

SUPERVISORY BOARD'S REVIEW OF THE STANDING OF GETIN HOLDING S.A.

REVIEW OF THE COMPANY'S STANDING

For the Company 2012 proved to be another busy year rewarded with many successes, since it saw several events that materially affected not only the Company, but the entire Getin Holding Capital Group. The main events include:

- **Division of Getin Holding S.A.**

On 02.01.2012 the Company's division was effected under the procedure provided for in Art. 529 §1 (4) of the Code of Commercial Companies and Partnerships, that is through spinning off an organized enterprise operating as the Branch in Warsaw to Get Bank S.A. (previously Allianz Bank S.A.). The division was followed by the merger of Get Bank S.A. with Getin Noble Bank S.A. under the procedure provided for in Art. 529 § 1 (4) of the Code of Commercial Companies, where Get Bank S.A. was the acquiring company. On 01.06.2012, the merger and the change of the company's name from Get Bank S.A. to Getin Noble Bank S.A. were registered by court. In consequence of the division, two capital groups emerged: Getin Holding Group, comprising Idea Bank (Poland) and companies conducting other financial operations in Poland and abroad, and the group comprising Getin Noble Bank S.A. with its subsidiaries.

In consequence of implementation of the division strategy assumptions made by the Company in 2011, banking and related universal operations were spun off to a separate entity, which allows the Company to focus on seeking and implementation of investment projects both in domestic and foreign markets and creating added value for its investment portfolio. The strategy implementation resulted in a dynamic growth of Idea Bank Polska Group, as well as in expansion of banks and lease companies in the East European markets.

- **Sale of the controlling interest in Towarzystwo Ubezpieczeń Europa S.A.**

On 01.06.2012, the Company sold 4,725,001 shares in TU Europa S.A., accounting for 50% interest + 1 share, to Talanx International AG, a company based in Hannover, upon completion of all conditions precedent set forth in the conditional transaction agreement concluded on 14.12.2011 with Talanx International and Meiji Yasuda Life Insurance Company based in Tokyo. Next, as a result of signing on 29.06.2012 with Talanx International an Agreement specified in Art. 87 (1) (5) and (6) of the Act on Public Offering, Meiji Yasuda carried out a squeeze-out of 517,980 shares in TU Europa S.A., accounting for 5.48 % share capital. The material form of TU Europa shares was restored, and amendments were made to the company's Articles of Association, and new Members of the Supervisory Board were elected.

In consequence of the aforementioned events TU Europa S.A. ceased to be a public company, and currently it is owned by Getin Holding S.A. (with a 16.54% stake), Talanx International (with a 50 % + 1 share stake) and Meiji Yasuda (with a 33.46% stake). TU Europa's Articles of Association guarantee that the Company may keep its supervision competences giving it the right to appoint and dismiss one member of TU Europa Supervisory Board.

- **Expansion of Idea Bank Group Poland**

The purchase of 9,872,629 shares in Idea Bank S.A., accounting for 37.053% of its share capital, effected on 16.03.2012, increased the Company's stake in the share capital of Idea Bank to 100%, conferring the right to 100% votes at general meetings of the bank. In 2012, in consequence of increases in the bank's share capital made by Idea Bank S.A. General Meeting, two issues of shares were effected. Since the Company did not take up the shares in the second issue, its stake in the bank's share capital dropped to 79.79 %, and to 80.22 % voting rights at a general meeting. Expanding its group portfolio, Idea Bank S.A. purchased 100% shares in Tax Care S.A., and became the sole shareholder in Idea Leasing S.A. (previously Panorama Finansów S.A.), purchasing 100% shares from the Company. Idea Bank Group Poland aims at expanding its share in segments of corporate banking and lease services by developing its product range and expanding sales networks.

- **Making most of Getin Noble Bank's growth potential by increasing the Company's interest in the increased share capital.**

In 2012, the Company participated in the issue of J and K series shares effected by Getin Noble Bank S.A., where 200 million J-series ordinary bearer shares with the face value of PLN 1.00 and 60 million K-series ordinary bearer shares with the face value of PLN 1.00 were issued. Exercising its pre-emption right, the Company acquired 3,998,333 J and K series ordinary bearer shares with the nominal value of PLN 1.00 each. In December 2012, the Company increased its interest in GNB share capital to 5.66% acquiring 30,300,964 shares in Getin Noble Bank S.A. from Mr. Leszek Czarnecki, RB Investcom sp. z o.o., Idea Expert S.A. and the Jolanta and Leszek Czarnecky Foundation.

- **Expansion of the CEE companies**

Carcade Group (Russia) comprises OOO Carcade based in Kaliningrad, OAO AB Kubań Bank based in Krasnodar, OOO D2 Technologia based in Krasnodar and Carcade Polska Sp. z o.o. based in Wrocław. In 2012, the Company increased its interest, indirectly via OOO Carcade based in Kaliningrad, in Kubań Bank to 96.0491%. By obtaining funds from several biggest Russian banks and bonds issues OOO Carcade managed to expand its operations and increase sales volume, enhancing its leading position in the Russian lease market, in spite of heavy competition.

Kubań Bank managed to implement new procedure for selling loans and new technologies of raising deposits, which allowed the bank to reach the breakeven point.

Sombelbank (Belorussia) focused mainly on the retail banking sector, i.e. selling loans to individuals and raising deposits through a network of its branches, as well as selling non-cash loans to purchase goods in retail outlets.

Idea Bank Group (Ukraine) comprises Idea Bank (Ukraine), Gwarant Plus and Idea Leasing. The bank focuses on selling products to individual clients. The main products include car loans, cash loans, deposits, current accounts, payment cards (debit cards). The bank offers also products addressed to a smaller group of clients, such as loans for businesses, deposits for legal persons, money transfers and payments, lease of vehicles. Since September 2012, the bank has been also offering Internet banking services. Stable financial standing of the bank was confirmed by the uaBBB+ rating granted by the consumer reporting agency *Credit Rating* that monitors financial standing of banks in Ukraine.

- **Other events**

In 2012, Getin Holding Capital Group carried on developing the "Idea" global brand standardizing names and logotypes of its banks operating both in Poland and abroad (the

Russian Federation, Republic of Ukraine, Republic of Belorussia), as well as Idea Bank Group companies.

In executing the 2011-2014 Managerial Stock Option Programme aiming at enhancing commitment of its key management staff, in 2012 the Company allotted 806,032 shares to managers.

The aforementioned events translated to the Company's good performance in 2012.

Therefore, the Supervisory Board positively assesses the Company's performance in 2012 that successfully implemented assumed plans and objectives. The Supervisory Board believes that the Company is managed correctly and efficiently.

The Supervisory Board positively assesses the Management Board's endeavours to increase the Company value for their shareholders.

REVIEW OF THE INTERNAL CONTROL AND MATERIAL RISK MANAGEMENT SYSTEMS FOR THE COMPANY AND THE CAPITAL GROUP

In Getin Holding S.A. Supervisory Board's opinion the internal control and the material risk management systems work properly and ensure high efficiency of control and decision making processes both at the Company and Getin Holding Capital Group levels.

The Company's Internal Control System is based on 3 defence lines:

- the first line comprises risk control mechanisms specified in the bylaws and IT systems;
- the second line comprises units that support the Management Board in risk identification, risk management, and functional control;
- the third line comprises Internal Audit whose objectives are pursued by the Company's Internal Auditor, directly responsible to the Management Board President.

In compliance with the Annual Audit Plan approved by the Management Board, the effectiveness and correctness of control mechanisms and performance of functional control in the Company is verified by the Internal Auditor who regularly submits his/her comments and recommendations directly to the Company's Management Board.

Analogical systems, adapted to the size of a given organization, are also used in subsidiaries. Their efficacy is verified by internal audits of companies that are controlled by the Internal Audit of Getin Holding S.A.

With reference to financial reporting, the efficiency of the process of preparing financial statements covered by the Internal Control System is additionally verified by an external auditor every six months.

The Company's Material Risk Management System is based on correct risk identification that may have material effect on the operations of the Company and Getin Holding Capital Group and determining their acceptable level as well as on identification of the processes where such risks occur with the risks subjected to an efficient Internal Control System and their systematic monitoring.

To this end, the Company has implemented and, confronted with constantly changing environment, is constantly improving monitoring systems that comprise risk indicators.