DIRECTORS' REPORT
OF GETIN NOBLE BANK S.A.
FOR THE 12-MONTH PERIOD ENDED
31 DECEMBER 2013

Warsaw, 28 February 2014

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1.1. Significant factors affecting the Bank's results

Getin UP Strategy

On 5 March 2013 the Management Board of Getin Noble Bank S.A. announced a new business strategy for 2013-2015. It assumes, that after obtaining a very high position in the banking sector the strategic aim is to attain high effectiveness of activity. The Bank, in addition to its existing competences, is going to build strong and stable relationship with customers, based on highest standards of services, structure of products as well as the means of their distribution. The new Strategy aims to significantly improve effectiveness, reduce financing cost and increase repeatability of the income. By the end of 2015 the Bank expects to operate one million of active bank accounts.
To make this happen, the Bank need to be the Bank of first choice to its customers. Activities supporting this objective are implemented consistently and with great determination, they are i.a.:

- a bank account offer based on technological innovations
- plain and understandable products and services
- advanced branch network
- higher class of service
- friendly and professional Contact Center
- bank advisors rewarded for the quality of service.

The Bank's priority is to build a strong and stable relationship with customers, based on the highest quality of service and an attractive and tailored to their needs banking products and services. As announced in March, the Bank is turning from the offering of single products created by specialised 'product factories' to the comprehensive financial service for its Customers. To achieve this, changes were made in all areas of business and levels of organization.
The new Strategy embraces existing business potential of the Group and the business model tailored to new market challenges. Under Getin Up the growth rate is replaced by high effectiveness of activity. According to the assumptions the Bank puts more emphasis on offering innovative bank products and ensuring high quality of service to over two million existing customers. The Bank continues technology leap started in December 2012 with the implementation of the Getin Up account. The mix of loans in the Bank's balance sheet also is subject of changes. There are more consumer and corporate loans of short-term maturity. In accordance with the assumptions the Bank significantly increases income with a limited increase in total assets.

Implementation of the Getin UP Strategy

Within less than 12 months of Getin Up Strategy the Bank made changes, some of them were enormous as technological leap and new bank branches. Due to determination throughout the organization the Bank achieved effects of the change in the first year, and is perceived by its current and future customers as one of the most attractive places to 'banking'. More and more customers establish relation with Getin Noble Bank and perceive GNB as ‚My Bank'.

Summarising effects of activities completed and launched in 2013 a six key areas in which Getin Up Strategy succeed may be indicated:

1. Getin Noble Bank - a leading and authentically retail banking in Poland.
2. First and significant results of Getin UP Strategy – improvement in quality and services of Getin Noble Bank.

3. Technological leap which was perceived by the market and which strongly and effectively supports business growth.
4. Secure asset and liability structure in terms of liquidity and capital security to full usage of market opportunities.
5. Cost-effectiveness as competitive advantage in terms of market dominance.
6. Consistently improvement of financing cost and stabilization of the cost of risk, as the main factors of growth of ROE.

The Bank, since announcing of the Strategy consequently and with determination realises assumed goals. Designed changes of products and services are best technological solutions while plain and functional. Modern online banking was launched, and in January 2013 first Getin Up branch was opened. Analyzing the effects of their actions and summarizing the first year of the Getin Up Strategy, it can be firmly stated that the Bank is going in the right direction, consistently increasing the number of active customers with the main bank account in Getin Noble Bank, building a stable and long-term relationships.

In 2013 one of the main aims was to convince clients that Getin Bank is to be 'My Bank', i.e. Bank in which customer has current account. To attract clients to current account of Getin Noble Bank an innovative system for online and mobile banking was introduced, with all well known market innovations and some available only for Getin Noble Bank clients. Many of proposed solutions were designed from scratch, to be maximally efficient and useful. New banking system comprises of:

- new design of online banking;
- innovative transfers – the ability to transfer not knowing the account number of the recipe, by Facebook, SMS, e-mail;
- mobile banking – for Android and iOS, mobile contactless payments (NFC), PayPass and invoice payments via QR code
- useful tools to control expenditures - applications for personal finance management (PFM);
- Friendly saving - features and applications to help in saving (Konto Skarbonka, Saving accounts destined for particular aim 'Celowe Konta Oszczędnościowe', Keep the rest 'Opcja Zachowaj Resztę');
- the world's first MasterCard Display Card with screen showing account balance.

In order to emphasize the importance of the changes occurring in Getin Bank it was decided to change the logo of the Bank. New logo is 'back to the roots', i.e GET IN idea. It reminds dynamics and meaning of these words. Challenging was to design a sign which would emphasize the change made in Bank and show that this is a modern and dynamic organisation, which offer is worth to know. A new philosophy of the Bank is focused on pro-activity, simplicity and functionality - the new logo and the whole identification are to support these values.

To improve quality of customer services important changes were launched in bank branches and Call Centre in 2013. New bank branches were designed. Currently there are 35. In accordance with approved plans the entire bank branches network is to be Getin Up by the end of 2015. Branches are equipped with many technological innovations, and each of them aim to build customer relationship with the Bank:

- digital leaflets on tablet
- monitors for customers built-in advisors desks to inform them of what they are talking with advisor
- screens in the waiting area
- video call with a consultant,
- biometric system to identify the Customer,
- Call Centre 7 days a week from 7.00 to 22.00

At the beginning of 2014 Getin Noble Bank introduces first self-service branches called Getin Point. Due to combination of the top innovations in the market and up-modern solutions, Bank allow its clients to perform the operations that are traditionally made in bank branches. First fully equipped Getin Point was opened in Zlote Tarasy shopping mall in Warsaw. By the end of first quarter of 2014 the Bank intends to open 7 points.

Mystery Shopper market research are performed, and in a nationwide quality research performed on behalf of Newsweek, Getin Noble Bank recorded highest promotion on the market (rank 11).

Among Customers who opened current account in Getin Noble Bank S.A. an increase in Net Promoter Score – NPS research was recorded (How likely is it that customer would recommend the Bank to a friend or colleague). In the first half of 2013 NPS result on active current accounts was 26%, while in second half 39%. Actions aimed at customers activation were carried: newsletters, weeks of discounts for customers paying by Getin Bank cards.

Information on Getin Up account was priority, however Getin Noble Bank is a universal Bank offering all products needed by Customers. Moreover, Getin Noble Bank offers its customers products awarded in nationwide rankings. Therefore, in 2013 were broadcasted three cash loan TV marketing campaigns, one of which emphasized that the cash loan of Getin Noble Bank repeatedly won in the ranking for best cash loan. Online advertising campaigns are in order to attract customers on deposits, car loans, mortgages and cash.

Mergers and acquisitions

The Bank effectively uses opportunities for acquisition of financial institutions in order to further strengthen the Bank's position in strategic market segments. In 2013 the Bank succeeded in completing three acquisitions:

- In March Getin Noble Bank S.A. finalised purchase agreement of 100% of shares of Dexia Kommunalkredit Bank Polska S.A. currently BPI Bank Polskich Inwestycji S.A.
- On 24 May 2013 Getin Noble Bank S.A. acquired control of the organised part of a bank business including 37 branches of the bank DnB Nord Polska S.A. along with employees and a portfolio of loans, bank accounts and term deposits of individual clients, small and medium-sized enterprises and housing communities.
- On 23 August 2013 DZ Bank Polska S.A. and Getin Noble Bank S.A. signed a definite sale agreement of an organised part of a business of DZ Bank Polska S.A. specialising in providing services to the wealthiest individuals to the Getin Noble Bank S.A.

Due to the negotiation by the Bank's Management Board of a favourable transaction price, for above mentioned acquisitions fair value of the acquired business exceeded the price paid for it, and the gain on bargain purchase was recognized.

The Bank effectively uses a strong position, which allows the use of unique knowledge in the process of M&A. GNB is the most active and effective M&A player in Poland, with necessary competences and unique know-how:

- fast and efficient decision making process;
- privacy as a top priority;
- preferred partner by foreign banking groups terminating business in Poland;
- high level of competence and operational effectiveness, proven in many previous and recent transactions (with no delays, no complaints, good press);
- wide experience in formal proceedings against the Polish Financial Supervision Authority and Office of Competition and Consumer Protection;
- The fastest ever proceeding against Polish FSA – 2 months from signing to finalising acquisition agreement of an organized part of DZ Bank Poland;
- First in the market successful acquisition of an organized part of bank business (bank business of DnB Nord Polska).

Getin Noble Bank - a leading and dynamic real retail banking in Poland

Getin Noble Bank is the fifth largest player in the Polish banking sector, consistently maintaining the second position regarding to retail business. The Bank is consequently building its market share in monetary institution market with reference to deposits (6.0% share at the end of 2013) and loans (5.7%). In terms of retail consumer loans portfolio the share of Getin Noble Bank amounts to 8.0%.

The Bank with over 550 branches (Getin Bank and Noble Bank own outlets and franchise outlets) is in top five of biggest banking networks. Total assets amounting to PLN 63.3 billion at the end of 2013 ranks the Bank at 6th position among biggest banks on our market.

Most of banks operating on the Polish market are characterized by a universal business model having regardless of retail activity an important share of retail loans and deposits (between 20% and 70%). Getin Noble Bank is one of the few where retail volumes exceed 70% in both deposits and loans. In Getin Noble Bank the share of corporate deposits is less than 30% of total deposit portfolio of the Bank. In terms of loans, the share is even less, i.e. 15%. This confirms a strong competences of Getin Noble Bank as retail Bank, however indicates the opportunities of further diversification of activities towards corporate banking. The New Strategy has high aspirations for this segment and in 2013 the Bank implemented a number of successful initiatives in this field. As a result, in 2013 the dynamics of corporate loans portfolio in comparison to 2012 was +45%, what is a positive mark assuming Getin Up strategy goal to double the balance from the end of 2012 in 3 years. One of the main areas of strategic development of the Bank is enlargement of the active current accounts base, as the basic product ensuring reliable and long-term relationship with customers as well as cheaper and more stable funding. According to the aim adopted in Strategy, by 2015 the Bank is to operate 1 million of active current accounts. Top priority of this aim as well as engagement of all levels of organization in its realization resulted in increase of active current account base by 0.3 million in 2013. It is also a result of activities taken to strengthen the role of current account, as the crucial product determining the Bank of first choice. The Bank is also a leader in retail loans. The value of consumer loans portfolio (retail and car loans) amounts to 17% of total portfolio (in sector the average is slightly above 13%). Retail loan portfolio of Getin Noble Bank is third among Polish banks and the share in retail loans market amounts to 8%, what is a capability in terms of the expected recovery and market interest rates increase.

In accordance with the strategic line of development, the Bank changed its product-mix, by increasing sales of short-term loans, of faster amortization and with higher margins, while limiting sale of mortgage loans comparing to sales of 2010-2012.

In 2013 the number of customers was characterized by high dynamics, and amounted to 2.4 million at the end of December 2013. Within 12 months the customer base of the Bank rose by approximately quarter million. The effective acquisition refers to both retail and business customers segment.

Internal conditions

The main factors affecting the Bank's results for 2013 included the following

- Activity of Getin Noble Bank on mergers and acquisitions
  - On 28 March 2013 Getin Noble Bank S.A. Getin Noble Bank S.A. acquired 100% of shares of Dexia Kommunalkredit Bank Polska S.A. (currently BPI Bank Polskich Inwestycji S.A.) from Dexia Kommunalkredit Bank AG. Purchase price amounted to PLN 57.08 million - the purpose of the acquisition is to strengthen the Bank's position on the market of public sector financing, as well as, in addition to obtaining an attractive source of financing in the form of funds from the EIB, to further strengthen the Bank's capital. Due to the acquisition Bank transferred 3,590,182 bearer shares of Open Finance S.A. to Getin Holding S.A.

- On 24 May 2013 Getin Noble Bank S.A. acquired control of the organised part of a bank business including 37 branches of the bank DnB Nord Polska S.A. along with employees and a portfolio of loans, bank accounts and term deposits of individual clients, small and medium-sized enterprises and housing communities. The primary reasons for the transaction was to strengthen the position of Getin Noble Bank S.A. in a segment of financing housing communities and SMEs, further diversification of the loan portfolio and to improve the risk profile. Gain on bargain purchase amounted to PLN 37.8 million.
- On 23 August 2013 DZ Bank Polska S.A. and Getin Noble Bank S.A. signed a definite sale agreement of an organised part of a business of DZ Bank Polska S.A. specialising in providing services to the wealthiest individuals to the Getin Noble Bank S.A. Following the transaction, the Bank took control of the organised part of the bank business comprising mainly assets of private banking customers, including their deposits and current accounts, as well as regularly repaid loans in PLN. The aim of the transaction was to strengthen position of Getin Noble Bank S.A. in the sector of private banking. Gain on bargain purchase amounted to PLN 1.3 million.

- Dynamic growth in sales of retail loans and corporate loans and leasing - in 2013 sales amounted to PLN 12.2 billion resulting in increase of loans and advances to customers by 9% to the level of PLN 48.4 billion. At the same time the structure of products sold changed – sale of long-term loans is limited (in particular mortgages) in total sales (In 2013 the sale of mortgages was 23% of total sales, i.e by 12 pp. less than in 2012).
- Decrease cost of retail deposits in 2013 – decreasing interest rates of new retail deposits (as result of drop in NBP rates) and bank's activity to increase share of current accounts in deposits of customers (increase from 9% at the end of 2012 to 17% at the end of 2013) resulted in decrease of interest expense by 18% in 2013; decrease in interest expense was achieved despite the increase in amounts due to customers by 2.4% (amounts due to customers at the 31 December 2013 amounted to PLN 52.3 billion).
- Decrease in impairment allowances on financial assets and off-balance sheet provisions recognized in profit or loss by PLN 357.4 million (38%) compared to 2012.
- Modification of the Bank's accounting policy on recognition of revenue from sale of insurance products resulting in a decrease in net profit for 2013 in this respect of PLN 61 million (compared to revenue recognition principles applied in previous periods). In previous years, due to the voluntary use of bancassurance offer by customers, Getin Noble Bank S.A. recognised the revenue as a separate income not arising from the requirements concerning related products. Based on carried out analysis of changes in the external environment and taking into account market practices, the Bank decided to modify in the second quarter of 2013 the accounting principles for recognition of commissions received from insurance contained in the group insurance agreements, that give rise to further obligations of the Bank to the insurance company. The Bank introduced the principle of the revenue recognition according to the degree of completion of the service, i.e. part of the commission was recognised in full at once in revenues, and some settled on a straight line basis for the duration of the insurance contract. This change resulted in a reduction in net fee and commission income for the first half of 2013 by PLN 9.5 million. The Bank considers this approach to be consistent with the concepts and principles contained in the International Accounting Standards.

  On 23 December 2013 the Polish Financial Supervision Authority sent to the banks operating in Poland detailed guidance on the approach to accounting principles for recognition of revenue from bancassurance activities, with particular emphasis on the more restrictive definition of related products. Taking into accounts these guidelines, the Bank made a further modification of the revenue recognition method and made it compliant with the guidelines contained in the Authority's letter. The changes (described in detail in the financial statements of Getin Noble Bank S.A. for the year ended 31 December 2013) required a retrospective restatement of financial data, resulting in adjustment of the Bank's equity as at 31 December 2012 by the amount of PLN 363 million. Adjustment was made on the basis of estimates and related to net interest income and net fee and commission income.

- Effective cost management in the Bank – obtaining one of the lowest cost/income ratio in the banking market of 45%; according to the National Bank of Poland the average ratio for the banking sector amounted to about 54.1% as at 30 September 2013
- Dividend income received from: Noble Funds TFI S.A., Noble Securities S.A., Getin Leasing S.A. and Biuro Informacji Kredytowej in total of PLN 28.9 million.
- Transactions involving own shares – in July 2013 over-the-counter acquisition of 59,090,909 of own shares at a price of PLN 2.20 per share, which represents 2.23% of the share capital of the Bank.

  In following months as a result of realisation of the Management Share Option Scheme, the Bank sold part of own shares to the Scheme participants, the transaction was made over-the-counter.

  On 30 December 2013 the Bank sold 53,914,238 own shares at a price of PLN 2.83 per share. Price has been determined as the average market price (the arithmetic average of daily prices weighted by trading volume) for the last twenty days preceding the date of the transaction, during which the Bank's own shares were listed on the Stock Exchange in Warsaw. Shares were bought by Getin Holdins S.A. The aim and purpose of the sale of own shares was to increase the capital adequacy ratio of the Bank.
- Obtaining new funding sources – a loan from European Investment Bank in total of EUR 225 million and interbank funds in amount of EUR 125 million and CHF 150 million.
- In 2013 the Polish Financial Supervision Authority approved the inclusion in the supplementary funds of Getin Noble Bank S.A. the amount of PLN 611.6 million acquired by the Bank through the issue of bonds of series PP2-V, PP2-VII - PP2-IX, PP3-I – PP3-VII.
- In 2013, were made sales of receivables, where the nominal value of the portfolio's capital amounted to PLN 193 million.

External conditions

Macroeconomic situation

The economic growth rate in 2013 remained at the same level as last year.

According to preliminary data of the Central Statistical Office the gross domestic product in 2013 was higher in real terms by 1.6% compared to the previous year. It means the economic slowdown – a year before, the GDP growth stood at 1.9%. In 2013 the domestic demand fell by 0.2% (in 2012 it was -0.1%), the private consumption increased by 0.8% (1.2%), while the gross expenditures fell by 0.4% (-1.7%).

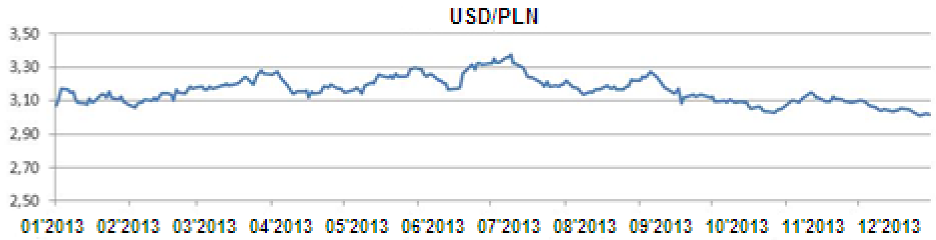
The deteriorating condition of the Polish economy was the result of, among others, the weakening recorded in the construction sector by -9% y/y and a significant drop in individual consumption trend observed since the beginning of 2012 (+0.8% y/y in 2013 compared to 1.2% y/y in 2012). As the reasons for the decline in demand can be indicated the all year long stagnation in the labour market, employment in the enterprise sector and decreases in wages. A factor that positively influenced the height of Polish GDP was foreign exchange. The contribution of net exports remained positive throughout 2013. The aggregated level of economic growth in 2013 amounted, respectively: in the first quarter to 0.8% y/y; in the second quarter rose to 1.2% y/y; in the third quarter reached 1.7% y/y.

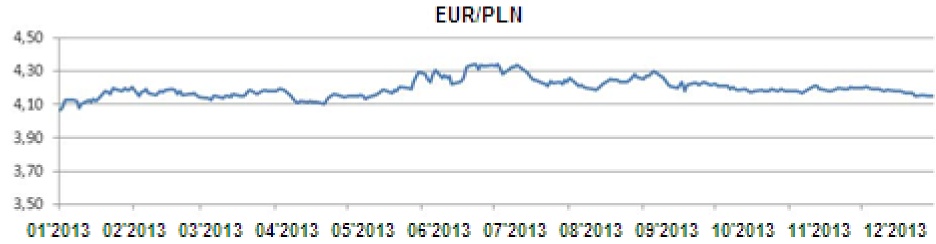
The continuation of the cycle of interest rate cuts by the Monetary Policy Council (RPP) has brought the desired effect. The RPP decided of six cuts of the reference rate in the period from January until July 2013, bringing it to the historically low level of 2.50%. The inflation rate in 2013 was at the lowest level in last 10 years – an increase in prices of consumer goods and services throughout the whole 2013 compared to 2012 was 0.9% and was the lowest since 2003.

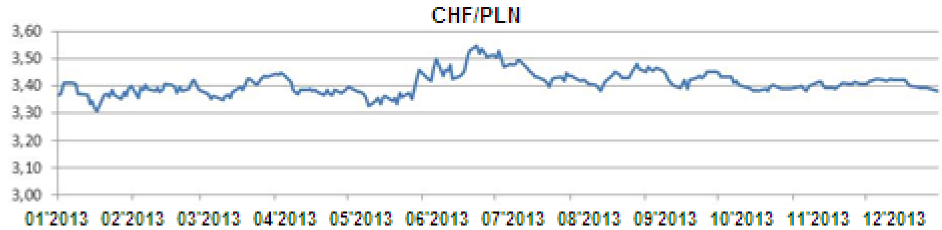
The growth rate of prices clearly slowed down, and the average CPI inflation in 2013 was 1%. Since February the CPI remains below the lower limit of the direct inflation target set at 1.5%. According to the RPP, under the improving economic conditions, the inflationary pressure remains limited, therefore, interest rates should remain unchanged at least until the end of the first half of 2014

Financial market

The beginning of 2013 was characterised by a stable position of the Polish currency. During this period the exchange rates were at the lowest level in the whole 2013. The minimum level of USD/PLN exchange rate was 3.01, EUR/PLN exchange rate was 4.07, while the minimum exchange rate of CHF/PLN was 3.31. The half of the 2013 was the period during which the Polish currency has weakened noticeably – in June the exchange rates reached their peak in 2013 and amounted to 3.37 for USD/PLN, 4.34 for EUR/PLN, and 3.55 for CHF/PLN. The average exchange rate of USD/PLN in 2013 was 3.16, EUR/PLN was 4.20 and the average rate of CHF/PLN in 2013 was 3.41.







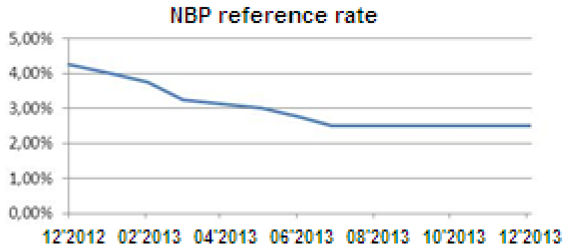
In the first months of 2013 a continuation of the downward trend of the Polish bond yields was noticed – in May 2013 the Polish debt yields reached the minimum levels. In the second half of the year there has been a gradual increase in the profitability of Polish treasury securities, which at the end of 2013 reached: 3.032% in the 2-year sector (minimum in 2013 was 2.489%), 3.647% in the 5-year sector (minimum in 2013 was 2.615%) and 4.353% in the 10-year sector (minimum in 2013 is 3.058%).

It is expected that the changes made in terms of Open Pension Funds will reduce the turnover on the Warsaw Stock Exchange, and may affect the capitalisation of companies listed on the Stock Exchange and an increase in share price volatility.

Banking sector

After weakening in companies and individuals tendency to borrow in 2012, in 2013 a gradual recovery was noticed. The increase was noted both in the retail loans, as well as in mortgage loans. In terms of the propensity of people to save no major changes were noticed.

As a result of number NBP interest rate cuts that ended at the beginning of July 2013, there was a relative stabilisation of the interest rates on deposits and loans in banks. The NBP reference rate is now at its lowest level in history and amounts to 2.5%



In 2013 entered into force the amendments to the Act on the Bank Guarantee Fund (BFG) on the creation in the BFG of a new fund – the stabilisation fund, which will be used to finance some of the tasks of the State Treasury in the scope of providing a support to banks under the law of recapitalisation of certain financial institutions, and which are financed by proceeds from a mandatory prudential levy imposed on banks. In 2013 the new prudential levy of the Bank Guarantee Fund debited the income statement of Getin Noble Bank S.A. for PLN 4.3 million.

1.2. Significant awards and recognitions

In 2013 Getin Noble Bank S.A. continued Getin Up strategy, whose aim is offering customers a modern and functional, but also up-friendly banking products and improve service quality. The Bank successfully implements the strategy of building a universal and customer-friendly Polish financial institution. The effectiveness of these measures was confirmed by independent experts:

- Getin Bank ranked 11th in the Newsweek 'Przyjazny Bank' and recorded the highest promotion on the market.
- MasterCard Display - interactive debit card with display, being offered only by Getin Noble Bank in Poland, won prestigious title of World Innovation in Innovation Lions category at Cannes Lions International Advertising Festival, was awarded in 'New or Innovative' category at Golden Drum International Advertising Festival in Portoroz and was among the finalists of nationwide 'Good design 2013' competition for best-designed products and services on Polish market.
- Current account Getin-Up was awarded in 'Najwyższa Jakość Quality International 2013'. Jury awarded Getin Bank in 'QI Product' category for implementing and promoting idea of quality.
- Getin Noble Bank S.A. won in the expert ranking of Comperia.pl as the most versatile bank after the first half of 2013. Bank was honored for a comprehensive range of products and attractive terms of services.
- The Bank's product offer once again was placed as one of the leading in the top rankings of banking products. The Bank's products regularly occupied high positions in rankings of Totalmoney.pl, Money.pl and Comperia.pl.

- Getin Bank and Noble Bank Brands were awarded the prestigious Superbrands Created in Poland 2013. Superbrands Award is granted worldwide by consumers and experts to those brands that have achieved a particularly strong presence and visibility in their fields.
- Getin Noble Bank for the second time was ranked 3rd among banks in category of brands evaluated based on the value, in X edition of 'Ranking of the most valuable Polish brands' of Rzeczpospolita,
- Getin Bank won international competition of the Banking Technology Awards in 'Best Use of Mobile Technology in Financial Services (Customer Facing)' category.
- Noble Bank was awarded maximum of 5 stars in prestigious ranking of Forbes magazine concerning private banking. Experts appreciated both the quality of services and products of private banking and high quality of customer service.
- the vehicle 'Kropelka' sponsored by Getin Bank and constructed by students affiliated to the Students' Vehicle Aerodynamics Club at Warsaw University of Technology is among the 31 winners of the government grant programme "Generacja Przyszłości".

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

Fitch Ratings agency confirmed IDR (Long-term Default Rating) of Getin Noble Bank S.A. at "BB" with a stable rating outlook and VR (Viability Rating) at "bb". Rating of Getin Noble Bank S.A. remains unchanged since its assignment in January 2010.

Fitch Ratings	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	

According to Fitch Ratings, the confirmation of IDR and VR for Getin Noble Bank S.A. is the result of the improvement in liquidity, better capitalisation and stable deposit base. Analysts reacted positively also to the strategy announced by the Bank in March 2013, which assumes a reduction in growth rate and increase in business efficiency. The rating agency also pointed to the positive impact of the increasing number of bank accounts.

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 2013 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 2013 the structure of significant shareholders 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
dr Leszek Czarnecki (directly)	264,626,609	264,626,609	9.99%	9.99%
indirectly:				
through LC Corp B. V.	1,011,728,750	1,011,728,750	38.18%	38.18%
through Getin Holding	200,314,774	200,314,774	7.56%	7.56%
through other entitiesi	3,628,922	3,628,922	0.14%	0.14%
ING Otwarty Fundusz Emerytalny	192,352,805	192,352,805	7.26%	7.26%
Other shareholders	977,491,459	977,491,459	36.87%	36.87%
Total	**2,650,143,319**	**2,650,143,319**	**100.00%**	**100.00%**

As at the day of signing this annual report for 2013, 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.

On 12 July 2013 Noble Securities S.A. made a settlement of the acquisition of own shares by Getin Noble Bank S.A. Brokerage house has acquired over-the-counter in its own name and on behalf of the Bank 59,090,909 shares at a price of PLN 2.20 per share, which represents 2.23% of the share capital of the Bank.

The reason and the purpose of the purchase by Getin Noble Bank S.A. its own shares was realignment of the market rate of shares. In addition the purchase of own shares enables the possibility to settle a consideration for any further acquisition with own shares, and to fill the commitments arising from the agreements concluded between the Bank and the participants of the Management Share Option Scheme and the obligations of the Bank to pay part of remuneration to employees covered by the 'Policy of the variable components of remuneration of the management at Getin Noble Bank S.A.' in the form of financial instruments.

In the third quarter of 2013 as a result of realisation of the Management Share Option Scheme, the Bank sold 5,176,671 own shares to the Scheme participants. The transaction was made over-the-counter.

On 30 December 2013 the Bank sold 53,914,238 own shares The transaction was carried out outside the regulated market on the basis of share sale agreement concluded between the Bank and Getin Holding S.A

As at 31 December 2013 and 2012 the Bank did not hold own shares.

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

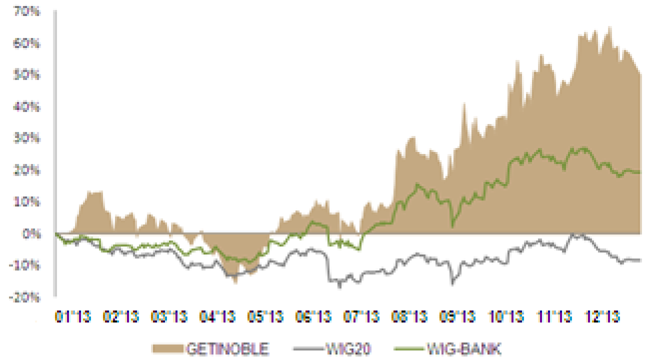
All shares of Getin Noble Bank S.A. are introduced to public trading on the main market of Warsaw Stock Exchange. The Bank's shares are quoted under the abbreviated name of GETINOBLE and labelled with the code

PLGETBK00012. The closing share price of the Bank in 2013 fluctuated between PLN 1.50 (on 23 April) and PLN 2.94 (on 11 December).

As at 31 December 2013 the Bank's capitalisation was PLN 7,076 million, whereas its book value amounted to PLN 4,780 million.

In 2013 WIG20 index fell by 8.58% and WIG-Banks by 19.20% (in comparison with 02.01.2013).

Getin Noble Bank S.A. shares quotation and Warsaw Stock Exchange indices (as at 02.01.2013 = 0%)



2.3. Subordinated entities of the Bank

Getin Noble Bank S.A. 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 2013 is presented below:

* former Getin Services S.A.

** Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych (Non-public assets closed-end investment fund**)**

*** Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych (Non-public assets closed-end investment fund); holds 100% share in three special purpose companies: Ettrick Investments sp. z o.o., Redmile Investments sp. z o.o. and Lakeford Investments sp. z o.o.

As at 31 December 2013 and 2012 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 2013 and as at 31 December 2012.

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 2013.

As at 31 December 2013 the total value of Getin Noble Bank's exposure arising from loans and advances to its related parties amounted to PLN 729 million (PLN 679 million at the end of 2012).

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

Getin Noble Bank S.A. is a universal bank, whose offer is addressed to individual clients, small and medium-sized enterprises, local government units, health care entities and large corporations. The Bank S.A. offers numerous products in the area of financing, saving and investing and a wide spectrum of additional services. Because there is focus on the most affordable way for the client to contact the Bank, Getin Noble Bank S.A. offers its products through various distribution channels, ranging from traditional bank branches, to the latest technology used in online banking and bank branches of a new generation (Getin Up branches and implemented from the beginning of 2014 self-service Getin Point facilities).

In 2013, in accordance with strategic direction in order to shorten maturity of assets, the Bank focused on sales of short-term and fast-rotating products, i.e. cash loans, car loans, corporate loans as well as loans for local authorities and related parties, and housing communities. The structure of sales stabilized in 2013, with the share of mortgages at 20-25%. Increasing sales of corporate loans in 2013 is in line with the aim to double the balance of these loans by 2015. The growth dynamics of gross balance was +45% (in comparison to 2012). The consequence of changes in the structure of assets is a positive impact on the net interest margin. The change in structure of sales and repayment of mortgages portfolio result in decrease in the share of loans in foreign currencies in portfolio, which from 56% at the end of 2009 drop to 32% at the end of 2013.

One of the main areas of activities of the Bank in 2013 was enlargement of the active current accounts base in order to improve the financing structure and building stable base of Customers related to Bank, resulting in lowering cost of financing. In 2013 the share of funds held on current accounts and saving accounts rose by 7.7 p.p. to 16.8% of total deposit portfolio.

Retail banking is conducted under the Getin Bank brand, which specialises in sale of cash, mortgage and car loans. Getin Bank offers also a number of investment products and deposits, it is also an active player in the segment of financial services dedicated to small and medium-sized enterprises, as well as local government units, health care entities and corporations. Comprehensive product range for these segments aims to build relationships with customers and to meet customers' needs.

Noble Bank represents the private banking segment, which is dedicated to wealthy clients. In addition to standard financial products, Noble 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 distributed through the network of the Bank's own outlets and specialised financial intermediary companies, including companies of Open Finance S.A. Group

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). For its product offer Getin Noble Bank is perceived as an entity which focuses on innovation in financial services. In 2013 the Bank signed up for the National Fund for Environmental Protection and Water Management program - "Efficient use of energy. Subsidies for loans to build energy-efficient houses", and declared at the end of the year to join the government program “Mieszkanie dla młodych".

The Bank continues its policy of reducing the level of credit risk. The quality of loans granted in 2013 is below ‘risk appetite’ adopted by the Bank.

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 – both in loans and lease. In 2013 in total amounted to over PLN 400 million.

2013 was another year in which a significant complement to the Bank's offer of financing the purchase of a vehicles was a car lease, carried out in cooperation with the Bank's subsidiary - Getin Leasing S.A. In 2013 Getin Leasing took the 3rd place in the country among leasing companies in respect of financing of vehicles

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

Consumer loans

Consumer loans are mainly provided through the network of the Bank's own outlets and franchise outlets, except for installment loans to finance the purchase of goods and services, where the distribution is mainly based on a network of partners cooperating with the Bank.

In 2013 the activities of Getin Noble Bank S.A. in the development of sales of credit products focused on improving the processes of decision-making on granting loans (a new IT system responsible for processing loan applications was introduced) and building a new portfolio on the basis of existing customers of the Bank and the customers of new segments characterised by lower credit risk. In this respect, the Bank intensified mailing actions and preferential pricing terms for selected clients. The Bank also simplified procedures associated with the acceptance of income evidence of the clients on the basis of the PIT, RMUA and bank statements.

As an element of increasing the competitiveness of the offer, the Bank on an ongoing basis adapted its products to the market requirements. In this respect, it intensified work on making credit products available through internet banking. In addition, the Bank implemented the modifications in processes and procedures for the entry into force of regulations, laws, recommendations, inter alia, the T Recommendation.

The Bank's main lending products include:

- cash loan
- consolidation loan
- installment loans to finance the purchase of goods and services,
- credit limits on current account and credit card.

Deposits

Current and term deposits

In 2013 in the area of deposits the Bank focused on the more durable binding customers to the Bank. To achieve this, the Bank continued actions focused 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 2013 a package of services introduced in late 2012 was promoted to customers, which main element is Getin Up current account, complemented by an attractive extra offer in the form of saving account, purpose accounts, modern debit cards and access channel through modern internet banking. Continuing modernisation of the account, the Bank introduced new functionalities that increased the attractiveness of the account, such as mobile banking, and used a variety of sales promotions to encourage the customers to open an account or to actively use it. One of the entered promotion is dedicated to students who will be rewarded by the Bank for very good exam results. 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 2013 was to keep such balances to maintain the proper liquidity, while optimising costs. For this purpose, in addition to standard actions, used for several years to acquire term deposits the Bank simplified its deposit offer and introduced products that characterised to be very attractive to customers in the first period of the deposit, as well as the favorable interest rate, based on the NBP reference rate, after the renewal of the deposit which should lead to a reduction in the number of liquidated term deposits

Payment cards

Getin Noble Bank S.A. 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. Particularly noteworthy is Mastercard Display, which in 2013 received at Cannes title of most innovative payment card in the world.

The cards palette includes besides credit cards World, Business World and Business Executive MasterCard Debit card also Platinum Debit. All cards issued under the Getin brand are equipped with contactless payment functions authorised online. At the end of 2013 the Bank introduced first in Poland VISA Simply One card which is a combination of debit and credit card. Debit and credit cards are issued also in the NFC technology (Near Field Communication). As a result, the Bank has the ability to personalise and manage payment card on the client's mobile phone, totally remotely using the infrastructure of mobile operators. In 2013 the Bank introduced a secure mobile payments, to help customers not only gained access to a wide range of services from a Mastercard Mobile catalogue, but also gained the ability to fast-cash payments in Biedronka stores network.

For the private banking segment are reserved the Noble cards made of solid metal. Platinum debit card and Elite credit card create together a duet of the most prestigious in this product segment in Europe. With NFC technology as the first bank in Poland, the Bank offers to its customers these cards also available on smart phones, to meet the expectations not only demanding customers, but most of all those who appreciate innovation and security.

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 centres 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 2013 the Bank launched the Wealth Guard service, through which began its expansion in new segment of services. The Wealth Guard service is comprehensive protection of the customer assets. New services have been prepared in cooperation with the biggest Polish law firm - Domański Zakrzewski Palinka. Solutions developed by the office will include, among others, corporate governance, succession, tax planning and the protection of privacy.

The Bank has developed an offer of products tailored to the nature of the business. In August and September 2013 the Bank successfully conducted a private placement of Real Estate Income Assets FIZAN fund certificates, a product ensuring the return from its property portfolio. It is the first product on the Polish market for such a structure and met with very good acceptance among customers. Since September for the Private Banking clients it has been prepared first protection insurance "Family Shield", which is a result of strategy implementation of broadening the scope of customer service.

The Bank undertakes actions aimed at increasing the bank-customer relationship. For this purpose, there are 2 series of meetings for customers: Private Banking After Hours and Noble Market Review. The meetings are organised in prestigious locations and are designed to both expand cooperation with existing customers, but also inviting potential new Private Banking clients. In 2013 in both cycles 30 meetings was held and was visited by more than 2.5 thousand customers.

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 from the funds of European Investment Bank,
- loan with the BGK guarantee,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,
- avaibility to apply for debit in the account.

SME

In 2013 the Corporate Advisors Network was expanded, providing services at the Regional Centres within the SME Sales Department. Base personnel are employees with many years of experience in financial institutions. The foundation of each advisor's work is the relationship with the client, which provides both rapid response to business needs, as well as monitoring the situation. Cooperation with corporate clients is based on providing all the necessary banking products for the business. Product is customised to each client's individual needs.

The Bank's offer includes:

- various forms of short-and long-term financing for the purpose of current and investment activities of the company,
- transaction services,
- currency exchange,
- trade transaction services,
- domestic and foreign guarantees,
- investing of financial surpluses.

Treasury products for corporate clients

In 2013 the Bank developed active sale of treasury products to its corporate clients. With a distinctive product offering Bank significantly increased the number of supported businesses. The treasury products were offered mainly to small and medium-sized enterprises. The treasury products to hedge against the currency risk had their applications in many large investment projects that the Bank pursued together with customers. In addition to the most popular hedging transactions, the Bank pursued many structured transactions on the foreign exchange market, tailored exactly to the needs of customers

In 2013 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, Asian, binary, barrier),
- 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	2012 (restated)	2013	Change
Net interest income	1,296,770	1,254,116	-3.3%
Net fee and commission income	559,588	341,411	-39.0%
Net other result*	188,891	169,636	-10.2%
Administrative expenses	-771,409	-794,605	+3.0%
Impairment allowances on financial assets and off-balance sheet provisions	-951,128	-593,707	-37.6%
Profit before tax	**322,712**	**376,851**	**+16.8%**
Income tax	-49,669	-66,096	+33.1%
Net profit	**273,043**	**310,755**	**+13.8%**

* 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

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 78.0% of interest income, and interest expense on client's deposits accounted for 86.9% of interest expense. Nearly 53% of interest income related to loans and advances to customers are interest on mortgages.

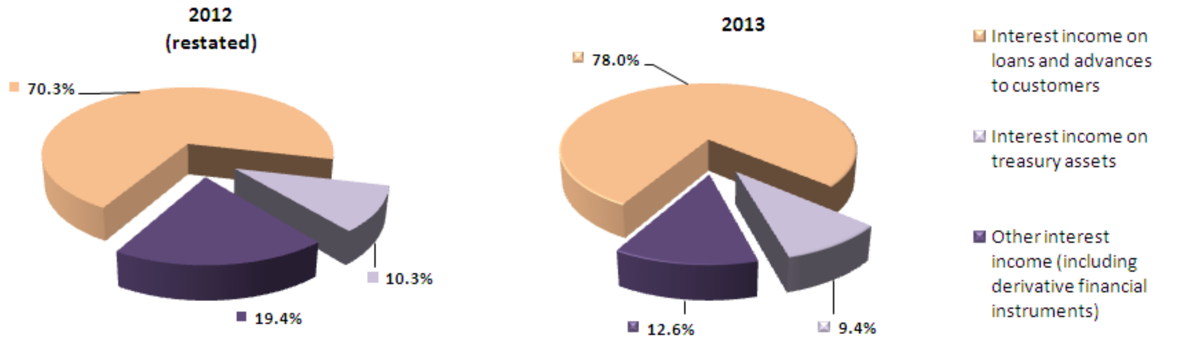
Expenses related to debt securities issues account to 5.7% of interest expenses.

In 2013 the main external determinant of change in interest income and expense were changes of market interest rates, which affect directly the level of interest rates on deposits and customer loans based on market rates adjusted for margin.

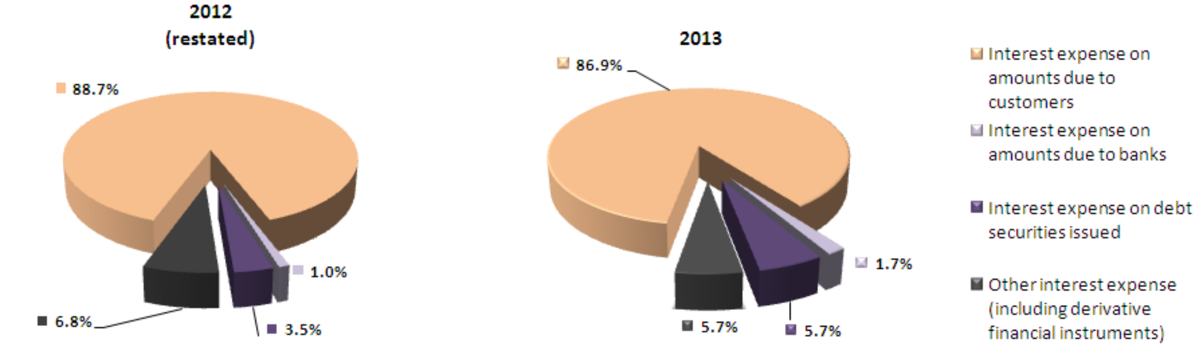
A significant improvement of net interest income is one of pillars adopted by the Bank in Getin Up Strategy. In 2013 Bank intensified its actions to decrease financing cost, efficiency of which is confirmed by decrease in interest expense related to amounts due to customers by 18%; a drop was realized despite the increase in the amounts due to customers by 2.4% (amounts due to customers as at 31 December 2013 amounted to PLN 52.3 billion).

Effective management of the deposit base together with active management of pricing policy resulted in change of the structure of deposit portfolio by increasing the share of stable funding on current and saving accounts characterized by lower interest expense – its share in deposit balance rose from 9.2% at the end of 2012 to 16.8% at the end of 2013, i.e. in line with Getin Up strategy assumption of rose by 20% by 2015.

Structure of interest income 2012 and 2013



Structure of interest expense 2012 and 2013



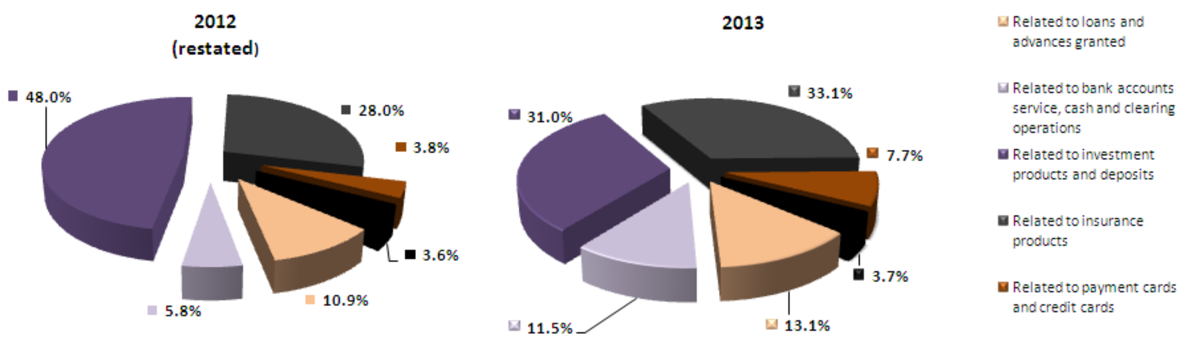
Net fee and commission income

In 2013 net fee and commission income of the Bank decreased by 39% compared to the result of 2012. The decrease in net fee and commission income resulted from:

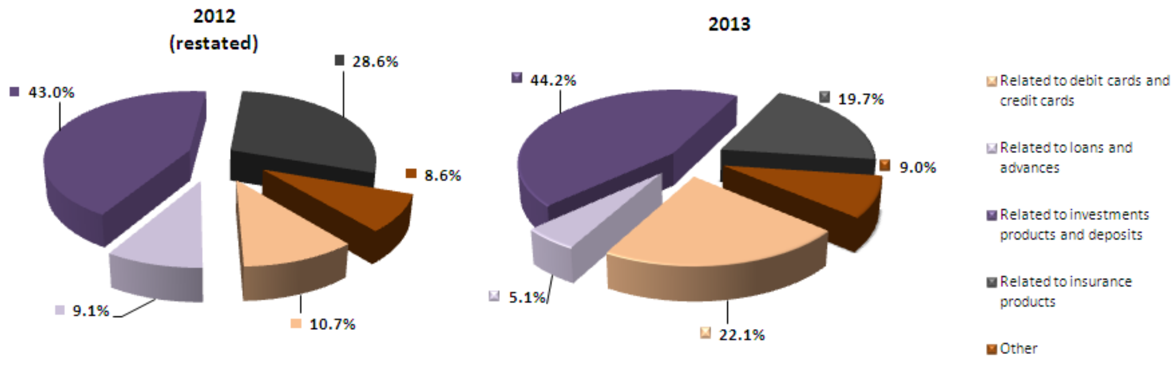
- Lower result on sales of investment products (a decrease by PLN 201 million, i.e. 72% in 2013),
- Changes in accounting principles regarding insurance revenue recognition from bancassurance, concerning in particular, the definition of combined products

In 2013 the Bank increased fee and commission income related to bank accounts service, cash and clearing operations by 38%.

Structure of fee and commission income in 2012 and 2013



Structure of fee and commission expense in 2012 and 2013



Net other result

In 2013 net other result (dividend income, result on financial instruments, foreign exchange result, other operating income and expense) was lower by PLN 19 million (i.e. about 10%) than net other result of 2012, as consequence of:

- dividend income lower by PLN 12.7 million,
- minimizing the sale of loans in foreign currency and a decrease in loan portfolio in foreign currency, and as a result a decrease in foreign exchange result
- decrease in result on other financial instruments – in 2013 Getin Noble Bank realized lower result on the sale of securities

In 2013 the Bank realized more favorable result on financial instruments measured at fair value through profit or loss. In 2012 due to the changes in market conditions affecting the valuation of financial instruments measured at fair value, the Bank incurred loss on valuation of these instruments. Market factors were relatively stable in 2013, and thereby the valuation of financial instruments measured at fair value.

Administrative expenses

In 2013 administrative expenses increased by PLN 23 million (3%). The increase resulted from:

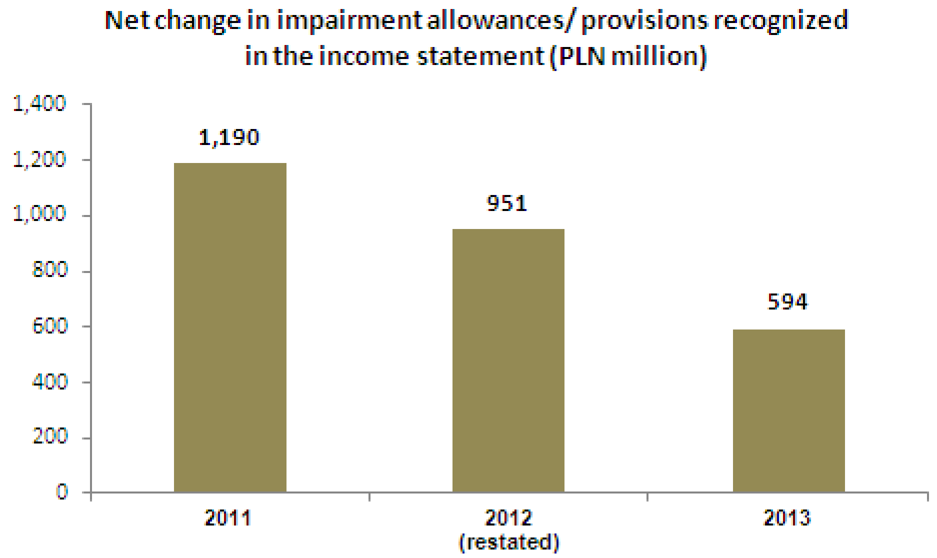
- in 46% due to the increase in payments to the Bank Guarantee Fund and the Polish Financial Supervision Authority (including the effect of introduction of new prudential levy),
- higher amortization due to new investments concerning GetinUp strategy as well as amortization of intangible assets and assets from acquisition of an organised business of DnB Nord and of DzBank,
- expansion of business scale, including the increase in number of banking outlets and in employment due to the acquisition of an organised business of DnB Nord Polska S.A.

Concurrently, in 2013 the Bank decreased or maintained unchanged such groups of expenses as: marketing and advertising, use of materials and energy, IT services, security and cash processing services, telecommunication and postal services and legal and advisory services.

Getin Noble Bank, being the seventh largest bank in Poland ranks beyond the top twenty of Banks in terms of the amount of administrative expenses. According to data published by banks for three quarters of 2013, Getin Noble Bank was the most cost-efficient bank in the category of cost attributable to one employee and the cost referenced to average assets.

Impariment allowances

2013 was another period in which improvement the quality of loan portfolio reflected in improvement of net change in impairment allowances:



Impairment allowances on financial assets recognized in profit or loss amounting to PLN 593.7 million in 2013 was by 38% lower in comparison to 2012. Impairment allowances on loans amounted to PLN 580.1 million, i.e less by 39% than in 2012. Favorable change occurred in mortgages, what mainly reduced the cost of total risk.

The structure of impairment allowances on basic loan products in 2012 and 2013 is presented in the table below:

PLN thousand	2012 (restated)	2013	Change y/y
Mortgage loans	676,526	176,381	-73.9%
Car loans	93,244	110,194	+18.2%
Retail loans	125,527	233,234	+85.8%
Corporate loans	56,172	60,315	+7.4%
TOTAL	**951,469**	**580,124**	**-39.0%**

Drop in impairment allowances results from the improvement of the loan portfolio. Improvement of repayment of the loan portfolio is confirmed by vintage analysis as well as the migration levels of exposure to impairment.

Key financial ratios

	2012 (restated)	2013	Change in percentage points
ROE net	7.4%	7.6%	+0.2
ROA net	0.5%	0.5%	0.0
C/I (cost to income)	37.7%	45.0%	+7.3
Capital adequacy ratio	11.8%	12.4%	+0.6

4.2. Statement of financial position

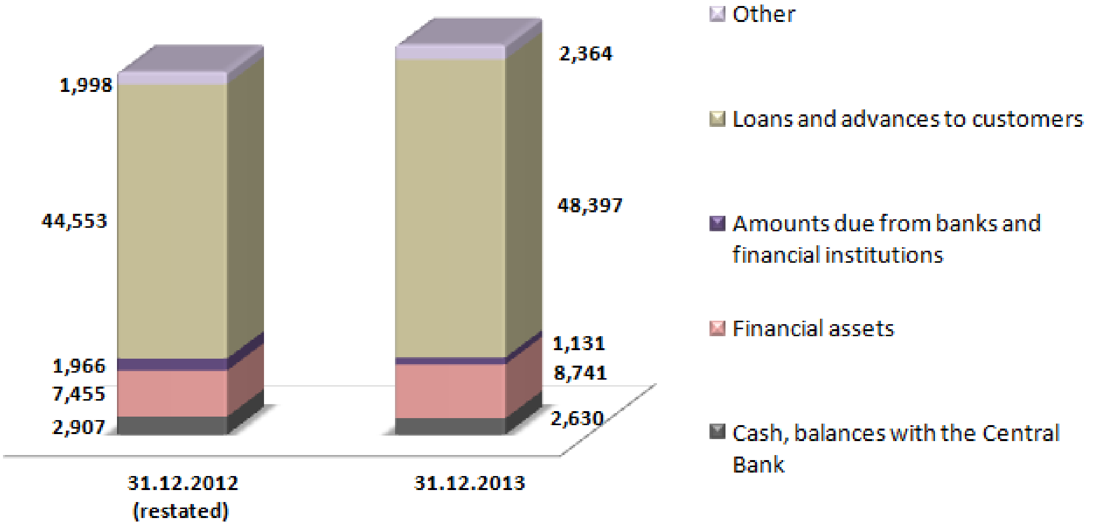
As at 31 December 2013 total assets of Getin Noble Bank amounted to PLN 63.3 billion and in comparison to the end of 2012 was higher by more than 7%. The main factors influencing the growth of assets are the following:

- Increase in lending – loans and advances to customers rose by 9% in 2013
- issue of debt securities, of which long-term securities included in the supplementary funds of the Bank – in 2013 the balance of issued debt securities increased by PLN 1 billion (i.e. almost 60%)
- rise of the share of funding obtained from finance sector - amounts due to banks and financial institutions increased by PLN 2 billion (by 248%), including funding obtained from European Investment Bank.

ASSETS

The main part of the Bank's assets are loans and advances to customers (77% of the total assets). The Bank has been allocating the surplus of funds in securities (14% of the total assets) as well as in interbank and other financial institutions' deposits (2%). The Bank's cash on hand and held in NBP was 4% of the total assets.

Structure of assets as at the end of 2012 and 2013 (PLN million)



Loan portfolio

In 2013 the Getin Noble Bank S.A. increased the carrying amount of loans and advances to customers by 9% to the level of PLN 48.4 billion. The value of loans granted in 2013 amounted to PLN 12 billion and was higher than the value of loans granted in 2012 by 10%.

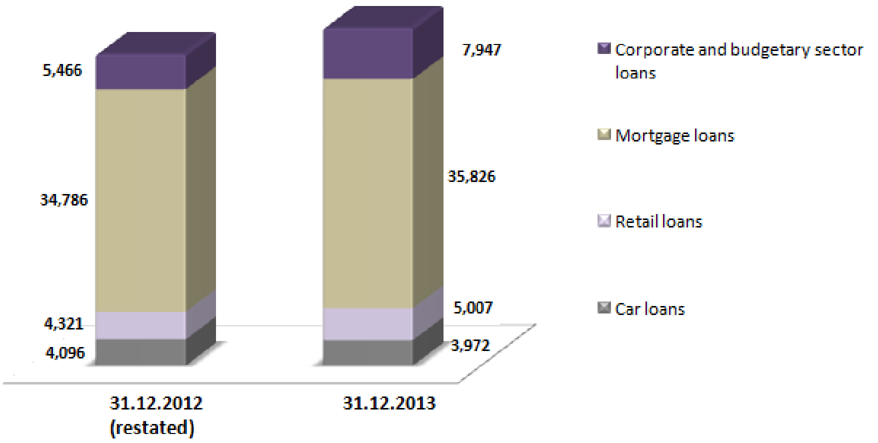
In accordance with the development strategy, the Bank already successfully changed the structure of products sold, by increase of sales of faster-rotating retail/corporate loans and limiting sales of mortgages. In the fourth quarter of 2013 sales of cash loans reached the level of sales of mortgage loans (respectively PLN 746 million and PLN 729 million). In 2013 the sale of mortgages was 23% of total sales (35% in 2012).

Change in the structure of sales in 2013:

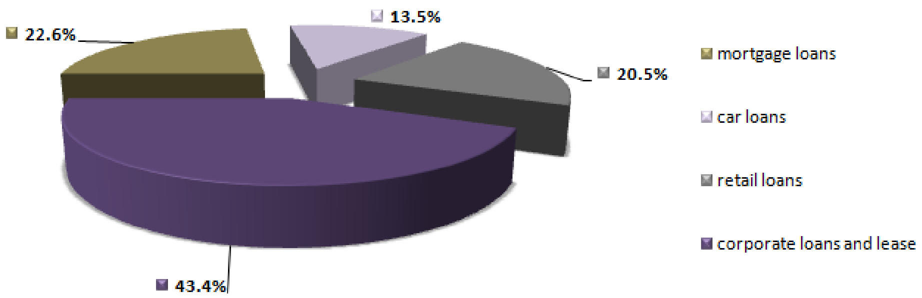
Share in sales of loans	2012 (restated)	2013	Change in pp.
Mortgage loans	35%	23%	- 12
Other loans	65%	77%	+12

Loans in PLN accounted for 99% of all new loans granted in 2013.
The average interest profitability (taking into account the effective interest rate), related to loan portfolio achieved in 2013 amounted to 6.5%. The profitability is determined by the currency structure of loan portfolio, within which loans in foreign currencies or denominated in foreign currencies account for 32%, which interest profitability is lower due to lower reference rates.

Loans and advances to customers gross as at the end of 2012 and 2013 (PLN million)



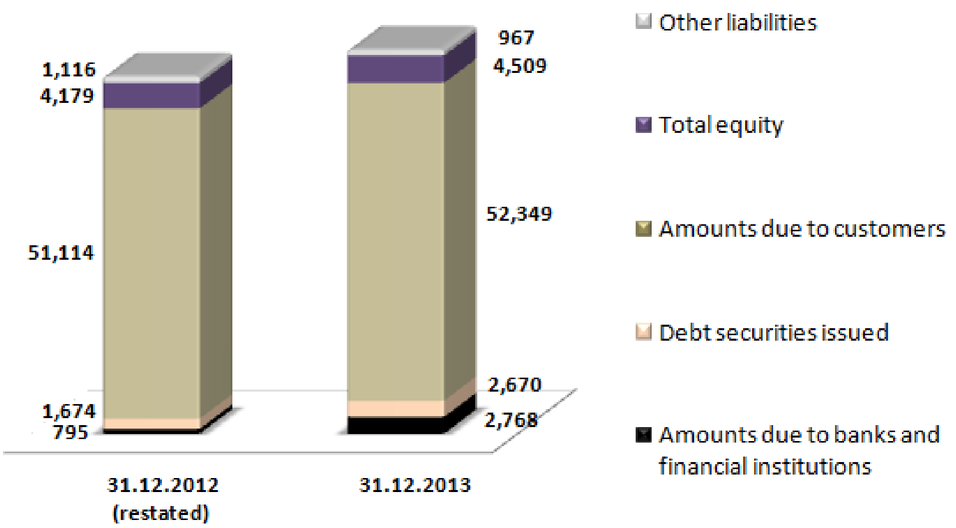
Structure of loan sales in 2013



EQUITY AND LIABILITIES

Customer deposits are the main source of funding of the Bank's loan activity. Amounts due to customers account for 83% of total liabilities and equity (increase in 2013 by PLN 1.2 billion).
In 2013 the Bank increased by almost PLN 1 billion the balance of securities issued – of which PLN 0.6 billion were long term securities qualified as the supplementary funds (as the consent of the Polish Financial Supervision Authority was obtained). The Bank also increased the share of funding obtained from finance sector (i.a. funding obtained from European Investment Bank) - amounts due to banks and financial institutions increased by PLN 2 billion (by 248%).

Structure of equity and liabilities as at the end of 2012 and 2013 (PLN million)

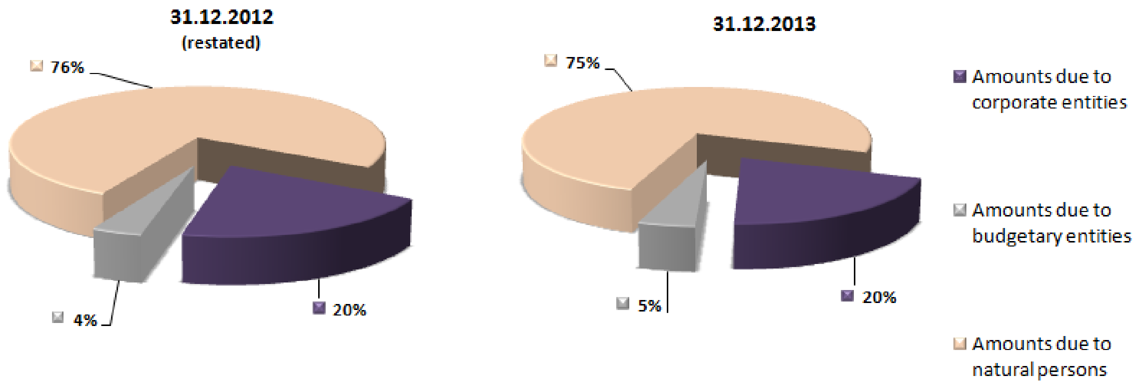


Deposit base

Customer deposits of non-financial and public entities are the main source of funding of operating activity of the Bank. In 2013 the Bank increased the value of amounts due to customers by 2% to the level of PLN 52.3 billion.

The term deposits are majority amounts due to customers (account for 83% of the Bank's deposit base) – in 2013 the decrease of term deposits balance was recorded by PLN 2.7 billion to the level of PLN 43.7 billion, while the share of current deposits in deposits balance increased (from 9% in 2012 to 17% in 2013).

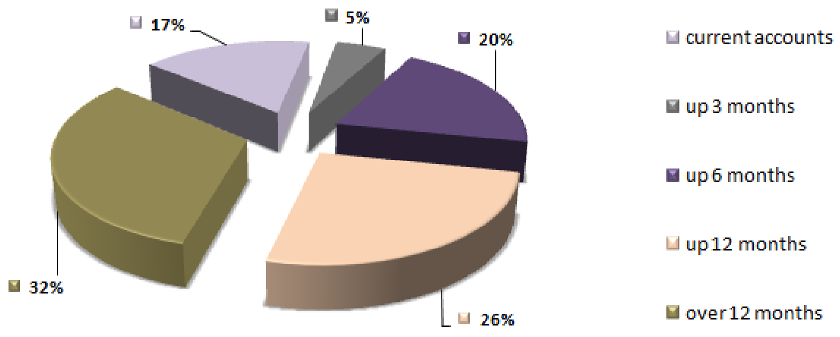
Structure of amounts due to customers as at the end of 2012 and 2013



In 2013 the average interest margin related to customer deposits amounted to 4.2% and was lower than in 2012 by 1.3 percentage points. Decrease in the cost of funds obtained, as a result of decrease in deposit interest rates due to decrease in the reference rate and increase of share of current accounts in deposits of customers.

At the end of 2013 deposits with an original maturity over 12 months share in total deposits was 32%.

Structure of customers deposits by original maturity as at 31.12.2013



4.3. Contingent liabilities

Liabilities arising from granted loans and guarantees of loans repayments amounted to PLN 2.6 billion as at 31 December 2013 (drop by almost PLN 1.1 billion in 2013)

	31.12.2012 PLN thousand	31.12.2013 PLN thousand
Contingent liabilities granted	**3,646,374**	**2,563,696**
Financial	3,373,777	2,455,488
Guarantees	272,597	108,208
Contingent liabilities received	**360,790**	**733,298**
Financial	102,205	250,000
Guarantees	258,585	483,298

In 2013 and 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.

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, Advisory 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 incurred by the entity connected with customer's failure to repay loan or its part within terms described in the loan agreement.

Credit risk management in the Bank aims at ensuring the safety of lending activities, while maintaining a reasonable approach to risk undertaken in its operations. In conducting its lending activities, the Bank follows the following rules:

- The Bank acquires and keeps in its loan portfolio loan exposures which ensure the safety of the deposits held by the Bank and its capital by generating stable earnings,
- While making credit decisions the Bank investigates the risks resulting from the given transaction giving consideration to the general credit risk attached to the given client and the industry as well as other circumstances that may have an influence on the recoverability of the debt,
- A loan or other commitments are granted if the client meets the requirements established in the Bank's internal instructions.

The process of credit risk management in Getin Noble Bank S.A. is a continuous process aiming at:

- stabilisation of risk of newly granted loans in the areas (products), which achieved a satisfactory level of risk,
- reduction of risk of newly granted loans in the areas (products) where the Bank recognises the need to reduce the risk,
- improvement of quality of the existing loan portfolio.

Structure and organization of credit risk management unit

The main participants of the system of credit risk management in the Bank are

<u>Supervisory Board</u>

The role of the Supervisory Board is to approve credit risk management strategy and credit policy, periodic assessment of realization by the Management Board of the Bank's credit strategy and policy, supervising the control function of credit risk management system and assessment of its adequacy and efficiency.

<u>Management Board</u>

The Bank's Management Board is responsible for the development, implementation and updates of credit risk strategy and procedures, periodical reporting to the Supervisory Board on the effects of realization of credit policy and on functioning of credit risk management system, maintaining communication with the supervisory authorities and reporting to these authorities as well as making available to these authorities of all required by law information on credit risk. The Management Board of the Bank is also responsible for the development of credit risk management system and for supervising the management function over credit risk in all areas of the Bank's business.

<u>Credit Committee of the Bank</u>

The Bank's Credit Committee role is to support the Bank's Management Board in fulfilling its opinion-making and advisory functions in the process of taking credit decisions and making decisions on its own as part of the rights granted by the Management Board. It is also responsible for recommending to the Bank's Management Board system solutions relating to the determination of internal limits of exposure to issuers of securities and to other banks. Credit Committee of the Bank reviews all aspects relating to credit risk of current transactions

<u>Advisory Committee of the Bank</u>

Advisory Committee of the Bank constitutes advisory body in the process of credit decision making (in accordance with credit decision making procedure currently in force in the Bank) in case of exposures below the competences of the Credit Committee of the Bank. Advisory Committee of the Bank does not have decision-making power.

Credit Risk Committee

Credit Risk Committee serves as an advisory body in the process of credit risk management in the Bank. The scope of its tasks include: to assess the level of credit risk in the Bank, including concentration risk, counterparty, product and credit risk in the subsidiaries of the Bank, to recommend the level of "risk appetite" for a calendar year and to receive reports on its implementation during the year, to evaluate the results of stress tests carried out and to recommend taking certain actions, review reports, simulations, information on credit risk and/or recovery processes

Credit Risk Division of the Bank

The Bank's organizational structure is adapted to credit risk management policy. The separated Credit Risk Division, which reports directly to the Member of Management Board, consists of three departments:

1. Department of Credit Risk Management is responsible for credit risk management at every stage of credit process in the Bank.
2. Department of Systematic Analysis of Credit Risk executes tasks related with credit risk reporting in Bank's activities. Department is also responsible for calculating impairment allowances and capital requirements on credit risk.
3. Department of Statistical Analysis executes tasks in the area of optimization of processes, which require developing statistical models, implementing scoring cards and monitoring of their effectiveness.

Credit risk units in individual business areas of the Bank

Credit risk units in individual business areas of the Bank are responsible for current monitoring of credit risk in those areas based on the adopted credit risk management strategy, credit policy, recommended business directions and current procedures.

These units are also responsible for the realization of the recommendations of the Credit Risk Division and internal audit relating to activities which mitigate credit risk.

Internal Audit Department

The role of the Internal Audit Department is to control and assess the quality of credit risk management system and to conduct periodic reviews of the credit risk management process in the Bank. The aim of the Internal Audit Department is to identify any irregularities in executing by credit risk management system participants of their roles and tasks.

Credit risk management strategies and processes

The Bank has developed formal "Credit Strategy and Policy" and "Credit Exposures Risk Management Strategy and Policy", which define policies, guidelines and recommendations relating to credit activities. These documents serve also as a basic instrument for the realization of a selected strategy towards credit.

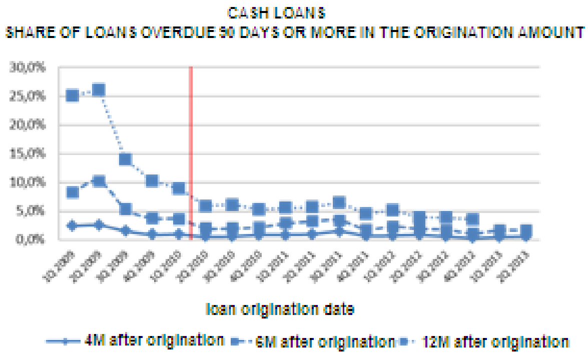
The policy towards credit risk is subject to review and adjustment taking into account, both: external regulations (PFSA resolutions) and to macroeconomic factors, which may, in the Bank's opinion, have influence on credit risk increase. The Bank since 2012 successfully and consistently introduces solutions to limit the credit risk:

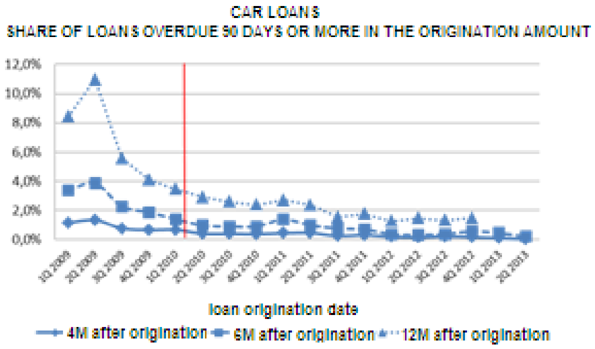
- In particular, since 2010 the Bank since continuously monitors the credit risk of lending activities and constantly modifies processes/ credit products adapting them to changing market realities.
- In 2010 and 2011 the most important actions taken by the Bank to reduce the risk were to withdraw the whole offers or banking products with high credit risk.

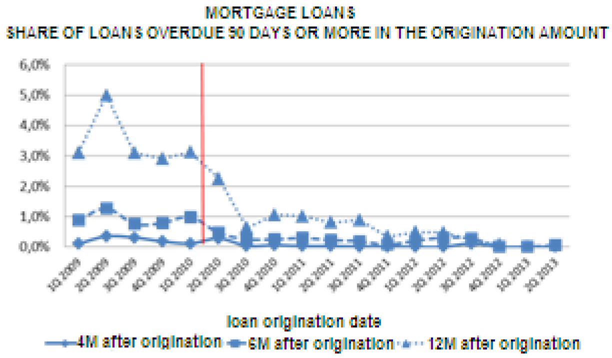
- In 2012, the Bank, on a basis of the aforementioned risk assessment, tightened its lending conditions for loans which were exposed to negative macroeconomic changes – in particular loans for corporate of construction industry as well as mortgage loans (limitations in foreign currency mortgage loans).
- In 2013, in addition to further improvement of the quality of loans through changes in products/ processes, the Bank carried out some organizational changes – created the Credit Decision Division (centralization of decision-making process) and the Credit Risk Committee, which has a significant impact on improving credit risk management process in the Bank.

The actions undertaken by the Bank have measurable impact on maintaining levels of risk within the "risk appetite" approved by the Management Board and the Supervisory Board.

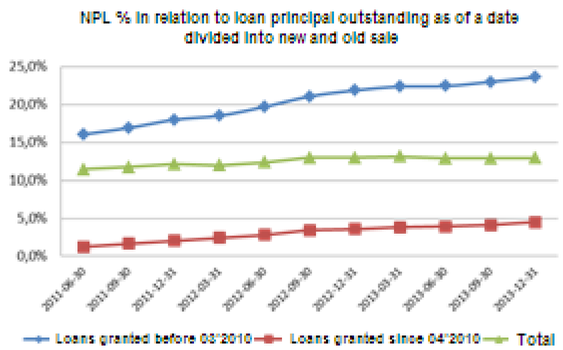
Differences in the level of repayment of major credit products in recent years are shown in the following charts – there is significantly noticeable improvement in the quality of sales in 2010 and its maintenance in subsequent years.



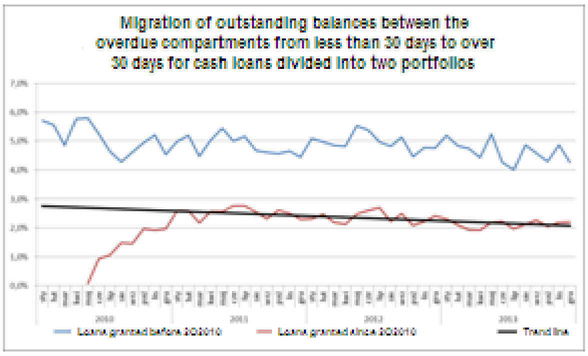


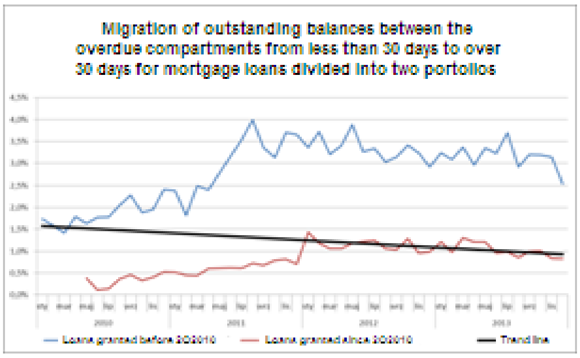


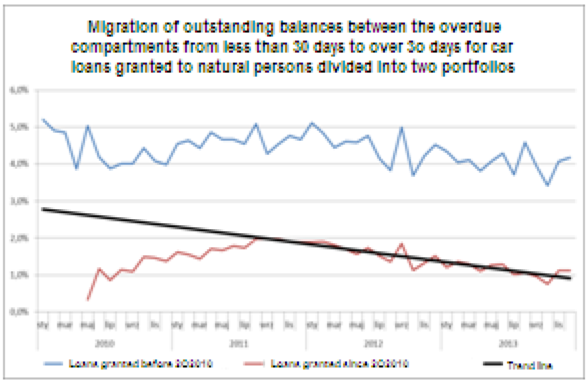
Improvement in the quality of newly generated credit portfolio is also noticeable at the level of the NPL ratio (*Non-Performing Loans*) – sales generated after the merger of the Banks has a much lower level of credit risk.

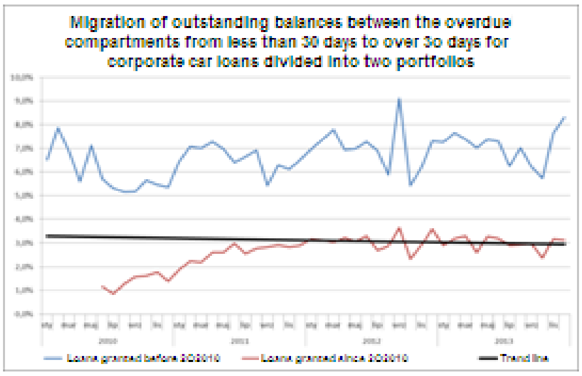


In addition, improving the quality of loans – particularly in comparison with the quality of loans granted before 2010 is clearly noticeable also in the monthly level of migration of balances overdue less than 30 days to the higher categories of delays. Results of analyzes for major Bank's products are presented in the following charts









Credit risk management in the Bank is performed on the basis of internal procedures concerning risk identification, measurement, monitoring and control. The Bank applies credit risk identification and measurement models related to its operations, expressed in specific credit risk assessment ratios, which are adopted to risk profile, scale and complexity.

The Bank conducts its lending activities in the following five areas:

- mortgage loans,
- private banking,
- financing of car purchases,
- other retail loans (cash loans, installment plan, credit cards),
- servicing small and medium-sized enterprises and local government units.

Within the above mentioned business areas, there are procedures for particular credit products. In order to ensure the objectivity of credit risk assessment, within the structure of commercial divisions, the sale process (gaining customers) has been separated from the evaluation and acceptance of customer's credit risk. Each department has a separate acceptance centre which is responsible for evaluation and acceptance of particular loan applications (since 2013 they are clustered in a separate Credit Decision Area).

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. Credit decisions which exceed the authorization limits granted to the Bank's individual employees are made by the Credit Committees, operating in the acceptance centres. 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. Credit decisions of the highest rank are made by the Bank's Management Board. Any changes to the decision making procedure must be approved by the Bank's Management Board.

Getin Noble Bank S.A. applies internal regulations which enable determination of the level and appetite for the credit risk that arises from granting a loan to the particular client (or from providing the client with other services giving rise to credit risk). Creditworthiness is evaluated, both at the stage of loan granting and monitoring, in the following manner:

- for individual persons - based on procedures relating to the assessment of client's creditworthiness (scoring is used for cash and car loans),
- for small and medium-sized enterprises – the assessment includes simplified analysis or ratio analysis.

Scoring system used by the Bank (for cash loans, car loans and installment plans) assesses credit worthiness of individual persons by analyzing both their social and demographic features and credit history. As a result, scoring system grants a scoring describing expected risk of transaction. The Bank, whilst determining the level of accepted risk (so called cut-off point in scoring), follows a rule to maximize its financial result taking into consideration 'risk appetite' approved by the Management Board of the Bank.

Credit ratings assigned to small and medium-sized enterprises are based on the score obtained in the assessment of financial standing as well as based on qualitative assessment (in which additional information on assessed entity possessed by the Bank is included – e.g. client verification in external databases, analysis of turnover in accounts, bank opinions on current debt, investment assessment or current sector situation assessment). On the basis of this assessment, entity risk category is determined (the Bank applies 6 risk categories), on the basis which the decision is made by the Bank whether to grant a loan. This approach allows for assessing client's creditworthiness based on information about timeliness of repayments and, it also enables scoring and valuation of collateral.

Scope and type of the risk reporting and measurement systems

The Bank monitors and assesses the quality of loan portfolio on the basis of an internal procedure which includes monitoring of the Bank's entire loan portfolio, both by individual units within the trading divisions and by credit risk units. The results of analyses performed by the above units are presented in periodic reports (monthly, quarterly and half-yearly). The conclusions are used for the purpose of current management of the Bank's credit risk.

The applied risk monitoring system includes individual risk monitoring (related to particular clients) and overall monitoring of the Bank's entire loan portfolio.

As part of the overall 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 collateral. 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.

As part of the overall monitoring of the loan portfolio, credit risk management units perform a number of analyses and activities, including:

- monitor the quality of the Bank's loan portfolio for particular products,
- perform periodic assessments of exposure concentration risk including:
  - industry risk, to determine maximum exposure concentration limits for particular industries,
  - exposure concentration risk to individual entity and groups of related entities, to monitor so-called large exposures,
- perform an assessment of the financial standing of banks – counterparties, determine maximum concentration limits for particular banks,
- perform an on-going monitoring of major exposures and the limits set forth for mortgage loans,
- verify the accuracy and adequacy of the loan loss provisions created by the Bank,
- perform stress tests for particular types of products,
- submit periodic management reports to the Supervisory and the Management Board.

In procedures and internal regulations of the Bank, within concentration risk management regulations, were described the limits of concentration and limits for major loan exposures. The Bank limits the concentration of exposure to individual clients and capital groups. The Management Board of the Bank established the concentration limit at more restrictive level that the one required by the Polish Financial Supervision Authority, i.e. 5% of the Bank's own funds, however the sum of all large exposures (large exposure limit) cannot be higher than 400% of the Bank's own funds. As at 31 December 2013 (except the exposure to the Government and the Central Bank) only exposure to the group of entities related to the Bank by the parent exceeds 10% of the Bank's own funds.

Risk management on currency and currency indexed loans

Getin Noble Bank S.A. systematically analyzes the effect of changes in foreign exchange rates and interest rates on credit risk incurred in the area of car, mortgage and retail loans. The impact of the currency risk on the quality of foreign currency and indexed loans is analyzed, and for mortgage backed loan portfolio the Bank analyzes also the impact of foreign exchange rates on the value of collaterals. Twice a year (under the S Recommendation an action on an annual basis is required), the Bank carries out stress tests concerning the effect of exchange rate risk of borrower on credit risk incurred by the Bank.

These tests are conducted on the assumption that the value of Polish zloty will decrease by 50% compared to other currencies, both for car and mortgage loans (the requirement of the Recommendation is 30%) and under the assumption that the decrease in the exchange rate will continue for the period of 12 months.

Currently, the Bank treats foreign currency mortgages as a niche product – the sale of such loans is limited.

The Bank analyzes the effect of changes in interest rates on credit risk incurred by the Bank. Stress tests concerning the effect of fluctuations in interest rates on the quality of credit risk portfolio are conducted on the assumption that interest rates will increase by 50% for car loans and retail loans and by 500 basis points for mortgage loans (the S Recommendation requires the increase of 400 b.p.) and under the assumption that the increase in interest rate will continue for the period of 12 months.

The Bank also analyzes the influence of changes of unemployment rate on credit risk in the above mentioned portfolios.

Principles for using collateral and policies of risk reduction

In order to limit credit risk, the Bank accepts various legally acceptable collateral types, which are selected appropriately to product type and business area. Detailed procedures for collateral selection and establishment have been described in internal regulations and product procedures for individual trading areas. The adopted legal collateral should ensure that the Bank will satisfy itself in case of the borrower's default. In selecting loan collateral, the Bank considers the type and amount of loan, loan term, legal status and financial standing of borrower as well as risk of the Bank and other risks. The Bank prefers collateral in the forms that guarantee fast and full recovery of debt under recovery proceedings. Below are presented typical collaterals required by the Bank:

For mortgage loans the main collateral constitutes mortgage established on property with priority of satisfaction, as well as assignment of rights from the insurance policy in the case of fire or other accidental losses, property value decrease insurance policy, loss of job insurance policy and company bankruptcy insurance policy and insurance policy of low own contribution.

During car loans granting process the Bank requires registered pledge on the vehicle, partial or total assignment of vehicle property right as well as personal collaterals (blank promissory note, guarantee of a third party in the form of own promissory note or civil warranty) and insurance policies (i.e. death insurance policy or insurance policy against total disability of the borrower and assignment of rights from the insurance policy or indicating the bank as the beneficiary of the policy).

Collaterals for consumer loans are: property value decrease insurance policy, loss of job insurance policy and company bankruptcy insurance policy and personal collaterals (e.g. guarantee of a third party in the form of own promissory note or civil warranty). Collateral for the repayment of installment plan is the transfer of title to the credited goods.

Collaterals such as: mortgage established on the property with priority of satisfaction, registered pledge (on the property of the enterprise or total assignment of the enterprise property right of the borrower or registered pledge on the personal property of the borrower or the company's management) or cash deposit or pledge on funds on the trust account are one of corporate loans collaterals. Last but not least personal collaterals are important (blank promissory note or civil surety ship, guarantee of a third party in the form of own promissory note or civil warranty) and assignment of receivables.

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.

Currency risk

Currency risk is regarded as negative impact of foreign exchange rates change on financial results.
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

Current management of currency risk is within the competence of the Treasury Department, which monitors the level of open currency position resulting from the Bank's activities related in particular to service of the Bank's customers, and deals in cash in the interbank market thus limiting the Bank's exposure to currency risk, as well as in derivatives within the granted limits. In order to hedge the currency risk, the Bank applies the cash flow hedge accounting and hedges against changes in cash flows for mortgage loan portfolio denominated in CHF and EUR with separated portfolio explicitly determined CIRS float-to-fixed CHF/PLN and EUR/PLN hedging transactions and cash flow hedge of PLN deposits portfolio with separated from real CIRS transactions explicitly determined portfolio of IRS fixed-to-float hedging transactions

Supervision of compliance with limits and prudential norms is performed by the Assets and Liabilities Committee of the Bank.

The calculation of the Bank's exposure to currency risk and the calculation of the capital requirement to cover the risk is performed on a daily basis and reported to the Management Board and the Management of the Bank in the context of management information.

The Bank has adopted the so called basic method of calculating capital requirements relating to currency risk exposure. The capital requirement related to currency risk is calculated as 8% of total currency position in absolute terms. The analysis of the Bank's exposure to currency risk is made by:

- analysis of foreign exchange position in relation to own funds,
- measurement of the Value of Risk (VaR),
- stress tests.

Sensitivity analysis for currency risk

Getin Noble Bank S.A. prepares on a daily basis sensitivity analysis for the currency risk

PLN thousand	31.12.2012 VAR (1D, 99,9%)	31.12.2013 VAR (1D, 99,9%)
Currency risk	200	156

VaR consists of test, with 99.9% probability, of maximal amount of loss on foreign exchange position, which the Bank may incur in one day, assuming normal market conditions. The volatility used in the model is calculated using the exponentially weighted moving average (EWMA) of daily relative changes in exchange rates during the last 251 working days. Time series of the same length was used to determine the correlation matrix between the exchange rates.

In 2013 the average share of total currency position (sum of long positions or net short positions in individual currencies – depending on which of these sums is higher) in the regulatory own funds of the Bank amounted to 0.1% of the funds, while the maximum share in 2013 amounted to 0.71% of the funds

In 2012 the average share of total currency position amounted to 0.17% of the funds, while the maximum share amounted to 1.26% of the funds.

During the reporting period, the currency risk was on the level which did not require to maintain capital for its coverage.

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

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

Exposure (PLN thousand)	31.12.2012 (restated)		31.12.2013	
	amount	% of own funds	amount	% of own funds
USD	-2,921	0.06%	-309	0.01%
EUR	-637	0.01%	3,568	0.06%
CHF	19,287	0.38%	7,501	0.13%
Overall*	21,438	0.42%	12,624	0.22%

* 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

Interest rate risk is defined as the risk of a decline in the expected interest income due to changes in market interest rates as well as risk of change in values of opened balance sheet and off-balance sheet positions sensitive to market interest rates changes. The Bank conducts activities aiming to decrease the influence of the unfavourable changes on financial result. The interest rate risk is managed by the Management Board of the Bank, which receives and analyzes reports concerning this risk on a monthly basis.

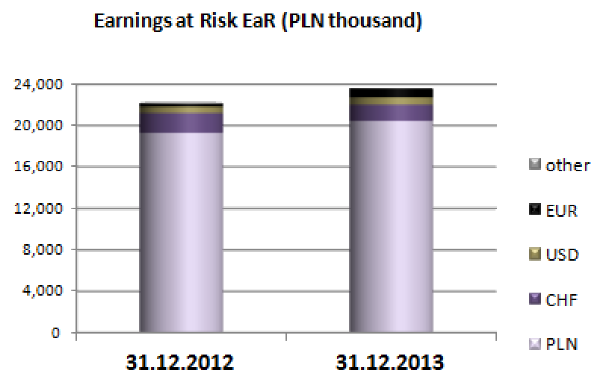
Interest rate risk management consists in minimizing the risk of negative impact of changes in market interest rates on the Bank's financial standing by

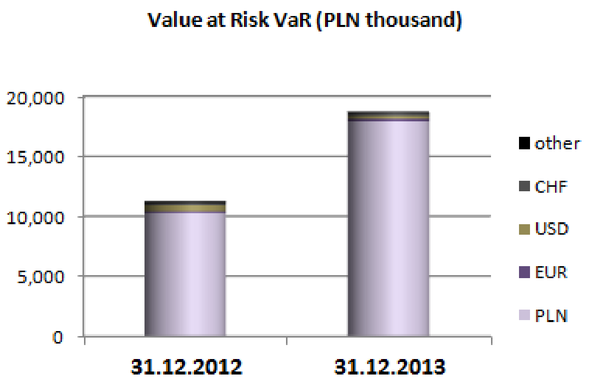
- establishing and ensuring compliance with the limits set for acceptable interest rate risk,
- conducting periodic analyses examining the level of interest rate risk and the sensitivity of the profit and loss account to changes in interest rates.

Monitoring of interest rate risk is conducted, among others, by:

- analyzing the breakdowns of assets and liabilities and off-balance sheet items sensitive to changes in interest rates by currency and repricing dates,
- analyzing the basis risk, profitability curve risk and customer option risk,
- testing sensitivity of the financial result to interest rate (the EaR method),
- analyzing the Value at Risk of the Bank's portfolio related to market valuation (VaR),
- 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,
- analysis of the level and influence on the Bank interest margin.

To reduce the exposure to interest rate risk, in 2013 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 2013 the Bank settled its liabilities on time.

Medium- and long-term liquidity risk management belongs tothe 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:

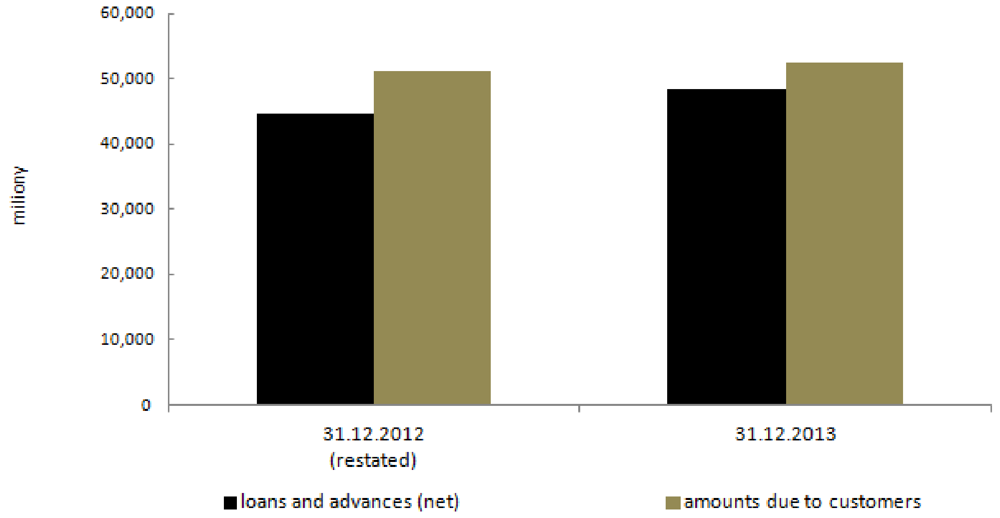
- supervisory liquidity norms,
- liquidity gap method, i.e. an analysis of the mismatch between the maturities of assets and liabilities, which covers all balance sheet items by maturity, under contractual and real-terms scenarios,
- analysis of sensitivity to increased funds outflows.

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 amounts due to customers 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. In 2013 the Bank continued issues of long-term debt securities, which were an additional source of finance for lending activity of the Bank. The bank obtained funds on international market.

Loans to deposits ratio

ratio (%)	31.12.2012 (restated)	31.12.2013	Change
loans and advances (net) / amounts due to customers	87.2%	92.5%	+5.3 pp.



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.

Supervisory liquidity measures

In accordance with the supervisory requirements Getin Noble Bank calculates supervisory liquidity measures on a daily basis, which in 2013 were above the minimum set by the Polish Financial Supervision Authority. In 2013 the Bank conducted policy of maintaining liquid assets at the optimum level in terms of liquidity indicators and profitability of the Bank.

Value	31.12.2012	31.12.2013
Short-term liquidity gap (in PLN million) M1	5,715	3,813
Short-term liquidity factor M2	1.83	1.38
Ratio of coverage of non-liquidity assets with own funds M3	3.41	3.39
Coverage ratio of non- liquid assets and limited liquidity assets with own funds and stable external funds M4	1.18	1.18

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, Bank's Management Board and Supervisory Board.

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 maintaining capital adequacy above 12% - at the end of 2013 the capital adequacy ratio amounted to 12.4%, increasing by 0.6 percentage point in one year (compared to the data restated as at 31 December 2012).

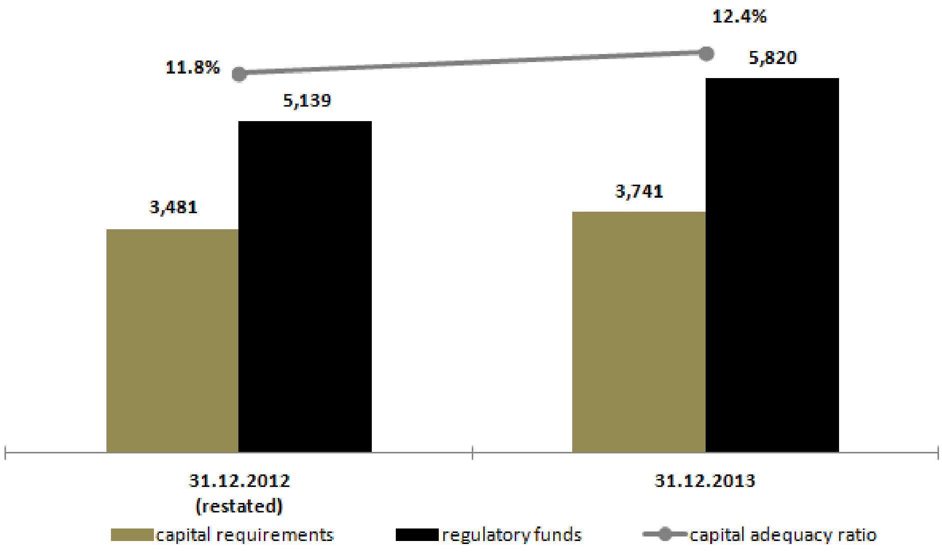
The increase mainly results from:

- allocation of profit for 2012 as increase of reserve capital of the Bank
- recognition audited net profit for the period of 6 months 2013 of PLN 172.8 million as own funds
- recognition of PLN 0.6 billion of debt securities issued as the supplementary funds

Total capital requirements rose by PLN 0.3 billion, mainly due to increase in lending balance 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 67.9%). The Bank's internal capital, determined using the internal capital estimation procedure, remains on an 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, reputation risk).

Capital adequacy at the end of 2012 and 2013 (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,
- ensure a stable and secure in terms of liquidity, development of the Bank
- controlling the level of risk inherent in the Bank's business (including credit risk),
- improving the image of the Bank and the quality of customer service

In 2014 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,
- maintaining the "entrepreneurial character" of managing the organization, as a key driver of competitive advantage,
- good quality of the loan portfolio,
- taking action to maintain a safe structure of assets and liabilities - in particular in cross-currency and 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 and launch of a virtual branch (Getin Point), 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, market interest rates 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 2013 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 (http://www.corp-gov.gpw.pl/publications.asp).

In 2013 Getin Noble 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

„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 2013 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 exercise the voting right during a General Meeting either in person or through a plenipotentiary, outside the venue of the General Meeting, using electronic communication means."

The Bank's Management Board withdrew from application of this rule in respect of exercising the voting right outside the venue of the General Meeting, using electronic communication means because of economic reasons and legal risk. The costs of technical servicing of the real-time communication with shareholders or their plenipotentiaries in the Bank's opinion are disproportionate to the potential benefits. Moreover, difficulties due to correct identification of the shareholder or the plenipotentiary increase the risk of irregularities.

II. BEST PRACTICE FOR MANAGEMENT BOARDS OF LISTED COMPANIES:

„1 A company should operate a corporate website and publish on it, in addition to information required by legal regulations: 9a) a record of the General Meeting in audio or video format"

The Bank withdrew from application of this rule because of economic reasons. In the Bank's Management Board opinion the costs of technical servicing of registration of the General Meeting, are not reasonable because of the current shareholders structure of the Bank and might be disproportionate to the potential benefits. Moreover, according to the Bank's Management Board being not compliant with this recommendation does not pose any risk, as the Company discloses to the public in the form of current reports and publishes on its website all the legally required information and documents – enabling investors and analysts to acquaint with the subjects discussed during the General Meeting

IV. BEST PRACTICES OF SHAREHOLDERS:

„10. 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,"

The Bank's Management Board withdrew from application of this rule because of economic reasons and due to the increased risk of irregularities in the conduct of General Meetings (including relating to the identification of shareholders or the selection of the most appropriate mean of bilateral remote communication).

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.

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:

	Number of shares	Number of votes at AGM	% share in share capital	% share in votes at AGM
LC Corp B. V.	1,011,728,750	1,011,728,750	38.18%	38.18%
dr Leszek Czarnecki (directly)	264,626,609	264,626,609	9.99%	9.99%
Getin Holding S.A.	200,314,774	200,314,774	7.56%	7.56%
ING Otwarty Fundusz Emerytalny	192,352,805	192,352,805	7.26%	7.26%
Other shareholders	981,120,381	981,120,381	37.01%	37.01%
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 des 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 at the date of these Director's Report, the composition of the Bank's Supervisory Board was as follows:

Function in the Supervisory Board	
President of the Supervisory Board	dr Leszek Czarnecki
Vice- President of the Supervisory Board	Rafał Juszczak
Members of the Supervisory Board	Remigiusz Baliński
	Michał Kowalczewski
	Jacek Lisik

In the 2013 and until the date of approval of these Directors' report there were no changes in the composition of the Supervisory Board of Getin Noble Bank S.A.

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 Management Board 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 ordinary 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.

As at the date of these Director's Report, the composition of the Bank's Management Board was as follows:

Function in the Management Board	
President of the Management Board	Krzysztof Rosiński
Members of the Management Board	Marcin Dec
	Karol Karolkiewicz
	Krzysztof Spyra
	Radosław Stefurak
	Maciej Szczechura
	Grzegorz Tracz

During the 12-month period ended 31 December 2013 and until the date of approval of these Directors' Report the following changes occurred in the composition of the Bank's Management Board:

On 29 January 2013 the Polish Financial Supervision Authority approved the appointment of Mr. Krzysztof Rosiński to the President of the Management Board of the Bank.

On 7 November 2013 the Supervisory Board of Getin Noble Bank S.A. appointed Mr. Marcin Dec as a Member of the Bank's Management Board with effect from 1 January 2014. On 6 December 2013 Mr. Maurycy Kühn resigned from the position of a Member of the Bank's Management Board with effect from 9 December 2013

In the 12-month period ended 31 December 2013 and until the date of approval of these report there were no other changes in the composition of the Bank's Management Board and Supervisory 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 and 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, capital 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 the 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.

- Credit Risk Committee

  Credit Risk Committee serves as an advisory body in the process of credit risk management in the Bank. The aim of its activities is to recommend scope of activities regarding credit risk related tasks as well as initiating activities of credit risk management in respect of units of the Bank responsible for credit risk management.

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 2013.

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, Karol Karolkiewicz and Marcin Dec, 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 Bank or dismissal of Manager from the function in the Bank'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 and Mr. Marcin Dec 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 Bank, with the exception of situation when the change of the parent entity relates to entity in relation to which the shareholder of the Bank - 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 of 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 date of approval of this report 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	264,626,609
Rafał Juszczak	Vice - President of the Supervisory Board	-
Remigiusz Baliński	Member of the Supervisory Board	521,530
Michał Kowalczewski	Member of the Supervisory Board	-
Jacek Lisik	Member of the Supervisory Board	-
Krzysztof Rosiński	President of the Management Board	2,954,739
Marcin Dec	Member of the Management Board	13,762
Karol Karolkiewicz	Member of the Management Board	76,737
Krzysztof Spyra [2)]	Member of the Management Board	-
Radosław Stefurak	Member of the Management Board	126,315
Maciej Szczechura	Member of the Management Board	22,936
Grzegorz Tracz	Member of the Management Board	192,691

1) To the best knowledge of Mr. Leszka Czarneckiego, President of the Supervisory Board, his subordinate entities own the following shares of the Bank: LC Corp B.V. 1,011,728,750 shares, Getin Holding S.A. 200,314,774 shares, Fundacja Jolanty i Leszka Czarneckich 3,519,273 shares, RB Investcom Sp. z o.o. 101,850 shares, Idea Expert S.A. 7,799 shares.

2) To the best knowledge of Mr. Krzysztofa Spyry, 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 8,846,634 shares, KKBBK Investments Ltd. with its registered office in the Republic of Malta 11,911,427 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. System of internal control is adopted to the organizational structure of the Bank, and involve Bank units and branches as well as subsidiaries.

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 identificate 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. Moreover the Management Board of the Bank take actions to ensure continuation of monitoring of efficiency of internal control mechanisms and identifies areas of business, transactions, activities and other issues for constant monitoring.

Auditor of the financial statements

On 28 June 2012 the Supervisory Board of the Bank made the resolution on the appointment of Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k. with its registered office in Warsaw as the statutory auditor of the financial statements of the Bank for 2013. 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 2013 was signed on 11 July 2013. The Bank used the services of Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k. for the audit of financial statements for previous financial year.

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 2013.

8. Corporate social responsibility

Getin Noble Bank S.A. develops its corporate social responsibility activities (CSR). The Bank adopted internal Code of Conduct, which defines rules of ethical relationship between employees, employees and customers, as well as conducting of business by the Bank. In accordance with new business strategy – Getin Up, Code of conduct is to improve business oriented to customer and apply good practises as well as achieving by Getin Noble Bank high position in terms of ethical standards, honesty, responsibility and trustworthiness.

In 2013 the Bank continued its activities to promote the wider social awareness among its employees to support needy and local communities as part of the employee volunteering project called 'Zgrana Ekipa', among others, in the context of the cooperation with the Volunteer Center of Warsaw. The Bank continued also grant program, to support initiatives of employees. Volunteers i.a. renovated facilities of Fundacja Edukacja dla Demokracji (*Education for Democracy Foundation*) and Centrum Praw Kobiet (*Center for Women's Rights*), conducted events for clients of Centrum Praw Kobiet and carried second edition of donations for local animal shelters. Employees of Getin Noble Bank S.A. performed series of trainings for Fundacja Edukacja dla Demokracji (*Education for Democracy Foundation*) and Centrum Praw Kobiet (*Center for Women's Rights*), under Competence Volunteering project. Employees of Getin Noble Bank S.A. conducted 7 trainings concerning time management, internal communication in team, personal finance, assertiveness, self-presentation and interview, since December 2013

The Bank succeeded in organisation of the event 'Bieg Fair Play' for the first time. Both employees and their friends were invited to participate. It was a charity event – for every person of full age, who competed the run of 5 km in no more than 50 minutes, the Management Board of Getin Noble Bank S.A. donated PLN 15 to support the rehabilitation of employee of the Bank, who underwent surgical removal of tumour of spinal cord. In three stages of the event PLN 21.5 thousand of funds were collected. In three races organised in Warsaw, Wroclaw and Katowice participated over one and a half thousand of people. Bieg Fair Play is first charity event on such a large scale, organised by Getin Noble Bank S.A. After its success, Bieg Fair Play will be continued in CSR of the Bank.

Getin Noble Bank actively supports charitable organisations that help children most in need. Our strategy of social activities focuses on improving the quality of life for disadvantaged children or children living in impoverished families.

9. Additional information

Significant agreements

On 24 May 2013 Getin Noble Bank S.A. signed with DnB Nord Polska S.A. a disposing agreement under which the Issuer acquired from the DnB an organized part of a bank business of DnB Nord Polska S.A. including among others branches together with employees and banking operations conducted in those branches. The agreement was finally settled on 31 May 2013, after fulfilment of all suspensive conditions, in particular obtaining the consent of the administrative authorities, positive individual interpretation of provisions on tax law, consent of the proprietors of the Company's branches premises to change the tenant as well as individual customer consents to change the bank. According to the final value of the settlement, the Issuer made payment to the Company in the amount of PLN 10.6 million. As at 31 May 2013 the total gross value of loans and advances to customers acquired in an organized part of bank business of the Company amounted to PLN 831.5 million. Whereas the deposits acquired in an organized part of bank business of the Company amounted to PLN 2,222.6 million.

After fulfilment of all suspensive conditions resulting from agreement to acquire 104,000 shares of Dexia Kommunalkredit Bank Polska S.A. („DKBP") with its registered office in Warsaw dated on 7 November 2012 between Getin Noble Bank S.A. and Dexia Kommunalkredit Bank AG with its registered office in Vienn, with the total nominal value of PLN 104,000,000, which is 100% of the share capital, on 28 March 2013 there was a passage of legal title of DKBP shares to Getin Noble Bank S.A. With the consent of Dexia AG, Getin Holding S.A. joined as a joint and several debtor for liabilities arising from the payment for the DKBP shares directly to the account of Dexia AG. In order to release from the debt, Getin Noble Bank S.A. transferred pursuant to art. 453 of the Civil Code, 3,590,182 shares of Open Finance S.A. to Getin Holding S.A.

On 12 June 2013 Getin Noble Bank S.A. was informed that all signed documents enabling to complete the financing agreement concluded between the Issuer and Banc of America Securities Limited with its registered office in London dated 6 June 2013 within ISDA Agreement, were collected. The subject of the agreement is loan in the amount of EUR 125 million granted to the Issuer for the period of three years with the final credit repayment date set as at 11 June 2016. The financial terms of the agreement do not differ from terms and conditions generally applied in this type of agreements. The interest includes reference rate: EURIOR 3M plus margin. The Issuer (pledger) concluded with the Company (pledgee) finance pledge agreement in order to secure the repayment of funds transferred within the agreement plus interest, commission and other cost stipulated in the agreement. Limited proprietary right was established on 5-year-Polish treasury bonds of the Issuer (with maturity date in October 2016 and April 2017 respectively) of the value of EUR 167 million.

On 10 May 2013, 17 June 2013 and 20 September 2013 Getin Noble Bank S.A. entered into agreements with European Investment Bank with its registered office in Luxembourg ('EIB'), under which EIB granted loans of total value of EUR 225 million. Agreement, together with two other loan agreements concluded with the entity in the past 12 months, fulfil the criteria of a significant agreement. Withdrawal of funds under the agreements is allowed in tranche, in four different currencies: EUR, PLN, GBP or USD. The interest rate is to be calculated under fixed or variable rate based on the reference rate for the particular currency, plus a margin. Collateral for received loans is pledge on bonds on account on National Depository for Securities ('KDPW'), in order to secure the repayment of funds transferred within the agreement plus interest, commission and other cost stipulated in the agreement:

- On 26 August 2013 due to the payment of PLN 421 million (equivalent of EUR 100 million) tranche resulting from loan agreement dated 17 June 2013 - limited propriety right was established on 465 thousand units of 3-year-Polish treasury bonds (with maturity date in April 2016) at nominal value PLN 1 thousand each and book value of PLN 492 million, which are owned by the Issuer.
- On 21 November 2013 due to the payment of EUR 10 million and PLN 377 million (equivalent of EUR 90 million) tranche set on 29 November 2013 resulting from the loan agreement dated 20 September 2013 - limited propriety right was established on 446,450 units of 11-year-Polish treasury bonds (with maturity date in January 2021) at nominal value PLN 1 thousand each and 125 thousand units of 11-year-Polish treasury bonds (with maturity date in January 2018) at nominal value PLN 1 thousand each, which are owned by the Issuer. The book value of above mentioned bonds as at the date of establishing limited propriety is PLN 566 million.

Changes in the basic principles of managing the company

In 2013 there were no significant changes with respect to the methods of managing the Bank.

Bank's co-operation with international public institutions

In 2013 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.

Getin Noble Bank S.A. obtained from European Investment Bank EUR 200 million loan to support the activity in business line of small and medium-sized enterprises and to strengthen market position of its subsidiary – Getin Leasing, and EUR 25 million to finance the Local Government Units. Due to the acquisition of 100% of shares of Dexia Kommunalkredit Bank Polska, the Bank has become a beneficiary of two loans of total value of EUR 125 million granted by EIB.

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

In reporting period Getin Noble Bank did not conclude any significant agreements with the Central Bank. The Bank co-operates on a regular basis with the National Bank of Poland under already signed agreements.

Explanation of differences between actual financial results and previously published forecasts

Getin Noble Bank S.A. did not publish forecasts for 2013 financial results.

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

In 2013, Getin Noble Bank SA conducted a further issue of bonds, including subordinated bonds issued under the Public Bond Issue Programme approved by the Supervisory Board on 26 March 2013. The purpose of the issue of bonds is to raise Bank's own capital and ensure further expansion of its activities. In 12-month period of 2013 the Polish Financial Supervision Authority approved the inclusion in the supplementary funds of Getin Noble Bank S.A. the amount of PLN 611.6 million acquired by the Bank through the issue of PP2-V, PP2-VII - P2-IX and PP3-I - PP3-VII bonds series.

In 2013 funds obtained from debt securities issues were used to finance current business of the Bank.

Execution titles and value of collaterals

In 2013 there were 43,183 execution titles issued of the total value of PLN 2,207.5 million. 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 933,716 thousand as at the end of 2013.

Significant legal proceedings

In 2013 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 2013.

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 2013 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 2013, including a description of the key threats and risks.

10.2. Appointment of the auditor of the financial statements

Deloitte Polska Sółka z ograniczoną odpowiedzialnością Sp. k. (former 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 2013 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

Marcin Dec
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 2014