



GETIN NOBLE
BANK • SPÓŁKA AKCYJNA

**DIRECTORS' REPORT
OF GETIN NOBLE BANK S.A.
FOR THE 12-MONTH PERIOD ENDED
31 DECEMBER 2012**

Warsaw, 28 February 2013

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1. Activities of Getin Noble Bank in 2012

1.1. Significant factors affecting the Bank's results

The year 2012 was another successful year for Getin Noble Bank S.A. The legal merger of Getin Noble Bank S.A. and Get Bank S.A. (former Allianz Bank Polska) completed in June 2012 brought an increase of total assets of the merged Bank by PLN 1 billion and the number of customers by 80 thousand. At the end of 2012 total assets of the Bank exceeded PLN 59 billion.

The consistent implementation of the relationship banking development plan has enabled the systematic increase in the number of customers and customer bank accounts. Number of clients increased by nearly 20% last year and amounted to 2.2 million at the year end.

The Bank also increased in 2012 its market share in loans and deposits by about 0.2 percentage points.

In order to further enhance the attractiveness of the offer and maintain a high growth of sales of bank accounts in the fourth quarter of 2012 a GETIN UP project was initiated, whose aim is to offer customers a modern and functional, but also up-friendly banking products and improve service quality. The first phase of this long-term project was an implementation of modern online and mobile banking. Under the new offer, customers can make transfers without the knowledge of the recipient account number (through Facebook, SMS, e-mail), use of modern applications on Android or iOS, make contactless payments by phone and pay the invoice using the QR Code. Additionally, modern applications offer the possibility of practical expenditures control and savings management. Clients are offered an innovative Display card with screen showing, i.a. account balance.

In 2012 the Bank consistently pursued a strategy of strengthening its capital base and changing the balance sheet structure by reducing sale of long-term mortgage loans and increasing sale of high-margin products with shorter maturities (including retail loans, car loans, SMEs and leases). The result was an increase in 2012 of the Bank's regulatory funds by nearly 40% (PLN 1.5 billion) and a change in the structure of the balance sheet through reduction by nearly 20% in the share of sales of mortgage loans in the total sales of the new loans.

In third quarter the Bank successfully completed two public issues of shares, whose purpose was to increase the capital adequacy ratio and raise funds for potential acquisitions.

In regard to mergers and acquisitions in the fourth quarter of 2012 Getin Noble Bank S.A. signed a preliminary agreement to acquire an organised part of DnB NORD Polska S.A. Bank serving over 35 thousand customers mainly in the segment of housing communities and small and medium-sized enterprises, as well as signed with Dexia Kommunalkredit Bank AG a preliminary agreement to acquire 100% share in Dexia Kommunalkredit Bank Polska S.A., which is a financial institution specializing in the service of local governments, entities controlled by the local governments and infrastructure projects. Both transactions should be completed in the first half of 2013 providing the fulfillment of all conditions precedent contained in the agreements.

These successes were correlated with positive financial results. Net profit of for the year 2012 amounted to PLN 311 million.

Internal conditions

The main factors affecting the Bank's results for 2012 included the following:

- Development of lending assets – increase in net loans by 6% up to PLN 45,0 billion in comparison to 31.12.2011
- value of loan sale in 2012 at PLN 11 billion (decrease by 12% compared to 2011) achieved by changing the product mix through share reduction of long-term mortgage loans.
- increase in cost of obtaining customer deposits in 2012 and in the volume of customer deposits by 8.2% to PLN 51.1 billion (including an increase in 2012 in deposits with maturity of over 5 years by PLN 1.5 billion) contributed to the increase in interest expense
- decrease in sale of investment products - in 2012 Getin Noble Bank S.A. reached fee and commission income related to investment products and deposits of PLN 377 million (decrease by 13% compared to 2011)
- effective cost management in the Group – obtaining one of the lowest cost/income ratio in the banking market of 36.9%; according to the Polish Financial Supervision Authority the average ratio for the banking sector amounted to about 50.5% as at 30 September 2012

- dividend income received from companies: Noble Funds TFI S.A., Noble Securities S.A., Open Finance S.A. and Biuro Informacji Kredytowej of PLN 41.6 million in total
- reduction of impairment allowances on loans and other receivables by PLN 238 million.

At the end of 2012 the capital adequacy ratio of the Getin Noble Bank S.A. amounted to 12.5%. The Bank achieved an increase in the capital adequacy ratio by 2 percentage points compared to the end of 2011. This growth was possible due to increase of the Bank's own funds by PLN 1.5 billion through appropriation of profit for 2011 to increase the reserve capital, recognition of the Bank's net profit for the first half of 2012 in the own funds, allocation of PLN 0.8 billion from the issue of long-term subordinated securities to supplementary funds and increase of the share capital of Getin Noble Bank S.A. of PLN 0.3 billion through the issue of new shares.

The level of capital requirements has increased by PLN 0.5 billion, mainly due to growth of the Bank's loan receivables and increase in risk weights for foreign currency loans up to 100% that went into effect in June 2012 (share of foreign currency loans in total loans is systematically reduced – as at 31 December 2012 amounted to 35%).

External conditions

Macroeconomic situation

In 2012 Polish economic growth dynamic reminded within a downward trend.

According to preliminary data published by the Polish statistics office GUS the GDP rose in 2012 by 2.0% in comparison to previous year. This proves slowdown in economic growth, as in the previous year, GDP growth stood at 4.3%. In 2012, domestic demand increased by 0.1% (in 2011 it was 3.4%), private consumption 0.5% (2.5%), while 0.6% of gross expenditure (9%).

The deteriorating condition of the Polish economy was the result of, inter alia, weakening industrial production and a substantial decline in private consumption growth total of 1.2% y/y in the first quarter up to 0.1% y/y in the third quarter. The ongoing stagnation on the labour market, employment in the enterprise sector, and decline in the level of remuneration are indicated as reasons of the fall in demand. Factor that positively affected Polish GDP was foreign exchange. The contribution of net exports to growth remained positive throughout 2012. Aggregated economic growth in the first quarter of 2012 amounted to 3.6% y/y, in the second quarter of 2012 fell to 2.3% y/y and in the third quarter reached 1.4% y/y. Preliminary estimates of 2012 economic growth, oscillate between 2.1% y/y.

From January to September the CPI inflation ratio remain beyond the inflation target established at 3.5% prompting the Monetary Policy Council to raise interest rates in May by 25 basis points. The decline in inflation to 3.4% y/y in October, and maintaining inflation target as specified in the policy of National Polish Bank was the beginning of the series of interest rate cuts, and led to a reduction in the reference rate at the end of 2012, to 4.25% from 4.75%. As a result of the interest rate cuts the CPI inflation ratio fell to 2.8 y/y on November and to 2.4 y/y in December.

Financial market

Sensitivity to changes in the world economic situation and returning debt crisis led to high volatility of PLN in 2012, which weakness against the EUR reached 4.52 in January. In the first quarter of 2012, the Polish currency strengthened significantly due to better moods, and EUR / PLN rate fell to 4.09 in March. In the second quarter, the exchange rate was affected by the European debt crisis and political change in Greece, which led to a significant weakening of the currency to a level of 4.42 in June. PLN strengthened in the second half of the year and EUR / PLN rate stabilized at an average of 4.12. Progressive inflow of foreign capital on the domestic bond market is supported by expectations of further interest rate cuts, falling inflation, Polish credibility in the international market and low interest rates on international markets led to lower levels of the Polish debt yields to historically low levels. The profitability of Polish bonds fell at the end of 2012 to levels of 3.12% from 4.70% at the end of 2011 in the two-year, 3.20% from 5.30% in the five years, and 3.76% from 5.90% in the decade. At the same time it should be noted that 36% involvement of non-residents in Polish bonds and the uncertainty as to the expectations of the economic situation are important risk factors affecting the shape and level of the Polish yield curve.

Banking sector

The situation in banking sector reflects the state of Polish economy. Lower propensity to invest among enterprises and increase of the risk premium for banks led to a slowdown in credit growth. Retail loans market remains

stagnant, and high market penetration does not indicate growth in this segment. The credit-side of the balance sheet of the sector indicate stabilization in the segment of corporate deposits and stable growth of retail deposits sector. Drop in lending, increase in the cost of risk and falling interest rates together with the growing balance of deposits with interest rates prevailing market, poses a major challenge for 2013 over the banking sector.

1.2. Significant events

The most significant events and achievements in 2012 affecting the Bank's activities:

- On 16 March 2012 Getin Noble Bank S.A. sold to Getin Holding S.A. the whole held package of 9,872,629 shares of an associate Idea Bank S.A., representing 37.05% of its share capital and entitling to 39.44% of votes at the company's General Meeting. Payment for the shares sold under the sale agreement was deferred until 28 February 2013 and the revenue was recognized at the discounted value. The income statement includes PLN 64,523 thousand of profit before tax from the transaction.
- Legal merger of Get Bank S.A. and Getin Noble Bank S.A. on 1 June 2012. The name of the merged company is Getin Noble Bank S.A. with its registered office in Warsaw.
- In 2012 the Polish Financial Supervision Authority approved the inclusion in the supplementary funds of Getin Noble Bank S.A. the amount of PLN 788,943 thousand acquired by the Bank through the issue of F series bonds as well as PP-I – PP-V and PP2-I – PP2-IV bonds.
- In 2012, were made sales of receivables, where the nominal value of the portfolio's capital amounted to PLN 418 million,
- In 2012 the Bank recognized dividend income of a total amount PLN 41.6 million, including subsidiaries, of which:
 - in March PLN 19.7 million from the subsidiary Noble Funds TFI S.A.,
 - in May PLN 11.7 million from the subsidiary Noble Securities S.A.,
- On 9 November 2012 the District Court for the capital city of Warsaw, 13th Commercial Division of the National Court Register, registered the increase in Getin Noble Bank S.A. share capital by the total amount of PLN 260 million by the public issue of 200 million J-series ordinary bearer shares of the Issuer of the nominal value of PLN 1.00 each and by the public issue of 60 million K-series ordinary bearer shares of the nominal value of PLN 1.00 each. The total number of votes after the increase in the Issuer's share capital amounts 2,650,143,319.
- The increase in the Bank's capital adequacy ratio by 2 percentage points to 12.5%.

Awards and recognitions:

Getin Noble Bank S.A. successfully implements the strategy of building a universal and customer-friendly Polish financial institution. The effectiveness of these measures was confirmed by independent experts, who in 2012 recognised the Bank in a number of prestigious rankings.

- Getin Noble Bank S.A. took first place in the ranking of Comperia.pl as the most versatile bank in the II half of 2012. In this expert ranking participated financial institutions, which in addition to professional services, offer their customers the most attractive banking products.
- Editors of the Monitor Rynkowy, a supplement to the Dziennik Gazeta Prawna, awarded Getin Noble Bank S.A. "Symbol Polskiego Banku" in 2012. According to the jury, the Bank is an excellent example of the institution with Polish majority capital, which successfully competes in a market dominated by foreign entities.
- Getin Bank brand once again was among the winners of the Most Valuable Polish Brands ranking, moving up to 3rd place among the bank brands ranked by value. In the ranking of brands, in which participated all industries, Getin Bank ranked 14th position, moving up two places in relation to the ranking in 2011.
- Noble Bank received the highest 5-star rate in the rating prepared by Forbes magazine, thus occupying a prominent place in the competition among several banks. Private banking ranking, which is the first comprehensive assessment in this category of services, was developed in co-operation with MillwardBrown SMG/KRC Institute. The bank assessment consisted of detailed analysis of the range of products and services, as well as qualitative research carried out with the participation of "mystery shopper." In 2012 Noble Bank has also been recognised as one of the strongest brands on the Polish market - a group

of experts has once again honored the Bank with the Superbrand title. This prize is awarded worldwide to brands that have achieved a significantly strong position and recognition in their market categories.

- Noble Bank was awarded first place in the poll "The most interesting Bank Logo of 2012". This is the first edition of the poll organised by the Banking Magazine – it aimed to identify a bank logo, which is characterized by the most clear message and an interesting graphic form for the potential recipient. In the competition participated 36 logos of banking institutions operating in Poland.
- In 2012 Getin Noble Bank S.A. moved up in the top 1000 world banks ranking published by "The Banker" magazine by 300 ranks in comparison to the previous year.

Assessment of financial creditworthiness - ratings

On 28 April 2010, Moody's Investors Service granted the following ratings to Getin Noble Bank S.A.:

Moody's Investor Service Ltd	28.04.2010	Rating outlook
Financial Strength Rating	D-	stable
Long-term Deposit Rating	Ba2	stable
Short-term Deposit Rating	not prime	stable

On 1 June 2012 Fitch Ratings published a confirmation of the rating for the merged Getin Noble Bank S.A., that was given on 7 January 2010 for the previous Bank and later confirmed on 22 June 2011, ie

Fitch	01.06.2012	Rating outlook
Issuer Default (IDR)	BB	stable
Short-term Rating	B	
National long-term IDR	BBB (pol)	stable
Viability Rating	bb	
Support Rating	3	
Support Rating floor	BB	

Confirmation of the IDR and Viability rating reflects the Bank's strong result before risk costs, improved liquidity and a stable base of deposits of individuals. These factors offset the reduced quality of assets, declining, but still significant risk of high exposure to mortgage loans denominated in foreign currency and dependence on the interbank market in order to protect the structural currency mismatch.

2. Organization and capital investments of Getin Noble Bank S.A.

2.1. Share capital and shareholding structure of the Bank

As at 31 December 2012 share capital of Getin Noble Bank S.A. amounted to PLN 2,650,143,319 and consisted of 2,650,143,319 shares with nominal value of PLN 1.00 each. The Bank's shares include registered and bearer not privileged shares and each of which gives right to one vote at the General Meeting. All of the Bank's shares are admitted to public trading on the regulated market

As at 31 December 2012 the ownership structure of Getin Noble Bank S.A. was as follows:

	Number of shares held	Number of votes at AGM	% of share capital	% of votes at AGM
Leszek Czarnecki (directly)	271,307,949	271,307,949	10.24%	10.24%
indirectly:				
through LC Corp B. V.	1,033,035,603	1,033,035,603	38.98%	38.98%
through Getin Holding	150,096,884	150,096,884	5.66%	5.66%
through other entities	3,720,546	3,720,546	0.14%	0.14%
ING Otwarty Fundusz Emerytalny	192,352,805	192,352,805	7.26%	7.26%
Other shareholders	999,629,532	999,629,532	37.72%	37.72%
Total	2,650,143,319	2,650,143,319	100.00%	100.00%

As at the day of signing this annual report for 2012, the Management Board of Getin Noble Bank S.A. did not have information on other agreements which may result in changes of the proportion in shares held by existing shareholders

The Management Option Scheme existing in the Bank due to the expiry of the Resolution of the Extraordinary Shareholders Meeting of Getin Noble Bank S.A. dated 30 March 2011 on the issue of subscription warrants to purchase shares of the Bank as a result of the merger of Getin Noble Bank S.A. and Get Bank S.A., it was reclassified in 2012 as a transaction share-based payments settled in cash.

2.2. Getin Noble Bank's shares on the stock exchange

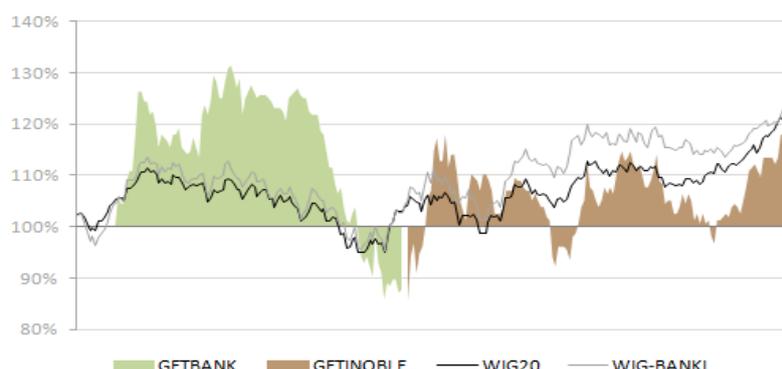
All shares of merged Getin Noble Bank S.A. are introduced to public trading on the main market of Warsaw Stock Exchange. Shares A – H-series, of former Ger Bank S.A., was introduced to public trading on 20 January 2012 and up to 18 June 2012 were quoted under the abbreviated name of 'GETBANK'. On the 18 June 2012, all 144,617,688 I – series shares of the merged Getin Noble Bank S.A. were admitted to trading on the main market of WSE under the abbreviated name of 'GETINOBLE'. At the same time as of 18 June 2012 all, i.e. 953,763,097 shares of the formerly Getin Noble Bank S.A. labelled with the code PLNOBLE00017 were excluded from the exchange trading. Moreover 200,000,000 J-series ordinary bearer shares and 60,000,000 K-series ordinary bearer shares were introduced in normal course to public trading on the main market of WSE on 30 November 2012.

On debut, i.e. on 20 January 2012, the share price of the formerly Get Bank S.A. amounted to PLN 1.56. The PLGETBK00012 closing share price fluctuated between PLN 1.34 (on 5 and 18 June) and PLN 2.05 (on 16 March). As at 31 December 2012, the Bank's capitalization was PLN 4,744 million, whereas its book value amounted to PLN 4,722 million

The price of shares labelled PLNOBLE00017, up to the date of excluding, fluctuated from PLN 3.35 (on 29 and 30 May) and PLN 4.8 (on 2 April).

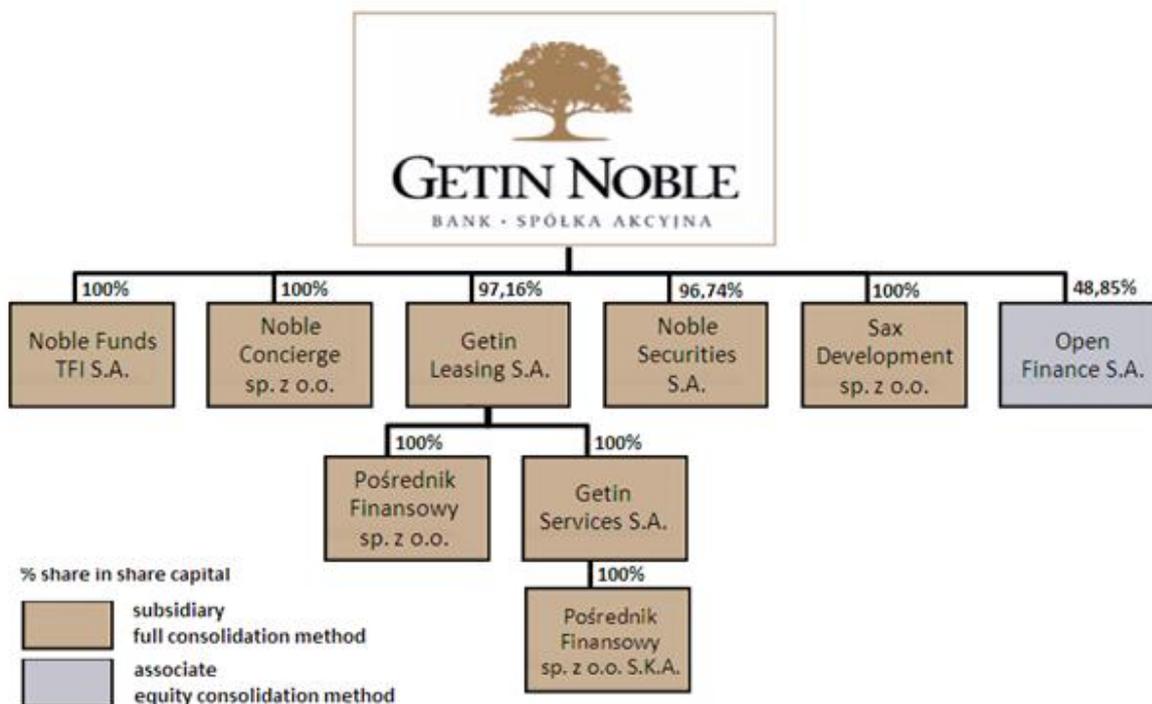
In 2012 WIG20 index fell rose by 20.45% and WIG-Banks by 22.64% (in comparison with 31.12.2011).

Getin Noble Bank S.A. shares quotation and Warsaw Stock Exchange indices (as at 31.12.2011 = 100)



2.3. Subordinated entities of the Bank

The Bank is parent company of the Getin Noble Bank S.A. Capital Group, whose organizational chart together with information on the nature of the relationships within the Group as at 31 December 2012 is presented below:



As at 31 December 2012 and 2011 the Bank's share in the total number of voting rights in its subsidiaries and associates was equal to the Bank's share in share capital of the those entities, except for Noble Securities S.A. in which the Bank held 97.26% share in votes as at 31 December 2012 (98.10% as at 31 December 2011)

Related party transactions

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

Transactions of Getin Noble Bank S.A. with related parties are made on an arm's length basis. The details of transactions made by the Bank and with the related parties are presented in the Note II.44 to the financial statements of Getin Noble Bank S.A. for the year ended 31 December 2012.

As at 31 December 2012 the total value of Getin Noble Bank's exposure arising from loans and advances to its related parties amounted to PLN 685 million (PLN 233 million at the end of 2011).

3. Scope of activities, products and services of the Bank

Getin Noble Bank is a universal bank offering numerous products in the area of financing, saving and investing and a wide spectrum of additional services which are provided to clients using a variety of channels, including traditional banking outlets and the Internet platform. The Bank's offer is addressed to individual clients, small and medium-sized enterprises, local government units and large corporations.

Retail banking is conducted by Getin Noble Bank under the Getin Bank brand. The Bank's offer is addressed to individuals who expect proven products, simple procedures and quick service. Getin Bank specializes in the sale of cash and mortgage loans on competitive terms and is a leader in the sale of car loans. Getin Bank offers a number of investment products and deposits. Structured products are very popular among its clients. Getin Bank is also an active player in the segment of financial services dedicated to small and medium-sized enterprises. The Bank's offer is characterized by simple procedures and clear rules. The current account for enterprises and attractive offer of business loans gain an increasing customers confidence.

Noble Bank represents the private banking section of Getin Noble Bank which is dedicated to wealthy clients. In addition to standard financial products, the Bank offers real estate advisory, legal and tax support, art banking, brokerage and concierge services.

The product offer of Getin Noble Bank is supplemented by the products offered by its affiliates, such as Noble Funds TFI S.A., Noble Securities S.A., Noble Concierge sp. z o.o. and Getin Leasing S.A. In co-operation with the above-mentioned companies, Getin Noble Bank provides its clients with access to brokerage services, concierge services, investment fund units, investment fund certificates, insurance, lease and factoring products.

3.1. Retail banking

Mortgage loans

Mortgage loans are offered under the Bank's own brand: Getin Noble Bank S.A. – Mortgage Branch. This is a section of Getin Noble Bank S.A. specializing in the granting of mortgage loans. Loans are distributed through the network of the Bank's own outlets: Mortgage Loan Centers and Noble Bank branches of Private Banking, as well as through the Open Finance, Home Broker and the networks of specialized financial intermediary companies working in a commission-based system.

Mortgage loans are offered for the purchase of apartments or houses on the secondary and primary markets, for construction of houses, renovation, modernization or finishing of apartments, purchase or construction of business premises, repayment of loans (consolidation) and other purposes (advances). The Bank's product offer has been modified and Getin Noble Bank started to be perceived as an entity which focuses on innovation in financial services. Such an approach resulted in creation of a number of new products. A significant share in sales of mortgage loans had program 'Rodzina na swoim', which ended in 2012.

In order to mitigate credit risk, changes has also been made to the method of calculation of credit capacity of clients applying for mortgage loans. The Bank's current product offer was significantly affected by the SII- and T-Recommendation.

Car loans

Car loans were one of the main products offered by Getin Noble Bank. Getin Noble Bank once again is the definite leader on the market of car loans in Poland, with a market share of about 40%. Car loans are mainly sold through the network of over 800 agents actively co-operating with the Bank, authorized dealerships, car consignment dealers and the Bank employees.

The Bank grants loans for the purchase of all types of vehicles. Loans granted by the Bank additionally include the financing of a wide spectrum of purchase-related costs, such as costs of additional car equipment, car insurance, borrower's insurance as well as costs of usage and maintenance of the vehicle financed by a loan.

In particular the Bank provides a full service for Opel and Chevrolet dealers in cooperation with General Motors Poland and Chevrolet Poland. Sales made through these brands is growing steadily, in 2012 there was an increase in sale of loans by 70% and growth in sale of leases by 15%.

There is a stable increase in sale made by the Bank's own employees (Call Centre) – in 2012 growth in sale both car loans and lease by 10%.

2012 was the second consecutive year in which a significant complement to the Bank's offer of financing the purchase of a vehicles was a lease, carried out in cooperation with the Bank's subsidiary - Getin Leasing S.A. In 2012 Getin Leasing took the 6th place in the country among leasing companies in respect of financing of passenger cars and trucks up to 3.5T.

Moreover, the Bank offers a loan for Dealers and Second-hand dealers businesses to finance their stocks.

Retail loans

Retail loans are mainly provided through the network of the Bank's own outlets and franchise outlets.

Creation of new portfolio is based mainly on the offer addressed to existing clients and to new clients from sectors characterized by lower credit risk. To support competitiveness, the Bank tailors its offer to the market requirements on a current basis. Frequent winnings in the rankings organised by Totalmoney.pl for best cash loan indicate high competitiveness of the products. Getin Noble Bank won eight times in this category, in 2012.

The Bank's main lending products include:

- cash loan,

- consolidation loan,
- promotional offers relating to cash and consolidation loans,
- e-mail offers for Bank customers,
- credit limits on current account,

In 2012 Getin Noble Bank S.A. dynamically extended lending of installment loans for financing purchases of goods and services offered by Banks' Partners. Installment loans are distributed through the network of external agents. In 2012 it was started an effective sales process of ROR packages to installment borrowers through the unified channel.

Deposits

Current and term deposits

In 2012 in the area of deposits the Bank focused on the more durable binding customers to the Bank. To achieve this, in addition to campaigns used for several years to attract term deposits, the focus was primarily on the acquisition of personal accounts, which form the basis of binding customers to the Bank and motivate them to keep the funds on the term deposits. In 2012 both in stationary networks and online, the functionality and attractiveness of ROR was increased. The Noble Bank network offered a new personal account with attractive interest rate and with an extensive online banking and the world's first metal debit card. The customers of Getin Bank received the two basic accounts with a number of benefits associated with it. At the end of the year the Bank introduced a Getin UP account. This account is one of the most modern in the market and enables mobile payments, non-standard transferring measures (without knowing the NRB of the recipient), the use of the card with display (which could also serve as a token), and provides a number of opportunities for active saving. These actions resulted in increased number of RORs and customers both in the stationary networks and online channels.

In the area of deposits the aim in 2012 was to keep such balances to maintain the proper liquidity, while optimizing costs. In 2012 the Bank acquired nearly PLN 1.4 billion of the retail term deposits.

Payment cards

Getin Noble Bank offers a wide spectrum of credit and debit cards which satisfy a variety of clients, including those in the business sector. The Bank issues cards under the two main settlement systems i.e. Visa and MasterCard. A new MasterCard Display card was implemented as a first of its kind product in the world.

Visa credit cards are offered as Gold or Silver, under MasterCard settlement system are offered credit cards: World, World Business and Business Executive, as well as MasterCard Debit and Platinum Debit. All cards issued under the Getin brand include contactless payment functions.

Complementing the offer are debit and credit products issued in NFC technology. In this way the Bank has the ability to personalize and manage a payment card on the client's phone completely remote using the infrastructure of mobile operators.

For the segment of top affluent reserved are cards from the Noble palette made of solid metal. Platinum debit card and Elite credit card together form a duet of the most prestigious products in this segment in Europe. With NFC technology as the first Bank in Poland we offer the customers these cards also available on smartphone, in order to meet the expectations of the customers not only demanding but also valuing innovation and safety.

3.2. Private Banking

Getin Noble Bank provides private banking services to wealthy clients under the Noble Bank brand. The Bank operates the nationwide network dedicated exclusively to private banking. All branches of Noble Bank are located in the centers of big cities and designed in such a way to provide clients with full convenience and discreetness of business meetings.

The focus of the Bank is comprehensive advice on customers personal finance. Special dedicated product lines, asset management services and brokerage services are addressed to a selected group of clients. Noble Securities S.A. brokerage house offers to the Bank's customers a wide range of services related to the capital market, so that the Bank's customers have access to a number of corporate bonds issues. In cooperation with Noble Funds TFI S.A. the Bank offers its customers the wealth management services. The Noble Bank's customers can also take advantage of concierge service developed by Noble Concierge sp. z o.o.

In 2012 the Bank was the first to introduce the service of corporate private banking, that allows the Private Banking customers also support of their businesses. In this way, the services provided by the Bank have become even more comprehensive.

3.3. Corporate banking

The Bank develops its activity in the sector of small and medium-sized enterprises and state budget entities. The Bank is modifying its loan offer according to the changes in economic situation.

Loan products

The main lending products offered by the Bank are as follows:

- Loan in current account and in loan account,
- Investment loan,
- Loan for business entities working with local authorities or State Treasury entities,
- Receivables purchasing for business entities working with local authorities or State Treasury entities,
- Bank guarantees,
- Factoring,
- Financing of the purchase of fixed assets in the form of lease,
- Financing of property development projects,
- Financing of public health service entities,
- Loan products for small and medium-sized enterprises.

Selected deposit products

'Moja Firma' ('My Company') Bank Account:

- four types of current accounts adjusted to requirements of corporate customers,
- free of charge cash transfer (including transfer to Social Insurance Institution and Tax Office),
- premium for the account balance for active users,
- free of charge legal assistance and legal support,
- services available under the account agreement: TELE GB, GB24, SMS Service, standing orders, direct debit,
- availability to apply for debit in the account.

The main changes made in 2012 to the corporate product offer included:

1. Guarantee Line,
2. Credit for deposit,
3. Loans for Freelancers,
4. Credit cards,
5. PSD – changes related to the new law on payment services.
6. Loans for farmers.

Treasury products for corporate clients

In 2012, the Bank conducted an active sale of treasury products to its corporate clients. The offer of treasury products is tailored to the needs of small and medium-sized enterprises. Clients performing treasury transactions realized the turnover exceeding PLN 1.1 billion. Such products enable carrying out basic treasury transactions (foreign currency exchange), hedging against currency risk (forward transactions) and investing surplus funds on attractive terms.

In 2012 the following treasury products designed for corporate clients were offered:

- Spot foreign currency exchange transactions,
- Forward currency transactions
- Foreign exchange option (vanilla options and exotic options),
- Dual currency deposit,
- Treasury bills,
- Negotiable deposits.

Appropriate regulations, agreements and procedures were also developed for entering into treasury transactions within the Transaction Limit or cash collateral. The Bank's diversified offer will enable it to fully realize its corporate banking development strategy.

4. Financial situation and results of the Bank

4.1. Income statement

PLN thousand	2011 restated	2012	Change
Net interest income	1,306,719	1,195,781	8.5%
Net fee and commission income	742,138	707,693	4.6%
Net other result*	563,323	188,784	66.5%
General administrative expenses	(741,967)	(771,409)	4.0%
Impairment allowances on financial assets and off-balance sheet provisions	(1,189,605)	(951,330)	20.0%
Profit before tax	680,608	369,519	45.7%
Income tax	(114,158)	(58,562)	48.7%
Net profit	566,450	310,957	45.1%

* Net other result includes dividend income, result on financial instruments measured at fair value through profit or loss, result on other financial instruments, foreign exchange result, other operating income and expense.

In 2012 the Bank sold shares of Idea Bank S.A. Payment for the shares sold under the sale agreement was deferred until 28 February 2013 and the revenue was recognized at the discounted value. The Bank has recognized PLN 52.3 million of net profit in its income statement as a gain on that sale.

Sale of shares of Open Finance was a significant part of the Bank's net profit for 2011 – the Bank recognized PLN 300.5 million of net profit in its income statement for 2011.

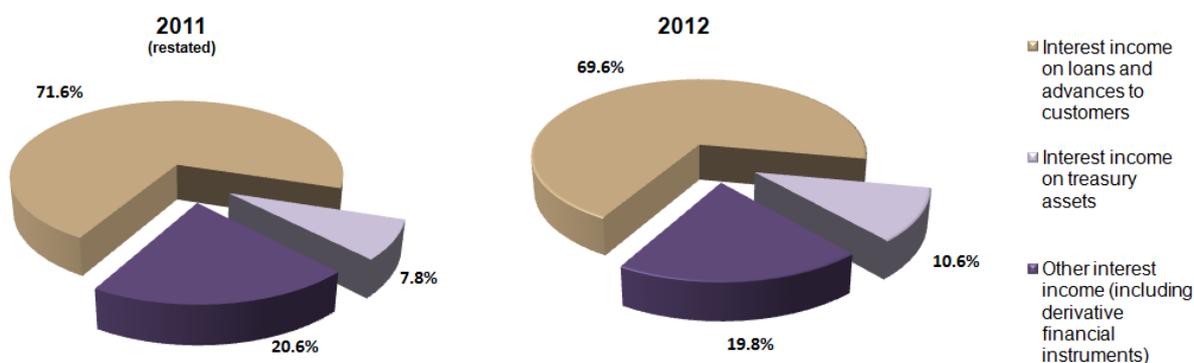
Net interest income

The main components of net interest income was interest income on loan activities and interest expenses on deposit activities. Interest income on loans (taking into account effective interest rate) accounted for over 69.6% of interest income, and interest expense on client's deposits accounted for 88.7% of interest expense.

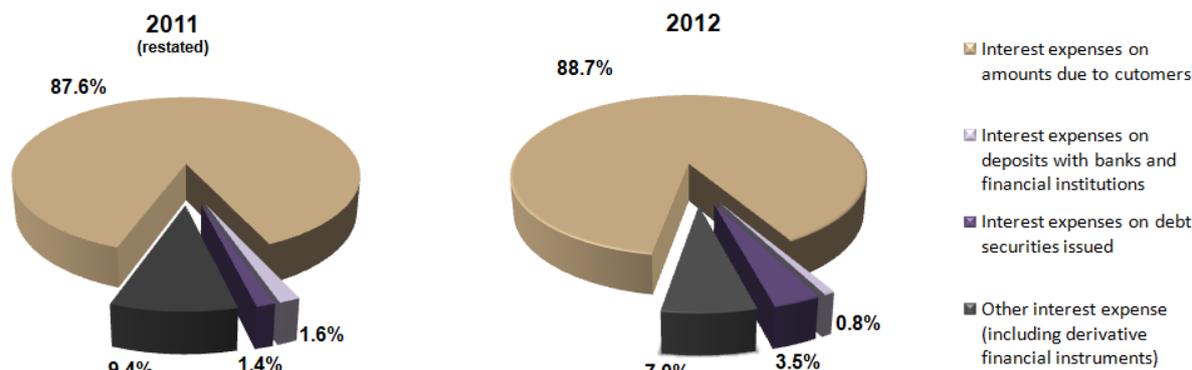
Within interest income on loan activity, nearly 58% of loan interest income accounts for interest income from mortgage loans.

Expenses of subordinated debt accounted to 2.6% of interest expenses.

Structure of interest income in 2011 and 2012



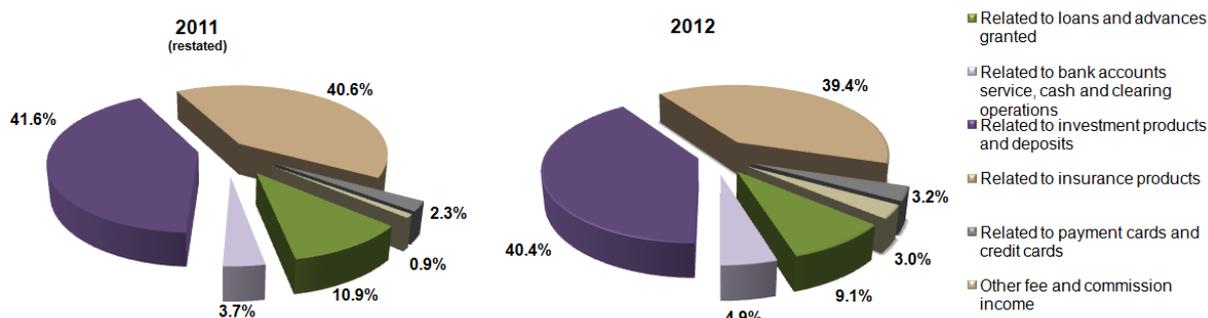
Structure of interest expenses in 2011 and 2012



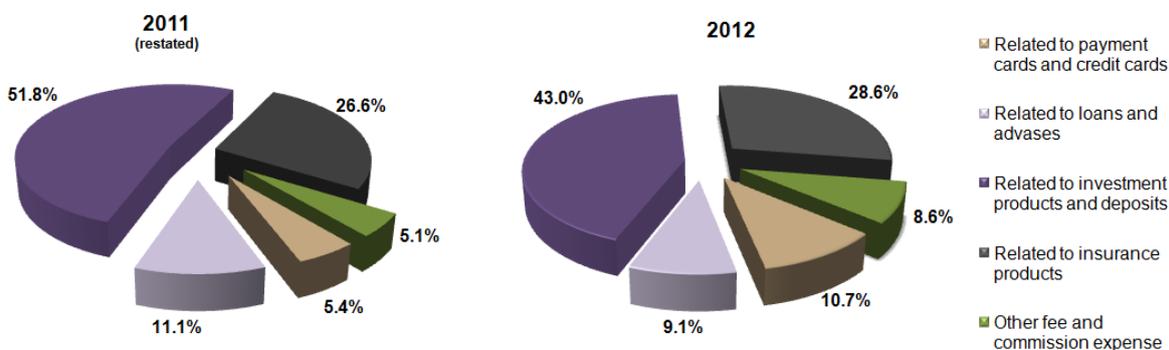
Net fee and commission income

In 2012 net fee and commission income of the Bank decreased by 5% compared to the results in 2011. A slight decrease in net fee and commission income was due to achieving the lower net result on commissions from insurance products (drop in 2012 by PLN 40.2 million, i.e. by 12%). The main component of the fee and commission income is still income from insurance and investment products and deposits.

Structure of fee and commission income in 2011 and 2012



Structure of fee and commission expense in 2011 and 2012



Net other result

Net other result achieved in 2012 (dividend income, result on financial instruments, foreign exchange result, other operating income and expense) was lower by PLN 370 million (i.e. by 66%) than the result achieved in 2011, which is associated with the following:

- obtaining in 2011 the profit from sale of shares of Open Finance S.A.
- changes in market conditions affecting the valuation of financial instruments measured at fair value, which resulted in 2012 in a loss on financial instruments at fair value through profit or loss in the amount of PLN -57.4 million, compared to the profit achieved in 2011 of PLN 37.4 million,
- a lower sale volume of loans indexed to foreign currencies in 2012 and thus a lower result on foreign exchange - a decrease compared to 2011 by PLN 62.6 million.

General administrative expenses

Expansion of business scale resulted in an increase in general administrative expenses. In 2012 general administrative expenses increased by 4%. Together with the increase of employee benefits as well as amortization and depreciation, rose payments to the Bank Guarantee Fund which depend on the amount of capital requirements.

Impairment allowances

In 2012 the Bank reported an overall decrease in the cost of credit risk. Increase in impairment allowances in 2012 in the amount of PLN 951.3 million was by 20% lower compared to the impairment allowances increase in 2011. There has been a positive change in all credit areas.

The structure of impairment allowances on basic loan products in 2011 and 2012 is presented in the table below

PLN thousand	2011 (restated)	2012	Change
Mortgage loans	770,029	676,526	-12.1%
Car loans	179,115	93,244	-47.9%
Retail loans	150,878	125,527	-16.8%
Corporate loans	89,583	56,033	-37.5%
TOTAL	1,189,605	951,330	-20.0%

Key financial ratios

	2011 (restated)	2012	Change in percentage points
ROE net	17.1%	7.8%	- 9.3
ROA net	1.2%	0.6%	- 0.6
C/I (cost to income)	28.4%	36.8%	8.4
Capital adequacy ratio	10.5%	12.5%	2.0

4.2. Statement of financial position

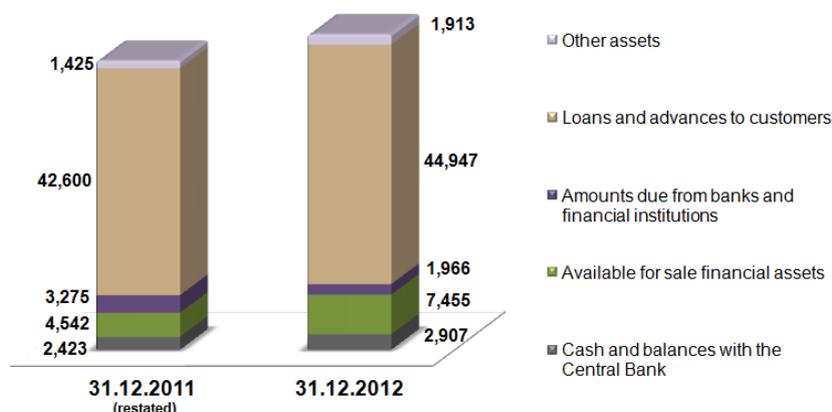
ASSETS

As at 31 December 2012 the total assets of the Getin Noble Bank amounted to PLN 59.2 billion and were higher by 9% compared to the value at the end of 2011. The main factors influencing the growth of assets are the following:

- the development of loan production, due to attractive loan offer and obtaining stable funding sources in the form of customer deposits (in 2012 amounts due to customers increased by 8%, to the level of PLN 51.1 billion)
- issue of debt securities, of which long-term securities included in the supplementary funds of the Bank – in 2012 the balance of issued debt securities increased by PLN 0.9 billion
- the increase of capital base – policy of profit retaining with appropriation to Bank own funds and shares issue.

The strengthening of the zloty in 2012 resulted in a decrease in total assets - increase in the value of the zloty against foreign currencies contributed to the decline in the value of foreign currency credit balance expressed in zloty by approximately PLN 1.3 billion

Structure of assets as at the end of 2011 and 2012 (PLN million)



The main part of the Bank's assets are loans and advances to customers (76% of the total assets). The Bank has been allocating the surplus of funds in securities (13% of the total assets), interbank and other financial institutions' deposits (3%). The Bank's cash on hand and held in NBP was 5% of the total assets.

Loan portfolio

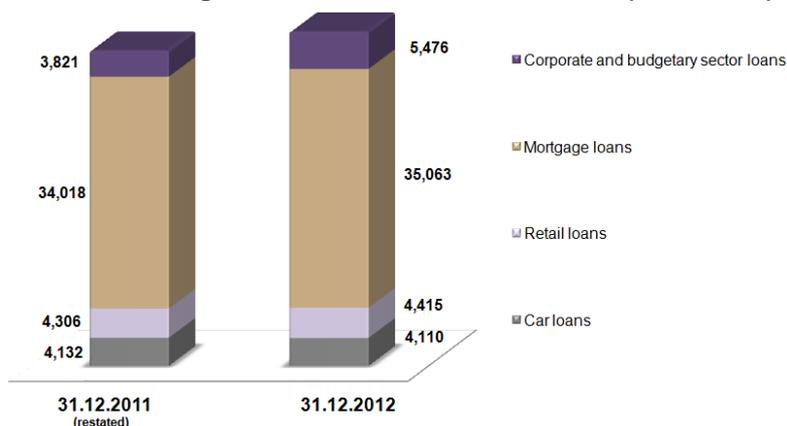
In 2012 the Getin Noble Bank S.A. increased the carrying amount of loans and advances to customers by 6% to the level of PLN 45.0 billion. The value of loans granted in 2012 amounted to PLN 11 billion and was lower than the value of loans granted in 2011 by 12%. The Bank directed its activities to carry out the objective of the strategic changes in the structure of credit sales by focusing on sales of short and faster amortising loan products.

Change in the structure of sales in 2012:

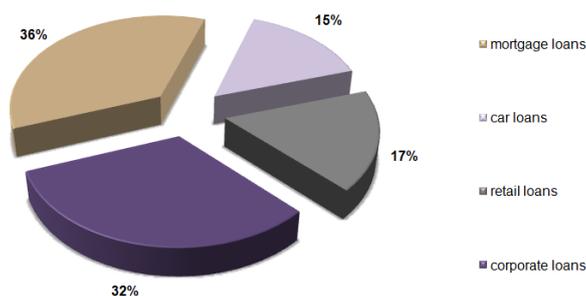
Share in sales of loans	2011 (restated)	2012	Change in percentage points
Mortgage loans	55%	35%	-20 pp.
Other loans	45%	65%	+20 pp.

Loans in PLN were the main part of loans granted and accounted for 97% of the total value of all loans granted. The average interest profitability (taking into account the effective interest rate), related to loan portfolio achieved in 2012 amounted to 7.0%. The profitability is determined by the currency structure of loan portfolio, within which loans in foreign currencies or denominated in foreign currencies account for 36%, which interest profitability is lower due to lower reference rates.

Loans and advances to customers gross as at the end of 2011 and 2012 (PLN million)



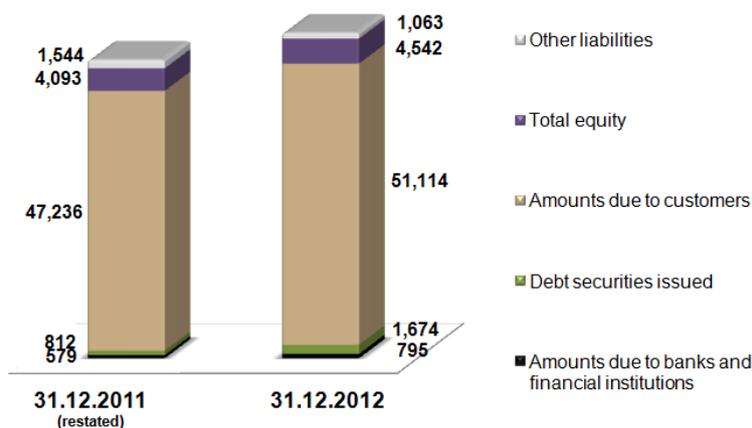
Structure of loan sales in 2012



EQUITY AND LIABILITIES

Customer deposits are the main source of funding of the Bank's loan activity. Amounts due to customers account for 86% of total liabilities and equity (increase in 2012 by PLN 4 billion). In 2012 the Bank increased its own funds by more than PLN 0.9 billion the balance of securities issued – of which PLN 0.8 billion were long term securities qualified as the supplementary funds (as the consent from the Polish Financial Supervision Authority was obtained).

Structure of equity and liabilities as at the end of 2011 and 2012 (PLN million)



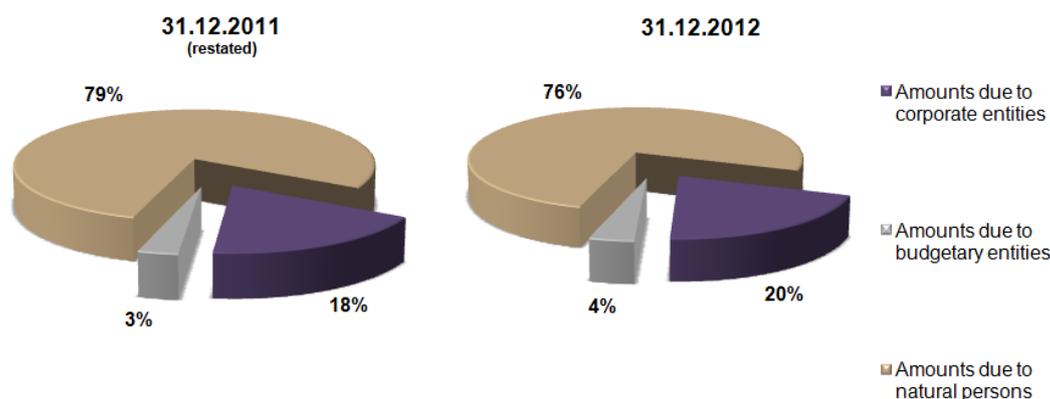
Deposit base

Customer deposits of non-financial and public entities are the main source of funding of operating activity of the Bank. In 2012 the Bank increased the value of amounts due to customers by 8% to the level of PLN 51.1 billion. Amount due to customers include PLN 1 billion of liabilities due to the securitization transaction of car loans portfolio. As a result of securitization the Bank acquired - in exchange for giving up rights to future cash flows arising from the securitized car loans - medium-term funding of operations through non-public issue of bonds by GNB Auto Plan sp. z o.o. worth PLN 518.7 million with a rating of Aa3(sf) given by Moody's Investor.

The term deposits are majority amounts due to customers (account for 91% of the Bank's deposit base) – in 2012 the increase of term deposits balance was recorded by PLN 3.7 billion to the level of PLN 46.5 billion.

In 2012 Getin Noble Bank S.A. placed a particular emphasis on the acquisition of deposits with extended maturity and increased the scale of customer relationship with the Bank by a growth in sales of personal accounts and IKE accounts. The amounts due to customers due over 5 years increased in 2012 from PLN 0.3 billion to PLN 1.8 billion.

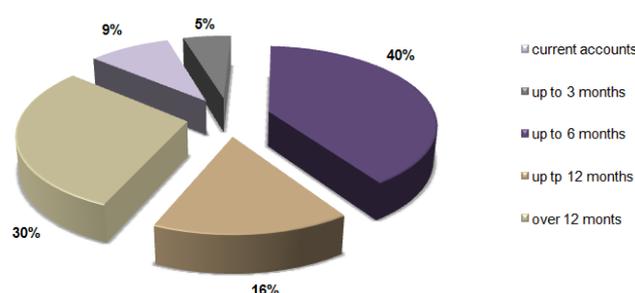
Structure of amounts due to customers as at the end of 2011 and 2012



In 2012 the average interest margin related to customer deposits amounted to 5.5% and was higher than in 2011 by 0.7 percentage points. The increase in the cost of customer deposits was primarily the result of the end of offering the attractive customer deposits with daily capitalization of interest at the beginning of 2012.

At the end of 2012 deposits with an original maturity over 12 months share in total deposits was 30%.

Structure of customers deposits by original maturity as at 31.12.2012



4.3. Off-balance sheet items

The main items of the Bank's off-balance sheet items are liabilities and receivables related to realization of currency derivative transactions classified to banking portfolio (mainly Cross Interest Rate Swap CIRS transactions). The transactions were related to foreign exchange in order to develop lending activity in foreign currencies, mainly related to activities before the end of 2008. The nominal value of liabilities relating to currency derivative transactions amounted to PLN 19.8 billion as at 31 December 2012 (the increase in 2012 by PLN 0.1 billion, i.e. by 1%).

Liabilities arising from granted loans and guarantees of loans repayments amounted to PLN 3.6 billion as at 31 December 2012.

In 2012, the Bank did not grant any sureties or guarantees – total for one entity or its subsidiary, which total value accounted for equivalent of at least 10% of the Bank's equity.

	31.12.2012 PLN thousand	31.12.2011 PLN thousand
Contingent liabilities granted	3,646,374	2,051,693
financial	3,373,777	2,040,708
guarantees	272,597	10,985
Contingent liabilities received	360,790	318,891
financial	102,205	110,420
guarantees	258,585	208,471
Liabilities relating to sale/purchase transactions	39,441,731	38,487,907
Other off-balance sheet items	16,982,026	13,016,881
Total	60,430,921	53,875,372

5. Risk management

Methods and objectives in the financial risk management

Getin Noble Bank S.A. carrying out its business activity, is subject to the following key risks: credit risk, liquidity risk, market risk (including interest rate risk and currency risk), solvency risk and operational risk.

The objective of asset and liability management policy is to optimize the structure of the balance sheet and off-balance sheet to achieve the assumed proportion of income in relation to the risk incurred. The Management Board is responsible for managing risk at the strategic level and for the purpose of operational management, it set up committees responsible for particular areas of risk: Credit Committee, Asset/Liability Committee and Operational Risk Committee. These committees are responsible for the management of subordinate areas of risk at an operational level and for monitoring the level of risk, as well as for setting the current policy within the strategy adopted by the management boards, taking into account the limits of internal and supervisory regulations.

In the management of market risks the Bank takes into account the regulations of the markets in which it operates and the requirements of the relevant supervisory bodies, particularly the Polish Financial Supervision Authority. Corporate governance for financial risk management policy is carried out by the Supervisory Board.

5.1. Credit risk

Credit risk is the potential loss of an entity associated with the failure by a customer of a financial liability or part thereof in terms specified in the contract. The risk is managed according to internal procedures to identify, measure, monitor and control risk. The Bank uses models to identify and measure credit risk associated with its activities, allocated to the profile, scale and complexity of risk. Credit risk management in the Bank is to ensure the safety of the loan business, while maintaining a rational approach to risk.

The Bank has implemented internal regulations that enable to assess the level of credit risk that is inherent in a loan granted to a client and in other services carrying credit risk, as well as the level of risk acceptability (in particular, the Management Board has adopted and the Supervisory Board has approved parameters of "risk appetite" for the Bank's retail portfolio). Creditworthiness of individuals is evaluated both at the stage of granting a loan and at the subsequent stage of monitoring it in the light of the procedural rules on the level of the required creditworthiness and for some retail products - in accordance with the scoring model. For small and medium-size enterprises, there may be an additional assessment of the entity's reliability on the basis of available information (eg. type of industry, legal status etc), depending on the loan and the nature of the entity.

To ensure objectivity of the credit risk assessments, the sales process (client procurement) has been separated from the process of evaluating and accepting client credit risk. Separate acceptance centres are responsible for evaluation and acceptance of the credit applications.

The procedure of making credit decisions is approved by the Bank's Management Board. Credit authorization limits are granted to the Bank's staff on an individual basis, depending on their skills, experience as well as the functions fulfilled. In the acceptance centres may operate Credit Committees, that take credit decisions exceeding the authorization limits granted to the Bank's individual employees. The Bank's Credit Committee located in the Bank's headquarters is responsible for credit decisions exceeding the authorization limits granted to the Credit Committees in the acceptance centres. At the Bank's head office there is the Credit Committee responsible for credit decisions exceeding the authorization limits granted to the Credit Committees in the acceptance centres and the Consultative Committee, which is an advisory body, assessing requests for loans secured by mortgages under the competence of the Credit Committee (according to the Bank's competence mode and rules of the Consultative Committee). Credit decisions which exceed the Bank's Credit Committee's authorization limits are made by the Management Board.

The Bank uses a wide range of legally allowed collaterals, applying them according to the product characteristics and the area of operation. The rules governing the selection, application and implementation of collaterals are detailed in the internal regulations and product procedures of the particular sales areas. The collateral should ensure satisfaction of the Bank's claims if there occurs a threat that a borrower cannot repay a loan.

The Bank applies a risk monitoring system which includes individual risk monitoring (related to particular clients) and overall monitoring of the Bank's entire loan portfolio. As part of the monitoring of individual risk, the Bank performs periodic assessments of the borrower's financial and economic standing, timeliness of payments to the Bank as well as the value and condition of accepted collaterals. Both the scope and the frequency of the above

reviews are in line with external regulations and depend in particular on the type of the borrower, the amount of the loan exposure and the form of collateral.

The Bank monitors and evaluates the quality of the loan portfolio in accordance with the systemic approach based on the internal procedure that includes the monitoring of the portfolio, both by the criterion of separate units in the sales areas and the credit risk area. The results of the analyses are presented in periodic reports. Conclusions from such analyses are used for the purpose of ongoing credit risk management in the Bank.

Given its foreign currency receivables, the Bank also regularly analyses the impact of exchange rate fluctuations on the quality of the credit exposure portfolio, and as regards mortgage credits the Bank also examines the impact of changing exchange rates on the level of exposure hedging. Moreover, the Bank also conducts stress tests to check the impact of the risk of changing interest rates and the rate of unemployment on the generated credit risk. The above analyses are conducted semi-annually.

In its procedures and internal regulations the Bank included the rules of managing bank risks, including the credit concentration risk. The Bank implemented and periodically monitors the credit concentration limits and large exposure limits, and additionally the Bank sets up and monitors internal thresholds of product and sector concentration.

The Bank included in its procedures the rules of risk management (including credit risk) in its subsidiaries. It periodically reviews the financial situation of the entities that have credit exposures to the Bank and the loan portfolio quality generated by them (it is applicable for companies exposed to credit risk).

The value of the Bank's loans, advances to customers and other receivables due from customers (including those purchased) is periodically assessed to find out whether there has been any impairment of their value and to set impairment write-downs in accordance with IAS 39 and IAS 37. If there is an objective evidence that an impairment loss was incurred, the impairment write-down equals the difference between the balance sheet value of an asset and the current value of the estimated future cash flows.

The debt collection and restructuring processes are exercised within the Debt Collection Area in the Bank. The debt collection operations ensure the comprehensive handling of matters processed via telephone calls, regular mail, text messages, e-mails and directly in the form of the Bank's local negotiators' visits. The Bank has a full range of debt collection processes at its disposal, which are tailored to the individual cases.

5.2. Market risk

Market risk is defined as uncertainty as to whether interest rates, exchange rates or quotations of securities and other financial instruments held by the Bank will have values other than those initially projected, thus causing unexpected profits or losses on the positions held.

The objective of the asset and liability management policy is to ensure optimization of the structure of the balance sheet and off-balance sheet items to achieve the projected 'income to risk' ratio. Risk management on the strategic level is the responsibility of the Bank's Management Board. The Asset/ Liability Committee supports the Management Board with the asset and liability management

Foreign exchange risk

The main objective of currency risk management is to manage the structure of foreign currency assets and liabilities as well as off-balance sheet items within the generally accepted prudence norms set forth by the Banking Law and the adopted internal limits.

Operational management of currency risk lies within the competence of the Treasury Department, whereas the supervision over compliance with limits and prudence norms is the responsibility of the Assets and Liabilities Committee. Calculation of the Bank's exposure to currency risk and of the capital requirement for that risk to be covered is performed on a daily basis and reported as a part of management information.

The Bank has adopted the so called basic method of calculating capital requirements relating to currency risk exposure. The analysis of the Bank's exposure to currency risk is also made by way of measurement of the Value at Risk (VaR) and stress tests.

The Controlling and Market Risk Department submits monthly reports to the Asset/ Liability Committee on the foreign exchange result and currency risk management, including the Bank's exposure in the individual currencies and compliance with the limits set for currency exposure.

To reduce the exposure to foreign exchange risk, in 2012 the Bank applied limits on the share of the currency position in its own funds and the value at risk VaR (1 day; 99.9%) - the foreign exchange risk was kept within

the agreed limits. The Bank's overall currency position and within the key currencies is presented in the table below:

Exposure (PLN thousand)	31.12.2011 (restated)		31.12.2012	
	amount	% of own funds	amount	% of own funds
USD	534	0.01%	-2,921	0.05%
EUR	-211	0.01%	-637	0.01%
CHF	20,943	0.53%	19,287	0.35%
Overall*	24,137	0.61%	21,438	0.39%

* Overall exposure – sum of long exposures (excess of „+” assets) or short exposures (with „-”) for all currencies (depending on which absolute figure is higher).

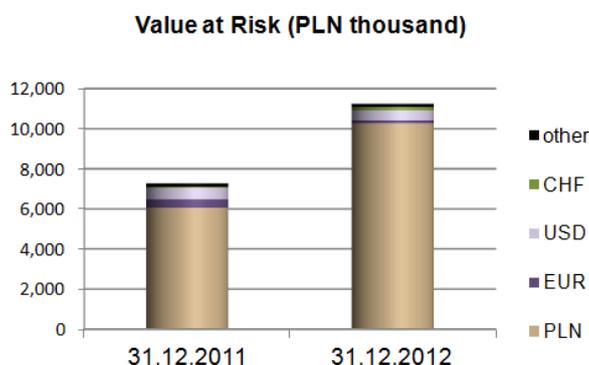
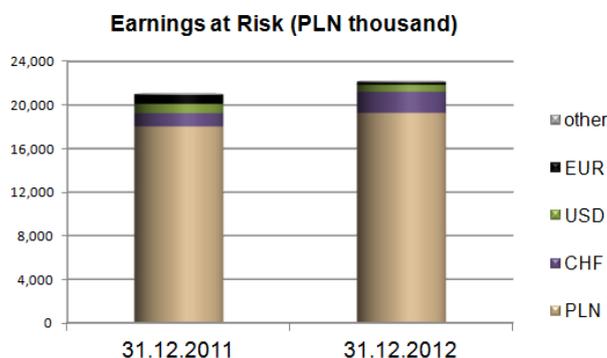
Interest rate risk

The objective of interest rate management policy of the Bank is to mitigate the risk of a decline in the expected interest income due to changes in market interest rates.

The key tools used for purposes of interest rate management are:

- analyzing of the Value at Risk of the Bank's portfolio related to market valuation (VaR method),
- testing of the financial result sensitivity to change in the interest rate (EaR method),
- analyzing of the basis risk, profitability curve risk and customer option risk,
- stress tests showing the susceptibility of the Bank to losses in case of unfavorable market conditions or in case the key assumptions of the Bank become invalid,

To reduce the exposure to interest rate risk, in 2012 Getin Noble Bank applied limits on the share of the value at risk (VaR) (1 day; 99.9%) in own funds and the EaR share in the planned net interest income for a given financial year - the interest rate risk was kept within the limits



5.3. Liquidity risk

The primary objective of liquidity management is to minimize the risk of losing current, short-, medium- and long-term liquidity by ensuring the capability to fulfill current and future liabilities on a timely basis. In 2012 the Bank settled its liabilities on time.

Medium- and long-term liquidity risk management belongs to the competence of the Management Board, whereas current and short-term liquidity risk management is the responsibility of the Treasury Department. The Asset/Liability Committee performs consulting role in process of liquidity risk management.

The Bank uses the following methods of evaluating liquidity risk:

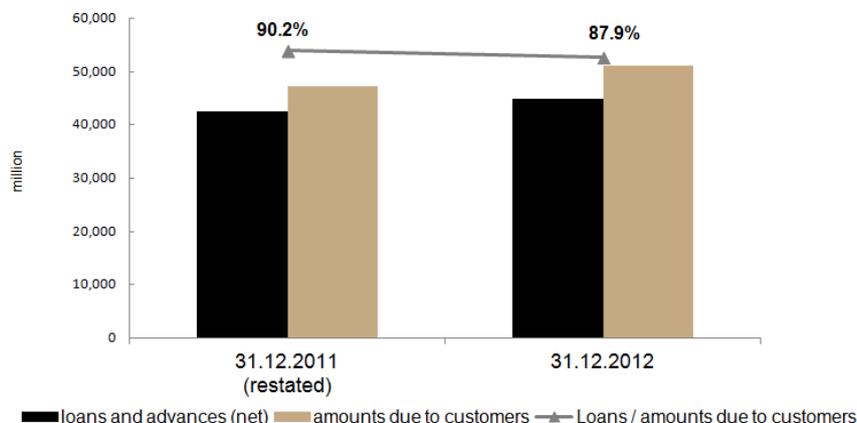
- supervisory liquidity norms,
- liquidity gap method, i.e. an analysis of the mismatch between the maturities of assets and liabilities, which covers all balance sheet items by maturity, under contractual and real-terms scenarios,
- analysis of sensitivity to increased funds outflows.

The gap ratios, the level of liquid assets, selected balance sheet ratios and the level of use of internal liquidity limits (including compliance with liquidity norms) and sensitivity of liquidity ratios to exchange rate volatility are monitored on a daily basis

Liquidity analyses rest on internal models reflecting the specific of the Bank's business. Client deposits are a key source of financing the granted loans; the loan to deposit ratio does not exceed 100%. Among stable sources of funds the prevailing items are deposits of retail clients, however, stable funds from corporate clients' deposits complement the overall base of stable funding sources. The Bank issued in 2012 long-term debt securities of total amount of PLN 0.8 billion, which were an additional source of finance for lending activity of the Bank

In 2012 the securitization transaction was carried out as a result of which the Bank acquired - in exchange for giving up rights to future cash flows arising from the securitized car loans - medium-term funding of operations through non-public issue of bonds by GNB Auto Plan sp. z o.o. worth PLN 518.7 million with a rating of Aa3(sf) given by Moody's Investor. The net amount acquired of the securitization transaction amounted to PLN 260 million.

Loans to deposits ratio



The Bank prepares forecasts of liquidity levels for the next periods and makes the assessment of probability of deterioration in the liquidity situation (the scenario analysis). Analyses are an important element in the asset and liability management process. The Bank has a special procedure in case of a situation resulting in significant rise in liquidity risk, i.e. 'The contingency plan for sustaining liquidity in Getin Noble Bank S.A. in critical situations'.

5.4. Operational risk

Getin Noble Bank S.A. manages the operational risk in accordance with the 'Operational Risk Management Strategy' issued by the Management Board and approved by the Bank's Supervisory Board, which reflects prudence provisions arising from the Banking Law and applicable resolutions and recommendations issued by banking supervision authorities and includes a description of the principles already in place as well as those under development and planned for the future.

Operational risk management involves all processes and systems linked with banking operations which ensure clients financial services provided within the Bank's business. At all levels of the Bank's organizational structure as well as in the related and external entities there are the following groups of units, people and functions responsible for tasks involving operating risk management provided on the following three levels:

- The first, basic level – units and employees dealing with operational risk management in their day-to-day activities;
- The second, supervisory level – managers performing functional control;
- The third, superior level – functioning in a centralized form, main function of operational risk management, realized by people fulfilling tasks of separated operational risk management unit, which is part of Security Department and Operational Risk Department and Operational Risk Committee.

The leading role in operational risk management is fulfilled by the Bank's Supervisory Board and the Management Board. The Management Board is supported by a dedicated committee - namely Operational Risk Committee, which performs consulting services in the process of operational risk management.

The main, superior role in operational risk management in the Bank is performed by designated employees of an independent operational risk management unit, which is part of the Security and Operational Risk Department

The Bank has an operational risk measurement and reporting system in place supported by appropriate software dedicated to operational risk management. The operational risk reporting system includes reports prepared for internal management and external supervisory purposes. Operational risk measurement is performed with use of IT system, supporting the process of operational risk management by calculating:

- required amount of equity to cover operational risk, including regulatory capital;
- ratios representing the level of Bank's exposure to operational risk, also called the Bank's sensitivity to operational risk;
- aggregated volume of actual losses.

Depending on the magnitude and profile of operational risk, proper adjusting and preventive activities are applied, which are adequate to the diagnosed risk and ensure the selection and implementation of effective measures to modify the risk. In particular, the following methods are used to protect against operational risk:

- development and implementation of business continuity plans (including contingency plans) to ensure the Bank's ability to continue operations at a defined level;
- insurance against the effects of errors or operational events which are not easily predictable and may give rise to significant financial consequences;
- outsourcing of the activities.

The efficiency of the security measures and methods used by the Bank to mitigate operational risk is monitored by:

- continuous monitoring, collection and analyzing of operational events and operational risk profile observations;
- control of qualitative and quantitative changes in operational risk.

5.5. Compliance risk

Compliance risk is defined as the risk of negative effect due to failure the Bank to comply with the provisions of the law, internal regulations, standards adopted by the Bank, including ethical standards. Strategic goal of compliance risk management is:

- to ensure the Bank's compliance with law and adopted standards and the Bank's acting as a entity that is reliable, fair and honest;
- mitigating the risk of occurring financial losses or legal sanction risk resulting from breach of regulations and ethical standards;
- building and maintaining positive relationships with other market participants, including shareholders, customers, business partners and market regulators.

The compliance risk management includes risk identification, assessment of the risk profile, risk monitoring, risk mitigation and reporting of risks.

In the process of compliance risk identification the Bank performs current analyses of law provisions in force, cautionary regulations, internal rules and regulations, as well as Banks conduct standards. It also gathers information on the cases of non-conformity and their reasons. Performance of risk assessment allows the Bank to specify the character and the potential range of financial losses, or potential legal sanctions. Monitoring of compliance risk aims at identification of vital, as far as negative outcomes of compliance are concerned, areas of Bank's activities; thus allowing proper precautions to be taken. The process of compliance risk reduction includes the following aspects: preventive – i.e. allowing risk reduction through implementation of procedures and solutions

ensuring conformity; mitigating – i.e. risk management upon identification of compliance and aimed at alleviating the possible negative outcomes of risks. The preventive risk reduction takes place especially due to the implementation and development of new business models, as well as introduction of new products. Reporting includes the identification process results as well as compliance risk assessment, information concerning compliance cases, and the most crucial changes within the regulatory environment. The recipients of reports are the Operating Risk Committee, President of the Management Board, Bank's Management Board and Supervisory Board.

In the process of compliance risk management the Bank takes into account risks resulting from activities performed by entities of the Getin Noble Bank S.A. Capital Group.

5.6. Capital management

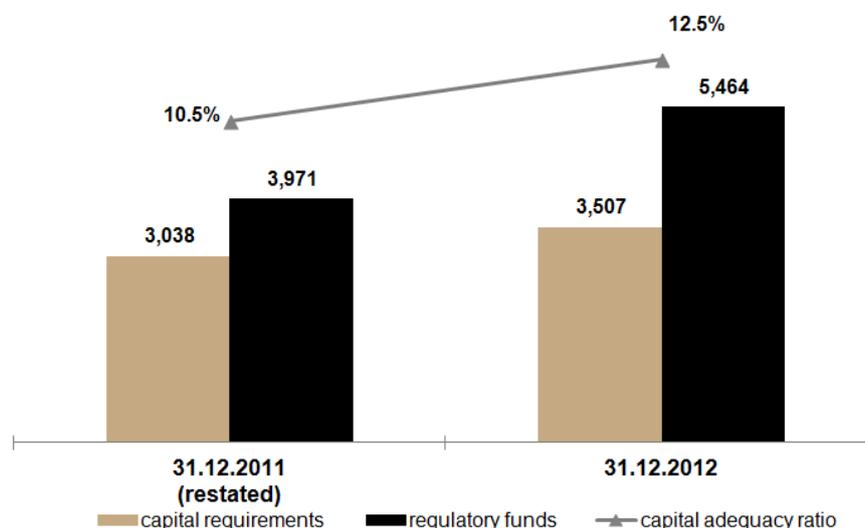
The level of the Bank's capital is tailored to the business. The measure of capital adequacy is capital adequacy ratio which shows the relationship of the own funds (after obligatory adjustments) to the risk weighted assets and off-balance sheet items. For the purpose of capital adequacy ratio risk weights are assigned to assets and off-balance sheet items in accordance to among others level of credit risk, market risk, currency risk and interest rate risk.

In 2012 Bank intended on improving its capital adequacy – at the end of 2012 capital adequacy ratio was 12.5%, increasing during the year by 2 percentage points.

An increase in capital adequacy ratio due to the increase in the Bank's own funds by PLN 1.5 billion – as a result of PLN 0.8 billion debt securities issued recognized as the supplementary funds and of recognition audited net profit for the period of 6 months 2012 of PLN 213 million as own funds. The total profit for 2011 was allocated to reserve capital of the Bank

As for the capital required for credit risk, the prevailing item is mortgage loans (share in the capital required for credit risk of 70.9%). The Bank's internal capital, determined using the internal capital estimation procedure, remains on a lower level to capital required for Pillar I. Pillar II employs its own models of estimating internal capital, including provision of capital to cover additional risks in respect of Pillar I (liquidity risk, performance risk).

Capital adequacy at the end of 2011 and 2012 (PLN million)



6. The Bank's prospects and growth factors

The Getin Noble Bank S.A. has undertaken a mission of creating value for its shareholder by achieving the following strategic objectives:

- achieving a high level of profitability and effectiveness.
- being a one of the top five banks in Poland in all major bank evaluation categories (particularly in respect of own funds, assets, loans and deposits, net profit).

- ensuring a stable and liquidity-safe growth of the Bank.
- controlling the level of risk inherent in the Bank's business (including credit risk).

In 2013 the Bank will be oriented towards the following goals and actions:

- continuing to build customer-oriented approach - the 'bank of first choice' - which knows the needs of its clients, offering them an ever wider range of products and building lasting relationships with customers,
- improving the image of the Bank and the quality of customer service ('GETIN UP' Brand – banking of the new generation
- increasing the level of customer relationship,
- increasing the level of recurring revenues,
- taking actions towards completion of acquisitions resulted from preliminary agreements signed in 2012 to buy the organized part of DnB NORD Polska S.A. Bank and Dexia Kommunalkredit Bank Polska S.A.
- maintaining the “entrepreneurial character” of managing the organization, as a key driver of competitive advantage,
- further improving the quality of the sold loan portfolio,
- taking action to maintain a safe structure of assets and liabilities - in particular in cross-currency and liquidity (lengthening the average maturity of deposits, limited sale of foreign currency loans, securitization of portfolio, as a source of acquisition of the liquidity,
- maintaining the capital adequacy ratio above 12%.

The Bank's investment plans include capital expenditures on IT and fixed assets. Realisation of project 'GETIN UP' Brand – banking of the new generation, is assumed.

The Bank's activity is closely linked with the economic development of the country and the situation on the financial markets. For the Bank's expected financial position a key item will be economic development of the country and stability of PLN exchange rates. An important element will be also the quality of loan portfolio, and realization of plans for its improvement

7. Corporate governance

7.1. Compliance with best practices

Getin Noble Bank S.A., which shares are admitted for trading on the Warsaw Stock Exchange main market applied in 2012 the corporate governance rules for joint stock companies issuing shares, convertible or pre-emptive bonds admitted to public trading adopted by the Warsaw Stock Exchange Supervisory Board in July 2007 called the Code of Best Practices for WSE Listed Companies

Principles of corporate governance in the form of "Code of Best Practices of WSE Listed Companies" are attached to Resolution No. 12/1170/2007 of the Warsaw Stock Exchange on 4 July 2007 and entered into force on 1 January 2008. On 19 May 2010, the Warsaw Stock Exchange in Warsaw in Resolution No. 17/1249/2010 changed the above mentioned document, with the effect from 1 July 2010 (except the rule set out in Part IV paragraph 10 Best Practices of WSE Listed Companies which is effective from 1 January 2012). On 31 August and 19 October 2011 the Board adopted subsequent amendments to the Code of Best Practices and set the effective date of the rule above mentioned as at 1 January 2013. Last amendments was launched by Resolution No. 19/1307/2012 dated 21 November 2012 effective from 1 January 2013.

The document can be accessed at the official website of the Warsaw Stock Exchange dedicated to corporate governance (www.corp-gov.gpw.pl).

In 2012 Getin Noble Bank S.A. (formerly Get Bank S.A.) complied with the Code of Best Practices, with the exclusion of the following provisions:

I. RECOMMENDATIONS FOR BEST PRACTICE FOR LISTED COMPANIES

„1. A company should pursue a transparent and effective information policy using both traditional methods and modern technologies and latest communication tools ensuring fast, secure and effective access to information.

Using such methods to the broadest extent possible, a company should in particular:

- maintain a company website whose scope and method of presentation should be based on the model investor relations service available at: <http://naszmodel.gpw.pl/>;

- ensure adequate communication with investors and analysts, and use to this purpose also modern methods of Internet communication;
- enable online broadcasts of General Meetings over the Internet, record General Meetings, and publish the recordings on the company website."

The Bank withdrew from application of this rule in respect to Internet broadcasts of the General Meeting and recording of the course of proceeding and publishing it on the Bank's website, because of economic reasons. In the Bank's Management Board opinion the costs of the Internet broadcasting of the General Meeting, are not reasonable because of the current shareholders structure of the Bank. Moreover, according to the Bank's Management Board being not compliant with this recommendation to the aforesaid extent does not pose any risk, as the Company publishes on its website all the legally required information and documents, enabling investors to acquaint with the subjects discussed during the General Meeting.

„5. A company should have a remuneration policy and rules of defining of policy. The remuneration policy should in particular determine the form, structure, and level of remuneration of members of supervisory and management bodies. Commission Recommendation of 14 December 2004 fostering an appropriate regime for the remuneration of directors of listed companies (2004/913/EC) and Commission Recommendation of 30 April 2009 complementing that Recommendation (2009/385/EC) should apply in defining the remuneration policy for members of supervisory and management bodies of the company."

In 2012 the Bank partially adapted to the requirements of this recommendation to the extent that results from the resolutions No. 258/2011 and 259/2011 of the Polish Financial Supervision Authority dated 4 October 2011. The Bank does not apply the provisions of the recommendation in terms of going beyond the content of the regulations generally applicable in Poland. Taking into account that according to the recommendations of the European Commission, Poland is obliged to take the necessary measures to support the adoption of principles contained in these recommendations, for the full implementation of the above mentioned principle, the Bank believes it is necessary to regulate the manner of implementation of recommendations in a consistent manner for all listed companies and in line with the prevailing Polish legal system. In so far as relevant regulations are introduced, the Bank immediately takes steps to adapt to it. Within the scope of the provisions of the resolutions No. 258/2011 and 259/2011 the Bank has adapted its internal regulations with effect from the date of entry into force of the resolutions of the Commission, ie. at 31 December 2011, in particular by adopting a policy for variable components of remuneration of managers and establishing the Remuneration Committee within the Supervisory Board.

„9. The WSE recommends to public companies and their shareholders that they ensure a balanced proportion of women and men in management and supervisory functions in companies, thus reinforcing the creativity and innovation of the companies' economic business."

In opinion of the Bank's Management Board the main criterion for selection of members of the Management Board and the Supervisory Board is their professional attitude and competencies for the applied position, so other conditions like gender of the candidate should not matter. Therefore, the Bank does not consider it legitimate to impose the parity and the choice of the members of the Management and the Supervisory Board is to be decided by eligible authorities.

„12. A company should enable its shareholders to participate in a General Meeting using electronic communication means through:

- 1) real-life broadcast of General Meetings,
- 2) real-time bilateral communication where shareholders may take the floor during a General Meeting from a location other than the General Meeting,
- 3) exercise their right to vote during a General Meeting either in person or through a plenipotentiary."

The Bank's Management Board withdrew from application of this rule in respect to points 1 and 2 because of economic reasons and the current shareholders structure. The costs related to servicing the broadcast and real-time communication with shareholders in the Bank's opinion are disproportionate to the potential benefits. Moreover, according to the Bank's Management Board being not compliant with this recommendation to the aforesaid extent does not pose any risk, as the Company publishes on its website all the legally required information and documents, enabling investors to acquaint with the subjects discussed during the General Meeting.

III. BEST PRACTICE FOR SUPERVISORY BOARD MEMBERS:

„6. At least two members of the supervisory board should meet the criteria of being independent from the company and entities with significant connections with the company. The independence criteria should be applied under Annex II to *the Commission Recommendation of 15 February 2005 on the role of non-executive or supervisory directors of listed companies and on the committees of the (supervisory) board*. Irrespective of the provisions of point (b) of the said Annex, a person who is an employee of the company or an associated company cannot be deemed to meet the independence criteria described in the Annex. In addition, a relationship with a shareholder precluding the independence of a member of the supervisory board as understood in this rule is an actual and significant relationship with any shareholder who has the right to exercise at least 5% of all votes at the General Meeting.”

The rule was not applied in by the Getin Noble Bank S.A. (former Get Bank S.A.) until 10 July 2012. On that day Mr. Jacek Lisik was appointed to the Supervisory Board as an independent member. This fact meant that the criterion was met of at least two independent members of the Supervisory Board referred to in paragraph 6 of Part III of the Code of Best Practice for WSE Listed Companies. The first independent member of the Supervisory Board was Mr. Michał Kowalczewski, which on 27 March 2012 was awarded the status of an independent member of the Supervisory Board.

The Bank's shareholders with major shareholding

The ownership structure of major shareholdings as at the date of this report in accordance with the information held by the Bank were as follows

As at 28 February 2013	Number of shares	Number of votes at AGM	% share in share capital	% share in votes at AGM
LC Corp B.V.	1,033,035,603	1,033,035,603	38.98%	38.98%
Leszek Czarnecki (directly)	271,307,949	271,307,949	10.24%	10.24%
ING Otwarty Fundusz Emerytalny	192,352,805	192,352,805	7.26%	7.26%
Getin Holding S.A.	150,096,884	150,096,884	5.66%	5.66%
Other shareholders	1,003,350,078	1,003,350,078	37.86%	37.86%
Total	2,650,143,319	2,650,143,319	100.00%	100.00%

Special rights and limitations concerning the issuer's equity securities

All shares of Getin Noble Bank S.A. are ordinary bearer shares with no special control rights.

The Bank's Articles of Association does not introduce any limitations concerning voting rights, like limitation for holders of specific share or amount of shares or time limits concerning execution of voting rights. It also does not contain resolutions regarding separation of capital rights and shareholding.

There are also no limitations in trading in equity securities issued by the Bank.

7.2. Supervisory and management authorities of the Bank

The functioning and rights of the General Shareholders Meeting

The General Shareholders Meeting is the superior governing body of the Bank. The General Meeting is convened as an ordinary or extraordinary one pursuant to the generally applicable regulations, the Bank's Articles of Association and the Rules of the General Shareholders Meeting. Corporate documents are available at the Bank's website.

The General Shareholders Meeting, among other matters specified in the Bank's Articles of Association, has the authority to:

- review and approve the Bank's financial statements for the previous financial year,
- review and approve the Directors' Report on the Bank's operations in a financial year,
- adopt resolution on the distribution of profits or covering of losses,
- acknowledge the fulfillment of duties by the members of Supervisory and Management Board,
- appoint and recall members of the Supervisory Board,

- amend and set of consolidated text of the Bank's Articles of Association,
- adopt resolutions to increase or decrease the Bank's share capital,
- adopt resolutions on the redemption of the Bank's shares, terms and conditions thereof,
- adopt resolutions on issuing convertible bonds or bonds with pre-emptive rights to acquire shares and subscription warrants,
- adopt resolutions to sell or lease the Company's business or an organized part thereof and to establish a limited property right thereon,
- adopt resolutions regarding other issues brought before the General Meeting by the authorized bodies and the powers reserved to the law and the Articles of Association

The Company's shareholders exercise their rights pursuant to the generally applicable regulations, the Bank's Articles of Association and the Rules of the General Shareholders Meeting

Amendments to the Bank's Articles of Association

Amendments to the Bank's Articles of Association are made by the General Meeting, in a way and course defined in Code of Commercial Companies, so the amendments require the resolution of the General Meeting and National Court Register entry. Moreover, according to article 34.2 of Banking Law Act, the amendments in the Bank's Articles of Association concerning the privilege or limitation of voting rights in Bank being a joint stock company, require the approval of the Polish Financial Supervision Authority, as well as the following amendments:

- Bank's name,
- the registered office, scope of Bank's activities with the consideration of transactions mentioned in article 69.2, p. 1-7 of the act dated 29 July 2005 on trade in financial instruments, which the Bank is going to execute according to article 70.2 of the resolution,
- the Bank's authorities and their competencies, with particular consideration of competencies of the Management Board members, which are mentioned in article 22b.1 of the Banking Law Act, and the rules of decision making, Bank's basic organizational structure, the rules of making statements on property rights and duties, course of establishing internal regulations and course of making decisions on assuming obligations or disposal of assets, which total value in relation to one subject exceeds 5% of the equity,
- rules of the internal control system,
- the Bank's own funds and its financial economy.

Composition and functioning of the Supervisory Board

The Supervisory Board shall act pursuant to provisions of the Banking Law Act, the Commercial Companies Code, other universally binding applicable regulations and pursuant to the Articles of Association and Rules of the Supervisory Board. The Supervisory Board shall exercise on-going supervision over the Bank's business to the extent provided for by the laws referred to above. The Supervisory Board shall consist of 5 to 8 members appointed and dismissed by the General Meeting in a course determined in the Articles of Association. The Supervisory Board shall exercise its duties collectively, however may delegate its members to exercise separate supervisory duties individually. Members of the Supervisory Board shall be appointed for the joint term of office of three years.

As of 31 December 2012, the composition of the Bank's Supervisory Board was as follows:

Function in the Supervisory Board	Composition as of 31.12.2012
Chairman of the Supervisory Board	Leszek Czarnecki
Vice-Chairman of the Supervisory Board	Rafał Juszczyk
Members of the Supervisory Board	Remigiusz Baliński
	Michał Kowalczewski
	Jacek Lisik

In 2012 following changes were occurred in the composition of the Supervisory Board of Getin Noble Bank S.A. (formerly Get Bank S.A.)

On 2 January 2012 due to the registration of the spin-off of Getin Holding S.A. by transfer of the organized part of the enterprise resignation of the following Members of the Supervisory Board become effective: Mr. Krzysztof

Rosiński, Mr. Łukasz Chojnacki, Mr. Maurycy Kühn and Mr. Jakub Malski. At the same day the Extraordinary General Meeting appointed the following Members of the Supervisory Board: Mr. Leszek Czarnecki, Mr. Rafał Juszcak, Mr. Michał Kowalczewski and Mr. Longin Kula.

On 22 March 2012 Mr. Longin Kula resign from a position of a Member of the Bank's Supervisory Board effective as of the day the General Meeting of the Bank appoints a new Member of the Supervisory Board, the resolution on the appointment of new Member – Mr. Jacel Lisik was adopted on 10 July 2012.

Audit Committee

The tasks of the Audit Committee are executed by the whole Supervisory Board of the Bank. The objective of executing by Supervisory Board the tasks of Audit Committee is fulfilling its supervisory duties within the processes of financial reporting, risk management, financial review as well as the internal control system and audit. The Supervisory Board appointed coordinator for the tasks of the Audit Committee and the permanent advisor of the Supervisory Board, who shall be obliged to assist the Supervisory Board in matters related to the exercise by the Supervisory Board tasks of Audit Committee, which include, in particular,

- monitoring of the financial reporting process,
- monitoring of the effectiveness of the internal control and risk management systems,
- monitoring of the work of the internal audit,
- monitoring of the financial review activities in the Company and monitoring the independence of the auditor and the company authorized to audit financial statements.

The Supervisory Board in the exercise of the tasks of the Audit Committee may request the Board of Directors and employees of certain information in the field of accounting, finance, internal control, internal audit and risk management, which is necessary to carry out its activities.

The Remuneration Committee

The Bank has a Remuneration Committee. The Committee consists of two members appointed by the Supervisory Board among its Members, an absolute majority of votes. In its activities Committee takes into consideration careful and stable risk management, equity and liquidity, with particular attention to the long-term welfare of the Bank as well as satisfying the expectations of shareholders and investors. Among the activities of Remuneration Committee is issuing an opinion on the policy of the variable components of the remuneration of managers at the Bank, including in particular the amount and components of remuneration. The Committee monitors and issues an opinion on remuneration of managers related to risk management as well as compliance of the Bank activities with law and internal regulations.

The composition, principles, appointing, dismissing and rights of the Management Board

The Bank's Management Board acts on the basis of provisions of the Act of 29 August 1997 – the Banking Law, the Act of 15 September 2000 – Code of Commercial Companies, the Bank's Articles of Association and the Rules of the Management Board, which defines the detailed scope of organization and procedures for the Management Board's acting and procedures of adopting resolutions, making decisions and expressing opinions. The Management Board manages the affairs of the Bank and represents it outside. The members of the Management Board fulfill their duties personally. The Management Board makes decision within its competencies during the meetings convened in accordance with provisions of the Management Board's Rules. The Management Board's meetings hold at least once a week and are convened by the President of the Management Board, who also chairs them. In case of his absence, the President is replaced by another member of the Management Board indicated by the President. Conclusions of the Management Board's meetings are made through resolutions. In order for a resolution to be valid the presence of majority of the Management Board members is required. The participation in a meeting is also possible by means of remote communication, especially by means of phone or video communication, enabling identification of meeting participant. The Management Board's resolutions shall be passed by the absolute majority of the votes. In case of equality of votes, the vote of the Management Board's President is decisive. After fulfillment of conditions determined in the Rules of the Management Board, resolutions may be adopted by the Management Board also in special course, without convening and taking place of the Management Board, i.e. (i) by circular by means of remote communication, particularly by voting with the use of e-mail, or fax and then placing a signature to resolutions by the Management Board's members in accordance with given vote, (ii) by voting in writing by signing by each member of the Management Board of proposed resolution (cards with signatures of the Management Board's

members to given resolution) with indication whether member votes “for”, “against” or “abstain from voting” and submitting signed resolution to the Management Board’s President.

The Management Board’s composition as of 31 December 2012 was as follows:

Function in the Management Board	Composition as of 31.12.2012
President of the Management Board	Krzysztof Rosiński
Members of the Management Board	Karol Karolkiewicz
	Maurycy Kühn
	Krzysztof Spyra
	Radosław Stefurak
	Maciej Szczechura
	Grzegorz Tracz

During the 12-month period ended 31 December 2012 and until the date of approval of these Directors’ Report the following changes occurred in the composition of the Bank’s Management Board:

On 30 May 2012 Mr. Marcin Dec and Mr. Radosław Radowski resigned from the position held by them in the Management Board of Get Bank S.A. on the date of the legal merger of Get Bank S.A. and Getin Noble Bank S.A. which took place on 1 June 2012. At the same time that the Supervisory Board appointed the following persons to the Management Board effective as of the legal merger, i.e. 1 June 2012: Mr. Krzysztof Rosiński to serve as Vice-president and Mr. Maurycy Kühn, Mr. Krzysztof Spyra, Mr. Maciej Szczechura and Mr. Grzegorz Tracz to be a Member of the Board.

On 20 June 2012 Mr. Grzegorz Słoka submitted his resignation from the position of a Member of the Bank’s Management Board and Mr. Radosław Stefurak submitted his resignation from the position of the President of the Bank’s Management Board. The reasons for resignation of both Mr. Grzegorz Słoka and Mr. Radosław Stefurak was the completion of the merger process of Get Bank S.A. with Getin Noble Bank S.A. and additionally, in case of Mr. Grzegorz Słoka, expiration of the contract with Get Bank S.A.

Due to the above in accordance with the resolution of the Supervisory Board of Get Bank S.A. dated 30 May 2012, on which the Bank informed in Current report 40/2012 dated 31 May 2012, on 20 June 2012 Mr. Krzysztof Rosiński takes up the post of the Vice-President, acting President of the Management Board of the Bank and Mr. Radosław Stefurak – the post of a Member of the Management Board. Authority to the appointment of Mr. Krzysztof Rosiński as the President of the Management Board of Getin Noble Bank S.A. was given on 29 January 2013.

The Management Board shall consist of 3 to 8 members appointed by the Supervisory Board preserving provisions of the Banking Law Act. Members of the Management Board shall be appointed for the joint term of office of three years.

The Management Board manages the affairs of the Bank and represents it outside. The Management Board’s competencies relate to unrestricted affairs in the Articles of Association and being in force provisions to competences of other Bank’s bodies. The Management Board works according to rules approved by the Supervisory Board. These rules determine affairs, which require collective consideration and resolution of the Management Board.

Committees

According to the Head Office Organizational Regulations adopted by the Board, at the Bank operate the following committees, which operate under separate internal arrangements:

- Asset/Liability Committee

Asset/Liability Committee (ALCO) acts as a consultative and advisory body, assisting the Bank’s Management Board in the effective management of assets and liabilities of the Bank to ensure the implementation of the current financial plans and secure long-term development of the Bank. The scope of ALCO includes mainly: liquidity risk, interest rate risk, currency risk.

- Credit Committee of the Bank

The Bank’s Credit Committee is the consultative and/or decision-making body, according to the credit decision mode adopted in the Bank, dealing with all matters relating to the credit risk of the ongoing transactions.

In assessing the credit risk, the Credit Committee considers matters related to the lending activity, such as: requests for a loan or other type of engagement being beyond the competence of individual units, and applications for a loan containing derogations from the existing procedures and internal regulations; applications for setting exposure limits to customers of the Bank and exposure limits to borrowers, issuers and other banks. The Bank's Credit Committee consists of four members and their deputies, including the Chairman and Vice Chairman (s) who are appointed by the CEO from among the members of the Bank's Management Board or employees of the Bank with the principle that person who are called by virtue of his post are responsible for reviewing claims and management of credit risk in the Bank.

- Consultative Committee of the Bank

Consultative Committee supports Credit Committee of the Bank and consists of two to four members appointed by the Member of the Management Board responsible for the Credit Risk and Debt Collection.

The core activities of the Committee is to analyze credit applications (i.a. mortgage loans) including verification of client, investment, collateral and giving and opinion on the application. Recommendations given by Consultative Committee are not valid. The deliberations of the Committee held an ad hoc basis, by teleconference or, exceptionally using e-mail.

- Operational Risk Committee

Operational Risk Committee fulfills the supporting role to the Bank's Management Board with regard to: operational risk management - through the exercise of consultative and advisory functions in the process of operational risk management and the management of compliance risk - because of its close association with the legal risk constituting a category of operational risk - by the performance of advisory function, recommending specific procedure for the management of compliance risk.

- Debt Collection Committee

The scope of the Debt Collection Committee relates to outstanding credit exposures and other receivables of the Bank, in particular regarding the mode and method of investigation of the Bank's claims in legal proceedings, execution, bankruptcy, initiation, suspension, cancellation or take hold of enforcement proceedings, a settlement regarding repay the debt; remission. The Committee consists of: member of the Management Board supervising the debt collection area - as the Committee's President, Managing Director of the Debt Collection Area, the Director of Credit Risk Management Department or his deputy, the Director of the Litigation and Enforcement Department, and the Director of Cost-Tax Department.

- Product Committee of the Bank

The Bank's Product Committee is the consultative body dealing with all issues related to the assessment of the adequacy of the offered investment products to the needs of customers of the Bank. Committee performs its duties in accordance with the principles of transparency of the structure of products and its documentation.

Remuneration of members of supervisory and management bodies

Detailed information regarding the remuneration of Bank's managing and supervising persons was described in the note II.44 to the financial statements of the Getin Noble Bank S.A. for the year ended 31 December 2012.

Bank's agreements with members of the Management Board

The contracts of Krzysztof Rosiński – the President of the Management Board of Getin Noble Bank S.A. and the following Members of the Management Board – Maciej Szczechura, Grzegorz Tracz and Karol Karolkiewicz, envisage a payment of additional remuneration amounting to salary received and due within full 6 calendar months following the agreement termination date in case of termination of agreement by the Company or dismissal of Manager from the function in the Company's Management Board before the lapse of the term on which agreement was concluded, except for termination of agreement without notice in case of gross breach of provisions of the agreement.

The additional remuneration mentioned above, will be due to Mr. Krzysztof Rosiński also in case of termination of the agreement from his side before the lapse of term on which the agreement was concluded, because of the fact that other entity than on the date of signing of this agreement, will become the parent entity of the Company, with the exception of situation when the change of the parent entity relates to entity in relation to which the shareholder of the Company - Mr. Leszek Czarnecki, has dominant position in accordance with relevant provisions of the Code of Commercial Companies.

With reference to other members of the Management Board, the Bank did not conclude any agreements envisaging compensation in case of their resignation or dismissal from given post without valid reason or when their dismissal occurs due to merger of the Company by acquisition.

Bank's shares held by members of supervisory and management bodies

The structure of Getin Noble Bank S.A. shares held by members of the Management Board and the Supervisory Board as at the day of report for 2012 approval are presented below

Members of the Supervisory/ Management Board	Function	Number of shares of the Bank on their own account
Leszek Czarnecki ¹⁾	President of the Supervisory Board	271,307,949
Remigiusz Baliński	Member of the Supervisory Board	493,625
Krzysztof Rosiński	President of the Management Board	2,314,076
Karol Karolkiewicz	Member of the Management Board	53,801
Maurycy Kühn ²⁾	Member of the Management Board	228,688
Krzysztof Spyra ³⁾	Member of the Management Board	-
Radosław Stefurak	Member of the Management Board	105,990
Grzegorz Tracz	Member of the Management Board	192,691

- 1) To the best knowledge of Mr. Leszek Czarnecki, President of the Supervisory Board, his subordinate entities own the following shares of the Bank: LC Corp B.V. 1,033,035,603 shares, Getin Holding S.A. 150,096,884 shares, Fundacja Jolanty i Leszka Czarneckich 3,608,129 shares, RB Investcom Sp. z o.o. 104,422 shares, Idea Expert S.A. 7,995 shares
- 2) To the best knowledge of Mr. Maurycy Kühn, Member of the Management Board, his subordinate entities own the following shares of the Bank: A. Nagelkerken Holding B.V. with its registered office in the Netherlands 13,457,009 shares, ASK Investments S.A. with its registered office in Luxembourg 32,153,579 shares
- 3) To the best knowledge of Mr. Krzysztof Spyra, Member of the Management Board, his subordinate entities own the following shares of the Bank: International Consultancy Strategy Implementation B.V. with its registered office in the Netherlands 9,428,945 shares, ASK Investments S.A. with its registered office in Luxembourg 32,153,579 shares

7.3. Internal control and risk management systems relating to the financial statements

The process of preparation of financial statements in Getin Noble Bank S.A. is realized within Financial Department, and its basis is the accounting policy adopted by the Management Board of the Bank and accounting organization in the Bank. The substantive control of the preparation of the financial statements is exercised by the Chief Accountant of the Bank and the Managing Director of the financial division.

In order to ensure true and fair information in the financial statements, in the Bank exists an internal control system, being the element of the Bank's management system, which consists of: control mechanisms, test of compliance of activities with the generally applicable legal regulations and internal Bank's policies, and an internal audit.

The internal control system consists of the following items:

- risk control mechanisms – relate to all employees and include procedures relating to banking and banking activities, limits and self-control tasks performed in order to mitigate errors in the Bank's operations, to report deficiencies and to ensure the fairness of accounting records.
- functional control – performed by every employee with respect to quality and correctness of performing their tasks, as well as performed by their direct supervisors and their co-workers, resulting from the organizational structure of the Bank.
- institutional control/ internal audit – performed by the separated and independent unit – Internal Audit Department, whose objective is to identify and assess the risk in each area of the Bank's operations.

The objective of the internal control system is to support the Bank's management, including decision processes, which lead to ensure effectiveness of the Bank's operations, credibility of the financial reporting and compliance with the legal acts and internal regulations through ensuring the compliance of the performed tasks with the procedures and ongoing reaction for irregularities, and monitoring of the effectiveness of the implemented control

mechanisms. As a part of the internal control systems the Bank identifies the risk relating to each operation, transaction, product and process resulting from the organizational structure of the Bank.

Significant task of the internal control system is to secure the assets, to review of loan exposures, to mitigate and to identify errors in data processing, to ensure the credibility of the accounting records, to improve the effectiveness of operations and to stimulate the complying with the agreed strategy and policy of the Bank.

Operating of the internal control system and risk management with respect to the financial statements preparation process are based on the control mechanisms embedded in the reporting systems and on the ongoing verification of the compliance with the accounting records and other documents underlying the financial statements as well as the regulations regarding the accounting standards and financial reporting.

The control mechanisms cover the tasks performed in the Bank including: competences, regulations, limits and procedures relating to the activities of Getin Noble Bank S.A. and control activities performed by its employees and its supervisors, which relate to the performed activities. Mechanisms are of control nature and are incorporated both in the internal regulations and IT system of the Bank.

Auditor of the financial statements

On 30 May 2012 the Supervisory Board of the Bank made the resolution on the appointment of Deloitte Polska Sp. z o.o. Sp. k. (formerly Deloitte Audyty Sp. z o.o.) with its registered office in Warsaw as the statutory auditor of the financial statements of the Bank for 2012. The agreement with respect to the review of the interim financial statements and consolidated financial statements as well as audit of the annual financial statements and consolidated financial statements Getin Noble Bank S.A. for the financial year 2012 was signed on 12 June 2012. The Bank did not use the auditing services of Deloitte Polska Sp. z o.o. Sp. k. (formerly Deloitte Audyty Sp. z o.o.) in previous reporting periods. The detailed information on the contracts concluded with the auditor and its remuneration have been presented in the note II.45 to the financial statements of the Getin Noble Bank S.A. for the year ended 31 December 2012.

8. Corporate social responsibility

Getin Noble Bank S.A. actively supports charities that help children in need. In the strategy of social actions the Bank focuses on improving the quality of life for disadvantaged children, or those in a difficult economic situation.

For three years, the Getin Noble Bank S.A. Capital Group cooperates with the Association of SOS Children's Villages, a public benefit organisation committed to helping abandoned and orphaned children as well as children from dysfunctional families. The Bank co-financed the purchase of 10 apartments for the pupils of the Association. The Bank also supports the Association by co-organizing promotional campaigns in the 1% tax and giving material gifts.

In 2012, Getin Noble Bank actively promoted the wider social awareness among its employees as part of the employee volunteering project called 'Zgrana Ekipa'. The aim is to build the company's value based on a bottom-up initiative and support of the needy. The main goal of the policy of social responsibility remains a particular aid that can change someone's life. Thanks to the Bank's financial support, 35 employees divided into 9 project teams implemented 9 social projects. These projects were mostly one-day and the contribution of employees consisted of, among others the physical work performed for the beneficiaries and/or premises occupied by them, the training of the beneficiaries in the hard and soft skills, as well as the organization of recreation and rest of the beneficiaries. Due to volunteers of the "Zgrana Ekipa" over 300 people have benefited from the participation in educational and sport activities. The beneficiaries last year were healthy children, physically and mentally disabled children at the kindergarten age, children with intellectual disabilities at the primary and secondary school age, children from orphanages, disabled and lonely seniors, as well as oncology hospice residents.

Dr. Leszek Czarnecki along with Noble Bank, under which was established for this purpose a special Foundation - St. Antony's College Oxford Noble Foundation, founded a long-term Programme on Modern Poland at Oxford University. As part of the agreement between the Founder and the St. Antony's College, the Foundation will provide to the University the initial amount of approximately PLN 6 million. This amount will provide the opportunity to develop the programme, to constitute its director, to organise numerous scientific events, publications, and - crucial for the Programme - the opportunity to cooperate with a number of centers in Oxford and Beyond it. The programme will eventually affect the way of teaching, thinking and talking about Poland in intellectual and political circles around the world.

9. Additional information

Significant agreements

On 1 June 2012 there has been a legal merger of Get Bank S.A. and Getin Noble Bank S.A. The merged Bank took the name of Getin Noble Bank S.A. and become a fully universal entity, offering a wide range of products in terms of finance, saving and investing as well as additional services for natural persons, small and medium sized enterprises and corporations. The merger resulted in broadening the customer base and increased ability to offer them products of both Banks in a wider range.

On 2 October 2012 Getin Noble Bank S.A. entered with DnB NOR S.A. Bank with its registered office in Warsaw ('The Company') into a preliminary conditional agreement under which, after the fulfillment of suspensive conditions, it will acquire the organized part of the banking business of the Company, i.a. branches together with its banking activities. The Bank will also acquire the Company's employees. In January and February 2013 all suspensive conditions regarding the need to obtain administrative approvals for the transaction, as well as favorable interpretations of tax law were fulfilled. Two prerequisites remain for the transaction to be finalized - obtaining approvals of the lessee divisions to change the lessors and obtaining approvals of majority of the customers to transfer.

On 7 November 2012 Getin Noble Bank S.A. entered with Dexia Kommunalkredit Bank AG into a preliminary agreement under which Getin Noble Bank S.A. acquire 100% of Dexia Kommunalkredit Bank AG. The entity that is acquire is a financial institution specializing in services for local governments, entities controlled by the government and infrastructure projects. Acquired entity is a financial institution specializing in the use of local governments, entities controlled by the government and infrastructure projects. The main source of Dexia's funding is the European Investment Bank. On 12 February 2013 the Polish Financial Supervision Authority acknowledged no legal basis to oppose the planned direct purchase by Mr Leszek Czarnecki, PhD, via Getin Noble Bank S.A., the shared of Dexia Kommunalkredit Bank Polska S.A. in the amount resulting in exceeding 50% of votes Annual General Meeting

On 19 December 2012, Getin Noble Bank SA has entered into significant agreements on car loans securitization. The main agreements establishing the structure of the transaction are:

- Sale agreement of car loans portfolio by the Bank with a value of PLN 1,007,120 thousand to GNB Auto Plan sp. z o.o. with its registered office in Warsaw ("SPV") for the price of the outstanding principal balance. The transaction is expected to provide the Bank with medium-term financing through the non-public issue by the SPV of bonds amounted to PLN 518,666 thousand with a rating of Aa3(sf) given by Moody's Investor Services secured by pledge on the assets of the SPV.
- Subordinated loan agreement with a value of PLN 488,454 thousand granted to the SPV by Getin Noble Bank S.A. The purpose of the loan is to finance the purchase of the receivables in part not financed by issue of bonds. The loan will be subordinated to the preference and secured bonds. Payment of interest on the loan will be made in a cascading payments from the funds held by the SPV, while the repayment of the principal will take place only after the full redemption of the bonds.

Changes in the basic principles of managing the company

In 2012 there were no significant changes with respect to the methods of managing the Bank

Bank's co-operation with international public institutions

In 2012 Getin Noble Bank S.A. continued its co-operation with the European Bank for Reconstruction and Development and European Investment Bank under already signed agreements

Information on significant agreements between the Bank and the central bank or supervision authorities

In 2012 Getin Noble Bank did not conclude any significant agreements with the central bank or supervision authorities. The Bank co-operates on a regular basis with the National Bank of Poland with respect to the agreement on the technical loan and transfer of rights to securities and the agreement on the lombard loan and the pledge being the collateral for that loan.

Explanation of differences between actual financial results and previously published forecasts

Getin Noble Bank S.A. did not publish forecasts for 2012 financial results

Description of the Issuer's use of the proceeds from the issue of securities

In 2012, Getin Noble Bank SA conducted a further issue of bonds, including subordinated bonds issued under the Public Bond Issue Programme. The purpose of the issue of bonds is to raise Bank's own capital and ensure further expansion of its activities. In 2012 the Polish Financial Supervision Authority approved the inclusion in the supplementary funds of Getin Noble Bank S.A. the amount of PLN 789 million acquired by the Bank through the issue of series F and PP-I – PP-V and the public offer of PP2-I – PP2-IV bonds.

In the fourth quarter of 2012 was issued 200 million ordinary bearer shares of J-series and 60 million ordinary bearer shares of K-series. The purpose of the issue of shares J-series is an increase in the Bank's own capital resulting in the increase of capital adequacy ratio, which enable further expansion of activities. The purpose of the issue of shares K-series is to ensure the ability to potential acquisition of other entities while maintaining required levels of capital adequacy ratio.

Financial resources obtained from the issue of securities by the time of achievement of all issue objectives increase the Bank's liquid assets and are invested on market conditions, including government securities and interbank deposits.

Execution titles and value of collaterals

In 2012 there were 38,869 execution titles issued of the total value of PLN 1,277,081 thousand. The fair value of the collaterals for individually impaired loans calculated as the sum of discounted future cash flows from collaterals, repayments and settlements as well as recovery of the loans amounted to PLN 791,754 thousand as at the end of 2012.

Significant legal proceedings

In 2012 Getin Noble Bank S.A. was not subject to any proceedings relating to liabilities or receivables which value would exceed 10% of the Bank's equity.

Information on the control system in employee share schemes

There are no employee share schemes within the Bank.

The Bank's Managerial Option Program is described in the note II.44 to the Getin Noble Bank S.A. financial statements for the year ended 31 December 2012.

10. Statements of the Management Board

10.1. Truth and fairness of the financial statements

According to the best knowledge of the Bank's Management Board, the financial statements of the Getin Noble Bank S.A. for the year ended 31 December 2012 and the comparative data have been prepared in accordance with the International Financial Reporting Standards and reflect the economic and financial standing of the Getin Noble Bank S.A. and Bank's financial result in a true, fair and transparent way.

Furthermore, the Directors' Report of the Getin Noble Bank S.A. gives a true view of the development, achievements and situation of the Bank in 2012, including a description of the key threats and risks.

10.2. Appointment of the auditor of the financial statements

Deloitte Polska Sp. z o.o. Sp. k. (dawniej Deloitte Audyt Sp. z o.o.) - the auditor of the financial statements of the Getin Noble Bank S.A. for the year ended 31 December 2012 was appointed in compliance with the law. This entity and its certified auditors performing the audit fulfilled conditions for expressing the unbiased and independent opinion on the audited financial statements, in accordance with the applicable law and professional standards.

The Management Board of Getin Noble Bank S.A:

Krzysztof Rosiński
President of the Management Board

Karol Karolkiewicz
Member of the Management Board

Maurycy Kühn
Member of the Management Board

Krzysztof Spyra
Member of the Management Board

Radosław Stefurak
Member of the Management Board

Maciej Szczechura
Member of the Management Board

Grzegorz Tracz
Member of the Management Board

Warsaw, 28 February 2013