



GETIN NOBLE

BANK • SPÓŁKA AKCYJNA

**DIRECTORS' REPORT
OF THE GETIN NOBLE BANK S.A. CAPITAL GROUP
FOR THE 12-MONTH PERIOD ENDED
31 DECEMBER 2010**

Warsaw, 24 February 2011

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1. Activities of the Bank and of the Group companies in 2010

1.1. Significant factors affecting the Group's results

Year 2010 was the first year of the activities of Getin Noble Bank S.A., which emerged as a result of the merger of Noble Bank S.A. with Getin Bank S.A. Successful merger resulted in the creation of one of the biggest Polish commercial banks with the majority of Polish capital, which over a period of several years was transformed from a local bank into one of the most important players in retail banking and the most recognizable bank serving affluent clients.

Getin Noble Bank S.A. offers financial products in the area of lending, saving and investing, as well as a wide spectrum of additional financial services for individual clients and enterprises. The Bank's branches operate in the form of separate Noble Bank outlets which specialize in private banking and Getin Bank outlets which specialize in retail banking.

The Bank's product offer is supplemented by the products and services of the Getin Noble Bank Group companies, such as financial intermediary services, brokerage services, concierge services, investment fund units, investment fund certificates, insurance, lease and factoring products.

In 2010, the Getin Noble Bank Group recorded a 29% increase in its total assets, up to PLN 42.8 billion, and net profit attributable to equity holders of the parent of PLN 450 million (an increase of 46% compared with 2009).

Internal conditions

The main factors affecting the Group's results for 2010 included the following:

- development of lending assets – the value of loans sold in 2010 reached the level of PLN 11 billion, which means a 19% increase compared with 2009 sales; net interest income increased in 2010 by 34% up to PLN 1.1 billion, mainly as a result of an increase of interest income;
- reduction of costs of acquiring client deposits with a simultaneous 31% increase in the volume of client deposits – interest expense of PLN 1.8 billion incurred by the Group in 2010 was similar to that incurred in the previous year (a decrease of 0.7%),
- active sales of investment and insurance products, mainly in cooperation with the entities of the Getin Holding S.A. Group – in 2010, the Group achieved commission income from intermediary services of PLN 732 million,
- effective costs management in the Group – the C/I ratio of 32.5% is 3.6 percentage points lower than that for 2009,
- income earned from the sale of the block of 1,570 thousand ordinary bearer shares representing 19.94% of the share capital of Towarzystwo Ubezpieczeń Europa S.A. through the Warsaw Stock Exchange. As a result, the net profit increased by PLN 79.6 million,
- release of the deferred tax liability of PLN 88.6 million by Getin Noble Bank due to transition to the accounting method regarding exchange differences for tax purposes,
- an increase of impairment losses on loans and other receivables of PLN 1.1 billion. This was mainly due to the realization of credit risk taken by the banks in previous years as well as the increase of the level of lending assets in 2011.

At the end of 2010, the Getin Noble Bank Group's capital adequacy ratio amounted to 9.9%. The amount of the capital adequacy ratio was affected by the level of the CHF/PLN exchange rate. Currently Getin Noble Bank has no CHF loans in its offer; however, a significant portion of its loan portfolio is comprised of CHF indexed loans, which were granted in previous years (prior to 2009). As at 31 December 2010, the share of CHF loans in the gross balance of loans amounted to 43% (a decrease from 53% at the end of 2009). The depreciation of the Polish zloty against CHF which took place at the end of 2010 resulted in the increase of the carrying amount of loan receivables and of the related capital requirement.

External conditions

Macroeconomic situation

According to the data published by the Main Statistical Office, year 2010 saw a revival in Polish economy which was reflected, among others, in the following:

- increase of the Gross Domestic Product by 3.8%,
- increase in retail sales by 12% and increase in industrial production by 11.5% compared with 2009,
- stable situation on the labor market – average employment in the business sector was slightly higher than in 2009, while the official unemployment rate in December 2010 was 12.3% compared with 12.1% in December 2009,
- increase in average gross salary by 9%.

It must be noted, however, that despite the revival, the economy is still under the pressure of the external environment, including in particular uncertainty around the developments in the situation of Poland's main trading partners as well as the significant fluctuation of attitudes on financial markets. The continued increase of the public finance deficit and the risk of exceeding of the so-called prudence thresholds may represent another great challenge.

Financial market

The situation on the financial market was characterized by an increased changeability due to movements in investors' attitudes, shaped by the incoming information on the perspectives for the development of global economy as well as individual regions and countries. Investors' optimism in the 1st quarter of 2010 led to the continuation of the rises on the stock exchange markets which began in spring 2009 and an inflow of capital to emerging markets, which, among others, resulted in the appreciation of local currencies. Starting from May 2010, due to the accumulating financial problems of Greece and concerns about the condition of other Southern European members of the euro zone, the attitudes rapidly deteriorated and aversion to risk grew again. This resulted in the disposal of some risky assets by the investors, the decline of prices on the stock and commodity exchange markets, as well as the sell-out of local currencies. The activities undertaken thereafter by the EU countries and ECB (including the setting up of the European Stabilization Mechanism) resulted in the stabilization of the situation on the financial market in the second half of 2010.

On the domestic market, attention should be drawn to the following factors:

- Central Bank interest rates left unchanged by the Monetary Policy Council,
- decrease of interest rates on the interbank market (the average WIBOR 3M rate dropped from 4.1% in December 2009 to 3.9% in December 2010) and of the yield on treasury securities (the average yield on 52-week treasury bills on the secondary market dropped from 4.2% to 4.1%, and of 10-year bonds from 6.2% to 5.8%),
- depreciation of Polish zloty due to investors' concerns about the fiscal condition of some members of the euro zone. In consequence, while the beginning of 2010 saw the strengthening of the Polish currency, the 4th quarter of 2010 witnessed its depreciation. This mainly concerned the relation to CHF and USD, while the value of EUR was subject to smaller fluctuations (1 EUR was equal to PLN 4.1018 at the 2009 year-end and PLN 3.9603 at the 2010 year-end; 1 CHF was equal to PLN 2.7661 and PLN 3.1639 respectively, and 1 USD was equal to PLN 2.8503 and PLN 2.9641 respectively),
- continuation of rises on the stock exchange market which began in spring 2009.

It should also be noted that, despite the growing deficit of the public finance sector, both the situation in the treasury securities market and the CDS rates for Polish bonds indicate continued investors' confidence towards Poland.

1.2. Significant events

The most significant events and achievements in 2010 affecting the Group's activities:

- On 4 January 2010, Getin Noble Bank S.A. was created in consequence of the merger of Getin Bank S.A. with Noble Bank S.A. As a result of the successful merger, the Bank became one of the ten largest banks in Poland. The strategic goal of Getin Noble Bank is to ensure its further dynamic development and become one of the top five banks in Poland – as a fully universal bank.

- The repayment, in the 1st quarter of 2010, of the loan of PLN 447 million granted in 2005 by the Banking Guarantee Fund to Getin Bank S.A. as part of the acquisition and restructuring of Bank Przemysłowy in Łódź.
- Acquisition in June 2010 of 100% of shares in GMAC Bank Polska S.A (transformed into Idea Bank S.A.).
- Sale, in September 2010, of 1,570 thousand ordinary bearer shares representing 19.94% of the share capital of Towarzystwo Ubezpieczeń Europa S.A. through the Warsaw Stock Exchange. As a result of this transaction, the Group recognized gain on the disposal of shares of PLN 79.6 million in the statement of income.
- Increase of Getin Noble Bank' share in the market of deposit and lending services – the Bank increased its share in the market of deposits from individual clients up to 7% and in the market of loans to individual clients up to 7.4%.
- Maintaining the leading position on the market of car loans and the number 2 position on the market of mortgage loans.
- Setting up an internal debt collection function.
- Launching the Internet branch for customers using the GetinOnline.pl services.
- The net profit earned by the Group in 2010 was almost PLN 147 million higher than the one earned in 2009 (an increase of 47%). The net profit attributable to the equity holders of the parent rose by PLN 141 million i.e. by 46%.
- As a result of the implementation of amendments to the Energy Law, Noble Securities S.A. expanded the scope of its services and, as of 10 August 2010, became an active participant in the energy market, with a physical delivery of power. The Company became a member of the Polish Power Exchange on the Day-Ahead Market (trading within the 24 hours preceding power delivery), the Commodity Derivatives Market as well as the Electricity Auctions market.
- In November 2010 Noble Funds TFI obtained consent from the Financial Supervisory Commission for the setting up of the Noble Fund Opportunity Closed-end Investment Fund, designed to invest in small and medium-sized enterprises. The fund focuses its investment policy on companies with the greatest potential for long-term growth.

Awards and distinctions:

- Getin Noble Bank S.A. was ranked 7th in the "Stock Exchange Company of the Year 2010" competition organized by the "*Puls Biznesu*" magazine and Pentor Research Institute (moving upwards by 5 positions). Experts appreciated the very good prospects for the company's further growth and its dynamic development. In the same research, Getin Noble Bank S.A. was ranked the 4th best Warsaw Stock Exchange company by the stock exchange brokers.
- In the same competition in the previous year, Getin Noble Bank S.A. was named "The Success of the Year 2009". Experts appreciated the efforts taken to set up the Bank as a result of the merger of Getin Bank and Noble Bank.
- Getin Noble Bank S.A. was ranked 6th on the list of "banking institutions by net profit" compiled by *Gazeta Bankowa* and Verdict business advisory portal. The Bank was granted an additional distinction by *Gazeta Bankowa* for the most dynamic operations in the category of "Big banks".
- The Noble Bank brand was named the Superbrand 2010. This prestigious title is granted to the strongest brands on the market, which have gained a significant competitive advantage owing to their good reputation.
- Noble Securities S.A. received another "Platinum Megawatt" award from the Polish Power Exchange for the greatest activity on the Property Rights Market in the area of Renewable Sources of Energy in 2010. Furthermore, it received the "Broker of the Year" award for the highest amount of orders realized on the Property Rights Market in 2010.

Assessment of financial creditworthiness - ratings

On 27 April 2010, Moody's Investors Service granted the following ratings to Getin Noble Bank S.A.:

Moody's Investor Service Ltd	28 April 2010	Outlook
Financial Strength Rating	D-	stable
Long-term Deposit Rating	Ba2	stable
Short-term Deposit Rating	not prime	stable

This was the first rating granted to Getin Noble Bank by the above-mentioned agency. In prior years, Moody's gave ratings to Getin Bank S.A. The ratings granted to the Bank are higher than those held by Getin Bank S.A. prior to its acquisition by Noble Bank S.A. in January 2010.

According to Moody's comments, the ratings granted by the agency to Getin Noble Bank reflect an overall improvement in the quality of the Bank and diversification of its income as well as the effectiveness and ability of the Bank to create additional capital.

On 9 June 2010, Fitch Ratings-London/Warsaw published a rating for Getin Noble Bank which confirmed the ratings granted to it on 7 January 2010.

Fitch	10 June 2010	Outlook
IDR	BB	stable
Short-term	B	
Individual	D	
Support rating	5	
Long-term domestic rating	BBB (pol)	stable

According to Fitch Ratings, the confirmation of the Issuer's ratings reflects higher impairment losses on loans, large but decreasing exposure to mortgage loans denominated in foreign currency, dependence on the interbank market in hedging structural currency mismatch and a relatively moderate level of liquidity.

2. Organization of the Getin Noble Bank S.A. Capital Group

2.1. Issued capital and shareholding structure of the parent

As at 31 December 2010, the issued capital of Getin Noble Bank amounted to PLN 953,763,097 and consisted of 953,763,097 shares with a nominal value of PLN 1.00 each. The Bank's shares include registered and bearer shares are not privileged, and each share gives right to 1 vote at the Annual General Meeting. All of the Bank's shares are admitted to public trading on the regulated market. The issued capital did not change compared with the balance as at 31 December 2009.

As at 31 December 2010, the shareholding structure of the parent was as follows:

	Number of shares held	Number of votes at AGM	% of issued capital	% of votes at AGM
Getin Holding S.A.	893,786,767	893,786,767	93.71%	93.71%
ASK Investments S.A.	14,819,840	14,819,840	1.55%	1.55%
A. Nagelkerken Holding B.V.	5,150,000	5,150,000	0.54%	0.54%
International Consultancy Strategy Implementation B.V.	5,070,000	5,070,000	0.53%	0.53%
Leszek Czarnecki	1,939,420	1,939,420	0.20%	0.20%
Own shares held by the Bank	695,580	695,580	0.07%	0.07%
Other shareholders	32,301,490	32,301,490	3.39%	3.39%
Total	953,763,097	953,763,097	100.00%	100.00%

On 9 September 2010, Getin Noble Bank entered into an agreement with Leszek Czarnecki for the sale of 1,939,420 treasury ordinary bearer shares with a nominal value of PLN 1 each, representing 0.2033% of the Bank's issued capital as at 9 September 2010, which gives right to 0.2033% votes at the Annual General Meeting. The block of the Bank's shares was acquired on 10 September 2010 for a total price of PLN 9,999,999, i.e. PLN 5.15 for 1 share. The transaction was made on 10 September 2010 on the Warsaw Stock Exchange (session block transaction).

Based on agreements between Getin Noble Bank S.A. and the following individuals: Mariusz Staniszewski, Mariusz Blachut, Sylwia Magott – members of the Board of Directors of Noble Funds TFI S.A. as at 31 December 2010 and Paweł Homiński, Getin Noble Bank S.A. has a right (exercisable in the period from 28 June 2007 to 31 December 2012) to call for sale of the shares of Noble Funds TFI S.A. held by the aforementioned individuals.

At the same time, the aforementioned individuals have a right to call Getin Noble Bank S.A. to purchase the shares held by them. This right is exercisable in the period from 1 January 2012 to 31 December 2012.

Under the agreement of 12 August 2009 between Getin Noble Bank and Getin Holding on the assumption by the Bank of Getin Holding's rights and obligations under the investment agreement dated 30 June 2008, subsequently amended by the agreement dated 12 August 2009, Mr. Maurycy Kühn and Mr. Krzysztof Spyra, holding the positions of Board Members of Getin Noble Bank as at 31 December 2010, and Mr. Jarosław Augustyniak were granted a call option for the shares in Noble Securities S.A. in a number not exceeding 5% for Mr. Jarosław Augustyniak, 5% for Mr. Maurycy Kühn and 10% for Mr. Krzysztof Spyra, of the total number of shares in Noble Securities. In accordance with the provisions of the annex dated 24 November 2010, the call options for the shares of Noble Securities granted to Mr. Jarosław Augustyniak and Mr. Maurycy Kühn were cancelled, while the call option granted to Mr. Krzysztof Spyra was modified by reducing the number of shares covered by the option to 5% of the total number of shares in Noble Securities.

At the same time, in accordance with the agreements, Mr. Jarosław Augustyniak and Maurycy Kühn obtained the right to demand, through their dependent entities, that Getin Noble Bank purchase all of the shares held by them in Noble Securities as at the date of the aforementioned agreement, within 30 days of the date of delivery of the auditor's report on the financial statements of Noble Securities S.A. for 2010.

2.2. Structure of the Group

Getin Noble Bank S.A. is the Group's parent. As at 31 December 2010, the Getin Noble Bank S.A. Capital Group included the following subsidiaries:

Entity	Main scope of activities	Share of the Bank's in equity	
		31.12.2010	31.12.2009
Open Finance S.A.	financial brokerage	100.00%	100.00%
Panorama Finansów S.A.	financial brokerage	-	100.00%*
Noble Funds Towarzystwo Funduszy Inwestycyjnych S.A.	asset management	70.00%	70.00%
Noble Securities S.A.	brokerage services	79.76%	79.76%
Getin Leasing S.A.	leasing	93.18%	93.18%
Noble Concierge Sp. z o.o.	activities auxiliary to financial services	100.00%	100.00%
Idea Bank S.A.	banking	100.00%	-
Getin Services S.A.	financial brokerage	93.18%**	93.18%
Pośrednik Finansowy Sp. z o.o.	leasing	93.18%**	93.18%
Introfactor S.A.	other financial services	100.00%	100.00%
Getin Finance Plc	financial services	99.99%	99.99%
Provista S.A.	other financial services	100.00%***	-

* - through the subsidiary – Open Finance S.A.

** - through the subsidiary – Getin Leasing S.A.

*** - through the subsidiary – Idea Bank S.A.

In 2010, the Getin Noble Bank S.A. Capital Group was expanded to include Idea Bank S.A. and its subsidiary, Provista S.A. and a 100% stake in Panorama Finansów S.A. was sold.

All of the subsidiaries listed above are consolidated using the full consolidation (acquisition accounting) method.

Related party transactions

Related parties of the Getin Noble Bank S.A. Group include its immediate parent - Getin Holding S.A., entities related through the immediate parent and entities related through the ultimate parent – Mr. Leszek Czarnecki.

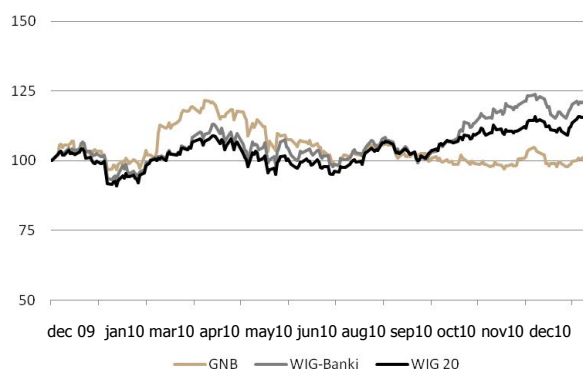
Transactions of Getin Noble Bank S.A. and its subsidiaries with related parties are made on an arm's length basis. The details of transactions made by the Bank and its subsidiaries with related parties are presented in Note IV.41 to the consolidated financial statements of Getin Noble Bank S.A. for the year ended 31 December 2010.

As at 31 December 2010, the total value of Getin Noble Bank's exposure arising from loans to its related parties was PLN 189 million (PLN 269 million at the end of 2009), including PLN 16.5 million in respect of loans granted to the subsidiary Getin Leasing S.A., which were eliminated from the consolidated financial statements.

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

The shares of Getin Noble Bank S.A. have been listed on the Warsaw Stock Exchange since May 2007. The year 2010 saw a continuation of the bull market on the Warsaw Stock Exchange, which began already in February 2009; however, it was interrupted by deep corrections. Throughout the year, the WIG20 index rose by 14.88%, and WIG-Banks by 17.93%. The price of Getin Noble Bank's shares at the close of the session in 2010 fluctuated between PLN 4.93 (on 11 February) and PLN 6.20 (on 9 April). As at 31 December 2010, the Bank's capitalization was PLN 4,988 million, whereas its book value amounted to PLN 3,294 million.

Prices of Getin Noble Bank S.A. shares and Warsaw Stock Exchange indices (31 December 2009 = 100)



3. Scope of activities, products and services of the Group companies

3.1. Getin Noble Bank S.A.

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

Retail banking is conducted by Getin Noble Bank under the Getin Bank brand. The Bank's offer is addressed to individuals who expect tried and tested products, simple procedures and fast service. Getin Bank specializes in the sale of cash and mortgage loans on competitive terms and is a leader in the sale of car loans. Getin Bank offers a number of investment products and deposits. Structured products with a 100% protection of capital are very popular among its clients. Getin Bank is also an active player in the segment of financial services for small and medium-sized enterprises. The Bank's offer is characterized by simple procedures and clear rules. The current account for businesses and attractive offer of business loans are gaining an increasing confidence among clients.

Noble Bank represents the private banking section of Getin Noble Bank which is dedicated to affluent clients. In addition to standard financial products, the Banks offers real estate advisory and intermediation, 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 cooperation 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.

Retail banking

Mortgage loans

Mortgage loans are offered under the Bank's own brand: Getin Noble Bank S.A. – Oddział Hipoteczny (Mortgage Branch). This is a section of Getin Noble Bank S.A. specializing in the granting of mortgage loans, which was set up as a result of the merger of Oddział Specjalistyczny (the Specialized Branch) of METROBANK and DOM Oddział w Łodzi (Łódź Branch of DOM). Loans are distributed through the network of the Bank's own outlets (Mortgage Loan Centers), Open Finance and the networks of specialized financial intermediary companies working in a commission-based system.

Mortgage loans are offered for the purchase of apartments or houses on the secondary and primary markets, for construction of houses, renovation, modernization or finishing of apartments, purchase or construction of business premises, repayment of loans (consolidation) and other purposes (advances). In 2010, the Bank granted 30 thousand mortgage loans.

In 2010, the Bank's product offer was modified, as a result of which Getin Noble Bank started to be perceived as an entity which focuses on innovation in financial services. Such an approach resulted in the creation of a number of new products.

In order to mitigate credit risk, changes were also made to the method of calculation of credit capacity of clients applying for mortgage loans.

The Bank's current product offer was significantly affected by Recommendation T.

Having in mind those clients who had been granted loans prior to the merger of Getin Bank with Noble Bank, the Bank launched a campaign which enabled them to use new products. The aim of this action was to make clients aware of the fact that at each point of the term of their loan agreement they may take advantage of the Bank's flexible approach to their lending needs.

Car loans

Car loans were one of the main products offered by the former Getin Bank. Getin Noble Bank is the definite leader on the market of car loans in Poland, with a market share significantly exceeding 30%. Car loans are mainly sold through the network of over 800 agents actively cooperating with the Bank; however, the sales of car loans by the Bank's own employees are also successively increasing. 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 equipment installed in a motor vehicle, motor insurance, borrower's insurance as well as costs of operation and maintenance of the vehicle purchased using a loan. In addition to financing current purchases the Bank offers financing of previous transactions as part of refinancing of the costs of purchase of cars already held by the borrower. Loan granting decisions are centralized and taken at the Car Loans Acceptance and Administration Center.

In 2010, the previous integrated service provided to the sellers of new Hyundai cars (which, in addition to granting loans to their clients, included the financing of the purchase of cars by the dealers for further resale) was expanded to include the dealers' network of Opel and Chevrolet cars. Lease of cars, which is carried out in cooperation with Getin Leasing S.A., is gaining an increasing significance as a method of supplementing the Bank's offer in the scope of financing the purchase of vehicles.

Consumer loans

Cash, installment and credit card loans are mainly provided through the network of the Bank's own outlets, franchise outlets and the external sales network of the Getin Holding Group. The decision making process is centralized. In 2010, the Bank made modifications to the lending process due to the implementation of Recommendation T, including the method of determining credit capacity in respect of the borrowers.

The Bank's main lending products include:

- cash loans – up to PLN 50 thousand,
- simple cash advance – up to PLN 20 thousand,
- consolidation loan – up to PLN 100 thousand,
- promotional offers relating to cash and consolidation loans,
- overdrafts in the current and savings account (ROR).

Deposits

Term and current deposits

In order to maintain proper, high level of liquidity and acquire appropriate funds for the development of lending campaign, in 2010 retail deposits were an important part of Getin Noble Bank's policy. The use of the most adequate spectrum of products was an important factor in achieving the targets set in this respect. The Bank offered several deposit products on promotional terms, both regarding the interest rate and the type of the product. In the first half of 2010, clients were offered standard deposits with some of the best interest rates on the market ("Lokata Bezkonkurencyjna", "Lokata na Plus"). In the second half of 2010, due to market changes and the scope of products offered by competition, the Bank mainly promoted deposits with daily calculation of interest. Such products made it possible to reduce the total cost of acquiring deposits by the Bank. During that time, the main product offered by the Bank was a 3-month deposit ("Lokata Codzienna").

The Bank's offer also includes the running of current and savings accounts, such as "Konto Skarbonkowe" in the new Internet sales channel getinonline.pl and "Konto Uniwersalne Plus" which is sold in the Bank's own outlets and offers a number of additional benefits for the client (e.g. higher interest rates for deposits, lower interest rates for loans).

Structured products

During the year, the Getin Noble Bank Group offered its clients structured products for an amount exceeding PLN 2.7 billion, thus maintaining a dominant position on the market of structured products in Poland. Most of those sales were achieved through the retail banking section of Getin Bank. Open Finance and Noble Bank (private banking) increased the level of their sales too. An additional product in the Bank's offer related to regular investing with capital protection. Due to the unique nature of this program, it enjoyed a great interest among clients in all sales channels.

Payment cards

Getin Bank offers a wide spectrum of credit and debit cards which satisfy a variety of client needs. The Bank issues cards under the two main settlement systems i.e. Visa and MasterCard.

The VISA Gold credit card includes a free-of-charge "Bezpieczny Dom" ("Safe Home") insurance as well as the "Bezpieczna Karta" ("Safe Card") insurance. The MasterCard Debit PayPass is a debit card which can be used in all sales and service outlets which accept MasterCard cards and are equipped with electronic readers (POS terminals). Noble Bank offers in turn the Visa Platinum credit card with a credit limit up to PLN 1 million and an accompanying package of concierge services.

Private Banking

Getin Noble Bank provides private banking services to affluent clients under the Noble Bank brand. The Bank provides integrated advice in the area of, among others, investments, loans, real estate and taxes. Special dedicated product lines, asset management services and brokerage services are addressed to a selected group of clients. The Bank offers wealth management services in cooperation with Noble Funds TFI S.A. Noble Bank's clients can also take advantage of the proprietary Concierge service created by Noble Concierge Sp. z o.o. Noble Bank was the first bank in Poland to offer Art Banking services, which support investing on the arts market. The Bank also issues an exclusive VISA Infinite credit card with a credit limit up to PLN 1 million.

The branches of Noble Bank are located in the biggest cities of Poland. In 2010, the Bank opened the fifth branch in Warsaw and started to prepare for going out with its products to affluent clients living outside big cities.

In 2010, the Bank continued its efforts to acquire new clients. It made available special product lines addressed exclusively to Private Banking clients, which included both interest-bearing and stock-based products. In the second group of products, structured deposits enjoyed the greatest interest of clients.

As regards loans, year 2010 was a period of intense activities both in the field of acquisition of individual clients interested in taking loans as well as the development of the network of external agents.

Corporate banking

Along with a strong focus on retail clients, the Bank also develops its activity in the sector of small and medium-sized enterprises and state budget entities. The Bank's offer in this area mainly includes factoring, lease and short-term working capital loans. Lending products offered by the Bank are characterized by simple procedure and centralization of loan underwriting, credit risk and collateral assessment and decision taking processes.

Lending products

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

- Simple Mortgage,
- Overdraft in current account,
- Investment loan,
- Working capital loan,
- Loan for business entities working with local authorities or State Treasury entities,
- Start-up loan for new business entities,
- Loan for the financing of wind farms,
- Financing of property development projects,
- Financing of the purchase of fixed assets in the form of lease,
- Financing of public health service entities.

Selected deposit products

The "Startuj z Nami" bank account

- Bank account designed mainly for companies operating on the market for not longer than 12 months

- Services available under the account agreement: TELE GB, GB24, SMS Service, standing orders, direct debit
- Possibility of using preferential "Kredyt na Start" loan
- Possibility of applying for debit in the account

The main changes made in 2010 to the corporate product offer included:

- Modifications to the lending process and methods of securing Simple Mortgage loans and current account overdrafts,
- Introduction of the "Startuj z Nami" account and the "Kredyt na Start" loan,
- Introduction of preferential credit terms with an additional financing from the European Investment Bank,
- Implementation of the iGetin software for servicing the bank account using iPhone.

Treasury products for corporate clients

In 2010, the Bank started to sell treasury products to its corporate clients, tailored to the needs of small and medium-sized enterprises. Such products enable carrying out basic treasury transactions (foreign currency exchange), hedging against currency risk (forward transactions) and investing surplus funds on attractive terms.

In 2010, within the Treasury function, the following treasury products designed for corporate clients were modified or introduced to the Bank's offer:

- Spot foreign currency exchange transactions,
- Forward currency transactions hedging against currency risk,
- Treasury bills,
- Negotiable deposits.

Appropriate regulations, agreements and procedures were also developed for entering into treasury transactions within the Transaction Limit.

Treasury products are mainly addressed to small and medium-sized enterprises. The inclusion of such products in the Bank's offer will enable it to fully realize its corporate banking development strategy.

3.2. Business areas of subsidiaries

Open Finance S.A.

The Company conducts activities relating to financial brokerage, consisting in individual customers assistance in finding optimal, from their point of view, financial solutions. The Company is the leader of Polish financial brokerage market in respect of sales value, both in the area of loan products and of investment products. The Company has also the largest network of branches in the market, comprising of 53 local branches of Open Finance and 46 mobile branches of Open Direct supported by the Internet servicing. In respect to offered products, the Company cooperates with 24 Polish banks, 7 insurance companies, 17 investment fund companies and 3 foreign entities offering share units in investment funds.

Noble Funds Towarzystwo Funduszy Inwestycyjnych S.A.

The Company conducts activities relating to creating and managing of investment funds, including brokerage in sale and purchase of share units and management of collective securities portfolio, investment portfolios management, in which one or greater number of financial instruments is included (so called asset management), and investment advisory.

Investment Funds

As at 31 December 2010 the company managed 3 funds:

- Noble Funds Fundusz Inwestycyjny Otwarty with 7 separated subfunds:
 - Noble Fund Skarbowy
 - Noble Fund Mieszany
 - Noble Fund Akcji
 - Noble Fund Akcji Małych i Średnich Spółek
 - Noble Fund Stabilnego Wzrostu Plus
 - Noble Fund Timingowy
 - Noble Fund Global Return
- Noble Funds Specjalistyczny Fundusz Inwestycyjny Otwarty with separated subfund Noble Fund Africa

- Noble Fund 2DB Fundusz Inwestycyjny Zamknięty.

Services and products of Noble Funds TFI are offered in banks, brokerage house and financial advisory companies. The number of distributors amounts to 21 companies as at the end of the year.

Noble Funds Fundusz Inwestycyjny Otwarty

Noble Fund Skarbowy is addressed to risk-averse investors, appreciating the stability of invested funds, seeking the alternative for long-term bank deposits or direct investments in treasury bonds or bills. In 2010 Noble Fund Skarbowy rate of return amounted to 5.75%.

Noble Fund Akcji is addressed to investors accepting higher level of risk connected with seasonal fluctuations of stock indexes, expecting higher long-term rate of return. In 2010 Noble Fund Akcji rate of return amounted to 21.79%.

Noble Fund Mieszany is addressed to investors accepting moderate level of investment risk, seeking institutions, which will actively manage funds between equity market and long-term instruments market. In 2010 Noble Fund Mieszany rate of return amounted to 14.64%.

Noble Fund Akcji Małych i Średnich Spółek is addressed to investors accepting high level of investment risk connected with seasonal fluctuations of stock indices, particularly in short-term, interested in investing on the equity market from the segment of small and medium enterprises (companies not being a part of WIG20 index), expecting in longer term extraordinary profits. In 2010 Noble Fund Akcji Małych i Średnich Spółek rate of return amounted to 24.48%.

Noble Fund Stabilnego Wzrostu Plus is addressed to investors who expect profits higher than secure investment like bank deposits and bonds, simultaneously keeping risk at moderate level. In 2010 Noble Fund Stabilnego Wzrostu Plus rate of return amounted to 20.52%.

Noble Fund Timingowy is product in which the subfund management strives for achieving positive rate of return, irrespective of market business cycle. In 2010 Noble Fund Timingowy rate of return amounted to 7.41%.

Noble Fund Global Return is addressed to investors accepting at least average risk level and seeking instruments securing assets during bear market, but using positive market trends during bull market. In 2010 Noble Fund Global Return rate of return amounted to 21.51%.

Noble Funds Specjalistyczny Fundusz Inwestycyjny Otwarty

Noble Fund Africa is addressed to investors accepting high level of risk. The subfund aim is to reach extraordinary rate of return from investment in long-term period by obtaining exposure to selected companies from African countries. By the end of the year the subfund reached rate of return amounting to 10.94%.

Asset Management

Except for investment fund management, the company provides asset management services. It is addressed to customers prepared to invest at least PLN 2 million. For these customers, the Company offers three standard investment strategies to choose: Strategia Timingowa, Strategia Akcyjna and Strategia Bezpieczna. For customers having assets higher than PLN 5 million individual strategies are offered.

Strategia Timingowa assumes active adaptation of involvement in shares and other share-related securities within 0%-100% range to current stock exchange situation.

In *Strategia Akcyjna* involvement in share or share-related securities fluctuates between 80% and 100% of portfolio value. Investments consist mainly of shares admitted to trading on the organized market in the Republic of Poland, but also in other EU or OECD membership countries.

For *Strategia Bezpieczna* it is characteristic that the possibility of investing in shares and other share-related parties is excluded and that the area of investment is limited to secure debt instruments.

The investment policy in *Individual Strategy* is established taking into account investment preferences of customers with regards to expected rate of returns and accepted risk profile. With reference to investment preferences of customer, appropriate comparable reference is determined, which allows to evaluate results of the investment manager properly.

Noble Securities S.A.

It is one of the first, non-banking brokerage companies, operating on the Polish market since 16 years. The main areas of company's activities include:

- brokerage services in trading of financial instruments on the Warsaw Stock Exchange,

- servicing of public offering of securities,
- carrying out shares transactions on non-public market,
- supporting business entities by offering investment banking services,
- offering to companies support in execution of Public Relations and Investor Relations campaigns with respect to public issue of shares,
- intermediary in trading of stock commodities and financial instruments on the markets organized by the Polish Power Exchange S.A.

Brokerage activities

Noble Securities S.A. acts as agent in trading of financial instruments on the Warsaw Stock Exchange and in the Alternative Trading System conducted by the WSE- on NewConnect and Catalyst markets. The offer of brokerage houses is available throughout the whole country. Customers are serviced in person in Customer Service Points, by phone and electronically.

For the companies, which shares are listed on the Warsaw Stock Exchange S.A. or in the Alternative Trading System on the NewConnect market, Noble Securities S.A. may act as Issuer or Market Animator. Currently, Noble Securities S.A. is fulfilling a function of Issuer Animator for shares of five companies listed on the WSE regulated market and of Market Animator for shares of four companies from ATS NewConnect.

Investment banking

The company supports customers in developing and implementing strategies of development of their activities financed by capitals from external sources by advisory in respect of public shares offering on the Warsaw Stock Exchange S.A. and in the Alternative Trading System NewConnect. The offer of Noble Securities includes also public subscriptions with rights issue and issues connected with transferring of company from the BondSpot or NewConnect to regulated market of the WSE. Noble Securities operates also on non-public market, providing a wide range of services, starting from making shares available for employees, through carrying out deposit of securities and share registers, ending with preparation and conducting of non-public issues and transactions of shares sale as well as bonds issues.

Towarowa Gielda Energii S.A.

Noble Securities S.A. is the first brokerage house admitted to operate on the Property Rights Market resulting from Certificates of Origin for energy coming from the renewable sources of energy (PMOZE and PMOZE_A), organized by the Towarowa Gielda Energii S.A.

From 10 August 2010 Noble Securities S.A. acts also as agent in transactions on all electrical energy with physical delivery markets, organized by the Towarowa Gielda Energii S.A., i.e. Intra Day and Day-Ahead Market, Commodity Derivatives Market and Auctions.

Noble Concierge Sp. z o.o.

The company provides prestige concierge services for customers. These are all types of information, reservation and organizational services for clients excluding services against the law, the ethic and moral rules as well as the social coexistence rules and services connected with customer's business or work activity. Moreover, the company sells concierge services to external customers, issues a newspaper Private Banking and electronic lifestyle magazine L'eclat.

In May 2010 the company officially registered and separated within its structure the Travel Agency.

Getin Leasing S.A.

Getin Leasing conducts activities related to leasing financing of vehicle, machinery and equipment to lessees. The company provides its customers with financing in the form of operating and financial leasing.

To adjust GL offer to market requirements, in GL portfolio, there are also so called special products:

- Leasing Vat - Margin
Financial leasing (capital), in which lessor purchase leased object from supplier on the basis of invoice VAT margin or invoice exempted from VAT
- Leasing Deferred Schedule
Operating lease extended by the functionality of deferring of leased asset transfer to customer with the possibility of leased object price adjustment

- Operating lease dedicated to transactions in which the supplier of leased asset is an entity from EU membership country
- Leveraged leasing.

Idea Bank S.A.

In the 4th quarter of 2010 the Idea Bank began sale of new loan products, including mortgage, investment and operational loans and accepting deposits from individual persons and business entities.

The Bank was focused also on implementation of IT solutions supporting the quality of offered services and customer service: the Internet platform, call center and data center, DEF 3000 system.

The organizational structure of the Bank was also expanded, in order to service assumed quick development of services offered.

4. Financial situation and results of the Group

4.1. Income statement

Basic amounts of the consolidated income statement of the Capital Group for 2010 and changes in relation to previous years are as follows:

PLN thousand	2009	2010	Change
Net interest income	784,227	1,052,462	+34.2%
Net fee and commission income	714,211	961,544	+34.6%
Other result*			+4.2%
General administrative expenses	626,027	732,735	+17.0%
Impairment losses	795,358	1,057,275	+32.9%
Profit before tax	310,928	467,021	+50.2%
Income tax	2,716	(6,560)	-342%
Net profit	313,644	460,461	+46.8%
- attributable to equity holders of the parent	308,893	450,096	+45.7%
- attributable to non-controlling interests	4,751	10,365	+118.2%

* Other result includes dividend income, result on financial instruments, foreign exchange result and other operating income and expense.

In 2010, the Getin Noble Bank S.A. Capital Group generated consolidated net profit amounting to PLN 460.5 million, i.e. higher than in 2009 by almost 47%. The net profit attributable to equity holder of parent company amounted to PLN 450.1 million, i.e. PLN 141 million (46%) more than in 2009.

The results of individual companies being consolidated (without consolidation adjustment and in case of Noble Funds TFI, Noble Securities and Getin Leasing Group with non-controlling part) are as follows:

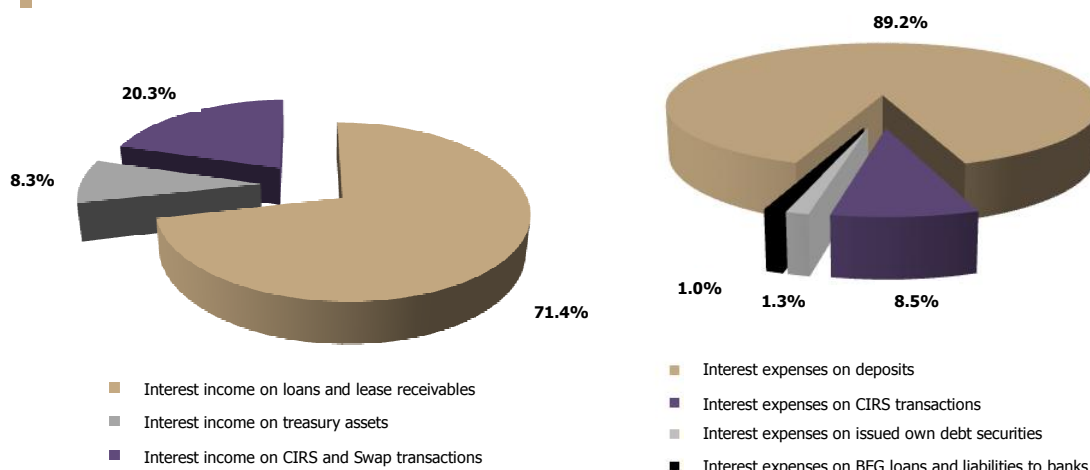
Net profit in accordance with IFRS	01.01.2010- 31.12.2010 PLN thousand
Getin Noble Bank S.A.	436,857
Open Finance S.A. Group	78,323
Noble Securities S.A.	20,408
Noble Funds TFI S.A.	20,071
Getin Leasing S.A. Group	3,124
Idea Bank S.A. Group	1,448
Noble Concierge Sp. z o.o.	6
Introfactor S.A.	(1,385)
Getin Finance PLC	(171)
Consolidation adjustments	(98,220)
Consolidated profit	460,461

Net interest income

Net interest income was determined by interests from deposit-loan activities. Interest income on loans and leasing (taking into account effective interest rate) accounted for over 70% of interest income, and interest expense from client's deposits accounted for nearly 90% of interest expense.

Within interest income on loan activity, more than 50% of loan interests accounts for interests from mortgage loans.

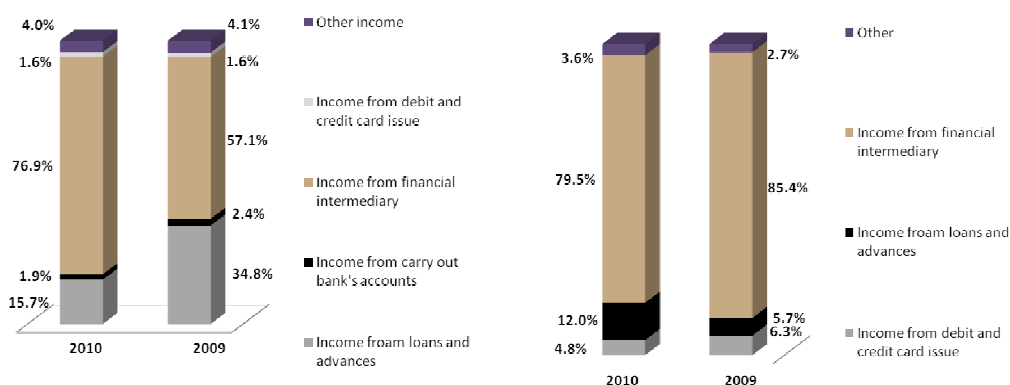
The structure of interest income and expense in 2010



Net fee and commission income

Net commission income of the Group increased in 2010 by more than 34%. The main part of net commission income is income from intermediary in sale of insurance and investment products.

The structure of fee and commission income in 2009 and 2010



Other result

Connected mainly with income from sale of TU Europa shares (PLN 79.6 million) and foreign exchange result (PLN 136 million), related to FX spread on loans denominated in foreign currencies.

General administrative expenses

The increase in expenses by 17% in 2010 related mainly to increase of the activity scale (the growth of assets in 2010 by 29%) which led to further improvement in cost to income ratio by 3.6 percentage points to the level of 32.5%.

Impairment losses

Impairment losses in 2010 are the effect of both materialization of loan risk taken by the Bank in previous years, as well as the increase of loan assets in 2010.

The structure of impairment losses in 2010 of basic loan products is presented in the table below:

PLN thousand	
Mortgage loans	426,798
Car loans	264,658
Consumer loans	322,967
Corporate loans	33,756
Total	1,048,178

Key financial ratios

	2009	2010	Change in percentage points
ROE, net	13.0%	15.8%	+2.8
ROA, net	1.0%	1.2%	+0.2
C/I (cost to income)	36.1%	32.5%	-3.7
Net interest margin *	2.6%	2.8%	0.2
Capital adequacy ratio	11.1%	9.9%	-1.2

* relationship of net interest income to the average value of income assets in a given year

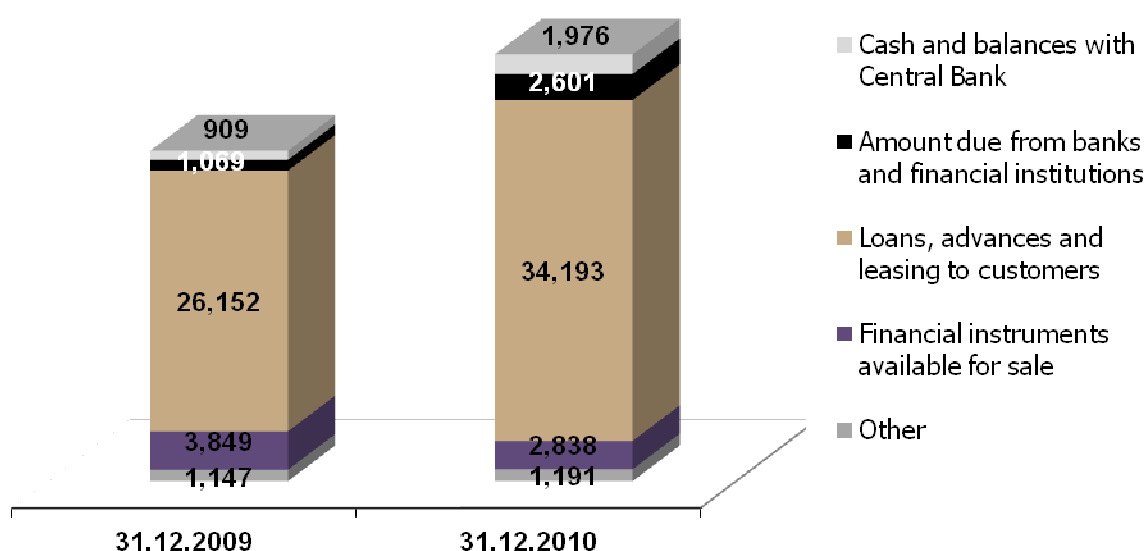
4.2. Statement of financial position

ASSETS

As at 31 December 2010 the total assets of the Getin Noble Bank Group amounted to PLN 42.8 billion and were higher by 29% compared to the value at the end of 2009. The main factors influencing the growth of assets are following:

- the increase in deposit base by 31%, to the level of PLN 37.0 billion,
- the development of loan production, due to attractive loan offer and obtaining stable funding sources in the form of customer deposits,
- depreciation of Zloty in 2010 – additional part increasing balance sheet sum is the decrease of Zloty value in relation to CHF, which additionally resulted in the increase of the value of currency loan balance denominated in Zloty by app. PLN 1.9 billion,
- the increase of capital base – policy of profit retaining with appropriation to Bank own funds.

The structure of assets at the end of 2009 and 2010 (in PLN million)



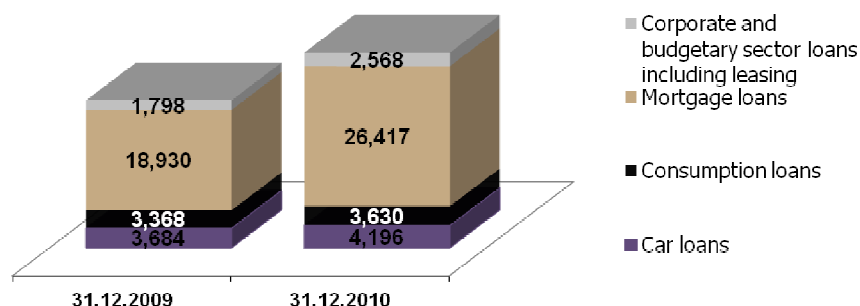
The main part of the Group assets are loans, advances and receivables due to finance lease (80% of the total assets, i.e. by 1 percentage point more than at the end of 2009). The Group has been allocating the surplus of funds in securities (7% share in the total assets) and maintained on interbank and other financial entities deposits (6%). The cash held in NBP and in Group's companies accounted for 5% of the total assets.

Loan portfolio

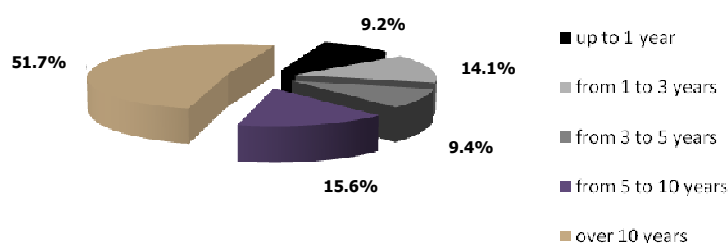
In 2010 the Group increased balance sheet value of loans and advances and leasing granted to customers by 31% to the level of PLN 34.2 billion. The value of granted loans in 2010 amounted to PLN 11 billion and was higher than loans granted in 2009 by 19%. Loans in PLN were the main part of loans granted and accounted for 94% of the value of all loans granted.

The average interest profitability, related to loan portfolio (taking into account the effective interest rate), achieved in 2010 amounted to 6.6%. The profitability is determined by the currency structure of loan portfolio and loans granted. Within loan portfolio, loans in foreign currencies or denominated in foreign currencies account for 46% (by gross value), which interest profitability is lower due to lower reference rates.

Loan and lease receivables at the end of 2009 and 2010 (in PLN million)



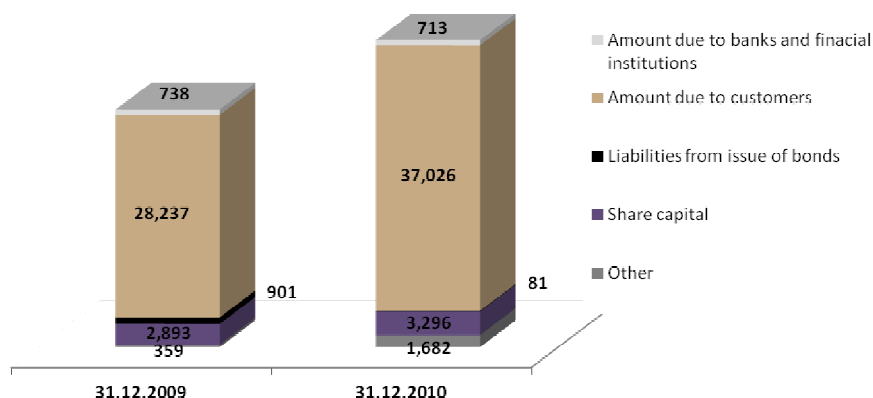
The structure of loan as at the end of 2010 (by maturity)



LIABILITIES AND EQUITY

Customer deposits are the main source of funding of the Bank's loan activity. Amounts due to customers account for 87% of total liabilities and equity (increase of liabilities in 2010 by PLN 9 billion and share in balance sheet by 1.3 percentage points). In 2010 the Group increased its own funds by PLN 400 million – profit generated in 2010.

The structure of liabilities at the end of 2009 and 2010 (in PLN million)

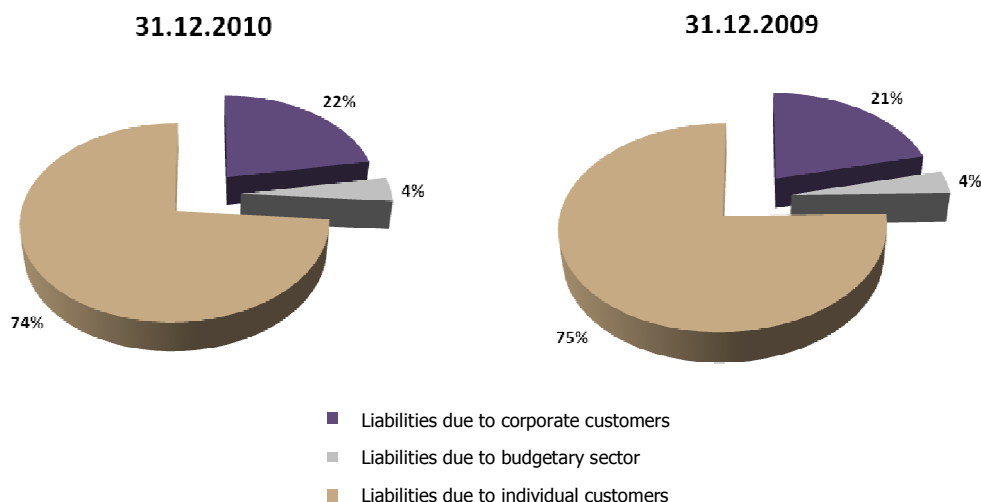


Deposit base

Customer deposits are the main source of funding of operating activity of the Group. In 2010 the Group increased the value of amounts due to customers by 31% to the level of PLN 37.0 billion. The term deposits account for 89% of the Group's deposit base – in 2010 the increase of term deposits balance by PLN 9 billion to the level of PLN 33 billion was recorded.

The largest share in customer deposits account for individual deposits, which increased in 2010 by over PLN 6 billion to the level of PLN 27.5 billion.

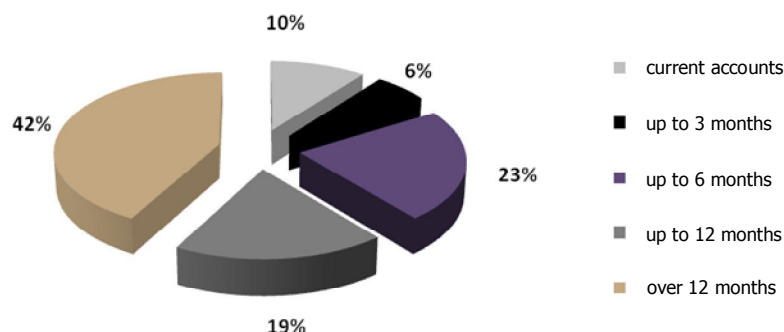
The structure of amounts due to customers at the end of 2009 and 2010



In 2010 the average interest margin related to customer deposits amounted to 5.0% and was lower than in 2009. Although the average customer deposit interest rate decreased, Getin Noble Bank has one of the most attractive offers of term deposits for customers.

Mortgage loans, characterized by the long loan period, are the main part of the Group's loan portfolio. In order to secure liquidity risk, the Group strives to extend initial term of customer deposits. In 2010, the share of deposits with the maturity of 12 months and longer in deposits balance increased by 6.7 percentage points to the level of over 40%.

The structure of customers deposits by original maturity as at 31.12.2010



4.3. Off-balance sheet items

The main items within the Group's off-balance items are liabilities and receivables related to realization of currency derivative transactions classified to banking portfolio (mainly CIRS transactions). The nominal value of liabilities relating to currency derivative transactions amounted to PLN 17.1 billion as at 31 December 2010 (the increase in 2010 by PLN 2.5 billion, i.e. by 17%). The increase in liabilities results mainly from the increase in currency exchange rates and higher valuation of liabilities in PLN.

Liabilities arising from loans granted (including credit lines in current accounts, credit cards, signed factoring agreements and unused mortgage loans tranches) and granted guarantees of loans repayments amounted to PLN 1.1 billion as at 31 December 2010 (the increase in 2010 by PLN 0.2 billion, i.e. by 25%).

	31.12.2010 PLN thousand	31.12.2009 PLN thousand
Liabilities relating to currency derivatives	17,147	14,601
Receivables relating to currency derivatives	16,079	14,763
Other derivatives - receivables	491	512
Other derivatives - liabilities	491	512

In 2010, the Group's companies did not grant securities and guarantees – total for one entity or its subsidiary, which total value accounted for equivalent of at least 10% of the Bank's own funds.

5. Risk management

Methods and objectives adopted for the financial risk management

Members of Getin Noble Bank S.A. Capital Group, carrying out their operational activity, are subject to the following key risks: credit risk, liquidity risk, market (including interest rate 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. Management boards of the subsidiaries are responsible for managing risk at the strategic level. For the purpose of operational risk they establish committees, responsible for particular risk areas, such as: the Credit Committee, the Asset and Liability Management Committee or the Operational Risk Committee. These committees are responsible for managing their relevant risk areas at the operational level, monitoring risk levels as well as for the development of current risk management policies within the framework of strategies adopted by the management boards of the members of the Group, within internal limits and in line with the supervisory regulations.

Entities of the Group take into account the market regulations and requirements of supervisory authorities, especially Polish Financial Supervision Authority regulations. The corporate governance concerning financial risk management policies is performed by supervisory boards of Group entities.

5.1. Credit risk

Credit risk arises from debtors' failure to fulfill their credit liabilities or other similar liabilities (e.g. settlement of interbank transactions).

This risk is managed in accordance with the internal procedures governing the identification, assessment, monitoring and control of risks. The Bank relies on models of identifying and assessing credit risk arising from its business, which is allocated to the profile, scale and complexity of the risk. Credit risk management at the Bank is expected to ensure security of the credit issue business and help maintain a rational approach towards risk.

The Bank has implemented internal rules and regulations that make it possible for it to assess the level of credit risk that is inherent in a credit issued to a client and in other services carrying credit risk as well as the risk acceptability level. Creditworthiness of individuals is evaluated both at the stage of issuing a credit and the subsequent stage of monitoring it in the light of the procedural rules on the level of the required creditworthiness and for some retail products - in accordance with the scoring model. As regards small and medium-size of business entities, the item of analysis is the simplified or ratio-based evaluation.

To ensure objectivity of the credit risk assessments, the sales process (client procurement) has been separated from the process of evaluating and accepting client credit risk in the structures of the sales areas. Each area has a separate acceptance centre which is responsible for the evaluation and acceptance of the particular credit applications.

The procedure of making credit decisions is approved by the Bank's Management Board. Credit authorization limits are granted to the Bank's staff on an individual basis, depending on their skills, experience as well as the functions fulfilled. Credit Committees, which take credit decisions which exceed the authorization limits granted to the Bank's individual employees, can operate 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 which exceed the Bank's Credit Committee's authorization limits are made by the Bank's Management Board.

The Bank employs a wide array of legally allowed safety measures, applying them according to the product characteristics and the area of operation. The rules governing the selection, application and implementation of safety measures are detailed in the internal rules and regulations and product procedures of the particular sales areas. The legal security accepted should ensure satisfaction of the Bank's claims if threats that impede or prevent the borrower from delivering on his credit agreement occur. The key safety measure that reduces the Bank's risk, and particularly credit risk, is the borrower's good financial standing and his creditworthiness.

The Bank applies a risk monitoring system which includes individual risk monitoring (related to particular clients) and overall monitoring of the Bank's entire loan portfolio. As part of the 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.

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

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

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

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

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

5.2. Market risk

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

The objective of the assets and liabilities 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. The body to support Management in the assets and liabilities management area is the Assets and Liabilities Management Committee (ALCO).

Foreign exchange risk

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

Operational management of currency risk lies within the competence of the Treasury Department, whereas the supervision over compliance with limits and prudence norms is the responsibility of the Assets and Liabilities Committee.

Calculation of the Bank's exposure to currency risk and of the capital requirement for that risk to be covered is performed on a daily basis and reported to the Bank's Management Board and to the Bank's Management as a part of management information.

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

The Controlling and Market Risk Department submits monthly reports to the 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.

To reduce the exposure to foreign exchange risk, in 2010 the Bank applied limits on the share of the currency position on own funds and the value at risk (VaR) (1 day; 99.9%); the foreign exchange risk was kept within the agreed limits. The Bank's overall currency position and within the key currencies is presented in the table below:

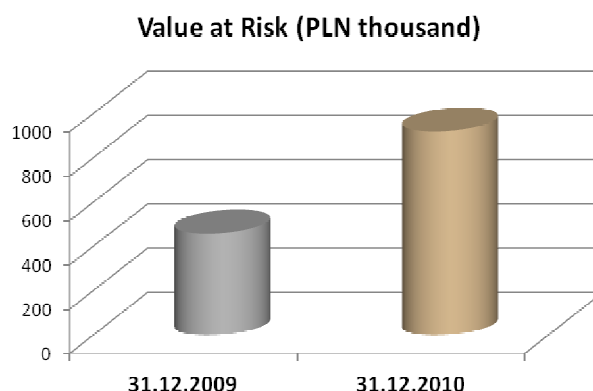
Position (PLN thousand)	31.12.2010		31.12.2009	
	Amount	% of own funds	Amount	% of own funds
USD	-507	0.02%	-555	0.02%
EUR	-6,241	0.22%	-2,359	0.09%
CHF	31,437	1.09%	27,163	1.06%
Overall *	33,012	1.14%	27,900	1.08%

* Overall position – sum of long positions (excess of „+” assets) or short positions (with „-”) for all currencies (depending on which absolute value is bigger).

The analysis of the Group's exposure to foreign exchange risk is carried out through the currency position and measurement of the value at risk (VaR). VaR is the maximum possible loss on the Group's currency position with the pre-determined materiality level.

The overall currency position (sum of long positions (excess of assets with „+”) or short positions (with „-”)) for all currencies (depending on which absolute value is greater) as at 31 December 2010 totaled (in absolute terms) PLN 33,404 thousand, which is 1.11% of consolidated own funds.

For the net currency position (difference between the sum of long positions (with „+”) and the sum of short positions (with „-”)) for all currencies (in absolute terms) of PLN 26,714 thousand, 1-day VaR was PLN 918k.



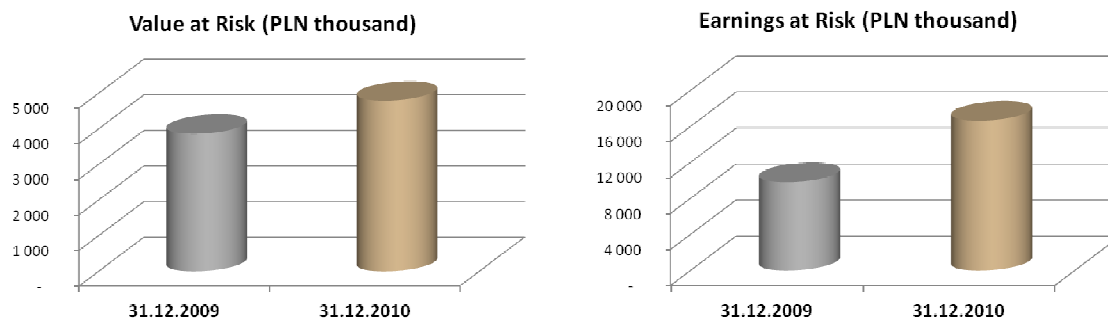
Interest rate risk

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

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

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

To reduce the exposure to interest rate risk, in 2010 the 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 interest result 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 2010 the Bank and its subsidiaries settled their liabilities within the applicable deadlines.

Liquidity risk management, as the element of assets and liabilities management policy, lies within the competence of the Management Board, whereas short-term liquidity risk management is the responsibility of the Treasury Department. The Assets and Liabilities Committee performs consulting role in process of liquidity risk management.

The Group relies on the following standard 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 funds outflow.

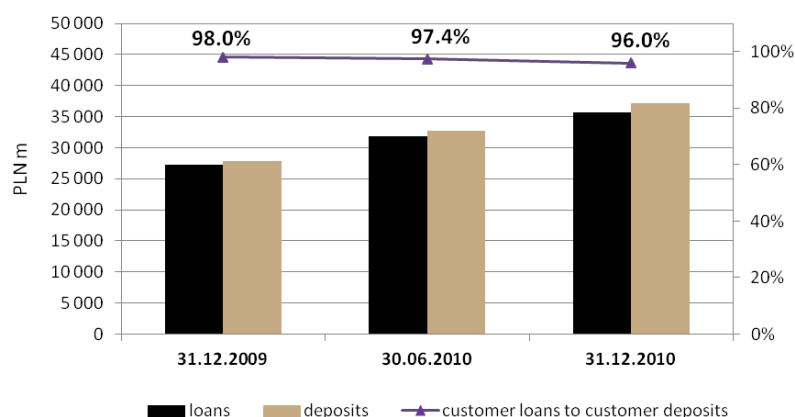
The gap ratios, the level of liquid assets, selected balance sheet ratios and the level of use of liquidity limits (including compliance with liquidity norms) are monitored on a daily basis.

Liquidity analyses rest on internal models reflecting the specific of the Bank's business. Client deposits are a key source of financing the credit issue business; the 'loan-to-deposit' ratio does not exceed 100%. Among stable sources of funds the prevailing item is deposits of retail clients; stable funds deposited in the name of corporate clients add to the overall base of stable sources of funds.

The Bank prepares forecasts of liquidity levels for the next periods and makes the assessment of probability of deteriorating liquidity situation (the scenario analysis). Analyses are an important item in the assets and liabilities management process. The Bank has a special procedure in case of a significant rise in liquidity risk, i.e. "The contingency plan for sustaining liquidity in Getin Bank S.A. in critical situations".

In 2010 the Bank sought to extend the term of clients' original deposits to increase liquidity safety. In 2010 the share of deposits with original maturity of 12 months and longer in the deposit balance increased by 6.7 percentage points (to over 40%).

Loans to deposits ratio



5.4. Operating risk

GETIN Noble Bank S.A. manages operational risk in accordance with the “Operational Risk Management Strategy” established 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.

Operating risk management involves all processes and systems linked with banking operations which ensure clients financial services provided within the Bank’s business.

All levels of the Bank’s organizational structure as well as related and external companies have the following groups of unit, people and functions responsible for tasks involving operating risk management provided on the following three levels:

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

The leading role in operational risk management is fulfilled by the Bank’s Supervisory Board and Management Board, which members are aware of important aspects of operational risk management, as a separate and separately managed type of risk, and know the risk profile resulting from the Bank’s activities.

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 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 equity to cover operational risk, including regulatory capital - minimal capital requirement and internal capital to cover operational risk losses;
- 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:

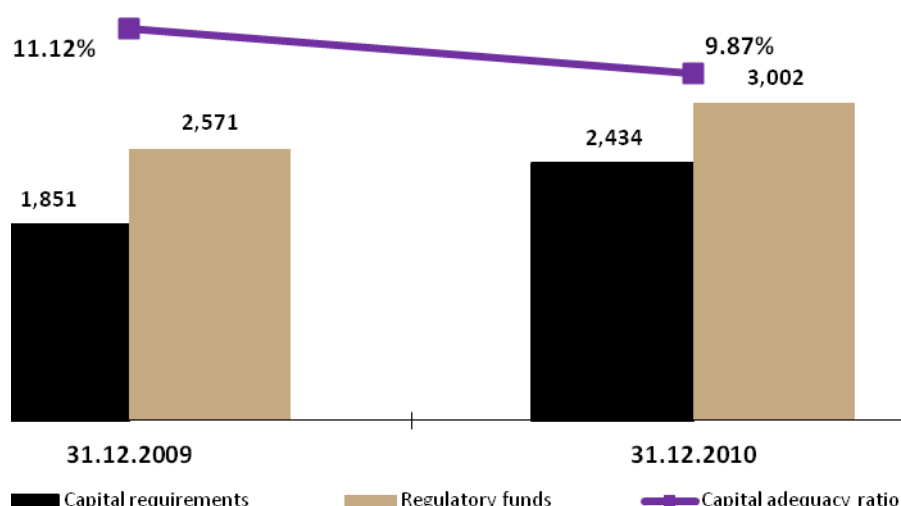
- continuous monitoring, collection and analyzing of operational events and operational risk profile observations;
- control of qualitative and quantitative changes in operational risk.

5.5. Capital management

The level of the Group's capital is tailored to the business. The measure of capital adequacy is capital adequacy ratio which shows the relationship of equity (after obligatory adjustments) to the risk weighted assets and off-sheet balance items. For the purpose of capital adequacy ratio risk weights are assigned to assets and off-sheet balance items in accordance to among others level of credit risk, market risk, currency risk and interest rate risk. The dynamic growth of the credit business and depreciation of the zloty in 2010 caused the solvency ratio to decline to 9.87%. Throughout the year 2010 the solvency ratio remained stable above 9%.

As for the capital required for credit risk, the prevailing item is mortgage credits (share in the capital required for credit risk of 65.6%). The Bank's internal capital, determined using the internal capital estimation procedure, remains on a level similar to capital required for Pillar I. Pillar II employs its own models of estimating internal capital, including provision of capital to cover additional risks in respect of Pillar I (liquidity risk, performance risk).

Capital adequacy at the end of 2009 and 2010 (in PLN million)



6. The Group's prospects and growth factors

The Getin Noble Bank S.A. capital group has undertaken a mission of creating shareholder value by attaining the following strategic objectives:

- achieving a high level of profitability and effectiveness;
- securing the Bank's position in the top five banks in Poland in all major bank evaluation categories (specifically in respect of own funds, assets, credits and deposits, profit/ loss on banking operations and first and foremost net profit);
- ensuring a stable and liquidity-safe growth of the Group;
- controlling the level of risk inherent in the Group's business (including credit risk).

In 2011 the Group will be oriented towards the following goals and actions:

- developing a client-oriented approach, as a truly universal financial institution that knows its clients' needs, understands their risks and offers an ever increasing array of products/ services;
- diversifying the Group's sources of revenue and product sales channels, accompanied by a flexible verification of their effectiveness;
- maintaining the "entrepreneurial way" of managing the organization, as a key driver of competitive advantage;
- carrying out multiple actions to build the image of the Group and the particular brands as well as internal PR;
- continuing to optimize credit risk evaluation within the banking business and enhancing effectiveness of the Bank's debt collection operations;
- maintaining adequacy of capital at the level of about 10%.

The Group's investment plans are as follows:

- investment outlays affecting tangible and IT assets, with major items in the planned outlays being funds to open new POS's and acquire software;
- sale of part of stock held in the subsidiary Open Finance S.A. within the first public offering.

The Group's business is closely linked with the country's economic growth and the situation on the financial markets. The standing of the labor market and people's inclination to save are important factors contributing to the achievement of the planned increase of the deposit-taking business.

Other important factors that bear on the Group's future development and performance are:

- situation on the financial market and fluctuations in foreign exchange rates; an unfavorable situation on the financial market and a considerable increase of exchange rates above the Group's assumptions for the following years may have an adverse impact on the Group's performance ratios and adequacy of capital;
- credit risk and related impairment write-downs; if the planned targets in the area of improving the quality of the credit portfolio are not realized, this may have an adverse impact on the level of impairment write-downs, their value and the amount of profit earned;
- realizing the targets set out in the Group's growth plans for the following years, including launching new projects and ensuring the projected development of the Group's day-to-day business; failure of new projects and lower-than-assumed growth of the deposit and credit business may have an adverse impact on the realization of the Group's target results in subsequent periods;
- the amended VAT Act, effective from 1 January 2011, affects the scope of VAT exemptions; as a result, there may occur a risk of increased administrative expenses and the risk inherent in the VAT treatment of certain services that the Bank acquires. There is also some risk arising from the (correct) classification of the services and the resultant tax treatment, which may lead to disputes with tax authorities in the long run.

7. Corporate governance

7.1. Compliance with best practices

In July 2007, the Supervisory Board of the Warsaw Stock Exchange adopted corporate governance rules for joint stock companies issuing shares, convertible or pre-emptive bonds admitted to public trading. The corporate governance rules in the form of the Code of Best Practices for WSE Listed Companies are provided in the Appendix to Resolution No. 12/1170/2007 of the WSE Supervisory Board dated 4 July 2007, and came into effect as of 1 January 2008. On 19 May 2010 WSE Supervisory Board revised this document by the resolution No. 17/1249/2010. The changes came into force on 1 July 2010 (with the exception defined in Part IV of the Resolution 10 of Best Practices for WSE listed companies, which should be applied not later than on 1 January 2012).

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

In 2010, the Bank complied with the Code of Best Practices for WSE Listed Companies with the exclusion of the following provisions:

I. RECOMMENDATIONS FOR BEST PRACTICE FOR LISTED COMPANIES

"1. A company should pursue a transparent and effective information policy using both traditional methods and modern technologies and latest communication tools ensuring fast, secure and effective access to information. Using such methods to the broadest extent possible, a company should in particular:

- maintain a company website whose scope and method of presentation should be based on the model investor relations service available at <http://naszmodel.gpw.pl/>;
- ensure adequate communication with investors and analysts, and use to this purpose also modern methods of Internet communication;
- enable on-line broadcasts of General Meetings over the Internet, record General Meetings, and publish the recordings on the company website."

The Bank withdrew from application of this rule in respect to internet broadcasting of the General Meeting and registration of the course of proceeding and making it public on Internet site, because of economic reasons. In the Bank's Management Board opinion the costs of internet broadcasting of the General Meeting, are not justified because of current structure of the Bank's shareholders. Additionally, in Bank's Management Board opinion being not compliant with the principle to the aforesaid extent does not pose risk, as the Company publishes on its website all the legally required information and documents, enabling the investors to acquaint with the subjects discussed during the General Meeting.

"5. A company should have a remuneration policy and rules of defining the 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 2010 the Bank withdrew from application of this rule in respect to the part concerning the remuneration policy and the rules of its defining in relation to management and supervisory authorities. The Bank applies the Remuneration Regulation established by Management Board regulation, which defines remuneration and other financial payments policies. The regulations apply to all Bank employees with the exception of chairman and members of the Management Board. According to legal provisions the remuneration of Supervisory Board members is defined by General Meeting and the remuneration of Management Board members is established by Supervisory Board. The method of defining of Supervisory and Management Boards remuneration is therefore a competency of statutory authorities, so it is their decision, whether there exist a need to draw up the applied rules.

"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 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.

III. BEST PRACTICE FOR SUPERVISORY BOARD MEMBERS

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

The above rule is not and will not be observed. The Bank's authorities take the view that, in accordance with the general principle of majority rule and protection of minority shareholders' rights, a shareholder who has made a greater contribution to capital runs a higher financial risk, hence there are grounds for the shareholder's interests to be considered proportionately to the capital contributed. Thus, the shareholder should also have the right to propose Supervisory Board candidates who would ensure the implementation of the strategy adopted for the Bank. In the Bank's view, it enables the adequate and effective implementation of the Bank's strategy and sufficiently protects the interests of all shareholder groups and other groups associated with the Bank. Given the Bank's current shareholder structure, the rule in question excessively limits the corporate rights of majority shareholders and violates the principle of majority rule in a joint stock company. The Bank's General Meeting selects Supervisory Board Members from among individuals of high moral integrity who have the required education, professional and personal experience, and are able to devote the amount of time required to adequately perform their duties as Supervisory Board Members. In the opinion of the Management Board, these criteria ensure the effective work of Supervisory Board Members in the Bank's interests and, accordingly, in the interests of all of its shareholders.

The Bank's shareholders with major shareholding

In accordance to Getin Noble Bank Management Board's knowledge as of the day of the yearly report for 2010 approval (24 February 2011), the only major Bank's shareholder is Getin Holding S.A. (more about Bank's share capital and shareholders is contained in section 2.3).

Special rights and limitations concerning issuer's securities

All the Getin Noble Bank S.A. shares are ordinary, bearer shares with no special control rights. The Bank's articles of association does not introduce any limitations concerning voting rights, like limitation for holders of specific share or amount of shares or time limits concerning execution of voting rights. It also does not contain resolutions regarding separation of capital rights and shareholding.

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

7.2. Supervision and management authorities of the Bank

The functioning of the General Meeting of Shareholders

The General Meeting of Shareholders 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 Meeting of Shareholders. Corporate documents are available at the Bank's website.

The General Meeting of Shareholders, apart from other matters set out herein and in legal provisions, 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 resolutions on the distribution of profits or the covering of losses,

- acknowledge the fulfillment of duties by the Supervisory Board and Management Board members,
- appoint and recall members of the Supervisory Board and its Chairman,
- amend the Bank's Articles of Association,
- adopt resolutions to increase or decrease the Bank's share capital,
- adopt resolutions on the redemption the Bank's shares, terms and conditions thereof and on issuing utility certificates,
- adopt resolutions on issuing convertible bonds or bonds with pre-emptive rights to acquire shares,
- determine the remuneration for the members of the Supervisory Board,
- adopt resolutions to sell or lease the Company's business or an organized part thereof and to establish a limited property right thereon,
- pass resolutions regarding other issues submitted by the Supervisory Board, the Management Board or shareholders, pursuant to these Articles of Association and the applicable laws.

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

The procedure of amendments to the Bank's articles of association

Amendments to 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. Additionally, according to article 34 of Banking Law Act, clause 2 the amendments in Bank articles of association requires the approval of Polish Financial Supervision Authority, as far as it concerns the privilege or limitation of voting rights in Bank in form of joint stock company and:

- Bank's name,
- Headquarters, the scope of Bank's activities with the consideration of legal transactions mentioned in article 69 clause 2, p. 1-7 of the act from 29 July 2005 on trade in financial instruments, which the Bank is going to execute according to article 70, clause 2 of the resolution,
- Bank's Authorities and its competencies, with particular consideration of competencies of Management Board Members, which are mentioned in article 22b clause 1 of the Banking Law Act, and the rules of decision making, basic organizational Bank's 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 own funds,
- Rules of internal audit functioning,
- Bank's own funds and financial economy.

Composition and rules of functioning of Supervisory Board

The Supervisory Board is a permanent body supervising the operations of the Bank in all areas of its activity. The Supervisory Board consists of 5 to 7 members appointed by the General Meeting of Shareholders. A shareholder holding at least 10% of the share capital has the right to his representative in the Supervisory Board. Members of the Supervisory Board are appointed for a joint term of office of three years. The Supervisory Board acts pursuant to the generally applicable laws, the Bank's Articles of Association and the Rules of Supervisory Board.

As of 31 December 2010, the composition of the Bank's Supervisory Board was as follows:

Function in the Supervisory Board	As of 31.12.2010
Chairman of the Supervisory Board	Leszek Czarnecki
Vice-Chairman of the Supervisory Board	Radosław Boniecki
Members of the Supervisory Board	Remigiusz Baliński
	Michał Kowalczewski
	Dariusz Niedosiał

In 2010 following personal changes were made in the Bank's Supervisory Board: on 6 April 2010 the term of the Supervisory Board, comprising following persons: Mr. Leszek Czarnecki (the Member of the Supervisory Board), Mr. Marek Grzegorzewicz (the Member of the Supervisory Board), Mr. Remigiusz Baliński (the Vice-Chairman of

the Supervisory Board), Mr. Michał Kowalczewski (the Member of the Supervisory Board) and Mr. Dariusz Niedośpiał (the Member of the Supervisory Board), office expired. Therefore, on 6 April 2010, the Ordinary General Meeting appointed following persons as members of the Supervisory Board: Mr. Leszek Czarnecki, Mr. Remigiusz Baliński, Mr. Michał Kowalczewski, Mr. Dariusz Niedośpiał and Mr. Radosław Boniecki. New term, common for the whole Supervisory Board was started on 6 April 2010. Additionally, the General Meeting appointed Mr. Leszek Czarnecki for the position of Getin Noble Bank's Supervisory Board Chairman.

On 17 May 2010 the Bank's Supervisory Board appointed Mr. Radosław Boniecki as Vice-Chairman of the Supervisory Board.

Audit Committee

The tasks of Audit Committee are executed by the whole Supervisory Board.

The Audit Committee is advisory and opinion-forming body acting collectively within the Supervisory Board. The tasks of Audit Committee are realized by way of presenting written motions, opinions, recommendations, assessments and reports concerning the scope of its activity to the Supervisory Board. The objective of the Audit Committee is to support the Supervisory Board in fulfilling its supervisory duties within the processes of financial reporting, risk management, financial review as well as the internal control and audit system.

The responsibilities of the Audit Committee include in particular:

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

The composition, principles, appointing and 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 Management Board's Regulations, 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 relating to its competencies during the meetings convened in accordance with provisions of the Management Board's Regulations. 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 absence, the President is replaced by the First Vice-president of the Management Board or indicated by the President of the Management Board. Conclusions of the Management Board's meetings are made through resolutions. In order for a resolution to be valid the presence of majority of the Management Board members is required. The participation in a meeting is also possible by means of remote communication, especially by means of phone or video communication, enabling identification of meeting participant. The Management Board's resolutions shall be passed by the absolute majority of the votes. In case of equality of votes, the vote of the Management Board's President is decisive. After fulfillment of conditions determined in the Management Board's Regulations, 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 electronic mail, or fax and then placing a signature to resolutions by the Management Board's Members in accordance with given vote, (ii) by voting in writing by signing by each member of the Management Board of proposed resolution (cards with signatures of the Management Board's Members to given resolution) with indication whether member votes "for", "against" or "abstain from voting" and submitting signed resolution to the Management Board's President.

The Management Board's composition as at 31 December 2010 was as follows:

Function	As at 31.12.2010
Management Board President	Krzysztof Rosiński
Management Board members	Karol Karolkiewicz
	Maurycy Kühn
	Krzysztof Spyra
	Radosław Stefurak
	Maciej Szczechura
	Grzegorz Tracz

In 2010, the following changes in the Management Board composition occurred: on 15 December 2009 the Bank's Supervisory Board decided to appoint, as of the day of merger of Noble Bank S.A. and Getin Bank S.A. (4 January 2010), Mr. Grzegorz Tracz as a Management Board member, entrusting him with the role of the Bank's Management Board Member. At the same time, on 15 December 2009 the Supervisory Board entrusted, as of the day of merger of Noble Bank S.A. and Getin Bank S.A. (4 January 2010), Mr. Jarosław Augustyniak with the role of First Vice-president of the Management Board and Mr. Krzysztof Rosiński as the Vice-president of the Management Board acting as the Bank's Management Board President.

As a result of the end, as at 7 March 2010, of the term of office of the Management Board of the Bank, the Supervisory Board, at the meeting held on 5 March 2010, appointed Mr. Krzysztof Rosiński as Vice-president of the Management Board, Mr. Jarosław Augustyniak as First Vice-president of the Management Board, Mr. Krzysztof Spyra as Member of the Management Board, Mr. Maurycy Kühn as Member of the Management Board, Radosław Stefurak as Member of the Management Board and Mr. Grzegorz Tracz as Member of the Management Board, for a common 3-year term of office, which began on 8 March 2010. The Supervisory Board has also entrusted Mr. Krzysztof Rosiński with the role of the President of the Management Board of the Bank. Due to provisions of article 22b of the Banking Law, the appointment of the Management Board President follows the day of the consent of the Polish Financial Supervision Authority ("KNF"). Until the consent of the Polish Financial Supervision Authority Mr. Krzysztof Rosiński has been entrusted with fulfilling the role of the Management Board President.

On 5 August 2010 the Polish Financial Supervision Authority granted their consent to appoint Mr. Krzysztof Rosiński as a President of the Management Board and Mr. Radosław Stefurak as a Member of the Management Board of Getin Noble Bank S.A.

On 7 September 2010 the Supervisory Board of the Bank appointed, effective from 1 October 2010, Mr. Karol Karolkiewicz and Mr. Maciej Szczechura as members of the Management Board, entrusting them with the roles of the Management Boards Members.

At the same time, Mr. Jarosław Augustyniak acting as I Vice-president of the Bank's Management Board resigned from his function as of 7 September 2010 due to his new responsibilities as acting President of the Management Board of Idea Bank S.A.

The Management Board is composed of at least three members. The number of the Management Board members is determined by the Supervisory Board. The members of the Management Board are appointed and dismissed by the Supervisory Board subject to the requirements determined in the Banking Law. The Members of the Management Board are appointed on a common 3-year term of office.

The Management Board manages the affairs of the Bank and represents it outside. The Management Board's competencies relate to unrestricted affairs in the Articles of Association and being in force provisions to competences of other Bank's bodies. The Management Board works based on regulations approved by the Supervisory Board. These regulations determine affairs, which require collective consideration and resolution of the Management Board. Within the Management Board's competencies regarding decisions on the issue or purchase of shares, the Articles of Association authorized the Management Board, pursuant to Article 11 of the Articles of Association, to conduct one or several consecutive increases of share capital of the Bank within targeted capital by the issue of bearer shares (targeted capital) to 30 May 2012 on terms described in this paragraph.

Remuneration of the Supervisory Board and the Management Board

Detailed information regarding remuneration of Bank's managing and supervising persons was described in the note IV.41 to the consolidated financial statements of the Getin Noble Bank S.A. Capital Group for the year ended 31 December 2010.

Agreements between the Bank and management

The agreements of Krzysztof Rosiński – the President of the Management Board of Getin Noble Bank S.A. and Members of the Management Board – Maciej Szczechura, Grzegorz Tracz and Karol Karolkiewicz, envisage payment of additional remuneration amounting to salary received and due within full 6 calendar months following agreement termination in case of termination of agreement by the Company or dismissal of Manager from the function in the Company 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 by any of these sides or in case of absence of Manager in place of fulfilling duties by total of over 90 days during calendar year.

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

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

Shares of the Bank held by managing and supervising persons

The structure of shares of Getin Noble Bank S.A. held by members of the Management Board and the Supervisory Board as at the day of report for 2010 approval and changes, which took place within 2010 are presented below:

Members of the Supervisory/Management Board	As at 31.12.2009	Purchase/ (sale) of shares during the reporting period	As at 31.12.2010
Remigiusz Baliński	22,333	21,740	44,073
Radosław Boniecki	5,500	-	5,500
Leszek Czarnecki	-	1,939,420	1,939,420
Maurycy Kühn*	10,328,594	(230,000)	10,098,594
Krzysztof Spyra**	10,389,947	(380,000)	10,009,947
* through:	ASK Investments SA		4,939,947
	A. Nagelkerken Holding B.V.		5,150,000
	as individual person		8,647
			10,098,594
** through:	ASK Investments SA		4,939,947
	International Consultancy Strategy Implementation		5,070,000
			10,009,947

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

The process of preparation of standalone and consolidated financial statements in Getin Noble Bank S.A. is realized within Financial Department, and its basis is adopted by the Management Board of the Bank accounting policy 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, internal control system exist in the Bank, accounting for the element of the Bank's management system, which consists of: control mechanism, test of compliance of activities with the generally applicable legal provisions and internal Bank's provisions and internal audit.

The internal control system consists of the following items:

- risk control mechanisms – relate to all employees and include procedures relating to banking and banking activities, self-control limits and 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 their tasks, as well as performed by their direct supervisors and their co-workers, resulting from the organizational rules of the Bank,
- institutional control/internal audit – performed by the separated and independent unit – Internal Audit Department (IAD), whose aim is to identify and assess the risk in each area of the Bank's operations.

The aim 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 rules 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 systems is to secure the assets, to review of loan exposures, mitigating and identification of errors in data processing, to ensure the credibility of the accounting records, to improve the effectiveness of operations and to stimulate to comply with the agreed strategy and policies 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 rules regarding the accounting standards and financial reporting.

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

Auditor of the financial statements

On 5 July 2010 the Supervisory Board of the Bank made the resolution on the appointment of Ernst & Young Audit sp. z o.o. as the statutory auditor of the financial statements of the Group for 2010. The agreement with respect to the review of the interim financial statements and audit of the annual financial statements was signed on 30 July 2010. The Group used the auditing services of Ernst & Young Audit sp. z o.o. in previous reporting periods. Other entities from the Ernst & Young Group performed the advisory services in the scope which is allowed to ensure the auditor's independence and compliance with the legal acts and internal policies.

The detailed information on the contracts concluded with the auditor and its remuneration have been presented in the note IV.42 to the consolidated financial statements of the Getin Noble Bank S.A. Capital Group for the year ended 31 December 2010.

8. Additional information

Significant agreements

In 2010 the entities from the Getin Noble Bank Group did not sign agreement that will exceed 10% of the Bank's equity.

Changes in the methods of managing the company

In 2010 there were no significant changes with respect to the methods of managing the Group.

Co-operation of the Bank with international public institutions

In November 2010 Getin Noble Bank S.A. concluded the loan agreement with the European Investment Bank amounting to EUR 50,000,000. The funds have been committed for the financing of loans for the SME sector of Getin Noble Bank S.A. The first tranche of the loan have been granted on 17 December.

The Bank has also co-operated with the European Bank for Reconstruction and Development within the financial market transactions.

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

In 2010 Getin Noble Bank did not conclude any significant agreements with the central bank or supervision authorities. The Bank co-operates on a regular basis with the National Bank of Poland with respect to the agreement on the technical loan and transfer of rights to securities and the agreement on the lombard loan and the pledge being the collateral for that loan.

Furthermore, the Bank has signed the agreements with the Regional Offices of the NBP regarding the transactions of sale and purchase of banknotes and coins.

Explanation of the differences between the actual and previously forecasted financial results

The Getin Noble Bank S.A. Group did not publish financial result forecasts for 2010.

Execution titles and value of collateral

In 2010 35,761 execution titles were issued of the total value of PLN 719,884 thousand. The fair value of the collaterals for individually impaired loans calculated as the sum of discounted forecasted future cash flows from collaterals, repayments and settlements as well as recovery of the loans amounted to PLN 193,877 thousand as at the end of 2010.

Significant legal proceedings

In 2010 the entities of the Getin Noble Bank Group were not subject to any proceedings relating to liabilities or receivables whose value would exceed 10% of the Group's equity.

Information of employee stock option programs

There are no stock option programs within the Group.

9. Statements of the Management Board

9.1. Truth and fairness of the financial statements

According to the best knowledge of the Bank's Management Board, the consolidated financial statements of the Getin Noble Bank S.A. Capital Group for the year ended 31 December 2010 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. Capital Group and the Group's financial result in a true, fair and transparent way.

Furthermore, the Directors' report of the Getin Noble Bank S.A. Capital Group gives a true view of the developments, achievements and situation of the Group in 2010, including a description of the key threats and risks.

9.2. Appointment of the auditor of the financial statements

Ernst & Young Audit sp. z o.o. – the auditor of the consolidated financial statements of the Getin Noble Bank S.A. Capital Group for the year ended 31 December 2010 was appointed in compliance with the law. The above entity and its certified auditors performing the audit fulfilled conditions for expressing the unbiased and independent opinion on the audited consolidated financial statements, in accordance with the applicable law and professional standards.

The Management Board of Getin Noble Bank S.A.:

Krzysztof Rosiński
President of the Management Board

Karol Karolkiewicz
Member of the Management Board

Maurycy Kühn
Member of the Management Board

Krzysztof Spyra
Member of the Management Board

Radosław Stefurak
Member of the Management Board

Maciej Szczechura
Member of the Management Board

Grzegorz Tracz
Member of the Management Board

Warsaw, 24 February 2011