

## **EXTRACT FROM THE MANAGEMENT BOARD'S REPORT FOR THE PERIOD STARTING ON 1 JANUARY 2008 AND ENDING ON 31 DECEMBER 2008**

### **Report on the observance of corporate governance rules in 2008**

On April 5th 2007 the Extraordinary General Shareholders' Meeting of Noble Bank S.A. passed a resolution on the Bank's compliance with corporate governance rules. In this resolution, the Extraordinary General Meeting authorised and obliged the Management Board of Noble Bank S.A. to make a statement on Noble Bank S.A.'s compliance with the corporate governance rules set out in *Dobre praktyki w spółkach publicznych 2005* ("Best Practice in Public Companies 2005"), adopted by the Board of Giełda Papierów Wartościowych w Warszawie S.A. (the Warsaw Stock Exchange, WSE), with the exception of rules No. 9, 20, 24, 28 and 43.

On May 18th 2007 the Management Board of Noble Bank S.A. issued a statement (in the form of a current report) on the compliance with the corporate governance rules, with the exception of rules No. 9, 20, 24, 28 and 43, pursuant to the authorisation given to it by the Extraordinary General Shareholders' Meeting of Noble Bank S.A. on April 5th 2007.

On July 4th 2007 the Supervisory Board of the Warsaw Stock Exchange in resolution No. 12/1170/2007 adopted new rules of corporate governance laid out in *Dobre Praktyki Spółek Notowanych na GPW* ("Best Practice of Companies Listed on the WSE"), which became effective on January 1st 2008.

On April 28th 2008 the Bank's Management Board—in line with provisions of the new rules—prepared *Oświadczenie Zarządu Noble Bank S.A. w sprawie niestosowania niektórych zasad określonych w Dobrych Praktykach Spółek Notowanych na GPW* ("Statement of the Management Board of Noble Bank S.A. on the Nonobservance of Certain Rules Set Out in 'Best Practice of Companies Listed on the WSE'"). According to the Management Board's statement, Noble Bank S.A. has observed "Best Practice of Companies Listed on the WSE" with the exception of the rules below:

### **III. Best practice followed by supervisory board members**

6. At least two members of the supervisory board should meet the criteria for independence from the company and entities with significant connections with the company. As regards the independence criteria for supervisory board members, Annex II to the European Commission Recommendation of February 15th 2005 on the role of non-executive or supervisory directors of listed companies and on the committees of the (supervisory) board should be applied. Notwithstanding the provisions of point b) of the Annex mentioned above, a person who is an employee of the company, a subsidiary or an associated company can not be deemed to meet the independence criteria referred to in this Annex. What is more, a relationship with a shareholder precluding the independence of a supervisory board member within the meaning of this rule is understood as 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 above rule is not and shall not be applied. The Company's governing bodies are of the opinion that, in accordance with the general majority and minority capital protection rule, a shareholder who has contributed more capital bears greater business risk, therefore it is reasonable that his or her interest should be taken into account in proportion to the contributed capital, i.e. that he or she should have also right to nominate such candidates to the supervisory board who guarantee the implementation of a strategy adopted for the Company.



**NOBLE BANK**

infolinia 801 70 70 70

Noble Bank SA

ul. Domaniewska 39b, 02-675 Warszawa

Tel. centrala (22) 541 51 58

Fax (22) 541 51 59

Internet: [www.noblebank.pl](http://www.noblebank.pl)

In the view of the Company's Management Board, this permits proper and effective implementation of the Company's strategy and sufficiently protects the interests of all groups of shareholders and other groups linked with our Company's business. With the Company's current shareholding structure this rule imposes too far-reaching limitation on the majority shareholders' rights and violates the predominant majority rule in a jointstock company. The General Meeting elects members of the Supervisory Board from among persons with relevant education, professional and practical experience, with high ethical standards and able to devote time required to perform the function on the Supervisory Board properly. In the Management Board's opinion, these criteria can guarantee effective work of Supervisory Board members for the benefit of the Company and, ultimately, of all its shareholders.

7. An audit committee, as a minimum, should be established within the supervisory board. The committee should include at least one member independent of the company and entities with significant connections with the company, who has qualifications in accounting and finance. In companies in which the supervisory board consists of the minimum number of members required by law, the tasks of the committee may be performed by the supervisory board.

The above rule is not applied because no committees are established within the Supervisory Board. The Rules of the Supervisory Board do not provide for the establishment of committees. At the next meeting of the Supervisory Board, when discussing corporate governance practice in the Company, its Management Board will pay special attention to the Company's non-application of the said rule and will request the Supervisory Board to take a position on this issue.

8. Annex I to the European Commission Recommendation of February 15th 2005 on the role of nonexecutive or supervisory directors (...) should apply to tasks and operation of the committees within the supervisory board.

The Company's Supervisory Board does not apply the above rule because rule No. 7 of part III "Best Practice Followed by Supervisory Board Members" is not applied. There are no committees within the Supervisory Board.

### **III a.**

On August 18th 2008 the Supervisory Board of Noble Bank S.A. passed a resolution on the appointment of members for the Audit Committee within the Supervisory Board; then, on September 16th 2008, it passed a resolution on the introduction of the "Rules of the Audit Committee". At the same time the Management Board of Noble Bank S.A. announced that the corporate governance rule referred to in part III point 8 is applied partly and the corporate governance rule referred to in part III point 7 of "Best Practice of Companies Listed on the WSE" is applied fully, which was notified by Noble Bank S.A. in the Current Report No. 52/2008 of August 19th 2008.

### **IV. Best practice followed by shareholders**

8. The general meeting or the supervisory board should make sure that an entity authorised to audit financial statements is changed at least once in seven financial years. This rule is not going to be observed. In the view of the Company's governing bodies, it is sufficient to change a chartered auditor for one from among those of the entity which audits the financial statements. Such a position complies with binding European regulations (Directive 2006/43/EC of the European Parliament and of the Council of 17 May 2006 on statutory audits of annual accounts and consolidated accounts), which regulates, among others, the

principle of independence of the key partner in an audit firm responsible for carrying out an audit, if he or she rotates at least once in seven years. Therefore, in the Company's view, a change of the entity authorised to audit financial statements is not required.