

***GETIN NOBLE BANK S.A.***

**LONG-FORM AUDITORS' REPORT  
ON THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2010**

## **I. GENERAL NOTES**

### **1. Background**

Getin Noble Bank S.A. (hereinafter 'the Bank'), until 4 January 2010 operating under the name of Noble Bank S.A., was incorporated on the basis of a Notarial Deed dated 21 September 1990. The Bank's registered office is located in Warsaw at Domaniewska 39B Street.

The Bank was entered in the Register of Entrepreneurs of the National Court Register under no. KRS 0000018507 on 8 June 2001.

The Bank was issued with tax identification number (NIP) 712-010-27-93 on 1 June 1993 and statistical number (REGON) 004184103 on 6 December 2000.

On 4 January 2010, the District Court for the Capital City of Warsaw, 13th Economic Department of the National Court Register, issued a decision pursuant to which, on 4 January 2010, the merger of Noble Bank S.A. and Getin Bank S.A. was registered in the Register of Companies of the National Court Register under the name of Getin Noble Bank S.A.

The merger of Noble Bank S.A. and Getin Bank S.A. was effected in accordance with article 124, section 1 and section 3 of the Banking Law, with reference to article 492, paragraph 1, point 1 of the Code of Commercial Companies, through a transfer of all assets of Getin Bank S.A. to Noble Bank S.A. with a simultaneous increase of the share capital of Noble Bank S.A. by means of a new issue of stocks.

The Bank is the holding company of Getin Noble Bank S.A. capital group and is part of the Getin Holding S.A. capital group. Details of transactions with affiliated entities and the list of companies in which the Bank holds at least 20% of shares in the share capital or in the total number of votes in the company's governing body are included in Note II.4 to the audited financial statements for the year ended 31 December 2010.

The principal activities of the Bank are as follows:

- 1) cash intermediary services;
- 2) other cash intermediary services;
- 3) financial leasing;
- 4) other forms of loan granting;
- 5) other financial intermediary services, not elsewhere classified;
- 6) brokerage services;
- 7) investment funds and collective securities portfolio management;
- 8) auxiliary financial activities, not elsewhere classified;
- 9) auxiliary activities related to insurance and pension funds.

As at 31 December 2010, the Bank's issued share capital amounted to PLN 953,763 thousand. Equity as at that date amounted to PLN 3,281,446 thousand.

In accordance with notifications received by the Bank as at 31 December 2010, the ownership structure of the Bank's issued share capital was as follows:

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(in thousand zlotys)*

|   | Number<br>of shares | Number<br>of votes | Par value<br>per share<br>(in PLN) | Percentage<br>of share capital |
|---|---------------------|--------------------|------------------------------------|--------------------------------|
| Getin Holding S.A.  | 893 786 767         | 893 786 767        | 893 787 767                        | 93.71%                         |
| ASK Investments S.A.                                      | 14 819 840          | 14 819 840         | 14 819 840                         | 1.55%                          |
| A. Nagelkerken Holding B.V.                               | 5 150 000           | 5 150 000          | 5 150 000                          | 0.54%                          |
| International Consultancy<br>Strategy Implementation B.V. | 5 070 000           | 5 070 000          | 5 070 000                          | 0.53%                          |
| Leszek Czarnecki, Ph.D.                                   | 1 939 420           | 1 939 420          | 1 939 420                          | 0.20%                          |
| Treasury shares of the Bank                               | 695 580             | 695 580            | 695 580                            | 0.07%                          |
| Other shareholders (public<br>offering)                   | 32 301 490          | 32 301 490         | 32 301 490                         | 3.39%                          |
| Total   | 953 763 097         | 953 763 097        | 953 763 097                        | 100.00%                        |

The following changes took place in the ownership structure of the Bank's issued share capital during the financial year and between the balance sheet date and the date of the opinion:

- On 9 September 2010 the Bank concluded with Mr. Leszek Czarnecki a sale agreement of the Bank's 1,939,420 bearer shares at par value of PLN 1 per share. The transaction took place on 10 September 2010 on the Warsaw Stock Exchange (block transaction);
- On 14 September 2010 A. Nagelkerken Holding B.V. sold 200,000 shares at par value of PLN 1 per share;
- On 14 September 2010 International Consultancy Strategy Implementation B.V. sold 380,000 shares at par value of PLN 1 per share.

Movements in the issued share capital of the Bank in the financial year were as follows:

|   | Number of shares | Par value per share<br>(in PLN) |
|---|------------------|---------------------------------|
| Opening balance   | 215 178 156      | 215 178 156                     |
| Increase of capital due to the merger of<br>Noble Bank S.A. and Getin Bank S.A. | 738 584 941      | 738 584 941                     |
| Closing balance   | 953 763 097      | 953 763 097                     |

As at 24 February 2011, the Bank's Management Board was composed of:

|                    |                                     |
|--------------------|-------------------------------------|
| 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    |

Changes in the Bank's Management Board composition during the reporting period as well as from the balance sheet date to the date of the opinion were as follows:

- on 15 December 2009, the Supervisory Board of the Bank decided to appoint, as of 4 January 2010, a new member of the Management Board – Mr. Grzegorz Tracz, entrusting him with the role of the Member of the Management Board;
- on 15 December 2009, the Supervisory Board entrusted, as of 4 January 2010, Mr. Jarosław Augustyniak with the role of First Vice-President of the Management Board and Mr. Krzysztof Rosiński with the role of Vice-President of the Management Board acting as the President of the Management Board;
- on 5 August 2010 the Polish Financial Supervision Authority approved the appointment of Mr. Krzysztof Rosiński as the President of the Management Board of Getin Noble Bank S.A. Pursuant to the Banking Law and the Supervisory Board's resolution of 5 March 2010, Mr. Krzysztof Rosiński took on a post at the date of the Polish Financial Supervision Authority's consent, i.e. on 5 August 2010;
- on 7 September 2010 the Supervisory Board appointed, as of 1 October 2010, new members of the Management Board – Mr. Karol Karolkiewicz and Mr. Maciej Szczechura, entrusting them with the roles of the Members of the Management Board;
- on 7 September 2010 Mr. Jarosław Augustyniak, acting as First Vice-President of the Management Board, submitted a resignation from his current role due to taking on a post of the acting President of the Management Board of Idea Bank S.A. located in Warsaw.

## **2. Financial Statements**

On 20 February 2007 the General Shareholders' Meeting decided on preparation of the financial statements of the Bank in accordance with International Financial Reporting Standards as adopted by the European Union.

### **2.1 Auditors' opinion and audit of financial statements**

Ernst & Young Audit sp. z o.o. with its registered office in Warsaw, at Rondo ONZ 1, is registered on the list of entities authorized to audit financial statements under no. 130.

Ernst & Young Audit sp. z o.o. was appointed by the Supervisory Board on 8 July 2010 to audit the Bank's financial statements.

Ernst & Young Audit sp. z o.o. and the key certified auditor meet the conditions required to express an impartial and independent opinion on the financial statements, as defined in Art. 56.3 and 56.4 of the Act on statutory auditors and their self-governance, audit firms authorized to audit financial statements and public oversight, dated 7 May 2009 (2009 Journal of Laws, No. 77, item 649).

Under the contract executed on 30 July 2010 with the Bank's Management Board, we have audited the financial statements for the year ended 31 December 2010.

Our responsibility was to express an opinion on the financial statements based on our audit. The auditing procedures applied to the financial statements were designed to enable us to express an opinion on the financial statements taken as a whole. Our procedures did not

extend to supplementary information that does not have an impact on the financial statements taken as a whole.

Based on our audit, we issued an unqualified auditors' opinion dated 24 February 2011, stating the following:

“To the Supervisory Board of Getin Noble Bank S.A.

1. We have audited the attached financial statements for the year ended 31 December 2010 of Getin Noble Bank S.A. ('the Bank') located in Warsaw at Domaniewska 39B Street, containing income statement and the statement of comprehensive income for the period from 1 January 2010 to 31 December 2010, statement of financial position as at 31 December 2010, the statement of changes in equity and the statement of cash flow for the period from 1 January 2010 to 31 December 2010, the accounting policies and other explanatory notes ('the attached financial statements').
2. The truth and fairness of the attached financial statements, the preparation of the attached financial statements in accordance with the required applicable accounting policies and the proper maintenance of the accounting records are the responsibility of the Bank's Management Board. In addition, the Bank's Management Board and Members of the Supervisory Board are required to ensure that the attached financial statements and the Directors' Report meet the requirements of the Accounting Act dated 29 September 1994 (2009 Journal of Laws No. 152, item 1223 with subsequent amendments – 'the Accounting Act'). Our responsibility was to audit the attached financial statements and to express an opinion on whether, based on our audit, these financial statements comply, in all material respects, with the required applicable accounting policies, whether they truly and fairly reflect, in all material respects, the financial position and results of the operations of the Bank and whether the accounting records that form the basis for their preparation are, in all material respects, properly maintained.
3. We conducted our audit of the attached financial statements in accordance with:
  - chapter 7 of the Accounting Act,
  - national auditing standards issued by the National Council of Statutory Auditors,in order to obtain reasonable assurance whether these financial statements are free of material misstatement. In particular, the audit included examining, to a large extent on a test basis, documentation supporting the amounts and disclosures in the attached financial statements. The audit also included assessing the accounting principles adopted and used and significant estimates made by the Management Board, as well as evaluating the overall presentation of the attached financial statements. We believe our audit has provided a reasonable basis to express our opinion on the attached financial statements treated as a whole.
4. In our opinion, the attached financial statements, in all material respects:
  - present truly and fairly all information material for the assessment of the results of the operations of the audited Bank for the period from 1 January 2010 to 31 December 2010, as well as its financial position as at 31 December 2010;

- have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and based on properly maintained accounting records;
  - are in respect of the form and content, in accordance with legal regulations governing the preparation of financial statements and the Bank's Articles of Association.
5. We have read the Directors' Report on the Bank's activities for the period from 1 January 2010 to 31 December 2010 and the rules of preparation of annual statements ('the Directors' Report') and concluded that the information derived from the attached financial statements reconciles with these financial statements. The information included in the Directors' Report corresponds with the relevant regulations of the Decree of the Minister of Finance dated 19 February 2009 on current and periodic information published by issuers of securities and conditions for recognition as equivalent the information required by laws of non-European Union member states (2009 Journal of Laws No. 33, item 259)."

We conducted the audit of the Bank's financial statements during the period from 6 December 2010 to 23 December 2010 and from 26 January 2011 to 24 February 2011. We were present in the place where the Bank's books of accounts are kept from 6 December 2010 to 17 December 2010 and from 26 January 2011 to 24 February 2011.

## **2.2 Representations provided and data availability**

The Management Board confirmed its responsibility for the truth and fairness of the financial statements and the preparation of the financial statements in accordance with the required applicable accounting policies, and stated that it had provided us with all financial information, accounting records and other required documents as well as all necessary explanations. The Management Board of the Bank also provided a letter of representations dated 24 February 2011, confirming that:

- the information included in the books of account was complete,
- all contingent liabilities had been disclosed in the financial statements, and
- all material events from the balance sheet date to the date of the representation letter had been disclosed in the financial statements,

and confirmed that the information provided to us was true and fair to the best of the Bank's Management Board's knowledge and belief, and included all events that could have had an effect on the financial statements.

## **2.3 Financial statements for prior financial year**

The Bank's financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the European Union for the year ended 31 December 2009 were audited by Dominik Januszewski, key certified auditor no. 9707, acting on behalf of Ernst & Young Audit Sp. z o.o., identification number 130. The key certified auditor issued an unqualified opinion on the financial statements for the year ended 31 December 2009. The Bank's financial statements for the year ended 31 December 2009 were approved by the General Shareholders' Meeting on 6 April 2010, and the shareholders resolved to

appropriate the whole 2009 net profit amounting to PLN 317,901 thousand to supplementary capital.

The financial statements for the financial year ended 31 December 2009, together with the auditors' opinion, a copy of the resolution approving the financial statements, a copy of the resolution on the appropriation of profit and the Directors' Report, were filed on 4 May 2010 with the National Court Register.

The statement of financial position as at 31 December 2009, the profit and loss account, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 31 December 2009, together with the auditors' opinion, a copy of the resolution approving the financial statements and a copy of the resolution on the appropriation of profit were published in Monitor Polski B No. 971 on 16 June 2010.

The closing balances as at 31 December 2009 were correctly brought forward in the accounts as the opening balances as at 1 January 2010.

### **3. Analytical Review**

#### **3.1 Basic data and financial ratios**

Presented below are selected financial ratios indicating the or financial performance of the Bank for the years 2008 - 2010. The ratios were calculated on the basis of financial information included in the financial statements for the years ended 31 December 2008 (relating to financial information for the year 2008) and 31 December 2010 (relating to financial information for the year 2009 and 2010).

As described in the point I.1 of herein report, on 4 January 2010 the merger of Noble Bank S.A. and Getin Bank S.A. took place. Due to the merger comparative financial information for the year ended 31 December 2009 has been restated. Financial information for the year ended 31 December 2008, presented in the table below, has not been restated and is not comparable to financial information for the year ended 31 December 2009 and 31 December 2010.

|   | <b>2010</b> | <b>2009</b> | <b>2008*</b> |
|---|-------------|-------------|--------------|
| <b>Total assets</b>   | 42 635 385  | 33 044 879  | 5 577 103    |
| <b>Equity</b>   | 3 281 466   | 2 871 497   | 648 707      |
| <b>Net profit</b>   | 436 857     | 317 901     | 164 614      |
| <b>Capital adequacy ratio<br/>per NBP methodology</b>   | 9.5%        | 11.1%       | 13.4%        |
| <b>Profitability ratio</b>  | 74.9%       | 60.7%       | 256.8%       |
| <div style="text-align: center;"><div>pre-tax profit</div><div>general administrative costs</div></div> |             |             |              |

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|   | 2010  | 2009  | 2008* |
|---|-------|-------|-------|
| <b>Cost to income ratio</b>   | 38.0% | 45.9% | 39.9% |
| $\frac{\text{general administrative costs}}{\text{operating income**}}$ |       |       |       |
| <b>Return on equity</b>   | 14.2% | 11.5% | 29.1% |
| $\frac{\text{net profit}}{\text{average equity}}$                       |       |       |       |
| <b>Return on assets</b>   | 1.2%  | n/a   | 4.3%  |
| $\frac{\text{net profit}}{\text{average assets}}$                       |       |       |       |
| <b>Rate of inflation:</b>   |       |       |       |
| Yearly average  | 2.6%  | 3.5%  | 4.2%  |
| December to December  | 3.1%  | 3.5%  | 3.3%  |

\* Financial information for 2008 relates to Noble Bank S.A. (before the merger with Getin Bank S.A.)

\*\* The calculation of operating income included the operating profit less the following: "Other operating income", "Other operating expenses" and "Impairment losses on loans, advances to customers and off- balance sheet liabilities"

### 3.2 Comments

The following trends may be observed based on the above financial ratios:

- Total assets increased from PLN 33,044,879 thousand as at 31 December 2009 to PLN 42,635,385 thousand as at 31 December 2010;
- The equity increased from PLN 2,871,497 thousand as at 31 December 2009 to PLN 3,281,466 thousand as at 31 December 2010;
- The net profit increased from PLN 317,901 thousand in 2009 to PLN 436,857 thousand in 2010;
- The profitability ratio increased from the level of 60.7% in 2009 to the level of 74.9% in 2010;
- The cost level ratio decreased from the level of 45.9% in 2009 to the level of 38.0% in 2010;
- The return on equity increased from the level of 11.5% in 2009 to the level of 14.2% in 2010;
- The return on assets amounted to 1.2% in 2010.



### **3.3 Going concern**

Nothing came to our attention during the audit that caused us to believe that the Bank is unable to continue as a going concern for at least twelve months subsequent to 31 December 2010 as a result of an intended or compulsory withdrawal from or a substantial limitation in its current operations.

In Note III.1 of the additional notes and disclosures to the audited financial statements for the year ended 31 December 2010, the Management Board has stated that the financial statements were prepared on the assumption that the Bank will continue as a going concern for a period of at least twelve months subsequent to 31 December 2010 and that there are no circumstances that would indicate a threat to its continued activity.

### **3.4 Compliance with regulatory norms**

As at 31 December 2010, the provisions of the Banking Law, the resolutions of the Management Board of NBP and the resolutions of the Polish Financial Supervision Authority, provided for regulatory principles relating to:

- levels of currency positions,
- concentration of credit risk,
- concentration of equity shares,
- allocation of loans, guarantees and warranties according to the risks groups recording provisions for risks related to banking activity,
- solvency,
- liquidity measures,
- amount of obligatory reserve,
- capital adequacy.

During our audit we did not find any facts indicating that the Bank failed to comply with the above mentioned principles as of 31 December 2010. In addition, we obtained in written the statement of the Bank's Management Board that the regulatory norms were not violated during the reporting period.

### **3.5 Appropriateness of determination of the capital adequacy ratio**

During our audit we did not find any significant irregularities concerning the determination of the capital adequacy ratio as at 31 December 2010 according to the Polish Financial Supervision Authorities' Resolution No. 76/2010 dated 10 March 2010 concerning the scope and detailed terms of determining the capital requirements due to respective types of risk (Journal of Law of KNF No. 2010.2.11 of 9 April 2010 with subsequent amendments).

## **II. DETAILED REPORT**

### **1. Accounting System**

The Bank's accounts are kept using the DEF 3000 and MINISOB computer systems at the Bank's head office. The Bank has up-to-date documentation, as required under Article 10 of the Accounting Act dated 29 September 1994 (2009 Journal of Laws No. 152 item 1223 with subsequent amendments – 'the Accounting Act'), including a chart of accounts approved by the Bank's Management Board.

During our audit no material irregularities were noted in the books of account which could have a material effect on the audited financial statements and which were not subsequently adjusted. These would include matters related to:

- the reasonableness and consistency of the applied accounting policies;
- the reliability of the accounting records, the absence of errors in the accounting records and the trail of entries in the accounting records;
- whether business transactions are supported by documents;
- the correctness of opening balances based on approved prior year figures;
- consistency between the accounting entries, the underlying documentation and the financial statements;
- fulfillment of the requirements for safeguarding accounting documents and storing accounting records and financial statements.

### **2. Assets, Liabilities and Equity, Profit and Loss Account**

Details of the Bank's assets, liabilities and equity and profit and loss account are presented in the audited financial statements for the year ended 31 December 2010.

Verification of assets, liabilities and equity was performed in accordance with the Accounting Act. Any differences were adjusted in the books of account for the year 2010.

### **3. Additional Notes and Disclosures to the Financial Statements**

The additional notes and disclosures to the financial statements for the year ended 31 December 2010 were prepared, in all material respects, in accordance with International Financial Reporting Standards as adopted by the European Union.

### **4. Directors' Report**

We have read the Directors' Report on the Bank's activities in the period from 1 January 2010 to 31 December 2010 and the basis for preparation of annual financial statements ('Directors' Report') and concluded that the information derived from the attached financial statements reconciles with the financial statements. The information included in the Directors' Report corresponds with the relevant provisions of the Decree of the Ministry of Finance dated 19 February 2009 on current and periodic information published by issuers of securities and conditions for recognition as equivalent the information required by laws of non-European Union member states (2009 Journal of Laws No. 33, item 259).

## **5. Conformity with Law and Regulations**

We have obtained a letter of representations from the Management Board confirming that no laws, regulations or provisions of the Bank's Articles of Association were breached during the financial year.

## **6. Work of Experts**

During our audit we have taken into account the results of the work of the following independent experts:

- experts in real estate:
  - in calculations relating to the level of loan impairment allowances we have considered the value of collaterals in accordance with valuations made by experts in real estate on the Bank's request;
  - the valuations of real estate properties held by the Bank;
- actuary:
  - calculation of actuarial provision for retirement compensation on the Bank's request.

on behalf of  
Ernst & Young Audit sp. z o.o.  
Rondo ONZ 1, 00-124 Warsaw  
Registration No 130

Key Certified Auditor

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Dominik Januszewski  
Certified Auditor  
No. 9707

Warsaw, 24 February 2011