

## **REPORT OF THE SUPERVISORY BOARD OF GETIN NOBLE BANK S.A. FOR THE FINANCIAL YEAR 2014**

### **MEETINGS AND SUPERVISION**

The Supervisory Board of Getin Noble Bank S.A. ("Bank", "Company"), on the basis of rights and obligations stated in the Polish Code of Commercial Companies and Partnerships, the Bank's Articles of Association and the Rules of Supervisory Board adopted by the Supervisory Board exercised permanent supervision over the Company's activities, held 9 meetings and adopted 127 resolutions as follows:

- 45 resolutions were adopted at the meetings,
- 82 resolutions were adopted using means of direct remote communication or in writing.

During the meetings, the Supervisory Board considered information, analyses and motions submitted by the Management Board and by the committees operating within the Supervisory Board. The Supervisory Board works were concentrated on both strategic and current issues connected with the Bank's activities.

The supervisory-control actions performed by the Supervisory Board were as follows:

- to analyze and assess current situation of the Company as well as factors affecting this situation;
- to analyze periodic financial statements of the Company and periodic Management Board's reports regarding current and planned activities of the Company,
- to analyze and assess current financial results of the Company and Getin Noble Bank S.A. Capital Group, as well as business and PR effects as regards the implementation of the Bank's strategy as well as activities connected with staff fluctuation,
- to approve the Management Board's report on the Company's activities and the financial statements of the Company for the financial year 2013 as well as consolidated financial statements of Getin Noble Bank S.A. Capital Group for the financial year 2013, as well as to assess the manner of allocation of profit of the Company for the financial year 2013,
- to adopt report on the Supervisory Board's activities in the financial year 2013,
- to choose the audit company to examine the financial statements for the financial year 2014,
- to adopt the "Financial Plan for Getin Noble Bank S.A. for the financial year 2015" and the "Strategy of Getin Noble Bank S.A. for the years 2014-2016",
- to give consent to purchase and sale of companies' shares by the Bank;

- to appoint the Management Board for the next term of office and to appoint a new member of the Management Board;
- to approve conditions of employment of the Management Board members at the Bank as well as to adapt Management Board members contracts to the “Policy of variable elements of remuneration at Getin Noble Bank S.A.”;
- to approve the “Policy of variable elements of remuneration of persons holding managerial positions in Getin Noble Bank S.A.” together with the “Methodology and results of the identification of persons holding managerial positions in the meaning of the Resolution No. 258/2011 of the Polish Financial Supervision Authority at Getin Noble Bank S.A. according to EBA technical standards”.
- to approve amendments to the Articles of Association of the Bank;
- to approve the “Dividend Policy of Getin Noble Bank S.A. for the years 2014-2016”;
- to introduce limiting means in connection with the sanctions imposed on Russia by EU and USA;
- to implement the “Principles of Corporate Governance for the Supervised Institutions” attached to the Resolution No. 218/2014 of the Polish Financial Supervision Authority dated 22 June 2014 as well as to give consent to submit to the General Meeting a draft resolution on approval of manner and scope of the implementation of the above regulation;
- to approve procedures/amendments to procedures and rules, provided such course was reserved by the resolutions of the Polish Financial Supervision Authority and the Articles of Association of the Bank,
- to execute tasks of the Audit Committee and the Remuneration Committee,
- to give consents in matters which are subject to Article 79a of the Banking Law Act and give opinions in matters which are subject to Supervisory Board’s recommendations to the Management Board regarding the Bank’s credit policy,
- to give consent to the Management Board’s actions provided such consent was required by the Articles of Association of Getin Noble Bank S.A., the Rules of the Supervisory Board or by the resolutions of the Supervisory Board including consent to assume obligations by the Company, including obligations regarding the development of Getin Noble Bank S.A. Capital Group and acquisition and taking up stocks/shares in other entities,

The Supervisory Board also analyzed annual statements as regards the internal control and compliance assurance. The Supervisory Board was also informed on the results of the inspection of the Polish Financial Supervision Authority.

## COMPOSITION OF THE SUPERVISORY BOARD

On 24 April 2014 the Annual General Meeting of the Bank adopted resolution to appoint current members of the Management Board for the next joint term of office. The composition of the Supervisory Board at the end of the financial year 2014 was as follows:

1. Leszek Czarnecki – the Chairman of the Supervisory Board,
2. Remigiusz Baliński – the Deputy Chairman of the Supervisory Board,
3. Rafał Juszcak – a Member of the Supervisory Board,
4. Michał Kowalczewski - a Member of the Supervisory Board,
5. Jacek Lisik - a Member of the Supervisory Board.

On 12 December 2014 there was a change in the office of the Deputy Chairman of the Supervisory Board and Mr. Remigiusz Baliński was appointed the Deputy Chairman of the Supervisory Board. Moreover, in October 2014 Mr. Michał Kowalczewski resigned from the post of the Supervisory Board Member as of 31 December 2014 and then the Extraordinary General Meeting of the Bank dated 9 October 2014 adopted resolution on appointment of Mr. Krzysztof Bielecki Member of the Supervisory Board as of 1 January 2015.

The Supervisory Board indicates that in the financial year 2013 it was composed of persons having broad economy, banking, management and finance knowledge, as well as practical knowledge gained while performing managerial functions at financial institutions. The Supervisory Board assesses that the qualifications of the members of the Supervisory Board ensure correct performance of tasks resulting from binding law provisions.

## ASSESSMENT OF FINANCIAL STATEMENTS OF THE BANK

The financial statements of the Bank were audited in accordance with binding laws by statutory auditor – Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k with its registered office in Warsaw, that gave positive qualified opinion. The Supervisory Board of Getin Noble Bank S.A. in order to fulfill the supervisory obligations pointed in Article 382(3) of the Polish Code of Commercial Companies and Partnerships assessed financial statements of the Company for the financial year 2014 and consolidated financial statements of Getin Noble Bank S.A. Capital Group for the financial year 2014 in respect of their consistency with books, documents and factual state, as well as Management Board's motion regarding allocation of profit for the financial year 2014.

Getin Noble Bank S.A. unit financial statements for the financial year 2014 contains as follows:

- 1) profit and loss statements for the period starting on 1 January 2014 and ending on 31 December 2014, which shows net profit of PLN 322,347 thousand,
- 2) statements on the total revenue for the period starting on 1 January 2014 and ending on 31 December 2014, which show total net revenue of PLN 293,183 thousand,
- 3) statements on the financial situation as at 31 December 2014, which assets and liabilities equal PLN 67,594,305 thousand,
- 4) statements on the changes in equity for the period starting on 1 January 2014 and ending on 31 December 2014, which shows the net increase in equity at PLN 293,183 thousand,
- 5) cash flow statements for the period starting on 1 January 2014 and ending on 31 December 2014, which shows the net decrease of cash at PLN 113,952 thousand,
- 6) accounting principles and additional information (“attached financial statements”).

Getin Noble Bank S.A. Capital Group consolidated financial statements for the financial year 2014 contains as follows:

- 1) consolidated profit and loss statements for the period starting on 1 January 2014 and ending on 31 December 2014, which shows net profit of PLN 360,493 thousand,
- 2) consolidated statements on the total revenue for the period starting on 1 January 2014 and ending on 31 December 2014, which show total net revenue of PLN 332,097 thousand,
- 3) consolidated statements on the financial situation as at 31 December 2014, which assets and liabilities equal PLN 68,830,650 thousand,
- 4) consolidated statements on the changes in equity for the period starting on 1 January 2014 and ending on 31 December 2014, which shows the net increase in equity at PLN 330,630 thousand,
- 5) consolidated cash flow statements for the period starting on 1 January 2014 and ending on 31 December 2014, which shows the net decrease of cash at PLN 873,777 thousand,
- 6) accounting principles and additional information (“attached financial statements”).

The Supervisory Board studied the statutory auditor’s opinion dated 23 March 2015 as regards the unit financial statements for the financial year 2014 as well as consolidated financial statements of the Group for the financial year 2014 and stated that the documentation was prepared correctly in all essential aspects, that it reflects reliably and clearly the financial position of the Company and of the Group as at 31 December 2014 as well as financial results and cash flow for the period starting on 1 January 2014 and ending on 31 December

2014, consistent with regulations regarding unit and consolidated financial statements and stated that the above statements were drawn up correctly in terms of their form and content, in consistency with the books and state known to the Supervisory Board.

The Supervisory Board positively assesses the motion of the Management Board of Getin Noble Bank S.A. to assign the net profit of Getin Noble Bank S.A. for the financial year 2014 in the amount of PLN 322,347,194.83 (in words: three hundred and twenty-two million three hundred forty-seven thousand one hundred and ninety-four zloty and eighty-three) to the reserve fund increase.

According to the "Dividend Policy of Getin Noble Bank S.A. for the years 2014-2016" the Bank declared not to pay dividend of the profit realized in 2014.

#### **ASSESSMENT OF THE COMPANY'S ACTIVITIES IN THE FINANCIAL YEAR 2014**

The operations of the Management Board are within the business plan and Getin UP strategy adopted by the Bank and are supported by the Members of the Supervisory Board. In accordance with Article 382(3) of the Polish Code of Commercial Companies and Partnerships, the Supervisory Board assesses the Management Board's report on the activities of Getin Noble Bank S.A. in the financial year 2014 and the Management Board's report on the activities of Getin Noble Bank S.A. Capital Group in the financial year 2014.

The Supervisory Board finds that the above statements contain necessary synthetic information as regards the Company and the Group in the financial year 2013 and the Supervisory Board assesses them positively.

#### **SUMMARY OF THE ACTIVITIES OF THE SUPERVIASORY BOARD AND ITS COMMITTEES**

In the financial year 2014 the Supervisory Board set itself a goal to monitor implementation of tasks adopted in the financial plan for the year 2014 including the realization of the strategy of the Bank - Getin UP as well as to control the improvement of the Bank's image inside and outside the corporation, including tasks taken up as regards staff fluctuation. The Supervisory Board monitored the Bank's activities development, gaining the expected level of effectiveness of operations, ensuring the operation safety on the level exceeding the minimum of supervisory requirements and therefore strengthening the position of Getin Noble Bank S.A.

In the opinion of the Supervisory Board, the cooperation with the Management Board of Getin Noble Bank S.A. in 2014 realized within supervisory relations both during regular meetings as well as in the period between the meetings within direct consultations, had expected effects reflecting in the Bank's activities and can be assessed as correct. The Management Board of the Bank reliably and comprehensively presented

information regarding organizational, legal and financial aspects connected with the activities of the Company and its subsidiaries, as well as informed the Supervisory Board on matters covered by its competence on an ongoing basis.

The Supervisory Board fully supported the Management Board in the implementation of the strategy – Getin UP, which aimed to build strong and stable relations with the clients based on the highest quality of service as well as attractive and client-made products. These objectives were implemented by effectiveness improvement, financing cost reduction and revenue repeatability increase. Getin Noble Bank S.A. intends to be the Bank of first choice. Moreover, the Supervisory Board supports the actions of the Management Board to further strengthen the capital, as well as to retain current profit. In 2014 the Bank participated in the European stress tests organized by the European Central Bank as well as in AQR tests coordinated by the Polish Financial Supervision Authority. The joint results show that the Bank successfully endured the most important and the most rigorous stress test, i.e. adverse scenario of the stress test. Historical slight capital shortage indicated in the baseline scenario (0,1%) has been already supplemented with surplus in 2014 (+0,9%). It must be stressed out that the actions taken by the Management Board allows to state that analogical tests currently the Bank would pass successfully in any test scenario. The Supervisory Board of the Bank supported the Bank's policy aiming at disposal of non-working assets by selling of credit portfolio of lost value that include retail credit portfolio, car loan portfolio, as well as mortgage credit portfolio.

The Supervisory Board exercises the Audit Committee tasks, which aim is to exercise by the Supervisory Board its supervisory duties within the process of financial reporting, risk management, internal control system and audit process. The Supervisory Board appointed the Audit Committee Tasks Coordinator. At the same time, the Supervisory Board while exercising the Audit Committee tasks can order the Management Board or employees of the Company to submit particular accounting, finance, internal control, internal audit and risk management information, necessary to perform actions. The actions of the Audit Committee were based on the approved plan of activities of the Supervisory Board in the scope of performing Audit Committee tasks in the financial year 2014, including the review of the report of statutory auditor regarding financial statement for the financial year 2013 (unit and consolidated), choosing the audit company to examine the financial statements for the financial year 2013 and exercising permanent supervision over customer complaints, essential legal proceedings, post-inspection recommendations implementation as well as exercising permanent supervision over the Company's activities.

The Remuneration Committee was created within the Supervisory Board and consists of two Supervisory Board Members. The Committee runs careful and stable risk management, capital and liquidity and particular care of long-term interests of the Bank, its shareholders and investors. The tasks of the Committee include giving opinion on the policy of variable elements of remuneration of persons holding managerial positions at the Bank, in particular the amount and elements of remuneration. The tasks of the Committee also include monitoring and giving opinion on variable elements of remuneration of persons holding managerial positions at the Bank connected with risk management and compliance of the Bank's activities with binding laws and internal regulations.

The Supervisory Board, taking into consideration supervisory activities and the fact that the Audit Committee of the Supervisory Board controlled the internal control system quality on a current basis, ensures that the internal control system effectively and properly meets the regulatory requirements, is well managed and adequate to the size of the Bank and its exposure to risks connected with the Bank's operations.

Taking into consideration the above, in the opinion of the Supervisory Board, the Supervisory Board effectively and reliably performed its tasks. The Supervisory Board performed its duties and statutory competence properly, which guarantees proper supervision over the Company in all essential aspects of its operations.

## RECOMMENDATIONS

The Supervisory Board of Getin Noble Bank S.A. positively assesses the activities of the Company in the financial year 2014 and hereby recommends the Annual General Meeting of Getin Noble Bank S.A. to approve:

1. The Management Board's report on the activities of Getin Noble Bank S.A. in the financial year 2014.
2. The financial statements of Getin Noble Bank S.A. for the financial year 2014.
3. The Management Board's report on the activities of Getin Noble Bank S.A. Capital Group in the financial year 2014.
4. The financial statements of Getin Noble Bank S.A. Capital Group for the financial year 2014.
5. The motion of the Management Board of Getin Noble Bank S.A. regarding allocation of profit for the financial year 2014

and to acknowledge fulfillment of duties by the Members of the Management Board in the financial year 2014.

*Warsaw, 10 April 2015*

*Chairman  
of the Supervisory Board*

*Deputy Chairman  
of the Supervisory Board*

.....  
*Leszek Czarnecki*

.....  
*Remigiusz Baliński*

*Member  
of the Supervisory Board*

*Member  
of the Supervisory Board*

*Member  
of the Supervisory Board*

.....  
*Rafał Juszczyk*

.....  
*Krzysztof Bielecki*

.....  
*Jacek Lisik*