those standards are further described in the *'Auditor's responsibilities for the audit of the financial statements'* section of our report.

We are independent of the Bank in accordance with the Code of ethics for professional accountants, published by the International Federation of Accountants (the 'Code of ethics'), adopted by the National Council of Statutory Auditors and other ethical responsibilities in accordance with required applicable rules of the audit of financial statements in Poland. We have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of ethics. While conducting the audit, the key certified auditor and the audit firm remained independent of the Bank in accordance with the independence requirements set out in the Act on Statutory Auditors and the Regulation 537/2014.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to note II.4.2 to the financial statements, where the Management Board of the Bank informed that the net result of the Bank for 2018 amounted to PLN - 444.7 million and was below assumptions of the Updated Recovery Plan. The Polish Financial Supervision Authority requested the Bank in April 2019 to provide the Recovery Program as per article 141n of the Banking Law, including requirements of the Ordinance of the Minister of Finance dated 14 July 2016 on the recovery and group recovery program. These circumstances together with other events disclosed in the note II.4.2 to the financial statements indicate that a material uncertainty exists that may cast significant doubt on the Bank's ability to continue as a going concern. Our opinion does not include a qualification with respect to this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. They include the most significant assessed risks of material misstatement, including the assessed risks of material misstatement due to fraud. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we have summarized our reaction to these risks and in cases where we deemed it necessary, we presented the most important observations related to these types of risks. We do not provide a separate opinion on these matters.

<table>
<tr><th>Key audit matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td colspan="2">Impairment losses on loans and advances to customers measured at amortized cost, including the first time adoption of International Financial Reporting Standard 9 Financial Instruments ("IFRS 9")</td></tr>
<tr><td>Why is it a key audit matter?

Loans and advances to customers measured at amortized cost as at 31 December 2018 amounted to PLN 40 311 940 thousand and accounted for a significant part of the total assets. The above amount consisted of gross value of loans and receivables in the amount of PLN 45 140 134 thousand less impairment losses in the amount of PLN 4 828 794 thousand (including PLN 3 943 642 thousand for impaired loans and advances and PLN 885 152 thousand for loans and advances without impairment).

Loans and advances are measured by the Bank using the amortized cost method including impairment allowances or at fair value through the profit or loss.

Starting from 1 January 2018, in accordance with the requirements of IFRS 9 "Financial Instruments", the expected credit losses approach has been implemented and the Bank's Management Board is required to determine the value of expected credit losses that may occur over a period of 12 months or in the remaining exposure's life-time horizon, depending on the classification to the stages. Determining the amount and the moment of recognition of the impairment loss requires using significant judgment and significant and complex management estimates regarding:

- establishing criteria for significant increase in credit risk and their assessment,

- identification and assessment of objective triggers of impairment,

- determination of expected future cash flows,

- valuation of collateral as a basis for future recoveries,</td><td>Audit approach

As part of our audit procedures, we have documented our understanding of accounting policies and their changes during year, as well as the Bank's procedures related to the estimation of expected credit losses and credit risk management policies of the Bank. We have analysed the design and functioning of the control mechanisms implemented by the Bank during the reporting period, which included loan granting process, monitoring of the economic and financial condition of borrowers, identification of impairment triggers and calculation of impairment losses for loans and advances to customers measured at amortized cost.

We have assessed the completeness of the input data being the basis for the calculation of impairment losses on loans and receivables by reconciling them to accounting records.

In addition, we have analysed the methodology of determining write-offs using the collective approach for expected credit losses in terms of their compliance with the requirements of IFRS 9 in the financial year ended 31 December 2018, including the implementation of the standard as at 1 January 2018. We have assessed the models, assumptions and completeness of the data used by the Bank for the purposes of determining allowances for expected credit losses, including assumptions underlying the determination of the loss identification period, probability of default and loss given default. We have analysed the value of impairment losses on loans and advances to customers measured at amortized cost calculated on a collective basis by comparing them to actual credit losses realized on homogenous portfolios in the past.</td></tr>
</table>

Key audit matter	How the matter was addressed in our audit
- adoption of default's definition, - determination of macroeconomic factors. Due to the significance of loans and advances to customers measured at amortized cost in relation to total assets, as well as the significant role of management's judgments and estimates as well as the complexity of these judgments and estimates regarding the assessment of expected credit losses and assumptions adopted in the models described above, we consider the valuation of loans and advances to customers measured at amortized cost to be the key audit matter. We consider implementation of IFRS 9 and required disclosures to be the key audit matter, because it requires the Bank to develop new models for recognition and measurement of impairment losses based on the concept of expected credit losses, as well as significant judgments in many areas, including determining expected credit losses. Impact of the implementation of IFRS 9 on the Bank's equity, capital ratios and future financial results is material. *Reference to disclosure in the financial statement* Information about the methodology regarding classification and measurement of loans and advances to customers measured at amortized cost, as well as issues related to judgments and estimates in this area, are described in notes II.4.11, II.4.15 and II.5.2 to the financial statement, whereas detailed information regarding the value of loans and advances to customers measured at amortized cost and the amount of impairment losses related to them are described in notes II.15 and II.22 to the financial statements. Information about the impact of the implementation of IFRS 9 has been described	While conducting the above procedures, we have engaged our internal specialists in the credit risk modelling area. On a selected sample, we have analysed loan exposures assessed by the Bank individually. For selected exposures, we have assessed the reasonableness of recoveries estimated by the Management Board, including the recoverable amount of collateral based on available financial and market data. For selected exposures without impairment, we have analysed the economic and financial situation of borrowers and fulfilment of the terms of loan agreements in order to identify potential triggers of impairment. We have conducted analytical procedures in relating to the structure and dynamics of the balance of loans and advances aimed at identifying and explaining significant changes or explaining the absence of expected changes. In addition, we have carried out an analysis of the triggers of a significant increase in credit risk and staging into risk categories ('buckets'). With regard to IT systems, in which both the credit risk parameters and the calculation of the allowances for expected credit losses were calculated in the reporting period, our effectiveness analysis of control mechanisms was carried out in cooperation with specialists in the area of IT systems. In addition, we have assessed the disclosures regarding impairment losses on loans and advances to customers measured at amortized cost and the implementation of IFRS 9 included in the financial statements in terms of their compliance with International Financial Reporting Standards. We have assessed the qualitative and quantitative disclosures in the financial

Key audit matter	How the matter was addressed in our audit
by the Bank in note II.4.6 to the financial statements.	statements in terms of their compliance with the requirements of IAS 8, i.e. whether they contain information needed to assess the impact of IFRS 9 on the financial statements of the Bank for the periods started on 1 January 2018 or later.
Related parties exposures	
Why is it a key audit matter? In the financial statements prepared as of 31 December 2018, the Bank disclosed investments in subsidiaries and associates in the net carrying amount of PLN 854 254 thousand and loans, borrowings and receivables from related parties in the net carrying amount of PLN 6 116 184 thousand (including PLN 5 562 234 thousand of lease receivables), whereas the amount of impairment losses on these exposures was recognized in comprehensive income for the year ended 31 December 2018 in net amount of PLN 257 321 thousand. Estimate of the recoverable amount of investments in subsidiaries and associates, as well as estimate of the impairment allowances of loans, borrowings and receivables require, among the others, assumptions regarding financial forecasts of these entities, applied discount rate or value of collaterals. Due to the inherent uncertainty and the level of professional judgment accompanying the estimation of forecasts and the determination of the discount rate or the value of collateral, as well as the significant value of exposures to related parties for the financial statements, we consider this area as key audit matter. *Reference to disclosure in the financial statements*	*Audit approach* As part of the audit procedures, in respect of the impairment allowances of investments in subsidiaries and associates and loans, borrowings and receivables from related entities, we have assessed the Management Boards' judgments in the area of impairment triggers of investments and other exposures and assessed estimates of impairment allowances value. We have analysed and discussed with the Management Board forecasts of future cash flows and financial results of subsidiaries and associates as well as key assumptions applied in these forecasts, including periods of cash flow and discount rate. We have also verified the arithmetical correctness of the discounted dividends model and other models used by the Bank to determine the recoverable amount of these investments. For relevant exposures, we have analysed, among others the economic and financial standing of borrowers, fulfilling of the covenants of loan agreements and the reasonableness of recovery amounts estimated by the Management Board, including the recoverable amount of collaterals on the basis of available financial and market data.

Key audit matter	How the matter was addressed in our audit
Disclosures regarding the recoverable amount of investments in subsidiaries and associates have been included in note II.25 to the financial statements and in note II.5.2 to the financial statements in the area of Management Board's professional judgments and estimates. Disclosures relating to related parties exposures have been presented in note II.45 to the financial statement.	In addition, we have assessed the completeness of disclosures in the Bank's financial statements regarding impairment in accordance with IAS 36 Impairment of Assets and IFRS 9 Financial Instruments.
Recoverability of the deferred tax asset	
Why this issue is a key audit matter? Deferred tax asset of the Bank amounted to PLN 555.3 million as of 31 December 2018. The Bank recognizes deferred tax asset in the amount that is expected to decrease the income tax in relation to the deductible temporary differences that would decrease taxable profit in future. The Bank recognizes deferred tax asset based on the assumption that taxable profit will be achieved in future that would allow its utilization. Decrease of taxable profits in future may cause that assumption unjustified. Recognition of deferred tax assets require the Bank to apply significant estimates relating to future taxable income in particular relating to the impairment of loans and advances to customers, tax deductibility of loan loss provisions and professional judgment and assessment of recoverability of the deferred tax asset. Due to the above, we consider this matter as the key audit matter. The Bank's accounting policies relating to deferred tax assets have been described in the note II.4.37 to the financial statements.	*Audit approach* During our audit we have gained an understanding of the Bank's process of recognition of income tax liabilities and deferred tax assets and liabilities. We have performed analysis of completeness and correctness of temporary differences included in the calculation of deferred tax assets and liabilities, and correctness of calculation of the corresponding deferred tax assets as of 31 December 2018. We have also considered assumptions used by the Bank in the assessment of recoverability of deferred tax assets recognized as of 31 December 2018, in particular probability of realization of forecasted taxable income taking into considerations the financial and tax results of the Bank and assumptions and estimates made with respect to tax deductibility of loan loss provisions. We have also assessed the impact of the planned merger of the Bank with Idea Bank S.A. on the recognition of deferred tax assets and liabilities. During our procedures we were assisted by tax specialists.

Key audit matter	How the matter was addressed in our audit
Additional information on deferred tax assets have been presented in the note II.17 to the financial statements.	We have also performed an analysis of subsequent events reflected in the deferred tax assets recognized by the Bank. We have also considered whether disclosures relating to deferred tax assets recognition and recoverability included in the financial statements are complete, adequate to the Bank's activities and future plans and compliant with the respective financial reporting framework requirements.
Provisions for significant litigations and regulatory risk	
Why is it key matter of the audit? Bank operates on the market characterized by high level of complexity and volatility of legal regulations connected with key operating areas such as, among others, loan granting or offering of other banking products. Bank has recognized provisions for regulatory risk and disclosed significant contingent liabilities due to the several litigations and proceedings in consumer rights' protection, including mortgage agreements denominated in Swiss franc or indexed to the Swiss franc. A potential breach by the Bank of the legislative, regulative or administrative provisions regulating the Bank's activities may have a material impact on the Bank's financial statements, including the measurement of provisions for future liabilities due to non-compliance with the law and the scope of disclosures in the financial statements. Additionally, Bank Management Board's judgement regarding recognition and valuations of provisions for litigations and administrative proceedings are inherently uncertain and may change over the time, because current litigations and administrative proceedings are dependent on future settlements. Considering the above, we consider the recognition and valuation of provisions for	*Audit's approach* As part of the audit procedures, we have carried out, among others, the following procedures: - We analysed the minutes of the meetings of the Bank's bodies. - We have read the Bank's correspondence with the supervisory authorities and with the records of customer complaints and selected complaints received by the Bank. - We discussed the disputes with the management of the Bank, proceedings in the field of consumer rights protection and administrative proceedings, in order to understand the judgment based on available information, both internal and external. - We have read the list of litigations in which the Bank is a party and the assessment of the Bank's lawyers regarding their resolutions. We have also requested inquiries from external law firms servicing the Bank. We assessed events occurring after the balance sheet date, including, inter alia, the status of class actions and other disputes, as well as the status of correspondence with supervisory authorities and the fulfilment of recommendations of external bodies.

Key audit matter	How the matter was addressed in our audit
litigations and provisions for administrative proceedings as the key matter of the audit. Disclosures regarding the Bank Management Board's judgment related to estimates regarding provisions and contingent liabilities can be found in note II.36 to the financial statement along with the description of key litigations and proceedings related to the consumer rights protection, and considerations related to the regulatory risk can be found in note II.4.2 and III.9 to the financial statements.	- We have obtained the Bank Management Board's declaration about completeness of protocols, information of litigations and complaints and correspondence with supervisory bodies as well shared with the audit team. - We assessed the adequacy and completeness of provisions for litigations and contingent liabilities that were created by the Bank in the light of existing legal documentation and we considered possible alternative results of court and administrative proceedings. In addition, we have assessed disclosures related to significant regulatory issues, as well as disclosures related to estimates of provisions and contingent liabilities included in the financial statements, in terms of its completeness and adequacy.
Investment in TU Europa	
Why is it key matter of the audit? As noted in Note II.20 to the financial statements, the Bank is a party to agreements on put options with respect to TU Europa shares (including those held by the Bank) and the method of calculating the realization price including, among others, potential clawback liability regarding cooperation between companies from the TU Europa Capital Group and companies related to the ultimate shareholder of the Bank. In connection with the aforementioned agreements, as at 31 December 2018, the Bank classified TU Europa's shares to investments valued at fair value through profit and loss in the amount of PLN 141.1 million and recognized in derivative financial instruments share put option (decreased by the amount of clawback liability) in the amount of PLN 19.0 million.	*Audit's approach* Our audit procedures included, among others: - review of the agreements between parties of the transaction provided by the Bank's Management Board; - assessment of assumptions and methodologies, including the use of our specialists in the area of valuations and credit risk, used by the Bank's Management Board in the valuation model of TU Europa shares, including TU Europa's financial forecasts, discount rates and the selection of peer group companies; - we have analysed and discussed with the Bank's Management Board the forecast of future cash flows related to cooperation between companies from the TU Europa Capital Group and companies related to the ultimate shareholder of the Bank;

Key audit matter	How the matter was addressed in our audit
The abovementioned financial assets are measured using significant unobservable input data, with the option value decreased by the discounted estimation of the potential future liability, the amount of which depends on the results of cooperation between companies from the TU Europa Capital Group and companies related to the ultimate shareholder of the Bank in the period 2012-2026. Since the valuation of the financial assets requires the Bank to apply professional judgment, estimates in the area of expected cash flows and the implementation of business forecasts, as also the value of these financial assets is significant, this issue has been considered the key audit matter. *Reference to disclosure in the financial statements* Information on the valuation of these financial assets as well as related areas of judgments and estimates are described in notes II.20, II.5.2 and II.41 to the financial statements.	- we have analysed and discussed with the Bank's Management the assessment of the probability of realization contingent liabilities arising from the agreements; - we have compared estimates and assumptions applied in the valuation model to publicly available economic and financial market data, as well as to the financial forecasts of the Bank and TU Europa. We have also considered whether the disclosures in the financial statements are adequate.

Responsibilities of the Bank's Management and members of the Supervisory Board for the financial statements

The Bank's Management is responsible for the preparation, based on properly maintained accounting records, the financial statements that give a true and fair view of the financial position and the financial performance in accordance with required applicable rules of International Accounting Standards, International Financial Reporting Standards approved by the European Union, the adopted accounting policies, other applicable laws, as well as the Bank's Statute, and is also responsible for such internal control as determined is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Bank's Management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless The Bank's Management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

The Bank's Management and the members of the Bank's Supervisory Board are required to ensure that the financial statements meet the requirements of the Accounting Act. The members of the Bank's Supervisory Board are responsible for overseeing the Bank's financial reporting process.

Auditor's responsibility for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not guarantee that an audit conducted in accordance with NAS will always detect material misstatement when it exists. Misstatements may arise as a result of fraud or error and are considered material if it can reasonably be expected that individually or in the aggregate, they could influence the economic decisions of the users taken on the basis of these financial statements.

In accordance with International Auditing Standard 320, section 5, the concept of materiality is applied by the auditor both in planning and performing the audit, and in evaluating the effect of identified misstatements on the audit and of uncorrected misstatements, if any, on the financial statements and in forming the opinion in the auditor's report. Hence all auditor's assertions and statements contained in the auditor's report are made with the contemplation of the qualitative and quantitative materiality levels established in accordance with auditing standards and auditor's professional judgment.

The scope of the audit does not include assurance on the future profitability of the Bank nor effectiveness of conducting business matters now and in the future by the Bank's Management.

Throughout the audit in accordance with NAS, we exercise professional judgment and maintain professional scepticism and we also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or override of internal control,

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control,

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Bank's Management,

- conclude on the appropriateness of the Bank's Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our independent auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report, however, future events or conditions may cause the Bank to cease to continue as a going concern,

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Audit Committee of the Bank regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide the Audit Committee of the Bank with a statement that we have complied with relevant ethical requirements regarding independence, and communicate to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the Audit Committee of the Bank, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other information, including the Directors' Report

The other information comprises the Directors' Report for the period from 1 January 2018 to 31 December 2018 ("Directors' Report), the representation on the corporate governance as a separate element of the Directors' Report (jointly 'Other Information').

Responsibilities of the Bank's Management and members of the Supervisory Board .

The Bank's Management is responsible for the preparation the Other Information in accordance with the law.

The Bank's Management and members of the Bank's Supervisory Board are required to ensure that the Directors' Report (with separate elements) meets the requirements of the Accounting Act.

Auditor's responsibility

Our opinion on the financial statements does not include the Other Information. In connection with our audit of the financial statements, our responsibility is to read the Other Information and, in doing so, consider whether it is materially inconsistent with the financial statements or our knowledge obtained during the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact in our independent auditor's report. Our responsibility in accordance with the Act on Statutory Auditors is also to issue an opinion on whether the Directors' Report was prepared in accordance with relevant laws and that it is consistent with the information contained in the financial statements.

In addition, we are required to inform whether the Bank has prepared the representation on non-financial information and to issue an opinion on whether the Bank has included the required information in the representation on application of corporate governance.

Opinion on the Directors' Report

Based on the work performed during our audit, in our opinion, the Directors' Report:

- has been prepared in accordance with the article 49 of the Accounting Act and paragraph 70 of the Decree of the Minister of Finance dated 29 March 2018 on current and periodic information published by issuers of securities and conditions for recognition as equivalent the information required by laws of non-EU member states (the 'Decree on current and periodic information'), as well as article 111a paragraph 1-2 of the Act of August 29, 1997 Banking Law (the "Banking Law'),

- is consistent with the information contained in the financial statements.

Moreover, based on our knowledge of the Bank and its environment obtained during our audit, we have not identified material misstatements in the Directors' Report.

Opinion on the corporate governance application representation

In our opinion, in the representation on application of corporate governance, the Bank has included information stipulated in paragraph 70, section 6, point 5 of the Decree on current and periodic information /the regulations referred to in art. 61 of the Act of July 29, 2005 on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organized Trading, and Public Companies ('Regulations').

Moreover, in our opinion, the information stipulated in paragraph 70, section 6, point 5 letter c-f, h and i of the Decree/Regulations included in the representation on application of corporate governance is in accordance with applicable laws and information included in the financial statements.

Information on non-financial information

In accordance with the Act on Statutory Auditors, we confirm, that the Bank has prepared a statement on non-financial information mentioned in article 49b, section 9 of the Accounting Act as a separate element of the Directors' Report.

We have not performed any attestation procedures in respect to the statement on non-financial information and do not express any assurance in its respect.

Report on other legal and regulatory requirements

Banks are obliged to comply with the prudential requirements specified in the Banking Law, resolutions of the National Bank of Poland, resolutions of the PFSA, recommendations of the PFSA and Regulation (EU) No. 575/2013 of the European Parliament and of the EU Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, regarding prudential requirements for credit institutions and investment firms, amending Regulation (EU) No 648/2012 (CRR) and Commission Decisions based on that Regulation concerning:

- concentration of credit risks,
- concentration of equity shares,
- classification of loans and guarantees granted into risk groups and recognizing provision for risks related to bank activities,
- liquidity,
- obligatory reserve requirements,
- capital adequacy.

The Bank's Management Board is responsible for compliance with prudential regulations, including in particular, adequate calculation of the capital ratio. Our responsibility was, based on the conducted audit, to provide information whether the Bank complied with the above described prudential regulations. Our responsibility was not to express an opinion on compliance with these regulations.

As part of the audit of the financial statements we have performed the procedures with regards to capital ratios and we have not identified any discrepancies in their calculation which would have an material impact on financial statement as a whole. Therefore, we inform that the Bank's Management Board has correctly calculated the capital requirements in compliance with the rules described above.

Representation on the provision of non-audit services

To the best of our knowledge and belief, we represent that services other than audits of the financial statements, which we have provided to the Bank and its subsidiaries, are compliant with the laws and regulations applicable in Poland, and that we have not provided non-audit services, which are prohibited based on article 5 item 1 of Regulation 537/2014 and article 136 of the Act on Statutory Auditors. The non-audit services, which we have provided to the Bank and its subsidiaries in the audited period, have been disclosed in the Directors' Report.

Appointment of the audit firm

We were appointed for the audit of the Bank's financial statements initially based on the resolution of the Supervisory Board dated 31 May, 2017. The financial statements of the Bank have been audited by us uninterruptedly starting from the financial year ended on 31 December, 2017, i.e. for the past 2 consecutive years.

Warsaw, 25 April 2019

Key Certified Auditor

(-)

Anna Sirocka
certified auditor
no in the register: 9626

on behalf of:
Ernst & Young Audyt Polska spółka
z ograniczoną odpowiedzialnością sp. k.
Rondo ONZ 1, 00-124 Warsaw
no on the audit firms list: 130